


FOCUSED ON DEVELOPING  
WESTERN AUSTRALIA'S  
INDUSTRY AND RESOURCES

# Annual Report 2003

 <b>Mineral and Petroleum Services</b>	 <b>Business and Trade Services</b>	 <b>Investment Services</b>	 <b>Strategies and Planning</b>	 <b>Corporate Support</b>
Mineral Titles	Chemistry Centre	Geological Survey	Communications and Marketing	
Petroleum	Office of Aboriginal Economic Development	Investment Facilitation	State Development Strategies	
Safety, Health and Environment	Export and Market Development	Infrastructure Coordination	Department Strategies and Innovation	
Royalties	Business Development			



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 Industry and Resources (DoIR) of the State of Western Australia, for the year ended 30 June 2003.

The Annual Report is structured according to the Outcome-Output model used in the 2003-04 Budget Papers, with the agreement of the Department of Treasury and Finance, to reflect industry responsibilities (Output 7) assumed on the 3<sup>rd</sup> February 2003.

Rationalisation of performance measurement systems during the period has resulted in modifications to quantity, quality and timeliness measures for Outputs 1, 2, and 3 to more accurately reflect the Department's mission as at 30 June 2003. These changes are outlined in Appendix 1.

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Limerick', written in a cursive style.

Jim Limerick

Reporting Officer  
Director General  
DEPARTMENT OF INDUSTRY AND RESOURCES

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## THE DIRECTOR-GENERAL'S REPORT

This report is the first for the Department of Industry and Resources (DoIR). DoIR was formed on 3 February 2003 through the amalgamation of the former Department of Mineral and Petroleum Resources and parts of the former Department of Industry and Technology.

DoIR is now responsible for all non-rural industrial development in Western Australia, assisting in developing interstate and international markets, especially in manufacturing, mining and petroleum, information and communication technology, education, food, wine, bio-technology, defence, marine and Aboriginal business.

The Department also has legislative responsibility to manage the State's mineral titles system, collect mineral and petroleum royalties, regulate health, safety and environment within the resources sector, as well as regulate the transport and use of explosives and other dangerous goods.

2002-03 has been a challenging and rewarding year, as the Department has taken on its expanded responsibilities.

At the Minister's request during 2002-03, the Department prepared a draft Industry Policy Statement, to be released for public comment in July. This policy provides a framework for the Government's approach to industry development in Western Australia.

It has been building on these opportunities that has provided the highlights for our Department this year.

A key highlight has been the successful bid by the North West Shelf Venture to supply China's Guangdong Province with 3.3 million tonnes of liquefied natural gas (LNG) for 25 years. This contract represented the culmination of a coordinated marketing effort by the joint venture partners, the Commonwealth and the State Government over the last five years.

There has also been major progress in the State's long held vision for downstream gas processing, with planning and implementation by the Department of the

\$137 million development of multi-user infrastructure on the Burrup Peninsula to support gas processing and value-adding to the chemicals industry hub on the Burrup.

In addition to attracting new projects to the Burrup, the Department coordinated the approvals process for Burrup Fertilisers \$630 million ammonia project, with construction commencing on the Burrup Peninsula in April.

During the year the Department also successfully oversaw construction of the \$200 million, 40 ha Common User Facility at the Australian Marine Complex in Henderson, on time and within budget. The Facility comprises Australia's biggest mobile assembly hall, a protected deepwater harbour and approach channel, 15,000t and 3,000t load-out wharves and prime waterfront leasehold areas for fabrication and assembly. The Marine Complex will facilitate and enhance the fabrication opportunities created by the marine, defense and resources industries.

The information and communication technology (ICT) sector also received a major boost through a tripartite agreement between the State Government, Motorola and the University of Western Australia (UWA) to establish a global software engineering centre at UWA.

On the safety front, there were mixed outcomes. There were five mining fatalities in the year to June 2003 and the first in the offshore petroleum industry since 1999. Together with industry we must strive to eliminate fatalities. As part of this approach a Safety Behaviour Survey 2002 was conducted by the Mines Occupation safety and Health Advisory Board (MOSHAB), assessing the attitude of workers and management to risk-taking behaviour in the minerals industry. This is believed to be the largest survey of its kind anywhere in the world.


To assist in encouraging exploration activity, the Perth Core Library and archival facility at Carlisle was opened in April. This repository of geo-scientific information is the Perth

node of the integrated Western Australian facility that incorporates the Joe Lord Core Library in Kalgoorlie. This is an important resource for the mining industry.

Opportunities for indigenous business has been another focal point for the Department. During the year the Department's Office of Aboriginal Economic Development established an Aboriginal economic development task group to address the need for a cohesive, coordinated State-wide strategy to improve economic outcomes for indigenous Australians.

2002-03 has been an exciting and busy year for the Department. As we move into the

new financial year, our first full year as the Department of Industry and Resources, we will continue to strive towards achieving a vision of sustainable prosperity for Western Australians. In doing so, we will aim to focus on activities that deliver the highest value to our clients and the community.



JIM LIMERICK  
Director General  
Department of Industry and Resources



## THE DEPARTMENT AT A GLANCE

The Department of Industry and Resources (DoIR) supports the Minister for State Development, the Honourable Clive Brown, MLA.

DoIR was formed on 3 February 2003 with the amalgamation of the former Department of Mineral and Petroleum Resources (MPR) with the industry development and trade responsibilities of the former Department of Industry and Technology (DoIT).

Bringing together these two major economic agencies to focus on developing the State's industry and mineral and petroleum resource assets was a recommendation of the *Review of the Effective Delivery of Government Priorities* – established to review the linkages between the activities of departments and the Government's overall priorities.

DoIR administers 17 State Acts that regulate the minerals and petroleum in Western Australia and 66 State Agreement Acts. In addition, DoIR also co-administers 13 Commonwealth Acts that control petroleum exploration and development in offshore waters.

### MISSION

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

### VISION

DoIR is committed to an organizational culture that is:

- Strategic and front-line focused
  - Clearly setting visions and priorities
  - Allocating resources with the focus on delivering services to customers
- Enterprising and innovative
  - Seeking new solutions
  - Challenging traditional thinking
- Agile
  - Having staff with competencies that

allow them to work in positions across the organization in response to demand

- A focus on cutting away administrivia and unnecessary bureaucracy

- Aware
  - Net-working, being involved, keeping our ears and eyes open
  - Being open to honest feedback
- Proactive and collaborative
  - Driving the State Development agenda
  - Working in partnership/alliancing with government, business and the community
- Responsive and inclusive
  - Acting quickly and responding to changes within business and the community
  - Including others in our decision making processes
  - Understanding areas we are working in.

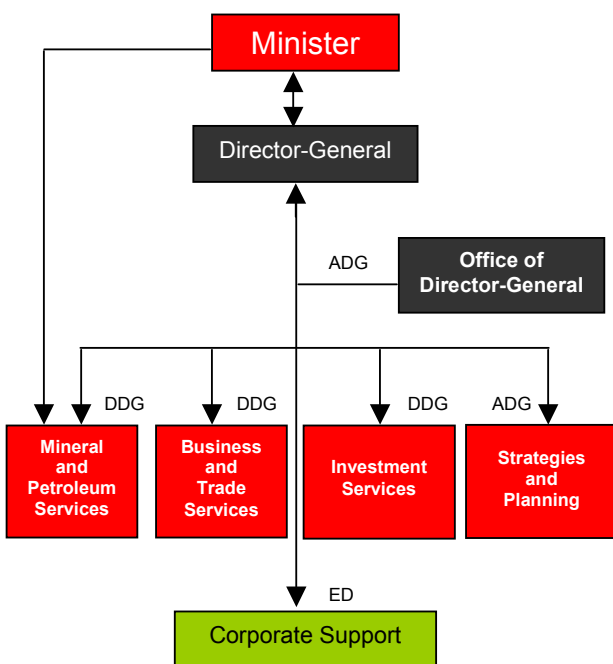
The DoIR vision has important ramifications for individuals within DoIR and there is a strong expectation and high value placed on:

- Taking on personal ownership for the outcomes of the Department by focusing on activities that deliver the highest direct value to our clients and the community
- Seeking out and developing effective partnerships both internally and externally
- Taking actions that create better ways of doing our work and better outcomes for our clients and the community
- Respecting cultural differences and having a shared sense of contributing to the success of DoIR as a whole
- Being committed to the values and goals of the Department.

**ORGANISATIONAL STRUCTURE: THE WAY FORWARD – BUILDING THE FUTURE**

The merger of MPR and DoIT was an opportunity to rethink how we operate, our values and our culture. The new high-level structure is provided below (Figure 1) to reflect the emerging organization as at the end of the reporting period.

Figure 1: New Organisational Chart progressively implemented during June 2003



**The 6 Key Groups**

The three key business Groups are:

- Mineral and Petroleum Services

Provide an efficient and fair system of regulation of the mineral and petroleum industries that will:

- Help companies gain secure access to minerals and petroleum resources
- Protect workers and the community

- Minimise social and environmental impacts
- Ensure a satisfactory return to the community through royalties.
- Business and Trade Services
  - Assist existing Western Australian businesses to grow
  - Initiate and support Western Australian trade access to markets outside the State, both nationally and internationally.
- Investment Services
  - Attract investment into Western Australia
  - Grow and diversify the State’s economic base.
  - Help companies make successful investments that benefit Western Australians

The three key operational Groups are:

- Strategies and Planning
  - Provide leadership in portfolio level policy development, drive Department transformation and innovation, support the strategic functions within the Department and ensure quality communications both internally and externally.
- Office of Director General
  - Provide key support and specialist advice to the Director General on issues of high strategic importance to the economic development of the State.
- Corporate Support
  - Provide information technology, finance, human resources, records and facilities support to other parts of the Department that will allow these divisions to do their job well.

### ORGANISATIONAL STRUCTURE: SUPPORTING THE OUTCOMES AND OUTPUTS

The six operating Groups consist of Divisions that are responsible for providing Departmental products and services to our customers in line with the Department's Output structure used in this report.

Table 1 (below) shows the links between DoIR's Outcome and Output structure and the organisational structure as implemented on 1 June 2003.

Unless otherwise stated this structure is used throughout this report.

Table 1: DoIR's Outcome and Output Structure

<b>Group Division</b>	<b>Outcome:</b> Responsible development of the State's industry and resources for the benefit of Western Australians
<b>Mineral and Petroleum Services</b> <ul style="list-style-type: none"> <li>• Mineral Titles</li> <li>• Petroleum (titles)</li> <li>• Royalties</li>   <li>• Safety, Health and Environment (Mining)</li> <li>• Petroleum</li> </ul>	<b>OUTPUTS (2003)</b> <b>Output 1:</b> Titles and Royalties Administration  <b>Output 2:</b> Health, Safety and Environmental Services
<b>Investment Services</b> <ul style="list-style-type: none"> <li>• Investment facilitation</li> <li>• Industrial Infrastructure Coordination</li>     <li>• Geological Survey WA</li> </ul>	<b>Output 3:</b> Project and Infrastructure Facilitation Services  <b>Output 4:</b> Investment Attraction Services  <b>Output 5:</b> Geological Services
<b>Business and Trade Services</b> <ul style="list-style-type: none"> <li>• Chemistry Centre WA,</li>   <li>• Office of Aboriginal Economic Development</li> <li>• Export and Market Development</li> <li>• Business Development</li> </ul>	<b>Output 6:</b> Scientific Services  <b>Output 7:</b> Industry Development Services

## DEPARTMENTAL HIGHLIGHTS

### MINERAL AND PETROLEUM SERVICES GROUP

#### Mineral Titles

- Completed the migration from a paper-based title register system and Statewide implementation to an electronic title register system (MiTiS)
- Developed an action plan focusing on the issues identified as urgent or serious by the Auditor General's report "Level Pegging: Management of Mineral Titles in Western Australia". New guidelines were introduced and changes effected.

#### Petroleum Services

- Worked with the Commonwealth to progress the establishment of a National Offshore Petroleum Safety Authority (NOPSA). The Department is implementing a management plan for the transition of responsibilities to NOPSA which is to be headquartered in Perth and is targeted to commence January 2005.

#### Safety, Health and Environment

##### *Mineral industry safety*

- Amalgamated the Mining Operations Division with the Explosives and Dangerous Goods Division to form the Safety, Health and Environment Division (SHED). This new division enables better integration of risk principles into the Department's inspectorial and regulatory roles. This has already resulted in increased efficiencies and improved regulation in safety, health and environment.
- Assisted MOSHAB prepare and produce the *Safety Behaviour Survey 2002* report. The report was launched in February 2003 and based on a survey of nearly 5 000 employees from 60 mines across the State. The survey assessed the views and perceptions of risk-taking behaviour within the minerals industry across Western Australia. It is believed to be the

biggest of its kind ever conducted in Australia and possibly the world.

