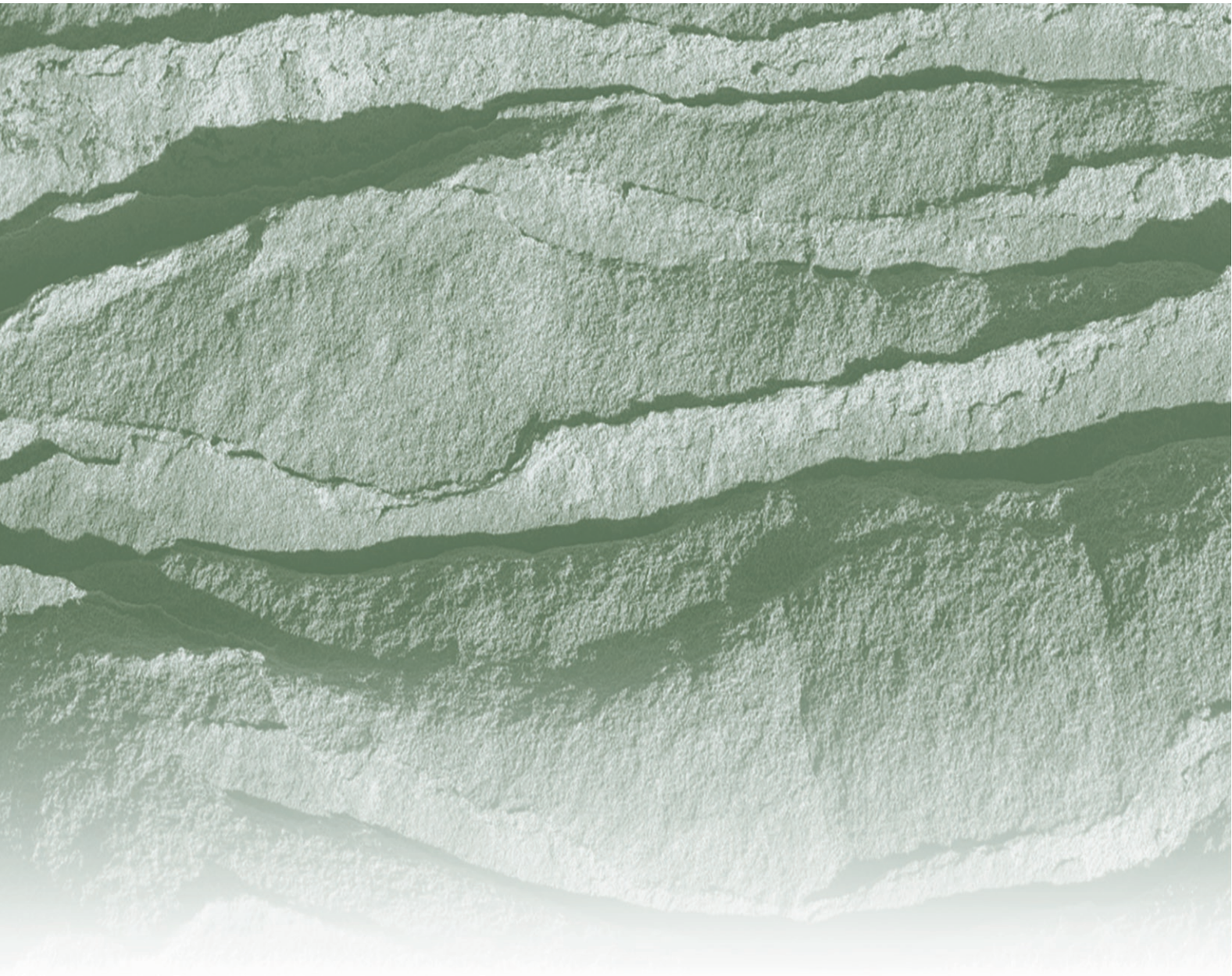




Department of
Mineral and Petroleum Resources



Annual Report 2001–2002

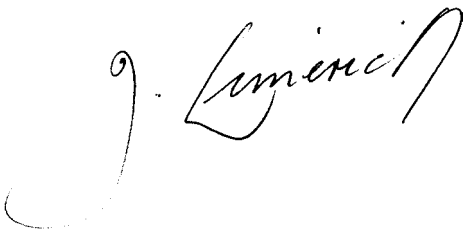
The Honourable Clive Brown MLA
Minister for State Development
Parliament House
PERTH WA 6000

Dear Minister

In accordance with the Financial Administration and Audit Act 1985 and Section 10 of the Explosives and Dangerous Goods Act 1961, I submit for your information and presentation to Parliament, the Annual Report of the Department of Mineral and Petroleum Resources (MPR) of the State of Western Australia, for the year ended 30 June 2002.

The Annual Report is structured according to the Outcome-Output model used in the 2001-02 Budget Papers, with MPR's activities described by Output.

Yours sincerely

A handwritten signature in black ink, reading "J. Limerick". The signature is written in a cursive style with a large initial "J" and a long horizontal stroke.

Jim Limerick
Reporting Officer
Director General
DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES

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The Director-General's report

This report is the first for the Department of Mineral and Petroleum Resources (MPR) formed on 1 July 2001 with the amalgamation of the former Department of Minerals and Energy and the Department of Resources Development.

A base-line cultural survey of staff in MPR found that strong customer/stakeholder focus, adaptability, and alignment to MPR's vision were well developed. This is an excellent start for a new public service agency as it embarks on developing an organisational culture that will make MPR responsive to industry needs and community expectations. MPR is well equipped to play a leading role in the achievement of responsible and sustainable resource development in the State.

The year 2001-02 has been a particularly challenging and rewarding one for the resources industry, the WA Government and MPR.

The low Australian dollar, moderate to high crude oil prices, and a pleasing rise in the value of gold towards the end of the financial year continued to buoy operations in the resources sector. However subdued mineral exploration expenditure continued to give rise to concerns about the longer term, as did evidence of reduced funding of resource-related research. Unless addressed, the current low levels of greenfields exploration, particularly for gold, threaten the sustainable development of the minerals sector in Western Australia.

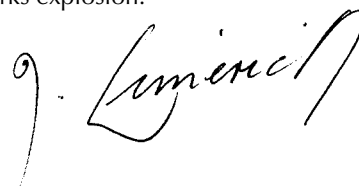
Exploration successes continued in 2001-02, most notably nickel in the Musgrave region, gold in the Kimberley and oil in the offshore part of the northern Perth Basin. New mines were opened at West Angelas (iron ore), Ellendale (diamond), and Emily Ann (nickel). The announcement of two iron ore joint ventures, one between Shanghai Baosteel Corporation of China and Hamersley Iron to mine iron ore near Paraburdoo and the second between POSCO and BHP Billiton, were the mining highlights of 2001-02.

Proposals for processing of gas and condensate resources from offshore Western Australia promise a bright future for employment and economic activity from the establishment of new downstream projects.

With two new gas-based investment proposals, Methanex and GTL Resources, announced in 2001-02 worth an estimated \$2.6 billion, there are now seven gas-based projects undertaking studies into establishing within Western Australia. Commencement of the construction of the fourth LNG processing train, and increasing optimism over Western Australia's prospects of winning a 25 year contract to supply LNG to Guangdong Province in China, along with renewed interest in bringing Gorgon gas to market, show the confidence that exists in the LNG industry in the State.

In its first year, the Government has initiated a number of reviews focussing on improvements in the delivery of services. MPR has played a major role in several of these, working with other Government agencies to achieve workable solutions to the often complex issues involved. In particular, MPR officers have contributed to the Technical Taskforce on Mineral Tenements and Land Title Applications, the Review of the Western Australian Project Development Approvals System, and the Ministerial inquiry to identify strategies to increase greenfields exploration in Western Australia.

The results of these reviews should be progressively implemented through 2002-03. MPR is also looking forward to the challenges involved in responding to the recommendations contained in the Review of the Mines Safety and Inspection Act, the Auditor General's Report into the Mineral Title System, and those arising out of Parliamentary inquiries into the Bellevue fire and the Carmel fireworks explosion.



Jim Limerick

Director General

DEPARTMENT OF MINERAL AND PETROLEUM
RESOURCES

The Department at a glance

The Department of Mineral and Petroleum Resources (MPR) forms part of the State Development portfolio under the Minister for State Development; Tourism; and Small Business, the Honourable Clive Brown, MLA.

MPR was formed on 1 July 2001 with the amalgamation of the former Department of Minerals and Energy and the Department of Resources Development. The bringing together of these two major economic departments, both having a focus on developing the mineral and petroleum assets of the State, was a recommendation of the Machinery of Government Taskforce that reported to Government in June 2001.

On 1 July 2001, the Chemistry Centre (WA) was incorporated into MPR as a Division.

MPR administers 17 State Acts that regulate the minerals and petroleum in Western Australia and 64 State Agreement Acts. In addition, MPR also co-administers 12 Commonwealth Acts that control petroleum exploration and development in offshore waters.

Our vision:

Sustainable Prosperity

Which entails *creating jobs and prosperity from resource development in ways that—*

- *Protect our natural environment*
- *Are safe for workers and the public*
- *Consider the needs of future generations; and*
- *Contribute to a better quality of life for Western Australians*

Our mission:

To advance the responsible development of the State's resources for the benefit of Western Australians

Which means we:

- *Help companies discover and develop mineral and petroleum resources*
- *Protect workers, the community and the environment; and*
- *Collect royalties for the benefit of Western Australians*

MPR has developed a departmental structure (Figure 1) that provides a full spectrum of services to the resources sector, whilst appropriately separating its regulatory functions from its promotional functions as recommended by the Machinery of Government Taskforce. The Director General plus six Executive Directors and the Managing Director of the Chemistry Centre (WA) form a Corporate Executive responsible for setting high level policies, undertaking organisational planning and ensuring proper corporate governance. The Executive Director, Statutory Operations, may provide advice directly to the Minister on regulatory matters to avoid any potential conflicts with other operational areas of MPR. Six of the seven executive/managing directors are accountable for clearly defined operational areas. The other, Corporate Services, provides support for the operational groups.

Organisational structure

The six operating areas consist of one or more Divisions that are responsible for providing Departmental products and services to our customers. Table 1 shows the links between MPR's Outcome and Output structure and organisational structure. Each division was responsible for one or more of MPR's Outputs.

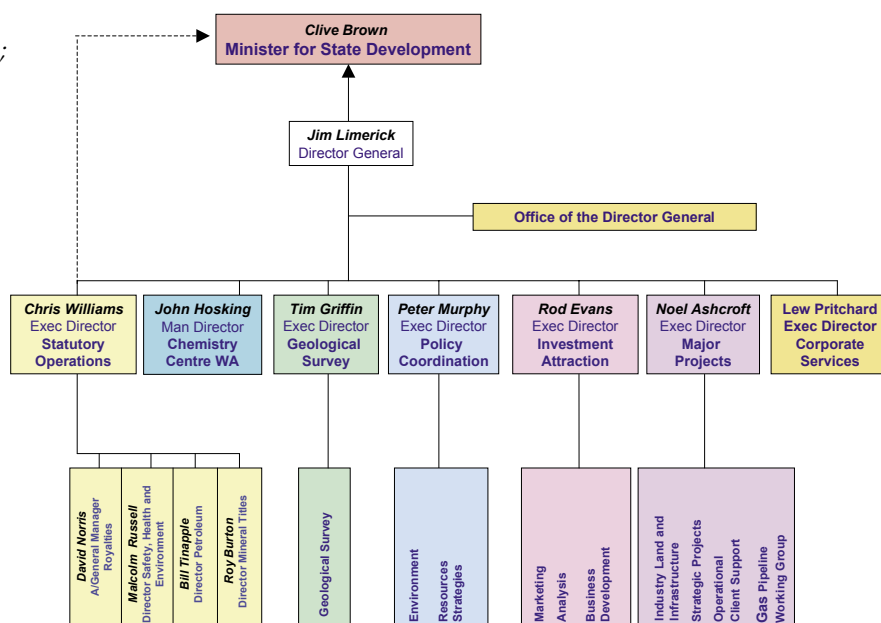


Figure 1: Organisational chart

Divisions marked by an asterisk in Table 1 form part of an operating area known as the Statutory Operations Group.

Table 1: MPR's Outcome and Output structure

Outcome and associated outputs	Division
Outcome: Optimum use of land and resources	
Output 1: A system for the grant and maintenance of titles to explore for and mine minerals	Mineral Titles Division*
Output 2: A system for the grant and maintenance of titles to explore for and produce petroleum	Petroleum Division*
Output 3: A geological framework of the State and its resources	} Geological Survey Division
Output 4: An archive of geoscientific and resource exploration data	
Outcome: Safe and healthy mineral and petroleum industry workforces.	
Output 5: A system for regulating and promoting health and safety in the mineral industry	Mining Operations Division*
Output 6: A system for regulating and promoting health and safety in the petroleum industry	Petroleum Division*
Outcome: Acceptable environmental standards for mineral and petroleum exploration, development, production and project completion.	
Output 7: A system for regulating and promoting environmental management in the mineral industry	Mining Operations Division*
Output 8: A system for regulating and promoting environmental management in the petroleum industry	Petroleum Division*
Outcome: Appropriate returns to the community for the exploration of its mineral and petroleum resources.	
Output 9: A system to establish royalty rates and ensure that appropriate royalties are paid when due	Mineral Titles Division*
Outcome: A community confident that it is safe from hazards associated with the storage, handling and transport of dangerous goods.	
Output 10: A system for regulating the storage, handling and transport of dangerous goods	Explosives and Dangerous Goods Division*
Outcome: Responsible development of the State's resources for the benefit of Western Australians.	
Output 11: Policy and planning advice on resources development	Policy Coordination Division
Output 12: Investment attraction services	Investment Attraction Division
Output 13: Resource project facilitation services	Major Projects Division
Outcome: Quality, independent chemical and scientific research, consultancy and analytical services.	
Output 14: Scientific services	Chemistry Centre (WA)

A review of MPR's Outcome and Output structure conducted during 2001-02 recommended that some outputs should be amalgamated and that a single outcome was more appropriate. This will result in a reduction in the number of outputs from 14 to six in 2002-03.

Departmental highlights

The financial year 2001-02 saw the merged Departments of Minerals and Energy, Resources Development and the Chemistry Centre (WA) meld into one entity as the Department of Mineral and Petroleum Resources. The complexities of bringing together two major agencies, creating a new blend of organisational cultures and encouraging teamwork required the full cooperation of all staff across MPR. This has, and continues to be achieved with a sense of *can-do*. Importantly, the amalgamation is contributing to meeting the Government's objectives of greater efficiency, improved client services, and long-term cost savings.

The year has seen significant achievements across all areas of operation. While the industry enjoyed record high revenues and production levels, MPR pushed ahead with its programs, providing an improved legislative, administrative and information framework to further benefit industry and the Western Australian community.

The second half of the financial year saw the Government-initiated Review of Project Development Approvals Systems completed, with the recommendations currently being considered by the Government. The review considered all aspects of the approvals process.

Statutory operations

Mineral Title Policy Development

In November 2001, the Native Title Technical Taskforce's report was released. Cabinet endorsed a recommendation contained in the Taskforce's report that a Working Group be formed to consider the specific Mining Act amendments involved in proposed transitional legislative changes which would allow current mining lease applicants to revert to exploration titles.

This Working Group also met and agreed on the nature of Mining Act Amendments that would be required to provide long term improvements in dealing with Native Title and Aboriginal Heritage issues.

The new native title policy direction of Government, which focused on agreement rather than litigation, required a new approach to clearing the backlog of mining tenement applications. The Taskforce identified that a key issue was a need for all parties to agree on Aboriginal heritage protocols. The existence of protocols could enable the granting of exploration titles without objection by native title claimants.

Mineral Titles

During the year, new applications exceeded grants and the withdrawal of applications. As a consequence, the backlog reached 11 802, including 5 152 mining leases, 3 703 exploration licences and 2 489 prospecting licence applications, covering an area of 38 million hectares.

There were 3 457 applications for mining tenements received in 2001-02, marginally less than the previous year. This suggests application levels have now stabilised well below the average 5 000 applications per year that were being received several years ago. The number of applications granted continued to be less than applications received with 1 064 granted in 2001-02, compared to 1 654 the previous year.

It is pleasing to note that improved access to MPR's website for clients seeking information from the main business systems has increased the use of these systems and reduced the number of customers visiting Mineral House. During the year, on-line access to the TENGRAPH® computerised information system increased by 83 per cent, up from 1 560 to 2 766 registrations.

Mineral industry safety

MPR continued working actively with industry and unions, through the Mines Occupational Safety and Health Advisory Board (MOSHAB) with the goal of zero fatalities in the mineral industry.

A positive for the industry was that although the number of employees rose by two per cent to 40 969 last financial year, the incidence of lost-time injuries underground in metalliferous mining fell from 1.8 to 1.6, while the frequency decreased from 6.8 to 6.5. On the surface, lost-time injuries also decreased from 1.1 to 0.8 and their frequency moved from 5.2 to 4.1. The biggest movement was in the coal sector where the incidence moved from 5.0 to 3.0 while frequency dropped from 28.2 to 17.4.

Total serious injuries fell from 263 in 2000-01 to 254 in 2001-02, and the number of minor injuries fell from 212 to 126 for the same period. The total decrease in injuries represented a 21 per cent improvement on last year. In addition, MPR officers carried out 252 health, safety and function audits, 2 246 inspections which resulted in 318 incidents at 84 sites where plant and machinery were stood down and closed.

However, despite strenuous efforts to improve the safety record of the industry, the year saw MPR having to conduct 38 serious accident investigations. There were three work-related fatalities, two of which were on the surface and another underground.

The 2001-02 year also saw the start of a review of the Mines Safety and Inspection Act 1994, initially by Senior Industrial Commissioner Gavin Fielding, and continued by Mr Robert Laing, following Commissioner Fielding's retirement.

MPR was among stakeholders who made submissions and comments that were sought by Commissioner Laing in his initial report released for review. Comments submitted by MPR and other stakeholders are now being developed with a final report expected before the end of 2002.

Mineral industry environmental performance

An international conference in Canada saw finalisation of the Minerals and Mining Sustainable Development Program in which both government and industry participated.

MPR provided a significant input to the contribution from Australasia. The program provided an opportunity for MPR to assess how sustainable development principles can become integral to the way MPR undertakes its mission.

During 2001-02, MPR received 287 Notices of Intent of which 249 were reviewed for adequacy of environmental impact management before approval. Officers conducted 257 Annual Environmental Reviews and carried out 379 general inspections of mining and exploration operations. MPR also received 1 218 Ground Disturbing Approval Applications for exploration activities.

At the end of the calendar year, 2 613 Unconditional Performance Bonds with a total value of \$286 million were in force. These bonds, held by MPR, are to cover the cost of post-operational remediation and rehabilitation in the event of the operators failing to meet their commitments and approval conditions. This equates to an average bond of \$4 396 for each hectare of disturbance on sites covered by the *Mining Act 1978*. During the year, only \$10 000 in bond monies were used to carry out remediation and rehabilitation of such sites, demonstrating the effectiveness of the environmental management of the industry.

Petroleum titles

Petroleum titles in both Western Australia's onshore and offshore regions, including the Commonwealth Adjacent Area, totalled 340 for 2001-02. Occupying more than 710 000

square kilometres of land and water, their combined area makes Western Australia one of the largest petroleum exploration provinces in the world.

With Western Australia considered prospective because of the high exploration success rate, which has been maintained above world averages, 2001-02 saw the State attract 61 per cent of Australia's petroleum exploration expenditure. The year also saw 37 new field wildcat wells drilled.

The need for technical assessment for numerous development plans continued through 2001-02, reflecting continued interest in the development of the State's petroleum resources. The assessments included six production licence renewal applications and four field development plans; 12 location applications; four retention lease applications or renewals and 66 well approvals, including applications for 22 development wells; nine appraisal wells and 37 exploration wells.

Petroleum industry safety

The Western Australian oil and gas exploration and production industry was again fatality-free during 2001-02. However, while the Total Reportable Injury Frequency Rate was slightly lower than the year before, and the Lost Time Injury Frequency Rate was slightly above last year, it appears the rates have levelled over the past four years. Attention is being given to initiatives that will see these rates begin to fall again in keeping with our philosophy that one accident is one too many.

During the year, MPR assessed a number of safety management documents that included safety cases, safety management systems and bridging documents. These included revisions and changes concerning existing North West Shelf production facilities at Varanus Island, Goodwyn A, North Rankin A, Barrow Island and the Griffin Venture; 15 seismic operations, 43 exploration and production wells; 25 diving operations and 14 petroleum pipelines.

MPR also conducted 32 Safety Management System audits of facilities covering both State and Commonwealth areas during the year. These included MPR-led audits and joint audits with operators.

The Commonwealth has opened discussions with all States on a proposal by it, on consultant advice, for a national safety body to operate in offshore Commonwealth waters. This national safety authority is likely to come into existence towards the end of this financial year.

Petroleum industry environmental performance

In 2001-02, MPR assessed 218 environmental submissions — a reduction of 123 on the previous year. These included 65 Environmental Plans for Commonwealth Offshore operations, 38 Environmental Management Plans for proposals in State jurisdiction. Also assessed were 10 Oil Spill Contingency Plans for proposed offshore activities. The complexity of assessment and approval processes increased due to legislative changes and an increase in the number of potential stakeholders.

MPR conducted 19 environmental audits of facilities, operations and systems during 2001-02 that included pipelines, production facilities, exploration drilling rigs and rehabilitation of seismic lines and access tracks.

Of six reported incidents during 2001-02, three were minor hydrocarbon spills of which two were onshore and one offshore while the remaining three were gas releases. This was 10 less than the previous year.

Encouraging safety and environmental excellence

MPR initiated the inaugural Petroleum industry Safety and Environment Conference in Perth. The theme of the conference was *Expanding Leadership in Behavioural Change in safety and Environment*. The conference was strongly supported by industry, and it was positively received by the capacity attendance of 220 delegates. It is proposed that the conference should be a twice yearly event.

The Golden Gecko Awards for Environmental Excellence celebrated its 10th year. Thirteen high quality nominations were received with the WA Museum and Woodside Energy taking out one of the two Golden Geckos for their cooperative work on mapping the ecology of the Dampier Archipelago. The research in this region extended baseline information and will be of value to Western Australia and the international scientific community.

The other major award went to Homestake Gold of Australia for its mine closure management system. Homestake Gold was also awarded a Certificate of Merit for its overall environmental management of its Plutonic gold mine operations. The second Merit Certificate was awarded to small-scale miner, Victor Dale, for rehabilitation of his sand mining operation at Coolgardie.

Explosives and dangerous goods

The Parliamentary Inquiry by the Economics and Industry Standing Committee into the February 2001 Bellevue Waste Recycling Facility fire handed down its two-volume report in June 2002. As a part of the comprehensive response to Parliament by all affected government agencies, MPR is responding to five of the recommendations contained in Volume 2 of the report.

In March 2002, a number of fires and three explosions occurred at a fireworks storage facility operated by Cardile Fireworks Pty Ltd at Carmel. Although about 40 houses and properties situated around the blast site sustained minor damage, there were no injuries. The incident attracted widespread community and media attention.

A thorough and comprehensive investigation is being undertaken by MPR. Mr Martin Whitely, MLA, has been requested by the Premier to prepare a report also.

The new *Dangerous Goods (Transport) (Dangerous Goods in Ports) Regulations 2001* were gazetted in January 2002 and came into force from February 1, 2002. In addition, State Cabinet approved the drafting of the *Dangerous Goods Safety Bill 2002*, the fourth draft of which was released for comment by stakeholders in June.

Mineral and petroleum royalties

Royalties totalling \$1 253 million were collected for the year, comprising \$599.8 million for minerals and \$653.2 million for petroleum. From this, \$239.9 million was paid to the Commonwealth Government under petroleum royalty-sharing arrangements.

Mineral royalty collections decreased by 13 per cent on the previous year. This decrease was attributable to lower collections from nickel operations caused by a significant fall in prices during the financial year and a decrease in the collection for diamonds because of a sharp decline in production. A decrease in world oil prices early in the financial year also saw petroleum royalties drop by 21 per cent. However, increases in collections from gold and alumina, together with increases in collections from iron ore due to production increases from the major producers, helped offset these lower collections and total royalty collections.

Investment promotion

Geoscience mapping and prospectivity enhancement

The launch of web-based access to the new Western Australian Petroleum Information Management System (WAPIMS) was a major highlight for 2001–02. The system allows public access to all non-confidential Departmental petroleum exploration and production data via MPR's website in both text and map-based formats.

In May 2002, construction began of a new drillcore storage facility building adjacent to MPR's operations base at Carlisle and is due for completion in December. It will provide industry with the most advanced system of drillcore storage in Australia. The new Core Library will hold mineral and petroleum core and cutting, geochemical samples including rock pulp and MPR's rock collections.

The financial year saw MPR release 28 maps at various scales, 49 manuscripts and 19 digital datasets. These included geological, geochemical, geophysical, geochronological, mineral occurrence, and petroleum potential data. The number of digital datasets, available on CD-ROM or through MPR's website, is increasing each year in response to technological advances.

On the promotional front, MPR continued to exhibit its geoscience mapping products and promote the prospectivity of the State at national and international investment and exploration conferences. These included the Prospectors and Development Association of Canada, the American Association of Petroleum Geologists, the Australian Petroleum Production and Exploration Association, the Australian Society of Exploration Geophysicists and the Diggers and Dealers Mining Forum.

Attracting investment in downstream processing

Western Australia experienced another exciting year of investor interest in the resources sector despite a general downturn in global investment activity during 2001-02.

Two new gas-based investment proposals worth an estimated \$2.6 billion, Methanex and GTL Resources, took up land options for new projects on the Burrup Peninsula, near Karratha. There are now six gas-based projects undertaking studies into establishing within Western Australia with an estimated capital value of \$6.1 billion.

During the latter part of the year, MPR also worked with additional investor groups considering gas-based projects in the Burrup peninsula. These projects are worth approximately \$2 billion.

Project and infrastructure facilitation

Major projects

The results of MPR's investment attraction activities in previous years flowed through to the Major Projects Division, which assisted with project approvals processes for 12 projects, with potential combined investment value of over \$16 billion.

A major focus was on gas-processing projects planned for establishment on the Burrup Peninsula and the provision of common-user infrastructure. Approval was gained for an expanded common-user infrastructure package, now valued at \$134 million, to support these projects.

Policy coordination

A significant contribution was made to a combined State Development Portfolio submission as part of the public consultation phase for the development of a State Sustainability Strategy. MPR is also examining strategies and procedures to facilitate the incorporation of sustainability principles into project approvals, as recommended in the final report of the Review of the State's Approvals Processes.

MPR contributed to develop greenhouse policies and provided information to the WA Greenhouse Taskforce. Of primary importance to MPR is to ensure that greenhouse response actions support responsible development of WA's resources. MPR has also been actively participating in the development of the State Strategic Plan.

Chemistry Centre (WA)

The Chemistry Centre (WA) continued to provide forensic scientific services to the Police Service and the State Coroner, scientific information and advice relating to agriculture, the environment, natural resources and health to government agencies, industry and research groups. It also provided an emergency response capability for scientific services required for events such as chemical spills, food safety concerns or export incidents and other events giving rise to health or environmental concerns.

The performance of the Centre over a range of quality, scientific, technical, client and financial indicators including a 6 per cent client revenue increase, confirmed another successful year for the Centre.

MPR's Chemistry Centre (WA) had its quality system certification upgraded to AS/NZS ISO 9001:2000 during the year and maintained its extensive range of chemical and forensic quality test accreditations.

Operations report

OUTCOME:	APPROPRIATE USE OF LAND AND RESOURCES			
Output: 1	<i>A system for the grant and maintenance of titles to explore for and mine minerals</i>			
Description:	The ongoing management of mining legislation and a mineral titles system that provides information on land availability for mineral exploration and mining encourages exploration on titles and ensures security for title holders. Products and services provided within the management system include advice on land access matters, accurate and up-to-date information on land status, processing and determination of title applications, maintenance of a register of titles and assessment of compliance with expenditure commitments.			
Expenditure:	2000-01	\$18 071	2001-02	\$18 623

On 19 June 2002 the Auditor General released his report *Level Pegging: Management of Mineral Titles in Western Australia*. The report dealt with the management of mineral titles in Western Australia.

The report revealed:

- Delays in the implementation of proposed amendments to the Mining Act 1978
- A lack of detail being provided in the expenditure reports lodged by the majority of mining tenement holders
- A reliance on self-policing of expenditure claims through the Warden's Court plaintiff system, instead of compliance checks by MPR.
- The adoption of some policies and practices not authorised under the governing legislation.

The report is now being examined and an action plan developed to deal with the findings and recommendations contained in the report

In November 2001, the Technical Taskforce on Mineral Tenements and Land Title Applications report was released. Cabinet endorsed recommendations contained in the Taskforce's report that Working Groups be formed to consider the specific Mining Act amendments involved in proposed transitional legislative changes which would allow current mining lease applicants to revert to exploration title and to develop agreed Heritage Protection Protocols to facilitate access to native title claim areas.

Mining Act amendments directed at preventing a repeat of the current lease backlog situation and which address long term issues are being addressed by the Working Group.

During the year, new applications exceeded grants and the withdrawal of applications. As a consequence, the backlog reached 11 802, including 5 152 mining leases, 3 703 exploration licences and 2 489 prospecting licence applications, all covering a record area of 38 million hectares.

Tenure (Table 2, 3 and 4)

There were 3 457 applications for mining tenements received during the reported period, on par with the previous year. This number of applications continues to indicate that application levels are stabilising below the average 5 000 applications per year that were received several years ago. The backlog of 11 802 applications, increasing complexity, cost and long timeframes in resolving native title issues continue to contribute to this decline. The improved economic outlook in the mining sector during the latter half of 2001-02 is increasing the demand for the grant of outstanding applications.

Native title considerations were among a range of factors that affected the number of applications that were granted with 1 064 being granted during the 2001-02 period, compared to 1 654 granted the previous year.

Table 2: Tenement Applications for the period 1 July 2001 to 30 June 2002

	Number	Area (hectares)
Prospecting Licences	1 076	131 470
Exploration Licences	1 747	19 683 440
Mining Leases	511	180 087
Other	123	86115
TOTAL	3 457	20 081 112

Table 3: Tenements granted for the period 1 July 2001 to 30 June 2002

	Number	Area (hectares)
Prospecting Licences	369	51 171
Exploration Licences	493	5 030 200
Mining Leases	120	36 712
Other	82	119 441
TOTAL	1 064	5 237 524

Table 4: Tenements in force as at 30 June 2002

(Mining Act 1978)	Number	Area (hectares)
Prospecting Licences	4 964	634 464
Exploration Licences	2 899	18 556 063
Mining Leases	4 820	1 773 787
Other	3 618	3 002 380
(Mining Act 1904)		
Mineral Claims and others	186	21 570
TOTAL	16 487	23 828 877

Title monitoring

Lodgement of the compulsory Form 5 expenditure report which provides a breakdown on the activities and expenditure carried out on tenements improved as against the previous year through a combination of decisions in the Warden's court and enforcement action. In 2001-02 12 796 Form 5 expenditure reports lodged, compared to 11 680 in the previous year (Table 5).

MPR issued 1 960 notices of intention to forfeit for non-payment of rent and non-compliance with expenditure commitments. As a result, 304 titles were forfeited during this period.

During the year, 5 208 exemptions from expenditure affecting 6 878 tenements were finalised, compared to the previous year when 5 224 exemptions affecting 6 671 tenements were granted.

Table 5: Title Monitoring

	1999-2000	2000-01	2001-02
Reports received	11 680	12 080	12 796
Exemption applications	5 883	5 503	5 368
Tenements forfeited (Rent/expenditure)	152	198	304

Mining Industry Liaison Committee (MILC)

The Mining Industry Liaison Committee (MILC) provided a forum for industry groups and MPR to consider and review issues relating to the Mining Act and provide recommendations to the Minister.

Mining Act amendments

There was one amendment to the Mining Act during the year:

- Mining Amendment Act 2002 (No. 15 of 2002)

It was passed on 27 June 2002 and Assented to on 8 July 2002. Section 23 was deemed operative on 15 July 2001. The balance of the Act remains inoperative until proclaimed. The Act contains 15 changes including increasing the level of monetary penalties, standardising the depth limit for the protection zones for Crown land to 30 metres, strengthening the existing restriction on activities of related parties and changing the procedures for the release of ground from exploration licences. Regulations are currently being written and the balance of the new amendments will be proclaimed when ready.

