

Division 17: Mines, Industry Regulation and Safety — Services 1 to 3, Mines and Petroleum; Industrial Relations, \$287 493 000 —

Ms M.M. Quirk, Chair.

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

Mr D. Smith, Director General.

Dr P. Gorey, Deputy Director General, Resource and Environmental Regulation.

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

Mr R. De Giorgio, Chief Finance Officer.

Ms M. Haasnoot, Executive Director, Corporate Services.

Mr A. Lyon, Executive Director, Public Sector Labour Relations.

Ms C. Bam, General Manager, Service Delivery Support.

Mr N. Roberts, Chief of Staff, Minister for Mines and Petroleum.

Mr D. Alexander, Principal Policy Adviser.

Miss K. McKenzie, Principal Policy Adviser.

Mr J. Welch, Senior Policy Adviser.

Mr P. Meyerkort, Senior Policy Adviser.

Miss Y. Lucas, Senior Policy Adviser.

[Witnesses introduced.]

The CHAIR: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available tomorrow. The Chair will ensure that as many questions as possible are asked and that both questions and answers are short and to the point. If an adviser needs to answer from the lectern, will they please state their name prior to their answer. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item, program or amount in the current division. Members should give these details in preface to their question. If a division or service is the responsibility of more than one minister, a minister shall only be examined in relation to their portfolio responsibilities.

The minister may agree to provide supplementary information to the committee, and I ask the minister to clearly indicate what supplementary information will be provided. I will then allocate a reference number. Supplementary information should be provided to the principal clerk by Friday, 30 October 2020. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge that through the online questions system.

I give the call to the member for Nedlands.

Mr W.R. MARMION: Thank you, Chair. I refer to the first page of division 17, which is on page 248, in part 4 of the *Budget Statements*. Under "Delivery of Services", the second line item is "Services to Industry Component (Mining Tenement Rentals)". Can the minister just explain the difference? The actual in 2018–19 was \$10.7 million and it has gone up to \$15.9 million in 2019–20.

The CHAIR: Member, can I just stop you? What is the member referring to on page 248?

Mr W.R. MARMION: On the second line.

The CHAIR: Okay; Under "Service Appropriation".

Mr W.R. MARMION: I am on page 248. The second line under "Service Appropriation" is "Services to Industry Component (Mining Tenement Rentals)".

The CHAIR: Thank you.

Mr W.R. MARMION: The figure is \$10.7 million for the 2018–19 actual, and for the 2019–20 budget it has gone up to \$15.9 million; in fact, right through to the out years. Can the minister explain what that increase is for?

Mr W.J. JOHNSTON: This is not the total of the mine tenement rentals, it is the allocation of money from the mine tenement rentals. Two budgets ago, the amount allocated to the exploration incentive scheme was increased from \$5 million to \$10 million and there have been other increases for reform in environmental regulation. To make it clear; that is an expenditure item, not an income item, so it is not showing the income from those totals but, rather, the expenditure.

Mr W.R. MARMION: Is the minister saying that this is the appropriation to the industry, rather than the actual revenue collected, which is in another table?

Mr W.J. JOHNSTON: That is correct, it is not the revenue. As the member knows, the revenue did not go up 50 per cent but, rather, this is the allocation of the revenue that is collected elsewhere and shown under the revenue section of the budget paper, rather than the expenditure section. This is the expenditure part of that.

Mr W.R. MARMION: An extra \$10 million is collected from industry. What is going back in terms of the industry component for services appropriated is that additional amount, which is less than \$10 million?

Mr W.J. JOHNSTON: No; that is not correct. As I said to the member, the decision to change the way the EIS was funded was not made in last year's budget, it was made in the budget the year before that. There is already \$5 million allocated in the 2018–19 budget, and then that \$5 million went up to \$10 million in the 2019–20 budget. In the 2020–21 budget, there is no further increase. That is why it flatlines. It is not quite the way the member puts it. It is not a \$10 million increase. There is no increase in this year's budget. There was a \$5 million increase in last year's budget and a \$5 million increase in the budget the year before that.

Mr W.R. MARMION: Is the minister saying that all of the \$10 million that has been collected through the EIS is going back through the services to industry component? Is all the money going to a co-funded drilling program?

Mr W.J. JOHNSTON: No, it is going to the EIS, because the EIS includes \$5 million for Dr Gorey's people, which obviously is just as valuable. There is a suspicion that the Winu project, for example—though I cannot confirm this—used the publicly available geophysical information to target that massive discovery. As the member knows, the original targeting of the drillhole for the Gruyere project was done through pretty competitive geophysical information. There is a whole range, so it does not all go to co-funding. Of course, in this year's budget there is an additional \$5 million for the EIS, half for pre-competitive data acquisition and half for co-funded drilling. Even though it was of course Norman Moore's invention, it is something that I have very, very strongly supported. I have taken the EIS from being an addition that was done on the side of the department to now it being part of the regular function of the department. That has actually allowed us to convert a number of contract positions to permanent public servants, and that allows multi-year planning for the Geological Survey. In fact, I would invite Dr Gorey to explain the benefits of having the long-term planning aspect of the pre-competitive component included in the budget.

Dr P. Gorey: One of the challenges with collecting pre-competitive data is that Western Australia is a very big state, being 2.5 million square kilometres. The collection of survey information such as airborne electromagnetic survey, which is a great program that we are working on with the federal government, takes a long time to both procure and plan for and does actually require quite a bit of expenditure. By having a certainty around forward expenditure in the program, what we are able to do is actually plan for some of those very large purchases and smooth out some of the other acquisitions, both data acquisitions and analysis. One of the things that Western Australia, particularly the Geological Survey, is often credited for is the interpretation of the data, which allows companies to de-risk their exploration and investment here.

[9.10 am]

Mr W.R. MARMION: Thank you for that explanation.

Can the minister give me an outline of what percentage of Geological Survey's operational costs are funded by the component that comes from the EIS?