- Provided input into the review of the *Mines Safety and Inspection Act 1994* (MSI Act) conducted by Mr Robert Laing. The final report was released in January 2003 and the Government is considering the report.
- Continued to develop the mining industry workers' health database MINEHEALTH, which was used to produce the first epidemiological reports during the year. The main finding was that noise induced hearing loss has emerged as a significant occupational health issue for the Western Australian mining industry, despite high levels of industry compliance with existing noise control regulations.

##### *Mineral industry environmental performance*

- Received 278 Notices of Intent (NOI). Officers conducted 240 Annual Environmental Reviews and carried out 350 general inspections of mining and exploration operations.

##### *Encouraging safety and environmental performance*

- Received fifteen nominations for the Golden Gecko Awards for Environmental Excellence. Three Golden Gecko Awards were issued to: Alcoa World Alumina Australia; Lionore Australia (Nickel) Ltd and to Esperance Port Authority.

##### *Dangerous goods regulation*

- Prepared the *Dangerous Goods Safety Bill 2002*, which was passed by the Lower House of Parliament in June 2003 and is scheduled for debate in the Upper House in September 2003. The Bill is the first stage of a broad revision of the dangerous goods legislation in Western Australia.
- Commenced implementing the recommendations of the Parliamentary Bellevue Hazardous Waste Fire Inquiry in close consultation with other agencies

and particularly with Local Government, Department of Environment (DoE) and Fire and Emergency Services Authority (FESA).

- Conducted an investigation into the Carmel Fireworks explosion. It was the most significant dangerous goods accident investigation ever conducted by the Department and included analysis of the causes of the explosions and recommendations for improvement.
- Commenced the approvals process for five new Major Hazard Facilities associated with the Burrup industrial area. The analysis of complex "safety case" submissions in accordance with the National Standard typifies the changing nature of safety regulation in Western Australia.

### Royalties

- Collected a total of \$1 413.3 million in royalties during the year comprising \$650.4 million for minerals and \$762.9 million for petroleum – representing a 13 per cent increase in the value of royalty collections compared with the previous year. Of this, \$292.3 million was paid to the Commonwealth Government under petroleum royalty-sharing arrangements, the balance of \$1 121 being paid to the State Government.

### INVESTMENT SERVICES GROUP

#### Investment Facilitation

- Played a significant role, especially through the Shanghai office, in the successful bid by the North West Shelf Venture to supply LNG to Guangdong (China). The contract is worth \$25 billion.
- Progressed the State's long held vision for downstream gas processing by coordinating approvals for Burrup Fertilisers' \$630 million ammonia project. Site construction works commenced on the Burrup Peninsula in April 2003.
- Planned and implemented the \$137 million development of multi-user

infrastructure on the Burrup Peninsula to support gas processing value-adding petrochemical industry hub on the Burrup.

- Completed State Agreement variations that enabled BHP Billiton to move ahead with the Area C mine and Product and Capacity Enhancement projects; Rio Tinto and partners to commence construction of the HIs melt Iron project at Kwinana; and production at Robe River's West Angelas mine to commence.

### Industrial Infrastructure Coordination

- Constructed the \$200 million, 40 ha Common User Facility at the Australian Marine Complex in Henderson, on time and within budget. The Facility comprises Australia's biggest mobile assembly hall, a protected deepwater harbour and approach channel, 15,000t and 3,000t load-out wharves and prime waterfront leasehold areas for fabrication and assembly. The Australian Marine Complex at Henderson, has been developed to facilitate and enhance the fabrication opportunities created by the clustering of the marine, defence and resources industries.
- Secured the establishment of a Westpac Contact Centre in Joondalup that will provide up to 450 jobs.
- Reached in principle agreement with Synergy Regional Pty Ltd to establish a network of three regional call centres in Collie, Albany and Bunbury, which are expected to employ up to 290 staff.
- Concluded a tripartite arrangement between the University of Western Australia (UWA), Motorola and Government to establish the \$20 million global software engineering centre at UWA.
- Assisted local industry in lobbying the Federal government to award the \$375

million RAN Patrol Boat Contract to Western Australian based bidders.

### **Geological Survey WA**

- Completed and commissioned the Perth Core Library and archival facility at Carlisle, the Perth node of an integrated Western Australian facility incorporating the Joe Lord Core Library in Kalgoorlie.

## **BUSINESS AND TRADE SERVICES GROUP**

### **Export and Market Development**

- Coordinated ministerial missions to India and Europe and the Premier's mission to Japan, China, Malaysia and the Middle East. The mission to Middle East, attracted 91 delegates and was the State's largest ever – resulting in significant business activity for WA.
- Organized a Business Mission comprising 16 Western Australian companies to the Netherlands, Germany and the United Kingdom.
- Partnered with AUSTRADE to hold 3 seminars for WA ICT companies on export opportunities in UK and Europe, China and Singapore.
- Developed a project for the promotion of products from the Margaret River Region in a major Singaporean retail outlet in collaboration with the Department of Agriculture.
- Organised a mission of food and beverage companies to Gulf Food with the Department of Agriculture. The Western Australian food industry was well represented with 31 companies promoted by 28 participants, of which 18 Companies exhibited on a joint Western Australian Stand.

### **Business Development**

- Participated in a Project Steering Group investigating the feasibility of establishing an eco-industrial park – the Shenton Sustainability Park - to process water,

waste water and municipal waste in the vicinity of the Subiaco Wastewater Treatment Plant in Shenton Park.

- Worked closely with the Western Australian branch of Furniture Industry Association of Australia to promote value adding to the State's native timbers and the development of the native timber furniture industry in line with the State Government's "Protecting Our Old Growth Forest Policy".
- Partnered with ScreenWest to establish the Screen Industry Film and Television Production Fund aimed at encouraging greater levels of film and television/digital content production in Western Australia, which also involves the Australian Broadcasting Corporation.
- Secured Raytheon's Maritime and Naval Systems Division as anchor Tenant to the Technology Precinct at the Australian Marine Complex. The attraction of Raytheon will create up to 165 highly skilled jobs to the State and significantly help the State's recognition as a defence maritime centre of excellence.

### **Office of Aboriginal Economic Development**

- Established an Economic Sustainability Task Group to address the need for a cohesive, coordinated state-wide strategy to improve economic outcomes for Aboriginal families and communities in response to the Gordon Report on Family Violence and Child Abuse in Aboriginal Communities.

## **STRATEGIES AND PLANNING GROUP**

### **State Development Strategies**

- Led the development of the draft Industry Policy Statement entitled *Building Future Prosperity* on a whole-of-Government basis. This included primary responsibility for preparing the Policy Statement and coordinating Government agency input through chairing the cross-agency Industry Policy Working Party.

- Reviewed the Government's Intellectual Property Policy resulting in a new Government Intellectual Property Policy and Best Practice Guidelines which were approved by Cabinet.

## REPORT ON OPERATIONS

### RELATIONSHIP TO GOVERNMENT STRATEGIC OBJECTIVES

The following table (Table 2) demonstrates the linkage between the most appropriate Government strategic objective and the agency level desired outcomes and outputs.

Table 2: Relationship to Government Strategic Objectives<sup>1</sup>

Government Strategic Objective	Desired Outcome	Outputs
A growing and diversified economy	Responsible development of the State's industry and resources for the benefit of Western Australians	1. Titles and Royalties Administration 2. Health, Safety and Environmental Services 3. Project and Infrastructure Facilitation Services 4. Investment Attraction Services 5. Geological Services 6. Scientific Services 7. Industry Development Services

Achievements for 2002-03 are reported against the seven outputs as defined in the 2003-04 Treasury budget Statements. The use of the 2003-04 format and measures has been approved by the Department of Treasury and Finance to allow for the inclusion of the new industry development responsibilities that came into effect on the 3 February 2003.

All other outputs are the same as reported in the 2002-03 Budget Statements apart for improvements in a number of quantity sub-measures to more accurately reflect the changes in the organisation during the latter half of the 2002-03 period. See Appendix 1 for a description of changes to the output structure.

<sup>1</sup> Source: Treasury Budget Statements 2003-04, 2003, Volume 2, page 826

**OUTPUT 1: TITLES AND ROYALTIES ADMINISTRATION**

*Titles and royalties administration* benefits the Western Australian community through a legislative framework, information systems and administrative processes for mineral titles, petroleum titles and mineral and petroleum resource royalties. Legislation and titles systems provide information on land availability for mineral and petroleum exploration and mining and petroleum production, encourages exploration on titles, ensures security for title holders and provides a framework for collection of royalties, to achieve a fair return to the community.

Products and services include:

- Granting titles to explore for and mine minerals;
- Granting titles to explore for and produce petroleum and promoting invitations for bids for exploration areas
- Collecting royalties

**Mineral Titles***Major Achievements for 2002-03*

- Completed the data capture and verification program for the mineral titles MiTiS electronic register system. MiTiS is now being used as the Department's official mineral titles register.
- The Mining Titles Recommendation Working Group finalised its recommendations for the required legislative amendments to the *Mining Act 1978* recommended by the Native Title Technical Task Force to reduce the backlog of outstanding mineral title applications.

Native Title issues and involvement in reviews were at the forefront of 2002-03 activities for Mineral Titles. Reviews included:

- Auditor General's report "*Level Pegging: Management of Mineral Titles in Western Australia*"
- Report of the "Technical Taskforce on Mineral Tenements and Land Title Applications"
- Bowler Enquiry into "Greenfields Exploration in Western Australia".

*The Auditor General's report "Pegging: Management of Mineral Titles in Western Australia"*

The report dealt with the management of

mineral titles in Western Australia and 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 plaint system, instead of compliance checks by the Department.
- The adoption of some policies and practices not authorised under the governing legislation.

The Department's action plan focused on the issues identified by Auditor General as urgent or serious and that could be fixed by reviewing and improving current processes and procedures. A number of guidelines and changes were implemented during the period. Planning for a Quality Management System in line with the Australian Standard ISO 9001:2000 was commenced.

*The Report of Technical Taskforce on Mineral Tenements and Land Title Applications*

Key recommendations of the Mining Titles Recommendation Working Group included longer terms for exploration titles and a focus on exploration being conducted on exploration titles rather than on mining



leases.

Mineral Titles also contributed to developing Heritage Protection Agreements in conjunction with the mining industry groups and Native Title Representative Bodies. The agreements which provide for Aboriginal heritage surveys to be conducted will facilitate the early grant of exploration titles by removing litigation from the grant process.

#### *Title and Land Access*

The Department received 2 824 applications for mining tenements during the period, an 18 per cent drop from the previous year. The backlog remains at 11 555 applications. The Department granted 1 396 mineral titles during the period – up 33 per cent on the previous year.

Table 3: Tenement Applications for the period 1 July 2002 to 30 June 2003

	No.	Area (hectares)
Prospecting Licences	1 007	119 949
Exploration Licences	1 298	12 874 680
Mining Leases	410	212 356
Other	109	54 810
<b>TOTAL</b>	<b>2 824</b>	<b>13 261 795</b>

Table 4: Tenements granted for the period 1 July 2002 to 30 June 2003

	No.	Area (hectares)
Prospecting Licences	553	73 497
Exploration Licences	648	7 217 043
Mining Leases	117	42 533
Other	78	326 031
<b>TOTAL</b>	<b>1 396</b>	<b>7 659 104</b>

Table 5: Tenements in force as at 30 June 2003

	No.	Area (hectares)
<i>(Mining Act 1978)</i>		

Prospecting Licences	4 567	574 956
Exploration Licences	2 858	21 119 930
Mining Leases	4 769	1 762 255
Other	3 629	3 298 868
<i>(Mining Act 1904)</i>		
Mineral Claims & others	186	21 569
<b>TOTAL</b>	<b>16 009</b>	<b>26 777 578</b>

#### **Title Compliance**

Major changes to the title compliance processes and work procedures have been implemented as part of the response to the Auditor General's report on Mineral Titles.

The Auditor General had reported that only two per cent of Form 5 expenditure reports were lodged within the required 60 day period. Through education this increased to 18 per cent in the year.

During the year:

- 12 155 Form 5 expenditure reports were lodged (see Table 5 below)
- 1 334 notices of intention to forfeit for nonpayment of rent and non-compliance with expenditure commitments were issued
- 260 titles were forfeited during the period
- 5 008 exemptions from expenditure affecting 6 202 tenements were finalised.

Table 6: Title Monitoring

	2000-01	2001-02	2002-03
Reports received	12 080	12 796	12 155
Exemption applications	5 503	5 386	4 632
Tenements forfeited (Rent / expenditure)	198	304	260

### **Mining Industry Liaison Committee (MILC)**

The Mining Industry Liaison Committee (MILC) forum for industry groups considered the following issues:

- **Operation of section 20A prospector's permit system reviewed**

An annual review of the permit system enabling prospectors limited access to Crown land within granted exploration licences indicated it was operating successfully with no impact on exploration licence holders.

- **Auditor General's Report**

Guidelines were introduced in respect to the criteria for extension of term of a licence and expenditure exemptions. Mineral exploration reporting guidelines were reviewed by MILC.