Customer and information services

Counter inquiries at the Information Centre remained relatively stable at 12 910 compared with 13 227 for last year, with an average 50 visitors to the centre each day. The Centre's receipt of tenement applications, dealings and documents was down slightly on the previous year from 10 002 to 9 499. Following the spike in rental receipts due to the GST, rent transactions returned to a lower level of 16 004 in 2001-02. There was an increase in the number of tenement searches, rising from 39 999 in the previous year to 66 375. This 40 per cent increase (following last year's 41 per cent increase) was mainly due to the requirement to supply documents to the Crown Solicitor's Office relating to native title issues.

On-line services

Improved access to MPR's website for clients seeking information available from MPR's main business systems has benefited customers working in their own offices. During the year, on-line access to TENGRAPH® increased significantly by 83 per cent, up from 1 560 to 2 766 registrations. TENGRAPH® is a computerised information system that displays the position of mining tenements in relation to other land information. It also provides textual information on mining tenements, land tenure and topography.

TENDEX® (Electronic Titles Information System)

General information about the State's mineral title system continued to be provided to industry through the TENDEX® system. TENDEX® (Tenement Index System) is one of MPR's information databases which contains information about all mining tenements applied for under the new *Mining Act 1978*, and all those deemed leases which made the transition from the old *Mining Act 1904*. Access to this information system is available via the Internet, MPR's Information Centre at Mineral House, and from MPR's 12 regional offices throughout the State.

TENGRAPH® (Computerised Tenement Mapping System)

In partnership with the TENDEX® database, TENGRAPH® continued to provide industry with graphical representations of mineral titles, obtained from Mineral House, MPR's regional offices or via the Internet.

TENGRAPH® now displays the location of all current petroleum titles in the Enquiry and On-line systems. Petroleum title boundaries are displayed on the default Public Plan screen. Advertised onshore and offshore gazetted release areas are also displayed in TENGRAPH®. The next stage of development will provide petroleum title textual information.

In June 2002 *TENGRAPH® On-Line – Quick Appraisal* was made available. The Quick Appraisal function provides a printed list of land tenure affecting a mining tenement or user drawn polygon.

MiTIS (Mineral Titles Electronic Management System)

During the year, work continued on the MiTiS Data Capture program. Full MiTiS information is now available for the mining titles controlled by seven of our Mining Registrars including, Kalgoorlie, Marble Bar, Karratha, Coolgardie,

Southern Cross, Norseman and Leonora. Once data has been entered for a district, it is validated and when released replaces the paper registers in the Mining Registrars office and at Perth. With the downturn in the number of new applications being lodged this year, the division was able to devote some of its most experienced people to carrying out validation of data entry, ensuring a high quality of information.

Mineral Titles On-line

On 30 May 2002, MPR released the new Mineral Titles On-line System. Any person with access to the internet can now search for tenement information via the new online inquiry access system. As well as letting users access mineral title information, users can also request, receive and pay for title searches on line.

The system creates a tenement title search in PDF (Portable Document Format) that will be emailed to the user. However, if the tenement information is not available in the MiTiS system, Mineral Titles On-line will accept a credit card payment over the Internet and send the request to the Information Centre for processing. The title search is then mailed to the customer. Mineral Titles On-line services will expand during the next year to include tenement rental payments and lodgement of Form 5 expenditure report details.

OUTCOME:	APPROPRIATE USE OF LAND AND RESOURCES			
Output: 2	<i>A system for the grant and maintenance of titles to explore for and produce petroleum</i>			
Description:	The ongoing management, revision and provision or contracting of a set of products and services for Government and industry to manage access to land for petroleum exploration and production, ensure security for title holders, and encourage effective exploration and production within titles. The products and services include advice on land access matters; release of land for application; processing and determination of title applications; maintenance of a public register of titles and transactions; assessment of compliance with title work commitments; approval of field operations and reserve assessments.			
Expenditure:	2000-01	\$3 072	2001-02	\$3 307

During 2001-02, petroleum production remained the largest economic contributor to the State's resource industry. From a national perspective, Western Australia's onshore and offshore areas, along with the Commonwealth Adjacent Area, accounted for about half of the nation's total oil, condensate and natural gas production.

High levels of petroleum exploration also continued throughout 2001-02, with the State attracting approximately 60 per cent of Australia's total petroleum exploration expenditure.

The North West Shelf joint venture continued to progress the \$2.4 billion expansion of the North West Shelf liquefied natural gas (LNG) processing facility located near Karratha.

Legislation

No amendments were made to the Petroleum Acts during the 2001-2002 year other than consequential amendments arising from other statutes i.e. Industry Science and Resources Legislation Amendment (Application of Criminal Code) Act 2001 and Taxation Land Amendment Act (No. 6) 2001. In addition regulations for offshore petroleum pipelines were introduced, which at this stage are confined to Commonwealth waters beyond the State's coastal zone.

Work towards adopting amendments made in the Commonwealth petroleum legislation over recent years was largely put on hold awaiting the Commonwealth's plain English re-write of its Petroleum (Submerged Lands) Act.

Industry liaison

Building on the success of previous years, MPR continued with its annual Petroleum Open Day. This provides an opportunity to showcase the work done in the State's sedimentary basins, our data management systems and the areas to be released for petroleum exploration permit bids. It is also an opportunity to highlight the importance of petroleum to the Western Australian economy and the strategies undertaken in promoting safety and good environmental management.

MPR also exhibited and presented papers at the Australian Petroleum Production and Exploration Association's Annual Conference in Adelaide. This conference provides a valuable opportunity to promote Western Australia's petroleum potential and to meet with industry and other Government representatives.

Titles and access to land

The number of petroleum titles in force did not substantially increase during the year reflecting the frontier nature (e.g. deep water) of the blocks on offer.

Similarly, applications already received have not been brought to finality in a timely manner because of native title and other land access issues.

Exploration

In 2001-02, Western Australia attracted 61 per cent of Australia's petroleum exploration expenditure. Western Australia is considered prospective due to its high success rate, which has been maintained above world averages. Thirty-seven New Field Wildcat wells were drilled in Western Australia this year.

Geophysical surveys, including 2D and 3D seismic and aeromagnetic surveys, provide valuable information about geological features that could contain petroleum. Compared to the previous year, offshore 3D surveys dropped by 61 per cent, with 2D surveys decreasing by 17.5 per cent. There was, however, an increase in the number of 2D and 3D surveys carried out over prospective onshore areas, as compared to the previous year.

Promotion of exploration

This year, MPR continued its targeted marketing strategy to encourage exploration, particularly onshore. MPR has identified prospective areas in the eastern Canning Basin and has released three application areas for gazettal. An independent assessment of the petroleum prospectivity

of the area was commissioned by MPR and carried out by Troy-Ikoda Australasia and the CSIRO. Part of this marketing strategy included the production of a compact disc containing pre-competitive data, information about land access, two reports on the hydrocarbon prospectivity and other information relevant to new explorers. To increase exposure, these compact discs were advertised and distributed at key exploration-oriented conferences throughout Australia and overseas.

For the third consecutive year, the *Western Australian Petroleum Opportunities 2002* booklet was published to encourage greater exploration activity in existing permits. Containing information gathered from exploration companies in onshore and State waters farm-in opportunities, the publication was marketed and distributed internationally through a variety of industry journals, professional societies, and conferences. Comments received to date from both Government agencies and industry suggest this annual publication has raised the profile of Western Australian acreage and helped attract new explorers.

Two issues of *Petroleum in Western Australia (PWA)* magazine were also published during 2001-02. This twice-yearly publication contains information about the regulation

of and exploration opportunities and issues in the Western Australia petroleum industry.

During 2001-02, the second volume of the *Atlas of Petroleum Fields: Onshore Canning and Carnarvon Basins* was published. Work is commencing on the third volume, which will present the producing fields of the Barrow Sub-basin which lie in State waters.

Production and development

The need for technical assessment for numerous development plans continued throughout 2001-02, reflecting the continued interest in the development of the State's petroleum resources.

This activity included the assessment of:

- Six production licence renewal applications, and four Field Development Plans
- Twelve location applications
- Four retention lease applications or renewals
- Sixty-six well approvals including 22 development well applications, nine appraisal well applications and 37 exploration well applications.

OUTCOME:	APPROPRIATE USE OF LAND AND RESOURCES			
Output: 3	A geological framework of the State and its resources			
Description:	Published maps, reports and datasets to maintain an up-to-date geological framework of the State and its mineral and petroleum resources to further encourage exploration and investment.			
Expenditure	2000-01	\$13 958	2001-02	\$14 264

digital datasets that add to the knowledge of the geological framework of the State and its resources. This work is crucial in encouraging and supporting exploration in the State.

The extent of geoscience mapping and resource studies is shown in Figures 2 and 3.

Regional field mapping programs are continuing in the East and Central Yilgarn; Edmund, Collier and Earacheedy Basins; and the Pilbara.

The 2001-02 program of work resulted in the production of:

Geoscientific maps (total)	28
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1:100 000 geological maps	14
1:250 000 geological maps	2
other maps	12
Geoscientific publications (total)	49
Explanatory notes for series maps	9
Records and Reports	30
Miscellaneous publications	10
Digital datasets (total)	19

This production volume represents a 5.1 per cent real improvement in productivity per million dollars (excluding

Figure 2

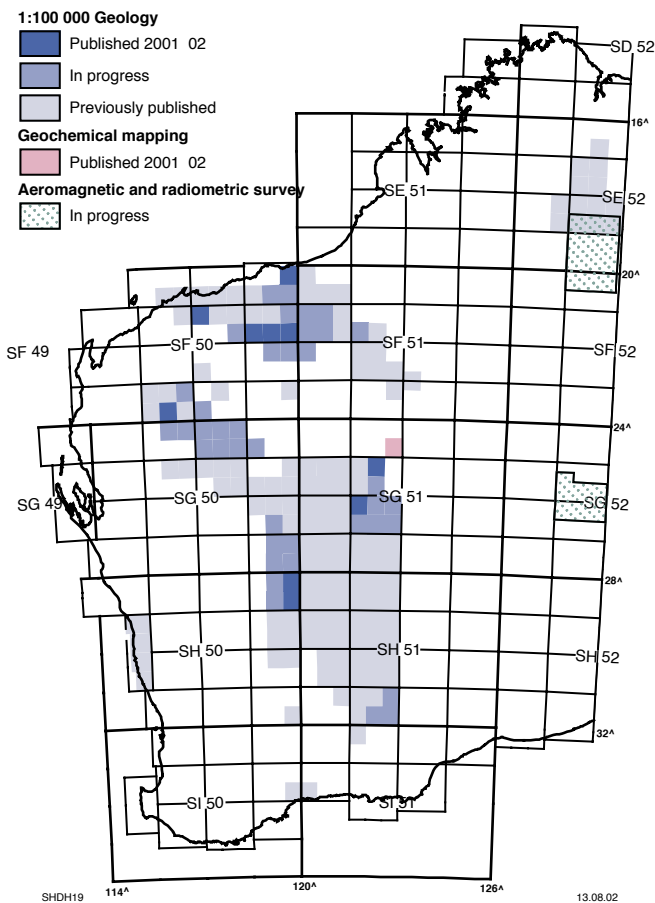
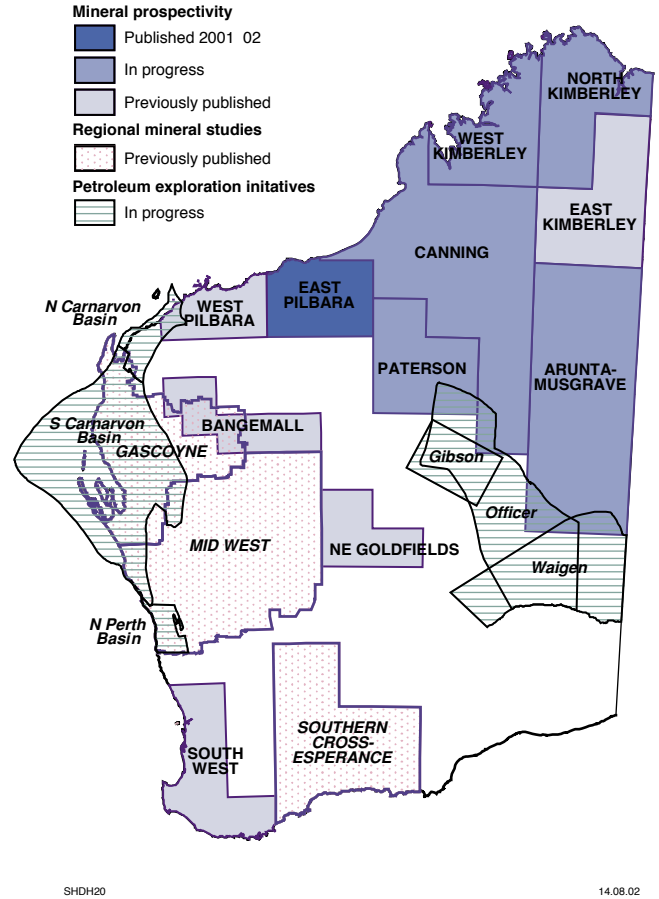


Figure 3



corporate overheads) over 2000–01, and is a continuing tribute to the staff involved who have achieved at least a 5 per cent real productivity improvement (cost-related) each year since 1994–95.

Products that illustrate the range of work that was undertaken, in addition to the regional geological mapping, include:

- The third phase of the GIS-based seamless digital East Yilgarn Geoscience Database with the addition of 18 1:100 000 maps for the Leonora to Laverton region
- A definitive volume on speciality and common clays in Western Australia
- A report on the mineralisation and exploration potential of the Southern Cross — Esperance region
- A report, with accompanying geoscience map and GIS-based dataset, on mineralisation in the East Pilbara region
- Detailed guidebooks for field excursions in the Pilbara, Gascoyne, Goldfields and the South West as part of the fourth International Archaen Symposium
- An annual report on geochronological studies carried out during the previous year.

Besides the large number of maps, reports and datasets published, other production and service highlights of the year included:

- Collection of deep crustal seismic data on the northwestern margin of the Eastern Goldfields in a \$1.1 million program with Geoscience Australia under the National Geoscience Agreement
- Compilation of a 1:500,000 scale digital regolith

(unconsolidated surface material) map of Western Australia with completion of the southern half of the State ready for integration with the northern half that will be compiled during 2002–03

- Detailed geoscience and regolith resource mapping in the Kalgoorlie area
- Commencement of a 68,000 km airborne geophysical survey over the west Tanami region and a 45,000 km survey over the west Musgrave region
- Enhancement of GeoView.WA — the Geological Survey's web-based application that lets explorers and other customers view and integrate numerous geoscience datasets held in MPR's databases — by the inclusion of a facility to enable users to print high-quality maps at user-defined scales on their own printers and plotters.

Promotional activities

MPR continued to exhibit its geoscience mapping products and promote the prospectivity of Western Australia at national and international investment and exploration conferences during 2001-02.

These included the annual conferences of the Prospectors and Developers Association of Canada (Toronto), the American Association of Petroleum Geologists (Denver), the Diggers and Dealers (Kalgoorlie), Mining 2001 (Melbourne), the Australian Petroleum Production and Exploration Association (Adelaide) and the Australian Society of Exploration Geophysicists (Adelaide).

OUTCOME:	APPROPRIATE USE OF LAND AND RESOURCES			
Output: 4	<i>An archive of geoscientific and resource exploration data</i>			
Description:	To develop and make more readily available an archive of geoscientific and resource exploration documents, samples and data to better define the State's mineral and petroleum exploration potential and improve the rate of exploration success.			
Expenditure:	2000-01	\$3 009	2001-02	\$2 859

MPR acquired, stored and released to open file, information submitted by mineral and petroleum tenement holders to MPR under statutory regulations. The data can be used by existing and potential investors to make more informed choices about where to explore and what commodities to look for, thereby reducing their risk and increasing the efficiency of exploration expenditure. MPR officers also use the data from these reports to better define mineral and petroleum exploration potential.

WAPIMS databases development

A major highlight was the launch of web-based access to the new Western Australian Petroleum Information Management System (WAPIMS), following a successful pilot project undertaken in 2000-01. The implementation process saw all petroleum exploration and production data loaded into the newly developed database, which became public in February 2002. The system is accessible through the MPR website in both text and map-based formats and includes facilities for electronic document management with the ability for the public to view these documents via the website.

During the year, 2 148 mineral exploration reports (3 288 volumes) were received, representing industry activity on 8 964 tenements. The total number of volumes held is now 76 681. Gold is still the most commonly sought commodity with over 75 per cent of reports submitted relating to exploration programs for gold. Submission of data in digital form continues to increase with about 70 per cent of all reports submitted during the year containing some digital data. After the expiration of confidentiality periods, 1 306 reports were released to the public domain bringing the total number of Open File Mineral reports to 30 789. The on-line search facility of the Western Australian Mineral Exploration (WAMEX) database allows users to find specific reports by keyword or area. Over 5 000 of these reports are now available for viewing on MPR's web site. A long term project is in place to convert old, hard-copy reports to digital format for display on the Internet.

Activities on the 206 active petroleum tenements in WA generated 6 501 sets of data to make a total of 718 270 registered sets of petroleum data held or administered by MPR. The data sets include reports, seismic sections, well logs, digital data, maps, cores and cuttings, and palaeontological data. During 2001-02, 145 edited datasets, 104 unedited datasets, 115 sets of well logs and 29 sets of seismic sections were released to the public domain. The downturn in exploration expenditure in the petroleum industry remained similar to 2000-01 with 67 requests for loans of seismic and well digital field and processed data resulting in 2 550 tapes being provided. In addition, 57 requests for sample drill core or cuttings and 2 requests for palaeontological data were satisfied.

Perth and Kalgoorlie core libraries

The Joe Lord Core Library and Operational Base in Kalgoorlie that was completed in June 2000 is now fully operational, providing a mineral core archive and research centre for the Eastern Goldfields. The 2 800 pallet facility currently holds more than 900 pallets of mineral core that is available for viewing by explorers in specially designed areas inside and outside the Library complex. The building also provides office accommodation for ten geoscientists and technicians, as well as public areas suitable for meetings and the viewing of the Western Australian WAMEX database.

Construction of a new 8 600 pallet capacity, core storage facility building adjacent to the GSWA operations base at Carlisle commenced in May 2002 and is scheduled for completion in mid November 2002. The new Perth Core Library will hold mineral and petroleum core and cuttings, geochemical samples including rock pulps, and GSWA rock collections, and will provide industry with the most advanced system of drillcore storage in Australia.

During the year, 182 visitors to the new Kalgoorlie facility and to the existing Perth facilities at Dianella, Star Street and Carlisle, spent 979 hours viewing core and cuttings, and took 1855 samples for further analysis. More than 400 pallets of mineral exploration core and 28 pallets of petroleum core and cuttings were added to the collection.

OUTCOME:	SAFE AND HEALTHY MINERAL AND PETROLEUM INDUSTRY WORKFORCES			
Output: 5	<i>A system for regulating and promoting health and safety in the mineral industry</i>			
Description:	The ongoing management, revision and provision (or contracting) of products and services to facilitate a healthy environment and safe systems of work for mineral exploration and mining activities. The key elements include the provision of regulatory, technical and policy advice, audit and education services and information systems. Where appropriate, prosecutions are initiated for breaches of the legislation. A regulatory system based on world's best practice forms the basis for broad-scale application of safety principles to apply in exploration, development and production activities.			
Expenditure:	2000-01	\$11 763	2001-02	\$11 273

The Western Australian mining industry continued the long-term downward trend in injury statistics. During the year, MPR conducted 38 serious accident investigations and inquired into three confirmed work-related deaths.

The three fatalities were separate incidents, with two occurring on the surface and one underground. The incidents are summarised as follows:

- A supervisor died when caught in the mechanism of a machine at a limestone quarry
- A contractor died when a cherry picker rolled off a trailer, throwing the occupant from the machine
- A drill-jumbo operator died from electrocution caused by contact with a cable at the jumbo electrical box.

It is MPR's belief that no fatality is acceptable and that the mining industry can achieve a zero fatality rate. MPR is working actively with industry and unions, through the Mines Occupational Safety and Health Advisory Board (MOSHAB) to achieve this goal.

Throughout the year, there were three occupational health audits, 28 management safety systems and 221 high impact function audits by MPR. The audits were complemented by 2 246 inspections. The program of audits, accident investigations and inspections resulted in 318 incidents where plant and machinery were stood down, and 84 site closures.

MOSHAB

The Mines Occupational Safety and Health Advisory Board (MOSHAB) is a tripartite body that advises the Minister for State Development on matters associated with mining safety. In line with its vision of an industry free from fatalities, injury and disease, MOSHAB has developed and reviews a rolling three-year strategic plan with a view to achieving

a step-change improvement in the incidence of fatalities and serious injuries in the WA mining industry. In order to accomplish this, a series of actions have been determined and implemented in the three priority areas of:

- Risk management
- Communicating risk information
- Specific targeted initiatives

MOSHAB has participated and assisted in the development of a National Risk Assessment guideline on behalf of the Minerals Council of Australia as a key component of its endeavours to improve risk management.

Among other specific achievements during the year have been the conduct of a survey of a large number of mining industry employees to seek their views and perceptions on risk-taking behaviour so that this hard data may be used to determine and prioritise future courses of action.

The survey was carried out in December 2001 and continued again during February through to May 2002. All major industry sectors were included involving 4 700 employees at 60 minesites across the State. This represented approximately 15 per cent of West Australian Mining Industry employees and about 22 per cent of the total employees at the operations visited. The sites visited included surface and underground mines, together with processing operations such as a smelter, refineries and complex mineral processing plants.

In line with MOSHAB priorities, the inspectorate has particularly targeted communication with Safety and Health Representatives around the industry and safety performance in small quarries in the dimension stone industry, which exhibit an anomalous incidence of fatalities. A targeted initiative on electrical safety has been facilitated by the

development of an electrical safety audit protocol for use by MPR's electrical inspectors. Guidance material on the management of exploration safety and exposures to arsenic and inorganic mercury in the workplace has been developed and a discussion document on the management of risks associated with deep underground mining has been circulated to industry.

Legislation review

A review of the Mines Safety and Inspection Act 1994, which had been commenced by Senior Industrial Commissioner Gavin Fielding during 2001, was continued by Mr Robert Laing, following the retirement of Mr Fielding.

Mr Laing considered submissions and developed an initial report in the form of a consultative document for review and comment by stakeholders which was published during March 2002. Following consideration of the comments received, a final report to Government is expected by the end of 2002.

Mining industry health and safety statistics (Tables 6 and 7)

Incidence of lost-time injury underground in metalliferous mining moved from 1.8 to 1.2 during the year while the frequency moved from 6.8 to 4.8. On the surface in the metalliferous sector, lost-time injury incidence moved from 1.1 to 0.8 and frequency moved from 5.2 to 4.1. The coal sector incidence moved from 5.0 to 3.3 while frequency went from 28.2 to 18.8.

Total serious injuries fell from 263 in 2000-01 to 234 in 2001-02, and the number of minor injuries fell from 212 to 136 for the same period. The total decrease in injuries recorded represented a 22 per cent improvement on last year.

The number of employees in mining rose by two per cent to 40 906.

Table 6: Lost-Time Injuries

Mineral being produced	No of Employees	Fatal	Serious	Minor	Total
Gold	12 612	0	92	52	144
Iron Ore	8 965	0	23	9	32
Bauxite and Alumina	6 418	0	30	2	32
Nickel	4 745	2	26	12	40
Mineral Sands	2 093	0	16	9	25
Base Metals	1 308	0	9	7	16
Diamonds	1 052	0	9	2	11
Salt	665	0	1	3	4
Coal	696	0	4	18	22
Construction Materials	467	0	6	5	11
Other	1 885	1	18	17	36
Total for Mining	40 906	3	234	136	373
Exploration	682	0	7	3	10

Table 7: Lost-Time Incidence and Frequency Rates

	2000-01		2001-02		% Reduction	
	Incidence	Frequency	Incidence	Frequency	Incidence	Frequency
Surface Metalliferous	1.1	5.2	0.8	4.1	27	21
Underground Metalliferous	1.8	6.8	1.2	4.8	33	29
Total Metalliferous	1.1	5.4	0.9	4.2	18	22
Coal	5.0	28.2	3.3	18.8	34	33
Total Mining	1.2	5.7	0.9	4.4	25	23

OUTCOME:	SAFE AND HEALTHY MINERAL AND PETROLEUM INDUSTRY WORKFORCES			
Output: 6	A system for regulating and promoting health and safety in the petroleum industry			
Description:	The ongoing management, revision and provision (or contracting) of products and services to facilitate safe facilities design and systems of work in petroleum operations. The most important elements are development and application of safety legislation, assessment of safety cases and operations proposals, audits of facilities and safety management systems, investigation of incidents and communication of information on health and safety issues.			
Expenditure:	2000-01	\$1 937	2001-02	\$2 017

MPR administers safety in the petroleum industry in State areas, and the Commonwealth offshore adjacent areas for the State-Commonwealth Joint Authority.

To ensure a safe working environment, MPR regulates safety performance in the upstream petroleum industry through a legislative regime that uses the safety case approach to achieve a safe working environment. The safety case model, as set out in the Commonwealth *Petroleum (Submerged Lands) Act 1967*, uses a contemporary objective-based methodology that places the onus on the operator to identify and reduce risk through engineering changes and implementing safety-management systems. The model was adopted following the Piper-Alpha disaster in the North Sea off the coast of Scotland in 1988 that killed 167 people.

Legislation and safety management

The Minister for State Development has supported the proposal to establish a National Offshore Petroleum Safety Authority (NOPSA), in which the Commonwealth and States/NT work together. At its 4 March 2002 meeting, the Ministerial Council on Minerals and Petroleum Resources endorsed a set of principles for the regulation of safety in the offshore petroleum industry.

The final report to the Ministerial Council on Minerals and Petroleum Resources on ways to improve offshore safety, primarily through a single NOPSA, is expected to be submitted by the end of August 2002.

In April, the Commonwealth Department of Industry, Tourism and Resources (DITR) conducted an external audit of the administration of offshore safety by the Safety and Environment Branch. No major deficiencies were identified.

MPR also participated in national working groups to develop pipeline, diving and drilling regulations as part of a review of the

Commonwealth Petroleum (Submerged Lands) Act 1967. The new offshore pipeline regulations for Commonwealth waters were completed and came into effect in November 2001.

Safety assessments and audits

MPR assessed new or revised Safety Cases for Gibson-South Plato, Simpson, Echo-Yodel, Varanus Island, Goodwyn A, North Rankin A, Barrow Island and Griffin Venture facilities and operations. MPR also assessed Safety Cases, Safety Management Systems and bridging documents four Mobile Offshore drilling unit, 43 exploration and production wells, 25 diving operations, and 14 petroleum pipelines.

MPR conducted 32 Safety Management System audits of facilities covering operations in both State and Commonwealth areas during the year. These included MPR -led audits and joint audits with operators. MPR investigated a number of incidents and finalised a prosecution.

As well as being audited externally by DITR, MPR has continued its own internal audit program for major operations quality management systems procedures.

Industry safety performance

Injuries

During 2001-02, there were no fatalities in the Western Australian oil and gas exploration and production industry.

The injury frequency rates (Figure 4) have remained consistent with the previous four years. Of note, the Total Reportable

Injury Frequency Rate (TRIFR) was slightly lower than last year, and the Lost Time Injury Frequency Rate (LTIFR) was slightly above last year. It appears that these rates have reached a plateau over the past four years, and seem set to continue to do so until strategies to achieve change are developed and implemented on an industry-wide basis.

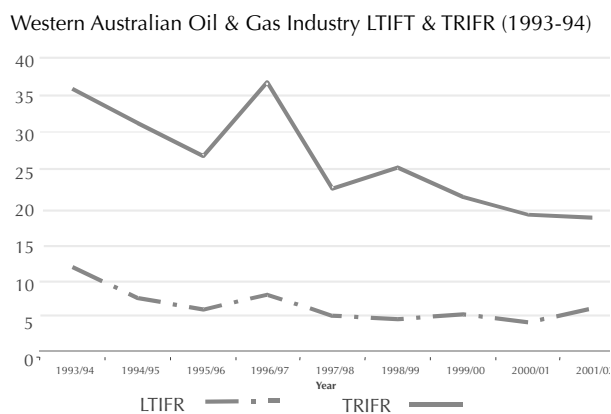


Figure 4: Petroleum industry injury frequency rates in 2001-02

OUTCOME:	Acceptable environmental standards for mineral and petroleum exploration, development, production and project completion			
Output: 7	<i>A system for regulating and promoting environmental management in the mineral industry</i>			
Description:	The provision of a regulatory environment for the management of risk to the environment from mineral industry operations. The system includes regulatory, technical and policy advice services, the assessment and auditing of environmental management reports and their implementation, and the provision of information.			
Expenditure:	2000-01	\$1 824	2001-02	\$1 926

MPR maintained its focus of activities on monitoring the environmental performance of the industry. The Annual Environmental Reporting (AER) process was enhanced by the introduction of a computer-based tracking system that enables more effective management of the reporting system. The review of environmental performance bonds continues to be a priority of the AER process when MPR inspects operating minesites and reviews the adequacy of the bonds held by the government.

The year saw both the industry and government involvement in the industry's Global Mining Initiative (GMI) with the Minerals and Mining Sustainable Development Program being finalised at an international conference in Toronto. MPR provided a significant input to the contribution from Australasia, coordinated by the Australian Minerals and Energy Environment Foundation (AMEEF). The program provided an opportunity for MPR to assess how sustainable development principles can become integral to the way MPR undertakes its role as a regulator.

The development and introduction of the International Code for the Management of Cyanide in Mining, with significant input from specialists from within MPR, sets new standards for the management of cyanide in the mining industry. The code is complementary to existing legislation but lifts the bar for performance to reflect best practice standards from around the world. Many companies are now reviewing their management practices and making the changes to meet the standards set by the code. The good news for Western Australia is that many companies operating in the State already manage to these standards and should have little difficulty complying with the code.

Regulatory activities

MPR's environmental regulatory activities are grouped under three categories:

- Approval actions
- Inspection and review of ongoing operations
- Initiating sanctions for unacceptable activities.

In 2001-02, MPR received 287 Notices of Intent and approved 249 of these. Officers conducted 257 Annual Environmental Reviews and carried out 379 general Inspections of mining and exploration operations. MPR received 1 218 Ground Disturbing Approval Applications for exploration activities.

During the year, MPR also dealt with 24 complaints of an environmental nature, ranging from unauthorised mining to environmental incidents. Sanctions initiated during the year included six work directions and one stop work order.

At the end of December 2001, MPR held 2 613 Unconditional Performance Bonds with a total value of \$286 million to cover the cost of post-operational remediation and rehabilitation should the operators fail to meet their commitments and conditions of approval. Based on these figures, an average bond of \$4 396 is held for each hectare of disturbance on sites covered by the Mining Act 1978. During the year, \$10 000 in bond moneys were accessed to undertake remediation and rehabilitation of such sites.

Land disturbed by mining

The table below summarises the area of the State disturbed by mining as at 31 December 2001.

Promotional activities

This year was the 10th anniversary of the Golden Gecko Awards for Environmental Excellence and again received strong support with 13 high quality nominations.

Two Golden Gecko Awards and two certificates of merit were presented this year.

These were:

Awards

- The WA Museum and Woodside Energy for their cooperative work on mapping the ecology of the Dampier Archipelago
- Homestake Gold of Australia for their mine closure management system

Certificates of Merit

- Homestake of Australia, Plutonic Gold Mine for overall environmental management of their operations
- Victor Dale, a small scale miner in the Coolgardie region for rehabilitation of his sand mining operation

A review of previous winners has indicated that the standard of nomination and the environmental work being carried out by the mining industry continues to reach higher standards. The continuing support for the awards is tangible evidence of the industry's commitment to the environment.

Table 8: Summarised statistics for the State as at 31/12/01

Activity	2001 Annual (ha)			Cumulative Total to 31/12/01		
	Disturbed by mining operations	Preliminary rehabilitation land forming	Re-vegetation	Disturbed by mining operations	Preliminary rehabilitation land forming	Re-vegetation
Borefields and Pipelines	310	47	18	1 711	248	74
Camp site	100	26	15	1 341	337	285
Exploration	196	120	18	4 804	1 447	802
Minesite Infrastructure	1 600	517	308	43 624	4 362	2 544
Pit	2 109	444	253	31 924	6 488	5 066
Tailings/Evap Dams	1 164	255	188	2 391	2 044	1 660
Waste Dumps/Heap Leach	2 903	1 290	1 261	33 977	15 836	10 194
TOTAL	8 382	2 699	2 061	141 772	30 762	20 625

Abandoned Mines Program

An inventory of the State's abandoned mine sites commenced in 1999-2000 to determine safety, heritage value and environmental risks. The inventory results will provide a sound basis for advice on conservation or rehabilitation of high-risk sites. A sum of \$350 000 a year has been allocated over four years to this project.

