VALUATION OF LAND AMENDMENT BILL 2015

Second Reading

Resumed from 11 March.

Declaration as Urgent

MR D.T. REDMAN (Warren–Blackwood — Minister for Lands) [3.59 pm]: In accordance with standing order 168(2), I move —

That the Valuation of Land Amendment Bill 2015 be considered an urgent bill.

I wish to say a few words in support of this motion. I think members opposite would have read the second reading speech on the Valuation of Land Amendment Bill and would understand that as a consequence of changes that have been made to the Mining Act 1978 and the Petroleum and Geothermal Energy Resources Act 1967, the Valuer-General's assessment of unimproved values has increased substantially as a result of changes in rent and licence fees for exploration licences under those respective acts. The unintended consequence has been a significant increase in local government rates for those who hold exploration licences. A very, very strong view has been held by, in particular, the member for Kalgoorlie, who is not in the chamber, unfortunately. She has had strong representation from her constituents in the mining sector. As a result of that, this government is bringing in these changes at short notice. I am asking that the bill be declared urgent because in order for some new arrangements, which we are proposing through the amendments in the bill, to impact upon the unimproved values of those land assessments, the legislation needs to be in place by the end of this financial year to allow the valuations to be rebalanced, if you like, to allow fairness and equity in the game for those people who have been impacted by these unintended consequences.

I am asking for the opposition's support to make it an urgent bill because time is of the essence to get the legislation through, such that we can ensure that we get back to a much more equitable position in respect of the unimproved values and the fact that the local government rates that are being charged upon those exploration licences and tenements are having a significant impact. In some cases, they are significant increases on what they should be.

MRS M.H. ROBERTS (Midland) [4.01 pm]: I understand that the minister has moved that the Valuation of Land Amendment Bill 2015 be made an urgent bill. I think this highlights the fact that this government really does not get its priorities right or get its act together. Why was there no reference to this when Parliament first sat this year? Indeed, why was the bill not introduced in that first week that Parliament sat this year? Why was it not brought into this house in February rather than in March? To me, it smacks of a government that is disorganised, scratching around and not sure what it is doing. It treats Parliament as a bit of a plaything because it knows that it can always pull the numbers and abuse the standing orders by getting around the requirement for a bill to lay on the table for three weeks. That is normal practice; that is what the standing orders generally require. That is why we have this motion before the house today. The fact of the matter is that there are insufficient Labor members in this house to be able to stop the government from making this an urgent bill; therefore, we have to just cop it sweet. But it is not good government; it is not the right way to treat Parliament. The whole reason that bills lay on the table for three weeks is so that all members—government, opposition, independent or whoever—have the opportunity to have a thorough look at the bill if they want to. It also means that the bill can be circulated widely to those parties that may be affected by the legislation. Interest groups will often approach the opposition, or indeed the government or both, during those couple of weeks that the bill is laying on the table and put a point of view; they will put some suggestions; there will be a bit of argument about it. That provides the opportunity for a much more informed debate in this chamber.

To spring bills such as this on us at short notice is not good practice. The first I knew that this bill was to be declared urgent was when government made the suggestion last Thursday. Although in all likelihood we will not divide the house over this issue, we do not support it. We understand the importance of this bill. This is not about its importance. I want to put on record that we are concerned about the importance of this Parliament. Parliament should not be treated as a rubberstamp by executive government. It should not make decisions and then walk them into this place, use its numbers and bring on bills at next to no notice. The government had ample opportunity to bring this legislation forward earlier. The bill could have and should have laid on the table for the three weeks. We should not be put into a position in which the government needs to declare this an urgent bill and we have to have this debate today. Although we have some agreement with the government that we will allocate time to this bill and make progress on it, just because we have agreed to that does not mean that we are happy. It certainly does not mean that we think it is good government or the best way to run this Parliament.

MR C.J. TALLENTIRE (Gosnells) [4.04 pm]: On the motion that the Valuation of Land Amendment Bill 2015 be declared an urgent bill, I want to support the member for Midland's comments. I point out that the Association of Mining and Exploration Companies is the entity that identified the problem in the valuation of the various mining exploration, petroleum and geothermal leases. It approached government about the problem, according to a media release that it put out on 10 March, which states —

> "The issue was raised by AMEC with both Ministers —

This refers to the Minister for Mines and Petroleum and the Minister for Lands —

> last year after several mining companies had seen dramatic increases of up to 800 percent in their shire rates notices in the past year alone.

It was raised with ministers last year, so that is why I think we have before us here a demonstration of poor management of government business. Clearly, there was time for the government to get a fairly straightforward amendment bill developed, written up, put through parliamentary counsel and various processes, and then second read into this house, so that we could have respected the normal three weeks of consideration before we debated it. That could have been done. However, for some reason it was seen that we could quickly get things through.

We have already indicated that we understand now that a deadline is looming, but we could have done things in accordance with the procedures of the house without this undue haste. That is a disappointment and it is one that needs to be noted—that this how the Barnett Liberal–National government does business. It does not see that it is necessarily important to give members the time to consider things. This is a relatively minor amendment, but it is also a fairly complex one, as matters invariably are when they relate to calculations and formulas put forward and used by the Valuer-General. We are going from the lands portfolio across to the mining and petroleum portfolio. Multiple players are involved, so the complexity of the issue should not be underestimated. That is why it would have been reasonable to have respected the normal process and time lines. However, we understand that a deadline is now looming, and members on this side of the house will do our best to respect that deadline. But let it be noted that we have a high degree of disappointment with the way in which this has been rushed through.

Question put and passed.

Second Reading Resumed

MR C.J. TALLENTIRE (Gosnells) [4.08 pm]: I rise to speak to the Valuation of Land Amendment Bill 2015. I want to begin by noting that the original reason for the situation we have before us is that in 2006 there was a desire to increase the rents that an explorer would pay on mining tenements, and that increase in the rents on exploration licences was for a very good reason. At the time we were concerned that some explorers could be holding on to their exploration licences without doing anything. In fact, they could even be holding on to them so that they could keep others out of business, and that would not be good practice. Here we saw a very sensible measure to provide a bit of incentive to people to get on with the job of doing the exploration work. "Use it or lose it" is the expression that is often used. This measure was developed in such a way that in the first year, for a graticular block, which I understand is an area the size of one minute by one minute, people would pay $122.10. Over time, that would increase to $487.90 by the eighth year and onwards. We can see that people would be forced to pay more as they held on to things for longer, but then there was an incentive for them to do something; otherwise, they would perhaps relinquish the exploration licence.

That makes sense. We faced the problem that the actual rental value is used by the Valuer-General to calculate the rates fee that the particular exploration company would be charged. That has led to some fairly dramatic increases. I am told that a holder of an exploration licence might pay a threefold increase by the eighth year for their annual rates bill. That comes as a bit of a shock to an exploration organisation. Somebody with an exploration licence is not necessarily the biggest business or those big mining giants that we often think about when the resources sector is mentioned. These are often very small operations. Someone with a LandCruiser and a trailer has the capacity to drill down, and sometimes even lighter equipment than that is used. People involved in exploration are getting out into the field. They are increasing our knowledge of the state's geology. They are naturally motivated by the hope of finding some resource that they will be able to hand on and/or sell off to others. It could eventually lead to the establishment of an operating mine. That is their hope. It is quite a lengthy journey to get to that point, and a very costly one. It is a very high risk business. So much exploration activity goes on without finding any kind of resource. It is a fairly speculative business for people involved in developing and operating mines. It can be argued that there is all sorts of potential for high wealth generation.

Government has seen this issue. At state and federal levels there are various incentives and mechanisms by which an explorer is recompensed in some way. The state government has an incentives package that is available to some explorers. I am not sure how easy those subsidies are to access if a mining explorer is of the very small

variety. A number of bigger exploration companies, many of which perhaps have head offices not far from us, in West Perth, would access the Barnett government's fairly generous subsidies for mineral exploration. But a lot of people do not manage to access that. Nevertheless, they pursue this idea. It is a fairly romantic notion to go out into the field to explore for minerals. Sometimes people strike it rich and then they look to develop on the deposit they have found.

I mentioned that the federal government also has assistance for explorers. The exploration development incentive is an exploration tax credit system, but again that tends to work for the bigger companies. We had some discussion about shareholdings today. If a shareholder—certainly not in my case—in an exploration firm makes a loss, the shareholder can use that loss to reduce their own tax bill. Different incentives operate at state and federal levels to encourage exploration. As I say, the majority, or a lot of exploration people, do not manage to access these incentives and subsidies. They are reliant on good fortune, their own hard work and their ability to work out whether it is worth acquiring an exploration licence and then getting stuck in and doing the necessary exploring. For fairly small operations, often the kinds of increases on the rates bills that we have seen can be quite onerous and damaging to their business activity. That is why the Labor Party is supportive of this legislation. It sees that it is necessary. It means that when people get their rates bill, they will not be hit with the threefold increases that they have been, up until recently; nor will that happen in the future. There is an equity issue. I think the Minister for Lands mentioned this. Some people who only recently acquired an exploration licence are paying at a much lower rate than somebody who owns the immediately adjoining exploration licence. They could be paying much more simply because of the difference in timing of when their licence was acquired.

I wanted to say a little about the whole nature of this exploration business. There is amongst some a view that this is a very benign activity. It is true that it can be done in a way that is fairly free of impact on the environment, but the truth is there are also many cases where exploration leaves an impact. We have to do more to make sure that drilling and exploration work is done in a way that does not leave a permanent impact on the landscape; that there is not the problem of a series of uncapped drillholes, for example. This is quite a problem. Various parts of the state really suffer from this. The Department of Mines and Petroleum is onto the issue. It is concerned about it, but does it have the resources to fix it? Why should it have to fix it when those who are doing the exploration should as a matter of course ensure that the drillholes that are left are properly capped? It is very simple to put a cap on a pipe to indicate where a drillhole is. In that way it is ensured that that hole does not become what biologists would call a pit trap; that is, a trap that native fauna fall into and cannot get out of. From a biologist's perspective, that is very useful if pit traps are being checked every morning. Animals that have fallen into a pit trap provide a very useful survey of the species in a particular area. But if we are talking about uncapped drillholes that are not checked—no-one will check these things—and animals drop down and die, it has a cruelty aspect to it. It is also the unnecessary killing of animals that could serve a more useful purpose by remaining alive and being part of our suite of biological diversity. That is an issue we need to be mindful of. As much as exploration work can be done in a very benign fashion, there are times it does have a serious impact.

Another way it can be quite serious is when it is necessary to do extensive scraping and levelling. Earthmoving equipment is involved, even at the exploration stage. There is also the access of vehicles; making sure that vehicles have access. With seismic survey work, there is often the need to roll areas of heathland. In Beekeepers Nature Reserve at the moment, there is a big debate about the rolling of bushland for the purpose of enabling seismic survey work to take place. It is investigating the viability of the shale gas reserve in the area. That is a very controversial subject in itself, but it is not helped by the fact that people are applying for access to parks in the conservation estate and their activity would leave some damage. Looking out the plane window flying from Perth to destinations such as Broome or Karratha, one can see lines that are quite uniform in character. They appear to be indelibly marked on the landscape, but they are part of that exploration survey work. Exploration is not always as benign as industry might want us to believe but I think industry could do a lot to move towards its exploration activity being benign. That would be a very positive step.

I mentioned that we have seen something like a threefold increase in exploration licences for minerals by year 8. When it comes to petroleum exploration licences, the situation is even more dramatic. We need to bear in mind that the area covered by petroleum exploration licences is five minutes by five minutes as opposed to one minute by one minute for mineral exploration licences. It is a bigger area. The Valuer-General's formula has been working such that we have seen cases of an 800 per cent increase on the rate bill for the holder of a petroleum licence. It is quite dramatic for those people as well and therefore necessary for these changes to be made.