- **Review of Warden's powers**

Drafting of amendments to the Act to clarify the Warden's role when addressing tenement issues commenced.

- **Regulation changes**

MILC endorsed amendments to the regulations to include the following as claimable expenditure in respect to tenements:

- cutting and polishing of minerals for sample purposes only; and
- Aboriginal heritage clearances carried out before tenement grant.

MILC also agreed to vary the way a miscellaneous licence must be marked out to require only one post.

### **Customer and information services**

There were 39 483 mineral title searches carried out during the year. Counter inquiries at the Information Centre remained stable at 11 242 – slightly down on the previous year with an average of 45 people per day visited the center. There were 8 240 receipts of tenement applications, dealings and documents – also down slightly from the

previous year.

### **Business Systems**

Access to the Department's website for clients was improved and 5 369 on-line registrations to TENGRAPH® were received – a significant 94 per cent increase.

- **MiTIS (Mineral Titles Electronic Management System)**

The MiTiS data capture program was completed and full tenement register information became available from the Department's Information Centre at Mineral House and from 13 regional offices throughout the State.

- **Mineral Titles On-line and TENGRAPH® (Computerised Tenement Mapping System)**

The new Mineral Titles Online System was released to enable Internet access to MiTiS tenement information and to request, receive and pay for title searches on-line.

TENGRAPH® now displays the location of tenements with open file exploration reports and the position with details on mine-sites throughout the State.

### **Petroleum Titles**

#### *Major Achievements for 2002-03*

- Carried out activities required under the legislation, including the issue of Production Licences, Retention Leases, Pipeline Licences and Exploration Permits.
- Resolved Commonwealth fees issue for petroleum and implemented an increase in State fees for petroleum to where there is near to full cost recovery.
- Developed a revised onshore petroleum exploration promotion strategy and commenced implementation.
- Provided input to policy development and implementation resulting from Government reviews and strategies and improved on-line access to petroleum

titles and statistics information.

- Completed resource management studies into effects of pressure decline and impact of CO<sub>2</sub> injection.

### **Legislation**

Amendments made to the Petroleum Acts during the 2002-2003 year were confined to regulations increasing fees.

### **Industry liaison**

Conducted an annual Petroleum Open Day to showcase:

- the work done in the State's sedimentary basins,
- data management systems,
- areas to be released for petroleum exploration permit bids,
- highlight the importance of petroleum to the Western Australian economy
- the strategies undertaken in promoting safety and good environmental management.

Exhibited and presented papers at the Australian Petroleum Production and Exploration Association's Annual Conference in Adelaide to help promote Western Australia's petroleum potential.

### **Titles and access to land**

The number of petroleum titles in force remained steady reflecting the frontier nature (e.g. deep water) of the blocks on offer. Many onshore applications already received were not brought to finality because of native title and other land access issues.

### **Exploration and promotion of exploration**

Western Australia attracted 61 percent of Australia's petroleum exploration expenditure during the period. The number of new field wildcats in the State during the period remained steady at 38.

Offshore 3D geophysical surveys dropped 49.8 per cent to 6 657 square kilometres compared to the previous year and offshore 2D geophysical surveys dropped 22.8 per

cent to 17 429 line kilometres. Only 6 line kilometres of onshore area 2D seismic was acquired compared with 60 line kilometres of 2D seismic and 237 square kilometres of 3D seismic in the previous period. Exploration flourished in the Perth Basin with 55 per cent of all 2D seismic in Western Australia being acquired within the Perth Basin.

A number of significant discoveries were made in Western Australia including Stybarrow within the Exmouth Sub basin, north of Laverda and the Jingemina and Eremia oil discoveries onshore in the Northern Perth Basin in what had previously been deemed a gas province.

### **Facilitation of Exploration**

Acreage was released in the Northern Perth Basin (4 onshore and 1 State Waters application areas), the Bonaparte Basin, Carnarvon Basin and Perth Basin. Information relevant to explorers about land access, key publications relating to prospectivity, listings of available data were advertised and distributed at key exploration-oriented conferences in Australia and overseas.

The Western Australian Petroleum Opportunities 2003 booklet was published and distributed to companies in Australia and overseas through industry journals, professional societies and conferences.

The *Petroleum Explorer's Guide to Western Australia* was published to provide essential information on Western Australia's fiscal and legislative regime in relation to the upstream petroleum industry. A compilation of petroleum prospects and leads in the central Canning Basin region was produced together with co-authoring two papers at the Western Australian Basins III Symposium (WABS III) conference detailing petroleum field histories.

Two issues of the Division's *Petroleum in Western Australia* (PWA) magazine were published – the April edition coinciding with the APPEA Conference, and the October edition released in conjunction with the WABS III and Department's Petroleum Open

Day.

#### *Production and development*

Assessment of Commonwealth and State's petroleum resources involved:

- 3 production license renewal applications, and three Field Development Plans
- 15 location applications
- 12 retention lease applications or renewals
- 69 well approvals including – 15 development well applications, 16 appraisal well applications and 38 exploration well applications.

#### *Investment in Exploration*

Petroleum exploration in Western Australia showed a serious decline in the 2002 calendar year compared to the previous three years. The first half of 2003 shows a rebound as indicated by:

- Exploration expenditures in the first quarter of 2003 of \$191.5 million versus \$170 million in the 4<sup>th</sup> quarter of 2002 and \$85 million in the 3<sup>rd</sup> quarter;
- 25 new field wildcats (NFW) drilled in the first half of 2003 which was the same as all of 2002; and
- Notable success stories such as the northern Perth Basin, and world-class gas discoveries in the Carnarvon and Browse Basins.

Statistics on a fiscal year basis as shown in Figure 2 and Figure 3 (below), show continued high levels of activity.

Figure 2 shows exploration drilling (NFW's) per financial year as well as significant discoveries in numbers and percentages of wells drilled that year. NFW drilling in the range of 37-46 wells per year has occurred for the past six years since 1997-98.

Figure 3 shows Western Australia exploration expenditures per fiscal year and the WA expenditures as a percentage of total Australian exploration expenditures.

Exploration expenditure of between \$480 million to \$707 million per year has occurred for the past six years and the State has consistently captured 55 per cent to 67 per cent of Australia's total exploration expenditures over the last five years.

#### *Causes for Concern*

Industry has been making a big investment in exploration with a declining success rate. The statistics in Figure 1 (below) show a decline in significant discovery rate in the last three years from an astounding 57 per cent in 1999-00 to 10 per cent in 2002-03. While there have been notable exceptions such as Io/Jansz, Gorgonichthys /Dinichthys/ Titanichthys, Enfield and Mutineer/Exeter, the trend is generally towards smaller fields.

Significant industry effort in greenfield and deep-water exploration over recent months produced very limited success. The two deep-water rigs that were mobilised to Western Australia waters, the Atwood 'Falcon' and the Glomar 'Jack Ryan', drilled nine exploration wells (including the Gnarlyknots well offshore South Australia) with only one discovery, Stybarrow. The disappointing results may set back frontier exploration in these deep-water areas.

Figure 2: New Field Wildcat Drilling and Success Rate By Financial Year

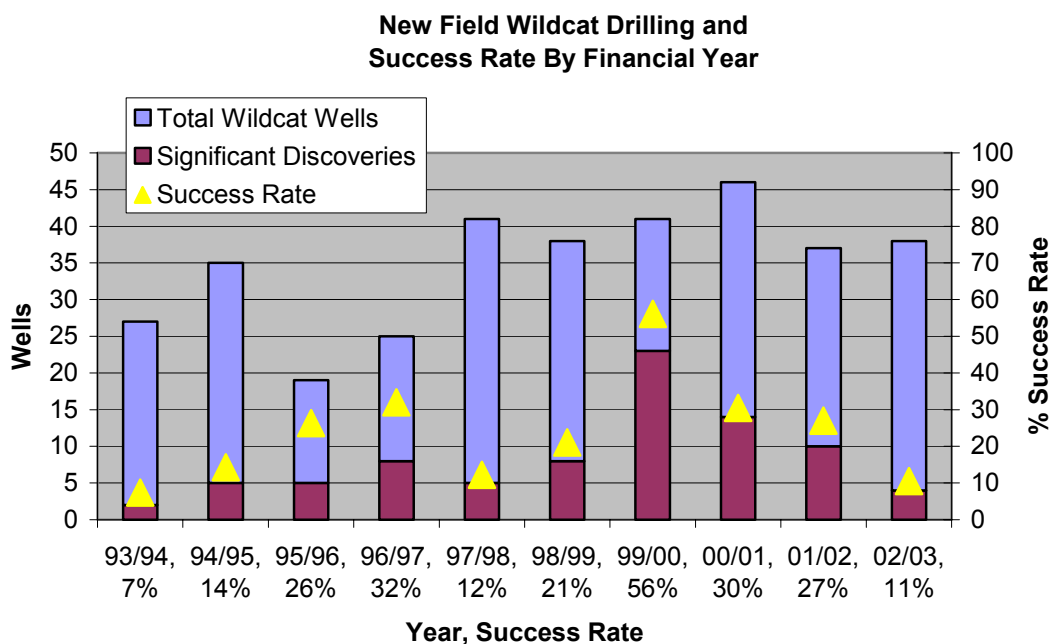
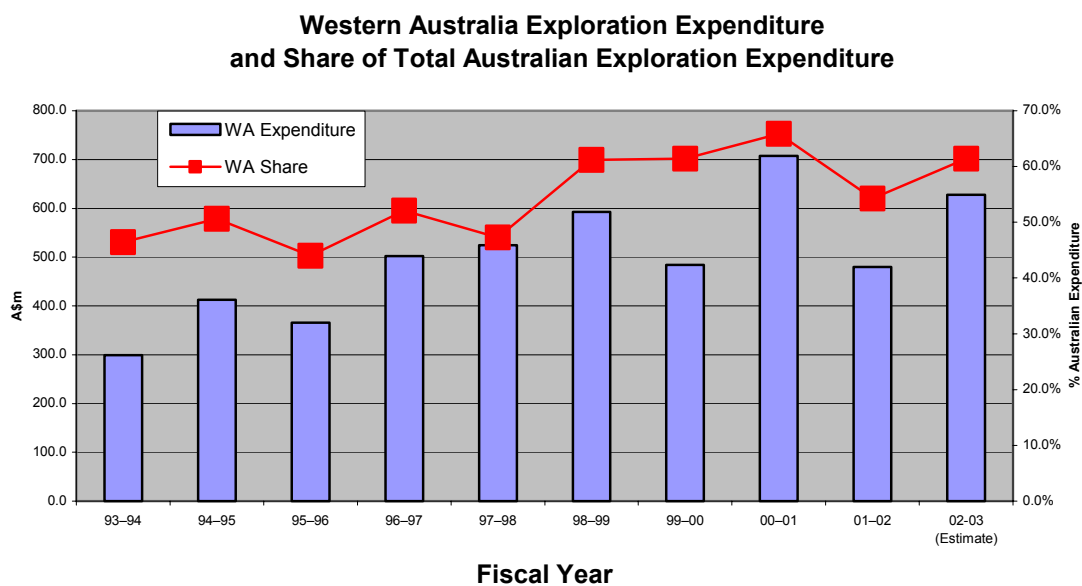


Figure 3: Western Australia Exploration Expenditure and Share of Total Australian Exploration Expenditure



**Royalties**

by companies.

*Major Achievements for 2002-03*

- Commenced development of a computerised Royalties Management System to improve the efficiency of existing electronic systems for administering royalty collections and payments. The system is scheduled for commissioning towards the end of 2003.
- Worked closely with the Commonwealth Department of Industry, Tourism and Resources and other jurisdictions towards the introduction of the Kimberley Process Certification Scheme to place controls on the import and export of conflict diamonds.

*Legislation*

The submission of production reports was changed from monthly to quarterly for producers under the Mining Act to align the lodgement of these reports with the quarterly royalty returns and assist in simplifying administration procedures for these producers.

*Royalty Policy*

A Steering Committee, including representation from the Department of Treasury and Finance, continued to address current royalty policy issues and provide long-term strategic direction on royalty policies and principles. A Working Group, supporting the Committee, prepared a number of discussion papers on these matters that are currently under consideration. This process was assisted with the formation of the Research and Analysis Branch within the Division, providing additional resources in support of these efforts.

*Assessment, collection and verification*

During the year, an average of 286 companies or individual projects paid royalties. A total of 1 163 royalty returns were assessed and 224 audit visits were made to companies responsible for making royalty payments. Adjustments to royalty collections from audit activities resulted in the collection of an additional \$9.1 million in royalty payments compared to the value of original submission

## OUTPUT 2: HEALTH, SAFETY AND ENVIRONMENTAL SERVICES

Health, Safety and Environmental Services benefits the Western Australian community through a legislative framework, information systems and administrative processes to meet community standards with respect to safety for the transport and storage of explosives and dangerous goods and with respect to worker health and safety and the environment for the mineral and petroleum resources industries. Legislation, regulation and management systems provide technical and policy advice, audit and education services, information systems, assessment of safety management systems, facilitation of design proposals, environmental impact assessments and management plans and investigation of operations proposals, incidents and contingency plans. Regulatory systems also include communicating information on issues, inter-agency agreements and processes, performance guidelines, licensing, and inspection programs for premises storing and vehicles transporting dangerous goods.

