



Economics and Industry Standing Committee
Annual Report 2013—2014

Report No. 4
October 2014

Legislative Assembly
Parliament of Western Australia

Committee Members

Chair	Mr I.C. Blayney, MLA Member for Geraldton
Deputy Chair	Hon F.M. Logan, MLA Member for Cockburn
Members	Mr P.C. Tinley, AM, MLA Member for Willagee
	Mr J. Norberger, MLA Member for Joondalup
	Mr R.S. Love, MLA Member for Moore

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Report No. 4

Presented by

Mr I.C. Blayney, MLA

Laid on the Table of the Legislative Assembly on 23 October 2014

Chairman's Foreword

As Chairman of the Economics and Industry Standing Committee (the Committee) of the 39th Parliament, I am pleased to present its second annual report.

Over the 2013–2014 reporting period the Committee has undertaken an inquiry into the economic implications of floating LNG on the Western Australian economy. In May 2014, the Committee tabled its first report on this Inquiry. This report demonstrates that the development of FLNG technology to process Australian petroleum resources represents a particular challenge to Western Australia, in terms of local content, revenue and domestic gas supply.

The Committee is continuing its work on this Inquiry. In particular, it is focusing on what opportunities there might be for Western Australian industry and how those opportunities might be generated. The Committee anticipates tabling its report on these potential opportunities in June 2015.

During this Inquiry the issue of safety was raised in relation to FLNG facilities. Given the seriousness of these concerns the Committee determined to undertake an inquiry into safety-related matters concerning FLNG facilities operating off the Western Australian coast. As the world's first FLNG facility is likely to be operating off our coast, it is important that there is a better understanding of the measures taken by project proponents to ensure worker safety, as well as the role and capacity of state and federal governments to respond to emergency situations. The Committee has called for submissions to this Inquiry and anticipates reporting to the House in March 2015.

The Committee is also undertaking an Inquiry into the management of Western Australia's freight rail network. This network is currently leased to a private operator and managed by the Public Transport Authority. The current, and controversial, closure of the Tier 3 lines of the network has raised particular concerns in the community. The Committee is examining whether the current lease arrangements management regime for the network is facilitating or hampering state development. To date the Committee has called for public submission, held public hearings and undertaken investigative travel to the Wheatbelt. The Committee intends reporting its findings and recommendations to the House in October 2014.

I would like to formally thank the members of the Committee for their dedication and commitment to the work of the Committee: Hon Fran Logan, MLA, Member for Cockburn, Mr Jan Norberger, MLA, Member for Joondalup, Mr Peter Tinley, MLA, Member for Willagee, and Mr Shane Love, MLA, Member for Moore. I also recognise the Member for Northwest Central, Mr Vince Cantania, MLA, who was a member of the Committee until 15 August 2014.

Finally, I would like to thank the Committee staff, Dr Loraine Abernethie, Principal Research Officer, and Mr Michael Burton, Research Officer.

A handwritten signature in blue ink that reads "Ian Blayney". The signature is written in a cursive style with a large initial 'I' and a long, sweeping underline.

MR I.C. BLAYNEY, MLA
CHAIRMAN

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Chapter 1

Committee Activities

Introduction

As shown in Table 1.1, during the course of this reporting period, the Committee:

- Commenced two inquiries;
- Held thirty-nine deliberative meetings;
- Has taken evidence from or was briefed by 150 persons;
- Undertook investigative travel to Karratha, Darwin and Bruce Rock; and
- Attended four conferences and forums.

Table 1.1: Summary of Committee activities 1 July 2013—30 June 2014

Activity	Number
Briefings	14
Deliberative meetings	39
Formal evidence hearings	51
Witnesses appearing	119
Reports tabled	2
Report findings tabled	68
Report recommendations tabled	33

Public hearings

Pursuant to Assembly Standing Order 264, the Committee has power to send for persons, papers and records. During the period 1 July 2013–30 June 2014, the Committee conducted 42 public hearings, taking evidence from 97 witnesses to assist with its investigations (see Table 1.2).