I wanted to say a little about the impact on local governments. I must admit that this is an area that I wanted to tease out further but, with the shortness of time, I do not feel, in all honesty to the house, that we have done an adequate job of that. On the face of it, and with the information provided to us, the local governments that cover the areas where exploration activity takes place are supportive of this legislation going through. They are supportive of what the government is putting before us because they see that the companies involved in exploration would be taking an unnecessary financial hit if we did not amend the formula. The question that

I have though is: does this not mean that those local governments are suffering from a decline in revenue or a drop-off in the revenue that they could have received? I really would like to hear more about that. If some local governments have big plans for investment in their area and suddenly find that the revenue they anticipated receiving from rates related to exploration will be reduced quite dramatically in 2015–16, that will be a big hit to them. Perhaps they have weighed it up and realised that the benefits they receive by having a very active exploration sector will balance things out. Perhaps they have worked that out and feel confident that they will not be losing out financially when they look at the overall picture. I hope that is the case but I must admit that I would have liked to have had more reassurance and direct local contact with local government about this issue. When bills are declared urgent, we do not always get the opportunity to speak to all the stakeholders that we would like. In passing, I would like to acknowledge that the stakeholders that I spoke to, particularly the Association of Mining and Exploration Companies, were very supportive of the bill. In fact, we could say that they are the originators of the bill in many respects. I am very thankful to them for the briefing they provided me with and also to the minister and his staff for the briefing they gave me.

It is worth looking at some of the shires in which this issue is particularly live. I do not want to go into individual cases at all because that could be commercially sensitive. We are talking about shires such as the Shire of Ashburton—I think it might be one of the most affected by this issue—the Shire of East Pilbara, the Shire of Menzies, the Shire of Laverton and the Shire of Yalgoo. We know that these shires have great wealth in mineral deposits, possibly petroleum deposits and potentially geothermal because, after all, this is about the geothermal production leases. I am not clear how much exploration work into geothermal prospectivity is taking place across the state. About five years ago I heard a lot about geothermal prospecting in the Darling Range. One of the things about geothermal is that ideally the resource is as close to population centres as possible, if not close to areas of industrial activity so there can be a nice convergence of the demand for energy with the energy production from a geothermal resource. I am unclear on where geothermal prospecting is taking place in Western Australia. It would be good to hear more about that and to gain an update on it. I know that the member for Cannington is an expert in this area; as our shadow Minister for Energy, he is probably far more across that than I am. The need to facilitate this kind of exploration is why we are supporting this legislation.

We have our concerns about the unseemly haste with which this legislation has been brought on. That is something that we will have to deal with. I understand that it is essential that the legislation pass through this place and the other place by 16 May. That will allow the Valuer-General to amend the various formulas used to calculate the rates. That way, the notices will go out with the correct amended value and all our exploration people will be much happier. Our aim is to honour that request, and I think it is something that we will be able to achieve. We could have done it while at the same time allowing for the house to properly consider this bill in the usual full three weeks. We just needed to get the bill into the house earlier, perhaps when we first returned on 17 February.

Mr P.C. Tinley interjected.

Mr C.J. TALLENTIRE: We could have done a number of things. An issue remains there.

In conclusion, we support the legislation. I know that colleagues on this side want to speak about valuations. How the Valuer-General values an exploration licence is an important matter. We have seen how quickly the Barnett government responds and brings legislation into this place when a problem is identified. Sometime late last year a problem was identified, and within six months the idea was put forward, the legislation was drafted and it was introduced into this place. I can think of other areas in which the Valuer-General has had an issue to deal with. For instance, when people are concerned about the valuations that are placed on their properties—I am thinking of retirement villages—an incredibly lengthy process is undertaken before an amendment bill is even prepared. There are issues relating to the work of the Valuer-General. I am sure it is nothing to do with the Valuer-General himself but we have an issue when it comes to the government's priorities. The government is very happy—we will see this with other legislation that comes to Parliament this week—to make anything related to the resource sector an absolute priority. There is good reason for that level of prioritisation but we could compare that with the degree of priority given to issues, the speed with which good social policy is developed or, as I have indicated, the speed with which amendments to legislation relating to the value of properties in retirement villages is given. We could more generically describe those sorts of policies as social policies—policies in other areas that then need to be enshrined in law.

The time it takes for those laws to be developed is amazing—it is so long. Often, there are numerous rounds of public consultation. I look at environmental law and the need for the replacement of the Wildlife Conservation Act 1950 and for it to be modernised and turned into the biodiversity act. It has taken years and years and we are still waiting. The level of priority that is given to some areas of our society versus others is a real issue. I am not against the mining and petroleum sectors getting express treatment. This legislation is necessary and the opposition supports it, but I would love to see the same level of priority given to other sectors of important

policy and, in the process, making them into good law. I conclude my remarks there and say again that the opposition supports this legislation.

MS W.M. DUNCAN (Kalgoorlie — Deputy Speaker) [4.31 pm]: At the outset I place on record my gratitude to the Minister for Mines and Petroleum and the Minister for Regional Development for their prompt action on this matter, which was brought to my attention just before Christmas. When I had the opportunity to meet with officers of the Department of Mines and Petroleum I learnt that the ball was in the court of the Minister for Lands. I then got the commitment, when I put my grievance to the minister, that the government would expedite the preparation of this legislation, and it has done so in record time.

The background to this is that in 2006 the annual rent and fee structure charge for exploration licences under the Mining Act was changed to introduce rentals that progressively increased over the life of a licence, leading to a more than threefold increase in annual rents over eight years. Similar annual fee increases with petroleum and geothermal energy permits resulted in an eightfold increase over the years 2012 to 2014. The philosophy behind this, which I think is basically supported by the mining industry and, in particular, smaller miners and prospectors, is to encourage a use-it-or-lose-it policy and to discourage mining companies from sitting on exploration and mining leases that they might not be going to actively explore or develop in a timely manner.

This change in policy was communicated to local governments in November 2013, which were advised that these increases would take place and involve a 236 per cent increase after seven years for non-graticular exploration licences and for graticular exploration licences, a 53 per cent increase after three years, a 111 per cent increase after five years and a 300 per cent increase after seven years. I must say that once the penny dropped and this started to take effect, there was considerable consternation in mining areas. I pick up the point of the member for Gosnells about local government as well. One of the first people to contact me was Jim Epis, the CEO of the Shire of Leonora, who was very concerned about the implications of this. In fact, he made a comment in the *Kalgoorlie Miner* on 24 February that sums up the way he felt local government was seen in this. He said —

> "The way things are going I'm likely to cop a bullet in the back," he said in reference to the mood of ratepayers who were registered applicants for exploration licences.

He goes on to say —

> "But don't blame local government," he said. "Ratepayers come to the local government and ask for reasons and I say 'we are just following instructions that are provided to us by Landgate'."

I think local governments were stuck between a rock and a hard place. Many of them, particularly in our mining communities, know how important mining is to their local government and that with a whole lot of other things happening in the area, for instance, the royalty rate review and cost recovery fees, which they are still arguing with government about, this was just another straw that was making the camel pretty angry. Jamie Mazza, a prospector from the Menzies shire, came to me with a handwritten sheet of paper when we were there to open the fabulous Menzies Water Park and described to me some of the increases that he was confronting. For instance, one of his exploration licences would increase from $20 230 to $82 943; another one from $10 412 to $42 691; and a further example was of an exploration licence going from $4 789 to $19 637. It was when I showed this scrap of paper to Richard Sellers, the director general of the Department of Mines and Petroleum, that I think the penny dropped that this was pretty serious. He was quite aghast at the figures and asked for a copy of this sheet of paper. The next day that he rang me and said, "We're going to fix this, Wendy." That was greatly appreciated. The thing is that the amendments contained in the Valuation of Land Amendment Bill 2015 will address the unintended consequences of the change to the rents and fees administered by DMP that impacted on the calculation of the unimproved value of mineral and petroleum leases. The rate increases were not really as a result of new or increased services on the part of local government; they were just a product of how the Valuer-General was valuing the leases. As mentioned by the member for Gosnells, the amendments are required urgently so that we can allow the Valuer-General to have sufficient time to incorporate the new methodology to valuations for the 2015–16 period, so there really is quite a small window of opportunity to achieve that. I thank the Parliament for accepting that this is an urgent bill and I thank the opposition for its support of the passage of this bill.

The proposed amendments will modify the way the rates are calculated from DMP's rents and fees, and for mineral exploration licences the unimproved value of mineral exploration licences will be calculated by multiplying the rent that will be payable for a licence's first year of the term by 2.5. This will avoid the escalating rent amounts that come into effect in later years. Fees for petroleum and geothermal exploration permits will be calculated based on the annual fee payable for that permit rather than applying a multiplier of five. I think that will greatly ease the concerns of the mining industry, in particular, small miners and prospectors.

We still have the issue hanging over the head of our miners and prospectors of cost recovery fees for programs of work and mining proposals and there is still a great deal of uncertainty about how they will apply and whether or not they need to be applied for every time a person goes onto their lease. I was speaking to Mike Lucas, the president of the Amalgamated Prospectors and Leaseholders Association, over the weekend. He said that he had gone to great efforts and spent three hours preparing a program of works for a piece of one of his leases. He went out, had a look at the ground and realised there was nothing there, and then had to go back and start all over again for another part of his lease. After 1 July, that would have cost him $590. When these prospectors go out onto these leases, as mentioned by the member for Gosnells, it is a pretty risky game. It is not something for which they get a weekly pay packet. Sometimes they can go for ages and find nothing and at other times, of course, they can stumble across a nugget, which is what keeps everybody going. As that country now has been picked over for over 100 years, the chances of stumbling upon a nugget are considerably less than they were when Paddy Hannan did so. The costs associated with prospecting and getting out into the bush are high and the technology and amount of work required are probably more than when gold was originally found in goldfields.

It is great to see this legislation through. I am still concerned about some of the other costs for prospectors and, in fact, I have also had correspondence from a mining company about proposals to use gross rental value of assets on mining leases to allow local governments to rate those. One of the things concerning the mining industry at the moment is that there seem to be fires in all corners. There are quite a lot of proposals that would impose costs on the mining industry and I wonder whether that is not why Western Australia has dropped from one to five in the Fraser Institute's recent report valuing jurisdictions and their attractiveness to the mining industry. This legislation puts this uncertainty to bed, but I think a few more issues still need to be looked at.

MR J.R. QUIGLEY (Butler) [4.42 pm]: As the lead speaker on the Valuation of Land Amendment Bill 2015, the member for Gosnells, has said, we support the legislation but are at a loss to understand why it has been brought on as an urgent bill when there has been ample time to deal with it. We all know that we have run out of legislation to pass in this chamber in this session; however, it is before us and we have agreed, of course, as the lead speaker has said, to treat it as an urgent bill.

The need for the legislation arises because of the impact that the rental value charged under the Mining Act 1978 has upon the unimproved value of the land and the applying of the statutory formula of the annual rental or annual fee payable on tenements under the relevant acts. As noted in the honourable Minister for Lands' second reading speech, for most of the period since the Mining Act, it and the formulas applied have provided fair and consistent unimproved values that have maintained relativities between the different classes of tenement. It is very interesting how the rental values have impacted upon the holders of the tenements. I have another issue to raise about that that is not addressed in the second reading speech or in the explanatory memorandum, but in preface to my remarks—I will come back to this later in my short speech—I take a lot of comfort from the opening paragraph of the minister's second reading speech in which he says —

> I am pleased to introduce this bill which will ensure that equity and fairness will be restored to unimproved valuations made for rating purposes by the Valuer-General and maintain the confidence of property owners and those holding rateable interests in land.