Products and services include the regulation and promotion of:

- Health and safety in the mineral and petroleum industries;
- Environmental management in the mineral and petroleum industries; and
- Safe storage, handling and transport of dangerous goods.

### Health and safety in the mineral industries

#### Major Achievements for 2002-03

- Developed a rating system based on fundamental risk factors in individual mining operations.
- Produced the first epidemiological report from the mining industry health database. The results will help minimise hearing loss in mine workers.
- Formation of the Safety, Health and Environment Division.
- Conducted training for all safety, health and environmental staff on risk communication

#### Legislation

##### *Mines Safety and Inspection Amendment Act 2002*

The Amendment Act came into force on 5 August 2002 and clarifies the provisions of the *Mines Safety and Inspection Act 1994* in relation to the duties and responsibilities of the holders of statutory quarry and underground management positions at mines.

The changes promote safer mining operations by clarifying the duties and

responsibilities of holders of specific management positions under the Act. The new legislation also overcomes problems arising with the enforcement of the Act in respect to the responsibilities of the holders of such positions.

##### *Mines Safety and Inspection Act 1994 Review*

The Department provided input into the review of the *Mines Safety and Inspection Act 1994* (MSI Act) conducted by Mr Robert Laing. The final report was released in January 2003, two months after a coincident review of the *Occupational Safety and Health Act 1984* (OSH Act) was completed.

Laing made 61 recommendations arising from his review of the MSI Act. A Proposed Government Position was developed through the Mines Occupational Safety and Health Board supporting 51 of the recommendations.

Two of the recommendations will require further review of Parts 3 and 4 of the MSI Act, which cover mine management and the appointment and responsibility of Inspectors.

#### **Regulatory services**

A major amalgamation of the mining operations and explosives and dangerous goods functions to form the Safety, Health

and Environment Division occurred to better integrate risk principles increase efficiencies and improve regulation in safety, health and environment.

There were nine occupational health audits, 16 management safety systems audits and 141 high impact function audits undertaken during the period. High impact function audits targeting specific aspects of mining operations deemed to present a high level of hazard and associated risks were complemented by nearly 2000 site inspections. These audits, investigations and inspections resulted in 419 instances where plant and machinery were stood down and 99 full or partial site closures.

An electrical systems audit was developed to complement the electrical inspection/audit process and an Electrical Supervisors' Network was established with a comprehensive program of electrical safety seminars.

A campaign of seeking and maintaining contact with elected Safety and Health Representatives (SHRs) on mine sites throughout the State was continued resulting in over 1 200 contacts made during the year.

A new rating system was developed based on fundamental safety risk factors in individual mining operations – taking into account a range of factors including the type of operation, the developmental stage of the operation and the number of personnel employed. The risk ranking system will be developed and used as the basis for future work planning and improved efficiency of regulatory services.

#### *Occupational Health*

The mining industry health database (MINEHEALTH) was further developed to allow the first comprehensive health study of the industry. At the beginning of 2003 about 12 000 miners had repeated the five yearly health assessment required under the *Mine Safety Inspection Regulations 1995* and this data was used to produce the first epidemiological reports. A major finding was that noise induced hearing loss has

emerged as a significant occupational health issue for the Western Australian mining industry, despite high levels of industry compliance with existing noise control regulations.

The Department worked proactively with industry to address the issue of noise induced hearing loss. The initial response of the industry has been positive, with key parts of the action plan already being implemented. These include:

- Targeting specific industry sectors
- Increasing personal noise dosimetry surveys to pin point activities and equipment which contribute to noise induced hearing loss
- Developing and promoting additional noise control measures
- Advising on appropriate choice and use of hearing protectors and
- Preparing information brochures, posters and media releases to promote hearing protection measures in the industry.

An in-depth review of potential respiratory symptoms due to exposure to atmospheric contaminants is also in progress and this review will be conducted in conjunction with personal exposure data from the Department's atmospheric contaminant monitoring database (CONTAM).

The Department input into drafting of the Commonwealth's prohibition legislation to address potential handling and export issues where low levels of asbestos naturally occur in ore.

#### *Regulatory service changes*

Additional resources were directed to the processing sector to meet increasing community interest and involvement in downstream processing operations and this trend is expected to continue. The Departmental worked with the Ministerial Council Taskforce on Health, Environment



and Industry Sustainability – an intergovernmental taskforce reviewing the potential for industrial activity to generate environmental health issues – and advised the Ministerial Council on coordinated Government responses to help resolve these concerns.

### ***Incidents and accidents***

Five mining fatalities from separate incidents occurred – four occurring on the surface and one underground. The incidents are summarised as follows:

- A haul truck driver died after his truck rolled over a pit ramp edge and came to rest submerged in water at the bottom of the 60 metre slope.
- A pit technician died when the pit face immediately above failed.
- A prospector working alone was found dead at a mine site on care and maintenance. It appears the accident was related to an object projected by escaping compressed air during tyre inflation.
- A haul truck driver died when the cab of the truck he was driving was crushed by the tray of another truck that rolled backwards down a pit ramp.
- A diesel fitter died when he was thrown into the decline wall after a Load Haul Dump Truck rolled approximately 50 metres down the decline and struck the sidewall.

Three of the five fatality investigations were completed before the end of the year and reports provided to the Coroner.

The number of mining industry employees rose by 3 per cent to 42 106. The incidence of lost-time injuries underground in metalliferous mining remained unchanged at 1.6, while the frequency increased from 6.5 to 6.6. On the surface, the incidence of lost-time injuries in metalliferous mining increased from 0.8 to 0.9 and their frequency rose from 4.1 to 4.4. There was an improvement in the coal sector where the

incidence remained stable at 3.0 while frequency dropped from 17.4 to 17.1.

There were 286 total serious injuries and 116 minor injuries for the same period. The total number of lost time injuries increased by 8 per cent from last year.

Table 7: Lost-Time Injuries

Mineral being produced	No of Employees	Fatal	Serious	Minor	Total
Gold	12 694	3	97	40	140
Iron Ore	9 838	0	41	15	56
Bauxite and Alumina	6 559	0	33	8	41
Nickel	4 831	1	31	16	48
Mineral Sands	2 110	0	10	6	16
Base Metals	1 352	1	18	7	26
Diamonds	1 090	0	15	2	17
Coal	643	0	9	10	19
Salt	640	0	4	0	4
Tin, Tantalum and Lithium	471	0	9	0	9
Construction Materials	405	0	3	3	6
Other	1 472	0	16	9	25
Total for Mining	42 106	5	286	116	407
Exploration	489	0	6	7	13

Table 8: Lost-Time Incidence and Frequency Rates

	2001-02		2002-03		% Reduction	
	Incidence	Frequency	Incidence	Frequency	Incidence	Frequency
Surface Metalliferous	0.8	4.1	0.9	4.4	-13	-7
Underground Metalliferous	1.6	6.5	1.6	6.6	0	-2
Total Metalliferous	0.9	4.3	0.9	4.7	0	-9
Coal	3.0	17.4	3.0	17.1	0	2
Total Mining	0.9	4.5	1.0	4.8	-11	-7

**Customer and information services**

Major efficiency gains were implemented during the period resulting in examinations being conducted twice a year at four regional locations across the State. A total of 235 candidates sat for the examinations – a significant increase on previous years.

**Mines Occupational Safety and Health Advisory Board (MOSHAB)**

MOSHAB reviewed its priorities and updated the work plan as part of a three-year strategic plan with a focus of the work plan covers strategic initiatives, Codes of Practice and monitoring projects.

The *Safety Behaviour Survey 2002* report was launched – based on a MOSHAB survey that assessed the views and perceptions of risk-taking behaviour within the minerals industry across the State. The key recommendations include:

- Mine management actions to address specific issues raised in the report;
- Increasing the involvement and commitment of executive management on mines to safety and resourcing with an industry-wide approach to the training of managers and supervisors;
- Promoting the role of safety and health representatives and programs to improve their effectiveness on mines;
- Improving the level and effectiveness of employee training across the industry;
- Promotion of the MOSHAB Fatigue Management Guideline; and
- Development of a common industry approach to reporting and recording of injuries.

**Health and safety in the petroleum industries****Major Achievements for 2002-03**

- Provided substantial input into the development of a National Offshore Petroleum Safety Authority (NOPSA), and for Commonwealth legislative

amendments. The NOPSA will regulate safety for offshore petroleum facilities and operations, and is planned to commence January 2005.

- Identified safety concerns in relation to the use of cranes for personnel transfers, which has resulted in changes in industry practices (and potentially in crane design).
- Worked with proponents to facilitate the process for the transition from exploration to production for an onshore development (Hovea field) expeditiously in a safe (and environmentally responsible) manner.

**Significant Incidents****• Offshore Fatality**

A fatality occurred 14 February 2003 on a Mobile Offshore Drilling Unit (ENSCO 56). A worker died when a transportable food container he was working in fell 26 metres into the sea. This unfortunate incident was the first fatality in the WA petroleum industry since 1996 (and since 1994 offshore). The Department conducted a comprehensive investigation into the incident, and provided a copy of the report to the coroner. A Safety Alert was issued Nationally and Internationally.

**• Crane Failures**

There were a number of incidents involving crane failures over the last 12 months, resulting in dropped loads (fortunately without injuries). Although lifting cargo at the time of the failures, these cranes were sometimes used for transferring personnel. The Department issued a Safety Alert recommending that all man-riding winches be fitted with two independent braking mechanisms.

**Trends in Incidents in the Offshore Oil and Gas Industry**

The industry lag performance indicators of Lost Time Injury Frequency Rate (LTIFR) and Total Injury Frequency Rate (TIFR) have plateaued in recent years with 2002-03 almost the same as last year, at 5.87 and

18.44 respectively. The major type of incidents involved individuals being hit by objects (24 per cent) and a number involved chemical contact (14 per cent).

There have been a number of incidents involving contractors, and management of contractor operations has been an area where some operators are now focusing greater attention.

Cranage on offshore facilities (in particular personnel lifting operations) has been identified as an issue.

The recent incidents involving crane failures has raised the awareness of deficiencies in crane designs and maintenance practices. As a result, a number of operators have modified their crane inspection and maintenance routines, and/or their operating procedures to eliminate personnel transfers.

#### **Safety Assessments And Audits**

The Department assessed and accepted an increased number of safety management systems (SMS) documents in 2002-03. These included: 24 pipeline and onshore production facility Safety Cases, 8 new or revised production facility Safety Cases (4 completed, 4 under assessment), 6 new or revised drilling rig Safety Cases, Drilling Bridging Documents, for 70 wells, and 39 diving plans.

Fifty safety audits were conducted on the management systems in place for petroleum facilities and operations (compared to 32 last year).

#### **Enforcement**

The Department successfully prosecuted Apache Energy Ltd in relation to an incident involving a flashback from a flare that occurred in November 2001. Apache pleaded guilty in Karratha Magistrates Court in April 2003 in regard to the prosecution. Apache was fined \$20 000 plus costs.

#### **Development in Legislation**

The Department contributed significantly to the Commonwealth *Petroleum (Submerged Lands) (Diving Safety) Regulations 2002*

which came into effect in May 2003 for Commonwealth waters. The Department also contributed as a member of the ME38 Committee to the revision of Pipeline Standard AS2885.

#### **Environmental management in the mineral industries**

##### **Major Achievements for 2002-03**

- Completed a *Code of Conduct for Low Impact Mining*.
- Provided technical input into the clean up of Wittenoom mine site and oversaw demolition and disposal work.

##### **Legislation**

A key Memorandum of Understanding (MOU) between the Department and the Environmental Protection Authority was reviewed during the year and the draft is being circulated amongst stakeholders for discussion and finalisation.

The Department identified likely increased administrative and time requirements associated with the proposed changes to land clearing under the *Environmental Protection Act, 1986* and is continuing to address this matter with relevant agencies.

##### **Regulatory services**

The Department:

- received 278 Notices of Intent (NOI) and approved 246
- conducted 240 Annual Environmental Reviews
- carried out 350 general inspections of mining and exploration operations
- received 1 200 Ground Disturbing Approval Applications for exploration activities
- dealt with 23 complaints of an environmental nature, ranging from unauthorised mining to environmental incidents

- initiated three work directions and zero stop-work orders.

