



Economics and Industry Standing Committee

2012–2013 Annual Report

Report No. 1
October 2013

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 Vincent Catania, MLA Member for North West Central

Committee Staff

Principal Research Officer	Dr Brian Gordon, MBA, DBA (9 May 2013–30 June 2013) Mr Michael Burton, BEc, BA (Hons) (Acting Principal Research Officer: 9 May 2013 to 30 June 2013)
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Report No. 1

Presented by

Mr I.C. Blayney, MLA

Laid on the Table of the Legislative Assembly on 17 October 2013

Chairman's Foreword

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

The Committee was established on 9 May 2013. Since its formation the Committee has been conducting an Inquiry into the manner in which the use of floating liquefied natural gas (FLNG) operations will impact upon particular sectors of the Western Australian economy. The Inquiry also includes consideration of the impact of FLNG on the state's domestic gas supply and on State revenue.

Australia is currently the third largest LNG exporter in the world. It has been estimated that for the 2012–2013 period 24 million tonnes of LNG—worth \$16.2 billion— was exported from Australia. Ninety per cent of this will come from two Western Australian projects, namely the North West Shelf Joint Venture and Pluto gas plants.

Western Australia, therefore, has considerable experience in exploration, development, processing and export of LNG. This is demonstrated by the following brief history:

- In 1988 Woodside's Goodwyn A platform was designed and engineered in Perth.
- The 1990 saw the continuation of engineering and fabrication for such things as Woodside's Laminaria floating production storage and offloading (FPSO) topsides. Parts of Wandoo were also locally fabricated.
- During the 2000–2004 period Woodside's LNG Train 4 and North Rankin A were engineered in Perth.

Since then onshore projects such as Pluto, Gorgon, Wheatstone and Ichthys have resulted in engineering and design work going overseas, and fabrication and manufacturing being undertaken by some of our Asian neighbours.

The advent of FLNG will mean the demise of Australian construction jobs, and there is a great deal of concern about jobs in maintenance and operation in FLNG.

It is in this climate that the Committee determined to conduct its first inquiry into the implications of FLNG for this state.

To date, the Committee has had six deliberative meetings, held a number of briefings and called for submissions from key stakeholders. A series of public hearings will also be arranged.

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 Vincent Catania, MLA, Member for North West Central, Mr Jan Norberger, MLA, Member for Joondalup, and Mr Peter Tinley, MLA, Member for Willagee.

Finally, I would like to thank Mr Michael Burton who has been the Committee's Acting Principal Research Officer since the Committee was established. Michael has proved to be enthusiastic and proactive member in the performance of his work for the Committee.

MR I.C. BLAYNEY, MLA
CHAIRMAN

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Chapter 1

Committee Activities

Introduction

The 2012–2013 reporting period encompasses two parliamentary sessions. The 38th Parliament was dissolved by the Governor on 30 January 2013. This dissolution terminated the parliament and its committees. The Economics and Industry Standing Committee (the Committee) of the 39th Parliament was established on 9 May 2013. This report details the activities of the Committee in the 39th Parliament, from 9 May 2013 to 30 June 2013.

During the reporting period, the Committee:

- Commenced one inquiry
- Held six deliberative meetings
- Took evidence from or was briefed by 14 persons
- Attended one panel discussion/forum

Table 1.1: Summary of Committee activities, 9 May 2013–30 June 2013

Description	Activity
Briefings	8
Deliberative meetings	6
Witnesses appearing at briefings	14

Briefings

The Committee received a number of briefings during the preliminary stages of its first inquiry. Details of briefings are contained in Table 1.2.

Conferences

The Committee attended the panel discussion, *Western Australia's Energy Market Future*, held at the University of Western Australia Club on Wednesday 12 June 2013.

Table 1.2: Briefings provided to the Committee, 9 May 2013–30 June 2013

Date	Name	Position	Organisation
19.6.13	Mr Bill Tinapple	Executive Director (Petroleum)	Department of Mines and Petroleum
19.6.13	Ms Gail McGowan	Acting Deputy Director General (Resources and Industry Development)	Department of State Development
	Ms Nicola Cusworth	Deputy Director General (Strategic Policy)	
26.6.13	Mr Damian Dwyer	Director (Economics)	Australian Petroleum Production and Exploration Association Limited
	Mr Adam Welch	Senior Analyst (Economics and Operations)	
26.6.13	Ms Nicole Rooke	Director	Chamber of Minerals and Energy of Western Australia
	Mr Ben Hammer	Policy Adviser (Infrastructure)	
26.6.13	Mr Steve Phimister	General Manager	Shell Australia
	Mr Ian Grose	Prelude Manager	
	Mr Steven Kauffman	General Manager	
28.6.13	Mr Michael Shaw	Member	DomGas Alliance
	Mr Nenad Ninkov	Member	
28.6.13	Mr James England	State Manager (WA)	Australian Steel Institute

Work in Progress

On 22 May 2013 the Committee resolved to undertake an inquiry into the economic implications of floating liquefied natural gas operations. Since that time the Committee has been gathering evidence, including arranging briefings and hearings with relevant stakeholders and has sought approval from the Speaker for funding to allow the Committee to undertake investigative travel.

Work of the Previous Committee

The Economics and Industry Standing Committee of the 38th Parliament was dissolved in January 2013 when the 38th Parliament was prorogued. During the July 2012 to January 2013 period that Committee completed and reported on its Inquiry into the 2011 Kimberley Ultramarathon.

Chapter 2

Financial Statement

Committee Expenditure

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.

Table 2.1 includes all expenditure for the financial year and therefore includes that of the former and current committee. The printing and consultancy items relate to the former Committee, while the remaining items include expenditure for both Committees.

Table 2.1: Committee Expenditure 2012–2013

Expenditure Item	\$
Conference/Panel Fees	268
Protocol	873
Printing	3,466
Consultancy	7,892
Travel and Projects	107
Total	\$ 12,606

Mr I.C. Blayney, MLA
CHAIRMAN

Appendix One

Committee's functions and powers

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

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

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

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