There is a bit of limestone mining in my electorate, but that is not what I turn to; it has to do with the rates being tied and struck by the City of Wanneroo upon the gross rental value of properties. In the City of Wanneroo under the differential rating policy there is great inequity arising because of the way that gross rental value is viewed and assessed by the Valuer-General. In fact, I think it is challengeable before the State Administrative Tribunal, but I will get to that in a moment. There are a lot of retirees in my electorate and there are a number of very large retirement villages, because my electorate is on the fringe of the northern edge of the metropolitan area and it was where large plots of land were available to locate very large retirement villages. I think it is the same case in other outer metropolitan electorates; I know that is the situation in Mandurah and other electorates.

Mr W.J. Johnston: Mandurah is country.

Mr J.R. QUIGLEY: Mandurah is country, that is right, but they are lucky in that country because they were afforded, by a Labor government, a very, very fast electrified rail to the country. Up in the northern suburbs we are in the metropolitan area and unfortunately the government has cancelled its commitment to build electric rail to Yanchep by 2020, but that is another story; I have been distracted.

Because large areas of land were available, big retirement villages were established, and there is a difference in the way they were established. Some of them such as the RAAFA Estate retirement village were established as a not-for-profit organisation and as such they became rate exempt. There is another retirement village up there called Settlers Ridgewood Rise Village, which I will raise later in this chamber directly with the Minister for Local Government, who is not present this afternoon. It is at least as big as the Royal Australian Air Force Association retirement village in Merriwa, situated only one and a half kilometres or two kilometres down the

hill. The difference is that because Settlers Ridgewood Rise Village is owned and run by a corporation, as opposed to a not-for-profit organisation, it is not rate exempt. I know the minister only has a passing interest in this, because it does not directly have anything to do with the mining aspect of the bill, but the Valuer-General then assesses the gross rental value of each unit. These are stand-alone units such as a two-bedroom unit inside the retirement village. The Valuer-General establishes the gross rental value of those and strikes the rates. When people move into the retirement village, they do not buy them freehold; they buy a right to occupy them for life. They can afford to go into these villages because they are buying from the corporation the right to occupy the accommodation for the rest of their lives. There are certain strictures about who they can be sold to. People who are buying have to agree to the same terms, conditions and caveats that the first purchaser undertook to be constrained by. One of the most significant limitations on the occupation of these units is that they are not allowed to be leased or sublet. If the retiree, for example, decides to do a lap of Australia with his or her caravan, or hopefully together, they cannot rent their homes while they take an extended holiday during retirement, just as the rest of us who hold freehold properties outside of retirement villages can. They cannot do that because their contract prohibits them from leasing yet the Valuer-General then strikes a value of gross rental value. I say that the rental value of the unit is zip—zero—because it is not available for rent. This is notional and creates a huge injustice between retirees, depending on which village they entered into. The member for Kalgoorlie was talking about iniquitous burdens and all of that. I am not talking about miners but I am still on the subject of the Valuation of Land Amendment Bill 2015. There is a huge inequity between retirees who are all on the same fixed income. A lot of retirees do not realise when they first go into retirement villages, because a lot of them are elderly and they are anxious to settle into someplace, that there is a vast difference between which village they choose and their ongoing liabilities. Moreover, the City of Wanneroo and Western Power do not maintain the globes of the streetlights within Settlers Ridgewood Rise. I am taking a bit of advice here by —

A member interjected.

Mr J.R. QUIGLEY: No, he is excellent, but I asked the wrong question. As a barrister I have learnt that if you ask the wrong question, you get the wrong answer; I take responsibility.

Cutting to the chase, the power company is not liable to maintain the poles and the lights; the village does that. The City of Wanneroo does not have to maintain the curbing of the little streets in there—I am sure a lot of members would have visited these types of villages. These civic responsibilities that we normally think of as being undertaken by our local councils and paid for by our rates are done by the village itself and are charged to the occupiers. I will raise this matter in Parliament again this week if I get the opportunity or later in this bill or whenever. I hope that the government gives some thought to swiftly ensuring that there is equity and fairness between retirees in these villages and that the retirees in one village who are paying all this money for rates are not at a disadvantage from the occupants of nearby villages. It ends up that although both villages ultimately have to have their waste collected and disposed of in the regional tip, one village is subsidising the other. I know that when I send this short and humbly delivered speech to the residents' association of Settlers village, they will take some heart in the minister's opening paragraph that this bill has been introduced "to ensure that equity and fairness will be restored". That is for mining companies, but I hope that the government moves as swiftly to restore equity and fairness for some of the most vulnerable people in the community—the homeless are the most vulnerable; these people are not homeless—who are on fixed incomes and their principal asset is a life tenancy in a retirement village. They are not in a position to generate extra income to meet this cost burden. When the retirees catch the bus down to my office, the green-eyed monster appears as they pass the RAAFA village, which is lovely and of the same standard but charges no rates. How can this be?

The minister who is in the chamber at the moment is not responsible for this and cannot take a recommendation to cabinet. I know that either the Minister for Local Government or the Treasurer himself will be responsible. I note that the Treasurer has a lot of concerns and troubles on his plate at the moment with the looming budget deficit. I do not know which minister is the appropriate minister to respond; it might be the Minister for Local Government. The Minister for Lands, who at least is in the chamber at the moment, is now conferring with the Minister for Local Government. I will take some advice from both those learned gentlemen after the conclusion of my remarks as to whom I should be directing a grievance later in the week. By ventilating this issue now, I am at least giving both of those honourable gentlemen notice of what is coming later in the week so that they will have ample opportunity to address this. I hope that the Minister for Local Government will take a leaf out of the Minister for Lands' playbook and say that he should rectify this inequity between retirement villages. I am sure the Minister for Local Government has retirement villages in his electorate as well—he is indicating by nodding his head very sagely that he has—but I do not know whether they also have these two inequitable structures. By raising this issue today in the manner that I have, at least the Minister for Local Government will have the opportunity to see to whom I should raise a grievance with later this week, whether it is the Minister for Local Government or the Treasurer. The Minister for Lands has done a good handball and hit the Minister for Local Government on the chest. If he accepts

the pass, I am happy. I do not want to grieve to the wrong minister later in the week. We will sort out this evening who will accept that grievance.

I hope that the government will not only move to ensure that equity and fairness prevails between these retirement villages, but also given that the Valuer-General process will be struck in May—that is why the government is bringing in urgent legislation, to protect the mining industry—this other problem must be addressed with equal swiftness. If the government is good enough to bring in urgent legislation to protect the mining industry, surely it is good enough to bring in a similar bill for retirement villages. The Valuation of Land Amendment Bill 2015 is only three pages. For those people in a retirement village who might read my remarks tomorrow morning, of those three pages, one of them is the title, so there are only two pages. The government could draft something to fix this inequity as quickly as I can snap my fingers. If the government brings in a bill to fix the inequity between retirement villages—although I am not the lead spokesperson and not the spokesman for local government—I will chance my arm and say that the Labor opposition will agree to it being dealt with as an expedited bill. We would immediately support any legislation that does away with this inequity.

I conclude where I started with the minister stating that he is pleased to introduce this bill to ensure that equity and fairness will be restored to unimproved valuations made for rating purposes. On this side of the chamber, on behalf of the retirees in my electorate in those villages that have the rates struck, I hope that the Minister for Local Government takes a chapter straight out of the Minister for Lands' playbook and gets on with it and plays ball, restoring equity and fairness for these aged pensioners.

MR A.J. SIMPSON (Darling Range — Minister for Local Government) [5.00 pm]: I thank the member for Butler for his input into the debate on the Valuation of Land Amendment Bill 2015. This bill has to do with exploration licences. I want to tell members what has been happening in local government. In the last few years, we have given local governments the capacity to rate mining tenements and mining leases. That has been done in order to get some equity back into the market. We are also trying to get back to what we call equalisation in the rating system. It is quite complicated in how it works, and the Minister for Lands will explain that in a bit more detail.

I want to touch on the issue raised by the member for Butler with regard to retirement villages. The member for Butler quite rightly pointed out how one retirement village does not have to pay local government rates but a retirement village across the road does have to pay rates. The City of Mandurah has that exact same problem with a Royal Australian Air Force Association retirement village that does not have to pay rates and a retirement village across the road that does have to pay rates. It all comes down to one thing. The reason some retirement villages do not have to pay local government rates is because of the federal government law about charitable organisations. Retirement villages that are registered as non-profit charitable organisations do not have to pay local government rates. That means they can walk in the front door of a council and say, "I am a non-profit organisation; I am a charitable organisation; I do not have to pay rates." The City of Mandurah took that retirement village to the State Administrative Tribunal, it then went to court, the court said SAT did not make a decision, and so it went back to SAT.

This is a big issue for local governments everywhere. It is also an issue in the Shire of Denmark in the Minister for Lands' electorate. I was there a few months ago, and the shire was talking about how the Department of Housing used to own six blocks of land in the town and was paying rates on that land at the minimum rate. The government gave that land to a non-profit organisation that wanted to deliver some social housing to the area. They built those houses, and they then walked through the front door of the council and said, "We are a non-profit organisation, and under the federal tax laws we do not have to pay rates." That means that the council has lost the rates from those six blocks of land, all because that organisation is a charitable cause. Therefore, the member for Butler's grievance on Thursday should be to the federal government, because that is who will have to fix the problem.

We are working closely with the City of Mandurah on this issue. We are sitting back and watching how the City of Mandurah goes with its SAT application, and back to court, back to SAT, and off to court again, more than likely, to argue the case that it should be a user-pays system. The idea of local government rates is that we should all pay into the bucket to get roads and footpaths. In the case of the retirement village referred to by the member for Butler, a few hundred people are living there, and they go out on their gophers and use the roads and the footpaths, and they are not paying rates to the local government, but the people who are living in the retirement village on the other side of the road are paying their rates. Everyone should pay something in order to make the system fair. However, under federal law, they can say that they are a charitable cause. That is where my problem as Minister for Local Government lies. I just wanted to put that on the record.

MR B.J. GRYLLS (Pilbara) [5.03 pm]: The Valuation of Land Amendment Bill 2015 has been declared an urgent bill, and the Minister for Lands would obviously like to have the bill progressed quickly. But there are

some interesting outcomes in this bill that I think are worthy of discussion. As was outlined earlier, the major effect of these unintended consequences will be on exploration leases that are in the goldfields and further north. From the facts that I have seen, the Shire of East Pilbara will also be affected by this. I want to talk a bit about local governments and rates and about how the unintended consequences are a bit deeper than just what we are talking about today with this bill.

Obviously, as we are in the middle of an economic slowdown, we would like to see exploration continue as much as possible. However, the unintended consequence of some changes that have been made by the Department of Mines and Petroleum is that there have been some flow-on effects on local government rates, and that is what the Minister for Lands is moving to change in this bill. Well done to the member for Kalgoorlie, who, in consultation with her local constituency, identified the problem and took it to DMP, which has come forward with a solution. The member for Kalgoorlie talked about how Jim Epis, the chief executive officer of the City of Leonora, is quite relieved that this issue will be taken off his table, because I am sure that many of the people with exploration tenements are coming to talk to him about it.

However, it should be remembered that DMP originally made these changes in order to move towards cost recovery in the department. DMP wanted to become more sustainable, and it decided to put up some fees for exploration tenements. It also had the idea of trying to drive action on those tenements rather than have those tenements just sat on, and I agree with that. It should be noted in this debate that DMP moved to increase fees on exploration tenements in order to help the department's bottom line. However, when local governments try to do the same, we quickly move to stop that. I would have thought that local governments are working in the same type of economic climate as the Department of Mines and Petroleum. The government has moved pretty quickly in this Parliament to backfill its own budget, but it is also very quick to make sure that the unintended consequence of local governments passing on rate increases is addressed.