No bond monies were accessed to undertake remediation and rehabilitation of such sites and at the end of June, the Department held over 3 000 Unconditional Performance Bonds with a total value of \$327 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 \$2 018 is held for each hectare of disturbance on sites covered by the *Mining Act 1978*. (See Table 9: below - next page)

A draft Code of Practice for Small Scale Miners was developed with the Amalgamated Prospectors and Leaseholders Association to encourage good environmental management, stakeholder liaison and good rehabilitation practices and help small scale miners understand the new Clearing Permit requirements proposed in amendments to the *Environmental Protection Act, 1986*.

The demolition and disposal of the old mine infrastructure at Wittenoom was agreed to during the year in a cooperative agreement between the government and the current tenement holders. The development of management plans for the demolition program was a collaborative effort across several agencies.

#### **Stakeholder liaison**

The Department worked closely with the community at Ravensthorpe to develop a management plan for the old Elverdton copper tailings and students from Murdoch University investigated a number of options for the stabilisation and rehabilitation of the dumps to prevent ongoing erosion.

Technical advice was provided to the site owners and the local community in dealing with the old State Battery Site at Northampton. Issues addressed ranged from the heritage aspects of the site to health and safety relating to both

infrastructure and materials remaining from historic ore processing activities.

#### **Industry Environmental Performance Promotion**

Three Golden Gecko Awards, two certificates of merits and an encouragement award were presented from a field of 15 nominations in 2002.

##### Awards:

- Alcoa World Alumina Australia for restoration of the botanical diversity of the Jarrah forest following bauxite mining.
- Lionore Australia (Nickel) Ltd for the Emily Ann Mine project development.
- Esperance Port Authority, for its operations and upgrade of the Esperance Port.
- Certificates of Merit:
- Woodside Energy Ltd for the reduction in flare gas emissions from the Cossack Pioneer, located on the North West Shelf.
- Simcoa Operations Pty Ltd and Sally Robinson (Strategic Environmental Solutions), for the extension of quartz mining and strategy for resource access and biodiversity conservation at the Moora Quartz Mine.

##### Encouragement Award:

- Newmont Golden Grove Operations for its environmental and community relations performance.

Table 9: Total Land Area Disturbed

Annual Environmental Reporting System						
TOTAL AREAS REPORT						
YEAR 2002 Results for whole State						
Activity	2002 Annual (ha)			Cumulative Total to 31/12/2002		
	Disturbed by mining operations	Preliminary Rehabilitation land forming	Revegetation	Disturbed by mining operations	Preliminary Rehabilitation land forming	Revegetation
BOREFIELDS AND PIPELINES	64	162	5	1749	411	79
CAMP SITE	14	55	16	1358	391	302
EXPLORATION	122	50	28	4912	1498	830
MINESITE INFRASTRUCTURE	5406	683	479	50628	5218	3873
PIT	1525	1304	908	34900	8642	5981
TAILINGS/EVAP DAMS	8768	232	149	33256	2350	1791
WASTE DUMPS/HEAP LEACH	1215	877	612	35380	16745	10803
<b>TOTAL</b>	<b>17114</b>	<b>3363</b>	<b>2197</b>	<b>162183</b>	<b>35255</b>	<b>23659</b>

**Exploration and promotion of exploration**

A new more efficient approval process requiring the company to submit a well-developed environmental management plan for the whole project area was developed and is being trialled on selected projects.

**Customer and information services**

Information management systems are being upgraded to improve the transparency of the Notice of Intent process. Details of Notices of Intent received and approved can now be viewed on the DoIR website.

**Environmental management in the petroleum industries****Major Achievements for 2002-03**

- Recommendations on modifying the Kambalda – Esperance pipeline southern route to avoid adverse impact to Esperance wetlands were accepted by the operator.
- Twenty-one environmental audits of petroleum facilities, operations and management systems were conducted - including audits of pipelines, production facilities, exploration drilling rigs and the rehabilitation of seismic lines and access tracks.

Petroleum environmental submissions assessed rose slightly to 275 and included:

- 62 Environmental Plans (EP's) for Commonwealth offshore operations
- 52 Environmental Management Plans (EMP's) for proposals in State jurisdiction
- 14 Oil Spill Contingency Plans (OSCP's) for proposed offshore activities.

DoIR's administration of the Commonwealth *Petroleum Submerged Lands Management of Environment Regulations* 1999 was audited by the Commonwealth Department of Industry Trade and Resources (DITR) in June 2003. A representative from

Environment Australia observed the audit process and audit findings identified that the regulations are being administered effectively.

**Industry Environmental Performance**

In April 2003, onshore operators were directed to comply with new reporting requirements which require spillage of hydrocarbons or other materials affecting the ground surface area greater than 100m<sup>2</sup> must be reported to the Department within 24 hours. There were a total of fifteen reportable incidents for the period comprising eight onshore flowline leaks on Barrow Island, two gas releases exceeding 500 cubic meters from onshore pipelines, four offshore synthetic drilling mud spills exceeding 80 litres from drilling rigs, and one hydraulic fluid spill from an offshore drilling rig.

**Environmental Excellence Golden Gecko Awards**

Woodside Energy Limited was awarded a certificate of merit in September 2002 to acknowledge the efforts of Woodside corporate and the crew of the Cossack Pioneer in achieving a significantly reduced rate of gas flaring from this facility.

**Storage, handling and transport of dangerous goods****Major Achievements for 2002-03**

- Tabled the Dangerous Goods Safety Bill in Parliament (spring session) and commenced drafting regulations for the storage and handling of dangerous goods.
- Assisted development of a national approach to Major Hazard Facility (MHF) regulation.
- Developed and implemented an on-road enforcement programme.

**Legislation**

The *Dangerous Goods Safety Bill 2002* was passed by the Lower House of Parliament in

June 2003. The Bill is the first stage of a broad revision of the dangerous goods legislation in Western Australia. 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.

### **Regulatory services**

During the year, a total of 10 MHF Safety Reports were reviewed and accepted – a significant improvement on previous years.

An on-road-enforcement programme, a joint initiative with Main Roads, has been developed and fully implemented with more stringent criteria to ensure only the most responsible drivers are given access to dangerous goods and explosives driver licences. This programme is crucial in improving compliance by the transport industry with the national Australian Dangerous Goods Code and thereby ensuring public safety in the transport of dangerous goods.

Inspections of dangerous goods facilities on Cocos and Christmas Islands were conducted and recommended actions referred to the Commonwealth Administrator in accordance with the Indian Ocean Territories Service Delivery Arrangement with the Commonwealth.

### **Incidents and accidents**

The Department continued to implement the recommendations of the Parliamentary Bellevue Inquiry in close consultation with other agencies and Local Government. All high-risk dangerous goods storage / manufacturing sites such as the Industrial Waste Treatment Facilities, Major Hazard

Facilities and Special Risk sites were jointly inspected with other agencies. Special Risk Emergency Plans have been prepared in association with Fire and Emergency Services Authority (FESA) to improve the efficiency of emergency response, while safeguarding responders from chemical hazards.

The Department's report on the Carmel Fireworks explosion included analysis of the causes of the explosions and recommendations for improvement. Comprehensive changes have been introduced to the policies and regulations for the storage of fireworks and amendments to the storage of fireworks (*Explosives and Dangerous Goods (Explosives) Amendment Regulations (No 2) 2002*) were proclaimed. Storage of any quantity of fireworks now requires a license and the safety of the temporary storage of fireworks at a display site has also been upgraded.

### **Stakeholder liaison**

The approvals process for five new Major Hazard Facilities associated with the Burrup industrial area commenced. The analysis of complex "safety case" submissions in accordance with the National Standard typifies the changing nature of safety regulation in Western Australia.

Improvements have been made to emergency response planning on the Kalgoorlie and Baldivis explosives reserves. Special risk plans have been prepared to assist the local fire brigades to respond to any incident with improved speed and confidence. An exercise was conducted to test the emergency evacuation arrangements and responses at Kalgoorlie and new induction manuals provided for users of the reserves reinforce the evacuation and operating procedures for the safe handling of explosives at these facilities.



### OUTPUT 3: PROJECT AND INFRASTRUCTURE FACILITATION SERVICES

Project and Infrastructure Facilitation Services benefits the Western Australian community by assisting private sector investment in resources development through facilitating the establishment and ongoing operation of major resource development and associated infrastructure projects. Resource development projects include the 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.

Products and services include:

- Facilitating and managing the interface between investors and government to ensure coordinated, timely government decision-making and approvals procedures; and
- Providing advice to the Government and agencies on policy and strategic planning issues affecting resources development in Western Australia.

#### Facilitating and coordinating services

##### *Major Achievements for 2002-03*

- Review of the Project Development Approvals System (Keating Review)

The independent committee reviewing the Project Development Approvals System in Western Australia reported to the Minister for State Development in May 2002. It recommended ways to enhance Government decision-making, which would lead to Western Australia being the global location of choice for project development. A total of 56 recommendations were made, 55 designed to enhance current processes and one, outlining a new system to integrate Government approvals for State significant projects.

The Ministerial Steering Committee (MSC), established to oversee the process, considered the Review Committee's recommendations, together with subsequent public and Government agency comments. The MSC's position was endorsed by Cabinet and Government's position announced on the principles put forward in each of the recommendations. Forty of the recommendations were supported, with others requiring further assessment and consideration.

Implementation planning and consideration of the recommendations has been proceeding through a Secretariat

established within the Department and involving other Government approvals agencies. Effort has been focussed on 16 of the key recommendations geared to streamline approvals processes, and on establishment of a centralised approvals information overview system within the Department's website. Other recommendations dealing with Mining Act, and Aboriginal Heritage Act matters have been addressed and are being run from the responsible agencies for the relevant legislation.

The implementation plans and implementation will progressively be pursued, with consultation of stakeholder groups, as plans are formulated.

- Major Gas Processing Projects

The State's long held vision of downstream processing of Western Australian gas began to take effect during the year with the commencement of construction of Burrup Fertilisers \$630 million Ammonia Project on the Burrup Peninsula. The ammonia plant is designed to produce 760,000 tpa liquid ammonia for the international market. This project represents a major achievement for the department, who encouraged the Indian investors, Oswal Chemicals and Fertilizers Ltd, to make its investment of an ammonia project in Western Australia. As the project developed, the department continued its support through facilitation of key approvals and implementation of new infrastructure to

support such projects on the Burrup Peninsula.

The year also marked the significant progress made by a group of four other natural gas downstream processing projects on the Burrup Peninsula. This group consist of Methanex (Methanol), GTL Resources / Liquigas (Methanol), Dampier Nitrogen (ammonia and urea) and Japan DME (dimethyl ether). It is expected that some or all of these projects will commence construction during 2003-04.

The Department also supported a number of additional gas processing project proponents that are considering developments in the Burrup Peninsula and surrounding areas and expectations are that some of these may progress to securing approvals stage during 2003-04.

- Mineral and Other Projects

Fuelled by strong demand for feedstock by the Chinese steel industry, production and sales of iron ore in the State grew strongly during the year.

The Department worked closely with iron ore companies to secure the necessary approvals and clearances for new projects, such as BHP Billiton's Mining Area C and the Product and Capacity Expansion projects, valued at \$1.1 billion, which were approved under the *Iron Ore (Mount Goldsworthy) Agreement Act 1964*. Apart from the development of a new mine in the Central Pilbara, scheduled to come on stream by the end of 2003, there will be additional port facilities at Port Hedland to cater for the increased throughput.

Following a long period of interaction with the Department, Robe River Iron Associates' West Angelas mine was officially opened by the Premier in August 2002, and the Department helped secure the necessary approvals for Portman Limited's Koolyanobbing mine expansion.

The Department played a key role in facilitating commitment by a Rio Tinto led consortium developing the \$400 million first stage of the HIs melt project at Kwinana

commenced construction, following a variation to the *Iron Ore (Yandicoogina) Agreement Act 1966*, after obtaining environmental and other statutory approvals.

Other key milestones for the Department during the year included the ratification by Parliament of a State Agreement for the \$80 million Wesbeam laminated veneer lumber project at the Neerabup Industrial Estate near Wanneroo, and ratification of the *Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002*. Also during the reporting period, the Department reached agreement with the proponents of pre-1972 State Agreement Act projects to include clauses making them subject to the *Environmental Protection Act 1986*, henceforth.

The sale of the Nifty Copper project in the East Pilbara, which is governed by the *Western Mining Corporation Limited (Throssell Range) Agreement 1983*, to the Aditya Birla Group of India was facilitated during the year and the Department was instrumental in gaining Cabinet approval to proceed with a major 'sustainable communities' planning study, in conjunction with the Department for Planning and Infrastructure, for the Pinjarra to Brunswick Junction area. This emerged as part of Government's response to community concerns about social issues and industrial emissions-related health matters, and the long-term future for these communities.

Significant facilitation and support services were also provided to a variety of project developments, expansions and other matters related to existing operations, including the Telfer gold project expansion, nickel mine transfers, Ravensthorpe Nickel social infrastructure matters, the Sally Malay nickel project, long term production of lime sand from Cockburn Sound, the Dardanup heavy mineral sands development, Argyle diamond expansion plans and Hope Downs iron ore project approvals.