Priority for field inspection has been given to sites within 10 kilometres of a townsite and one kilometre from a main road or tourist route. About 35 per cent of all abandoned mine sites fall into this category. However, these parameters are being reviewed, following difficulties in identifying populated towns and Aboriginal communities of less than 200, and roads that have recently been upgraded. Information has been obtained to help resolve this problem.

Fieldwork during 2001-02 was conducted in high-priority areas around Kalgoorlie and Coolgardie, with the capture of attributes for 24 816 potentially hazardous features. As of 30 June 2002, the total mine site features identified by the inventory was 57 582, including features completely or partially rehabilitated by mining tenement holders.

The field procedure involves recording the location and attributes of each mine site feature using pocket computers linked to a global positioning system, as well as taking digital photographs of significant features. A system for managing these digital photographs in the database was designed, and the abandoned mine site features database is being migrated into an Oracle environment to improve database stability and consistency with other MPR corporate databases.

OUTCOME:	Acceptable environmental standards for mineral and petroleum exploration, development, production and project completion			
Output: 8	<i>A system for regulating and promoting environmental management in the petroleum industry</i>			
Description:	The ongoing management and provision (or contracting) of a set of products and services to ensure petroleum exploration and production activities meet environmental standards and are in accordance with Government policy. The system comprises policy services, inter-agency agreements and processes, performance guidelines, information services and regulatory services including assessments of Environmental Impact Assessments, Environmental Management Plans and systems, Oil Spill Contingency Plans plus audits of facilities and Environmental Management Systems and investigations of environmental incidents.			
Expenditure:	2000-01	\$0 539	2001-02	\$0 707

Environmental assessments and audits

In 2001-02, MPR assessed 218 environmental submissions. This included 105 Environment Plans or Environment Management Plans. MPR also conducted 19 environmental audits of petroleum operator activities and environmental management systems during 2001-02.

The Commonwealth *Petroleum (Submerged Lands) (Management of Environment) Regulations* 1999 transitional arrangements for existing activities such as offshore production facilities required all offshore production facilities and associated pipelines in Commonwealth waters to have an accepted facility environment plan (EP) in place before 1 October 2001. The facility EP includes an assessment of the environmental effects and risks associated with the activity and management actions to protect the environment. As of November 2001, all Western Australian offshore production facilities in Commonwealth waters have accepted legally binding EP's in place. MPR has conducted EP compliance audits on the Woodside Legendre, ExxonMobil Wandoo B, Apache Stag and Nexen Buffalo Venture offshore facilities.

During this period amendments to the State Petroleum Acts relating to environmental regulation were proposed. Reviews of draft regulations for the State offshore *Petroleum (Submerged Lands) Act* 1982 were commenced.

Additional information was posted on the new MPR website and includes useful maps, operational guidelines and relevant published papers. Information regarding petroleum legislation, environmental assessment processes and guidelines was also published on the following website

address and provides a roadmap of the Commonwealth and State environmental assessment processes (and interagency arrangements) for exploration and development proposals.

See: http://www.mpr.wa.gov.au/comandenvir/index_pet_env.htm

During 2001-02 the Department participated and contributed to the WA Government funded North West Shelf Joint Environmental Management Study and Technical Advisory Committees of the Strategic Research Fund for the Marine Environment.

MPR participated on the selection committee for Woodside Offshore Petroleum's internal environmental awards 2002.

Industry environmental performance

One measure of industry environmental performance is the frequency and consequence of hydrocarbon spills and leaks. Other performance measures include the degree of compliance with approval conditions and commitments, the degree of activities and initiatives beyond compliance and various measures of environmental responsibility.

Three minor hydrocarbon spills (two onshore and one offshore) and three gas releases were reported for 2001-02 compared with 16 incidents reported during the previous period.

In October 2001, MPR completed the prosecution of Apache Northwest Pty Ltd in relation to an oil spill on the 26 July 1999 near Varanus Island, 110 kms west of Dampier.

OUTCOME:	Appropriate returns to the community for the exploitation of its mineral and petroleum resources			
	MPR is responsible for developing royalty policies to cover a wide range of mineral and petroleum commodities and for the collection of royalties. A royalty is a payment to the community in exchange for the use of its natural resources. This is different to a tax that is a contribution to State revenue levied on individuals or companies. Royalties are directed into the State Government’s Consolidated Fund to help pay for Western Australia’s schools, police, health system and other community infrastructure and services.			
Output: 9	<i>A system to establish royalty rates and ensure that appropriate royalties are paid when due</i>			
Description:	Recommendations are made for mineral and petroleum royalty policy, rates and systems. Royalty legislation is developed and new royalty arrangements established. Compliance with these requirements is monitored and financial returns audited. Information on current and predicted royalty returns to the State is compiled and distributed. This information is used in monitoring the success of rates, conditions and arrangements in achieving a fair return to the community and in developing new policy.			
Expenditure:	2000-01	\$1 150	2001-02	\$1 201

Royalty collections (Table 10) for the year totalled \$1 253 million, comprising \$599.8 million for minerals and \$653.2 million for petroleum. From this, \$239.9 million was paid to the Commonwealth Government under petroleum royalty-sharing arrangements.

The value of royalty collections was lower than that for the previous year by 13 per cent. Mineral royalty collections were two per cent lower than last year because of lower nickel collections, due to a significant fall in prices during the financial year and a decrease in diamond collections due to a sharp decline in production. This was mostly offset by increases in gold and alumina collections due to significant price increases during the financial year, together with increases in iron ore collections due to production increases from the major producers. Petroleum royalties were 21 per cent lower than last year due mainly to the decrease in world oil prices early in the financial year (see figure 5).

Assessment, collection and verification

During the year, an average of 286 companies or individual projects paid royalty. A total of 1 116 royalty returns were received and assessed and 219 audit visits were made to

royalty payers. Adjustments to royalty collections from audit activities resulted in an additional \$7.4 million in royalty payments.

Figure 5: 2001-02 Total Collections: \$1 253 million

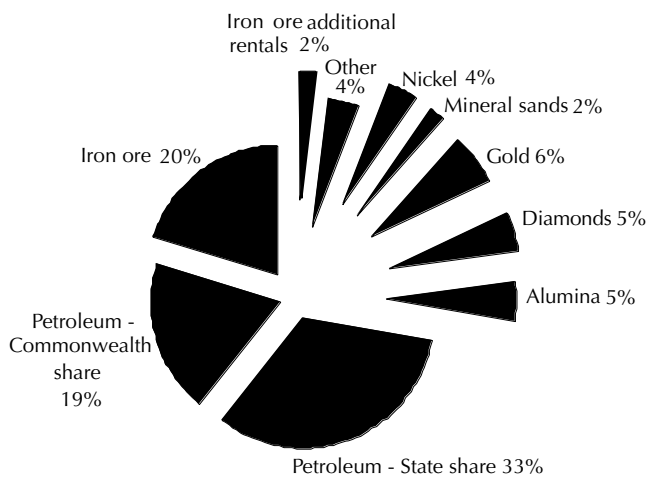


Table 9: Royalty Collections (\$m)

	Revenue State	Revenue Commonwealth	Total	Paid Into Consolidated Fund
Minerals	599.8	0	599.8	599.8
Petroleum	413.3	239.9	653.2	428.3
Total 2001-02	1 013.1	239.9	1 253.0	1 028.1
2000-01	1 120.3	315.6	1 435.9	1 136.3

OUTCOME:	A community confident that it is safe from hazards associated with the storage, handling and transport of dangerous goods			
Output: 10	<i>A system for regulating the storage, handling and transport of dangerous goods</i>			
Description:	Licensing, audit and inspection programs for premises storing and vehicles transporting dangerous goods to achieve compliance levels which meet community expectations for health, safety and environmental management. To provide a legislative framework, information services and compliance assurance programs to regulate the transport, storage, manufacture, use and handling of dangerous goods in industries, as well as in public places in order to meet community standards for workplace and public safety and environmental management.			
Expenditure:	2000-01	\$2 945	2001-02	\$2 804

Following an extensive period of public comment and industry consultations, the new *Dangerous Goods (Transport) (Dangerous Goods in Ports) Regulations 2001* were gazetted in January 2002 and came into force from 1 February.

Port authorities will play a major part in the success of these regulations and particular persons employed at these facilities were appointed as authorised officers under the *Dangerous Goods (Transport) Act 1998* responsible for the day-to-day administration of the regulations in their respective ports.

Parliamentary Inquiry into Incident at Bellevue Waste Recycling Facility

The Parliamentary Inquiry by the Economics and Industry Standing Committee into the fire at a Waste Recycling Facility in Bellevue in February 2001, culminated with the handing down of two reports (Volumes I and II) in June 2002.

MPR is required to respond to five of the recommendations contained in Volume II as part of a comprehensive response to Parliament by all affected government agencies. It is anticipated that the actions resulting from these recommendations will have a significant impact on the licensing procedures for dangerous goods storage sites across the State, and the interaction of all government departments and local authorities involved.

Carmel fire and investigation

On the morning of 6 March 2002, a number of fires and three explosions occurred at a fireworks storage facility in Carmel operated by Cardile Fireworks Pty Ltd.

Fortunately, there were no injuries from the incident. However, damage was sustained to approximately 40 houses and properties situated around the blast site.

Investigations into the incident were undertaken by the Explosives and Dangerous Goods Division (EDG) and by Mr Martin Whitely MLA. Though the exact cause of the initial fireworks initiation could not be determined, the sequence of events leading to fires and explosions at the facility was detailed in the EDG investigation report.

The outcome of the investigation reports were recommendations including, but not limited to, risk assessment of fireworks activities, re-classification of some fireworks as high explosives, priority being given to the development of modern explosives legislation and appropriate resourcing within government to monitor and enforce legislation.

Progress towards a new Dangerous Goods Safety Act

On September 3, 2001, State Cabinet approved the drafting of the Dangerous Goods Safety Bill 2002 and issued a drafting priority aimed at introduction of the Bill into the autumn 2002 session of Parliament. The initial draft, which was based on the format of the Dangerous Goods (Transport) Act 1998, was completed by Parliamentary Counsel in January. Internal review of that draft highlighted a number of areas for improvement or fine-tuning. The fourth draft was released for comment by stakeholders in June.

The Bill is the first stage of a broad revision of Dangerous Goods regulations in WA. It reflects the modern trend of safety and environmental legislation in moving from prescriptive to performance-based regulation and shifting the responsibility for dangerous goods safety from Government to industry. The Bill also facilitates the incorporation of national standards into Western Australian legislation, which will provide consistency between States.

OUTCOME:	Responsible development of the State's resources for the benefit of Western Australians			
Output: 11	<i>Policy and planning advice on resources development</i>			
Description:	The provision of advice to Government and agencies on policy and strategic planning issues affecting resources development in Western Australia. Key areas of advice include economic and fiscal policy, industry development policy, environmental policy and infrastructure planning. The advice is aimed at creating a policy and planning environment, which encourages ongoing resource development in Western Australia.			
Expenditure:	2000-01	\$5 256	2001-02	\$4 952

Sustainability

MPR made a significant contribution to a combined State Development Portfolio submission as part of the public consultation phase for the development of a State Sustainability Strategy. MPR is also examining strategies and procedures to facilitate the incorporation of sustainability principles into project approvals, as recommended in the final report of the Keating Review of the State's Approvals Processes.

Finally, MPR established a Sustainability Management Team, which is responsible for initiating reviews of MPR's internal and external processes and procedures for consistency with the principles of sustainability.

Infrastructure

MPR has been active working with companies to identify infrastructure needs on the Burrup peninsula. This resulted in the Government's commitment of \$134 million to provide multi-user infrastructure such as roads, seawater supply, and access corridors.

Greenhouse

MPR contributed to developing greenhouse policies and provided information to the WA Greenhouse Taskforce. Of primary importance to MPR is to ensure that greenhouse policy supports responsible development of WA's resources.

Environmental legislation

MPR contributes to the development of new State and Commonwealth legislation that affects the WA resources sector. This year, MPR provided advice on amendments to the Environment Protection Act and the Heritage Act, and the development of the Contaminated Sites Bill and Carbon Rights Bill. MPR ensured the implications of this proposed legislation for the resources sector were recognised and treated fairly in the amendments and during the preparation of the Bills.

OUTCOME:	Responsible development of the State's resources for the benefit of Western Australians			
Output: 12	<i>Investment attraction services</i>			
Description:	The provision to potential investors of information and advice about opportunities for new investment in resources development in Western Australia, especially in the downstream processing of resources. This output encourages private sector investment in resources development, thereby providing economic benefit for Western Australians.			
Expenditure:	2000-01	\$3 143	2001-02	\$3 607

Two new gas-based investment proposals worth an estimated \$2.6 billion, Methanex and GTL Resources, took up land options for new projects on the Burrup. There are now seven gas-based projects undertaking studies into establishing within Western Australia, with an estimated value of \$6.1 billion.

Methanex is considering establishing a 5Mt/a methanol plant on the Burrup Peninsula. The project represents an estimated investment of A\$2 billion and will provide about 150 permanent direct jobs. Feasibility and approvals work is underway. The construction workforce would be about 2000.

GTL Resources is proposing to build a A\$610 million plant to produce 1Mt/a of methanol from mid-2004. The plant would be situated at Withnell East on the Burrup Peninsula and would employ about 60 people full time should it proceed. In October 2001, GTL Resources signed a Memorandum of Understanding with Apache Corporation, Globex Energy Inc. and Santos Ltd to purchase natural gas to supply the plant.

MPR was also active during 2001-02 in developing and marketing to potential investors the opportunity to establish a large-scale pulp mill in Western Australia. MPR encouraged and facilitated the feasibility studies for a range of other important projects, although smaller in size, including pig iron, mini LNG, ferro alloys, cereal straw pulp and bio-diesel.

To assist in encouraging general investment in the resources sector MPR collected, collated and published comprehensive statistical information, industry reviews, industry information sheets and publications such as the *Prospect* magazine.

OUTCOME:	Responsible development of the State's resources for the benefit of Western Australians			
Output: 13	<i>Resource Project Facilitation Services</i>			
Description:	Facilitation of the establishment and ongoing operation of major resource development and associated infrastructure projects. Resource development projects include production and processing of minerals and energy, wood processing, and development of major land resources. Associated infrastructure projects include industrial land; transport, energy and water service facilities; and other services for the resources industry. Facilitation is achieved by managing the interface between the investor and government to ensure coordinated, timely government decision-making and approvals procedures. This output assists private sector investment in resources development, thereby providing economic benefit for Western Australians.			
Expenditure:	2000-01	\$6 928	2001-02	\$8 839

Review of the Project Development Approvals System (Keating Review)

In September 2001, the Minister for State Development commissioned a review of the project development approvals system within Western Australia.

An independent committee undertook the review. The committee was chaired by former senior Commonwealth public servant Dr Michael Keating AC, and comprised representatives from industry and community groups.

Following extensive consultation with key stakeholders, the Review Committee's Final Report was submitted to the Minister for State Development on 30 April, and publicly released by the Premier on 8 May 2002.

The Report was released for a period of public review ending 28 June 2002. The comments from public submissions and government agencies will be collated for consideration by the Ministerial Steering Committee (MSC) established to oversee the Review.

Infrastructure for new projects

The Goldfields and Mid West Regions Strategic Infrastructure Needs Assessment Study identified the potential resource projects in the region and highlighted those areas where significant infrastructure work could be required. The study focused on common user infrastructure sites that can be funded jointly by the State, Commonwealth and industry.

East Kimberley – Tanami Regional Minerals Study

The East Kimberley – Tanami Study was completed and the final report is expected in August 2002. Preliminary findings have identified large parts of the study area as highly prospective for minerals, particularly gold, platinum group minerals, nickel, lead-zinc, tantalum and diamonds. While the area is under-explored relative to its prospectivity, it is likely that further exploration will result in mine development in the Tanami part of the study area. The study found that exploration and, in particular mining, has the potential to create substantial economic and social benefits for the Shire of Halls Creek and the wider region. The study makes recommendations to encourage exploration, facilitate mine development and maximise regional development.

LNG project facilitation

Allied to the LNG Train-4 project, the expansion of the offshore trunkline system was given the formal go ahead by the joint venture partners in December 2001, following extensive liaison between MPR and relevant Government departments and agencies to achieve formal Ministerial approval of the project proposal. The 42-inch (1 067mm) diameter second gas pipeline, costing \$800 million, is designed to provide sufficient capacity for LNG Train-4 and a future Train-5, and to cater for substantial growth in gas supply demand for domestic use and onshore downstream gas processing. Construction of the second trunkline commenced in early June 2002 and by the middle of the month, contracts totalling \$377 million had been awarded.

The project is scheduled to finish in April 2004 to coincide with the completion of LNG Train-4.

Mineral projects

MPR coordinated the environmental approvals and State Agreement proposals for BHP Billiton's Mining Area C in the central Pilbara and its Products and Capacity Expansion (PACE) project, that will upgrade its port facilities at Port Hedland. It worked with Rio Tinto on land acquisition, access to port facilities, and statutory approvals for its proposed commercial HIs melt plant at Kwinana, and with Mineralogy on its proposals to develop the magnetite iron ore deposits at Fortescue.

Mining Area C will be developed in conjunction with POSCO to produce 22Mtpa of Marra Mamba lump and fine ores. The initial mining operation will be at Area C's Deposit C with ore reserves of 201Mt.

HIs melt is Rio Tinto's proprietary direct reduction process for the production of pig iron from iron ore fines. The commercial plant proposal involves scaling up the pilot plant, which has been in operation in Kwinana for some years, to a commercial operation producing 800,000tpa iron.

The State signed, and introduced to Parliament for ratification, an Agreement with Mineralogy and co-proponent companies for the development of an iron ore mine and processing facilities at Fortescue in the Pilbara. MPR continued to provide support for evaluation of the Austeel proposal, which is the first project proposed under the Mineralogy Agreement.

A further significant development in the iron ore industry involved the establishment of an unincorporated joint venture between Hamersley Iron and Shanghai Baosteel Group of China (Baosteel). The joint venture will mine the Eastern Range and Western Range projects, near Paraburdoo, producing about 5-6 Mtpa of iron ore for a total 200Mt over the life of the agreement. Mining will commence at the Eastern Range project area, with the Western Range to be developed in 10-15 years. In June 2002, MPR facilitated the approval of subleases by Hamersley to Baosteel to enable the joint venture to proceed.

In another important development in the Pilbara iron ore industry, the Minister for State Development approved the proposal by BHP Billiton Iron Ore to implement a \$27 million project to produce a lump product on a continuous basis from the Yandi channel iron (pisolite) ore deposit. This ore has gained increasing market acceptance since operations commenced on a trial basis in 1992, with more than two million tonnes being shipped to customers for testing in iron and steel making processes.

In late 2001, MPR facilitated the sale of WMC Resources' St Ives Gold operations at Kambalda to Gold Fields Limited through a Variation Agreement to remove the gold leases from the Nickel Refinery (WMC Limited) Agreement Act 1968 and 1970.

Australia's third diamond mine began operating at Ellendale in the Kimberley region of Western Australia in May, 2002. This followed the transfer of the Ellendale mining lease from Argyle Diamond Mines Pty Ltd to Kimberley Diamond Company NL on 23 April, 2002. To facilitate this, MPR worked closely with the Argyle Diamond Mine Joint Venturers in the negotiation of an amendment to the Diamond (Argyle Diamond Mines Joint Venture) Agreement Act to remove the Ellendale Mining area from the Agreement Act. MPR also provided administrative support to the passage of the Amendment Agreement through Parliament in December 2001.

Major gas processing projects

MPR has been assisting a suite of six potential gas processing projects for the Burrup Peninsula valued at almost \$6 billion, which feature investors from around the globe. These include two methanol projects proposed by Methanex (Canadian) and GTL Resources (British); two ammonia-based projects by Burrup Fertilisers (Indian) and Dampier Nitrogen (formerly Plenty River: Canadian, Australian, German); a dimethyl ether project proposed by Japan DME; and Syntroleum's synthetic hydrocarbons project (USA).

Ord River project

The Western Australian and Northern Territory Governments confirmed their commitment to the Ord Stage 2 M2 irrigated agricultural project, following the withdrawal of the major Ord proponents in December 2001.

The proposed Ord Stage 2 M2 project received environmental approval from both Governments in early 2002.

MPR coordinated a meeting in Darwin of the WA and NT Governments, the Kimberley and Northern Land Councils and the remaining Ord Stage 2 proponents with the objective of reaching a common understanding on the issues and way forward for Ord Stage 2.

MPR continues to work with the Northern Territory Department of Business, Industry and Resource Development and the local community, including the traditional owners, to resolve a number of issues before re-tendering the Ord Stage 2 M2 area in the first half of 2003.

OUTCOME:	Scientific Services			
Output: 14	<i>Quality, independent chemical and scientific research, consultancy and analytical services</i>			
Description:	Chemistry Centre (WA) The provision of high quality independent chemical information, advice and analytical services to government agencies, industry and research groups. Forensic scientific services support to the Police Service, State Coroner and the racing industry. Scientific and research support in the areas of food and agriculture, public and occupational health, conservation and the environment and industrial development. Contribution to the development of national chemical conformance standards and guidelines. The provision of emergency and crises response services to government agencies and industry for chemical spills and related incidents and crises situations.			
Expenditure:	2000-01	\$8 672	2001-02	\$8 431

The Chemistry Centre (WA) continued to provide a comprehensive range of chemical and mineralogical services to Government agencies, industry and Western Australian research groups. These services included scientific tests and advice, support for statutory responsibilities, solutions to scientific problems, investigations and collaborative research projects. The performance for a range of quality, scientific, technical, client and financial indicators including a 6 per cent client revenue increase, confirmed another successful year for the Chemistry Centre (WA).

These high value scientific services include the provision of forensic scientific services to the Police Service and the State Coroner, scientific information and advice relating to agriculture, the environment, natural resources and health to government agencies, industry and research groups, and an emergency response capability for emergencies such as chemical spills, food safety or export incidents and health or environmental concerns.

The Chemistry Centre (WA) had its quality system certification upgraded to AS/NZS ISO 9001:2000 during the year and maintained its extensive range of chemical and forensic quality test accreditations. This involved peer review by twelve external auditors and assessors during the year.

Forensic activities in Western Australia are undertaken by the Police Service's Forensic Division (crime scene, fingerprints, ballistics etc.), Chemistry Centre (WA) (toxicology, physical evidence and illicit drugs) and PathCentre's Forensic Biology Section (blood, body fluid, tissue identification and DNA). The Police and Chemistry Centre (WA) activities are undertaken in East Perth and the PathCentre's activities in Nedlands.

The Forensic Science Laboratory plays a vital role in supporting law enforcement in Western Australia through provision of forensic scientific services to the Western Australian Police Service, the State and District Coroners

and to other government departments and agencies involved in justice administration. A major collaborative project on the characterisation of gun shot residues was completed during the year.

The toxicological examination of autopsy samples from sudden deaths to identify a cause of death constituted the major proportion of services provided to the Coroners, as both the presence or absence of drugs and poisons in sudden deaths may be of significance to the coronial investigation. The reduction in heroin deaths, the further development of liquid chromatography mass spectrometry and other technical improvements, helped reduce turn around times and response times from urgent coronial investigations.

The Laboratory has responsibility for the examination and identification of material seized by the Western Australian Police suspected of being either an illicit drug or a controlled substance. It also has responsibility for the scientific investigation of clandestine drug laboratories and other incidents involving the manufacture of illicit drugs. Staff continued to be associated with the investigation of clandestine drug laboratories, the provision of drug intelligence information to operational police and community based programs, comparison/profiling of drug seizures, training of police officers in clandestine drug laboratory investigation and participation in national drug strategy functions.

The Racing Chemistry group continued to provide drug monitoring and advisory and research services to the Western Australian Trotting Association and to the Western Australian Greyhound Racing Authority. The group continued its drug evaluation program, as drugs used in racing tend to change as new drugs become available.

The Food and Biological Chemistry Laboratory provides analytical, consultancy and expert advice related to foods, agricultural products and the maintenance of public health

through the Western Australian Food Monitoring Program Steering Group Committee. This year, the group has given priority to surveys on nutritional labelling, chloropropanols, mono-sodium glutamate (MSG) and mycotoxins in foods.

Synthetic organic chemical expertise has been contributed to a range of collaborative multi-discipline drug discovery research projects. These projects have been involved with protozoal infections, prostate cancer, anti-cancer drugs and rational drug design. Contract synthesis has also been undertaken for pharmaceutical companies. The skills in organic synthetic and natural product chemistry continue to support medical and biotechnology research institutes research programs in attracting research funding to Western Australia. Key achievements during the year included the award of an Australian Research Council Linkage grant in collaboration with the Centre for Diagnosis and Control of Parasitic Diseases at Murdoch University. This collaborative project with Murdoch University has developed new lead drug candidates that are showing exciting activity against protozoal infections. During the year, the Chemistry Centre (WA) became an associate member of the Western Australian Biomedical Research Institute (WABRI) based at Curtin and Murdoch Universities and through the Biomedical Research Alliance.

The combined experience and expertise of the Natural Resources Chemistry Laboratory's agricultural and environmental scientists have again been utilised by mining companies to minimise the impact of the mining and mineral processing industries on the local environment. Research is continuing in efforts to convert some of these residues into useful agricultural materials.

The Laboratory's support for urgent environmental investigations was again demonstrated during the year. Groundwaters containing high levels of arsenic and iron were discovered in a Perth residential area. An urgent survey of domestic bores in the area established the spread of the contamination. Other agencies involved included the Water and Rivers Commission, Health Department and Department of Environmental Protection. Field staff from these agencies liaised with the Chemistry Centre (WA) to coordinate field and laboratory procedures which quickly established the extent of the groundwater contamination problem. Follow-up surveys of fresh produce indicated that the toxic elements such as arsenic were not contaminating food supplies. The reason for the pollution was found to be inappropriate long term storage of acidic soils. This work led to an improved capability for assessing soils for potential acidity problems.

The Chemistry Centre (WA) and Curtin University of Technology have received a provisional patent for novel chemical labelling techniques that enable cultured pearls to be authenticated in the marketplace. This will enable producers to determine the provenance of the pearl in alleged thefts, identify pearls in the market place, and identify different production techniques. The technique involves impregnating the pearl nuclei with special mixtures of rare chemical species which in effect provides designer label trace element profiles in each pearl. Development work is ongoing.

Following major local incidents involving chemical and international terrorist activities, all areas of the Chemistry Centre (WA) have been actively involved in upgrading the emergency response capability. The Chemistry Centre (WA) has worked with the Fire and Emergency Services Authority (FESA) and other government agencies to develop procedures for handling chemical, biological and radiological incidents and other emergencies involving chemicals. Specialist on-site test equipment has been purchased and staff trained in emergency response activities. Additional portable test equipment is being evaluated.

The Chemistry Centre (WA) is a partner with industry, other government agencies, CSIRO and universities in 19 collaborative research projects, which were funded for 2001-02. The Chemistry Centre (WA) has provided chemical expertise and analytical and synthetic chemical support to these projects which are involved with agricultural development, environmental issues, analytical chemistry and medical research. The Chemistry Centre (WA)'s proportion of the total \$875 492 funds from Commonwealth Government, agricultural and mineral funding bodies was \$428 319.

Planning has begun for a new Chemistry Centre (WA) facility adjacent to the proposed Police Forensic facilities in Midland. The current Chemistry Centre (WA) facilities in East Perth date back to the early 1940s and are no longer suitable for laboratory operations as they are costly to maintain and fail to meet occupational safety standards and current operational and security needs. Relocation will allow the East Perth Redevelopment Authority to develop the Adelaide Terrace, Plain Street, Hay Street block adjacent to the Causeway.

Key Performance Indicators

Performance Measures

Performance measures provide accountability to Parliament and the community for expenditure of public money and to assist in the management of MPR. These performance measures are published in accordance with the *Financial Administration and Audit Act 1985* (FAAA) and the associated *Treasurer's Instruction 904*.

The FAAA requires that MPR disclose audited key effectiveness and efficiency indicators ('key performance indicators') that:

- Are relevant, free from bias and quantifiable
- Encompass the operations of MPR
- Are reproduced within the elements of the report on operations to which they relate

Treasurer's Instruction 904 defines key performance indicators in this way:

- *Effectiveness* indicators provide information on the extent to which outcomes have been achieved through the funding and production of agreed outputs
- *Efficiency* indicators relate outputs to the level of resource inputs required to produce them

Treasurer's Instruction 904 also requires disclosure of Output performance measure results against estimates published in the 1999-2000 Budget Papers.

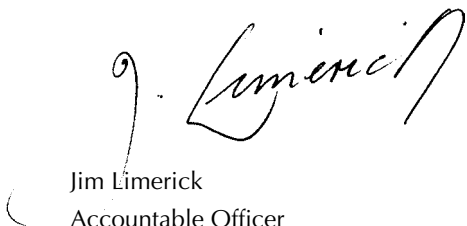
This report contains audited key performance indicators and Output measures, together with certification of the key performance indicators by the Director General of the Department of Mineral and Petroleum Resources and the opinion of the Auditor General on those measures.

Key performance indicators are located after the operations report for each Outcome and its related Outputs.

All reported efficiency measures reflect the full cost of service reported in the financial statements. The Output performance measures for all Outputs are located immediately before the financial statements.

CERTIFICATION OF KEY PERFORMANCE INDICATORS

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to access the Department of Mineral and Petroleum Resources' performance and fairly represent the performance of the Department of Mineral and Petroleum Resources for the year ended 30 June 2002.



Jim Limerick
Accountable Officer
30 August 2002



AUDITOR GENERAL

To the Parliament of Western Australia

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2002

Matters Relating to the Electronic Presentation of the Audited Performance Indicators

This audit opinion relates to the performance indicators of the Department of Mineral and Petroleum Resources for the year ended June 30, 2002 included on the Department of Mineral and Petroleum Resource's web site. The Director General is responsible for the integrity of the Department of Mineral and Petroleum Resource's web site. I have not been engaged to report on the integrity of the Department of Mineral and Petroleum Resource's web site. The audit opinion refers only to the performance indicators named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these performance indicators. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance indicators to confirm the information included in the audited performance indicators presented on this web site.

Scope

I have audited the key effectiveness and efficiency performance indicators of the Department of Mineral and Petroleum Resources for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Director General is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Department's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Department of Mineral and Petroleum Resources are relevant and appropriate for assisting users to assess the Department's performance and fairly represent the indicated performance for the year ended June 30, 2002.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
October 25, 2002

KEY PERFORMANCE INDICATORS

Department of Mineral and Petroleum Resources

Audited Key Performance Indicators

2001-02

OUTCOME 1: OPTIMUM USE OF LAND AND RESOURCES

Outputs

1. A system for the grant and maintenance of titles to explore for and mine minerals
2. A system for the grant and maintenance of titles to explore for and produce petroleum
3. A geological framework of the State and its resources
4. An archive of geoscientific and resource exploration data

Effectiveness

Optimum* or appropriate land-use planning relies on quality, timely land information, including resource potential and land title status. The Department of Mineral and Petroleum Resources (MPR) is the State authority on the geology and mineral resources of Western Australia and the agency responsible for mineral and petroleum title systems.

The level of exploration and development activity for mineral and petroleum resources is dependent on a number of factors, including the estimated chance of finding these resources, world commodity prices, Government fiscal, safety, environmental and land access statutes and policies, and community attitudes.

They are traditionally described as:

- Sovereign and country risks
- Financial risk
- Prospectivity — the likelihood of commercially recoverable resources being present.

With respect to sovereign and country risk, the Department is responsible for the development and administration

of title systems that provide processes for allocation and maintenance of land title for exploration and development, security of tenure and surety that holders will meet the obligations that come with the title rights. The Department also assists in improving the prospectivity of Western Australia by publishing geoscientific maps, reports and promoting datasets that describe the geology and resource potential of the State, and by archiving and making available geoscientific data collected by companies during exploration.

The Department's initiatives are designed to contribute to a climate in which the industry sectors continue to be of significant benefit to the State.

The effectiveness of the Department's Outputs in achieving the Outcome 1 is indicated by the:

- Timeliness of the systems in providing land and resource products and services to industry and government, as measured by the average time to assess title applications (1.1) and the average time taken to produce framework geological maps of the State (1.2)
- Evaluation by customers of geological information products, as measured by a rating given by representatives of industry peak bodies (1.3)
- Attractiveness of the Western Australian land and titles systems as measured by the level of exploration in the State in the current investment climate quantified in absolute dollar terms and as a proportion of the national investment (relative effectiveness) (1.4)
- Mineral and petroleum resources available for future production and sale as measured by the inventory of known resources currently in the ground (1.5).