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Table 1.2: Public hearings of the Committee 1 July 2013–30 June 2014

Date	Name	Position	Organisation
16 October 2013	Mr Robert Cole	Executive Director	Woodside Petroleum
	Mr Stephen Rogers	Senior Vice President	
	Mr Shaun Gregory	Senior Vice President, Health, Safety, Environment and Technology	
21 October 2013	Mr Trevor Caldwell	Project General Manager	BP
	Mr Peter Metcalfe	External Affairs Manager	
21 October 2013	Ms Kayleen Ewin	Vice-President, Sustainable Development, Communications and External Relations	ConocoPhillips Australia Pty Ltd
21 October 2013	Mr Jean-François Letellier	General Manager	GDF SUEZ Bonaparte Pty Ltd
	Mr Peter Rumball	Project Services Manager	
	Mr Tom Baddeley	Government and Community Relations Manager	
21 October 2013	Ms Natalie Wallace	Manager, Commercial WA and NT	Santos Ltd
	Mr John Anderson	Vice-President, WA and NT	
	Mrs Joanne Flowerdew	Project Services Team Leader	
21 October 2013	Mr Luke Musgrave	Vice President, LNG	ExxonMobil (Australia)
23 October 2013	Mr William Townsend	General Manager, External Affairs and JV	INPEX
	Mr Nigel Wilson	Adviser	
23 October 2013	Mr Andrew Smith	Country Chair	Shell in Australia
	Mr Steven Phimister	General Manager	
	Mr Ian Grose	Commercial Manager, East Browse	
24 October 2013	Mr Roy Krzywosinski	Managing Director	Chevron
1 November 2013	Mr Stedman Ellis	Chief Operating Officer, Western Region	Australian Petroleum Production and Exploration Association
	Mr Adam Welch	Senior Policy Adviser, Western Region	

Date	Name	Position	Organisation
1 November 2013	Mrs Shannon Burdeu	Manager, Economics and Tax	Chamber of Minerals and Energy
	Ms Nicole Roocke	Representative	
	Mr Benjamin Hammer	Policy Adviser, Infrastructure	
	Mr Andrew Winter	Manager, Infrastructure	
1 November 2013	Mr John Nicolaou	Chief Officer, Member Services and Advocacy, Chief Economist	Chamber of Commerce and Industry
	Mrs Dana Hyland	Manager, Economics and Policy	
1 November 2013	Mr Steve McCartney	State Secretary	Australian Manufacturing Workers' Union
	Mr Thomas Palmer	Research Officer	
1 November 2013	Mr Stephen Price	Secretary	Australian Workers' Union
1 November 2013	Mr Ian Bray	Assistant National Secretary	Maritime Union of Australia
13 November 2013	Ms Leanne Hardwicke	General Manager, WA Division	Engineers Australia
	Mrs Helen Pedersen	President, WA Division	
	Mr Francis Norman	Engineer, WA Division	
15 November 2013	Mr David Leslie	Director	GE Oil & Gas Australia Pty Ltd
	Mr Stuart McLagan	Communications Manager ANZ	
15 November 2013	Mr Greg Guppy	Director, Applied Engineering and Australian Centre for Energy Process Training	Challenger Institute of Technology
	Ms Melanie Sorensen	General Manager, Training Services	
15 November 2013	Dr Michael Shaw	Member	DomGas Alliance
	Mr Matthew Brown	Executive Director	
	Mr Nenad Ninkov	Director	
21 November 2013	Hon Wilson Tuckey		Retired Member of Parliament
10 February 2014	Mr Eric Locke	Director Communications	Professionals Australia
	Ms Karene Walton	Director Western Australia	

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Date	Name	Position	Organisation
19 February 2014	Mr Brian Bradley	Director General	Department of Commerce
	Mr Stephen Grocott	General Manager, Industry Participation Branch	
	Mr John O'Hare	General Manager, Marine and Defence, Oil and Gas, Australian Marine Complex	
19 February 2014	Mr Stephen Wood	Director General	Department of State Development
	Ms Gail McGowan	Deputy Director General	Department of Mines and Petroleum
	Mr Richard Sellers	Director General	
	Mr Jeffrey Haworth	Executive Director Petroleum	
27 May 2014	Mr Stephen Strange	President	Shire of Bruce Rock
	Mr Darren Mollenoyux	Chief Executive Officer	
	Mr Nathan Buegge	Councillor	
	Mr Donald Heasman	Councillor	
	Mrs Margaret Foss	Councillor	
27 May 2014	Mr Greg Richards	Chairman	Wheatbelt Railway Retention Alliance
	Mr William Cowan	Vice Chairman	
	Ms Jane Fuchsbichler	Coordinator	
	Mr Graeme Fardon	Executive Member	
27 May 2014	Mr Rodney Forsyth	Delegate	Great Eastern Country Zone
	Ms Rhonda Cole	Zone President	
	Mrs Eileen O'Connell	President, Shire of Nungarin	
	Ms Helen Westcott	Executive Officer	
	Mr Frederick Storer	President, Shire of Koorda	
27 May 2014	Mr Ken Seymour	Farmer and Moora Shire Councillor	
	Mrs Lindsay Tuckwell	Grain Grower	
	Mr Ian Lane	Farmer	
	Mr Rowlie Mellor	Treasurer, Quairading Land Conservation District Committee	