I am supportive of exploration. It was the Nationals who championed the Western Australian exploration incentive scheme. That scheme has put more money into incentivising exploration than has ever been done anywhere else in Australia. The commonwealth government regularly champions its exploration incentive scheme. That is actually a drop in the bucket compared with what we do in Western Australia. I am sure that the players in the industry would recognise that. I agree that we should not penalise exploration. That is why I am happy to support this bill. What we should be trying to penalise, and what might be a solution for local governments that are looking to shore up their bottom line, is mining camps. The mining camps that have sprung up in and around regional communities like Leonora and Laverton in the goldfields, and Karratha, Port Hedland and Newman in the Pilbara, played an important role during the construction phase of projects and helped get those projects off the ground. However, the time for mining camps to house the operational workforce has come to an end. The reason I say it has come to an end is that in the community of Newman, for example, the private sector has done well in providing the housing stock to facilitate the operation of those mines. One would think that in a sensible, real world, the government would allow mining camps to proliferate during a time of economic expansion, because not enough houses are available to house the workforce, but now that the heat has gone out of the mining economy and houses are available, government policy would catch up with that process and the government would begin phasing out the mining camps in and around regional communities.

Local governments in the goldfields and the Pilbara could be provided with a greater revenue source in the future if the government allowed them to levy heftier rates on mining camps. That would also, hopefully, go some way towards disincentivising companies from building mining camps in and around these local towns. There is no doubt that if jobs in Mandurah were being taken by workers who lived in the Pilbara and who filled up the local schools and recreated in the local community, and who flew from the Pilbara to Mandurah to work for a week, and then flew back to the Pilbara for the weekend, the people of Mandurah would say, "We are not keen on that; we would like the jobs that are generated in our area to deliver an economic outcome for our area." But that is life in the Pilbara at the moment. Many, many workers who live in the southern part of the state are participating in the mining economy in the Pilbara. The local communities would like that to be reflected in their own communities.

I therefore put on the record that a potential area of revenue growth for local governments is the rating of mining camps. I will give members an example. The Minister for Local Government gave approval for the City of Karratha to change the way it rated the CITIC Pacific Mining camp, which is around 70 kilometres south of Karratha. It was done with some consternation, because the CITIC Pacific camp believed that it was not receiving much in the way of service delivery from the City of Karratha and that it should be able to have its mining camp there without being charged. The reason I think the Minister for Local Government made the right decision was that if we have a policy decision that if a company puts its mining camp more than 50 kilometres from town it will not have to pay rates, every single mining camp would be built 50 kilometres from a town so that it does not have to pay rates. Therefore, we cannot have a situation in which a company can move over an arbitrary line and house its workforce, because

that will not be a promoter of regional development either. I hope that in time we will not have to use the rating policy on camps to disincentivise camps and will see more of the operational workforce of the mining sector move into residential roles in the community. But it is a bit like many things. Government has a levy on waste because it wants to try to divert waste from landfill and encourage recycling, and it puts a levy on parking in the city because it would like more people to use public transport when they come to the city. We do that because we want to disincentivise waste and disincentivise people bringing their cars into the central business district. I put to Parliament that we should be looking to disincentivise mining camps. The way to do that, I think, short of agreement from the companies, is to begin to send price signals to the companies about the use of mining camps for their operational workforce. Off the back of this debate, it might be worthwhile to have a discussion in the local community and in government circles about using rates on camps as a way in which local governments can bolster their bottom lines in delivering the services that they do, and also to start to drive a more sensible outcome in the operational workforces of the mining sector.

Mr P.C. Tinley: Member, what about the rates holiday that has been provided in Onslow for Wheatstone? A brand-new camp has been built up there. It is not in the town. There is no economic benefit to the town.

Mr B.J. GRYLLS: I am happy to take the interjection and happy to put on record that I thought that was the wrong decision. The Wheatstone camp is in the Ashburton north strategic industrial area. We have created an industrial area to allow for heavy industry to proceed. Chevron was essentially able to put its construction camp for Wheatstone in that industrial area. I will again use the southern example. If there was a proposal by some of the heavy industry players in Kwinana to house their workforce in a camp in the Kwinana industrial strip, it would be flatly ruled out. In fact, we are buying houses in Hope Valley to move people out of the buffer zone of the Kwinana industrial strip. In Onslow, it would seem to be a strange decision, which the Nationals are on the record as not supporting, that Chevron would be not only able to have that facility built in the ANSIA, but also allowed to convert that into the full-time residence of the operational workforce of Chevron. I do not know what will happen when the add-on industry of the resource sector of oil and gas wants to go to the industrial area and set up its noxious industry operation and it is told that it cannot set up its noxious industry operation in the industrial area of Onslow because people are living in it. It would seem to be a reversal of what we do everywhere else. That is why it is a problematic decision. I believe that Chevron again made the wrong decision, having made a commitment to the Onslow community to build a village for its operational workforce to live in. For the information of members, a very good operational village, which I think sets a new standard, has been built by Rio Tinto in Wickham. It is multistorey and open to the local community. I took my boys there for dinner the other night. It has put some built form into Wickham. It has some architectural significance in the community. If we are to have an operational camp in 2015, it should look like that one, as opposed to having on the outskirts of town in an industrial area a camp that was only ever meant to be a construction camp and was converted into an operational camp. It seems that that decision has been made, so people like me who engage in policy matters would then start to say, "How do we make policy decisions that might result in Chevron making a different decision?" I think that local government rates, and how local governments are allowed to apply them to projects such as that, might be the way to deliver that outcome.

MR W.J. JOHNSTON (Cannington) [5.15 pm]: I rise to make some remarks about the Valuation of Land Amendment Bill 2015. It seems to have been a quite wideranging debate so far.

Mr D.T. Redman: I don't know that I'll let you have the latitude.

Mr W.J. JOHNSTON: I was just going to say that I did make an aside to the minister before that I had never seen a bill on which a different minister gets up and debates an issue that is only tangentially related to the second reading speech, but I do not think there was any reason to move a point of order against the member for Butler or the Minister for Local Government because I thought they were very on point with the questions being raised. I am looking at the Australian Bureau of Statistics figures. In the June 2012 quarter, there was $603 million of expenditure on exploration in Western Australia, and in the December 2014 quarter, there was $262.3 million of expenditure. That is a 50 per cent reduction in the amount of exploration expenditure in Western Australia between the June 2012 quarter and the December 2014 quarter, which is a very significant reduction. It is always true that today's exploration is tomorrow's mining sector. The reality with exploration is that people do not know what they will find when they start drilling; they only know that they have found something when they find something. Companies in the sector are always out there looking for the next big thing, and that is particularly important for us. It is probably true that all the shallow mineralisation has been found and that the next big resources in Western Australia will be at depth. Another day, on a different bill, I will talk about the need for support for the highly technical area of finding mineralisation at depth, because I think it is a critical question for Western Australia's future. However, one way or another, having lots of people out there working over land, trying to find mineralisation is essential to our economy. Western Australia is fortunate that both sides of politics are so supportive of the resource extraction industries. I imagine that probably nowhere else

in the world has such strong bipartisan support for the resource sector. Western Australia is served well by both sides of politics. Although some individual companies might make individual complaints about particular decisions of one government or another, we are lucky that both sides of politics in Western Australia understand the need to support the industry.

At that point I will stop and say that that is why I am surprised that the current Liberal–National government is planning to increase the royalties on the gold industry. We look forward to seeing what happens in the budget and whether Parliament ever gets a vote on that question, because I saw the media release from the member for Kalgoorlie and the Minister for Lands on this subject on, I think, 18 February this year, stating that they will vote against the royalty increase if it occurs. Is the minister looking up at the ceiling?

Mr D.T. Redman: No.

Mr W.J. JOHNSTON: We will also vote against a royalty increase, but I suspect that there will never be a vote in the house on the question of royalty increases because I do not believe that there is a requirement for the government to bring the matter to the chamber.

Why is this bill being supported by the opposition? This bill will lead to a significant increase in the costs of explorers. The increase in the rental of these leases is important, because what we are trying to do with that rental increase is discourage the warehousing of ground. As I say, one only knows what is there when one looks. If companies warehouse land that does not get recycled into the exploration system, we will never find what is there. I have observed some articles in *The Australian Financial Review* by Jonathan Barrett about disputes regarding the warehousing of ground. I made comments when that journalist talked to me about it, saying that if the purpose of the title management system is ground that is open to exploration, that should be the principal approach. That is why the Mining Act was amended in 2006. The petroleum and geothermal energy legislation was changed in 2013. The operations of the petroleum and geothermal exploration permits were changed in 2013. That was a good idea. Of course it probably would have been worthwhile if the Department of Mines and Petroleum had noticed that there was a statutory formula in the Valuation of Land Act 1978. Changing one thing automatically changed the other, because there is this statutory formula. That is what this legislation is addressing. We are addressing that statutory formula to introduce a new statutory formula so that whilst the rents increase, the rates do not.

I want to answer, in brief part, the member for Pilbara's comments. I understood from the briefing from the Department of Lands and the Department of Mines and Petroleum, which was arranged for the member for Gosnells and I very early yesterday morning, that there will not be a reduction in the total amount of income for councils. When they set their rates, the value of the land will be lower. The reason I make the point is this: I understand that councils have an obligation to determine their budgets and then to allocate it in a statutory fashion to their rate base. If their budget goes up, rates will go up. Effectively, what is happening is not that councils will lose income; rather, the non–mining tenement holders—the people who have rateable land in those local government areas other than the exploration tenements—will pay proportionately higher rates than they would have otherwise paid if we did not pass this legislation. Minister, is that right?

Mr D.T. Redman: That is as I understand it.

Mr W.J. JOHNSTON: That is as I understand it from the briefing. Whether that is fair or not is a separate issue, but it is not actually taking resources away from local government. The member for Pilbara said, "We are rushing this legislation through to help the resource sector; it would be nice to do something to help local government." I make the point that it is not taking anything away from local government. That is my understanding on the basis of the briefing that I received from the two agencies. If the Minister for Lands wants to correct that, that would be good, because obviously we should have the proper information on the record. In determining the Labor Party's position, that was part of the reason it is taking on this legislation, to make sure there is no loss to local government.

I was interested in the member for Pilbara's commentary because one thing that is affecting everyone is technological change. One really interesting technological change that is affecting everybody is of course air transport. In the aviation industry, seat miles are referred to. That is the basic measure. It is the number of passengers potentially carried by plane. If a plane travels 1 000 kilometres and is carrying 100 people, that is 100 000 seat kilometres. If it is a 200-seat plane, it is 200 000 seat kilometres. That is the way the aviation industry measures things. A cost can then be applied. The cost per seat mile has been falling dramatically in the aviation industry. We all know that because of the number of low-cost carriers out there. All our constituents are having regular holidays in Bali or somewhere else in Asia. I think there are 15 flights a day to Bali from Perth, as an example. One reason is that the cost of flying has come down. The impact on other industries is that the resource sector can use that low cost of transport to move large numbers of people long distances. We see the situation now in the Pilbara. It is often considerably cheaper for companies to fly people from Perth to the

Pilbara and to fly them back again rather than have them living in that location. I am not saying that is a good or a bad thing; I am just saying they are the facts. Of course for me in my electorate it is a negative because all those planes are taking off and landing over my constituents! It is the number one issue raised by constituents in my electorate. I am not saying this is a great thing; I am saying they are the facts. The future cannot be planned by continuing the past. Whether we want to or not, that is the reality. Plans and examinations need to be set for the future. The real question, I suppose, for the member for Pilbara is: what systems will change any of that? In my view it is a tragedy that we have missed so many opportunities over the last six years with the $6 billion from royalties for regions. That could be used more effectively.