Mr W.J. JOHNSTON: I am not sure that that is readily available. I have asked my advisers to look at that. But I just make the point that we have protected the existing budget—there has been no reduction in GSWA's budget. When the Department of Mines, Industry Regulation and Safety was formed, the internal arrangements were changed and thought was given to removing the name GSWA. I was lobbied very strongly by people in the industry because they wanted to retain the name GSWA, and we absolutely have. A number of officials at the GSWA have thanked me for that because, obviously, it is a very historic name. There has been no change. We have not cut the budget for the GSWA separate from this. It is not as though we have added with one hand and taken away with the other. That has not occurred. That is why it is hard for us to find the figure because we have not cut —

Mr D. Smith: The figure we have in the budget paper for the resource is advice and regulation service as a total cost budget of around \$100 million, or a little bit over that, of which the GSWA is a component. As the minister has explained, GSWA is one component of that whole group. We do not separate that figure from that total service.

Mr W.J. JOHNSTON: To summarise it, it is part of that service. There has been no cut to that service. The EIS money is in addition.

Mr W.R. MARMION: I will confirm what the minister just said. I am a big supporter of the Geological Survey —

Mr W.J. JOHNSTON: I know the member is.

Mr W.R. MARMION: I would be happy for it to increase. But to clarify: the extra money from EIS has been added. The money going into Geological Survey is equivalent to the amount of money the EIS is adding to it.

Mr W.J. JOHNSTON: Absolutely, there is no question. That is right.

Mr W.R. MARMION: Can we get a copy of the figures to show that?

Mr D. Smith: I believe it is indicated by the service summary table on page 253, which shows an increase of \$5 million in 2020–21. As the minister just said, the figures in the out years reflect past decisions to include the EIS funding, so that is flatlined, and we have got the extra \$5 million reflected in the figures going into that service.

Mr W.R. MARMION: I know, but that includes a lot of other expenditure. Could the minister tell us the break-out of the Geological Survey?

Mr W.J. JOHNSTON: It is a bit hard, because the department has been restructured. There has been no diminution of effort in respect of the GSWA. In fact, the EIS money is in addition to the ongoing funding that we have always had for the GSWA, and there has been no reduction.

Mr W.R. MARMION: Good financial management means that that can be seen. We will go onto other topics later. Slippage can occur. For example, travel supplies can go from one section to the other. Is the Geological Survey a specific cost centre or can the minister not actually define it as a cost centre to get the data; is that what the minister is saying?

Mr W.J. JOHNSTON: Yes, that is correct. I will invite Dr Phil to explain—sorry, Dr Gorey.

Dr M.D. NAHAN: Are you on the TV?

Mr W.R. MARMION: I have got a bit of chest pain, Phil!

The CHAIR: Wrong sort of Dr Phil!

Mr W.J. JOHNSTON: That is right. If you are looking to understand the underground flows of water, Dr Gorey is your man! If you are looking to explain how your heart works, he is probably not the best!

Dr Gorey is in charge of that division and I will invite him to make comment.

Dr P. Gorey: The structure that we have implemented within the department is: Geological Survey of Western Australia is a brand that has been around for 130 years; it just recently celebrated that. It is one of the oldest Geological Surveys in Australia. A number of years ago, with changes within the department, one of the opportunities we took was to put the Geological Survey and the specialists in that area together with some of our other groups of people, such as our resource policy people. That means that those who are advising the government and those who are advising the department and minister have a very close affiliation with those who clearly understand the geology—geomorphology of Western Australia. We very much look at the Geological Survey as a sustaining brand. The organisational structure and the way that we structure our budgets within the department is that we do not have a cost centre for Geological Survey. The way it is managed within the department is that it is part of the process for sustainable resource development in Western Australia, and part of holistic regulation. It is the front end. It is an important component of the access to land and exploration, and it is also an important component to the mining and then closure of land. In summary, the indication on page 253 is probably the entire part of the resource stream I just talked about, but we do not have a cost centre that we could readily pool for the Geological Survey.

Mr D.T. REDMAN: I refer the minister to page 250 of budget paper No 2. The first sentence of paragraph 6 states —

The resources centre continued to be a strong contributor to the Western Australian economy, —

We all know that —

successfully navigating and continuing to operate throughout the COVID-19 pandemic ...

I assume the agency will be monitoring pretty closely the impact of the pandemic on activities in the resource sector. One of the bits of feedback that I have had is that in a number of cases some of the facilities or sites are deferring the normal maintenance processes of shutdowns. I am wondering whether the department keeps information about that and whether the minister can give me any understanding about the impact that that is having on maintenance and, by extension, safety.

Mr W.J. JOHNSTON: No; it is a commercial decision of operators what they do for their maintenance, and we do not supervise their commercial decisions. In respect of safety operations for those facilities that have licensing, obviously there is a regime to maintain the safety oversight. For example, there would be specific regulations for a dangerous goods warehouse or an explosives facility. If I just take Gorgon as an example, because it has been controversial in the newspaper, there is a whole process that is done through the safety regulation group of the

department to maintain oversight of the safety operations of each of the facilities. Each set of safety conditions will be relevant to that facility. That is the whole idea of the safety case approach. In terms of more generally, we do not send a WorkSafe inspector into workplaces to examine safety records because it is an employer's obligation to maintain a safe workplace. If there was to be a negative outcome, the employer would have to be able to demonstrate that they were complying with their obligations. The safety risk in the mining industry is high, and I think that most companies address that.

[9.20 am]

Mr D.T. REDMAN: Is the minister aware of actual deferrals of shutdown procedures or not?

Mr W.J. JOHNSTON: No, I am not. I have heard the same stories around the industry. People keep saying that so-and-so is deferring their shutdown; but no, I have not had any such activity. As the shareholding minister for three energy companies, the shutdown program has been maintained. It has been difficult because just like people in the resource sector more generally, the three government trading enterprises have had to bring specialist staff into the state and we have had to go through the exact same challenges as others in having to get staff in.

Mr D.T. REDMAN: Have companies made representation to the minister about the constraints that the hard border has on their capacity to manage such issues, which obviously are fairly significant to their operations?