Date	Name	Position	Organisation
11 June 2014	Mr Paul Larsen	Chief Executive Officer	Brookfield Rail Pty Ltd
	Mr Allan Rose	Chief Adviser, Commercial	
11 June 2014	Dr Andrew Crane	Chief Executive Officer	Co-operative Bulk Handling Group
	Mr Andrew Mencshelyi	Acting General Manager, Operations	
	Miss Brianna Peake	Government and Industry Relations Manager	
13 June 2014	Mr Dale Humphrey	President	Western Australian Farmers Federation
13 June 2014	Mr Robert Jennings		Jandakot Residents Association
13 June 2014	Mr Dale Harris	Chief Executive Officer	Karara Mining
13 June 2014	Mrs Janet Cooper	Executive Officer	Livestock and Rural Transport Association of WA
	Mr Darren Power	Vice President	
	Mr Grant Robins	Committee Member	
13 June 2014	Mr Charles Sullivan	Director	Shire of Kalamunda
	Mr Dylan O'Connor	Councillor	
	Mr Troy Pickard	President	Western Australian Local Government Association
	Mr Paul Schollum	Economic Policy Manager	
	Mr Ian Duncan	Executive Manager, Infrastructure	
	Mr Stephen Strange	Chairman	Local Government Grain Infrastructure Group
18 June 2014	Dr Fred Affleck		
18 June 2014	Mr Lyndon Rowe	Chairman	Economic Regulation Authority
	Mr Greg Watkinson	Chief Executive Officer	
25 June 2014	Mr Desmond Snook	Executive Director, Road Network Services	Main Roads Western Australia
	Mr Pascal Felix	Director, Heavy Vehicle Operations	

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Date	Name	Position	Organisation
25 June 2014	Mr Reece Waldock	Director General	Department of Transport
	Ms Susan McCarrey	Deputy Director General	
	Mr Mark Burgess	Managing Director	
	Mr David Browne	Executive Director, Safety and Strategic Direction	Public Transport Authority
26 June 2014	Mr Richard House		Self-employed farmer
	Mr Cam Taylor		Self employed farmer

Briefings

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

Table 1.3: Briefings provided to the Committee 1 July 2013–30 June 2014

Date	Name	Position	Organisation
1 July 2013	Mr Chris Doyle		Horizon Power
	Mr Roman Raudonikis		
1 July 2013	Mr Peter Wyse	LNG Plant and Transport Manager	Energy Developments Limited
2 July 2013	Ms Michelle Grady	Senior Government Affairs Adviser	Woodside Petroleum
	Ms Alisha Stearne	Community Relations Adviser	
	Mr Tony Aleckson	Training Coordinator	
2 July 2013	Mr Roy Zylstra	General Manager, Operations	ATCO Australia
	Mr Roger Doyle	Karratha Power Station Manager	
3 July 2013	Prof Barney Glover	Vice-Chancellor	Charles Darwin University
	Dr Daria Surovtseva	Deputy Director, North Australian Centre for Oil and Gas	
	Assoc Prof Steve Shanahan	Chair, Academic Board	
3 July 2013	Mr Brian O'Gallagher	Executive Director, Investment, Trade & Facilitation	Northern Territory Department of Business