- Gorgon

The owners of the large Gorgon offshore

natural gas reserves claim that Barrow Island represents the only feasible location that will allow the development of these reserves to be initiated. Such a development might involve the processing of gas into export products such as LNG and other clean fuels and the delivery of gas to mainland WA. Barrow Island's status is a Class A nature reserve, with unique environmental and conservation value.

The Department assisted in outlining the Gorgon Joint Venture conceptual plan for the use of Barrow Island before the Western Australian Government. In response, the WA Government agreed to examine the case for allowing the use of Barrow Island for gas processing in a sustainability context through a rigorous transparent process, including periods of public review and comment. The Department co-ordinated this examination through its role as Chair of the Standing Interagency Committee of CEOs (SIAC). The Department also had specific carriage of the examination and reporting of the social, economic and strategic aspects of this concept and for this purpose engaged a panel of eminent experts.

The Department managed the co-ordinated preparation and public release of all three reports with the resulting Summary and Information Package completed for release publicly on 1 July 2003.

- **Ord River Project**

Following the previous Ord Stage 2 M2 proponents relinquishing their feasibility study mandate the WA and NT Governments agreed that in recognition of the regional value of the proposed M2 development, they would continue to support the project.

In support of this commitment the Department negotiated and executed a Memorandum of Understanding (MoU) with the Kimberley Land Council (KLC). The MoU provides for a works program to resolve Ord associated Aboriginal issues which would lead to Ord Stage 2 land becoming available for development

purposes. The Department consequently negotiated agreement with the KLC on the procedures and a timetable necessary to address these issues.

The Department has completed pre-feasibility water supply studies and, in collaboration with the Department of Agriculture, conducted economic modelling of various irrigated agricultural farming scenarios. The results of these studies have been passed onto the local community via the Ord Development Consultative Committee.

The Department is working with other agencies to implement the Government's commitment to grant freehold title over Yardungarll to the Miriuwung and Gajerrong people.

### **Policy and strategic planning advice services**

#### ***Major Achievements for 2002-03***

The Department brokered advice on resources sector issues in relation to the State's electricity reform process and national level developments such as the Council of Australian Government (COAG) review of national energy markets and other initiatives being undertaken by the Ministerial Council on Energy.

In September 2002 the Ministerial Council for Mineral and Petroleum Resources (MCMPR), currently chaired by the WA Minister for State Development, commenced development of a long term vision for Australia's minerals and petroleum industry. The Department, in close consultation with industry, has taken on the lead role in this process and organised scenario development workshops with the minerals industry in Melbourne and the upstream petroleum industry in Canberra. It is anticipated that the end of 2003 will complete the process.

The Department provided advice on the implications for the resources sector of environmental legislation with respect to the Western Australian Environmental

Protection Act, the development of the Contaminated Sites Bill and the proposed Biodiversity Conservation Bill.

The Department continues to work across Government on research and development, tertiary education and training, and innovation and science issues impacting on the resources sector. The aim of this work is to extend Western Australia's competitive edge and use a consultative approach with key stakeholders from within Government and industry to leverage outcomes for the benefit of the State.

## OUTPUT 4: INVESTMENT ATTRACTION SERVICES

Investment Attraction Services benefits the Western Australian community by attracting interest in Western Australia from potential private sector investors through information and advice about opportunities for new investment in resources development in Western Australia, especially in the downstream processing of resources.

Products and services include:

- Providing resource sector information services; and
- Delivering investment attraction programs.

### Resource sector information services

#### *Major Achievements for 2002-03*

A key success for the State during the year was the strong emergence of India as a source of investment in the resources sector. The most prominent outcomes related to Oswal Chemicals and Fertilisers Ltd (Burrup Fertilisers) and the Birla Group (Nifty Copper). The Department planned and coordinated a visit to India by the Minister for State Development in November, 2002 to develop and strengthen investment links with India.

During the financial year DoIR actively promoted investment in the resources sector. The Department produced 11 brochures outlining specific investment opportunities, which were distributed to targeted potential investors and made available to the public.

To assist in encouraging general investment DoIR produced publications covering oil and gas, iron ore and the broader based flagship magazine "Prospect". Staff also presented at national and international conferences encouraging investment in sectors such as gas processing and petroleum exploration.

Additionally, DoIR worked directly with many potential investors covering industries such as gas to liquids, ferro alloys, iron ore, base metals, LNG, petrochemicals and timber products. The Department led strategy to develop a blue gum based pulp mill in the State moved forward during the year with strong interest expressed by a number of global pulp industry players.

### • Chinese LNG

The Department's activities over many years were rewarded during the year when the partners in the North West Shelf Project secured a \$25 billion agreement to supply China's Guangdong Province with more than 3.3 m/t of LNG annually over a 25 year period from 2006.

The Department was closely involved in both China and Australia in the negotiation process over a number of years. Our Shanghai office played a pivotal role in the departmental efforts, with strong support from our Perth office. DoIR recognised the importance of the project and developed a customer service strategy to improve the relationships between the two nations. The strategy included:

- Personal contact by Dr. Geoff Gallop, Premier of Western Australia with Chinese Premier Zhu Rongji
- Organising and managing numerous visits by Chinese delegations to see and hear about the State, hear first hand the Government support for the project and to visit the North West Shelf venture and the Burrup Peninsula
- Supporting marketing efforts in China, including organising missions by Australian delegations, comprising government and private industry representation.
- Project liaison across all key stakeholders groups in the project, ensuring effective communication channels remained open at all times.

- Australian Marine Complex – Common User Facility

The \$200m State and Federally funded Common User Facility at the Australian Marine Complex in Henderson reached practical completion in June 2003. The AMC-CUF provides world class, multi-purpose facilities for the fabrication, assembly and load-out of pre-assembled units up to 15,000t for local, national and international projects.

The Department co-ordinated the approvals process and funding mechanism (including administration of the Federal Government's \$80 million contribution) and co chaired the CEO Steering Committee. DoIR seconded staff undertook the Project Director and senior management roles within the construction Project Office. The Facility, constructed within budget, is home to Australia's largest Fabrication Hall (80m x 80m x 45m) with extensive portal and gantry crane systems and provides an extensive range of engineering, fabrication and manufacturing options for the oil and gas, resources, defence and shipbuilding industries.

- Raytheon

Raytheon International, a US multi-national defence organisation, is a prime contractor to the operations of both the United States and Royal Australian Navies. An objective of both the United States and Australian Governments is for closer inter-operability between the two Navies. Raytheon Australia is integral to furthering this inter-operability through providing the new \$400 million combat system for the Collins Class Submarines and the provision of a number of electronic systems for the ANZAC Frigates.

The Department has worked with Raytheon Australia for a number of years to relocate the Naval Systems Division (NSD) from Sydney to a new facility within the Australian Marine Complex's Technology Precinct in Western Australia. The attraction of Raytheon's capabilities was part of the

Government's Defence Industry Strategy to position Western Australia for a greater share of Naval Defence spending. Approximately 165 employees will be involved in this high technology facility in the fields of software design and engineering, software systems integration, hardware design and technical installation.

- CeBit Hannover

Participated in CeBIT Hannover (March 2003) and CeBIT Sydney (May 2003) to promote Western Australia as an investment location to the international ICT community under the Technology Australia brand name coordinated by the ICT Events National Committee.

- ScreenWest

Partnered with ScreenWest to establish the Screen Industry Film and Television Production Fund aimed at encouraging greater levels of film and television/digital content production in Western Australia, which also involves the Australian Broadcasting Corporation.

**OUTPUT 5: GEOLOGICAL SERVICES**

Geological Services benefits the Western Australian community by encouraging exploration and hence the discovery of mineral and petroleum deposits through maintaining an up-to-date geological framework and archive of the State and its mineral and petroleum resources.

Products and services include:

- Publishing maps, reports and data sets; and
- Providing access to a developing archive of geoscientific and resource exploration documents, samples and data.

**Publishing maps, reports and data sets***Major Achievements for 2002-03*

- Produced 36 reports, 36 geoscientific maps and geophysical images, and 27 digital datasets that publicised the geological framework of the State and its resource potential
- Completed a 1:500,000 scale digital regolith (unconsolidated surface material) map of Western Australia
- Published a Bulletin on silica deposits in Western Australia
- Published a report and digital dataset on the mineralisation of the Arunta–Musgrave region.
- Published a major report, geoscience map and dataset on mineralisation in the Kimberley region.
- Collected airborne geophysical data over the West Musgrave and Tanami regions, and commenced mapping in the West Musgrave area.
- Compiled a series of reports, maps and data packages embodying six year's work to evaluate and enhance the prospectivity of the Carnarvon Basin.
- Carried out site selection and preparatory work for a deep stratigraphic well to evaluate the petroleum prospectivity of the Gibson area.

During the year, DoIR continued its comprehensive program of producing reports, geoscientific maps and images, and digital datasets that add to the knowledge of the geological framework of the State and its

resource potential. This work is crucial in encouraging and supporting exploration in the State.

The extent of geoscience mapping and resource studies is shown in Figures 4 and 5. (see below following the next page)

Regional field mapping programs continued in the East and Central Yilgarn; Gascoyne; and Edmund, Collier and Earraheedy Basins; wound down in the Pilbara, and commenced in the West Musgrave area.

The 2002–03 program of work resulted in the production of:

Geoscientific maps (total)	36
1:100 000 geological maps	7
1:250 000 geological maps	3
Other maps	26
Geoscientific publications (total)	36
Explanatory notes for series maps	4
Records and Reports	20
Miscellaneous publications	12
Digital datasets (total)	27

This production volume represents a marginal real improvement in productivity (excluding corporate overheads) over 2001–02, and is a continuing tribute to the staff involved who have achieved a real productivity improvement (cost-related) of up to 5 per cent each year since 1994–95.

Besides the large number of maps, reports and datasets published, other production and service highlights of the year included (budget promises indicated with an asterisk):

- selection of a site for and undertaking drilling of a deep stratigraphic well to evaluate the petroleum prospectivity of the Gibson area of the Officer Basin\*
- the opening of the Perth Core Library in Carlisle, a new facility to hold mineral and petroleum core cuttings, geochemical samples including rock pulps, and GSWA rock collections, and to provide industry with the most advanced system of drillcore storage in Australia\*
- The release of digital products incorporating GeoVIEWER.WA, a CD-based tool developed in-house that provides improved access to geological data by meeting the changing needs of customers, incorporating visualisation, querying and integration of spatial and associated text data in an easy-to-use software application.

#### *Promotional activities*

DoIR continued to exhibit its geoscience mapping products and promote the prospectivity of Western Australia at national and international investment and exploration conferences during 2002–03.

These included the:

- annual conferences of the Prospectors and Developers Association of Canada (Toronto),
- American Association of Petroleum Geologists (Salt Lake City),
- Diggers and Dealers (Kalgoorlie),
- Mining 2002 (Brisbane)
- Australian Petroleum Production and Exploration Association (Melbourne)
- Australian Society of Exploration Geophysicists (Adelaide).