Mr W.J. JOHNSTON: That is a great question. Yes; during the first part of the pandemic, basically from March to the end of June, every week I would ring Paul Everingham from the Chamber of Minerals and Energy, Claire Wilkinson from the Australian Petroleum Production and Exploration Association, and Warren Pearce from the Association of Mining and Exploration Companies. I would try to do it on a Wednesday. That way, they had their formal processes of engagement with government on these matters, but I wanted to make sure that industry had a direct line to me. It is fair to say that they did raise these issues during that very difficult period, particularly APPEA, to be honest. There were a range of challenges. We also said to people in the resource sector, and indeed in the energy sector, that if they had a specific worker that they were having difficulty with—not a general complaint, but a specific thing—they should ring me or my chief of staff. I believe a number of them did during that period to get assistance. Obviously, it is the police that made the decision, not government; people often did not understand that. Decisions about who gets into the state is made independent of government; it is made by the police. We would make sure that that process was properly looked at. So far as I am aware sitting here, honestly, I do not believe anybody has had a project held back because of the unavailability of workers. I know the Chamber of Minerals and Energy published a document that said it needed 8 000 workers and was worried about where it would get them from. We looked at that document, and that 8 000 was an 18-month surge workforce, so it was not a permanent workforce. We continue to believe that the CME will be able to find the skills that it needs domestically. Remember, 6 000 resource workers and their families moved to WA in that first phase. Workers continue to move to Western Australia through the hard border, but after quarantining.

Mr D.T. REDMAN: It is probably fair to say that the resource sector was well ahead of the curve in terms of its work during the pandemic. It had a lot at risk; it was a commercial risk. Obviously, it would have pursued that vigorously. Having the borders opened without any warning also runs a risk to the sector because it has everything prepared for a closed border and it needs to respond to that. Has any representation been made to the minister about getting some visibility on forward planning dates? I would have thought that would incur significant costs to many of those companies.

Mr W.J. JOHNSTON: No. Now that we are in a steady state, while I continue to talk to those three organisations, I do not do it on a regular basis; I did during the height of the pandemic challenge. I am not saying the pandemic is over, but I am referring to that challenging period we all recognise—that March to June period. I am not saying they do not raise the question of the border with me, but I am just saying that they have not raised the particular issue the member has raised. They may have raised it with other parts of government.

Mr D.T. REDMAN: The minister is not aware whether they are pursuing some certainty in terms of what the future looks like?

Mr W.J. JOHNSTON: No; but remember that I do not have any direct line into that. I am not on the state emergency subcommittee of cabinet, so I am not involved in those day-to-day decisions.

Mr D.T. REDMAN: It is something that is significantly affecting the area the minister is responsible for.

Mr W.J. JOHNSTON: Yes, I know, but the point is that the member has asked me about representation from others. I am saying that nobody has raised the specific issue that the member has put to me, but I am not saying they have not raised questions around the border with me, and that is well known.

Mr D.T. REDMAN: Do you believe there is a significant concern for the sector in not having any visibility or certainty going forward?

Mr W.J. JOHNSTON: I think every Western Australian, including people in the resource sector, is very pleased with the strong and stable leadership from Mark McGowan. That has given this state an ability to provide a framework for reopening. The fact that work sites have now been able to relax some of their COVID-safe practices is saving enormous amounts of money. It has also meant that workers have been able to return to more family-friendly roster patterns. One of the biggest challenges for the sector was actually moving away from family-friendly roster patterns at the start of the pandemic. So I think people in the industry would be very, very pleased by the way that the state has been handled—managed the COVID challenge has been managed in this state. I think they would be pleased to have a Premier who is prepared to make decisions for the long-term interests of the state.

Mr D.T. REDMAN: Has the agency done any work on the cost of the hard borders to the resource sector?

Mr W.J. JOHNSTON: No. But the good news is that, as the member pointed out in paragraph 6 on page 250, there was a \$21 billion increase in sales last year. As it says there, that was largely the result of improved iron ore prices and the higher iron ore sales volumes.

Mr D.T. REDMAN: I assume that was directly related to government policy, minister!

Mr W.J. JOHNSTON: As I pointed out to people at the Diggers and Dealers Mining Forum last week, if they track the gold price from the time I came to office until now, it has only gone in one direction.

Mr D.T. REDMAN: You are getting slightly ahead of yourself!

Mr W.J. JOHNSTON: That is clearly because of the high-quality minister! But of course if the price falls tomorrow, that is global economics at work!

Mr W.R. MARMION: The minister mentioned Gorgon, which is an important project. It has three trains and the minister mentioned it had to bring in specialised welders. Can the minister give a bit of an idea how many welders were brought in and whether they had to quarantine?

Mr W.J. JOHNSTON: No, I cannot answer that. I am sure the regulator has information. The regulator does not provide that type of granular information to me, and I am not asking it to because I do not think it should. On the number of occasions that I have spoken to Chevron, I was told it was using the workforce that it already had on the island to do the work, but has kept them working for longer rather than bringing in another workforce. The good news is that because they are Australian workers, they will be able to do a high-quality job. One of the challenges here is that this work was done in Korea and imported whole, and, clearly, the good news is that when work is done by Australians, it might cost a little bit more up-front, but at least we know it will work. There are so many other examples of that across the state, such as the Matagarup Bridge, which was another example of Western Australian workers getting things done.

Dr M.D. NAHAN: In summary, minister, there have been a lot of unexpected changes to the business environment. We have been very effective in maintaining the mining sector at a very good time. Let us be clear that it has saved not only the state's income, but also the nation's income—not only iron ore but others. There has been a lot of shock to the system. There has been the locking down of international borders and whatnot, and we have had a very global workforce working in that industry. Is the minister undertaking any liaisons with industry, or undertaking studies, to make sure we have an adequate supply of labour particularly for one-offs; let us say, repair and maintenance, construction and whatnot? Does the minister see any problems with labour supply in the medium to long term for the resource sector in Western Australia?

[9.30 am]

Mr W.J. JOHNSTON: That was another good question. There is always going to be specific skills that need to be imported. Everybody talks about our hard border with the east coast of Australia, but of course the federal government is running a hard border with the rest of the world. I have not heard the federal government making any suggestion that it is going to bring down its hard border. It is a challenge to get skilled labour for those highly specialist positions. One bit of good news is that the government is aware of the need to invest in skills, which is why there has been a range of investments into the TAFE system; the bit of the skills matrix that we are responsible for. We would love the commonwealth government to step up to the mark and fund universities as generously as we are funding the TAFE system. That is the bit it is responsible for and we are disappointed that it is not taking up the challenge in that space the way that we are in the TAFE system. Of course, we have made an unprecedented investment in schools; using this as an opportunity. In my own area, \$18.3 million has gone to for Lynwood Senior High School.