Date	Name	Position	Organisation
3 July 2013	Ms Jett Street	External Relations Advisor	ConocoPhillips Australia
	Mr Jason Fior	Senior Process Engineer	
4 July 2013	Mr Alan Holland	Director of Energy	Northern Territory Department of Mines and Energy
28 August 2013	Prof Paul Johnson	Vice-Chancellor	University of Western Australia
	Mr Tim Shanahan	Director, Energy and Minerals Institute	
	Assoc Prof Paul Stanwix	School of Mechanical and Chemical Engineering	
	W/Prof Mark Cassidy	Oceans Institute	
	W/Prof Liang Cheng	Civil, Environmental and Mining Engineering	
	Mr David Harrison	Chief Adviser, Corporate and Government Affairs	
10 February 2014	Mr Paul Larsen	Chief Executive Officer	Brookfield Rail
	Mr Paul Lowney	General Manager, Infrastructure	
10 February 2014	Ms Susan McCarrey	Deputy Director General	Department of Transport
	Mr Mark Burgess	Managing Director	Public Transport Authority
	Mr David Browne	Executive Director, Safety and Strategic Management	
10 February 2014	Mr David Capper	General Manager	CBH Group
	Ms Brianna Peake	Government and industry Relations	
10 February 2014	Mr Dale Harris	Managing Director	Gindalbie Metals Ltd
28 February 2014	Mr Greg Guppy	Director	Australian Centre for Energy Process Training, Challenger Institute of Technology
	Ms Terry Durant	General Manager, Client Services and Communications	

Investigative Travel

The Committee made a number of site visits in the North West of Western Australia and in Darwin, and received briefings from the following oil and gas companies, government agencies and tertiary institutions:

- the Woodside-operated North West Shelf gas processing plant;
- ATCO Australia's open cycle power generation facility in Karratha;
- the Horizon Power Control Centre in Karratha;
- Energy Developments' Karratha LNG plant;
- the Northern Territory Government's Department of Business and the Department of Mines and Energy;
- the ConocoPhillips-operated Darwin LNG plant;
- Charles Darwin University, with a site tour of the North Australian Centre for Oil and Gas;
- the University of Western Australia, with site tours of the Centre for Offshore Foundation Systems and the Large O-Tube;
- the Australian Marine Complex in Henderson, with site tours of the Common User Facility and the Cimvec fabrication facility; and
- the Australian Centre for Energy and Process Training (ACEPT) in Henderson.

The Committee also travelled to Bruce Rock to conduct a number of hearings. At this time, it also made a number of site visits to CBH Group facilities in the region.

The people the Committee spoke to are listed above in Tables 1.2 and 1.3 above.

Conferences

The Committee attended the following conferences and forums:

- Oil & Gas Procurement and Supply conference, Brisbane;
- 8th Annual LNG World Conference, Perth;
- Perth Energy Forum 2013, Wood Mackenzie, Perth; and
- *From offshore to onshore – the future of WA's gas market?*, Energy and Minerals Institute, Grattan Institute, APPEA and the International Energy Centre forum, Perth.

Reports Tabled

The Committee tabled two reports during the period 1 July 2013–30 June 2014. They are:

- *2012–2013 Annual report* (17 October 2013); and
- *The economic impact of floating LNG on Western Australia, Volumes 1 and 2* (15 May 2014).

Work in Progress

The Committee is continuing its work on the Inquiry into the economic impact of floating LNG on Western Australia.

In addition to this, the Committee has commenced two further inquiries. On 12 March 2014, the Committee resolved to undertake an inquiry into the management of Western Australia's Freight Rail Network. To date, the Committee has received submissions, held formal hearings, including several in the Wheatbelt, and commenced the preparation of its report to the Legislative Assembly.

On 14 May 2014, the Committee resolved to undertake an inquiry into safety-related matters relating to FLNG projects in Australian waters off the Western Australian coast. Since that time the Committee has advertised for submissions.

To assist with both the ongoing inquiry into the economic impact of FLNG and the recently adopted inquiry into FLNG safety-related matters the Committee wrote to the Speaker requesting funding for investigative travel to Amsterdam, Stavanger, Bergen and Aberdeen in July and to South Korea in August. The Speaker has approved the funding for this investigative travel.

Chapter 2

Financial Statement

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

The Committee's expenditure for the financial year 1 July 2013—30 June 2014 (in accordance with Standing Order 276) is detailed below.

Table 2.1: Expenditure items of the Committee 1 July 2013–30 June 2014

Expenditure Item	\$
Advertising	10,500
Conference fees	1,500
Travel	49,000
Protocol	1,500
Contract staff	39,100
Postage	200
Printing	6,000
TOTAL	107,800

Notes:

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



MR I.C. BLAYNEY, MLA
CHAIRMAN

Appendix One

Committee Powers and Functions

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

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

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

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