Figure 4: Extent of geoscience mapping and resource studies

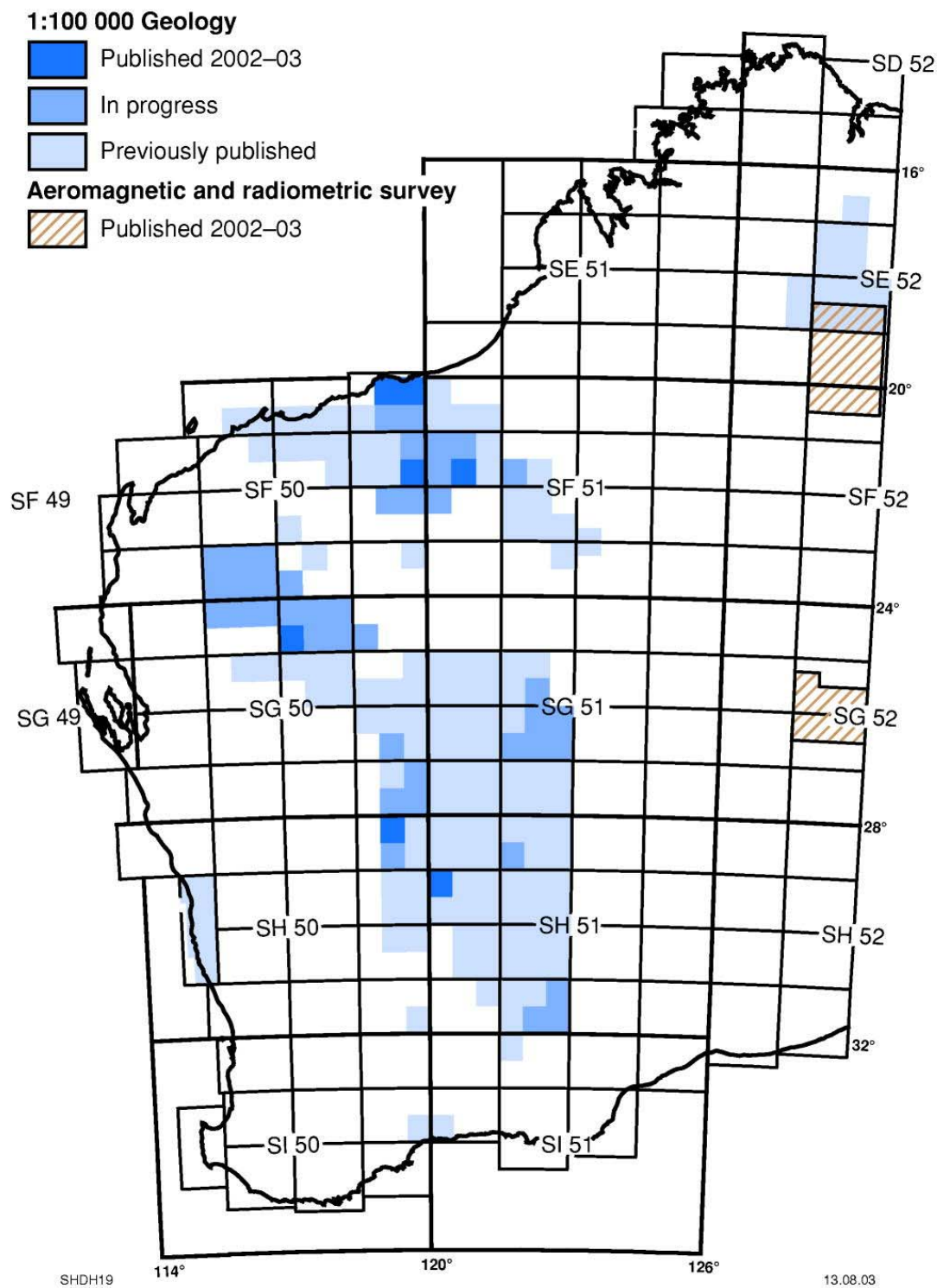
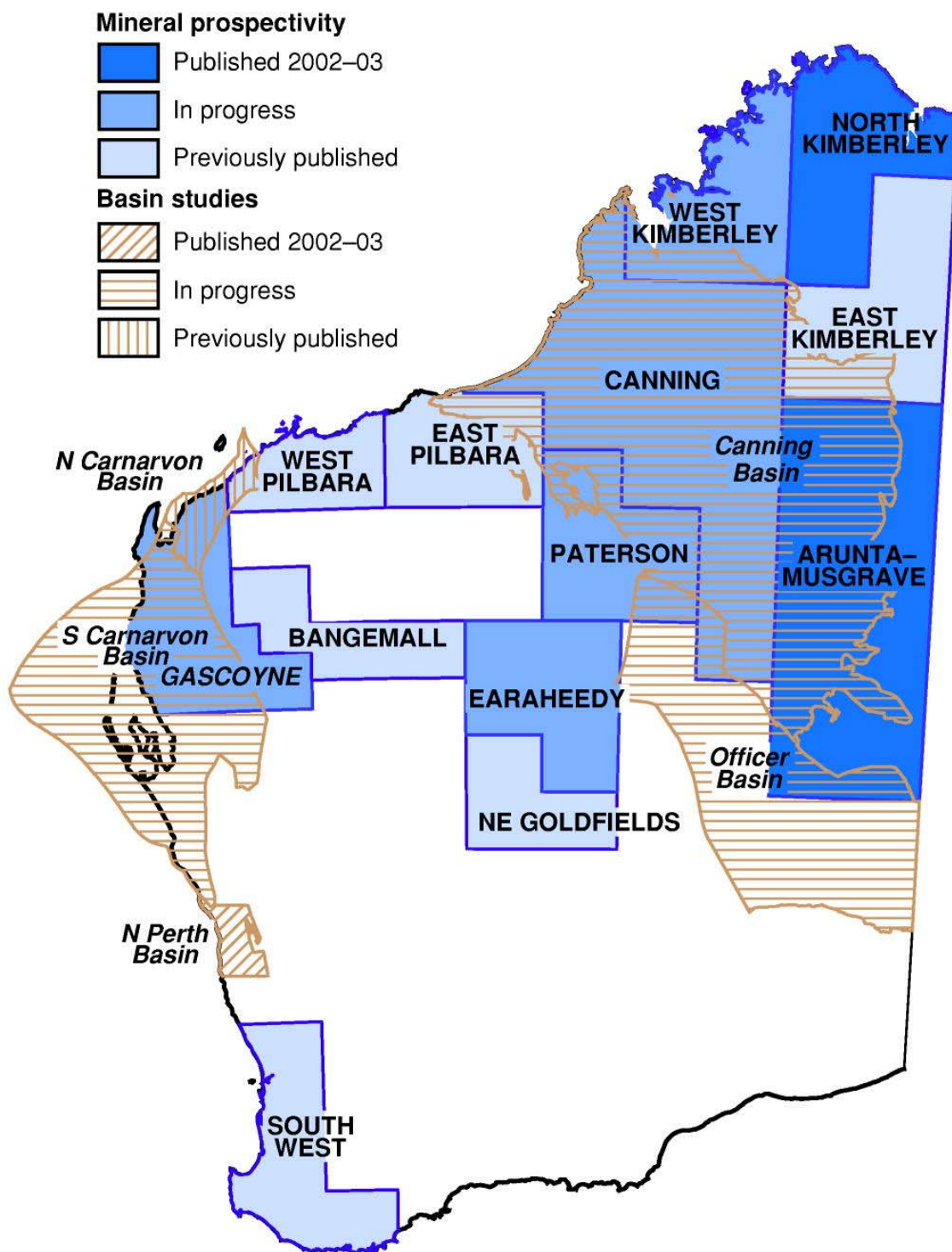


Figure 5: Extent of geoscience mapping and resource studies



**OUTPUT 6: SCIENTIFIC SERVICES**

Scientific Services benefits the Western Australian community through the provision of high quality independent chemical information, advice and analytical services to government agencies, industry and research groups.

Products and services include:

- Scientific and research support in the areas of public and occupational health, conservation and the environment, industrial development, food and agriculture;
- Emergency and crises response services to government agencies and industry for chemical spills and related incidents and crises situations;
- Contributing to the development of national chemical conformance standards and guidelines; and
- Forensic scientific services support to the Police Service, State Coroner and the racing industry.

**Scientific and research support****Major Achievements for 2002-03**

- Increased the number and breadth of collaborative investigations and projects with government agencies, universities, TAFE, CSIRO, Research Centres and industry in the areas of health, agriculture and environment. These projects utilise the Chemistry Centre's expertise in analytical, synthetic and applied chemistry. Twenty-three funded collaborative research projects were undertaken in 2002-03.
- Developed rapid multi-pesticide residue screening methods for the detection of residues in fruit and vegetable exports. Evaluated the fate of selected herbicides used in broad acre agriculture. Developed a multi-element soil test to assist farmers to assess their pre-season fertiliser requirements.
- As part of The Department of Health's Food Monitoring program a range of foods were examined including diary products for gluten content and chocolates for lead and cadmium. DNA fingerprinting technology was used to check for fish substitution in restaurants and cafes.

The Chemistry Centre used its analytical expertise and investigative skills to support a

range of government agencies, industries and research institutions.

Studies of contaminants in air of workplaces and near industry, in air, water and soil at contaminated sites and waste treatment plants and in agricultural and mining run-off water continued in 2002-03. Industrially produced odours are of increasing concern to the community; identifying any chemicals that may be a health concern is a challenge.

Testing for chemical residues of pesticides, herbicides and veterinary drugs is an ongoing issue whether this is for export quality assurance of agricultural produce and foods or for the impact on the environment particularly on water quality. There are ongoing technical challenges as countries reduce the residue limits in imported agricultural products.

A range of agricultural programs are supported by the Chemical Centre. These include lupin breeding, horticulture, wine and olive projects. Other projects supported include those dealing with greenhouse, salinity, acid soils and the use of waste materials as soil conditioners.

Synthetic organic chemical expertise has 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 national pharmaceutical companies.

### **Emergency and crises response services**

#### ***Major Achievements for 2002-03***

- Further developed 24-hour emergency response capabilities to fulfill responsibilities as a core member of HAZMAT (Hazardous Materials) Emergency Advisory Team and the WA CBR (chemical, biological and radiological) Technical Group.
- Responded to a range of emergencies including emissions from the Brookdale waste treatment plant, chemical spills, suspicious packages, fires and 'white' powders. Specialist staff provided both on-site expertise and a rapid identification service using a range of sophisticated techniques and associated expertise.

All areas of the Chemistry Centre have been actively involved in upgrading its 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.

### **National chemical conformance standards**

#### ***Major Achievements for 2002-03***

- The Chemistry Centre maintained its quality system certification to AS/NZS ISO 9001:2000 and its extensive range of chemical and forensic National Association of Testing Authorities (NATA) accreditations. This involved peer review by six external auditors and assessors during the year. The Chemistry Centre participated in 32 proficiency trials (with over 500 analytical

results) during 2002-03.

Chemistry Centre staff participated in NATA (National Association of Testing Authorities Council), Chemical and Forensic Science Registration Advisory Committees, Technical Committees and as technical experts (assessors) for the evaluation of the technical competence of laboratories and for proficiency testing programs.

### **Forensic scientific services**

#### ***Major Achievements for 2002-03***

- Investigated over two thousand forensic chemistry cases for WA Police during 2002-03. Major research findings on gunshot residues were published and research into characterisation and comparison of sandy soils was completed. Programs for the transfer of drug intelligence data to operational police were also developed and enhanced. A two year investigation into drink spiking incidents was finalised and the findings publicised.
- Provided the State Coroner with toxicological reports on 1042 sudden or unexplained deaths. Approximately ten percent involved Coroner's Act objections and thus required a 24-hour response. A library of the electrospray mass spectra for 650 drugs and drug metabolites using the liquid chromatograph-mass spectrometer was developed to assist with toxicological analyses.

The Forensic Science Laboratory played 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.

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. A toxicology service to the Police for samples associated with traffic offences and criminal and sexual assaults also continued.

Physical evidence collected from the scene of crimes by Police is identified and characterised. This evidence includes trace samples of paint, glass, fibres, gunshot residues, explosives, soil, plastics, cosmetics, lubricants, accelerants and metals. In connection with explosives, significant progress was made on a major research project into the detection and identification of residues from emulsifier based explosives. The initial focus of the project was the use of liquid chromatography-mass spectrometry to detect the emulsifier components and to determine their fate in explosions. The project also included the validation of recovery techniques for a wide range of substrate materials and explosive categories.

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 trend to intelligence led policing was highlighted by the increasing use of the Laboratory for drug profiling and comparison of seizures in conspiracy cases.

The Racing Chemistry group continued to provide a comprehensive drug monitoring and advisory and research services to the

Western Australian Trotting Association and to the Western Australian Greyhound Racing Authority and a part service to the Western Australia Turf Club. The group continued its drug evaluation program, as drugs used in racing tend to change as new drugs become available.

## OUTPUT 7: INDUSTRY DEVELOPMENT SERVICES

Industry Development Services benefits the Western Australian community by facilitating the growth of internationally competitive industry within Western Australia, assisting Indigenous clients to develop their business capability, and promoting Western Australia as a source of internationally competitive products and services. (a new output added in February 2003)

Products and services include:

- Facilitating the growth of internationally competitive industry within Western Australia
- Assisting Indigenous clients to develop their business capability
- Promoting Western Australia as a source of internationally competitive products and services

### Facilitating growth of internationally competitive industry

#### *Major Achievements for 2002-03*

- Organised the 'Buy WA First' campaign, encouraging consumers to source local goods and services. As a first step, a pilot was initiated, focussing on the purchase of local food and beverages. Participating stores supported the campaign by clearly identifying local produce and their five main local suppliers discounted major product lines.
- Finalised delivery of assistance to the dairy industry through the WA Dairy (Processing) Industry Incentive Scheme.
- Facilitated the establishment of significant call centre facilities in metropolitan and regional Western Australia.
- Promoted marine engineering and naval defence support facilities at the Australian Marine Complex, including attraction of Raytheon Maritime and Naval Systems Division to the Technology Precinct.
- Administered and coordinated a multi-agency support office through the South West Industry Support Unit to provide services to displaced timber workers, their families and other affected community members. Applications for Business Exit Assistance closed on 31st December 2002 and of the 152 applications received, 72 have now signed the Deed of Discharge and left the industry in full or partially. Financial assistance was provided to expand or upgrade seven

established businesses in the region, and assistance with business plans and/or feasibility studies were provided to additional businesses. Wage and Interest Subsidy assistance was provided to numerous businesses within the Shire of Manjimup.