Dr M.D. NAHAN: About time, minister.

Mr W.J. JOHNSTON: About time, yes; it was left behind by your lot!

Dr M.D. NAHAN: You were the member.

Mr W.J. JOHNSTON: It was in your electorate for four years!

Dr M.D. NAHAN: Then it went to yours.

The CHAIR: Members!

Mr W.R. MARMION: Back on to mining: I refer to the income statement on page 259. I draw the minister's attention to the line item "Other", which is the fourth item after "Income". Even though the 2019–20 budget was \$94.508 million, only \$80.072 million was received. Can the minister please explain the \$14 million difference?

Mr W.J. JOHNSTON: Yes, it is the waiver of licence fees. The member will remember that at the start of the pandemic we announced that all those occupational licences and other business licences would be waived. There are a few in the Mines and Petroleum area, but they are generally in the Commerce space. There is some in the health and safety space as well. We waived those, so obviously the income went down.

Mr W.R. MARMION: Is it possible to get a breakdown of what "Other" means? The \$94 million figure is a large figure. Can the minister provide a breakdown of what comes from mining exploration licences and what comes from mining leases? Can we get a breakdown of what is connected in that?

Mr W.J. JOHNSTON: Mine tenement rentals are not in this figure. Seriously, particularly in Commerce, as a former commerce minister, there are hundreds and hundreds of different fees because a lot of its regulatory framework is self-funded. Most of those fees are in the Commerce space. There are a small number of fees in the Mining and Petroleum space, but of the ones under my responsibility, most of them are in the safety space, including pipelines and major hazard facilities. I can get Mr Munns to come forward and provide information.

Mr W.R. MARMION: I think the minister has explained what is on page 264, under "Details of Administered Transactions". That table refers to the income received from mining tenement rentals. Presumably that income goes into the consolidated account and then Treasury gives the department an allocation; is that correct?

Mr W.J. JOHNSTON: Yes, that is correct. It is interesting that the member raises that because of course I did not realise that in the 2016–17 budget, there had been an allocation for mine tenement rentals for administrative purposes at the time. I cannot remember, was the member for Nedlands the minister at that time or was that one of his colleagues?

Dr M.D. NAHAN: It was the member for Churchlands.

Mr W.J. JOHNSTON: Anyway, the point I make is that, yes, we allocated that money to the EIS at that time. There were already allocations out of mining tenement rentals for the administration of the department.

Mr W.R. MARMION: In relation to the income collected from mining tenement rentals, the budget figure for 2019–20 was \$89 million and the actual collected was \$99 million.

Mr W.J. JOHNSTON: Yes.

Mr W.R. MARMION: Can you explain that, please?

The CHAIR: Member, if you are going to stray from one item number on one page to another, it is actually going to mean a new question. I will let you off this time, but do not think I am not noticing.

Mr W.J. JOHNSTON: The mining industry in Western Australia has had a golden year. It has just been extraordinary. In February–March, we were talking to the industry about how we were going to put them into hibernation. We thought the global pandemic was going to come into Western Australia, and not just destroy the mining industry but destroy every industry. We took administrative action to forgive everybody in their obligations to work the ground. I will refer to exploration as an example. I think it was a \$175 million gift back to industry by forgiving them their obligation to work their exploration licences. The mining industry went boom and we have had one of the best 12 months ever—July 2020 and August 2020 were the two record months for programs of work. That was extraordinary. The income went up because the number of tenements went up. There was a small inflation-linked increase in the underlying tenement rentals, but the actual increase was because the industry went boom. It is testament to the good management of Mark McGowan as Premier that he has been able to manage the COVID infection here in Western Australia and has allowed the state to continue to operate. As the member for Riverton pointed out, it has carried not just Western Australia, it has carried the country.

Mr W.R. MARMION: I know that the figure will expand in the future, but I am interested in the minister's view of the way that accounts are presented. Cleverly, Treasury give back an appropriation and this figure is almost hidden. The department of mines is actually doing a really good job getting all this income in, and it is hidden away from the people who look at the table who think that it balances. In terms of good financial management, would it not be good policy to combine the income that comes into the department with the costs rather than money going straight to Treasury and then Treasury advising the department what it gets back? Unless we look at three different tables, we cannot actually get a good view of what is going on. I am interested in the minister's comment. I actually tried to get this changed when I was the minister, but Treasury put up a great big fight every three years

that I raised it. It promised it would look at it. In fact, in the last term I thought I had Treasury across the line, but there was a change of government.

Mr W.J. JOHNSTON: Excellent. No, I do not agree with the member. It is absolutely critical to proper budget management that there is a single source of approval. The former Treasurer is sitting there nodding at me. As a member of the Expenditure Review Committee, I can assure the member that we do not allow multiple budget processes; it has to be one. It does not matter where the money comes from; it is government. Every bit of government is still government. We have to have central control. No, I do not agree.

I think 11 guys and women—“guys” is a pejorative term—collect the royalty income for the state. They have to be the most efficient tax collectors in the world!

Dr M.D. NAHAN: They are very good.

Mr W.J. JOHNSTON: Look at the money they are collecting—billions and billions of dollars—and there is just a bunch of them. They were the people who found the discrepancy that was argued with BHP, which led to a settlement. That was an extraordinary job on behalf of the people of Western Australia.

[9.40 am]

Dr M.D. NAHAN: Page 264, details of administrative transaction, second group, Koolyanobbing mine financial assistance program. I notice it has grown; page 97 of budget paper No 3 shows that it has \$29.1 million extra. When we add up those sums, that is \$229 million of assistance to that mine. It peters out, and I have a couple of questions around that. It stops in 2023–24, with no further subsidy. Why is that? Why are we subsidising an iron ore mine during periods of the highest profitability of the mining sector ever experienced in modern history?

Mr W.J. JOHNSTON: This assistance peters out because it is limited.