* Optimum is defined, in the context of the Department's business goals, as the achievement of agreed set output targets - as measured by the indicators included in this report. These targets seek an appropriate balance between achieving economic benefits, through the discovery and development of the State's mining and petroleum resources, and meeting community standards for safety, health and environmental management. The Department's targets are considered appropriate when desired economic benefits are achieved within acceptable levels of environmental and social impact.

KEY PERFORMANCE INDICATORS

OUTCOME 1: OPTIMUM USE OF LAND AND RESOURCES

1.1 Timeliness of titles systems

For mineral titles, target times are the average times for processed applications computed over a number of years prior to the introduction of the Commonwealth Native Title Act 1993. The aim is for the majority of services (75 per cent) to meet this average, despite the increasing complexity of title grant processes. Target times for mineral title applications apply where there is no dispute and the application does not affect private land.

For petroleum titles, target times were developed several years ago, seeking to improve on previous performance.

The measures are for:

- Prospecting Licences and Exploration Licences (mineral): Percentage of applications that are finalised or submitted to Native Title Act procedures within the target periods
- Mining Leases: Percentage of applications granted or for which a determination on the right of grant is made within the target period
- All petroleum titles and field operations: Percentage of applications granted or refused within the target time, including any periods for Native Title Act processes.

The target performance for these measures is given in Table KPI 1.1 below and the results are displayed in Figure KPI 1.1.

Table KPI 1.1

Target Performance For Processing Of Applications

Application type	Elapsed time	% of applications processed in time	
Prospecting Licence (PL)	4 months	75	
Mining Lease (ML)	7 months	75	
Exploration Licence (EL)	7 months	75	
All petroleum titles	3 months	75	
Petroleum title dealings	3 months	75	
Petroleum wells	Commonwealth State	45 days 30 days	75
Petroleum surveys	Commonwealth State	35 days 20 days	75

For mineral titles, the measures are essentially the elapsed time for the Department to complete its processing services. Processing targets for mineral applications were not achieved for the year due to the continuing impact of native title issues.

For petroleum titles, the measures relate to the total elapsed time, including external referrals and processes carried out in parallel and beyond the control of the Department. Circumstances such as environmental investigations, Native Title Act processes and heritage negotiations, continue to detract from achieving targets.

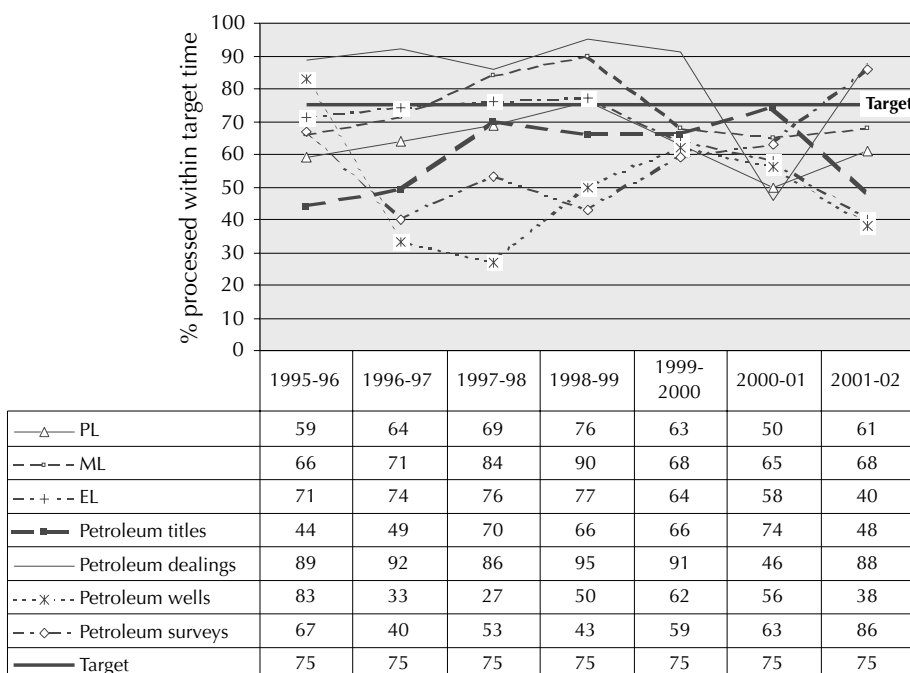


Figure KPI 1.1

Percentage of applications processed within target elapsed times

KEY PERFORMANCE INDICATORS

OUTCOME 1: OPTIMUM USE OF LAND AND RESOURCES

1.2 Timeliness of 1:100 000 geological maps

This measure is the average elapsed time to produce a 1:100 000 geological map sheet from commencement (ordering the compilation sheets), through field work and drafting, to publication. Geoscientific maps are widely used by mineral and petroleum explorers and developers and by land-use planners as a critical source of information on which to base resource-allocation decisions. The 1:100 000 geological map series is the framework for describing the geology of the State.

A target of 36 months was set following an independent customer satisfaction survey carried out in 1994, which showed some client dissatisfaction with the time taken to publish geoscientific maps.

Through the use of new technology and process improvement, the Department continues to meet the target average production time of less than 36 months, which was reached initially in 1996-97. Customer response from the 1998 customer survey report stated '... mean satisfaction on the product and rate dimensions improved impressively from 1994'.

In 2001-02, the average time needed to produce a 1:100 000 geological map was 24 months.

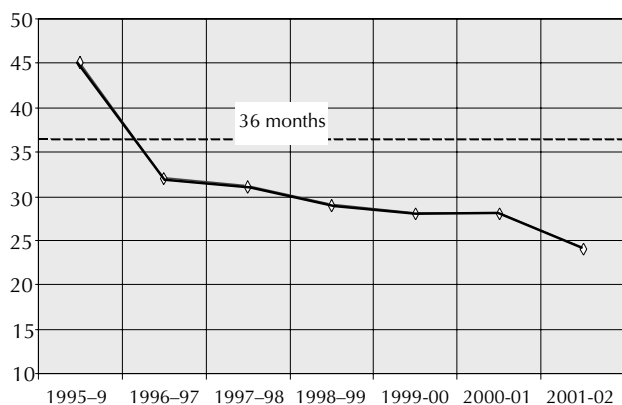
Production time – 1:100 000 geological series

Figure KPI 1.2

Average time to produce 1:100 000 geological maps

1.3 Ratings by customer representatives of interpretative geological products and data services

This measures the quality of interpretative geoscientific products (Output 3) and exploration data services (Output 4) through a customer rating given by industry-based Technical Advisory Subcommittees tabled through the Geological Survey Liaison Committee. This committee comprises industry representatives nominated by the Australian Petroleum Production and Exploration Association, the Chamber of Minerals and Energy of Western Australia, the Association of Mining and Exploration Companies, and other geoscience customers, such as Geoscience Australia, CSIRO and Western Australian universities. The Committee meets twice yearly to consider reports by its Technical Advisory Subcommittees and to provide guidance for future programs and feedback on past performance. Each report includes a rating of quality against a five-point scale for the products/services in its area of expertise.

Table KPI 1.2

Ratings by customer representative committees of Outputs 3 and 4 products and services

Output (product & service area)	Technical Subcommittee	Quality rating of products and services (max 5)		
		1999-2000	2000-01	2001-02
3	Regional Geoscience Mapping and Mineral Resources	3.9	3.9	4.0
	Petroleum Exploration Initiative	3.8	3.9	4.0
4	Exploration Data and Information	3.2	3.6	4.0

KEY PERFORMANCE INDICATORS

OUTCOME 1: OPTIMUM USE OF LAND AND RESOURCES

1.4 Investment in exploration

Investment in exploration is influenced by the mining title and geological Outputs of the Department, as well as external factors such as constraints on access to land, and local and global economic circumstances including commodity prices. The following measures are used to indicate the success of the Department’s Outputs in the context of these other factors. While there are differences between States in the perceived prospectivity and commodity production profile, the proportion of total expenditure in Australia attracted to Western Australia is indicative of the success of the Department’s Outputs against

other jurisdictions working within similar global conditions. Western Australia is particularly sensitive to factors in the gold market as expenditure on gold exploration accounts for more than 60 per cent of the State’s total exploration expenditure.

Total mineral exploration expenditure (excluding petroleum) in Western Australia fell slightly in 2001-02, continuing the decline in exploration activity over the last five years (Fig. KPI 1.3). Exploration expenditure fell by an estimated 6.7 per cent (\$28.6 million) from \$424.1 million to \$395.5 million (estimated) in 2001-02. Overall, exploration activity is

showing signs of stabilising at around this level, which is comparable to the recession in 1990-91. The fall was led by reduction in activity in the major sectors (gold, nickel-cobalt, and iron ore) but there was some renewed interest in diamond, copper-lead-zinc-silver, heavy mineral sands, and other minerals (includes platinum-palladium). Despite the substantial decline in mineral exploration expenditure over the last five years, the proportion of Australian mineral exploration expenditure spent within Western Australia continues to remain very high. This is estimated at 60.8 per cent for 2001-02 and has remained almost constant at 60-62 per cent for the last six years.

Total petroleum exploration expenditure in Western Australia fell by an estimated 23 per cent (\$165.8 million) from \$725 million in 2000-01 to \$559.2 million (estimated) in 2001-02. This relies on an estimate for the June 2002 quarter and with petroleum exploration expenditure often exhibiting substantial short-term volatility. The long-term upward trend of the 1990s is still firmly in place, with petroleum expenditure more than doubling since the early 1990s. Concomitantly, the proportion of Australian petroleum exploration expenditure spent within Western Australia has climbed from 45-50 per cent for much of the early to mid-1990s, to the current level of around 60 per cent, slightly down from the record set in 2000-01.

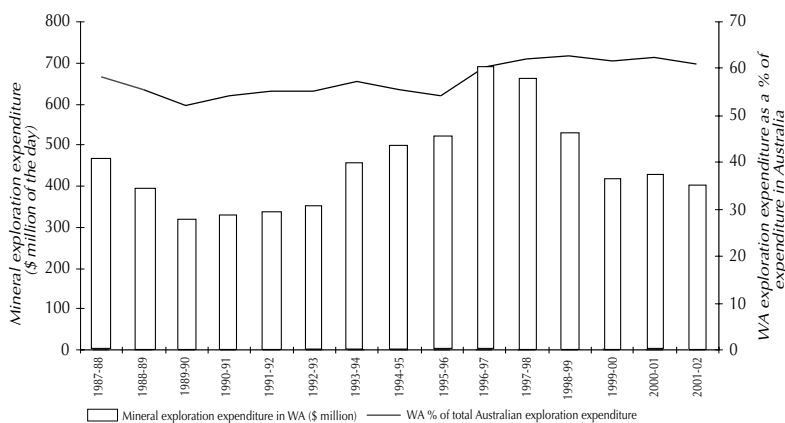


Figure KPI 1.3
Mineral exploration expenditure in Western Australia
Source: Australian Bureau of Statistics.
Catalogue No. 8412.0
Note: 2001-02 contains an estimate for June 2002 quarter

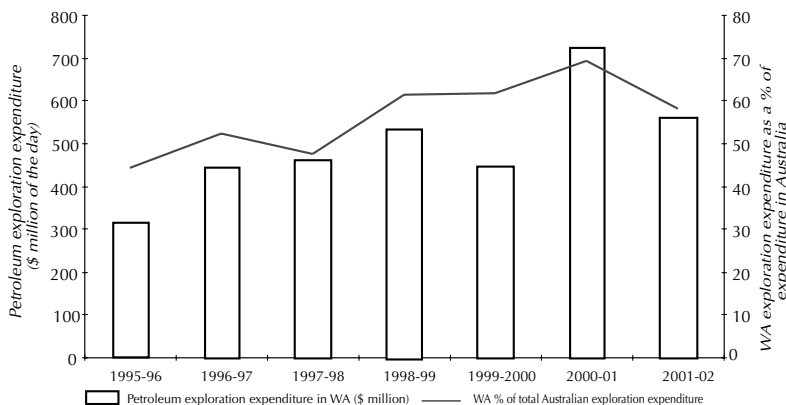


Figure KPI 1.4
Petroleum exploration expenditure in Western Australia
Source: Australian Bureau of Statistics.
Catalogue No. 8412.0
(BRS for data earlier than and equal to 1993-94)
Note: 2001-02 contains an estimate for June 2002 quarter

KEY PERFORMANCE INDICATORS

OUTCOME 1: OPTIMUM USE OF LAND AND RESOURCES

1.5 Resources inventory

The mineral resources inventory for the State comprises the estimated weight of major commodities that remain, as at 31 December 2001, in mines and deposits. For minerals, the mineral resources inventory below only includes measured and indicated categories. No attempt is made to include inferred mineral resources (because of their inherent lower degree of confidence) or show separately the portion of resources classified as ore reserves (economic to mine at present). The resources inventory of the major mineral commodities produced in Western Australia is extracted from MPR's MINEDEX (mines and mineral deposits) database and is based on individual resource estimates compiled by the mining industry (Table KPI 1.5).

The State's inventory of measured and indicated gold resources (including any converted to reserves) increased during 2001, and this maintains the long period of growth in gold resources throughout the 1990s.

For nickel, there has been an increase of nickel contained within measured and indicated resources of 459 kt, much of which has come from conversion of inferred resources. Much of the State's nickel resources are within projects not currently economic to work and/or within nickel laterite deposits, thus the industry's 'mine life' is difficult to evaluate.

Western Australia's high-grade iron ore resources in the measured and indicated category apparently plunged substantially during 2001, falling by 7 424 Mt (33 per cent) to 14 892 Mt. Conversely, inferred resources of iron ore increased but by a smaller amount. Several factors combined to produce this result, but the final result is regarded as a more realistic assessment than previously of the current high-grade iron ore resources in Western Australia.

Western Australia's diamond resources increased substantially during 1998–2000 after announcements of major upgrades at Argyle, which contains 100 per cent, 99.8 per cent and 97.8 per cent of the State's diamond resources in the measured, indicated and inferred categories respectively. The decrease in resources during 2001 corresponds to mine depletion at Argyle since the last resource estimate.

Western Australia's resources of heavy mineral sands have remained relatively static since 1998. The heavy minerals industry is relatively mature and over the last few years exploration expenditure for heavy minerals in Western Australia has declined as the focus has switched to the Murray Basin in the eastern States.

Western Australia's resources of bauxite have remained relatively static since at least 1993, with any exploration expenditure for bauxite being minimal and directed at proving ore reserves at existing operations.

Table KPI 1.5

Inventory of in situ minerals for Western Australia as at 31 December 2001, measured and indicated categories of the Joint Ore Reserves Committee Code. There is no implication that these resources are currently economic to mine.

Resources Inventory	1996	1997	1998	1999	2000	2001
Iron ore (high grade, Mt)	21 960	22 539	22 407	22 282	22 316	14 892
Gold (t)	3 009	3 376	3 496	3 752	3 999	4 551
Bauxite (Mt)	3 359	3 386	3 387	3 387	3 194	3 194
Mineral sands (Mt)	129	163	209	209	215	216
Nickel (kt)	10 730	13 410	16 770	20 230	17 440	17 900
Gem diamonds (Mct)	267	246	240			
Industrial diamonds (Mct)	316	300	294			
Diamonds (Mct)	140	177	534	534	646	614

KEY PERFORMANCE INDICATORS

OUTCOME 1: OPTIMUM USE OF LAND AND RESOURCES

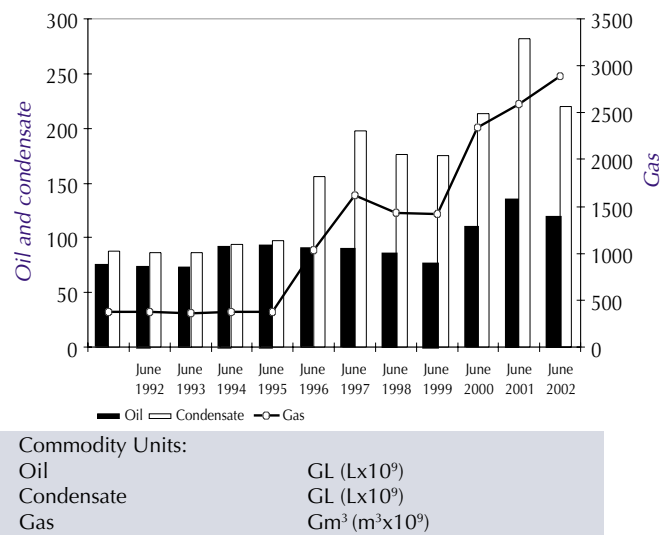


Figure KPI 1.6
 Inventory of petroleum reserves at 50 per cent probability level

Petroleum reserves are calculated using a number of techniques including subsurface petro-physical measurement, geological modeling, reservoir simulation and materials balance calculations. Monte Carlo probability

techniques are commonly used to express reserves as percentile recoveries from calculated original oil in place. The 50 per cent level indicates there is a 50 per cent probability of recovering that quantity of the total reserves, or that there is an equal probability of the reserve being larger or smaller than that figure. This P90, P50, and P10 probability measure has largely replaced the former P1, P2 and P3, or Proven, Probable and Possible nomenclature.

The discovery of several new oilfields this year, including Hovea, Cliff Head, Exeter and Mutineer/Norfolk, added to the oil reserves in WA. The Cliff Head oilfield was especially important in highlighting the presence of oil in Permian reservoirs offshore in the northern Perth Basin, and vigorous exploration activity in the area over the next few years should delineate further oilfields.

Gas reserves were increased with the discovery of a number of gasfields including Io, Beharra Springs North and Blacktip, which are believed to contain significant P50 reserves. The majority of gas reserves and new discoveries in WA are still found within the North West Shelf area.

Efficiency measures

Output 1: A system for the grant and maintenance of titles to explore for and mine minerals	2001-02 \$
Average cost per hectare of land under title of the mineral title system The grant and maintenance of mineral titles is a land management function where the size of the land holding is one of the primary determinants of the level of service required. For example, in assessing competing land-uses, complying with Native Title Act requirements and evaluating compliance with conditions in conducting exploration and mining activities, some of which are set by area. This indicator provides a measure of the cost of this land management per hectare. The average annual cost per hectare of issuing and maintaining titles is calculated as total cost of service divided by the area of titles current at 30 June 2001. This measure shows a slight decrease in the cost of the mineral title systems for current titles due to a combination of an increase of land area held under title and a decrease in service cost.	0.78
Average cost of mineral title services The average cost per title service, calculated as total cost of service divided by the number of services provided.	
Cost per title application processing service	2 913
Cost per monitoring or dealing service	195
Cost per information service	31

KEY PERFORMANCE INDICATORS

OUTCOME 1: OPTIMUM USE OF LAND AND RESOURCES

Output 2: A system for the grant and maintenance of titles to explore for and produce petroleum	2001-02 \$
<p>Average cost per title of the petroleum title system</p> <p>The grant and maintenance of petroleum titles, while a land management function, has significant costs in technical assessment related to resource management regulations and petroleum field activities such as wells and surveys, which are not proportional to the area of title. For the purposes of efficiency assessment, the base unit is therefore taken to be the title.</p> <p>The average annual cost per title of issuing and maintaining titles is calculated as total cost of service divided by the number of titles active during the year.</p> <p>The increase in unit cost this year is due in part to greater demand for policy and legislative services and an increase in spending to promote onshore exploration opportunities.</p>	9 726
Output 3: A geological framework of the State and its resources	2001-02 \$
<p>Average cost per unit of published geological product</p> <p>Various types of published products (e.g. maps and books) have each been assigned a weighting that attempts to quantify the relative effort required to proceed from their respective initial field work to final publication. A 1:100 000 geological map is weighted at one unit.</p> <p>The average cost per unit of published product is calculated by dividing the total cost of service by the number of units of product published within the year.</p> <p>The higher average cost in 2001-02 is the result of extraordinary costs associated with the merger of the Departments, structural changes and consolidations, staff transfers and the government's redundancy drive. If these costs were excluded, the average cost per unit would be similar to or lower than in 2000-01.</p>	195 194
Output 4: An archive of geoscientific and resource exploration data	2001-02 \$
<p>Average cost per (weighted) exploration data transaction unit</p> <p>Exploration data management primarily involves accessioning, monitoring, curation and public release of statutory exploration and production reports. The transactions are weighted according to their complexity, aggregated and divided into the total cost of service.</p> <p>The apparent drop in efficiency measured as cost per WDTU is the result of the diversion of a significant proportion of staff resources during the year for the implementation of the new WA Petroleum Information Management System (WAPIMS). Availability of WAPIMS on the Internet has resulted in a substantial improvement in customer service as users now have direct access to petroleum exploration production information without the need to call or write into the Department. In the calculation of the efficiency measure, the loading of old data into WAPIMS has not been included in the number of data units processed but the total staff operating costs have been included.</p>	41.82

KEY PERFORMANCE INDICATORS

OUTCOME 2: SAFE AND HEALTHY MINERAL AND PETROLEUM INDUSTRY WORKFORCES

Outputs

- 5. A system for regulating and promoting health and safety in the mineral industry
- 6. A system for regulating and promoting health and safety in the petroleum industry

Effectiveness

The Department of Mineral and Petroleum Resources provides a regulatory framework within which mining and petroleum operators have a duty of care to provide a safe and healthy work environment for their workforces.

The effectiveness of the Department's safety Outputs is indicated by the:

- Improvement in the mining industry's level of compliance with the Mines Safety and Inspection Act 1994 as measured by the change over time in compliance with standards in audits conducted by the Mining Operations Division (presented as an index with 1998-99 as the base year) (2.1)
- Change in the level of safety in the mining and petroleum workforces as measured by the change over time of the lost-time injury frequency rates (2.2)
- Relative level of safety as measured by comparison of Workers' Compensation Insurance premium rates with other high-risk industries in Western Australia (2.3).

2.1 Compliance with the Mines Safety and Inspection Act 1994 and Best Practice Safety Management Systems

The level of safety and health in the industry relies on good management systems. These are guided by the regulatory framework which outlines the expected minimum level of efficacy of such systems. The Department's Mining Operations Division audits these systems to ensure industry compliance with regulatory

MSIA Compliance Index

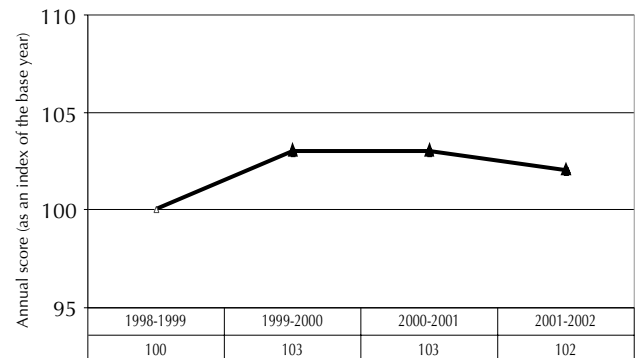


Figure KPI 2.1 Mines Safety and Inspection Act 1994 compliance index

standards and best practice. This indicator reports on the relative level of compliance as represented by an index where 1998-99 is the base year.

Data for this measure is obtained from the Mining Operations Division Audit Management System (MODAMS) which records the outcomes of mine site audits. MODAMS and the audits have been developed and applied over a number of years and a time-series of reliable statistics is now available.

2.2 Injury frequency rates

The injury frequency rates (IFR) are the number of occurrences of injury or disease (total (TIFR) or lost-time (LTIFR)) for each one million hours worked as defined in Australian Standard AS 1885.1-1990. LTIFR is a lag indicator of industry performance and may not reflect current safety management initiatives.

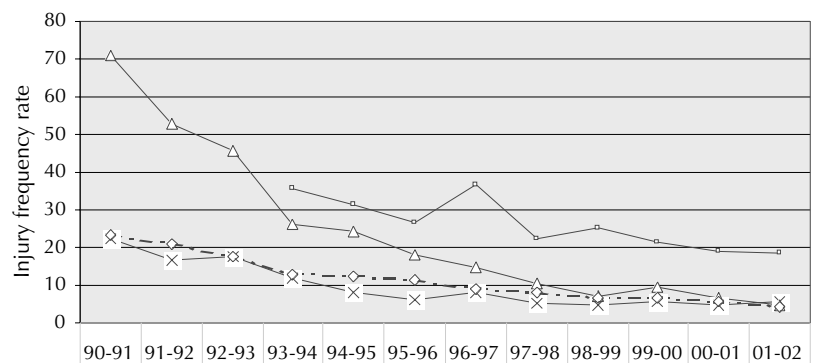


Figure KPI 2.2 Injury Frequency Rates for the mineral and petroleum sectors

	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01	01-02
—○— Petroleum TIFR	Not Available	Not Available	Not Available	35.9	31.2	26.9	36.7	22.5	25.3	21.5	18.9	18.6
—×— Petroleum LTIFR	22.2	16.9	17.4	12.1	7.9	6.4	8.2	5.4	4.93	5.7	4.6	5.8
—△— Mining - underground LTIFR	70.8	52.8	45.5	26	24.1	18.2	14.9	10.4	7	9.3	6.8	6.5
- - ◇ - - Mining - surface LTIFR	23.5	20.8	17.7	12.8	12.3	11.6	9.2	7.9	6.5	6.7	5.6	4.3

KEY PERFORMANCE INDICATORS

OUTCOME 2: SAFE AND HEALTHY MINERAL AND PETROLEUM INDUSTRY WORKFORCES

Data for this measure is obtained from statutory reports submitted by companies of hours worked and injuries sustained for each mineral or petroleum operation in Western Australia. The data is stored in computer databases and analysed according to the Australian Standard. Results of previous years have been updated using all available data.

Safety is improving in the long-term in the mineral sector, as measured by the number of lost-time injuries per million hours. Safety performance in the petroleum sector appears to have levelled over the past three years, after the initial improvement observed following the introduction of the Safety Case regime in 1990 (required from July 1992).

2.3 Comparative safety: Workers' Compensation Insurance premium rates

The workers' compensation premium rates were selected as a consistent measure to compare safety levels between industries. The premium rates are expressed as a percentage of salary (dollars of

insurance premium per \$100 of salaries) and are given for mining and general industry sectors. The premium rates are published by the Premium Rates Committee in the Government Gazette.

Insurance premium rates are lower for the mining and petroleum sectors than for many comparable heavy industry sectors.

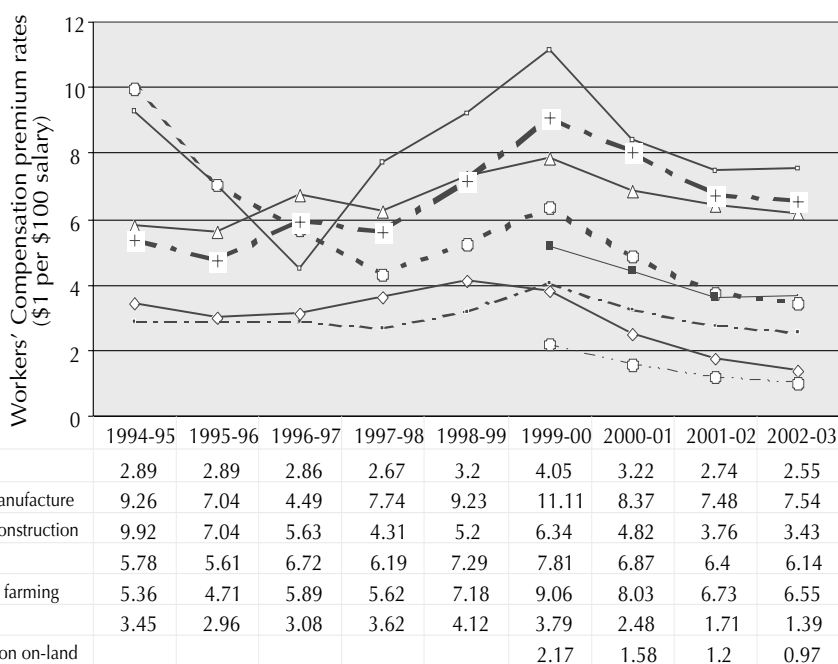


Figure KPI 2.3 Comparative Workers' Compensation premium rates

Efficiency measures

Output 5: A system for regulating and promoting safety and health in the mineral industry	2001-02
	\$
Average cost of safety services per mineral industry employee	275
Calculated as the total cost of service, divided by the average number of employees over the year - estimated to be 40 969.	
Output 6: A system for regulating and promoting safety and health in the petroleum industry	2001-02
	\$
Average cost per unit of petroleum safety services	1 123
Safety services, such as assessment of safety plans, have each been assigned a weighting that attempts to quantify the relative weight of effort required to complete it for the base year (1997-98). The average cost per unit of safety service is calculated by dividing the total cost of service by the number of units of service provided during the year.	

KEY PERFORMANCE INDICATORS

OUTCOME 3: ACCEPTANCE ENVIRONMENTAL STANDARDS FOR MINERAL & PETROLEUM EXPLORATION, DEVELOPMENT, PRODUCTION AND PROJECT COMPLETION

Outputs

- 7. A system for regulating and promoting environmental management in the mineral industry
- 8. A system for regulating and promoting environmental management in the petroleum industry

Effectiveness

The Department of Mineral and Petroleum Resources provides regulatory, technical and policy advice services, assessments and audits of environmental management plans and their implementation, and information products.

The effectiveness of the Department in achieving acceptable standards of environmental performance by industry is indicated by the:

- Changes over time in the industry’s Annual Environmental Review assessment scores (presented as an Environmental Compliance Index) (3.1)
- Level of compliance with environmental criteria set for petroleum operations as measured by the percentage of audited projects with no major corrective action recommendations (3.2)

3.1 Annual Environmental Review assessment scores for mine sites

On completion of the Annual Environmental Review for each mine site, scores are allocated in a number of categories to reflect the operator’s performance in managing environmental issues. This performance indicator measures

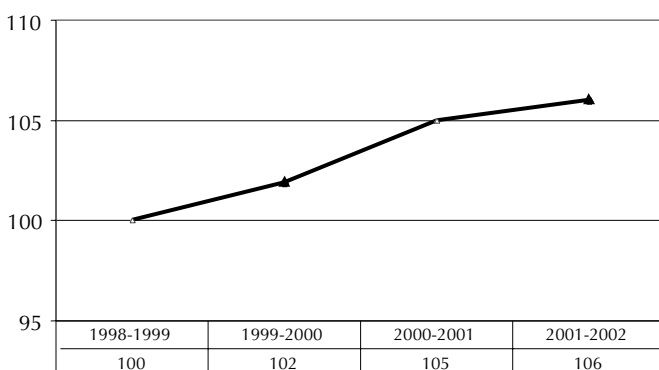


Figure KPI 3.1
Environmental Compliance Index

the trend in the overall annual average of these scores for the industry and is presented as an index, with 1998 as the base year.

3.2 Compliance with the Department’s environmental management criteria for petroleum operations

Non-compliances are defined as:

- Specific infringements of commitments made in project environmental documentation (Environmental Management Plans or EMPs)
- Specific infringements of conditions of approval; and
- Practices not in accord with the Commonwealth and State Petroleum Acts and Regulations and Schedules of Directions issued under these Acts.

Non-compliances are identified in field audits. Audits are conducted on a cross-section of projects and are selected on a risk-assessment basis, which may introduce variability into the results between years. Non-compliances can be segregated into minor and major categories. An example of a minor non-compliance may be the presence of litter at an operation and while still requiring the generation of a Corrective Action Recommendation (CAR), minor non-compliances are not considered to have a reasonable risk of significant environmental impact. A major non-compliance however, is defined as an item where if no CAR is identified and implemented, there is a reasonable risk of significant environmental impact.

The number of active projects decreased from the previous period reflecting a decrease in exploration activity and an increase in the number of large new development projects.

Audit activity increased this year and while there was a slight increase in the proportion of the audited projects for which no major CARs were issued, compliance remained reasonably high.