I know I am digressing a little, but I go back to the commentary earlier today about using mine dewatering for rural activities in the Pilbara. It is a great idea until the mine stops because if there is no longer any dewatering out of the mine, there is no water available for agriculture. Imagine an investor going into an agricultural pursuit in the Pilbara based on mine dewatering, and the mineral resource being relied on collapses in value. He or she might have a profitable business but suddenly there is no water. It does not matter what is done —

Mr D.T. Redman: There is no reason why an agricultural opportunity should not go beyond the mine life if there is still water available. The difference is that now, in many cases, the water is coming out under pressure because it is a liability for the company as distinct from having to get it or pump it.

Mr W.J. JOHNSTON: Yes, but the problem then is the cost for the water will have to be paid. Look at the disaster in the Kimberley with $330 million for 14 000 hectares of land, and we cannot get anybody to go there. Imagine if the government had spent $330 million fighting salinity in the wheatbelt. The extra land available in the wheatbelt, by spending the same amount of money —

Mr D.T. Redman: I would love to have this discussion, but I do not want to incite you any further!

Mr W.J. JOHNSTON: The Association of Mining and Exploration Companies is an effective lobby group on behalf of its members. It has done a good job in bringing this matter to the attention of the various ministers. The member for Gosnells explained the discussion he had with AMEC. The member for Kalgoorlie outlined the issues that were brought to her attention and the way that she approached the various ministers to get action. I again make the point that I was surprised that the Department of Mines and Petroleum did not realise there was a statutory formula and the effect of what it was doing would be reflected in the way it is.

I now want to talk about prospectors. I note the member for Kalgoorlie commented on the Amalgamated Prospectors and Leaseholders Association of WA. I was pleased to meet with APLA a week ago. The cost structure in the industry is very complex. Some prospectors have quite profitable businesses. They have used their skills and experience, and found large mineralisations that they have been able to onsell to somebody else or incorporate with larger companies. Many of the people at that small prospector level are self-employed in small business in the same way as a corner deli or anyone else is. I asked the minister a couple of questions on behalf of APLA and other prospectors last week. One of those questions related to the $560 charge for a program of works. This is another example—the same as we are dealing with today—of an unintended consequence. The minister's answer was that it is only $560 and it lasts for four years. The problem is that a prospector may need many programs of work on one site. Of course, when they start, they do not know whether they will find anything. Some of the prospectors I spoke to said that they think up to 10 per cent of their income will go towards paying those POW fees. They might need 10 or more POWs for one operation. Even though that POW lasts four years, if they do not have to return to that particular piece of ground that is covered by that specific program of works, they still need to apply for another one even if it is on the same lease.

[Member's time extended.]

Mr W.J. JOHNSTON: There is a cumulative effect. We have the same situation with the issues relating to the Valuation of Land Amendment Bill. Apparently, it was an unexpected consequence of the changes made by the Department of Mines and Petroleum, which has had this negative impact on explorers, and now we will fix it. Other changes that will come in very soon will also have an enormous impact on the exploration industry, particularly at that very small end—the individual prospector's end of the market.

The prospectors also pointed out to me that because the ground has been worked over so regularly over the last 100-plus years, they now need to use more complex processes to investigate, which means using larger equipment, including earthmoving equipment of larger mining companies. Up to $250 000 worth of equipment can be used to go out prospecting, which is a bit more than one little metal detector looking for the odd nugget lying on the ground. This is major work. Again, prospectors will need to service their debts and get a return on that investment as well as a return on the investment of their time. As we have done with the Valuation of Land Amendment Bill 2015 in looking at one aspect of the cost structure in the exploration sector, there needs to be an examination of those charges.

I know that the member for Kalgoorlie will probably endorse my next comments when I say that prospectors are also nervous about the existence of other fees—that is, smaller fees of $20 or $50 for registering particular documents. Prospectors raised with me the fear that, having gone from zero to $560 for a POW and from zero to $7 000 for a mining proposal, the department might go from $20 or $50 to several hundred dollars for some of the other fees on the basis of cost recovery. I also make the observation that the fees are supposed to be a form of cost recovery but no-one can get the department to outline what those costs are. For example, the cost of a rental to house Department of Mines and Petroleum staff in Perth is probably part of the costs but nobody knows how those costs were calculated. If a person is making several POW applications at the same time or within a short period of time, does that mean that the costs are the same as if they make just one POW, and is that a real basis for cost recovery? Of course the department cannot charge excessive fees for cost recovery because that would be a tax. Clearly, just as we have examined those costs for the prospectors with the Valuation of Land Amendment Bill 2015, we certainly need to check out whether those other costs are fair and reasonable. We do not want to drive down exploration effort in Western Australia any further. After Roy Hill is complete, no large-scale project is on the horizon in Western Australia and we cannot expect another one while the price of iron ore is low so we will have to rely on speculative activity by small miners and prospectors to drive the resource sector in Western Australia for the next few years until there may be an upturn.

As the chamber may be aware, my daughter studied geology at the University of Western Australia. She worked for two summers while she was a student with Barrick Gold at the Lawlers gold mine in the northern part of the goldfields. Barrick has basically sold out of Western Australia. There are all sorts of stories going around the industry about all the majors leaving, which could have a real impact. The summer work that my daughter was able to get at Barrick does not exist now because everybody is in cost-cutting mode. The first thing companies do to cut costs is cut unnecessary things, such as student geologists, so there are no more of them in the gold industry. There are lots of geologists. As John Bowler used to say to me when he was in this place, geologists went from being in high demand to driving taxis. Sadly for geologists we are back to the driving taxis era at the moment. We need to ensure that we are doing nothing that will undermine that exploration effort in Western Australia. I know that all the National Party members will tell me that they support me when I say that that has to include not increasing the gold royalty in this year's budget because that will have a dramatic impact on the gold industry and the economy of Western Australia.

I have spoken about this in a past speech so I do not need to repeat it, but we could look at all the royalty income in Western Australia. The government excluded iron ore from the royalty review because it already dealt with the fines and it resolved the royalty rates for onshore oil and gas in its first term. We can go through all the other royalties but basically they are all rounding errors, except for bauxite. Bauxite is generally covered by state agreements and royalty rates can only change with the approval of the industry partner. Given the pressures in the bauxite sector in Western Australia that we all know about, even that will not deliver any money. The only other sector that is producing a significant amount of money is gold. That is the case whether people like it or not. The government wants to say that it is not reviewing only gold royalties and that it is looking at everything, but in reality it does not matter because that is what it comes down to. If we leave aside state agreements, oil and gas and iron ore, apart from gold nothing else is left. The other minerals represent small amounts of money and the government cannot get $180 million from anywhere else but gold. The Valuation of Land Amendment Bill 2015 concerns the cost structure for explorers and the effect of that through to finding new mineralisations. I have already talked about reports to examine what has happened at the Department of Mines and Petroleum with those fees. To complete the work commenced in this Valuation of Land Amendment Bill 2015 dealing with the cost structure in the sector, we also have to look at the question of royalties.

I want to finish by asking the minister a couple of questions that could be of use to me. I understand the very short time frame in which the government has been able to rush the decision through, which is admirable—the government should not take that has a criticism—but I wonder whether the minister can let me know when the matter went to cabinet for the first time. I wonder whether there was any discussion with other parties by either the government or the minister. I understood the member for Kalgoorlie to say that she originally raised this with the Minister for Mines and Petroleum—she says that is correct—and then later with the Minister for Regional Development. I wonder whether either the Minister for Regional Development or the Minister for Mines and Petroleum discussed the need for this legislation with any individual companies. I understand from the briefing given by the Association of Mining and Exploration Companies to the member for Gosnells that AMEC raised it with the minister, and I inferred from the member for Kalgoorlie that the Amalgamated Prospectors and Leaseholders Association of WA might also have made representations to government, and I wonder whether any individual companies made representations to government as well. I will be interested in that information, and I commend the bill.

MR P.C. TINLEY (Willagee) [5.42 pm]: In the time I have, I will take us to dinner with a rapid-fire set of remarks on the Valuation of Land Amendment Bill 2015. I note that the member for Cannington and others ranged fairly widely in the debate. The reason that members in this chamber ranged widely is that the resources sector represents the single largest part of our economy, and there is no way of getting away from that. The value of this sector to the economy of this state is in the order of $115 billion. The value of the next nearest industry sector, which is agriculture, is about $9 billion. That should underscore to each and every one of us the importance of the resources sector to our interests—for many directly within their electorate and for others indirectly through their electorates. The member for Cannington referred to the high frequency of aircraft flying over his electorate taking fly in, fly out workers in and out. I even suspect that some of his constituents would be on the planes going north in their high-vis work clothes. The sector has a pervasive influence right across Western Australia; in fact, so much so that I am often in conversation at street-corner meetings and the usual things we do as local members, with people who know the price of iron ore. That would be highly unlikely in downtown Sydney or Melbourne, where they may vicariously understand our global connection through iron ore. There was no better demonstration of the acute impact that had for Western Australian constituents than during the fear campaign that was launched over the mineral resources rent tax, which bit harder here than in any other jurisdiction in Australia.

The Valuation of Land Amendment Bill 2015 is a simple bill that is emblematic of what Western Australia is prepared to do to support the resources sector. At its heart, this bill separates the resources sector—the exploration and prospecting end of the business and the landholding part of exploration and mining and resources sectors—for the purpose of valuation for ongoing fees from the rest of the valuation criteria applied to the remainder of the state. That is not a criticism, and I say again that it is emblematic of the focus and attention that we give to this very important sector of our economy. We understand that Western Australia's future has since settlement always been linked to the prospects of the resources sector. The member for Kalgoorlie made the point that we have long been tied to the resources sector when she mentioned Paddy Hannan and the early prospectors, and the very rich and easy pickings that were available in the early days. The member for Cannington, very rightly, identified the advent of technology on the industry sector as it ought to be applied.

On a recent trip as part of a Commonwealth Parliamentary Association meeting that I was privileged to attend in January of this year—at Christmas just after eating my turkey—I flew to Rwanda and participated in a workshop about legislative oversight of the extractive industries there. It was a very insightful trip about the 11 commonwealth African countries and their experience in the resources sector. Legislative oversight is something that we live and breathe through regulatory controls, government policy and laws, which are very well developed in a mature jurisdiction such as Western Australia. I have done a lot of work as a member of the Economics and Industry Standing Committee on the liquefied natural gas industry just recently—it seems like forever. In the term of this Parliament the work has been on gas, gas and gas, and there would be no bigger collection of literature and investigative work undertaken into the resources sector than in the Parliament of Western Australia. I raise Rwanda because it is an immature jurisdiction of 11 million people. It has the smallest land area of any African country.

Ms J.M. Freeman: It has the most female members of Parliament in the world.

Mr P.C. TINLEY: Yes, 64 per cent of both its Senate and lower house are women. The member takes me down a cul-de-sac. That is a nod to —

Ms J.M. Freeman: Affirmative action?

Mr P.C. TINLEY: No; it is a nod to commonsense in that it reflects the way historically and ethnically a lot of those issues have been dealt with from very early on in tribal life in Rwanda, where the maternal line was responsible for land and a lot of those economic activities, funnily enough. That was a very interesting insight, but a cul-de-sac nonetheless.

I do not raise Rwanda for that reason but simply because, with 11 million people and an immature jurisdiction, the exploitation of its mineral resources does not rely on technology or the latest cutting-edge mine mapping software development, on automated trains or heavy infrastructure such as in the Pilbara, or on cutting-edge aggregated world technologies such as floating liquefied natural gas as it comes on stream, which is just over the horizon, almost literally, in a year or so. My point is that an underdeveloped jurisdiction such as Rwanda relies on jobs, and the low-tech exploitation of its resources sector is absolutely essential for the employment prospects of the Rwandan people. Coming to Western Australia and seeing the wages, infrastructure and the fruit that bears in a place such as Western Australia probably does them no good, because it will be a long time before they will need to replicate those sorts of efficiencies in Rwanda.