Dr M.D. NAHAN: Time limited?

Mr W.J. JOHNSTON: It is time and tonnage.

Dr M.D. NAHAN: Tonnage, too?

Mr W.J. JOHNSTON: It is limited to a specific amount of tonnes. This is one of these things: Cliffs Asia Pacific Iron Ore Pty Ltd stiffed the people of Western Australia. They said, “We are going to close the mine at Christmas.” Then in March, they said, “We are going to close it in June.” So we had to make some rapid decisions. At that time the iron ore price was relatively low and, as it happens, because my department is very efficient, they had actually already written out the future revenue for the Koolyanobbing operation. So the future value of the royalties from Koolyanobbing was actually zero in our accounts. That meant when the Expenditure Review Committee was considering the relief package, the actual cost to budget of giving the royalty relief was zero. So there was relief given at the port and relief given from the royalties, but the cost to budget was zero because that is how much it was budgeted for. Of course, had we known that the iron ore price was going to go boom, we probably would not have been as generous.

Dr M.D. NAHAN: In past assistance to the iron ore sector—Atlas I think and others—there was a cap on the iron ore price. My memory was \$A80 to \$A90.

Mr D.T. REDMAN: It was \$90; it was a loan, was it not?

Dr M.D. NAHAN: Yes, but that is different. They put a cap on assistance. I think it was a longstanding policy of the department of mines to try not to give any assistance to specific mines. I do not want to put words in the minister’s mouth, but I think the minister will agree with that. They also put a cap on the payments, if it is necessary in an emergency situation. I accept that the government needed to do something with Koolyanobbing. I hope it has paid off, at least to the owners of it—clearly it has.

Mr W.J. JOHNSTON: And the workforce.

Dr M.D. NAHAN: And the workforce there, and in Esperance. But this illustrates an error of not capping the benefits. We had a debate in Parliament at that time.

Mr W.J. JOHNSTON: Yes. I understand the position the member is putting, but, of course, there was no cap on the assistance given to the magnetite sector, so we both are guilty of the same crime. If it was a crime, then we are both guilty.

Dr M.D. NAHAN: I am not saying crime, that is a bit exaggerated. Magnetite is an exploratory loss-making industry; hematite is the most profitable industry in Australian history at this time.

Mr W.J. JOHNSTON: Yes. It is interesting that the member for Riverton says that, but at the time we came to government there had never been a request to see the financials of the magnetite operators. In fact, the last iteration of the magnetite royalty relief was the first time they had to provide financials to us. So, the minister should be careful with what he says because he is speculating.

Dr M.D. NAHAN: That they were loss-making?

Mr W.J. JOHNSTON: I am just making the point that the member is not necessarily fully aware of every issue that he is talking about, because we were the first government to actually examine the need to provide royalty relief to the magnetite sector. Do not forget that at the time the member for Riverton was Treasurer, the royalty rate analysis recommended that the royalty be higher than the royalty we were charging. So, we had a royalty but we were not charging it, yet it was recommended by the royalty rate analysis.

Dr M.D. NAHAN: Could the minister provide as supplementary information the tonnages that underpin this assistance to Koolyanobbing? What was the tonnage of production expected each year from 2018–19 through to 2022–23?

Mr W.J. JOHNSTON: No. Member, we do not release individual tonnages from any taxpayer. This is unusual because one company is getting a benefit, and therefore it is printed there and someone could sit down with a calculator and work it out. They might be getting discounts, so who knows what is happening for their tonnage? That would then expose commercially sensitive information. There is a longstanding practice, which is not new to this government; we do not provide mine-by-mine or company-by-company detail.

Dr M.D. NAHAN: Could the minister provide the cap of tonnage? The minister said there is a time limit and a tonnage limit; that is, we provide a subsidy up to a certain amount of tonnage produced. Could the minister provide information on what that cap is?

Mr W.R. MARMION: I know what it is, so the minister might as well give it!

Mr W.J. JOHNSTON: It is publicly available information.

Dr M.D. NAHAN: What is it?

Mr W.J. JOHNSTON: I am sorry, I do not have it in front of me, I apologise for that.

Dr M.D. NAHAN: I am sure the director general would have it.

Mr W.J. JOHNSTON: I am pretty sure it was in the original media release. It is not like it is secret. I do not have the information to hand.

Dr M.D. NAHAN: Is it 30 million tonne?

Mr D. Smith: It is a five-year limit.

Dr M.D. NAHAN: I see that. It is a five-year limit, but I cannot remember the tonnage.

Mr D. Smith: I would need to confirm whether that was a tonnage limit.

Dr M.D. NAHAN: Could the minister confirm whether there is a tonnage limit; and, if so, what it is?

The CHAIR: Is that not something that could be put on notice, member?

Dr M.D. NAHAN: Yes; it could be put on notice.

The CHAIR: Okay, we will leave it at that, then. The next question is from the member for Morley.

Ms A. SANDERSON: Thank you. My question relates to page 249, note 3, where the note outlines an allocation of additional funding to allow for 21 additional WorkSafe inspectors. Is the minister able to provide an update on that increased complement of inspectors?

Mr W.J. JOHNSTON: This a really important issue because last night the upper house finally approved the work health and safety legislation in an amended form. It now has to come back to us at our next sitting for final confirmation, which means a 10-year journey to reform the work health and safety laws here in Western Australia will be nearly complete; we still have to get the regulations done and the act implemented. The Premier was very strongly of the view that we should allocate additional staff to WorkSafe, so we are in the process of finalising the last of the recruitment. The good news here is that we have a family liaison officer, which is a specific role inside WorkSafe to deal directly with bereaved families of workers who are killed on site or through workplace injuries. That is a really good step forward. That person has been engaged. There were 140 applications for that one job. I think the need to improve that critical liaison role touches everybody across the state.

The other thing we have done with those 21 additional staff is to hire specialist investigators. In the past, the investigators were often just drawn from the ranks of the inspectors. Now, I am not criticising the inspectors in any way, but they are not necessarily ideally suited to doing a complex investigation. The WorkSafe Western Australia Commissioner and Mr Munns, the deputy director general in charge of the safety regulation group, have worked together to identify these specialist investigators and they are finalising the selection. Either they have been hired or there is a couple that I understand are still to come on. That is really good news because that means, when there is a workplace fatality, we now have that additional capacity to get to the heart of the circumstance.