KEY PERFORMANCE INDICATORS

OUTCOME 3: ACCEPTANCE ENVIRONMENTAL STANDARDS FOR MINERAL & PETROLEUM EXPLORATION, DEVELOPMENT, PRODUCTION AND PROJECT COMPLETION

Table KPI 3.2

Compliance with the Department's environmental management criteria for petroleum operations

	1997-98	1998-99	1999-2000	2000-01	2001-02
Number of active projects	174	158	165	184	102
Number of active projects audited	9	12	13	16	19
Percentage of audited projects for which no major CARs were issued	89%	83%	77%	87.5%	95%

Efficiency measures

Output 7: A system for regulating and promoting environmental management in the mineral industry	2001-02 \$
<p>Average cost per mine site of annual environmental performance reviews</p> <p>This is calculated as the total cost of service, divided by the number of mines for which an annual environmental review has been undertaken. This means that an annual environmental report has been received from the company, the report has been reviewed, a site inspection has been completed and an inspection report returned to the company.</p> <p>For comparison with previous years, this figure excludes an amount of \$350,000 which is assigned to a specific data take-up project for the State's abandoned mine sites.</p>	6 132
<p>Total environmental bond score in relation to the cost of environmental services</p> <p>This measure shows the total cost of service as a percentage of the total value of bonds that would be held on all areas disturbed by mining operations. This value is used to represent the risk to the environment and is represented by the bond amount held by the Department for Mining Act sites, plus an amount calculated at standard Departmental rates for State Agreement Act sites that are not currently bonded. The indicator is represented as cost per \$1 million in total bonds. This represents 0.42 per cent of the total value of bonds held by the Department.</p>	3 341
Output 8: A system for regulating and promoting environmental management in the petroleum industry	2001-02 \$
<p>Average cost per unit of petroleum environmental service</p> <p>Environmental services, such as assessment of environmental submissions and audits, have each been assigned a weighting that attempts to quantify the relative weight of effort required to complete it for the base year (1997-98).</p> <p>The average cost per unit of environmental service is calculated by dividing the total cost of service by the number of units of services provided during the year.</p> <p>The method of allocating expenditure to this Outcome changed from last year and the two results are not directly comparable.</p>	972

KEY PERFORMANCE INDICATORS

OUTCOME 4: APPROPRIATE RETURNS TO THE COMMUNITY FOR THE EXPLOITATION OF ITS MINERAL AND PETROLEUM RESOURCES

Output

9. A system to establish royalty rates and ensure that appropriate royalties are paid when due

Effectiveness

The Department of Mineral and Petroleum Resources makes recommendations on legislation and policy regarding royalty arrangements and administers the relevant State and Commonwealth Acts.

The effectiveness of the Department in achieving the Government target of at least 10 per cent of mine-head or well-head value when due is indicated by the:

- Average royalty rate as measured as a percentage of mine-head or well-head value (4.1)
- Timeliness of royalty collection as measured by the percentage (by value) of royalties due and paid by the required date (4.2)

4.1 Average royalty rate

Determining a fair return to the community is a complex issue. Royalty rates under the Mining Act were derived by adopting a benchmark of at least 10 per cent of the mine-head value. Royalty rates levied on petroleum projects are generally either 10 per cent or 12.5 per cent of well-head value. Mine-and well-head value are defined as the value of

the product at a specified point just after extraction from the ground.

The average royalty rate calculated in years prior to 1998–99 excluded gold, as there was no gold royalty.

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02
% of mine/well-head value (including gold)	NA	NA	NA	8.2	8.1	8.5	8.1
% of mine/well-head value (excluding gold)	10.3	10.5	10.1	10.0	9.5	9.4	9.2
Target	10.0	10.0	10.0	10.0	10.0	10.0	10.0

Audited Key Performance Indicators

4.2 Percentage of royalty due and paid by the required date

The percentage by value of royalties due and paid by the required date.

1999-2000:	98.1
2000-2001:	97.5
2001-2002:	96.5

Of 1 116 royalty returns, there were 109 late payments of royalties in 2001-02. The majority of these late payments were received within three days of the due date.

Efficiency measures

<i>Output 9: A system to establish royalty rates and ensure that appropriate royalties are paid when due</i>	2001-02 \$
<p>Average annual cost per royalty payer of the royalty system</p> <p>The average annual cost per royalty payer of all royalty services; calculated as total cost of service, divided by the number of royalty payers. This includes the cost of royalty assessment (the verification and auditing of returns) and issue management (such as examining requests for variations to rates or setting arrangements for new projects).</p> <p>A project royalty payer is defined as:</p> <ul style="list-style-type: none"> • A company or individual that remits royalty for a single project; or • Each participant of a project if separate royalty remittances are made for a single project; or • The number of people for which a single company or individual remits a royalty. 	4 113
<p>Average assessment cost per royalty payer</p> <p>The assessment of royalty returns comprises around 40 per cent of the total royalties work. The average annual cost of assessment services per royalty payer is calculated as the total cost of assessment services divided by the number of royalty payers.</p>	1 809

KEY PERFORMANCE INDICATORS

OUTCOME 5: A COMMUNITY CONFIDENT THAT IT IS SAFE FROM HAZARDS ASSOCIATED WITH THE STORAGE, HANDLING AND TRANSPORT OF DANGEROUS GOODS

Output

10. A system for regulating the storage, handling and transport of dangerous goods

Effectiveness

Community confidence

The primary aim of this Output is improving community confidence in public safety with respect to dangerous goods. The Department of Mineral and Petroleum Resources has responsibility, under the *Explosives and Dangerous Goods Act 1961* and the *Dangerous Goods (Transport) Act 1998*, for public safety in the handling of dangerous goods during storage and transport.

The traditional regulatory and policy approach of the Department's administration is gradually being phased towards a system that places more responsibility on those operating within the dangerous goods industry. This shift is aimed at improving community confidence in public safety with respect to dangerous goods in Western Australia.

The Department has surveyed community confidence levels five times over the past seven years and the results are showing a slight upward trend.

Percentage of population confident in dangerous goods management

June 1996	June 1997	June 1998	June 2000	June 2002*
59%	63%	61%	65%	67%

* The population of 1 348 851 had 601 respondents. The survey at 95% level of confidence is +/- 4%

Last year the Department made a commitment to continue its strategy of working on the identified drivers of community confidence: knowledge of the rules and regulations, and ensuring that the regulations are followed. One of the actions identified and put into place for this year was to put more resources into high-risk sites in inspectorial work.

The effectiveness of the Department's dangerous goods regulatory Output is indicated by the:

- Degree to which the regulations are being followed as measured by the level of compliance with the standards of the Explosives and Dangerous Goods (Dangerous Goods Handling and Storage) Regulations 1992 and the Dangerous Goods (Transport) (Road and Rail) Regulations 1999 (5.1)

- Level of safety in dangerous goods storage and transport activities, as displayed by the accident record (5.2)

5.1 Compliance with safety standards

5.1.1 Compliance with safety standards in the transport of dangerous goods

No statistically significant level of data has been recorded this year for the transport of dangerous goods due to the move of the authorised officers (from the Department of Transport) to Main Roads in conjunction with the end of the service agreement. The Department is seeking an alternative arrangement with Main Roads to provide on-road presence, however the enforcement approach in relation to the Department's role will change in the forthcoming year.

5.1.2 Compliance with safety standards in the storage of dangerous goods

The level of compliance with regulations observed at premises where dangerous goods are stored and handled indicates a negative trend for safety.

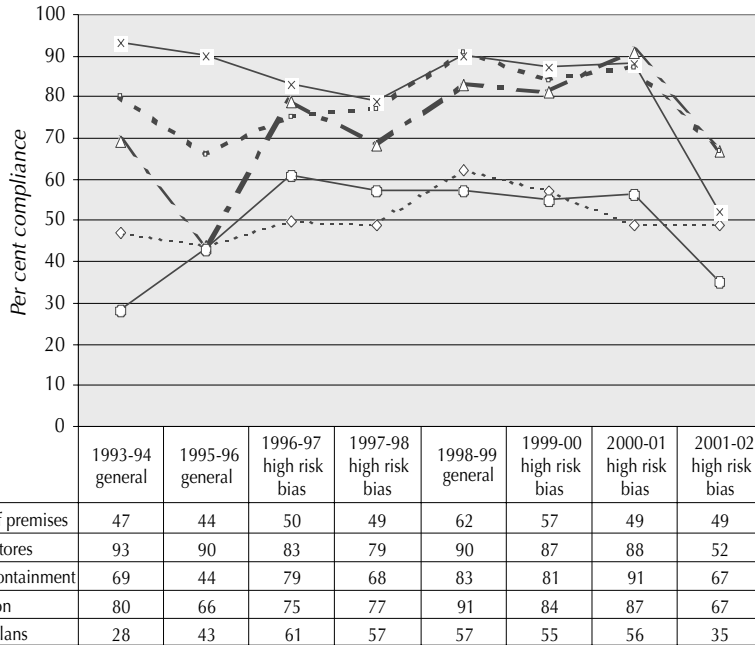
The approach for inspections this year targeted high-risk sites which included sites identified with other agencies as most likely to pose risk to the community and environment and included large storage facilities, sites that continue to exhibit poor compliance, ammonia refrigeration systems and electroplaters.

Comparison of the results to those of 2000-2001 shows a sharp decline that is of great concern to the Department. It is intended that the approach to inspections will be reviewed and an alternative audit approach be developed and implemented that will be better designed to encourage the dangerous goods storage industry to adopt a culture that is more safety aware and is responsible for the maintenance of safety. Areas likely to be targeted in audits include housekeeping, training of staff and awareness of safety procedures, and design and maintenance.

To achieve this the Department will continue to focus on those sites that pose the highest risk to community safety as well as adopt practices to increase the safety awareness of the dangerous goods industry.

KEY PERFORMANCE INDICATORS

OUTCOME 5: A COMMUNITY CONFIDENT THAT IT IS SAFE FROM HAZARDS ASSOCIATED WITH THE STORAGE, HANDLING AND TRANSPORT OF DANGEROUS GOODS



The total number of accident numbers over the past seven years has varied between 30 and 46 per financial year, with the total number of storage accidents ranging from 12 to 20, and transport accidents ranging from 18 to 27. It is important that the Division continues to collect accident data and determine the causal factors for the development of appropriate, preventative strategies to minimise the likelihood of a similar recurrence. This year saw a significant improvement in a reduced and lowest number of accidents that have occurred over the past eight years and the Division will continue to strive to lower the accident rate.

Figure KPI 5.1.1 Compliance with standards for storage of dangerous goods

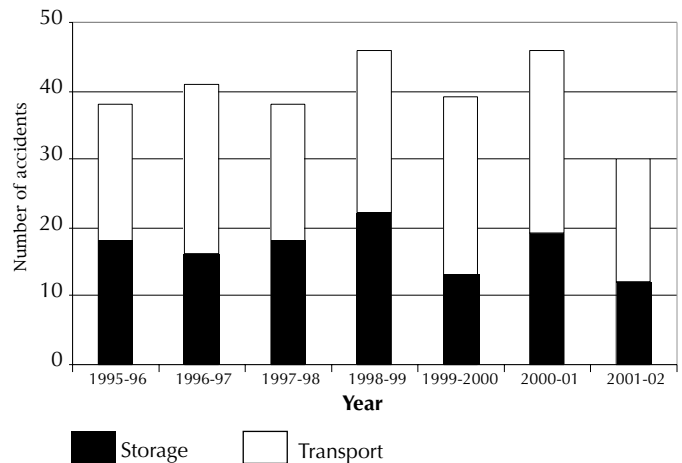
Note: Data has been sourced from an interrogation of the DEXIS licensing database, and in particular, inspections of 242 storage sites conducted in the 2001-2002 financial year.

Data relates to non-compliances detected during inspections and it should be noted that if two elements of non-compliance relating to the same measure of safety are detected at a particular storage site (e.g. fire protection), only one non-compliance for that category is registered for overall compliance percentages.

5.2 Safety record

The safety record is illustrated by the number of accidents reported to the Department during the year for the storage, handling or transport of dangerous goods.

Figure KPI 5.2 Safety record: Number of accidents reported



Efficiency measures

Output 10: A system for regulating the storage, handling and transport of dangerous goods	2001-02 \$
Average cost per storage site of administering the Explosives and Dangerous Goods Act 1961	262
The average annual cost per storage site subject to dangerous goods regulations is calculated as the total cost for dangerous goods site regulation divided by the number of sites at the end of the year.	

KEY PERFORMANCE INDICATORS

OUTCOME 6: RESPONSIBLE DEVELOPMENT OF THE STATE'S RESOURCES FOR ALL WESTERN AUSTRALIANS

Outputs

11. Policy and planning advice on resources development
12. Investment attraction services
13. Resource project facilitation services

Effectiveness

Since the 1960s, many of the State's resource projects have been covered by State Agreements which bind both government and developer to specific responsibilities and provide an additional level of security over the life of a major project. State Agreements, which cover a broad range of commodities, are ratified by an Act of Parliament.

Agreement Acts are the development vehicle for specific projects. The State Government requires a developer to be firmly committed to a project and ready to proceed within a short time following Agreement ratification.

Prior to the negotiation of an Agreement Act, the State must be assured that the project is sufficiently advanced to enable the Government and the developer to address key issues such as government approvals.

A developer must demonstrate to the Government that it is firmly committed to a project by showing that the following matter is complete or essentially complete:

- A feasibility study which clearly defines the project, product markets and identifies all issues that involve the developer and Government (e.g. infrastructure provision).

Community benefits delivered by State Agreements include:

- Transparency of process, given that State Agreements are placed in the public domain (through their ratification by State Parliament)
- Integrated government decision making
- Revenue provided directly through royalties and payroll tax
- Revenue provided indirectly through increased employment and increased State output.
- Guaranteed responsible (social, economic and environmental) development to the benefit of the community, by the nature of the Agreement, which ensures that acceptable community standards are maintained over the entire life of the project.

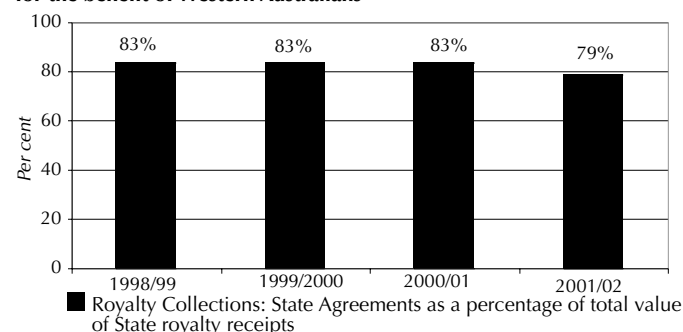
MPR's State Agreement and future Agreement role includes:

- Negotiation of potential Agreement with investors
- Receipt and progression of development proposals over the project life
- On-going administration of the Agreement
- Review of all development proposals over the life of the project.

Royalty returns from State Agreement Act projects have been chosen as the measure because they are a significant part of the total benefit of major project development, they are closely linked to the MPR outcome, the information can be gathered cost effectively, and the information has a high level of precision.

The following graph demonstrates the high level of return from Agreement projects which MPR administers, and which represent responsible resources development.

Outcome: Responsible development of the State's resources for the benefit of Western Australians



Output

11. Policy and planning advice on resources development

Under Output 11, MPR provides advice to Government and other government agencies on policy and strategic planning issues affecting resources development in Western Australia.

Key areas of advice include economic and fiscal policy, industry development policy, environmental policy and infrastructure planning. The advice is aimed at creating a policy and planning environment which encourages ongoing resource development in Western Australia.

Effectiveness

In order to create an environment which encourages ongoing resource development in Western Australia, the Department

KEY PERFORMANCE INDICATORS

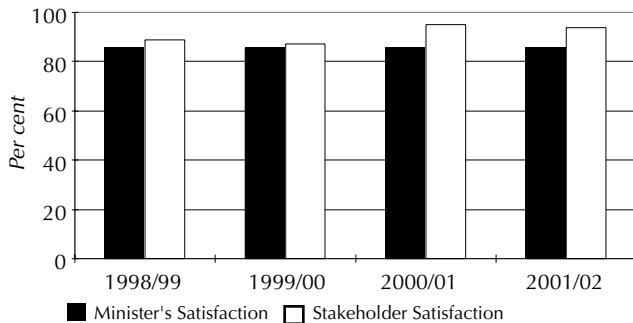
OUTCOME 6: RESPONSIBLE DEVELOPMENT OF THE STATE'S RESOURCES FOR ALL WESTERN AUSTRALIANS

seeks to establish and maintain constructive working relationships with the Minister and a range of government agencies and local authorities.

The first measure of effectiveness is a rating by the Minister of satisfaction with the performance of MPR's policy and planning branches. The Minister is provided with a summary of policy and planning output for the year under review, to assist him in forming an opinion. Consistent with previous years (refer chart below), the Minister has advised that he is "very satisfied" with the performance of the Department.

The second measure is a rating by planning stakeholders (government agencies and local authorities) of the effectiveness of MPR in encouraging a climate conducive to resources development in Western Australia. An independent market research company surveyed those government agencies and local authorities with which MPR had significant dealings during the year. The following chart shows the results obtained from both surveys:

Output 11 - Effectiveness Indicator



The Minister's satisfaction survey continues to maintain a high level of satisfaction of 86 per cent. The average result of 94 per cent * for the Stakeholder survey for 2001-02 reflects a continuing high level of agreement that MPR's activities encourage a climate conducive to resource development in Western Australia.

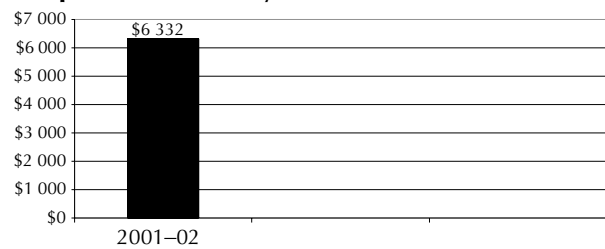
Efficiency

The efficiency indicator is the average cost per substantial item of advice (policy and planning), delivered. Substantial items of policy and planning include Cabinet submissions and Cabinet comments.

Ministerial correspondence is considered significant where it includes a public statement about a government policy decision. Correspondence which simply notes information and other general correspondence of a simple administrative nature are not considered significant.

Performance is shown in the following chart:

Output 11 - Efficiency Indicator



The number of units produced during 2001-02 decreased slightly but the total cost also decreased, resulting in a slight downward movement of costs per item produced.

Output 12. Investment attraction services

Under Output 12, MPR provides to potential investors, information and advice about opportunities for new investment in resources development in Western Australia, especially in the downstream processing of resources.

This output encourages private sector investment in resources development, thereby providing economic benefit to Western Australians.

* The number of respondents to this question was as follows: 18 in 2002, 23 in 2001, 30 in 2000 and 18 in 1999. The survey population in 2002 was 33 of which 23 were contacted. The response rate to the question: 78% in 2002, 68% in 2001, 100% in 2000 and 94% in 1999. The survey error at 95% level of confidence is +/-15.57%.

KEY PERFORMANCE INDICATORS

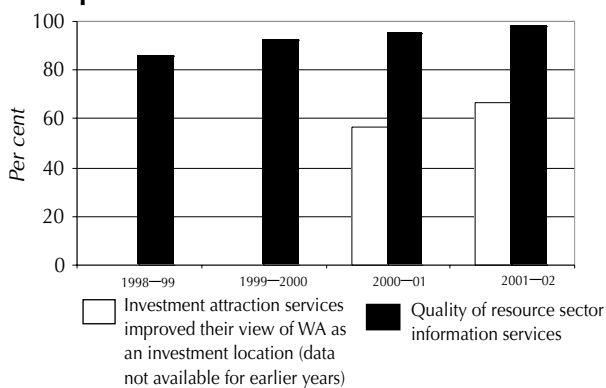
OUTCOME 6: RESPONSIBLE DEVELOPMENT OF THE STATE'S RESOURCES FOR ALL WESTERN AUSTRALIANS

Effectiveness

The two measures for this indicator are:

- The percentage of investors that consider the resource investment attraction services improved their view of Western Australia as an investment location. This is determined by a survey, undertaken by an independent market research company, of potential investors in Western Australia with which MPR had significant dealings during the year. This is the second year that this specific indicator has been used, and the results compare favourably with the previous year's results. The 67 per cent* positive response indicates that MPR has a positive impact on prospective customers' view of Western Australia as an investment location.
- A rating by investors of the quality of resource sector information services provided by MPR. An annual reader survey is conducted of the effectiveness of Prospect magazine, MPR's leading publication on the resources sector. It has a national and international distribution of approximately 9,500.

Output 12 - Effectiveness Indicator



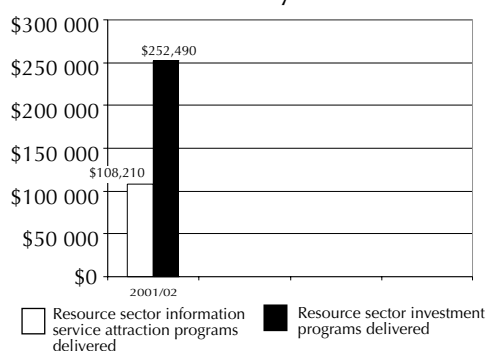
The data shows ongoing support for the information services provided by MPR. The rating has increased regularly and this year reaches a new high level of 98 per cent satisfaction**.

Efficiency

The efficiency indicator is the average cost per resource sector investment attraction program and information service program delivered.

The programs delivered are identified by the Executive Director, Investment Attraction and are documented in the MPR Business Plan. There are currently 10 investment attraction programs and 10 information service programs.

Outcome 12 - Efficiency Indicator



The cost data collected on these two outputs shows a reduction in cost for resource sector investment attraction programs and a slight increase in cost for resource information programs.

Output

13. Resource project facilitation services

Output 13 is delivered through facilitating the establishment and ongoing operation of major resource development and associated infrastructure projects in Western Australia.

Resource development projects include production and processing of minerals and energy, wood processing and the development of major land resources (both agricultural and industrial). Associated infrastructure projects include industrial land; transport, energy and water service facilities; and other services for the resources industry. Facilitation is achieved by managing the interface between the investor and government to ensure coordinated, timely government decision-making and approvals procedures. This output assists private sector investment in resources development, thereby providing economic benefit for Western Australians.

* The population of 14 had 9 respondents (64 per cent). The survey error at 95% level of confidence is +/- 20 per cent.

** The population of 9500 had 106 respondents (1.1 per cent). The survey error at 95% level of confidence is +/- 9.47 per cent.

KEY PERFORMANCE INDICATORS

OUTCOME 6: RESPONSIBLE DEVELOPMENT OF THE STATE'S RESOURCES FOR ALL WESTERN AUSTRALIANS

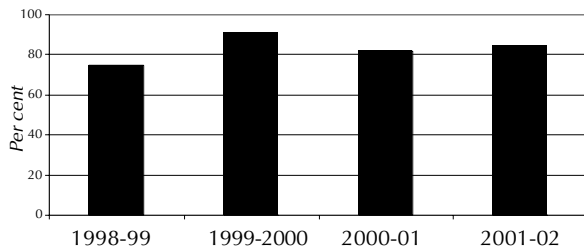
Effectiveness

The measure for this indicator is the percentage of investors satisfied with the facilitation services provided.

MPR interacts with the developers of major new resource projects and also with the operators of major on-going projects, particularly those administered under State Agreements. These organisations are surveyed by an independent market research company, which asks them to rate MPR with regards to:

- Effectiveness in facilitating implementation and development of future resource processing sites
- Helpfulness in obtaining major approvals
- Performance in project facilitation
- Effectiveness in being an advocate on behalf of clients
- Effectiveness in negotiations
- Overall performance in project coordination.

Outcome 13 - Effectiveness Indicator



The overall effectiveness rating of 84 per cent * indicates the ongoing favourable client perception of MPR's role in facilitating major resource development in Western Australia. The survey result represents an increase of 2 per cent over the previous year and is considered to be a high level of customer satisfaction.

Efficiency

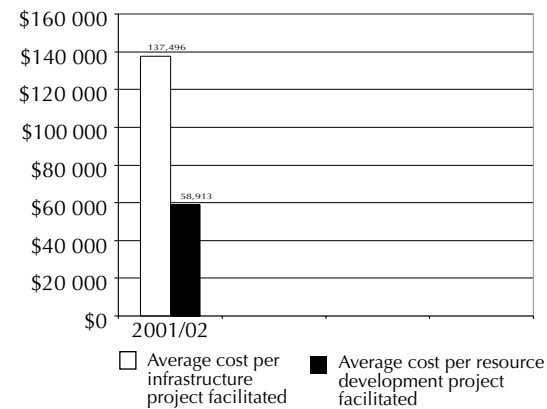
The efficiency measure for this output is the average cost per infrastructure and resource development project facilitated.

The infrastructure projects facilitated are identified by the Executive Director, Major Projects and documented in the Business Plan.

The number of resource sector projects facilitated has two components:

- Operational projects for which there has been some form of client contact during the year, which are identified from MPR's Major Projects Database by the General Manager responsible for this area
- Major new projects which MPR is assisting through government approvals processes, which are identified by the General Manager responsible for this area.

Output 13 - Efficiency



The average cost of infrastructure projects varies considerably from year to year, due to the large variation of the amount of government funding provided for specific projects. For example, MPR funding for planning for infrastructure and native title on the Burrup Peninsula increased considerably during 2001-02.

* The population of 41 had 28 respondents (68%). The survey error at 95% level of confidence is +/- 10%.

KEY PERFORMANCE INDICATORS

OUTCOME 7: SCIENTIFIC SERVICES

Output

14. Quality, independent chemical and scientific research, consultancy and analytical services.

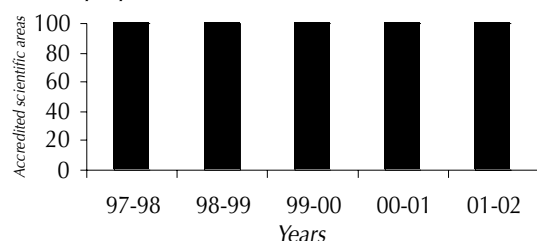
Effectiveness

Scientific services

The provision of high quality independent chemical information, advice and analytical services to government agencies, industry and research groups. Forensic scientific services support to the Police Service, State Coroner and the racing industry. Scientific and research support in the areas of food and agriculture, public and occupational health, conservation and the environment and industrial development. Contribution to the development of national chemical conformance standards and guidelines. The provision of emergency and crisis response services to government agencies and industry for chemical spills and related incidents and crisis situations.

Quality system accreditation

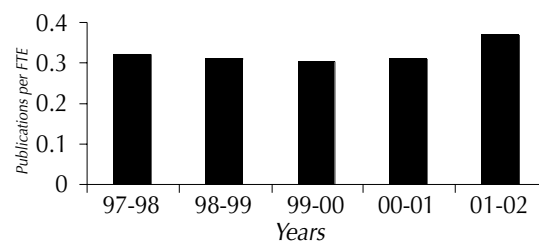
This indicator is the proportion of scientific areas in the Chemistry Centre (WA) that meet internationally recognised accreditation and certification requirements. This requires regular audits by external assessors who confirm that the Chemistry Centre meets international standards for chemical and forensic science test accreditations and quality management system certification. The Chemistry Centre has maintained all its accreditations and its certification in 2001-02 and upgraded its certification to AS/NZS ISO 9001: 2000.

Quality System Accreditation**Client quality satisfaction**

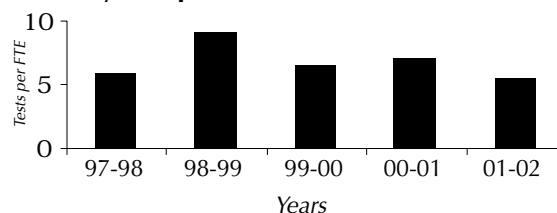
All major clients were surveyed in March 2002. The survey questions dealt with issues regarding quality, accuracy, completeness of information, timeliness, access to staff, cost of services and level of understanding of client needs. A total of 73 responses were received from the 121 surveys sent out (60 per cent response rate). The surveys were sent to clients who were responsible for 95 per cent of the Chemistry Centre's revenue.

<i>Client Survey</i>			
	99-00	00-01	01-02
Client satisfaction (%)	82.9	86.6	85.5

The publication index is the number of scientific papers accepted for publication in scientific or professional association journals or for presentation at national or international scientific conferences per full time equivalent staff. This indicator provides evidence of the Chemistry Centre's scientific achievements.

Publications Index**Proficiency tests**

The Chemistry Centre participates in a range of national and international proficiency trials. Proficiency trial results are used to ensure results are consistent with results obtained by other laboratories. The indicator is the number of proficiency tests per full time equivalent staff.

Proficiency Tests per FTE

KEY PERFORMANCE INDICATORS

OUTCOME 7: SCIENTIFIC SERVICES

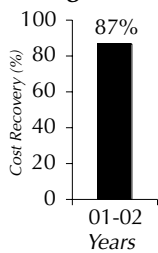
Efficiency

Percentage cost recovery

The cost recovery reflects the client revenue as a percentage of the expenditure of this output and is a measure of efficiency.

The percentage cost recovery for Output 1 for 2001-02 is 87 per cent.

Percentage Cost Recovery



Average hourly charge out rate (\$)

The hourly charge rate varies with the salary level and is a weighted average.

<i>Charge Out Rate</i>				
	98-99	99-00	00-01	01-02
Rate (\$)	136	112	121	125

OUTPUT PERFORMANCE MEASURES

Output performance measures

This section reports the results for performance measures cited in the 2001-02 Budget Papers.