As I say, this bill underscores the special place that the resources sector has in Western Australia. At its heart, it separates part of the resources sector away from the Valuer-General's calculator or imposes a new calculation by

the Valuer-General when it comes to assessing lands. Although we are rabid supporters of the resources sector, we should always bear in mind that we need to be part of its productivity as well. By that I mean that there is a vast amount of landholdings or leases, if we want to put it in those terms, held by prospecting companies, mining companies and resource companies and, of course, there are all the leases held offshore by the oil and gas companies. The big concern—I want to raise member's awareness of it in the chamber—is that we need to send a price signal for the cost of holding. Why? If we are to participate in the productivity of the resources sector and its efficiencies, we should not allow unfairly garnered advantage of one over the other. Vast warehousing of leases with a minimum amount of effort over time to explore them benefits only the competitive advantage of an individual company over the exploitation of that resource for the good of all Western Australians. If I understand it correctly, this bill reduces the cost of holding and unlinks the Valuer-General's calculation in relation to rates and the timescale in which they apply to those holding exploration leases. I do not want overreach, but from what I can determine—there are some questions here for the minister—it is an administrative tweak; it is minor.

In debating resource sector opportunities and the state of the sector, particularly the exploration sector, I am sure it will not surprise anyone in this chamber who has even a passing interest in the resource sector, which I imagine would be every earnest member, that investment in new mining projects is at its lowest level in the 10 years since the Labor government left office. That is not a commentary about the performance of either government; it is just a simple fact of the market that projects are at their lowest level in 10 years. In fact, the Bureau of Resources and Energy Economics in a report stated that as of October last year across Australia there were 44 resource and energy projects with a combined value of $228 billion in the committed stage—that is a national figure, of course. However, the report goes on to say that exploration has suffered and has decreased by 12 per cent, with a total spend of $6.9 billion in 2013–14. By any measure, the resources sector, particularly in brownfield and greenfield exploration, is suffering and declining, which is part of a longer term trend. I note from the graph in the report that the seasonally adjusted trend for mineral exploration from September 2006 to September 2014 indicates that we are virtually now back to where we were in mineral exploration in 2006. In September 2006 we had $400 million investment in exploration, and after all the highs and lows—it got as high as $1.2 billion—we are back to just above $400 million. That is a worrying sign; there has been a downward trend since at least the end of 2010. It really sharpens focus on the need to ensure that we are doing everything possible within the framework of legislative oversight and government policies to support the resources sector exploration, because, as we have all said, today's exploration sector leads to tomorrow's mines. The member for Cannington made that point quite clearly. Those who will suffer most from this are existing miners, because we will see a further decline nationally.

The BREE report goes on to say that there will be a further decline over the longer term trend and it expects project investment will fall from under $250 billion in 2015 to less than $100 billion in 2019. The hardest hit in the sector will of course be the junior miners. They will be the first of the operating miners who will suffer. One thing for sure is that when the commodity prices were right and the costs of exploration and exploitation were correct for market conditions, junior miners innovatively found new deposits and ways to get things to market. A really good example was BC Iron, which found an ancient riverbed that had been previously overlooked and produced millions of tonnes of fairly good grade iron ore. Market conditions certainly allowed for that, but there was at least some incentive or some capacity for return on an exploration dollar.

An article on the Australian Mining website states —

> The latest figures from the Australian Bureau of Statistics (ABS) for Mineral and Petroleum Exploration Australia [March quarter 2014] show a consistent decline in expenditure on mineral exploration.
>
> The figures show there was a 25 per cent decrease in expenditure and a 35 per cent decrease in metres drilled on total deposits, as lower commodity prices hampered access to the cash needed to undertake exploration projects.
>
> According to Grant Thornton's latest junior mining and exploration (JUMEX) report, the situation is not likely to change soon.

Grant Thornton is the accounting firm. The article quotes a representative from Grant Thornton as follows —

> "Exploration companies are finding equity finance almost impossible to access as is reflected by the small number of Initial Public Offerings (IPOs) for mining and exploration companies.
>
> "At an industry level, the severe decline in exploration activities has far reaching impacts on future discoveries and significantly reduced spending by JUMEX companies which continue to have a major impact on the mining services community," …

We know this locally. We know the drilling companies are parking up their rigs. There are big yellow car parks all over the fringes of regional centres and in Perth as well. That is forcing innovation, which is very good to see. The underground miner Barminco is a very good example. It has a high capital cost with some capital equipment sitting in a car park. It has had to innovate and really work hard to get a global business up and running, and it has done a great job in my view. I visited the company and saw people undertaking things.

I refer to the fact that the government is bringing in this variation legislation, and in the short time left I want to ask a question of the minister about fees and charges—details of which I pulled from the information for mining tenements section of the standard web page that this matter applies to. Initially, the member for Gosnells highlighted exploration licences for what I understand to be a grid of about 70 square kilometres. This information sets the cost for that. The question I have for the minister is: when these costs are reset by the Valuer-General, if someone has held the licence for a number of years prior, are they reset back to year 1 or are they picked up at year 8, if the licence has been held for that long? Hopefully in answer to that we can get some clarity, particularly, as the member for Gosnells highlighted, about the impact on the local government take for land rates when they are unlinked from these rates.

[Member's time extended.]

Mr P.C. TINLEY: A further point to note is that the federal government, with its Exploration Development Incentive, has not been idle on this issue. That is an incentive for explorers to undertake further greenfield and brownfield drilling. I think it is a great initiative. We have yet to see it flow through as it is fairly new. I also note the government's royalty relief in relation to junior miners. I am not quite sure that it is enough, and I am not sure that the time for a return on that—I think it is two years—will be satisfactory to the debt profile of those businesses.

Sitting suspended from 6.00 to 7.00 pm

Mr P.C. TINLEY: I will round out my remarks. I have identified the principal question of how the calculations will be applied. I am not sure that anybody has given a definitive explanation of how the calculations are separated from local government rates and where the application points start, but I am sure that when we get to the consideration in detail stage of the bill we will have a closer look and get a better understanding of it, if not an education, given that the bill has been supported by this house as an urgent matter.

I concluded my remarks about the exploration and development initiative by the federal government. I also noted the government's royalty relief issues. We are yet to see those flushed through and what impact they will have on exploration and the sector generally when looking at the leading edge of development of the resources sector. I note that in 2013, the Western Australian government made a submission to the Productivity Commission's investigation into the non-financial barriers to mineral and energy resource exploration in Australia. It was a very interesting read. If nothing else, it outlined the regulatory framework and process that proponents go through to achieve a mining licence without a state agreement, which would take a further period of negotiation. The contribution by the government of Western Australia made seven key recommendations to the Productivity Commission on what can be done. It did not mention anything about incentives for exploration. It referred to the complexity of time lines and approvals of exploration licences. I would have thought that if the government were serious about supporting the resources sector, particularly the exploration end of it—the leading edge—where there is such a low return from capital, it would look at the aspects that facilitate a faster application of capital to the greenfield and brownfield exploration side of the sector. Nowhere in its contribution to the Productivity Commission's inquiry did the state government advocate for things in the federal sphere, but it made sure that it is an advocate for financial instruments such as flow-through shares. For the benefit of members, flow-through shares is when capital can be raised and written off at the exploration stage by investors to incentivise an early injection of capital. It is fraught with danger. Treasurers of both persuasions federally are reluctant to embrace it, but it has not been fully explained in the jurisdiction of Western Australia where the exploration arrangements and the reporting on exploration is so detailed and tightly controlled that it is very easy to tie up and address any of the loopholes or negative parts that a flow-through share scheme might have.

I often muse at the prospect that it might be time to look at the dreaded Perth exchange, not in its previous incarnation but as a new second board to the Australian Securities Exchange for raising finances in Western Australia—certainly off the global markets—to support the exploration sector and let the private sector flow through to what is an absolutely essential leading edge of an economic behemoth in Western Australia. Those who are interested in these matters might have read the Fraser Institute's annual "Survey of Mining Companies 2012/2013" that finds us to be the twelfth safest jurisdiction in the world for the resources sector. It notes issues with exploration and the development time, and states —

> In exploration and development, time is money and imposing 60-day (some agencies) or 45 working day approval window does not work, especially when the first feedback typically comes in 2 or 3 days before the deadline …

We are globally competitive; there is no question of that. We have world-class resources and the full attention of the Parliament of Western Australia focused on a principal sector that is so important in a range of ways to all members in this house and the wider economy.

Finally, I could not go past the contribution made by the member for Pilbara when he segued—as this debate did—and went careering around different places. He talked about temporary workers' accommodation in towns. I raised by interjection the issue of Onslow and the government's reluctance to force Chevron to directly support town development. At the operational phase of the Wheatstone project it looks like its support might be scaled back, but I hope that Chevron provides some incentive in that space because money has been spent on the airport upgrade to make it workable for the company, which could open up tourism prospects for the town.

The other interjection that I could not make on the member for Pilbara because he wanted to keep his remarks brief was that the government can do something about temporary workers' accommodation in these towns. In the larger town centres in Port Hedland and Karratha and, to a lesser extent, Newman, there is a prevalence of temporary workers' accommodation inside the light industrial areas. This is a principal problem that I have seen firsthand. The TWA in the light industrial area of Port Hedland alone has, I suspect, some widely inaccurate accounting for how many people live in it. It is managed under a caretaker provision, so every block in these light industry areas that has a factory on it is entitled to have under the planning laws a caretaker resident on the premises. That has been leveraged up and, at times, many people—I have seen them in dongas—slowly get moved to the back of the property inside the warehouses. The next thing we know, it has become a second source of income for these small to medium-sized businesses with spare land. At the height of the boom in Karratha and Port Hedland a person could not move in the LIA after six o'clock because of the number of people still living there; so much so that restaurants were able to open in the light industrial area of Karratha and service the resident population in what was meant to be an industrial area. A simple enforcement of the planning laws and making local government accountable for that would be a significant contribution to those major centres and attend to the problem highlighted by the member for Pilbara.

I apologise to the house for drifting away from the direct implications and commentary around the bill. But as I said in my opening remarks, this is a fundamental and central part of our economy. It is all pervasive; there is no aspect of this industry that does not touch on every other portfolio area.

MR D.T. REDMAN (Warren–Blackwood — Minister for Lands) [7.09 pm] — in reply: First, I did not get a chance to put on the record my thanks to the opposition for allowing the Valuation of Land Amendment Bill 2015 to be considered an urgent bill. I recognise the reasons put by the members for Midland and Gosnells that to declare legislation as urgent is not the usual practice for the chamber, nor is it good practice for the chamber. The government had a number of reasons for doing this and everyone is sympathetic to the need to deal with this bill urgently and get the necessary processes in place to ensure that on the next cycle of the Valuer-General making decisions around unimproved value for rating purposes, he is able to take into account changes instituted in this legislation.

I will just make a couple of global comments; a lot of members shifted off the topic a little bit and took some licence. As I said to a couple of members, I was happy to allow that, given that there was support for this to be declared an urgent bill. If members have a view of taking up some issues that are dear to them, I am happy to allow that latitude.

It is interesting that the local governments that rate the exploration companies that have licences—either under the Mining Act or under the Petroleum and Geothermal Energy Resources Act 1967—have had fairly significant increases in local government rates for the 2013–14 and 2014–15 financial years. There has been a relatively recent trigger for those changes, which has brought this issue to the fore. Likewise, the amendments to the Petroleum and Geothermal Energy Resources Act were made in 2013, so it is relatively recently we have seen a significant increase in the rates to get back to cost-reflective levels and also to allow some disincentive for people to hold, and as was described, to warehouse tenements. A clear signal has been sent to those who have exploration tenements that a set of circumstances has fallen into place that has significantly increased their local government rates. That message has gone back through a number of people, including the member for Kalgoorlie, who has had this matter raised with her. I have had representation from the Association of Mining and Exploration Companies, and indeed one company that also accompanied the AMEC in my office, and representations were also made through the Minister for Mines and Petroleum. The Premier's office was actually included in that circle as well. There were three-way discussions going on about how we could manage this matter. I can talk only from the lands portfolio perspective. In the case of a lot of portfolio areas, Lands is right at the end of the line. Often other departments, agencies and ministers trigger shifts for reasons related to their link to an industry, and Land signs off on it. For example, if a piece of a national park is to be used for a bit of public infrastructure to go through, I sign off on it, but it is the Minister for Environment, Main Roads Western Australia and others that bring that to the fore. They make the decisions, bring it through cabinet and

I pick it up. It was probably not until the member for Kalgoorlie raised this issue very directly with me about where it sat, given that an amendment to the Valuation of Lands Act can actually fix the outcomes, that it got attention from me and my office.