The tragedy in workplace deaths and serious injuries is that often we understand the mechanical cause, but not who has been responsible. So this is a really, really good step forward in making sure we increase accountability for

workplace deaths. I know that with the member's background, he is deeply committed to this, and I am sure the other Labor members here share his deep commitment to this area. We are very pleased that we have now been able to get the number of staff at WorkSafe up to the national average, not only with these 21 additional frontline staff, but additional support for WorkSafe as well, including one extra lawyer, which is obviously very critical because there is a little team of legal support as well.

[9.50 am]

The CHAIR: No scheme is perfect, minister!

Mr W.J. JOHNSTON: No scheme is perfect; that is right. Only one! We should have had more.

The CHAIR: Yes.

Mr W.J. JOHNSTON: We can never have too many lawyers.

The CHAIR: I would have probably said the opposite.

Mr W.J. JOHNSTON: I have three lawyers in my office, so it is a start. What is two lawyers at the bottom of the ocean? A good start! No, no.

This is a very important change to the nature of WorkSafe, and I am really pleased that existing and new staff are working together with Darren Kavanagh, the independent WorkSafe commissioner, and Mr Munns, the deputy director general, to really change the culture of this organisation and to get it to better engage with families and with work. We are ready now for the WHS bill and we have the resources we need to implement it.

The CHAIR: Member for Warren–Blackwood.

Mr D.T. REDMAN: Thank you, Chair. Minister, I refer to page 250. The last sentence in the sixth dot point refers to \$129 billion worth of resource projects in the pipeline—a hell of a big number. I remember during one of the former government's budgets we had \$70 billion to \$80 billion or something in the pipeline. I understand this includes projects such as the Scarborough development, which means it is deferred or put on hold for the time being. But a big part of the Premier's rhetoric has been how significant the resource sector is for Western Australia and also the nation. I would have thought that there would have been a response from the minister's agency in respect to arming itself ready for approvals and all the regulatory processes attached to that; yet there is no significant shift in the budget in the service summary on page 253. Can the minister comment on how well-armed and ready the government is to take on the challenge of the regulatory processes with that, because it is going to be significant?

Mr W.J. JOHNSTON: Thank you. I might get Dr Gorey to make some comments as well, but we are aware of the challenges, and we have, of course, shortened the time lines for approvals for the POWs, and we are currently achieving those time lines but it is becoming difficult. Because of the COVID-19 situation, we have had challenges around native title clearances, so there is a backlog. We do understand that challenges are coming. We are deeply engaged with the resource sector about what response we might look to. We also have the Streamline WA steering committee, which David Smith co-chairs with Mike Rowe from Department of Water and Environmental Regulation, which is looking for regulatory reform. We have a strong agenda in the regulatory reform area to make processes simpler, without reducing standards, because this is obviously critical. My big criticism of the Productivity Commission report that came down a little while ago is that it did not pay attention to the demands of the community. We cannot leave behind the demands of the community in making sure that we have the speedy approvals.

The final thing I will say before I throw to Dr Gorey relates to the Fraser Institute "2019 Annual Report", which was published in February this year. I make the point about the Fraser Institute that it is Canada's equivalent of the Institute of Public Affairs.

Dr M.D. NAHAN: I was involved in setting up that report.

Mr W.J. JOHNSTON: There you go.

Dr M.D. NAHAN: It is an excellent report.

Mr W.J. JOHNSTON: It is an interesting report; it is a perceptions report. The good news about that perceptions report, firstly, is that it rates Western Australia as number one in the world; and, secondly, 100 per cent of the respondents to the most recent survey said that they could get their project approved in Western Australia, even if it was delayed. We are the only jurisdiction in the world that said 100 per cent of proponents thought that they could get their project approved, even if it took a little bit longer than they wanted. The other thing, of course, is that we are an extraordinarily fast jurisdiction for getting projects done. There is nowhere else in the world that gets project approvals done as quickly we do. Just look at Pilbara Minerals, which took four years from discovery to me cutting the ribbon. That is pretty extraordinary. I will ask Dr Gorey to comment.

Dr P. Gorey: So, I might just cover off on a couple of things. The planning and the reporting of projects in the pipeline uses a methodology for working with some of the other departments in government for those types of projects

which are actively under consideration or planning. The effort and demand that has on the department sometimes does not shift too much, depending on where they sit. For some of these projects where the public statements might be around construction not occurring for many years, the Department of Mines, Industry Regulation and Safety, as well as some of the other departments, still have a role in engaging with these proponents in their preparatory works as they scope up their projects. Although that number might shift around a bit and, as the member just said, is quite a large number, even those projects that are little bit further towards the horizon still have a demand impact on the department.

We have recently released our approvals time frames and the performance of the department for last financial year. The department across the year achieved, essentially, all of its approval target time frames. That is during the challenges of COVID for both the industry as well as the administering agency. It is also on the basis that we had quite a substantial increase in the number of applications coming in both land access for tenure applications, as well as post-tenure applications.

The department took a position in consultation with other parts of government to pause some of its native title notifications right after the commencement of the COVID pandemic to provide some relief to applicants, but also those who are involved in the native title process. That will have an impact on the backlog for mining tenement applications, so we see that as a challenge that we are dealing with at the moment.

Mr D.T. REDMAN: That was COVID related?

Dr P. Gorey: I will just clarify. The native title negotiation process for tenement grants requires a notification, then engagement with traditional owners. There was a pause to that notification to give relief, given that quite a few of the parties were naturally focused on other things. But as those applications sit, the time continues to tick and so the backlog does increase. A focus for us this financial year is to turn that around in a way that still protects all the parties.

In answer to the member's question, we are particularly pleased around how well the department is prepared and what the department is doing; and, as the minister said, the target time frame for exploration applications was halved from 1 July from 30 business days to 15. That is the first time in 10 years that any of the target time frames have been reduced, and it is quite a substantial reduction. We get hundreds of these applications a month. As the minister said, that period from June to July in particular had very, very high numbers of applications coming through.