Outcome 1: Appropriate use of land and resources

Output 1: A system for the grant and maintenance of titles to explore for and mine minerals	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$17 996 000	\$18 623 000	
Quantity			
Title applications processed (Mining Act)	4 000	3 457	
Title monitoring and dealing services	28 000	29 424	
Customer information services (counter-based)	70 000	89 731	
Quality			
Customers satisfied with information services	100%	90%	
Titles issued in compliance with statutory procedures	92%	N/a	
Compliance with reporting requirements	90%	N/a	
Timeliness			
Titles issued in compliance with statutory procedures	75%	54%	
Level of compliance with reporting requirements	90%	N/a	
Customers satisfied with information services	95%	90%	
Cost			
Average cost per title processed	\$2 551	\$2 918	
Average cost per monitoring or dealing service	\$184	\$195	
Average cost per information service	\$38	\$31	

OUTPUT PERFORMANCE MEASURES

Outcome 1: Appropriate use of land and resources

Output 2: A system for the grant and maintenance of titles to explore for and produce petroleum	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$2 805 000	\$3 307 000	
Quantity			
Title applications processed	288	335	More efficient management of application processing has been introduced.
Title maintenance application and monitoring services	2 310	1 719	This indicates a downturn in company dealings which are not controlled by MPR.
Operations application and monitoring services	170	204	
Resource assessment and information services	900	2 785	Intermediate reports being assessed from companies has increased and also information services in the form of seminars and presentation.
Quality			
Customer satisfaction with title services	85%	85%	
Timeliness			
Customer satisfaction with timeliness of services	80%	80%	
Cost			
Average cost per title application	\$2 549	\$2 083	
Average cost per title maintenance service	\$515	\$423	
Average cost per operational service	\$1 307	\$1069	
Average cost per resource assessment and information unit	\$731	\$597	

OUTPUT PERFORMANCE MEASURES

Outcome 1: Appropriate use of land and resources

Output 3: A geological framework of the State and its resources	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$15 020 000	\$14 264 000	
Quantity			
Weighted total published products (WTPP)	78.76	73.08	
Quality			
Ratio of geoscientific papers published compared to number submitted to international, peer-reviewed journals	70%	70%	Resulting from a reduction in operating expenditure caused by extraordinary costs associated with Departmental merger and structural changes.
Rating (1-5) of product quality by Geological Survey Liaison Committee	3.9	4.0	
Timeliness			
Average time for production of 1:100 000 maps released during the year (target: <36 months)	28 months	24 months	
Cost			
Average cost per weighted total published product	\$190 706	\$195 194	

Output 4: An archive of geoscientific and resource exploration data	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$3 194 000	\$2 859 000	
Quantity			
Weighted data transaction units (WDTU). Transactions include data receipt, accessioning, capture, storage and retrieval	80 000	68 372	Late change in priorities with resources diverted to database maintenance and upgrades.
Quality			
Rating (1-5) of archive processes by the Exploration Data and Information Sub-Committee of the Geological Survey Liaison Committee	3.6	4.0	Results of latest assessments not available until late August 2002
Timeliness			
Open-file reports made available for viewing within 24 hours of request	100%	100%	
Cost			
Average cost per WDTU	\$40	\$42	

OUTPUT PERFORMANCE MEASURES

Outcome 2: Safe and healthy mineral and petroleum industry workforces

Output 5: A system for regulating and promoting health and safety in the mineral industry	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$11 592 000	\$11 273 000	
Quantity			
Number of operating mines regulated (based on record book numbers)	714	527	Method of counting record book numbers changed. Some sites have multiple record books and these have been combined
Quality			
Customers with formal safety roles, involvement in safety and health committees or managerial or supervisory responsibilities that are satisfied or very satisfied with services	80%	N/A	No surveys carried out this year
Timeliness			
Customers (defined as above) who rate timeliness of service delivery as good or very good	97%	N/A	
Cost			
Average cost per operating mine	\$16 235	\$21 391	See above

Output 6: A system for regulating and promoting health and safety in the petroleum industry	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$2 158 000	\$2 017 000	
Quantity			
Weighted units of audits and assessment	2 040	1 791	
Quality			
Customers satisfied with services	85%	85%	
Timeliness			
Customer satisfied with the timeliness of services	85%	85%	
Cost			
Average cost per unit of audit and assessment	\$1 058	\$1 123	

OUTPUT PERFORMANCE MEASURES

Outcome 3: Acceptable environmental standards for mineral and petroleum exploration, development, production and project completion

Output 7: A system for regulating and promoting environmental management in the mineral industry	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$2 128 000	\$1 926 000	
Quantity			
Mine sites regulated (based on record book numbers)	714	527	Method of counting Record Book numbers changed- some sites have multiple record books and these have been combined
New measure: Abandoned mine sites added to the inventory	25 500	24 816	
Quality			
Customers satisfied or very satisfied with services	N/A	N/A	
Per cent of identified abandoned mine sites for which preliminary risk rating has been determined	100%	100%	
Timeliness			
Customers satisfied with timeliness of service delivery as good or very good	N/A	N/A	
Percentage of abandoned mine sites (estimate) in primary risk areas identified in year	25%	20%	
Cost			
Average cost per mine site	\$2 490	\$2 995	
Average cost per abandoned mine site identified	\$14	\$14	

Outcome 3: Acceptable environmental standards for mineral and petroleum exploration, development, production and project completion

Output 8: A system for regulating and promoting environmental management in the petroleum industry	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$527 000	\$707 000	
Quantity			
Environmental audits (person-audits)	20	19	
Environmental management plans/reports assessed*	453	527	
Quality			
Customers satisfied with environment services	85%	85%	
Timeliness			
Customers satisfied with the timeliness of MPR services	85%	85%	
Percentage of MPR assessments made within target time (15 working days)	97%	97%	
Cost			
Average cost per environmental audit	\$2 354	\$2 761	
Average cost per environmental plan/report assessed	\$1 059	\$1 242	

* Includes environmental assessments only. Figure does not include other related administration activities that have been included in the KPI efficiency measure calculations for average cost of petroleum environmental service. (see page 42)

OUTPUT PERFORMANCE MEASURES

Outcome 4: Appropriate returns to the community for the exploitation of its mineral and petroleum resources

Output 9: A system to establish royalty rates and ensure that appropriate royalties are paid when due	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$1 204 000	\$1 201 000	
Quantity			
Issues resolved	190	192	
Royalty returns verified and audited			
- production value projects	870	892	
- net value projects	230	224	
Quality			
Number of internal and external audit queries			
- Minor	0	0	
- Major	0	0	
Timeliness			
Percent of audits completed within target plan	79%	81%	
Cost			
Estimated average cost per issue resolved	\$2 887	\$2 831	
Estimated average cost per royalty return			
- production value projects	\$430	\$446	
- net value projects	\$1 214	\$1 157	

OUTPUT PERFORMANCE MEASURES

Outcome 5: A community confident that it is safe from hazards associated with the storage, handling and transport of dangerous goods

Output 10: A system for regulating the storage, handling and transport of dangerous goods	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$2 859 000	\$2 804 000	
Quantity			
Policy and information service units	4 500	6 010	
Call centre services	63 000	63 930	
Safety system services, including audits and investigations	384	631	
Regulatory enforcement services, including inspections	954	1 378	
Licence renewals	12 000	10 918	
Quality			
Regulatory enforcement services satisfactorily completed	70%	70%	
Number of days per annum that renewals do not go out on time.	8	7	
Number of complaints regarding standard of advice	10	8	
Number of caller complaints	40	103	
Safety system services satisfactorily completed	70%	70%	
Timeliness			
Percentage of regulatory enforcement service actions completed within 20 days	90%	90%	
Percentage of letters answered within 10 working days	90%	90%	
Average number of days to process routine (95%) licence renewals	3	3	
Average number of days to deliver majority (85%) of safety system services	15	15	
Proportion of calls answered within four rings	75%	75%	
Cost			
Average cost per policy and information service	\$192	\$179	
Average cost per call centre service	\$18	\$17	
Average cost per safety systems service	\$612	\$442	
Average cost per regulatory enforcement service	\$278	\$164	
Average cost per licence renewal	\$30	\$13	

OUTPUT PERFORMANCE MEASURES

Outcome 6: Responsible development of the state's resources for the benefit of Western Australians

Output 11: Policy and planning advice on resources development	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$5 099 000	\$4 952 000	
Quantity			
Substantial items of resources development policy and planning advice delivered	760	782	
Quality			
Rating out of 10 of Minister's satisfaction with the quality of resources development policy and planning advice delivery	9	7.75	
Timeliness			
Substantial items of resources development policy and planning advice completed within agreed timeframe	90%	86%	
Cost			
Average cost per substantial item of resources development policy and planning advice delivered	\$6 709	\$6 332	

Output 12: Investment attraction services	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$3 599 000	\$3 607 000	
Quantity			
Resource sector information services delivered	11	10	
Resource sector investment attraction programs delivered	9	10	
Quality			
Rating by investors of the quality of resource sector information services delivered	80%	67%	
Potential investors that consider the resource sector investment attraction programs delivered improved their view of Western Australia as an investment location	60%	89%	
Timeliness			
Resource sector information services delivered within an agreed timeframe	100%	100%	
Resource sector investment attraction programs completed within an agreed timeframe	93%	90%	
Cost			
Average cost per resource sector information service delivered	\$107 978	\$108 210	
Average cost per resource sector investment attraction program delivered	\$267 946	\$252 490	

OUTPUT PERFORMANCE MEASURES

Outcome 6: Responsible development of the state's resources for the benefit of Western Australians

Output 13: Resource project facilitation services	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$14 005 000	\$8 839 000	
Quantity			
Infrastructure projects facilitated	26	27	
Resource development projects facilitated	85	87	
Quality			
Investors satisfied with facilitation services provided	90%	86%	
Timeliness			
Infrastructure projects facilitated within an agreed timeframe	90%	90%	
Resources development projects facilitated within an agreed timeframe	94%	94%	
Cost			
Average cost per infrastructure project facilitated	\$398 133	\$179 853	Variation in expenditure on Ord Stage 2 project
Average cost per resource development project facilitated	\$42 980	\$45 781	

Outcome 7: Scientific services

Output 14: Quality, independent chemical and scientific research, consultancy and analytical services	2001-02 estimate	2001-02 actual	Reasons for significant variation
Total Cost of Output	\$8 676 000	\$8 431 000	
Quantity			
Chargeable hours of time involved in provision of services	69 568	67 448	
Quality			
Services provided to AS/NZS ISO 9001 and ISO Guide 25	100%	100%	
Timeliness			
Satisfaction from Client Surveys	75%	74%	
Response rate from Client Surveys	52%	60%	
Cost			
Average cost per chargeable hour of providing service	\$125	\$125	

Corporate governance and compliance statements

FINANCIAL MANAGEMENT AND SUPPLY

When MPR was created on July 1 2001, three separate financial entities were merged into one. The entities merged were the Department of Minerals and Energy (DME), the Department of Resources Development (DRD) and the Chemistry Centre (WA).

As both former departments (DME and DRD) had similar accounting and reporting requirements, it was possible to integrate the finances at the beginning of the financial year onto the financial system which had been operating within DME.

However, being a commercialised trading unit, the Chemistry Centre required being left to continue using its own financial system throughout 2001–02. It is planned to bring the Chemistry Centre into MPR's financial system during 2002–03.

During the year, the Internet version of the Oracle Financial Management Information System was implemented. This latest upgrade is by far the most significant to date, as it paves the way for the introduction of the paperless office for the payment of accounts and production of management reports. Considerable effort will be put into re-engineering the business processes and training staff so that the full benefits of the new version will be achieved during 2002–03.

A working group, comprising officers from MPR and the Department of Treasury and Finance, was established at the end of the financial year to ensure appropriate net appropriation arrangements are in place, and that the fee structure is suitable for the new agency and is in accordance with Government policies. The group will ensure that MPR's Review of Fees and Charges for 2003–04 can be undertaken within the agreed framework, and any changes to the net appropriation arrangements can be made in time for preparation of the Government's 2003–04 budget.

To preserve the ability of MPR to call tenders with a value up to \$1 million, as was the case in the Department of Minerals and Energy prior to the merger, all of the policies and procedures in place for the agency's Quality Assurance Certification to ISO 9002:1994 at Mineral House were implemented in MPR's operational areas located at the

Atrium, the office of the former DRD. A Senior Supply Officer was provided to arrange all tenders required for business units located at the Atrium and for the Dampier to Bunbury Natural Gas Pipeline Working Group, located in another building within the central business district.

STAFF CONSULTATIVE AND IMPROVEMENT COMMITTEE (SCIC)

MPR's Staff Consultative and Improvement Committee (SCIC) was formed in 1999 as an independent group to represent staff in discussions with management on issues affecting employees. The group consists of a cross section of staff levels of elected representatives from the operating divisions and regional areas. The chairperson attends Corporate Management Committee meetings to provide direct input. SCIC was established to improve communications between staff and management. It is designed to complement rather than replace divisional communication paths.

The Committee identified the following priorities that would provide general improvement:

- Cultural change and internal communication
- Understanding awards, work conditions and awareness raising
- Career development and mentoring programs
- Customer focus sub-committee.

To address these goals, SCIC developed work plans through a committee structure. SCIC Chair and Deputy Chair participated in the Implementation Advisory Group and provided valuable staff feedback and perspectives concerning merger and restructure issues. SCIC representatives also actively participated in the Structural Review Groups and provided feedback to management. Through SCIC representatives, the need for regional staff issues were identified and acted as a catalyst in developing policies focusing on regional staff. With the acceptance of the proposal of inclusion of representatives from all work areas, SCIC functioned as an integral part of the new Department.

FACILITIES SERVICES BRANCH

The Facilities Services Branch provides building and facilities-related services to the staff of the Department of Mineral and Petroleum Resources. Following the merger, Branch responsibilities were expanded to include the provision of administration services for MPR Divisions located at the SGIO Atrium.

Major activities during the year included significant staff relocations, at the Atrium, due to the renewal of the lease for the premises, movements between the Atrium and Mineral House, and also within Mineral House. With the non-renewed Facilities Management Contract at the end of the financial year new arrangements were planned to replace all functions previously provided by the Facilities Managers.

During the year, the scope of the Building Service Request System was expanded to include the Chemistry Centre (WA). The system continued to operate successfully from MPR's Intranet site, handling a significantly increased number of requests.

Vehicle fleet operation and parking arrangements were re-organised as part of the restructuring of Corporate Services delivery.

The Branch has maintained its customer service focus, and a customer survey was conducted during the year to provide quantitative feedback for measuring customer service performance.

Disability services

In accordance with its Disability Services Plan, MPR continues to customise its services and facilitate access by people with disabilities. The plan takes into account the requirements of disabled persons with respect to existing facilities and premises, as well as the need for refurbishment programs and new facility designs to accommodate these requirements.

The program to widen service ways and passageways within Mineral House to facilitate access for disabled persons continued during the year. In addition to disabled visitor parking, special arrangements were made to provide level-access parking for a disabled staff member. Where specific restrictions or requirements exist in leased premises or certain regional offices, customer-service staff are trained to make special arrangements to conduct business with

disabled customers. The new Perth Core Library, under construction at Carlisle, incorporates level access and toilets for disabled persons in the design.

Energy management

Equipment to improve control of power demand in the Mineral House Complex was installed and became operational at the end of 2001. An overall 4 per cent cost reduction was achieved for electricity in Mineral House and the regions, due to improved control and operation, particularly of the air conditioning systems, and also improved energy awareness.

A tube-removal trial has continued, and indications are that further modest reduction in operating costs for lighting can be achieved at low cost, without affecting staff working conditions.

INFORMATION SYSTEMS AND SERVICES

The State Records Act 2000 was proclaimed in 2001 and as a result, the development of record keeping plans for MPR started in 2002. With initiatives such as the quality records procedures and documentation already developed, MPR is well placed to meet the challenges this legislation presents.

An extensive records review was undertaken in 2002 to investigate a broad range of challenges facing MPR in the future, including archiving, merging of two records management system, scanning protocols and standards, long term management of digital data, and development of record keeping plans.

The State Electronic Transaction Bill 2001 is still in progress through the Parliament. Nonetheless, MPR's business units have developed a framework to increase the use of electronic communication for information inquiries and business purposes.

CORPORATE GOVERNANCE AND COMPLIANCE STATEMENTS

FREEDOM OF INFORMATION

During 2001-02, MPR was able to satisfy all requirements for information requests. For details of MPR's Freedom of Information process or an Information Statement, please contact MPR's Freedom of Information Officer on 9222 3554, or by writing to MPR, at Mineral House, 100 Plain Street, East Perth 6004.

FOI statistics for 2001-02:

Access Applications	Total
Total new valid applications	71
- Personal information	25
- Non-personal information	46
Number of applications transferred in full to another agency	0
Number of applications transferred in part to another agency	0
Number of applications withdrawn by the applicant	8

Outcome of Applications	Personal	Non-Personal	Total
Access in full	1	9	10
Edited Access	19	22	41
Access deferred	0	0	0
Access refused	8	9	17
Totals	28	40	68
Applications on hand but not yet dealt with at 30 June 2002			6

Exemptions Cited	Total
Personal information	39
Commercial and business	7
Law enforcement and public safety and property security	5
Legal professional privilege	1
Confidential communications	1

Number of applications for internal review	4
Average time to process applications	28 days
Actual charges collected	\$794.60

HUMAN RESOURCES MANAGEMENT

Statement of compliance with Public Sector Standards

In the administration of the Department of Mineral and Petroleum Resources, I have complied with the Public Sector Standards in Human Resource Management and the Western Australian Public Sector Code of Ethics.

I have:

- Maintained a self-assessment program through MPR's internal auditor
- Continued to review MPR's Code of Conduct, and policies and guidelines, which have been made available to staff in electronic form
- Developed checks and controls for the Standards, in particular the Recruitment, Selection and Appointment Standard.

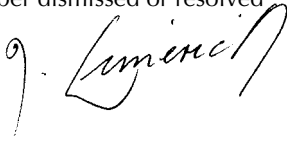
The Department of Mineral and Petroleum Resources complied with the Public Sector Standards in Human Resource Management and the Western Australian Public Sector Code of Ethics.

It has:

- Maintained a self-assessment program through MPR's internal auditor
- Continued to review MPR's Code of Conduct, and policies and guidelines, available to staff in electronic form
- Developed checks and controls for the Standards, in particular the Recruitment, Selection and Appointment Standard.

Applications made for breach of Standards review and the corresponding outcomes for the period are:

Number lodged	4
Applications under review	0
Breaches found	0
Multiple breaches	0
Material breaches	0
Number dismissed or resolved	4



Jim Limerick
Accountable Officer

30 August 2002

CORPORATE GOVERNANCE AND COMPLIANCE STATEMENTS

Staffing

MPR had an annual average staffing level of 765 for 2001-02.

Work and Family Issues

MPR continues to offer conditions of employment that allow staff to balance work and family life. These include carer's leave, cultural leave and part-time and home-based work which have been utilised by a number of employees. MPR's Carer's/Family Room has permitted staff to carry out their duties while looking after a family member.

MPR also undertook a review of the counselling services offered via its Employee Assistance Program to ensure it continued to meet the needs of staff.

Equal opportunity

MPR has prepared a draft EEO/Diversity Management Plan in line with the Government's reform agenda.

MPR's Grievance Management and Contact Officer System allows employees to raise items of a sensitive nature and offers guidance to staff on options available to them to have those issues appropriately addressed and resolved. The EEO and Diversity Steering Committee monitored the implementation and progress of this system.

Policy and program development

MPR reviewed and developed a range of human resource programs, policies, procedures and guidelines to reflect the needs and operations of the newly created Department (of Mineral and Petroleum Resources).

This included:

- Undertaking a review of MPR's recruitment and selection processes, reflecting an equity approach
- Developing a new personal planning and development program, which provides a focus on performance planning and employee development
- Developing and introducing a streamlined induction program comprising a staged approach

Employee Development and Wellness

MPR continued to provide a Principles of Management training program to enhance the personal effectiveness of Departmental managers. A range of wellness activities were also undertaken including providing influenza injections for staff.

OCCUPATIONAL SAFETY AND HEALTH

The function of the Corporate Occupational Health and Safety (COSH) Branch is to promote safe and healthy working practices within MPR, and to manage workers' compensation claims and facilitate their rehabilitation. During 2001-02, the Branch focused on the aligning of occupational safety and health policies and practices across MPR, following the merger of former departments.

Highlights of the year include:

- Development of the health and safety management plan for the next five years.
- Finalising module training in occupational safety and health.
- Seminar on Workers' Compensation and Injury Management Process.
- Ergonomic assessments of office work stations.
- The introduction of chair maintenance program.
- Coordination of electrical safety program.
- Departmental policy and implementation of an audiometric testing program.
- Departmental policy to address remote travel.
- Departmental policy on first aid procedures.

Workers compensation

During 2001-02, there were 11 claims for workers' compensation, all of which were accepted. Of the 11, six resulted in time lost from work. The maximum period lost from work was 14 days.

The Lost-time Injury/Disease Frequency Rate, being the number of lost-time injuries per million hours worked, was 4.2.

The estimated cost of claims was \$0.13 per \$100 of payroll and the premium was 0.54 per cent of payroll.

CORPORATE GOVERNANCE AND COMPLIANCE STATEMENTS

Internal audit

During 2001-02, MPR's Internal Audit program was expanded to cover auditable activities formerly associated with the Department of Resources Development, which were previously outsourced.

The changing role of Internal Audit was highlighted by new audit activities with regard to corporate governance issues and quality audits associated with MPR's Supply Branch continuing maintenance of Quality Assurance status. Lower risk compliance audit work was again contracted out to a private accounting firm.

Risk management

During the year, the Risk Management Action Plans for both former agencies were recognised in ongoing work by the various risk management committees and project teams.

A Risk Management Coordinator's role was introduced into the duties of a senior management position to assist MPR's Corporate Executive in maintaining compliance with Treasurer's Instruction 109.

Advertising and promotions

During 2001-02, MPR spent \$319 170 on advertising and market research, disbursed as follows, in compliance with Section 175ZE of the *Electoral Act 1907*:

Advertising agencies	\$
Marketforce Productions	283 039*
APPEA Ltd	11 300
Resource Information Unit (resources sector publishing company)	4 695
Diggers and Dealers Mining Forum	2 500
Media Decisions WA	2 026
Aspermont Ltd (resources sector publishing company)	1 718
Other	4 076
Market Research	
Market Equity	9 816
Polling organisations	nil
Direct mail organisations	nil
Total	319 170

* Largely comprising notices relating to Native Title claimants and staff vacancy advertising

MPR FINANCIAL REPORT



AUDITOR GENERAL

To the Parliament of Western Australia

**DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002**

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit opinion relates to the financial statements of the Department of Mineral and Petroleum Resource's for the year ended June 30, 2002 included on the Department of Mineral and Petroleum Resource's web site. The Director General is responsible for the integrity of the Department of Mineral and Petroleum Resource's web site. I have not been engaged to report on the integrity of the Department of Mineral and Petroleum Resource's web site. The audit opinion refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these statements. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Scope

I have audited the accounts and financial statements of the Department of Mineral and Petroleum Resources for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Director General is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Director General.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Department to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Department's financial position, its financial performance and its cash flows.

The audit opinion expressed below has been formed on the above basis.

Department of Mineral and Petroleum Resources
Financial statements for the year ended June 30, 2002

Audit Opinion

In my opinion,

- (i) the controls exercised by the Department of Mineral and Petroleum Resources provide reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Output Schedule of Expenses and Revenues and Summary of Consolidated Fund Appropriations and Revenue Estimates and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Department at June 30, 2002 and its financial performance and its cash flows for the year then ended.



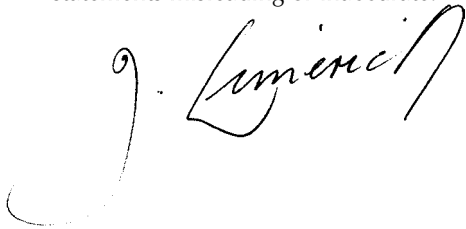
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AUDITOR GENERAL
October 25, 2002

FINANCIAL STATEMENTS

CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2002

The accompanying financial statements of the Department of Mineral and Petroleum Resources have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the year ended 30 June 2002 and the financial position at 30 June 2002.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



Jim Limerick
Accountable Officer



Phil Palmer FCPA
Principal Accounting Officer

30 August 2002

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Statement of Financial Performance
for the year ended 30 June 2002

	Note	2001-2002 (\$'000)
COST OF SERVICES		
Expenses from Ordinary Activities		
Employee expenses	4	48 779
Supplies and services	5	9 394
Depreciation	6	2 247
Administration expenses	7	14 427
Accommodation expenses	8	4 365
Grants and subsidies	9	1 651
Capital User Charge	10	3 943
Net loss on disposal of non-current assets	11	4
Total cost of services		<u>84 810</u>
Revenues from Ordinary Activities		
Revenues from Operating Activities		
User charges and fees	12	16 569
Trading Profit	13	1 743
Total revenues from ordinary activities		<u>18 312</u>
NET COST OF SERVICES		66 498
REVENUES FROM GOVERNMENT	14	
Output Appropriations		69 659
Resources received free of charge		1 084
Liabilities assumed by the Treasurer		518
Total revenues from Government		<u>71 261</u>
Change in Net Assets Before Restructuring		<u>4 763</u>
Net revenues from restructuring	15	2 538
CHANGE IN NET ASSETS AFTER RESTRUCTURING		<u>7 301</u>
Net increase in asset revaluation reserve		2 577
Total revenues, expenses and valuation adjustments recognised directly in equity		<u>2 577</u>
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS		<u>9 878</u>

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Statement of Financial Position
as at 30 June 2002

	Note	2001-2002 (\$'000)
CURRENT ASSETS		
Cash assets	31	14 283
Restricted cash assets	16	1 451
Inventories	17	3 596
Receivables	18	1 906
Amounts receivable for outputs	19	1 485
Other Assets	20	330
Total current assets		<u>23 051</u>
NON-CURRENT ASSETS		
Amounts receivable for outputs	19	641
Property, plant, equipment and vehicles	21	45 309
Works in progress	22	5 399
Total non-current assets		<u>51 349</u>
Total assets		<u>74 400</u>
CURRENT LIABILITIES		
Payables	24	4 379
Other liabilities	25	2 522
Revenue received in advance	26	211
Amounts due to the Treasurer	27	1 200
Provisions	28	5 689
Total current liabilities		<u>14 001</u>
NON-CURRENT LIABILITIES		
Provisions	28	4 926
Total non-current liabilities		<u>4 926</u>
Total liabilities		<u>18 927</u>
EQUITY		
Contributed equity	29	3 657
Accumulated surplus		23 142
Reserves		<u>28 674</u>
Total equity		<u>55 473</u>
Total liabilities and equity		<u>74 400</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Statement of Cash Flows
for the year ended 30 June 2002

	Note	2001-2002 (\$'000)
CASH FLOWS FROM GOVERNMENT		
Output appropriations		67 533
Capital contributions		3 657
Net cash provided by Government		<u>71 190</u>
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee costs		(43 042)
Supplies and services		(28 383)
Superannuation		(3 395)
Capital User Charge		(3 969)
GST payments on purchases		(3 236)
GST Payments to taxation authority		(1 202)
Receipts		
Sale of goods and services		1 726
User charges and fees		16 134
GST receipts on sales		4 315
Net cash used in operating activities	31(b)	<u>(61 052)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets		(2 341)
Proceeds from sale of non current assets		15
Net cash used in investing activities		<u>(2 326)</u>
Net increase in cash held		7 812
Cash assets at the beginning of the financial year		4 243
Cash assets transferred from other sources		3 679
Cash assets at the end of financial year	31(a)	<u>15 734</u>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Output Schedule of Expenses and Revenues
for the year ended 30 June 2002

OUTPUT	Output 1: Grant & maintenance of titles to explore for and mine minerals	Output 2: Grant & maintenance of titles to explore for and produce petroleum	Output 3: A geological framework of the State and its resources	Output 4: An archive of geoscientific and resource exploration data
	2001-2002 \$'000	2001-2002 \$'000	2001-2002 \$'000	2001-2002 \$'000
COST OF SERVICES				
Expenses from ordinary activities				
Employee expenses	11 510	1 925	8 303	1 664
Supplies and services	2 281	381	1 846	370
Depreciation expenses	545	84	384	77
Administration expenses	2 102	625	2 419	485
Accommodation expenses	1 067	137	649	130
Capital User Charge	1 099	151	655	131
Grants and subsidies	17	2	9	2
Net loss on disposal of non-current assets	2	2	(1)	-
Total cost of services	18 623	3 307	14 264	2 859
Revenues from ordinary activities				
User fees and charges	3 418	3 503	-	-
Trading Profit	587	41	124	25
Total revenues from ordinary activities	4 005	3 544	124	25
NET COST OF SERVICES	14 618	(237)	14 140	2 834
Revenues from Government				
Output Appropriations	12 189	916	14 575	3 110
Resources received free of charge	589	3	11	2
Liabilities assumed by the Treasurer	54	7	32	6
Total revenues from Government	12 832	926	14 618	3 118
Changes in net assets before restructuring	(1 786)	1 163	478	284
Net revenues from restructuring				
CHANGE IN NET ASSETS AFTER RESTRUCTURING	(1 786)	1 163	478	284

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Output Schedule of Expenses and Revenues
for the year ended 30 June 2002

OUTPUT	Output 5: Regulating and promoting health and safety in the mineral industry	Output 6: Regulating and promoting health and safety in the petroleum industry	Output 7: Regulating and promoting environmental management in the mineral industry
	2001-2002 \$'000	2001-2002 \$'000	2001-2002 \$'000
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	7 130	1 175	1 154
Supplies and services	959	233	203
Depreciation expenses	231	51	43
Administration expenses	1 837	381	365
Accommodation expenses	594	83	86
Capital User Charge	516	92	74
Grants and subsidies	7	1	1
Net loss on disposal of non-current assets	(1)	1	-
Total cost of services	<u>11 273</u>	<u>2 017</u>	<u>1 926</u>
Revenues from ordinary activities			
User fees and charges	-	2 135	-
Trading Profit	120	26	17
Total revenues from ordinary activities	<u>120</u>	<u>2 161</u>	<u>17</u>
NET COST OF SERVICES	11 153	(144)	1 909
Revenues from Government			
Output Appropriations	11 777	271	2 190
Resources received free of charge	9	2	1
Liabilities assumed by the Treasurer	25	5	4
Total revenues from Government	<u>11 811</u>	<u>278</u>	<u>2 195</u>
Changes in net assets before restructuring	<u>658</u>	<u>422</u>	<u>286</u>
Net revenues from restructuring			
CHANGE IN NET ASSETS AFTER RESTRUCTURING	658	422	286

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Output Schedule of Expenses and Revenues
for the year ended 30 June 2002 (continued)

OUTPUT	Output 8: Regulating and promoting environmental management in the petroleum industry	Output 9: Establish royalty rates and ensure that appropriate royalties are paid when due	Output 10: Regulating the storage, handling and transport of dangerous goods	Output 11: Policy and planning advice on resources development
	2001-2002 \$'000	2001-2002 \$'000	2001-2002 \$'000	2001-2002 \$'000
COST OF SERVICES				
Expenses from ordinary activities				
Employee expenses	410	729	1 781	2 729
Supplies and services	82	185	210	349
Depreciation expenses	18	33	70	75
Administration expenses	135	109	421	863
Accommodation expenses	30	65	163	232
Capital User Charge	32	79	157	236
Grants and subsidies	-	1	2	467
Net loss on disposal of non-current assets	-	-	-	1
Total cost of services	707	1 201	2 804	4 952
Revenues from ordinary activities				
User fees and charges	755	-	999	-
Trading Profit	2	15	606	45
Total revenues from ordinary activities	757	15	1 605	45
NET COST OF SERVICES	(50)	1 186	1 199	4 907
Revenues from Government				
Output Appropriations	108	1 186	1 234	4 411
Resources received free of charge	-	1	3	4
Liabilities assumed by the Treasurer	1	4	8	11
Total revenues from Government	109	1 191	1 245	4 426
Changes in net assets before restructuring	159	5	46	(481)
Net revenues from restructuring				948
CHANGE IN NET ASSETS AFTER RESTRUCTURING	159	5	46	467

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Output Schedule of Expenses and Revenues
for the year ended 30 June 2002

OUTPUT	Output 12: Investment attraction service	Output 13: Resource project facilitation services	Output 14: Scientific Services	TOTAL
	2001-2002 \$'000	2001-2002 \$'000	2001-2002 \$'000	2001-2002 \$'000
COST OF SERVICES				
Expenses from ordinary activities				
Employee expenses	2165	2007	6097	48 779
Supplies and services	364	1714	217	9 394
Depreciation expenses	96	138	402	2 247
Administration expenses	529	2663	1493	14 427
Accommodation expenses	214	707	208	4 365
Capital User Charge	236	471	14	3 943
Grants and subsidies	3	1139	-	1 651
Net loss on disposal of non-current assets	-	-	-	4
Total cost of services	<u>3 607</u>	<u>8 839</u>	<u>8 431</u>	<u>84 810</u>
Revenues from ordinary activities				
User fees and charges	-	-	5759	16 569
Trading Profit	45	90	-	1 743
Total revenues from ordinary activities	<u>45</u>	<u>90</u>	<u>5 759</u>	<u>18 312</u>
NET COST OF SERVICES	3 562	8 749	2 672	66 498
Revenues from Government				
Output Appropriations	3 118	11 254	3 320	69 659
Resources received free of charge	4	455	-	1 084
Liabilities assumed by the Treasurer	12	23	326	518
Total revenues from Government	<u>3 134</u>	<u>11 732</u>	<u>3 646</u>	<u>71 261</u>
Changes in net assets before restructuring	<u>(428)</u>	<u>2 983</u>	<u>974</u>	<u>4 763</u>
Net revenues from restructuring	669	1 171	(250)	2 538
CHANGE IN NET ASSETS AFTER RESTRUCTURING	241	4 154	724	7 301

The Output Schedule of Expenses and Revenues should be read in conjunction with the accompanying notes.

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
 Summary of Consolidated Fun Appropriations and Revenue Estimates
 for the year ended 30 June 2002

	Estimate	2001-2002 Actual	Variation
	\$'000	\$'000	\$'000
PURCHASE OF OUTPUTS			
Item 87			
Net amount appropriated to purchase outputs	70 700	69 268	(1 432)
Amount authorised by other statutes			
- Salaries and allowances Act 1975	350	391	41
Total appropriations provided to purchase outputs	71 050	69 659	(1 391)
Details of Expenditure by Outputs			
A system for the grant and maintenance of titles to explore for and mine minerals	17 996	18 623	627
A system for the grant and maintenance of titles to explore for and produce petroleum	2 805	3 307	502
A geological framework of the State and its resources	15 020	14 264	(756)
An archive of geoscientific and resource exploration data	3 194	2 859	(335)
A system for regulating and promoting health and safety in the mineral industry	11 592	11 273	(319)
A system for regulating and promoting health and safety in the petroleum industry	2 158	2 017	(141)
A system for regulating and promoting environmental management in the mineral industry	2 128	1 926	(202)
A system for regulating and promoting environmental management in the petroleum industry	527	707	180
A system to establish royalty rates and ensure that appropriate royalties are paid when due	1 204	1 201	(3)
A system for regulating the storage, handling and transport of dangerous goods	2 859	2 804	(55)
Policy and planning advice on resources development	5 099	4 952	(147)
Investment attraction services	3 599	3 607	8
Resource project facilitation services	14 005	8 839	(5 166)
Scientific services	8 676	8 431	(245)
Total Cost of Outputs	90 862	84 810	(6 052)
Less retained revenue	22 656	22 175	481
Net Cost of Outputs	68 206	62 635	(5 571)
Adjustment for movement in cash balances and other accrual items	2 844	7 024	4 180
Total appropriations provided to purchase outputs	71 050	69 659	(1 391)

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Summary of Consolidated Fun Appropriations and Revenue Estimates
for the year ended 30 June 2002

		Estimate	2001-2002 Actual	Variation
		\$'000	\$'000	\$'000
CAPITAL				
Item 170	Capital contribution	4 055	3 657	(3 98)
Capital Expenditure				
	Capital appropriations	4 055	3 657	(398)
	Adjustment for movement in cash balances and other funding sources		(1 316)	(1 316)
	Total capital expenditure	4 055	2 341	(1 714)
ADMINISTERED				
Item 88	Administered grants, subsidies and transfer payments	19 899	18 614	(1 285)
	Amount authorised by other statutes			
	Petroleum Submerged Lands Act 1982	14 400	15 222	822
	Total administered appropriations	34 299	33 836	(463)
GRAND TOTAL OF APPROPRIATIONS		109 404	107 152	(2 252)
DETAILS OF REVENUE ESTIMATES				
Revenues disclosed as administered revenues				
Territorial				
	Royalties:			
	Petroleum - Commonwealth	416 700	383 004	(33 696)
	Petroleum - State	46 300	45 283	(1 017)
	Iron Ore	300 000	276 089	(23 911)
	Alumina	64 500	61 408	(3 092)
	Diamonds	47 500	62 636	15 136
	Mineral sands	22 000	25 239	3 239
	Nickel	59 500	46 273	(13 227)
	Gold	72 500	79 809	7 309
	Other	44 000	48 383	4 383
	Lease rentals	38 200	37 176	(1 024)
	Total Territorial	1111 200	1 065 300	(45 900)
Law courts				
	Infringement penalties:	120	12	(108)
		120	12	(108)
GRAND TOTAL		1111 320	1 065 312	(46 008)

The Summary of Consolidated Fund Appropriations, Variance to Actual and Budget should be read in conjunction with the accompanying notes. This Summary provides the basis for the Explanatory Statement information requirements of T1945

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES

Notes to the Financial Statements
for the year ended 30 June 2002**1 Departmental mission and funding**

The Department's mission is to promote and facilitate the discovery, responsible development and further processing of the State's mineral and petroleum resources for the benefit of Western Australians.