That said, there are a number of reasons why we have got to this point. At one stage the member for Cannington asked when the matter came to cabinet. The decision to bring this legislation forward was made in cabinet on 19 February. The member for Cannington also asked me about companies that made representation. I am not aware of the member of AMEC who was there, but certainly a member of AMEC, who was obviously representing a company, attended my office with AMEC. I do not have the meeting date here. I do not have a problem with providing that, but I do not have the date here. Whilst there was a lot of discussion about a range of issues, we are talking about the unintended consequences that happened as a result of some amendments to the Mining Act in 2006 to enable the rates to be tiered as a disincentive to people hanging on to and warehousing exploration licences. Changes were made in 2013 to the Petroleum and Geothermal Energy Resources Act, which were fairly substantial fee increases; in some cases, the increases were eightfold. When that happened, it triggered a statutory formula for the Valuer-General to work out the unimproved value of land for the purposes of rating. Once that happened, of course, local government applied that rating and local government whacked up the rates that they charge and all hell broke loose. People were saying that the rate had ramped up so much that it was not right and those relativities that exist between holders of rateable assets no longer existed. Therefore, we believed it as appropriate to keep the changes that were made in those respective acts for the reasons they were made, but to bring back the relativities as far as how they applied to local government rates. That is the reason for bringing in this legislation. The consequences certainly were unintended and were not thought through at the time. The changes we are making will be evident to those who are close to this legislation.

The member for Gosnells raised a few things, including the exploration incentives scheme and what is available to support exploration. Whilst I am not an expert in this area, there is no doubt that those who support the exploration sector support the work that goes into proving up resources. The effect of that follows on to mines, to the economy, to other Western Australian resources, and it obviously follows on to enabling the government to spend money on those things that are really important to Western Australians. The member for Gosnells also talked about the local government position. There is a flip side to this. Local governments are putting out rates notices that will substantially raise rates, but it is my understanding from talking to the member for Kalgoorlie that there is support for these changes and an understanding that we have to reach an equitable position and bring it back to what it was intended to be beforehand. I actually have not had direct representation from local government. I have had discussions with others, as I have just mentioned, about feedback from that particular sector. I am not aware of the location of prospects; the Minister for Mines and Petroleum is aware of where they are. I think the member talked about that in the context of the petroleum sector and I have no skills, knowledge or understanding of that to be able to talk competently about it.

The member for Kalgoorlie raised this matter in two ways. She brought it up directly in our National Party room and also directly with the Department of Mines and Petroleum, to ensure that this issue got on the agenda. For that reason in particular, we are actually able to make some changes in this cycle to ensure that we get the outcomes that we need.

I sympathise with the issue that the member for Butler raised, although it was not directly related to the change we are making today in this bill. The member talked about retirement villages and made the distinction between those that are owned by a corporation versus those that are owned by a not-for-profit group. A not-for-profit group is able to define itself as a charitable organisation under federal arrangements, and therefore is not subject to local government rates, so there are two distinctly different circumstances. The Minister for Local Government made the point that the Department of Housing, with the support of the minister, decided to shift government social housing assets off to the not-for-profit sector, with the view that the not-for-profit sector could use those assets to borrow against, and therefore build more social houses. In other words, the not-for-profit sector had been given commitments during that transition. I was the minister at the time for some of that activity, although Troy Buswell was the minister for the lion's share of it. That has occurred in my own electorate, particularly in Denmark. That is fine and was a part of the government's policy of providing affordable housing. However, one of the consequences was that local governments, particularly small regional local governments, would not get any rates from those assets that we passed over. Whilst they were owned by government and the Department of Housing, we would pay rates to those local governments. We transferred them over, with good intentions, to try to use that housing as leverage to get more but, of course, the not-for-profit sector has charitable status and therefore local government did not get any rates. There was actually a push back from the local government sector on that issue. I am not sure whether I know what the easy solution to that is, but I certainly sympathise with the point the member for Butler raised. I do not know how he spread out his contribution on that over 20 minutes, but he did, in his very eloquent way. Nevertheless, it is an important issue.

The member for Pilbara obviously supports this change, which is important in his electorate. He talked broadly about the mining camp challenge and I agree with the member. This is off this issue a little, but if we get regional development right and we grow and build these regional communities, there will come a point when it is no longer appropriate to have a worker's camp or a construction camp—probably less so construction camp, but certainly an operational work camp—right next to, close to or in those communities. I think it is appropriate to have policy settings that support the regional development objectives. There is no doubt that if a construction workforce is needed for a period of time to get assets out of the ground, it is really important. There is no doubt that a work camp is needed for the workers to live in the very isolated parts of the state where mining companies operate. If we get regional development right—I think we are and I think we are getting some good runs on the board with regional development by putting a lot of resources into it, particularly royalties for regions resources—it is absolutely appropriate that we recalibrate the settings about how we manage transient workers' accommodation as it applies to the catchment area of those communities, particularly the bigger centres, so that we do not undermine the interest in investment in those areas. The member raised a very valid point. I will not talk about using local government rates as a tool to support the sustainability of local government, but a number of the points raised would no doubt generate some good discussions.

The members for Cannington and Willagee referred to investment in mining exploration, which has come off the boil a bit. I understand why they raised that issue; it is an easy hit when companies are looking at their budgets. Nevertheless, it is an important area and we need to maintain investment, because that investment will lead to building up a longer term resource sector that will flow through to support the state's economy.

The member for Cannington talked about local government rates. Local governments are able to set a rate in the dollar. I think the member made the point that this bill does not change the capacity of local governments to raise resources through their rating base to meet their budget commitments. The member for Willagee raised the same issue and asked whether local governments are out of pocket as a product of this legislation. I understand that local governments can set the rate in the dollar that they will apply annually. That flows through to the amount they raise. If they choose to raise X amount of dollars, they set the rate in the dollar accordingly. That rate can change and they can apply whatever rate in the dollar they require to support their budget positions. This legislation refers to changes that will change the relativities of that and take it back to what it was intended to be, which is the way it was applied prior to the 2013–14 financial year.

The member for Cannington also talked about the cost of air transport. I would love to challenge him on some of his comments, but this is not the time or place to do that. He questioned the quality of royalties for regions spending and how that is directed to make a difference in the state. He stated that because the cost of air transport is very, very low it is understandable that companies take that path. I think government policy settings and interaction with the private sector about how we apply all these principles and commercial realities is really important. It is important to get the right settings in place to ensure that we support the government's regional development objectives and, indeed, the state's regional development objectives to ensure growth and development in the way that we want to see it happen. It is important that we have settings that encourage the private sector to make the investments needed to support that path. We are not asking the private sector to build the regions; we are asking the private sector to have an alignment with the state's objective of growing the regions. I would love to have had a bigger debate with the member for Cannington on that. I think I have answered the member for Cannington's questions about the date this legislation came through cabinet, and the members who might have met with me on this issue.

The member for Willagee talked about the need for this legislation as a result of the unintended consequences and the fees and charges that relate to this legislation. I think the member held up a sheet of paper with information about the fees and charges. Those fees and charges are not set by the Valuer-General. Those fees and charges are set by the Department of Mines and Petroleum and apply to exploration licences. The issue is how those fees and charges flow on to impact the unimproved land values and therefore local government rates. That is the issue at hand. Anyone who applies for and gets an exploration licence, permit or drilling reservation is subject to the fees and charges set by the Department of Mines and Petroleum under their respective acts. That stays the same, but the fees and charges ratchet up and change according to the policies that have been put in place—all those changes that were there. Of course, we are talking about how that applies to the unimproved land value and how that flows through to local government rates. Although a tenement might be eight years old, as far as its unimproved value is concerned, it applies to the first year's value, not the eighth year's. They are the numbers that are used statutorily to apply to the local government rates.

I will not go into the issue of flow-through shares. I am not versed in the detail of that, but we have brought up the value of that with our parliamentary colleagues at respective elections. I think members know my views about transient workers' accommodation.

In summary, I thank opposition members for allowing this legislation to be considered an urgent bill and for their support for this to occur in a timely way. I think this legislation is non-contentious and expect that opposition members were lobbied as strongly as we were about the impact that this legislation has on the industry. We all know—opposition members talked about this today in their responses—the importance of exploration. It is the foundation for further mining and resource development in Western Australia and those significant assets and investments support our economy, the state and the people. I thank members opposite for their support and I commend the bill to the house.

Question put and passed.

Bill read a second time.

Leave denied to proceed forthwith to third reading.

Consideration in Detail

Clause 1 put and passed.

Clause 2: Commencement —

Mr C.J. TALLENTIRE: In the event that some unforeseen circumstance causes this bill to be delayed between this chamber and its ultimate passage through the Legislative Council, am I right to think that the provisions in clause 2(b)(ii) provide a safety valve? If we find that the bill is eventually passed in July or August 2015, would the intent of the bill to modify local government rates still come into effect? Is there a necessary safety check in place?

Mr D.T. REDMAN: The intent is to have this legislation through both houses in order to meet the time frame for the financial year. This provision is written in such a way as to ensure that everything relates to the Governor's assent of the bill and that parts of the proposed act come into play as they should in the order that they should.

Mr P.C. TINLEY: I seek further clarification. Therefore, regardless of what happens in the two houses, for the purposes of calculation, will the operative date be 30 June 2015, as stated in clause 2(b)?

Mr D.T. REDMAN: This bill needs to have gone through both houses by the end of May. If that happens, we will be in a position to enable the Valuer-General to make the unimproved value decisions and valuations in order to have the next cycle of local government rates apply to those new values.

Mr P.C. Tinley: By way of interjection, you are talking about the bill going through both houses, not assent. Does that mean that the bill will need to get through both houses by the end of May so that it can get to the Governor for assent by 30 June? Is that the date on which the application of the new calculation will occur?

Mr D.T. REDMAN: Yes. Clause 2 states —

> This Act comes into operation as follows —
>
> (a) sections 1 and 2 come into operation on the day on which this Act receives the Royal Assent (***assent day***);
>
> (b) the rest of the Act —
>
> (i) comes into operation on 30 June 2015 if assent day is not later than that day; or
>
> (ii) is deemed to have come into operation on 30 June 2015 if assent day is later than that day.

Mr P.C. TINLEY: Is the answer yes? Is 30 June the operative date?

Mr D.T. REDMAN: Yes.

Clause put and passed.

Clause 3: Act amended —

Mr P.C. TINLEY: This is a very simple point. I am not sure on which clause to ask this question, so I will ask it on this clause. This entire bill is in response to an unintended consequence of previous pieces of legislation. Is the minister confident, from his advice, that no other consequential amendments, such as to the Local Government Act, for example, will need to be made as a result of this bill?

Mr D.T. REDMAN: No, there will not.

Clause put and passed.

Clause 4: Section 4 amended —

Mr C.J. TALLENTIRE: This is the main clause of this bill. I am trying to find whereabouts in this clause it states—to use the example of exploration licences—that we will be reverting to the year 1 rent figure. It refers to 2.5 times the annual rent payable. We get that figure a number of times. Clause 4(1)(b) seeks to insert new paragraphs (II)(A) and (II)(B) that refer to two and a half times the annual rent payable, and a new paragraph (III) that refers to five times the annual rent payable. I am not confident that there is clarity in the bill as to how that calculation is made. Could the minister guide me to where that is spelt out in the bill?