That ability to change has a direct impact on applications—on companies. It means that three months into the financial year, three months into the new time frame, well over 1 000 people are getting their applications processed in half the time, which means they can get on to land in half the time, which means they can employ people and hopefully discover some minerals for further development. We are seeing that probably the focus will continue to be some of the short-term administrative changes, working with other departments for those, particularly around notifications, and some systems changes.

The last point is, as mentioned by the minister, the engagement we have with other parts of government, those other regulators, is where we will deliver and try and address some of those approval time frame hurdles we have at the moment.

[10.00 am]

The CHAIR: Minister.

Mr W.J. JOHNSTON: Chair, I will just finish by saying there are two other points I would make as well. The first is that many people think that the native title process is a regulatory action, it is not; it is a property right. It is about examining the property right of the Indigenous community and assessing how they want to act with that property right. That is not a regulatory activity. The second thing I would say is that sometimes some of the companies would do themselves a service by paying careful attention to the quality of the submissions they make. Sometimes delays are caused because of inadequate amounts of information. We are trying to harmonise datasets with the other departments and commonwealth. We know that work is still to be done on that; we know we are not finished and still have more work to do. But, equally, if applicants thought carefully about the presentation of their information, it would be of assistance to us, particularly noting the Forrest & Forrest Pty Ltd decision requires strict compliance.

Mr D.T. REDMAN: Further question, Chair.

The CHAIR: Further question, member for Warren–Blackwood.

Mr D.T. REDMAN: The minister did mention a whole range of challenges in meeting regulatory requirements. Without wanting to downplay in any way the significance of the Juukan Gorge disaster, a number of the resource sector players have raised the issue of the challenge of the Heritage Bill. Is the department directly engaged with that in any way, through the agencies, with the likely impact that is going to have on the resource sector, and therefore

giving feedback back to the minister, who is obviously keen to close the gap between the traditional owners, who have a very strong view about it, and the resource sector, which is also expressing some views.

Mr W.J. JOHNSTON: Firstly, I can say that the department has had careful engagement on the process that has led to the bill. Again, I want to pivot straightaway to the Productivity Commission report. I think the commentary in that report around Aboriginal heritage was absolutely disappointing. I thought its commentary around native title simply misunderstood the nature of native title, and I do not think it served the industry at all well. Firstly, it was beyond the scope of the terms of reference of the report; but, secondly, it misunderstood the nature of Aboriginal heritage legislation. Aboriginal heritage legislation is not regulating the mining industry; it is the regulation of the destruction of Aboriginal heritage. It just happens to be that mining companies want to go to spots where there is lots of Aboriginal heritage.

I noted recently that one of the extensions of the light rail in Sydney found an Aboriginal heritage site somewhere in Parramatta. It has to be understood that this is an important issue. We have less disturbance in Western Australia, therefore, we have more Aboriginal heritage. I do engage with the industry. I listen very carefully, and I am not dismissive. I am not trying to say that the industry does not have challenges; it does. But we have to see what Aboriginal heritage legislation is doing. It is about protecting Aboriginal heritage; it is not regulating the mining industry. In the same way as native title is not a regulation in respect of the mining industry; it is the recognition of the title of the Indigenous people. I want to make the point: mining companies need to think about title more than anyone else, because the government is giving them a title that allows them to have a mine. Title is absolutely fundamental to their business interests, so they should do nothing to undermine other people's title, otherwise what they are doing is arguing that their title also should not be secure.

Here in Western Australia, the reason we are the number one jurisdiction in the world for the resource sector is because we provide title. So, yes, it can take a little while to get their title, but once they have it, they can exploit it. For example, when they get their approvals, they get on with business, and so long as they comply with the conditions, they can do what they need to do to make money. But in some other parts of the world, they do not get a strong title, they have a sell down, there are restrictions on dividends, and they get chaos in other parts of the world. They never get final approval. Look at the operations of Lynas Corporation in Malaysia. Every five years it has to get fresh approvals. They should have come here and built their facility here in 2011. It would have made more money if it had done that, despite the additional capital cost up-front. So, yes, sometimes it is slower than people want; but, firstly, it is faster than anywhere else in the world, and, secondly, it gives them solid title and we do not undermine them later on.

The CHAIR: Member for Nedlands.

Mr W.R. MARMION: Thank you, Chair, just a wrap-up question from me. I refer to page 267 of budget paper No 3.

Mr W.J. JOHNSTON: I actually do not have budget paper No 3.

Mr W.R. MARMION: Anyway, it is related to the gold royalty rate and the minister is right across it.

Mr W.J. JOHNSTON: I was not briefed on budget paper No 3 because that is the Treasurer's.

Mr W.R. MARMION: I know the minister is right across this.

Mr W.J. JOHNSTON: We will find out.

Mr W.R. MARMION: On page 267 under "Mining Royalties", there are two items on gold. One is the subsidised gold royalty rate for which the estimated actual for 2019–20 was \$189 million and also a gold royalty-free threshold that is basically a subsidy to the industry of \$7.1 million. I refer the minister to 2018, when the Treasurer made the comment in his budget speech that while he was not seeking to reintroduce the royalty increase in that year's budget, he believed an increase in the rate remained justified. Does the minister believe a rate increase is justified?

Mr W.J. JOHNSTON: I cannot answer anything about appendix 9 of budget paper No 3 because that is a matter for Treasury, and I am not briefed on any of the issues in respect of appendix 9 of budget paper No 3. The statement read by the Chair at the start of the meeting outlined what my responsibilities to the committee were, and if the member could address me to anything in budget paper No 2, related to a vote in respect of my department, I am happy to answer it.

Mr W.R. MARMION: In relation to the royalty rates that the department collects, which is in the table to do with administered transactions on page 264 in budget paper No 2, can the minister explain what the gold-free threshold calculation is currently?

Mr W.J. JOHNSTON: It is 2 500 ounces. Basically, it is for our friends in the goldfields who run small operations. In fact, I met with the Eastern Goldfields Prospectors Association when I was in Kalgoorlie for the Diggers and Dealers Mining Forum last week and we had a conversation. That line item is one aimed at that. When the Liberal Party first introduced the gold royalty in Western Australia, it provided for a 2 500-ounce threshold.