The Department is predominantly funded by Parliamentary appropriation. A net appropriation agreement between the Treasurer and the Accountable Officer is in place to allow the Department to retain its operating revenue. Details of expenditure and revenues retained as per the agreement are disclosed in the Summary of Consolidated Fund Appropriations and Revenue Estimates.

The financial statements encompass all funds through which the Department controls resources to carry on its functions.

In the process of reporting on the Department as a single entity, all intra-entity transactions and balances have been eliminated.

2 Significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

General statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions.

Several of these are modified by the Treasurer's Instructions to vary the application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure, and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

Basis of accounting

The financial statements have been prepared in accordance with Australian Accounting Standard AAS29.

These statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets which have been introduced at written down current cost as at 30 June 1995 other non-current assets which, subsequent to initial recognition, have been measured on the fair value basis in accordance with the option under AAS 38(5.1) (see notes 2(h) and 21). Additions to non-current physical assets since valuation are stated at cost.

Administered assets, liabilities, expenses and revenues are not integral to the Department in carrying out its functions and are disclosed in schedules to the financial statements, forming part of the general purpose report of the Department. The administered items are disclosed on the same basis as is described above for the financial statements of the Department. The administered assets, liabilities, expenses and revenues are those which the Government requires the Department to administer on its behalf. The assets do not render any service potential or future economic benefits to the Department, the liabilities do not require the future sacrifice of service potential or future economic benefits of the Department, and the expenses and revenues are not attributable to the Department.

As the administered assets, liabilities, expenses and revenues are not recognised in the principal financial statements of the Department, the disclosure requirements of Australian Accounting Standard AAS33, Presentation and Disclosure of Financial Instruments are not applied to administered transactions.

- (a) **Output Appropriations**
Output Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at the Department of Treasury and Finance.
- (b) **Contributed Equity**
Under UIG 38 "Contribution by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. All other transfers have been recognised in the Statement of Financial Performance. Prior to the current reporting period, capital appropriations were recognised as revenue in the Statement of Financial Performance. Capital appropriations which are repayable to the Treasurer are recognised as liabilities.

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES

Notes to the Financial Statements
for the year ended 30 June 2002

- (c) Net appropriation determination
Pursuant to section 23A of the Financial Administration and Audit Act the net appropriation determination by the Treasurer provides for retention of the following moneys received by the Department:
- Proceeds from user fees and charges. The majority of revenue earned is from licences
- Proceeds from sale of maps and publications

Retained revenue may only be applied to the outputs specified in the 2001-2002 Budget Statements.
Details of retained revenues are disclosed in the Summary of Consolidated Fund Appropriations and Revenue Estimates.
- (d) Grants and Other Contributions
Grants and other non-reciprocal contributions are recognised as revenue when the Department obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt. Contributions are recognised at their fair value.
- (e) Revenue Recognition
Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Department has passed control of the goods or other assets or delivery of the service to the customer.
- (f) Acquisition of Assets
The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.
- (g) Depreciation of non-current assets
All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefit.

Depreciation is reviewed annually and is provided as follows:
- | | Years | Method |
|----------------------|-------|--------------------------------------|
| Buildings | 50 | Straight line |
| Furniture | 10 | Straight line |
| Office equipment | 5 | Straight line |
| Computer equipment | 5 | Diminishing value up to January 2001 |
| | 3 | Straight line since January 2001 |
| Computer software | 3-5 | Straight line |
| Scientific Equipment | 7-10 | Straight line |
- Proprietary computer software is not capitalised as it is not owned by the Department. The Department merely pays for a licence to use it. However, in-house developed software is capitalised and hence depreciated over a period of three to five years (depending on the assessed useful life) once full costs have been determined.
- (h) Revaluation of land and buildings
Land and Buildings have been revalued from time to time as disclosed in the financial statements. Other assets are recognised at cost. The Department has a policy of valuing land and buildings at fair value. The annual revaluations of the Department's land and buildings undertaken by the Value General's Office for the Government Property Register are recognised in the financial statements.

All other items of property, plant, equipment and vehicles are measured at cost and carried at written down value.
- (i) Employee Entitlements
Annual Leave
This entitlement is recognised at current remuneration rates and is measured as the amount unpaid at thereporting date in respect to employees' service up to that date.

Long service leave
Leave entitlements are calculated at current remuneration rates. A liability for long service leave is recognised after an employee has completed five years of service. An actuarial assessment of long service leave undertaken by

PricewaterhouseCoopers Actuaries in 2002 determine that the liability measured using the shorthand method was not materially different from the liability measured using the present value of expected future payments.

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES

Notes to the Financial Statements
for the year ended 30 June 2002

This measure of measurement of the liability is consistent with the requirements of Australian Accounting Standards AAS30 "Accounting for Employee Entitlements"

The Department, in accordance with AAS30 and AASB1028 has had the present value of its long service leave liability estimated by PricewaterhouseCoopers using actuarial methodology. Over the next few years, the Department will be using the relevant short-hand method for measurement of long service leave liability. This is the sum of unconditional long service leave for all employees at current remuneration rates (including on-costs) plus pro-rata long service leave for all employees with 5 or more years of service at current remuneration rates (including on-costs). The accuracy of this methodology will be re-checked no later than 30 June 2005, and every three years thereafter by a full actuarial assessment. This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AAS 30 "Accounting for Employee Entitlements".

Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members.

All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense comprises the following elements:

- (i) Change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- (ii) Employer contributions paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme.

The superannuation expense does not include payment of pensions to retirees as this does not constitute part of the cost of services provided by the Department in the current year.

A revenue "Liabilities assumed by the Treasurer" equivalent to (i) is recognised under Revenues from Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

From 1 July 2001 employer contributions were paid to the GESB in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. Prior to 1 July 2001, the unfunded liability in respect of these Schemes was assumed by the Treasurer. An amount equivalent to the employer contributions which would have been paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme if the Department had made concurrent employer contributions to those Schemes, was included in superannuation expense. The amount was also included in the revenue item "Liabilities assumed by the Treasurer".

(j) Leases

The Department has entered into operating lease arrangements for motor vehicles, scientific equipment and office accommodation where the lessor effectively retains all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(k) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectibility of accounts receivable is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collectability exists.

(l) Accrued salaries

The accrued salaries suspense account (refer note 16) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 25) represent the amount due to staff but unpaid at the end of the financial year as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Department considers the carrying amount approximates net fair value.

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES

Notes to the Financial Statements
for the year ended 30 June 2002

- (m) **Payables**
Payables, including accruals not yet billed, are recognised when the Department becomes obliged to make future payments as a result of a purchase of assets or services. Payables are settled within thirty days.
- (n) **Inventories**
Inventories brought to account are mainly chargeable publications and maps produced by the organisation and consumables. Inventories are valued at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory. Both the first in first out and weight average methods are applied.

The net realisable value for publications and maps is determined on the basis of average demand over recent years. In accordance with national policy under the National Geoscience Mapping Accord (NGMA) maps older than 20 years are systematically written off.
- (o) **Resources received free of charge or for nominal value**
Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate, at fair value.
- (p) **Amount Due to the Treasurer**
The amount due to the Treasurer is in respect of a Treasurer's Advance, approval of which is renewed for each financial year. The amount is therefore repayable within a maximum period of one year. No interest is charged on this advance (refer note 27).
- (q) **Cash**
For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.
- (r) **Comparative figures**
As this Department has undergone restructures that have resulted in significant changes to the activities it carries out, comparative amounts for the preceding reporting period have not been disclosed in the financial statements for this reporting period.
- (s) **Rounding**
Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

3 Outputs of the Department

Information about the Department's outputs and the expenses and revenues which are reliably attributable to those outputs is set out in the Outputs Schedule. Information about expenses, revenues, assets and liabilities administered by the Department are given at note 42.

Outcome: Optimum use of land and resources.**Output 1: A system for the grant and maintenance of titles to explore for and mine minerals.**

The ongoing management of mining legislation and a mineral titles system that provides information on land availability for mineral exploration and mining encourages exploration on titles and ensures security for title holders.

Output 2: A system for the grant and maintenance of titles to explore for and produce petroleum.

The ongoing management, revision and provision or contracting of a set of products and services for Government and industry to manage access to land for petroleum exploration and production, ensure security for title holders, and encourage effective exploration and production within titles.

Output 3: A geological framework of the State and its resources.

Publish maps, reports and datasets to maintain an up-to-date geological framework of the State and its mineral and petroleum resources to further encourage exploration and investment.

Output 4: An archive of geoscientific and resource exploration data.

To develop and make more readily available to industry an archive of geoscientific and resource exploration documents, samples and data to better define the State's mineral and petroleum exploration potential and improve the rate of exploration success.

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES

Notes to the Financial Statements

for the year ended 30 June 2002

Outcome: Safe and healthy mineral and petroleum industry workforces.**Output 5: A system for regulating and promoting health and safety in the mineral industry.**

The ongoing management, revision and provision (or contracting) of products and services to facilitate a healthy environment and safe systems of work in mineral exploration and mining activities.

Output 6: A system for regulating and promoting health and safety in the petroleum industry.

The ongoing management, revision and provision (or contracting) of products and services to facilitate safe facilities design and systems of work in petroleum operations.

Outcome: Acceptable environmental standards for mineral and petroleum exploration, development, production and project completion.**Output 7: A system for regulating and promoting environmental management in the mineral industry.**

The provision of a regulatory environment for management of risk to the environment from mineral industry operations.

Output 8: A system for regulating and promoting environmental management in the petroleum industry.

The ongoing management and provision (or contracting) of a set of products and services to ensure petroleum exploration and production activities meet environmental standards and in accordance with Government policy.

Outcome: Appropriate returns to the community for the exploration of its mineral and petroleum resources.**Output 9: A system to establish royalty rates and ensure that appropriate royalties are paid when due.**

Recommendations are made for mineral and petroleum royalty rates and systems. Royalty legislation is developed and new royalty arrangements established. Compliance with these requirements is monitored and financial returns audited.

Outcome: A community confident that it is safe from hazards associated with the storage, handling and transport of dangerous goods.**Output 10: A system for regulating the storage, handling and transport of dangerous goods.**

Licensing, audit and inspection programs for premises storing and vehicles transporting dangerous goods to achieve compliance levels which meet community expectations for health, safety and environmental management.

Outcome: Responsible development of the State's resources for the benefit of Western Australians**Output 11: Policy and planning advice on resources development**

The provision of advice to Government and agencies on policy and strategic planning issues affecting resources development in Western Australia.

Output 12: Investment attraction services

The provision to potential investors of information and advice about opportunities for new investments in resources development in Western Australia, especially in the downstream processing of resources.

Output 13: Resource project facilitation services

Facilitation of the establishment and ongoing operations of major resource development and associated infrastructure projects. Facilitation is achieved by managing the interface between the investor and Government to ensure coordinated, timely government decision-making and approvals procedures.

Outcome: Quality, independent chemical and scientific research, consultancy and analytical services.**Output 14: Scientific services**

The provision of high quality independent chemical information, advice and analytical services to government agencies, industry and research groups.

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES

Notes to the Financial Statements
for the year ended 30 June 2002

	2001-2002 (\$'000)
4 Employee expenses	
Wages and salaries (i)	44 881
Superannuation	3 913
Change in employee entitlements	(15)
	<u>48 779</u>
 (i) These employee expenses include superannuation, WorkCover premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee entitlements liabilities, note 28.	
5 Supplies and services	
Consultants and contractors	6 833
Advertising and promotion	154
Travel	1 323
Resources received free of charge (see note 14)	1 084
	<u>9 394</u>
6 Depreciation expense	
Buildings	423
Furniture	94
Data warehouse	23
Office equipment	156
Other equipment	93
Computer equipment	1 132
Communication equipment	8
Scientific equipment	318
	<u>2 247</u>
7 Administration expenses	
Communication	1 007
Consumables	2 410
Repairs and maintenance	930
Lease payments	1 572
Other administration expenses	6 530
Other staff cost	1 978
	<u>14 427</u>
8 Accommodation expenses	
Lease rentals	1 492
Repairs and maintenance	712
Other accommodation expenses	2 161
	<u>4 365</u>
9 Grants and subsidies	
Recurrent	<u>1 651</u>

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

	2001-2002
	(\$'000)
10 Capital User Charge	3 943
<p>A capital user charge rate of 8% has been set by the Government for 2001-02 and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of outputs. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.</p>	
11 Net loss on disposal of non-current assets	
Computing equipment	4
Gross proceeds on disposal of computing equipment	15
12 User charges and fees	
Petroleum permits and licences	6 391
Prospecting exploration and other mining licences	3 420
Explosives and Dangerous goods regulations	999
Chemistry Centre - Private sector	2 518
Chemistry Centre - Government sector	3 241
	<u>16 569</u>
13 Sale of goods (gross)	
Explosives	576
Mineral Titles	372
Geological Survey	335
Mining Operations	25
Petroleum	21
Administration	750
	<u>2 079</u>
Trading profit	
Sales (gross)	2 079
Cost of sales:	
Opening inventory	3 529
Purchases	112
	<u>3 641</u>
Closing inventory	3 305
Cost of Goods sold	<u>336</u>
Trading profit	<u>1 743</u>

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

	2001-2002 (\$'000)
14 Revenues from Government	
Output appropriations (i)	69 659
Capital appropriations (ii)	-
The following liabilities have been assumed by the Treasurer during the financial year (iii)	
Superannuation	518
Total liabilities assumed by the Treasurer	518
 Resources received free of charge (iv) has been determined on the basis of the following estimates provided by agencies.	
Office of the Auditor General	66
- audit services	
Housing and works	5
- property management services	
Crown Solicitors Office	766
- legal services	
Department of Land Administration	247
-land registration dealings, land information and products	
	<u>1 084</u>
(i) Output appropriations are accrual amounts as from 1 July 2001, reflecting the full price paid for outputs purchase by Government. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.	
(ii) Capital appropriations were revenue in 2001 (year ended 30 June 2001). From 1 July 2001 Capital appropriations, termed Capital contributions, have been designated as contributions by owners and are credited straight to equity in the Statement of Financial Position.	
(iii) Where a liability has been assumed by the Treasurer or other entity, the Department recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability.	
(iv) Where assets or services have been received free of charge or for nominal consideration, the Department recognises revenues equivalent to the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.	

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

	2001-2002
	\$'000
15 Net revenues and (expenses) from restructuring	
<u>Assets transferred to the Department</u>	
Cash and amounts held in suspense	2 671
Restricted cash assets	1 007
Receivables	2 094
Inventories	275
Other assets	171
Construction Works in Progress	5
Property, plant, equipment and vehicles	2 289
	<hr/> 8 512
<u>Liabilities assumed by the Department</u>	
Payables	1 367
Employee entitlements	2 591
Amounts due to the Treasurer	1 200
Other liabilities	816
	<hr/> 5 974
	<hr/> 2 538
16 Restricted cash assets	
Accrued salaries suspense account (i)	1 355
Suspense account (ii)	96
	<hr/> 1 451
(i) Accrued salaries suspense account is represented by a cash balance and is therefore equivalent to the net fair value. Amounts held in this account is only used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.	
(ii) The balance in the suspense account represents administered funds received close to end of year but not transferred to Treasury until after year end.	
17 Inventories	
Geological Survey	3 305
Chemistry Centre	287
Atrium	4
	<hr/> 3 596
18 Receivables	
Trade debtors	1 804
Other debtors	31
Provision for doubtful debts	(16)
GST receivable	87
	<hr/> 1 906

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

	2001-2002
19 Amounts receivable for outputs	\$'000
Current	1 485
Non-current	641
	<u>2 126</u>
<p>This asset represents the non-cash component of output appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.</p>	
20 Other Assets	
Prepayments	<u>330</u>
21 Property, plant, equipment and vehicles	
Land - at valuation	<u>21 714</u>
Buildings - at valuation	20 284
Accumulated depreciation	(2 691)
Buildings - at cost	828
Accumulated depreciation	(14)
Total buildings	<u>18 407</u>
Furniture - at cost	1 789
Accumulated depreciation	(1 101)
	688
Computer software - at cost	2 378
Accumulated depreciation	(2 316)
	62
Office equipment - at cost	1 136
Accumulated depreciation	(798)
	338
Other equipment - at cost	1 598
Accumulated depreciation	(1 334)
	264
Computer equipment - at cost	11 083
Accumulated depreciation	(8 861)
	2 222
Communication equipment - at cost	60
Accumulated depreciation	(12)
	48
Scientific equipment - at cost	1 835
Accumulated depreciation	(318)
	1 517
Total equipment	<u>4 389</u>
Vehicles - at cost	<u>49</u>
Total of property, plant, equipment and vehicles	<u>45 309</u>

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

	2001-2002 \$'000
22 Works in progress	
Mining Registrar/Magistrate Chamber - Meekatharra	20
State Drill Store - Carlisle	4 429
Kalgoorlie Explosives Reserve roadwork	122
Mungarri Explosive Reserve	289
Upgrade of FMIS	300
Development costs relating to new Chemistry laboratory	39
Burrup/Maitland infrastructure	200
	5 399

23 Reconciliation of non-current assets

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current and previous financial year are set out below:

	Carrying amount at start of year	Restructure	Additions	Disposals	Revaluation	Depreciation for the year	Carrying amount at end of year
As at 30 June 2002							
Land	18 928	180			2 606		21 714
Buildings at fair value	18 043				(29)	421	17 593
Buildings at cost	789		27			2	814
Furniture	398	212	172			94	688
Computer software	85					23	62
Office equipment	319	15	165	5		156	338
Other equipment	213		144			93	264
Computer equipment	1 824	425	1105			1 132	2 222
Communication equip.	18		38			8	48
Scientific equipment		1457	378			318	1 517
Vehicles	49						49
Work in progress	4 424	5	970				5 399
	45 090	2 294	2 999	5	2 577	2 247	50 708

The revaluation of freehold land, land improvements and buildings was performed in June 2002 in accordance with an independent valuation by the Valuer General's Office. Fair value has been determined on the basis of the current market buying values. The fair value of buildings has been determined by reference to current replacement cost as buildings are specialised and no market evidence of value is available.

The valuation was made in accordance with a regular policy of annual revaluation.

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

	2001-2002
	\$'000
24 Payables	
Current	
Trade payables	4 379
	<u>4 379</u>
25 Other liabilities	
Amount owing for six working days from 21 June 2002 to 30th June 2002	1 017
Accrued redundancies payable in July 2002.	1 505
	<u>2 522</u>
26 Revenue received in advance	
Grants held in trust for research projects	124
Other	87
	<u>211</u>
27 Amounts due to the Treasurer	
Amounts advanced	<u>1 200</u>
28 Provisions	
<u>Current</u>	
Liability for annual leave	3 056
Liability for long service leave	2 633
	<u>5 689</u>
<u>Non-current</u>	
Liability for long service leave	<u>4 926</u>
<p>The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and WorkCover premiums. The liability for such on-costs is included here. The associated expense is included under Employee expenses at note 4.</p>	
<p><u>Employee Entitlements</u></p> <p>The aggregate employee leave entitlement liability recognised and included in the financial statements is as follows:</p>	
Current	5 689
Non-current	4 926
	<u>10 615</u>

The Department considers the carrying amount of employee entitlements is equivalent to the net fair value.

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

2001-2002

\$'000

29 Equity

Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity

Balance at the beginning of the year	-
Capital contributions	3 657
Balance at end of the year	<u>3 657</u>

From 1 July 2001, capital appropriations, termed Capital Contributions, have been designated as contributions by owners and are credited straight to equity in the Statement of Financial Position.

Accumulated surplus/ (deficiency)

Balance at the beginning of the year	15 841
Change in net assets	7 301
Balance at end of the year	<u>23 142</u>

Asset revaluation reserve

Balance at the beginning of the year	26 097
Net revaluation increments/(decrements)	
Land	2 606
Buildings	(29)
Balance at end of the year	<u>28 674</u>

Total equity	<u>55 473</u>
--------------	---------------

30 Resources provided free of charge

During the year the following resources were provided to other agencies free of charge for functions outside the normal operations of the Department:

MERRIWA (Building services, parking, conferences)	13
	<u>13</u>

31 Notes to the Statement of Cash Flows

(a) Reconciliation of cash

For the purposes of the Statement of Cash Flows, 'cash' includes cash on hand and operating account. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash on hand	32
Cash assets	14 251
Restricted cash assets (refer note 16)	1 451
	<u>15 734</u>

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

	2001-2002 \$'000
(b) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities	
Net cost of service	(66,498)
<u>Non cash items</u>	
Superannuation	518
Depreciation	2 247
Resources received free of charge	1 084
Loss on disposal of non-current assets	4
<u>(Increase)/decrease in assets</u>	
Accounts receivable	(472)
Inventory	(232)
Prepayments	4
GST input credit	188
<u>Increase/(decrease) in liabilities</u>	
Accounts payable	574
Revenue received in advance	211
Other liabilities	1 047
Provisions	273
Net cash used in operating activities	<u>(61 052)</u>

32 Additional financial instruments disclosures

(i) Interest rate risk exposures

The following table details the Department's exposure to interest rate risk as at 30 June 2002

	Floating Interest Rate \$'000	Non-Interest Bearing \$'000	Total \$'000	Weighted Average Effective Interest rate
30 June 2002				
Financial Assets				
Cash assets		14 283	14 283	-
Restricted cash assets		1 451	1 451	-
Accounts receivable		1 906	1 906	-
Total financial assets		17 640	17 640	-
Financial liabilities				
Amounts due to Treasurer		1 200	1 200	
Accounts payable		4 379	4 379	-
Total financial liabilities		5 579	5 579	-

(ii) The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the departments maximum exposure to credit risk.

(iii) Net fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in Note 2 to the Financial Statements.

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES

Notes to the Financial Statements
for the year ended 30 June 2002**33 Remuneration of senior officers****2001-2002**

Remuneration

(\$'000)

The number of senior officers whose total fees, salaries, superannuation and other benefits for the financial year, who fall within the following bands are:

	2001-2002
\$100 001 to \$110 000	1
\$110 001 to \$120 000	13
\$120 001 to \$130 000	7
\$130 001 to \$140 000	1
\$140 001 to \$150 000	1
\$160 001 to \$170 000	1
\$230 001 to \$240 000	1
\$250 001 to \$260 000	1
\$260 001 to \$270 000	1

The total remuneration of senior officers is:

3 712

The superannuation included here represents the superannuation expense incurred by the department in respect of senior officers.

Two senior officers are members of the Pension Scheme.

34 Explanatory Statement

The Summary of Consolidated Fund Appropriation and Revenue Estimates discloses appropriation and other statutes expenditure estimates, the actual expenditure made and revenue estimates and payments into the Consolidated Fund, all on an accrual basis. The following explanations are provided in accordance with Treasurer's Instruction 945: Significant variations are considered to be those greater than 10% or \$5,000,000.

	Estimate	Actual	Variance
	(\$'000)	(\$'000)	(\$'000)
(a) Significant variances between estimates and actual - Total appropriation to purchase outputs			
Although there was no significant variance in the total appropriation, there was a significant offsetting variance in the following output expenditure: Resource Project Facilitation Services			
Expenditure was considerably lower than budget due to the deferral of funding for the Ord Stage 2 project and delays in expenditure for the Lenora-Oakajee infrastructure corridor.	14 005	8 839	(5 166)
(b) Significant variances between estimate and actual - Capital Contribution			
No significant variance			
(c) Significant variances between estimate and actual, - Total administered appropriations			
No significant variance			
(d) Significant variances between estimate and actual - Administered revenues	1 111 320	1 065 312	(46 008)
The value of royalty collections was lower than the original estimate due to lower petroleum prices and lower export volumes of iron ore. This was partially offset by increases in gold prices.			

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

	2001-2002 (\$'000)
35 Commitments for expenditure	
(a) Lease commitment	
At the reporting date, the following lease commitments are due for payment:	
Not later than one year	378
Later than one year but not later than two years	378
Later than two years but not later than five years	1 066
(b) Other commitments	
As at balance date, the Department had the following commitments:	
Capital	109
Recurrent	2 995
36. Contingent liabilities	
Apart from the liabilities incorporated in the financial statements, the department has the following contingent liabilities:	
Litigation in progress:	
The agency has pending litigation that may affect the financial position to the value of \$1,769,000.	
Should there be a recovery on the loan to Compact Steel, the Department would be obligated to share the recovered funds equally with the Commonwealth Government.	
A Local Government authority has advised the Department that it will be seeking compensation for a financial loss resulting from the provision of incorrect information.	
37 Events occurring after reporting date	
No known event or events occurred after year end which materially affects the results reflected in this financial report.	
38 Related bodies	
The Department had no related bodies as defined in the Financial Administration and Audit Act 1985 and Treasurer's Instruction 951.	
39 Affiliated bodies	
The Department had no affiliated bodies as defined in Financial Administration and Audit Act 1985 and Treasurer's Instruction 951.	

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES

Notes to the Financial Statements
for the year ended 30 June 2002**40 Accounts of the Trust Fund****Survey of leases under the Mining Act Account**

Survey fees collected under the Mining Act are paid into this account. The actual cost of surveys is charged to the Consolidated Fund, and fees previously collected are transferred to Consolidated Revenue. If the applicant decides not to proceed with the survey, the fee collected is refunded.

	2001-2002
	\$'000
Opening balance 1 July	933
<u>Add receipts</u>	
Survey fees	-
Stale cheque	-
	<u>933</u>
<u>Less payments</u>	
Refunds	56
	<u>56</u>
Closing balance 30 June	<u>877</u>

Barrow Island Royalty Trust Account

The account was created under the Barrow Island Royalty Trust Account 1985 which provides for royalty payments received under the Barrow Island lease to be credited to the account and subsequently apportioned between the Commonwealth and the State.

	2001-2002
	\$'000
Opening balance 1 July	-
<u>Add receipts</u>	
Royalties received	36 624
	<u>36 624</u>
<u>Less payments</u>	
Remitted to State	6 562
Remitted to Commonwealth	19 684
	<u>26 246</u>
Closing balance 30 June	<u>10 378</u>

Departmental receipts in suspense

This account is to hold moneys temporarily, pending identification of the purpose for which the funds were received. The balance of the account as at 30 June 2002 was \$96378.

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

Deposits Mines Department account

Funds held are received for the issue of temporary reserves and exploration permits pending finalisation of certain legal requirements.

	2001-2002
	\$'000
Opening balance 1 July	3 532
<u>Add receipts</u>	
Bonds, Securities	873
Interest	90
	<u>963</u>
	4 495
<u>Less payments/ transfers</u>	
Refunds of bonds, securities	3 657
Interest transferred	84
	<u>3 741</u>
	<u>754</u>
Closing balance 30 June	754

Special Projects Trust Fund account

The account was created to hold funds for the purpose of participating in significant projects with other countries, the Commonwealth and the private sector to the mutual benefit of the other participants and the State of Western Australia.

This account includes an agreement between the Commonwealth and the Department (Indian Ocean Territories Agreement) to carry out inspection services at Christmas Island. With an opening balance of \$125 328, receipts totalling \$64 692 and payments totalling \$64 000 giving a closing balance of \$126 020.

	2001-2002
	\$'000
Opening Balance 1 July	383
<u>Add receipts</u>	
Contribution from Industry and Government	239
	<u>622</u>
<u>Less payments</u>	
Salaries	73
Travel	38
Equipment, other	50
	<u>161</u>
	<u>461</u>
Closing Balance 30 June	461

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES

Notes to the Financial Statements
for the year ended 30 June 2002**Forest Residue Utilisation Levy Trust Fund**

Purpose - To hold funds appropriated by Parliament for the purpose of funding studies and programs which add value to forest residues

	2001-2002
	\$'000
Opening Balance 1 July	88
<u>Add</u> receipts	
Contribution from Industry and Government	-
	<u>88</u>
<u>Less</u> payments	
Salaries	27
Travel	-
Equipment, other	-
	<u>27</u>
Closing Balance 30 June	<u>61</u>

WA Government/China Economic and Technical Research Trust Fund

Purpose - To hold funds for the purpose of promoting joint studies of future areas of long term mutually beneficial economic co-operation between Western Australia and China particularly in the development, processing and marketing of Western Australia's mineral resources.

	2001-2002
	\$'000
Opening Balance 1 July	668
<u>Add</u> receipts	
Consolidated Fund contributions	-
	<u>668</u>
<u>Less</u> payments	
Salaries	16
Travel	-
Equipment, other	-
	<u>16</u>
Closing Balance 30 June	<u>652</u>

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

Research Trusts

The following moneys are held on behalf of various institutions for which the Chemistry Centre (WA) performs various specified research projects.

	2001-2002
	\$'000
Opening Balance 1 July	183
<u>Add receipts</u>	
Revenue received	424
	<u>607</u>
<u>Less payments</u>	
Money spent on research	483
	<u>483</u>
Closing Balance 30 June	<u>124</u>

41 Supplementary financial information**2001-2002****\$'000**Losses Through Theft, Defaults and Other Causes

Losses of public moneys and public or other property through theft or default

Amount recovered

nil

nil

Write Offs

Public and other property, revenue and debts due to the State, written off in accordance with section 45 of the Financial Administration and Audit Act by:

The Accountable Officer

5

The Minister

-

5

Analysis of losses written off

 Stock shortages

-

 Bad debts

5

5

Gifts of Public Property

Gifts of public property provided by the Department

1

1

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

42 Schedule of Administered Items

	2001-2002
	\$'000
ADMINISTERED EXPENSES & REVENUE (I)	
Grants to Other Public Bodies	50
Statutory Authorities	9 879
Other State Services	2 982
Petroleum (Submerged Lands) Act 1982	15 222
Refunds of Previous Years' Revenue	5 846
Aboriginal Lands Trust	182
Total administered expenses	<u>34 161</u>
REVENUES	
Rentals and royalties	1 058 730
Law Courts	12
Revenues from Government	33 836
Total administered revenues	<u>1 092 578</u>
Increase in net assets resulting from restructure	<u>3 540</u>
	<u>1 096 118</u>
ADMINISTERED ASSETS & LIABILITIES (II)	
ASSETS	
Operating account	4 436
Accounts receivable	184 707
Restricted cash	12 525
Total administered current assets	<u>201 668</u>
Administered non-current assets	<u>8</u>
Total administered assets	<u>201 676</u>
LIABILITIES	
Payments received in advance	12 515
Accounts payable	757
GST Payable	14
Total administered liabilities	<u>13 286</u>

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

	2001-2002
(I) Administered expenses and revenues	\$'000
Expenses	
An appropriation is made to provide ongoing support of major resource development and associated infrastructure projects, such as industrial land, transport, energy and water service facilities, and other services for the resources industry.	
Grants to Other State Bodies	50
Statutory Authorise	9 879
Other State Services	2 982
An appropriation is made under the provisions of the Petroleum (Submerged Lands) Act 1982 for the Commonwealth's share of royalties received from offshore operations.	
Petroleum (Submerged lands) Act 1982	15 222
An appropriation is also made for refunds of previous years' revenues and a remuneration to the Aboriginal Lands Trust. Refunds of previous years' revenues are made to tenement holders who have paid excess rentals on their holdings and to mineral/petroleum companies who have paid excess royalties.	
	5 846
Aboriginal Lands Trust is a reappropriation of rents and royalties collected on mining and petroleum tenements situated on Aboriginal reserves.	
	182
	<hr/>
	34 161
Revenue	
Rentals and royalties	
The Department is responsible for collection of certain rentals and royalties. These are not classified as operating revenues and are paid directly to Consolidated Fund. Collections made during the year were \$1028m and revenues due but not collected were \$185m .	
Royalties	
Petroleum - Commonwealth	370 441
Petroleum - State	46 436
Iron Ore	276 466
Diamonds	66 054
Alumina	59 975
Mineral sands	25 065
Nickel	48 988
Gold	80 746
Other	47 383
Lease rentals	37 176
Total Royalties	<hr/> 1 058 730

FINANCIAL STATEMENTS

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

	2001-2002
	\$'000
Law courts	12
Infringement penalties	12
Revenues from Government	
Appropriations for payments to Other Public Bodies, Statutory Authorities and Other State Services	12 584
Appropriation for Petroleum (Submerged Lands) Act 1982	15 222
Refunds of Previous Years' Revenue	5 848
Aboriginal Lands Trust	182
Total Administered Revenues	33 836
(II) Administered assets and liabilities	
Administered assets and liabilities are not controlled by the Department but are administered by it on behalf of the Government.	
Administered current assets	
Restricted cash	
Special Projects Trust Fund	461
Deposits Mines Department account	754
Survey of Leases Under Mining Act account	932
Barrow Island Trust	10 378
	12 525
Operating account	
Unspent funds for Petroleum (Submerged Lands) Act 1982	954
Unspent funds for refunds of previous years' revenue	(161)
Unspent funds for Other Public Bodies, Statutory Authorities and Other State Services	3 643
	4 436
Accounts receivable	184 707
This represents royalty not collected as at 30 June 2002 on production which occurred prior to balance date.	
Other negotiations are taking place to determine royalty arrangements for individual mines and wells. As these discussions result in substantial levels of royalty collection by the State, they represent a contingent asset. However it is not possible to quantify the level of this asset at balance date.	