Mr D.T. REDMAN: As I take the member's question, the member is trying to ensure, for exploration licences under the Mining Act, that it relates to the first year of the ratcheted-up arrangements. That is found in clause 4(1)(b), which seeks to insert a new paragraph (II), which states —

> An exploration licence is held under the *Mining Act 1978* —
>
> (A) 2.5 times the annual rent payable for the licence under that Act if it is the first year of the term of the licence; or
>
> (B) 2.5 times the annual rent that would be payable for the licence under that Act if it were the first year of the term of the licence;

Parliamentary counsel has used those two clauses to apply it to the first year of the licence, as distinct from any other year, in the ratcheted-up arrangements.

Mr C.J. TALLENTIRE: Is the minister confident that it is appropriate to be talking about 2.5 times the annual rent payable? Where does that figure come from? It seems reasonable, but is that the historic figure? Is that the figure that would bring us back into line with the amount people were paying in the first year that they might have held an exploration licence?

Mr D.T. REDMAN: That is a statutory formula that the Valuer-General uses, and that is currently a 2.5-times multiplier of the annual rent payable. We are maintaining consistency with that in the changes. However, rather than apply that to the increased, or the ratcheted-up, exploration licence rents, it is applied to the first year of those mining rents. So, the multiplier is the same, but it applies just to the first year. Therefore, if someone came in as a first-year tenement, they would not see any difference between the current arrangements and the new arrangements. It is just those that follow the ratcheted-up clause over time—it artificially increases the unimproved value and therefore plays out in local government rates.

Mr P.C. Tinley: By way of interjection, if someone has held a tenement for any number of years, would the calculation still come back to the first year?

Mr D.T. REDMAN: Yes; that is right.

Mr P.C. TINLEY: Clause 4(1) states —

> In section 4(1) in the definition of ***unimproved value***:
>
> (a) in paragraph (b)(ii)(I) delete "rent that would be payable" and insert:
>
> annual rent that would be used to calculate unimproved value …

For what reason is the word "annual" proposed to be inserted?

Mr D.T. REDMAN: I am advised that it is for the purpose of clarification, because rents are paid on an annual basis.

Mr C.J. TALLENTIRE: It states at the bottom of page 3 of the bill —

> (2) In section 4(1) in the definition of ***unimproved value***:
>
> (a) after each of paragraph (b)(ii)(I)(A) and (B) insert:
>
> or

It states at page 4 —

> (b) after paragraph (b)(ii)(I) insert:
>
> or

I am unclear as to where the final "or" will be inserted into the act. This may seem to be a fairly pedantic point, but I cannot see where that word would go and what the implications of that might be. Where will the word "or" on page 4 be inserted into the act?

Mr D.T. REDMAN: There is a bit of detail in trying to track back clauses and subclauses and points and so on. I can only reflect that I have confidence in parliamentary counsel that these are necessary amendments.

Mr C.J. TALLENTIRE: Will I have another go at explaining it?

Mr D.T. REDMAN: Yes, that would be very useful.

Mr C.J. TALLENTIRE: If I may, I will refer to the Valuation of Land Act. I can see where the first "or" should go, because that is quite straightforward. Under the definition of "unimproved value" in section 4 we go to subparagraph (ii)(I)(A), which reads —

> 5 times the annual rent per hectare for the first 1 000 h or part thereof;

Then we are asked to insert the "or" before paragraph (B). That makes sense, because when we look to paragraph (B) the alternative is —

> 2.5 times the annual rent per hectare for the next 9 000 h or part thereof;

My problem, though, is when we get to this very final line on page 4 of the Valuation of Land Amendment Bill 2015, which reads —

> (b) after paragraph (b)(ii)(I) insert:
>
> or

It is just not clear where that goes. Reading this, it looks to me as though—if I can again refer to the act—we would be putting that "or" after a dash that comes after the sentence that reads —

> (I) a mining tenement is held pursuant to an agreement made with the Crown in the right of the State and scheduled to an Act approving the agreement —

I do not think it would read correctly to put the "or" there, and if we were putting the "or" there we would be deleting the dash, I think. I know it sounds very minor, but it could just change the whole sense of things; that is my concern.

Mr D.T. REDMAN: I am hoping this response will satisfy the member for Gosnells, because it is an interesting question. The best advice I have here is that it states that "a tenement is held pursuant to an agreement". That could well be a state agreement, for example, and special, different provisions are made under state agreements as they apply to mining licences. The member would have to have the state agreement in front of him to understand the application of this as an act as it applies to that. That is the advice I have.

Mr C.J. TALLENTIRE: I am sure that makes sense in theory, but unfortunately we have to make sure that the amended wording of the bill reads in a logical manner that then flows through to the act once amended, and that it all makes sense. I am just not convinced that with this final word amendment we have a logical place for it to go.

Mr D.T. Redman: Just by interjection, I am happy to offer a briefing on this. This bill still has the upper house to go through; if there is anything the member is unsatisfied with in that briefing, I am happy to take that issue up with the member personally.

Mr C.J. TALLENTIRE: To contribute to the smooth passage of things, the member for Cannington has given me some assistance. Although I still do not think it is clear, it is possible—if this helps the minister and his advisers—that "or" should be placed at the very end of section 4(ii)(I)(C), where the sentence reads —

> where the annual rent referred to …

Indeed that section is being amended as well to read —

> annual rent that would be used to calculate unimproved value under item (II) or (III) if the mining tenement were held under the Mining Act 1978; or

Then we would go into item II). I do not know whether that helps at all, minister. It would probably be easier to sit alongside someone and try to point out where things might go.

Mr D.T. Redman: Member, by interjection, the bottom line for me is that I am going to need to offer you a briefing. I am not getting a response here that is going to satisfy you directly, and we will get to that post this. I guess I have on record now my public support for having a briefing, and therefore satisfying you that what has been drafted here is consistent with the objectives of what I am trying to achieve in this and consistent with your understanding of that. Member for Gosnells, I am happy to offer you a briefing. Obviously, in the interests of an expeditious outcome and support through here—we still have the upper house—I am giving you an on-the-record undertaking that we can sort that as we go through.

Mr P.C. TINLEY: Just further to the minister's undertaking, he has not really said that should it be found that it is not correct, the minister will attend to putting an amendment through in the other place.

Mr D.T. Redman: By interjection, if it is incorrect, it is incorrect and it needs to be fixed.

Clause put and passed.

Title put and passed.

Leave granted to proceed forthwith to third reading.

Third Reading

MR D.T. REDMAN (Warren–Blackwood — Minister for Lands) [7.46 pm]: I move —

That the bill be now read a third time.

I thank members of the opposition. Member for Gosnells, just to reaffirm my position, I am not in a position to give the member a satisfactory answer as to those particular elements of the last clause as they relate to a number of things that are more complex than the information I have in front of me. We will organise a briefing for the member on that. As the member for Willagee pointed out, if there are any issues with that not being an appropriate application of legislation in order to achieve the ends, clearly a change will need to be made. I am confident, because parliamentary counsel works in this way, but the member needs to be satisfied and that is a fair enough call.

It is really important for the mining exploration sector that we make these changes. It has raised with us, quite rightly, issues around the application of unimproved values as they apply to rateable assets for rating purposes. Of course, the unintended consequences are that in recent years in particular changes that have been made to both the Mining Act around exploration licences and in the Petroleum and Geothermal Energy Act as it pertains to permits and drilling reservations mean that there have been substantial increases in rents and therefore a change in the unimproved values that have inappropriately flowed on to have an impact and result in a difference between landholders and asset holders as it applies to local government rates. We are hoping that the Valuation of Land Amendment Bill 2015 will go through both houses very quickly. I am looking forward to the outcome, and thanks again to Madam Deputy Speaker, the member for Kalgoorlie, for her strong advocacy of this issue and getting it on the agenda.

MR C.J. TALLENTIRE (Gosnells) [7.49 pm]: I have some quick comments to conclude our discussion and deliberation of the Valuation of Land Amendment Bill 2015. I acknowledge that, no doubt, Madam Deputy Speaker will be able to have the *Kalgoorlie Miner* apprised of her role in this. It is important to note again that we have dealt with this legislation in a very expeditious and efficient manner. I do wish though that there were other pieces of legislation we could deal with as quickly. I note that in this Parliament tonight there is an assembly of people from the tourism sector. I am sure they would point out the very significant role of the tourism industry in our Western Australian economy and the number of people employed by tourism operators. I am sure they would argue that they should be given the same sort of treatment in the future when it comes to legislation that applies to their sector.

The issue of valuations and the use of an unimproved land value that has been applied in a formula that has led to rapid escalation of the rates—bills that people holding various exploration permits have received—has caused some problems for the industry. We have heard from other members that there has been a fairly dramatic decline in exploration activity. I accept the arguments that demonstrate that in fact exploration is essential for the ongoing good health of the resources sector, and that if we do not have that level of greenfields and brownfields exploration, we could find ourselves in some sort of decline in more general resources sector terms. I support the legislation and look forward to hearing of its rapid passage through the Legislative Council.

MR W.J. JOHNSTON (Cannington) [7.51 pm]: I do not want to delay the house at all, but when the member for Gosnells questioned where the "or" should fit in—I did not have time to get up to speed because I did not have time to check on the website—I noted that the title of the Petroleum and Geothermal Energy Legislation Amendment Bill 2013 is to be changed to become the Petroleum and Geothermal Energy and Greenhouse Gas Storage Act. I had a quick glance and I think an amendment at the end of that bill looks after the paragraphs, but I suppose it will be worthwhile for the minister to confirm that that is the way it will work, even if the other bill is passed.

Mr D.T. Redman: Yes. Another bill will come into this chamber.

Mr W.J. JOHNSTON: The minister will have to bring in another bill.

Mr D.T. Redman: Not me.

Mr W.J. JOHNSTON: Yes, the other minister. I was trying to look, but I did not have enough time because I did not think about it when I got the briefing that the other bill would change the name. That is fine if that will happen.

I think we have put on the record our position on this matter. We have noted how important the resource sector is and we are pleased that we are in some small way able to help with this legislation, particularly that bottom end junior sector.

MR P.C. TINLEY (Willagee) [7.53 pm]: Like the member for Cannington, I do not want to unduly delay the house. We have seen here an unintended consequence of legislative action that has been tidied up by the government. It seems that the urging of the member for Kalgoorlie made sure it got in here and got done.

It certainly highlights for me that we do very little in this place that does not have an unintended consequence. This is the legislative outcome of an unintended consequence, but there are unintended consequences of government policy all the time. Many contributions were made here in relation to the junior sector, the exploration at the leading edge of the resources sector and the importance of it to our economy. I cannot let the opportunity pass without noting that the government has been very good at bringing in administrative amendments to things that need to happen, but it has been very slow and poor, in my view, in articulating a vision, a 30 or 50-year view, for the sector. I mean that in the context of: where is this sector going; where will it get its future capital from; and where will it get the sorts of support it needs in an ever-increasing technological world that cannot necessarily be attended to simply by legislation? It has to be attended to by leadership and by vision and that is not something we have seen from this government in all the time it has been in office. We have seen only consequential, incremental movement within a legislative framework—a few bits of policy in terms of incentive and royalty relief, for example. They are all bandaids. It is now time for this chamber—whoever occupies the Treasury benches; whoever occupies the other side of the chamber from us—to stamp out a ground that articulates a future for a very mature resources jurisdiction that will need strong leadership to thrive and retain its top position as one of the world's great mining jurisdictions. There is a long way to go. We have not heard enough vision articulated by the government. We need to see it.

Question put and passed.

Bill read a third time and transmitted to the council.