The CHAIR: All right. Member for Riverton.

Dr M.D. NAHAN: Yes. On page 264 of budget paper No 2, income, royalties, petroleum. I am using that as a touchpoint to ask a question about the Premier's policy on onshore gas. Does the minister have any involvement?

Mr W.J. JOHNSTON: No, that is Department of State Development. Obviously, I know about it and I talk to people, but I am not over it.

Dr M.D. NAHAN: Can the minister brief us on what it is?

Mr W.J. JOHNSTON: No, because it is state development. I am Minister for Mines and Petroleum.

Dr M.D. NAHAN: Has it been published anywhere?

Mr W.J. JOHNSTON: So far as I am aware it has been, yes. I saw a media release. The member would have to ask the Minister for State Development, Jobs and Trade.

[10.10 am]

Dr M.D. NAHAN: On page 250, paragraph 6 refers to the previous \$129 billion worth of resource projects. Again, this might not be in the minister's area—I accept that. What is the prospect, particularly with lower oil prices—low oil prices and lowered oil prices—for the Scarborough and Browse LNG developments, which makes up most of this \$129 billion?

Mr W.J. JOHNSTON: I do not know whether it makes up most of the \$129 billion, but I cannot speculate on corporate decision-making.

Dr M.D. NAHAN: No. Has there been any —

Mr W.J. JOHNSTON: The member is asking me questions that I cannot answer because I am engaged with the companies. I am a decision-maker in respect of the titles. As the member for Nedlands would be able to remind the member, it is called a joint authority so it is done between the commonwealth and the state. I am a decision-maker and I do not want to give any suggestion that I have made a decision related to any of those matters.

Dr M.D. NAHAN: We heard in the media and in Parliament that decisions, particularly with Scarborough and Browse were imminent this year sometime.

Mr W.J. JOHNSTON: The member will have to ask the resource operators or the Minister for State Development, Jobs and Trade. I am a regulator. It is very difficult for me to answer a question about matters on which I am briefed on a confidential basis in respect of my regulatory functions.

Dr M.D. NAHAN: Yes. We have some investments in new infrastructure at Curtin University.

Mr W.J. JOHNSTON: Yes, the microprobe—my favourite toy!

Dr M.D. NAHAN: Could the minister tell me what a microprobe is?

Mr W.J. JOHNSTON: I would love to tell the member what a microprobe is.

The CHAIR: And where to put it, minister?

Mr W.J. JOHNSTON: It is a big thing! It has lasers and it does stuff! If the member wants, I can get Dr Gorey to comment. I have seen the existing one. This is actually a critical piece of infrastructure in Western Australia; there are only three of this new generation in the world. It keeps us at the leading edge of geomorphology. I am not a geomorphologist, but I am told that it is really critical to keeping us at the head as the most attractive jurisdiction in the world for exploration. It is working out how the minerals came to be in the places they are. Obviously, if someone has a better understanding of that, then they can target their activities, and Chalice Gold is an example of that. I would invite Dr Gorey to make some comments.

Dr P. Gorey: Thank you, Madam Chair. This is a longstanding relationship, through Geological Survey of Western Australia, that the department has with the John de Laeter Centre at Curtin University. Like the minister, I was fortunate enough to look through the site just recently with the director general. Technology and analysis in the last couple of decades has moved a bit more from simply trying to identify the association of minerals as they exist in the environment to understanding how the landscape was formed and how those minerals were formed.

What we are seeing—where the John de Laeter Centre in Western Australia is able to stand out—is investment in both technology and people to understand how minerals evolve and where they came from. We have world-class experts such as Michael Wingate, who is within our department and who has a very strong connection at the John de Laeter Centre, understanding the origin of zircons and their age and where they exist in the environment. The geologists and geomorphologists can then use that information to understand where those minerals came from, in what environments did they form, and where they have moved through the landscape.

A lot of the minerals still available in Western Australia are under cover—they are deep under regolith; under sand and gravel and rocks—and cannot be viewed, so understanding the mechanisms and forces that happened over

billions of years is really important in targeting particular areas for exploration. We know that certain minerals will be concentrated in the environment, depending on very deep flows beneath the Earth's crust. Those fluid flows will affect some of these minerals differently. Zircons are very, very resilient and do not decompose very quickly, so they exist for a very long time. People can use those types of minerals to understand what behaviours have happened. That is important because things like gold and poly-metallic deposits will actually arise from those types of environments.

What is really important, I think also why Western Australia has been able to corner this market essentially in Australia is this microprobe supports a number of other very specialised pieces of equipment out there at the John de Laeter Centre. In simplest form, this thing generates a laser through some inert gas and that will fire at very, very small particles of minerals, and as the laser impacts on the minerals and bounces off, it will actually tell us the exact composition of the minerals, and also things like the isotopic composition, because that will also tell us the way that that mineral was processed in the environment as well. It replaces a very old piece of equipment, but it is something that will be very much sought after for probably at least the next decade. It will be one of the leading-edge pieces of equipment in the southern hemisphere, actually.

Mr W.J. JOHNSTON: I should acknowledge the commonwealth government's contribution to it as well. This is a partnership between the commonwealth, the state and Curtin University to continue to keep us at the leading edge of research in understanding of minerals systems.

The CHAIR: Member for Warren–Blackwood.

Mr D.T. REDMAN: Thank you. I refer the minister to page 255 and I guess the headline figure there for “Safety and Labour Relations Advice and Regulations”, and the provision of advice and regulatory services to Western Australian community in the area of workplace safety and labour relations, as my touchpoint.

Mr W.J. JOHNSTON: Yes.

Mr D.T. REDMAN: Does the minister or his agency have any role in the dust monitoring issue in Port Hedland's west end? Zero—no input?

Mr W.J. JOHNSTON: No, that is Department of Water and Environmental Regulation. No. This is about workplace health and safety.

Mr D.T. REDMAN: I thought there might have been some engagement on that front, that is all.

The CHAIR: Members, it looks like we are running out of steam on division 17. Anything else? No.

The appropriation was recommended.

Meeting suspended from 10.18 to 10.24 am