DEPARTMENT OF MINERAL AND PETROLEUM RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2002

	2001-2002
	\$'000
Administered non-current assets	
Property, plant, equipment and vehicles	8
	<hr/> 8
Administered current liabilities	
Payments received in advance	12 515
Accounts payable	757
GST payable	14
	<hr/> 13 286

MPR FINANCIAL REPORT

FINANCIAL INFORMATION FOR PREVIOUS YEARS

Copies of the relevant sections of the 2000-01 Financial Statements for the following agencies are provided for comparison purposes.

- Resources Development
- Minerals and Energy
- Chemistry Centre

Department of Resources Development Financial Statements 2000-01

Statement of Financial Performance for the year ended 30 June 2001

	2000/01	1999/00
	\$'000	\$'000
Expenses from ordinary activities		
Employee expenses	7,530	6,722
Supplies and services	1,909	3,017
Depreciation expense	246	302
Administration expenses	1,087	718
Accommodation expenses	1,206	1,214
Grants and subsidies	748	1,118
Other expenses from ordinary activities	2,601	3,358
Total cost of services	15,327	16,449
Revenues from ordinary activities		
Commonwealth grants and contributions	(2)	265
Net profit on disposal of non-current assets	13	59
Other revenues from ordinary activities	382	400
Total revenue from ordinary activities	393	724
Net cost of services	14,934	15,725
REVENUES FROM GOVERNMENT		
Appropriations	13,600	12,089
Resources received free of charge	562	464
Liabilities assumed by the Treasurer	863	552
Total revenues from Government	15,025	13,105
CHANGE IN NET ASSETS	91	(2 620)

**Department of Resources Development
Statement of Financial Position
as at 30 June 2001**

	2000/01	1999/00
	\$'000	\$'000
CURRENT ASSETS		
Cash assets	2,394	1,635
Restricted cash assets	1,007	1,266
Receivables	1,506	419
Other assets	132	173
Total current assets	5,039	3,493
NON-CURRENT ASSETS		
Property, plant and equipment	649	446
Total non-current assets	649	446
Total assets	5,688	3,939
CURRENT LIABILITIES		
Payables	544	349
Provisions	924	849
Other liabilities	492	160
Total current liabilities	1,960	1,358
NON-CURRENT LIABILITIES		
Provisions	736	690
Other liabilities	204	395
Total non-current liabilities	940	1,085
Total liabilities	2,900	2,443
EQUITY		
Accumulated surplus	2,608	1,366
Reserves	180	130
Total equity	2,788	1,496
Total liabilities and equity	5,688	3,939

**Department of Resources Development
Statement of Cash Flows
for the year ended 30 June 2001**

	2000/01	1999/00
	\$'000	\$'000
	Inflows	Inflows
	(Outflows)	(Outflows)
CASH FLOWS FROM GOVERNMENT		
Recurrent appropriations	13,094	10,604
Capital appropriations	506	1,485
<i>Net cash provided by Government</i>	13600	12089

Utilised as follows:

CASH FLOWS FROM OPERATING ACTIVITIES

Payments

Employee costs	(6,214)	(6,271)
Supplies and services	(1,909)	(3,121)
Administration	(892)	(741)
Accommodation	(1,398)	(1,288)
Grants and subsidies	(748)	(1,076)
GST payments on purchases	(802)	-
Other payments	(3,052)	(3,207)

Receipts

Receipts from other services	567	692
GST receipts on sales	77	-
GST receipts from taxation authority	474	-
<i>Net cash used in operating activities</i>	(13,897)	(15,012)

CASH FLOWS FROM INVESTING ACTIVITIES

Proceeds from sale of non-current physical assets	18	67
Purchase of non-current physical assets	(404)	(218)
<i>Net cash used in investing activities</i>	(386)	(151)

Net decrease in cash held

	(683)	(3,074)
--	-------	---------

Cash assets at the beginning of the financial year	2,901	5,975
Cash assets transferred from administered expenditure	1,183	-
Cash assets at the end of the financial year	3,401	2,901

Department of Minerals and Energy Financial Statements 2000-01

Statement of Financial Performance
for the year ended 30 June 2001

	2000/01 (\$'000)	1999/00 (\$'000)
COST OF SERVICES		
Expenses from Ordinary Activities		
Employee expenses	37 312	35 963
Supplies and services	10 915	11 325
Depreciation	2 017	1 912
Administration expenses	4 317	3 710
Accommodation expenses	3 651	3 540
Grants and subsidies	56	42
Net loss on disposal of non-current assets	-	19
Total cost of services	58 268	56 511
Revenues from Ordinary Activities		
User charges and fees	9 249	7 912
Trading Profit	2 192	1 383
Net gain on disposal of non-current assets	24	-
Total revenues from ordinary activities	11 465	9 295
NET COST OF SERVICES	46 803	47 216
REVENUES FROM GOVERNMENT		
Appropriations	41 498	41 592
Resources received free of charge	755	679
Liabilities assumed by the Treasurer	2 567	3 233
Total revenues from Government	44 820	45 504
Change in Net Assets	(1 983)	(1 712)
Net increase in asset revaluation reserve	4 264	-
TOTAL CHANGE IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNER OWNERS	2 281	(1 712)

**Department of Minerals and Energy
Statement of Financial Position
as at 30 June 2001**

	2000/01 (\$'000)	1999/00 (\$'000)
CURRENT ASSETS		
Cash assets	4 243	8 250
Inventories	3 529	2 863
Receivables	170	126
Prepayments	147	290
Total current assets	<u>8 089</u>	<u>11 529</u>
NON-CURRENT ASSETS		
Property, plant, equipment and vehicles	40670	36641
Works in progress	4 424	3 528
Total non-current assets	<u>45094</u>	<u>40169</u>
Total assets	<u>53183</u>	<u>51698</u>
CURRENT LIABILITIES		
Payables	2 755	3 677
Accrued salaries	659	636
Provisions	4 931	4 159
Total current liabilities	<u>8 345</u>	<u>8 472</u>
NON-CURRENT LIABILITIES		
Provisions	2 900	3 605
Total non-current liabilities	<u>2 900</u>	<u>3 605</u>
Total liabilities	<u>11 245</u>	<u>12 077</u>
EQUITY		
Accumulated surplus	15 841	17 788
Asset revaluation reserve	26 097	21 833
Total equity	<u>41 938</u>	<u>39 621</u>
Total liabilities and equity	<u>53 183</u>	<u>51 698</u>

**Department of Minerals and Energy
Statement of Cash Flows
for the year ended 30 June 2001**

	2000/01 (\$'000) Inflows (Outflows)	1999/00 (\$'000) Inflows (Outflows)
CASH FLOWS FROM GOVERNMENT		
Recurrent appropriations	40 365	39 842
Capital appropriations	1 133	1 750
Net cash provided by Government	<u>41 498</u>	<u>41 592</u>

Utilised as follows:

CASH FLOWS FROM OPERATING ACTIVITIES

Payments		
Employee costs	(34 655)	(30 748)
Supplies and services	(19 007)	(19 995)
GST payments on purchases	(2 138)	(24)
GST Payments to taxation authority	(3 812)	-
Receipts		
Receipts in Suspense	-	954
Sale of goods and services	1 526	1 254
User charges and fees retained under a net appropriation agreement	9 249	8 071
GST receipts on sales	5 950	138
Net cash used in operating activities	<u>(42 887)</u>	<u>(40 350)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of non-current assets	(2 664)	(4 182)
Proceeds from sale of non current assets	46	3
Net cash used in investing activities	<u>(2 618)</u>	<u>(4 179)</u>

Net increase/(decrease) in cash held

(4 007) (2 937)

Cash assets at the beginning of the financial year

8 250 11 187

Cash assets at end of financial year

4 243 8 250

Chemistry Centre (WA) Financial Statements 2000-01

Statement of Financial Performance for the year ended 30 June 2001

	2000/01 (\$'000)	1999/00 (\$'000)
COST OF SERVICES		
Expenses from Ordinary Activities		
Employee expenses	5230	4794
Superannuation	537	682
Depreciation	410	382
Administration expenses	2176	1942
Accommodation expenses	292	292
Net loss on disposal of non-current assets	27	47
Total cost of services	<u>8672</u>	<u>8139</u>
Revenues from Ordinary Activities		
User charges and fees	5446	5169
Total revenues from ordinary activities	<u>5446</u>	<u>5169</u>
NET COST OF SERVICES	3226	2970
REVENUES FROM GOVERNMENT		
Appropriations	2045	2100
Resources received free of charge	612	530
Liabilities assumed by the Treasurer	537	682
Total revenues from Government	<u>3194</u>	<u>3312</u>
Change in Net Assets	<u>(32)</u>	<u>342</u>
TOTAL CHANGE IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNER OWNERS	(32)	342

**Chemistry Centre (WA)
Statement of Financial Position
as at 30 June 2001**

	2000/01 (\$'000)	1999/00 (\$'000)
CURRENT ASSETS		
Cash assets	277	248
Inventories	275	215
Receivables	588	476
Prepayments	39	19
Total current assets	<u>1179</u>	<u>958</u>
NON-CURRENT ASSETS		
Property, plant, equipment and vehicles	1640	1469
Works in progress	5	5
Total non-current assets	<u>1645</u>	<u>1474</u>
Total assets	<u>2824</u>	<u>2432</u>
CURRENT LIABILITIES		
Payables	835	384
Accrued salaries	108	105
Provisions	577	629
Amount due to the Treasurer	1200	1200
Total current liabilities	<u>2720</u>	<u>2318</u>
NON-CURRENT LIABILITIES		
Provisions	354	332
Total non-current liabilities	<u>354</u>	<u>332</u>
Total liabilities	<u>3074</u>	<u>2650</u>
EQUITY		
Accumulated losses	(250)	(218)
Total liabilities and equity	<u>2824</u>	<u>2432</u>

**Chemistry Centre (WA)
Statement of Cash Flows
for the year ended 30 June 2001**

	2000/01 (\$'000) Inflows (Outflows)	1999/00 (\$'000) Inflows (Outflows)
CASH FLOWS FROM GOVERNMENT		
Treasurer's Advance	0	100
Receipts from Recurrent Appropriations	2045	2100
Net cash provided by Government	<u>2045</u>	<u>2200</u>
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee costs	(5 257)	(4 782)
Administration	(1 485)	(2 474)
GST payments on purchases	(255)	0
GST Payments to taxation authority	(314)	0
Receipts		
Revenues from services	5334	5 491
GST receipts on sales	569	0
Net cash used in operating activities	<u>(1 408)</u>	<u>(1 765)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current assets	(611)	(409)
Proceeds from sale of non current assets	3	0
Net cash used in investing activities	<u>(608)</u>	<u>(409)</u>
Net increase/(decrease) in cash held		
	29	26
Cash assets at the beginning of the financial year		
	248	222
Cash assets at end of financial year	<u>277</u>	<u>248</u>

APPENDICES

APPENDIX 1

LEGISLATION AND CHANGES TO LEGISLATION

The Department of Mineral and Petroleum Resources is responsible to the Minister for State Development for administering 17 Acts of Parliament:

The main Acts are:

Mining Act 1978
Petroleum Act 1967
Mines Safety and Inspection Act 1994
Explosives and Dangerous Goods Act 1961

The remaining Acts are:

Barrow Island Royalty Trust Account Act 1985
Barrow Island Royalty Variation Agreement Act 1985
Coal Industry Tribunal of Western Australia Act 1992
Coal Miners' Welfare Act 1947
Coal Mines Legislation Amendment and Revival Act 1998
Dangerous Goods (Transport) Act 1998
Miners' Phthisis Act 1922
Mining on Private Property Act 1898
Mining (Validation and Amendment) Act 1986
Petroleum Pipelines Act 1969
Petroleum (Registration Fees) Act 1967
Petroleum (Submerged Lands) Act 1982
Petroleum (Submerged Lands) Registration Fees Act 1982

The following Commonwealth legislation is administered by MPR through the Commonwealth/Western Australian Offshore Petroleum/Minerals Joint Authorities:

Petroleum (Submerged Lands) Act 1967
Petroleum (Submerged Lands) (Registration Fees) Act 1967
Petroleum (Submerged Lands) (Royalty) Act 1967
Petroleum (Submerged Lands) Fees Act 1994
Petroleum (Submerged Land) Amendment Act 2001
Offshore Minerals Act 1994
Offshore Minerals (Registration Fees) Act 1981
Offshore Minerals (Mining Licence Fees) Act 1981
Offshore Minerals (Exploration Licence Fees) Act 1981
Offshore Minerals (Retention Licence Fees) Act 1994
Offshore Minerals (Works Licence Fees) Act 1981
Offshore Minerals (Royalty) Act 1981

MPR also administers various State Agreement Acts and these are listed in Appendix 2

Changes to Legislation

ACTS

Mining Act 1978

Mining Amendment Act 2002 (No. 15 of 2002): Assented to 8 July 2002, section 23 deemed operative 15 July 2001, balance yet to be proclaimed. The Act contains 15 separate proposals including increasing the level of monetary penalties, standardising the depth limit for the protection zones for Crown land to 30 metres, strengthening the existing restriction on activities of "related parties" and changing the procedures for the "release" of ground from exploration licences.

REGULATIONS

Mining Regulations 1981

Mining Amendment Regulations (No. 5) 2001: Published in the Gazette on 15 December 2000 to operate from 16 December 2000. To include a new royalty rate of 30 cents for "limestone including limesands and shell sands (used as a neutralising agent)".

Corporations (Consequential Amendments) Regulations 2001: Published in the Gazette on 28 September 2001 deemed operative 15 July 2001. Amends references to the Corporations Law as a result of the Commonwealth enacting the Corporations Act 2001.

Mining Amendment Regulations (No. 6) 2001: Published in the Gazette on 14 December 2001 to operate from 1 January 2002. To revise the definition of "realised value", which will apply to all minerals paying ad valorem royalty.

Mining Amendment Regulations 2002: Published in the Gazette on 8 February 2002 to operate from 23 April 2002. Minor changes consequential to the new Mining (Ellendale Diamond Royalties) Regulations 2002.

Mining Amendment Regulations (No. 2) 2002: Published in the Gazette on 23 July 2002 to operate from that date. Minor changes to regulations 85 and 86 on royalty clarifications including packaging costs as a deduction.

Mining Amendment Regulations (No. 4) 2002: Published in the Gazette on 28 June 2002 to operate from 1 July 2002. Increase in the fees and rentals as approved by Cabinet.

Mining (Ellendale Diamond Royalties) Regulations 2002.

New regulations to introduce a profit based royalty system to apply to the Ellendale mining lease. Published in the Gazette on 8 February 2002 to operate from 23 April 2002.

OTHER

Legislation currently before Parliament.

Offshore Minerals Bill 2001, Offshore Minerals (Registration Fees) Bill 2001 and the Offshore Minerals (Consequential Amendments) Bill 2001: These Bills are to govern the exploration for and exploitation of minerals from the seabed within the first three nautical miles of the Territorial Sea and for related matters. The Bills have been passed by the Legislative Assembly and introduced into the Legislative Council.

Legislation passed by Parliament but not yet proclaimed or only partly proclaimed to operate.

Mining and Amendment Act 1996 (No. 54 of 1996): Passed by Parliament on 31 October 1996 and assented to 11 November 1996. A partial proclamation for Sections 5, 7, 10, 13 and 22 was published in the Gazette on 6 December 1996 to operate from 7 December 1996. The remaining sections relate to the registration of dealings and require further legislative changes and supporting regulations.

APPENDIX 2

STATE AGREEMENT ACTS

The 64 State Agreement Acts administered by the Department of Mineral and Petroleum Resources on behalf of the Government of Western Australia, at 30 June 2002 are:

Alumina

Alumina Refinery Agreement Act 1961
Alumina Refinery (Mitchell Plateau) Agreement Act 1971
Alumina Refinery (Pinjarra) Agreement Act 1969
Alumina Refinery (Wagerup) Agreement and Acts Amendment Act 1978
Alumina Refinery (Worsley) Agreement Act 1973

Charcoal Iron and Steel

Wundowie Charcoal Iron Industry Sale Agreement Act 1974

Coal

Collie Coal (Griffin) Agreement Act 1979
Collie Coal (Western Collieries) Agreement Act 1979

Copper

Western Mining Corporation Limited (Throssell Range) Agreement Act 1985

Diamonds

Diamond (Argyle Diamond Mines Joint Venture) Agreement Act 1981

Energy

Goldfields Gas Pipeline Agreement Act 1994
Pilbara Energy Project Agreement Act 1994
Ord River HydroEnergy Project Agreement Act 1994

Forest products

Albany Hardwood Plantation Agreement Act 1993
Bunbury Treefarm Project Agreement Act 1995
Collie Hardwood Plantation Agreement Act 1995
Dardanup Pine Log Sawmill Agreement Act 1992
Paper Mill Agreement Act 1960
Wesply (Dardanup) Agreement Authorisation Act 1975
Wood Chipping Industry Agreement Act 1969
Wood Processing (WESFI) Agreement Act 2000

Gas

North West Gas Development (Woodside) Agreement Act 1979

Gold

Tailings Treatment (Kalgoorlie) Agreement Act 1988

Iron ore and steel

Broken Hill Proprietary Company's Integrated Steel Works Agreement Act 1960
Broken Hill Proprietary Steel Industry Agreement Act 1952
Iron Ore (The Broken Hill Proprietary Company Limited) Agreement Act 1964
Iron Ore (Channar Joint Venture) Agreement Act 1987
Iron Ore (Goldsworthy-Nimingarra) Agreement Act 1972
Iron Ore (Hamersley Range) Agreement Act 1963
Iron Ore (Hamersley Range) Agreement Act 1968
Iron Ore (Hope Downs) Agreement Act 1992
Iron Ore (McCamey's Monster) Agreement Authorisation Act 1972
Iron Ore (Marillana Creek) Agreement Act 1991
Iron Ore (Mount Bruce) Agreement Act 1972
Iron Ore (Mount Goldsworthy) Agreement Act 1964

Iron Ore (Mount Newman) Agreement Act 1964
Iron Ore (Murchison) Agreement Authorisation Act 1973
Iron Ore (Rhodes Ridge) Agreement Authorisation Act 1972
Iron Ore (Robe River) Agreement Act 1964
Iron Ore (Wittenoom) Agreement Act 1972
Iron Ore Processing (BHP Minerals) Agreement Act 1994
Iron Ore Beneficiation (BHP) Agreement Act 1996
Iron Ore Direct Reduced Iron (BHP) Agreement Act 1996
Iron Ore (Yandicoogina) Agreement Act 1996
Iron & Steel (Mid West) Agreement Act 1997

Mineral sands

Mineral Sands (Eneabba) Agreement Act 1975
Mineral Sands (Cooljarloo) Mining and Processing Agreement Act 1988
Mineral Sands (Beenup) Agreement Act 1995

Nickel

Nickel (Agnew) Agreement Act 1974
Nickel Refinery (Western Mining Corporation Limited) Agreement Act 1968
Nickel Refinery (Western Mining Corporation Limited) Agreement Act Amendment Act 1970
Poseidon Nickel Agreement Act 1971

Oil

Oil Refinery (Kwinana) Agreement Act 1952

Salt

Dampier Solar Salt Industry Agreement Act 1967
Evaporites (Lake MacLeod) Agreement Act 1967
Leslie Solar Salt Industry Agreement Act 1966
Onslow Solar Salt Agreement Act 1992
Shark Bay Solar Salt Industry Agreement Act 1983

Uranium

Uranium (Yeelirrie) Agreement Act 1978

Miscellaneous

Cement Works (Cockburn Cement Limited) Agreement Act 1971
Industrial Lands (CSBP & Farmers Limited) Agreement Act 1976
Industrial Lands (Kwinana) Agreement Act 1964
Pigment Factory (Australind) Agreement Act 1986
Silicon (Kemerton) Agreement Act 1987

During the reporting period, the following State Agreements were varied:

- Iron and Steel (Mid West) Agreement Act 1997
- Alumina Refinery Agreement Act 1961
- Iron Ore (Goldsworthy-Nimingarra) Agreement Act 1972
- Iron Ore (Marillana Creek) Agreement Act 1991
- Iron Ore (McCamey's Monster) Agreement Authorisation Act 1972
- Iron Ore (Mount Goldsworthy) Agreement Act 1964
- Iron Ore (Mount Newman) Agreement Act 1964
- Iron Ore Beneficiation Agreement Act 1996
- Iron Ore-Direct Reduced Iron (BHP) Agreement Act 1996

APPENDIX 3

GLOSSARY OF SELECTED TERMS USED IN THE MINING AND PETROLEUM INDUSTRIES

(key - min denotes mining term; pet denotes petroleum and/or gas term, edg denotes explosives and dangerous goods term)

adit (min)	horizontal tunnel from the surface giving access to underground workings.
AN	ammonium nitrate - used for explosives.
ANFO	explosive mixture of ammonium nitrate and fuel oil.
anticline	old, generally convex upward, whose core contains the stratigraphically older rocks.
appraisal drilling (pet)	used to determine the physical extent, reserves and likely production rate of an oil or gas field.
Archaean	the earliest of the two great divisions of the Precambrian, i.e. earlier than 2 500 million years before present.
barrel (pet)	unit volume measurement used for petroleum and its products; 1 barrel = 42 US gallons, 35 Imperial gallons (approx.), or 159 litres (approx.); 7.3 barrels = 1 ton (approx.); 6.29 barrels = 1 cubic metre.
base metal	copper, lead and zinc.
beneficiation (min)	improvement of the grade of ore (by milling, flotation, etc) to produce concentrate.
blowout (pet)	gas, oil or salt water escaping in an uncontrolled manner from a well.
blowout preventer (pet)	see Christmas tree.
Bridging Document	a Bridging Document is the site specific and operator specific part of a Safety Case for a well (or wells) to be drilled with a Mobile Offshore Drilling Unit (MODU, i.e. offshore drilling rig). For efficiency, the MODU usually has a facility Safety Case and this is supplemented by the Bridging Document part of the site specific Safety Case.
bring in a well (pet)	to complete a well to producing status.
brownfields	around or near existing mine sites and/or known mineral deposits.
bulk (transport) (edg)	(a) dangerous goods of Class 2 (gases) in a container greater than 500 litres; (b) liquid or a paste other than Class 2 in a container greater than 250 litres; or (c) solids in a container greater than 400 kilograms.
Christmas tree (pet)	pipes and valves fitted to a production well-head to control flow of oil or gas and prevent blowouts.
CIP (min)	carbon in pulp (also see pulp).
class (edg)	number assigned to dangerous goods with a common most significant risk.
craton	continental block of the Earth's crust that has attained stability and has been little-deformed for a prolonged period. Mostly composed of Precambrian rocks.
development wells (pet)	wells drilled after a field has been discovered (see discovery well).
directional drilling (pet)	well deliberately deviated from the vertical to reach a particular part of a reservoir.
discovery well (pet)	first oil or gas well drilled in a new field to reveal the petroleum-bearing reservoir (see development well).
drilling fluid (pet)	circulating fluid or gas that forces cuttings out of the well to the surface.
drilling mud (pet)	lubricating mixture of clays, water and chemicals that carry away rock cuttings and maintain pressure at the drill bit.
drive (min)	horizontal heading driven along strike parallel to, or in, an orebody.
dyke	narrow tabular body of igneous rock cutting across structure of the adjacent country rocks.
explosives reserve (edg)	secured area of Crown land vested in the Minister for Mines and used to store and manufacture explosives.
farm-in	arrangement where one company acquires an interest in an exploration or production licence by paying some of the past or future costs of another company which is relinquishing part of its interest.
grade (min)	the relative quantity of the percentage of ore-mineral content. Common units are grams per tonne, parts per million, and per cent.

greenfields	relatively unexplored areas.
greenstone	any altered or metamorphosed basic igneous rock.
hazchem (edg)	hazardous chemical. Those with a licence to store hazardous chemicals must place a sign at the entrance to their premises, alerting fire crews and other emergency response groups of the type of hazards inside.
incline or decline (min)	sloping mine working.
injection well (pet)	well used to inject gas or water into the reservoir rock in order to maintain reservoir pressure in secondary recovery or (in the case of gas) for conservation purposes.
intermediate bulk container (IBC) (edg)	transport container up to three cubic metre capacity used for dangerous goods of other than Class 2 (gases); IBCs are performance-tested containers which are not built to a design specification.
iron ore fines	particles of iron ore, usually below 10 millimetres in diameter, normally require sintering or pelletising before use in a blast furnace.
iron ore lump	ore, usually between 10 and 30 millimetres in diameter, which can be fed directly into a blast furnace.
jacket (pet)	steel lattice structure supporting an offshore platform.
liquefied natural gas (LNG)	natural gas liquefied by refrigeration or pressure for easier storage and/or transport. Generally methane.
liquefied petroleum gas (LPG)	mixture of light hydrocarbons liquefied by refrigeration or pressure for easier storage and/or transport. Generally propane and butane. Sometimes known as condensate.
magazine (edg)	store used exclusively to keep explosives.
major hazard facility (edg)	chemical plant with a significant potential for long distance off-site adverse public safety event.
megatonne	equivalent to million tonne.
metamorphic rock	rocks that have formed in the solid state from pre-existing rocks in response to pronounced changes of temperature, pressure, shearing stress or chemical environment.
MSDS (edg)	(Material Safety Data Sheet) a document that provides information on the identification, health hazards, precautions for the safe use and handling of a specific substance.
mullock or waste (min)	mined rock of no economic value.
oil trap	geological structure that traps migrating hydrocarbons, allowing an oil field to form.
open pit (min)	surface mining where ore is progressively extracted.
orebody	mass of mineralisation economically capable of being worked.
orogen	belt of deformed rocks often accompanied by metamorphic and plutonic rocks.
oxide ore	weathered economic mineralisation; usually near the surface and often easy to beneficiate.
package (edg)	packaging and contents prepared for transport.
Palaeontology	the science of the forms of life existing in former geological periods.
placer	alluvial deposit of ore, usually as mineral-bearing gravel or sand.
plate tectonics	theory of large-scale movement in which the Earth's crust is divided into a number of "plates" or slabs. Interaction at their boundaries causes earthquakes, volcanoes and/or mountain building.
platform (pet)	offshore structure from which development wells are drilled.
plugging (pet)	process of filling an unwanted well with concrete before abandoning.
possible resources (pet)	undeveloped oil and/or gas resources, which might eventually be recoverable from untested geological structures.
pulp	fluid mixture of ground ore and water, specified either as solid-liquid ratio (by weight) or as a percentage of solids (by weight).
regolith	surficial layer of loose rock materials (volcanic ash, glacial drift, alluvium, windblown deposits, vegetal accumulations, and soils) forming the land surface over rocks at depth.
resource (min)	identified mineral occurrence from which valuable status may be inferred, indicated or measured – depending on the degree of confidence and extent of geological evaluation.

reserve	part of a measured or indicated mineral resource which can be economically mined. Status may be proven or probable – depending on degree of confidence and extent of evaluation.
recoverable reserves (pet)	proportion of oil and/or gas in a reservoir that can be removed using currently available techniques.
reservoir rock	porous and permeable rock, such as sandstone, which may contain significant oil or gas.
roaster (min)	plant where sulphide concentrate is heated and oxidised to remove the sulphur, producing loaded carbon for stripping and bullion recovery.
sag mill (min)	semi autogenous grinding mill that uses both grinding media, usually steel balls, and a large lump of ore itself to grind the ore.
sedimentary	rock formed of sediment (conglomerate, sandstone, and shale formed of fragments of other rock transported from their sources and deposited in water) or by precipitation (rock salt and gypsum), or organisms (limestone).
sedimentary basin	segment of the earth's crust which has been down-warped and infilled with sediment. Sediments increase in thickness toward the centre of a basin.
seismic	acoustic method of compiling geological profiles, either on land or at sea.
shaft (min)	a vertical or inclined excavation through which a mine is worked.
skip (min)	container used to hoist rock in shafts.
spudding in (pet)	to start drilling an oil well.
stope (min)	underground excavation formed by extraction of ore.
well-head (pet)	control equipment fitted to the top of a well casing, incorporating outlets, valves, blowout preventers, etc.
wildcat (pet)	exploration well drilled with limited or no knowledge of the contents of the underlying rock structure.
winze (min)	a steeply inclined underground mine opening, like a shaft, driven to connect one mine level with a lower level.

APPENDIX 4

GLOSSARY OF ABBREVIATIONS AND ACRONYMS USED IN THE ANNUAL REPORT

AGD	Australian Geodetic Data (now replaced by GDA)
AMEEF	Australian Minerals and Energy Environment Foundation
ANZMEC	Australian and New Zealand Minerals and Energy Council
APLA	Amalgamated Prospectors and Leaseholders Association
APPEA	Australasian Petroleum Producers and Explorers Association
CALM	Department of Conservation and Land Management
DEP	Department of Environmental Protection
DITR	Commonwealth Department of Industry, Tourism and Resources
DME	Department of Minerals and Energy (see MPR)
DOLA	Department of Land Administration
DRD	Department of Resources Development (see MPR)
EDG	Explosives and Dangerous Goods
EMP	Environmental Management Plan
EP	Environment Plans
EPA	Environmental Protection Authority
FAAA	Financial Administration and Audit Act 1985
FESA	Fire and Emergency Services Authority
GDA	Geocentric Datum Australia
GMI	Global Mining Initiative
GPS	Global Positioning System
KPI	Key Performance Indicator
LNG	Liquefied Natural Gas

LPG	Liquefied Petroleum Gas
LTIFR	Lost Time Injury Frequency Rate
MELC	Minerals and Environment Liaison Committee
MILC	Mining Industry Liaison Committee
MPR	Department of Mineral and Petroleum Resources created on 1 July 2001 from former Department of Minerals and Energy and Department of Resources Development. Also includes Chemistry Centre (WA).
MODU	Mobile Offshore Drilling Unit
MOSHAB	Mines Occupational Safety and Health Advisory Board
NOI	Notice of Intent
NOGSAC	National Oil and Gas Safety Advisory Committee
OSCP	Oil Spill Contingency Plans
PILC	Petroleum Industry Liaison Committee
QMS	Quality Management System
TENDEX	Electronic Titles Information System
TI	Treasury Instruction
TRIFR	Total Reportable Injury Frequency
WALIS	Western Australian Land Information System
WAPIMS	Western Australian Petroleum Information Management System
WRC	Water and Rivers Commission