### Indigenous clients service

#### *Major Achievements for 2003-03*

- Provided assistance to 166 Indigenous enterprise clients including financial assistance to 55 business and project initiatives.
- Finalised three year partnering agreements with eight Regional Development Commissions for the employment of regionally based Aboriginal Economic Development Officers.
- Signed a partnering agreement with the Department of Employment & Workplace Relations to assist them in the delivery of their Indigenous Employment Policy.
- Developed the Noongar Economic Development Strategy through a series of four high level strategic workshops with Noongar leaders. The aim of the strategy is to address the ongoing socio-economic disadvantage of Noongar people.
- Continued development of a nationally and internationally recognised Noongar Arts industry in the southern region of WA. Highlights included:

- 
- Noongar fashion show, Malaysia, October 2002
  - Premier's art and fashion exhibition, Perth, December 2002.
  - Commenced the Stirling Range National Park Visitor Centre Project in partnership with Noongar people of the Great Southern, the Department of Conservation & Land Management, the Department of Indigenous Affairs and the Great Southern Development Commission.
  - Continued business mentoring of the Wardan Aboriginal Cultural Centre Project, Yallingup, culminating in its opening in November 2002.
  - Continued business mentoring of the Kodja Place Visitor and Interpretive Centre, Kojonup. The Centre was officially opened by the Governor of Western Australia in September 2002 and recently won the 2003 WA Museum of the Year Award.
  - Provided assistance to Ngaanyatjarra Council for a major review of their regional airline, Aboriginal Air Services.
  - Provided support for the participation of 23 Indigenous businesses in the Mining Expo, Kalgoorlie.
    - Initiated a joint project with the Department of Health, Kimberley and Gascoyne Public Health Units, on increasing consumption of fruit and vegetables in Aboriginal community stores.
  - Commenced a joint project with Fisheries WA in developing Aboriginal participation in the WA mud crab fishery.
  - Funded and filled the Wiluna Community Economic Development Officer position. The objective of the position is to assist the Wiluna Indigenous communities to assess economic development opportunities and provide mentoring during their development.
  - Appointed the Tourism Development Officer, Baiyungu Aboriginal Corporation, Coral Bay, with the objective of developing tourism ventures at Cardbia Station.
  - Appointed the Tourism Development Officer, Thoo Thoo Warninha Aboriginal Corporation to develop a comprehensive feasibility plan assessing cultural tourism opportunities in and around Cue.
  - Continued business mentoring of the Beagle Bay Community for the development of a \$600m timber plantation on the Dampier Peninsula, Kimberley.
  - Facilitated the Perth Indigenous Arts Showcase for Indigenous performing artists. Over 20 acts performed to national and international buyers.
  - Continued to support the WA Indigenous Tourism Operators Committee (WAITOC) and negotiated the secondment of an executive officer to the WA Tourism Commission to enhance the delivery of tourism development and marketing services to Indigenous tour operators.
  - Commissioned a review of the Kimberley Indigenous Pastoral Industry which has made a number of recommendations to minimise the impact of the crisis currently confronting the industry and to improve the performance of the 30 Indigenous pastoral enterprises and the wellbeing of the 4 000 Aboriginal people living in communities on these properties.
  - Assisted the Roebourne based Ngarliyarndu Bindirri Aboriginal Corporation to establish a commercial enterprise arm to increase the employment opportunities for the Roebourne residents. This project is an important initiative in addressing the unemployment issues evident in Roebourne and improving the economic circumstances of its residents.

- Provided business advice to the Billiluna (Mindibungu) community store to improve its financial performance and management structure. The store is the sole source of food and essential goods for the 280 community residents in the remote East Kimberley.

### **Promoting Western Australia**

#### *Major Achievements for 2002-03*

- Produced 'EXPORT Western Australia', outlining trade initiatives for growing Western Australia's export industries and implemented the Western Australian Export Link Hotline and the TradeStart program in preparation for official launching (both joint initiatives with Austrade) to assist potential exporters.
- Continued to build on successful strategic alliances with the 'Margaret River section' concept extended to two additional stores in the Singapore Cold Storage chain and the product range extended. Trialled the 'Western Australia Seafood Friday' in 12 additional Cold Storage outlets and continued to investigate additional opportunities to promote Western Australian products.
- Established a new trade office in Dubai, to take advantage of commercial opportunities in the Middle East, as well as those resulting from direct flights between Perth and Dubai. As part of the Office's formal opening, the Premier led the largest-ever Western Australian trade delegation of 71 business representatives to the United Arab Emirates. This was followed by a strong Western Australian participation in Gulf Food 2003, jointly organised by the Department and the Department of Agriculture. Western Australian companies made up 50 per cent of the total Australian exhibitors and the Western Australian Minister for Agriculture attended the opening ceremony as part of the official delegation.
- Undertook a mission to promote industry capabilities to the United States Navy and the Military Sea Lift Command (MSC) as part of the agreed business and marketing plan for the Australian Marine Complex (previously known as Jervoise Bay).
- Established the Trade and Investment Coordination Group (WATICG), to provide coordination of trade and investment activities across government. Chaired by the Department, WATICG is developing a range of activities to support Western Australian export initiatives and coordinating the preparation of the Western Australian Trade and Investment Strategy.



## KEY PERFORMANCE INDICATORS

### PERFORMANCE INDICATORS AND MEASURES

Performance indicators and measures provide accountability to Parliament and the community for expenditure of public money and to assist in the management of DoIR. 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 DoIR disclose audited key effectiveness and efficiency indicators ('key performance indicators') that:

- Are relevant, free from bias and quantifiable
- Encompass the operations of DoIR
- 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.

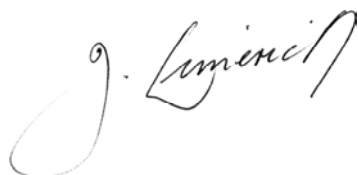
*Treasurer's Instruction 904* also requires disclosure of Output performance measure results against estimates published in the 2002-03 Budget Papers. As a result of the changes to the department during the 2002-03 period it has been agreed with the department of Treasury and Finance and the Office of the Auditor General that the DoIR annual report for 2002-03 would conform to the new Output structure developed for the 2003-04 Budget Statements. This results in a more accurate document. The changes are summarised in Appendix 1.

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 Industry and Resources and the opinion of the Auditor General on those measures.

All reported efficiency measures reflect the full cost of service reported in 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 readers to assess the Department of Industry and Resources' performance and fairly represent the performance of the Department of Industry and Resources for the year ended 30 June 2003.



Jim Limerick  
Accountable Officer  
29 August 2003



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### DEPARTMENT OF INDUSTRY AND RESOURCES PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2003

#### **Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the Department of Industry and Resources are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended June 30, 2003.

#### **Scope**

##### ***The Director General's Role***

The Director General is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

##### ***Summary of my Role***

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

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

D D R PEARSON  
AUDITOR GENERAL  
October 29, 2003

# **PERFORMANCE INDICATORS**

## **(AUDITED)**

**KEY EFFECTIVENESS INDICATORS (AUDITED)****OUTCOME: RESPONSIBLE DEVELOPMENT OF THE STATE'S INDUSTRY AND RESOURCES  
FOR THE BENEFIT OF WESTERN AUSTRALIANS**

The Department's Key Effectiveness Indicators are grouped according to three types:

- Key Stakeholder/Customer Satisfaction Ratings
- Conformance with Regulation and Government Policy
- State Development Performance

<b>Key Stakeholder/Customer Satisfaction Ratings</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>
A. A measure of the Minister's satisfaction with the quality of policy and planning advice delivered in respect to resources development and royalties	86%	86%	86%
B. A measure of key stakeholders' satisfaction that DoIR encourages a climate conducive to ongoing resources development in Western Australia	95%	94%	95%
C. A measure of investor's satisfaction with DoIR's resource development facilitation services, including infrastructure planning, project co-ordination and assistance with approvals	82%	84%	82%
D. The percentage of investors who consider that DoIR improved their view of Western Australia as an investment location	57%	67%	86%
E. A measure of subscriber's satisfaction with the quality of resources sector information provided by DoIR's leading resource sector publication	95%	98%	96%
F. The extent to which clients agree that the Department of Industry and Resources contributes to industry and trade development	na	70%	77%
G. Rating by customer representative committees of interpretive geological products and data services (five point scale)			
• Regional geoscience mapping and mineral resources and petroleum exploration initiative	3.9	4.0	4.2
• Exploration data and information	3.6	4.0	4.2

H. Explosives and Dangerous Goods level of community confidence (Biennial survey)	65%	67%	67%
I. Satisfaction from scientific services client surveys	86%	88%	78%

**Supporting notes and explanation of any significant variations, trends**

A-1. Minister's satisfaction with the quality of policy and planning advice delivered in respect to resources development and royalties. The Minister was provided (July 2003) with a summary of policy and planning output for the year under review to assist him in forming an opinion. He was also provided with a questionnaire and asked to rate the performance of DoIR's policy and planning advice in working towards the outcome of "Responsible development of the states resources for the benefit of Western Australians". The quoted percentage (86%) represents a rating of 6 out of 7.

B-1. Stakeholder satisfaction with DoIR's effectiveness in encouraging a climate conducive to ongoing resources development in Western Australia The Department seeks to establish and maintain a constructive working relationship with Local, State and Federal Government departments, Regional Development Commissions, Port Authorities and industry bodies. This measure, obtained by survey, represents the percentage of such planning stakeholders who positively assessed the effectiveness of the Department in encouraging a climate conducive to resources development in Western Australia. An independent market research company surveyed these stakeholders. The Department supplied the names of 35 stakeholders with whom it had significant dealings during the year and the market research company completed surveys with 22 of these. Ref. Market Equity report "Stakeholder Satisfaction - KPIs" June 2003.

C-1. Effectiveness of the Department's project and infrastructure facilitation and investment attraction services This measure represents the percentage of investors satisfied with the facilitation services provided. The Department interacts with the developers of major new resource projects and also with the operators of major on-going projects. Senior managers and CEOs of major resource development companies throughout Australia were surveyed by an independent market research company. Their responses to 24 questions pertinent to the Department's performance, helpfulness and effectiveness, in regard to the following activities, were aggregated to produce this measure:

- Long term resource sector infrastructure planning
- 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

The decrease is due to a number of factors, the most significant of which relates to dissatisfaction, with the outcome of negotiations with the Department, which was expressed by a number of investors. The Department supplied the names of senior managers and CEOs of 35 major resource development companies throughout Australia. The market research company completed surveys with 33 of these. Ref. Market Equity report "Customer Satisfaction - KPIs" June 2003.

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- D-1. The percentage of investors who consider that DoIR improved their view of Western Australia as an investment location. This measure is determined by a survey, undertaken by an independent market research company, of potential investors in Western Australia with which DoIR had significant dealings during the year. This year's results compare very favorably with previous years' results. The Department supplied the names of 10 contacts. The market research company completed surveys with 8 of these. Ref. Market Equity report "New Business Development - KPIs" June 2003.
- E-1. A measure of Prospect subscriber's satisfaction with the quality of resources sector information provided by DoIR This measure represents the percentage of subscribers (to Prospect magazine) who positively assess the quality of resource sector information services provided by DoIR's leading publication on the resources sector (Prospect magazine). An annual reader survey of reader perceptions is conducted. Prospect magazine, has a national and international distribution of approximately 9 500. One hundred and nineteen (119) subscribers responded to this year's survey. Ref. Market Equity report "Prospect Magazine –Readership Satisfaction Survey" June 2003.
- F-1. Department of Industry and Resources contributes to industry and trade development The effectiveness indicator is obtained through an annual client survey – as DoIT 1 July 2002 to 2 February 2003, and as DoIR 3 February 2003 to 30 June 2003. The results are therefore attributable for the full financial year. The department provided the market research company (PMR) with the contact details of 428 clients. PMR was able to interview 217 of these. In response to the question "Does DoIR contribute to business development within WA," 77% responded affirmatively, 12% negatively and 11% were undecided.
- G-1. Ratings by customer representatives of interpretative geological products and data services This measures the quality of interpretative geoscientific products and exploration data services 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.
- H-1. Explosives and Dangerous Goods level of community confidence The Explosives and Dangerous Goods survey was not undertaken in 2002-03. The next biennial survey is due in the latter part of 2004. The figure for 2001-02 has been carried forward.
- I-1. Scientific services The effectiveness of scientific services is indicated as the capacity to provide high quality independent chemical information, advice and analytical services to government agencies, industry and research groups – including: 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; industrial development; contributing to the development of national chemical conformance standards and guidelines; and the provision of emergency and crisis response services to government agencies and industry for chemical spills and related incidents and crisis situations. The effectiveness is measured by customer satisfaction and participation in proficiency tests.

I-2. Satisfaction from scientific services client surveys All major clients were surveyed in March 2003. 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. In 2003 clients were asked about importance as well as performance. A ten-point scale was used in place of the previous four-point scale. These changes enabled a more robust satisfaction indicator to be calculated. A total of 56 responses were received from the 134 surveys sent out (42 per cent response rate). The surveys were sent to clients who were responsible for 95 per cent of the Chemistry Centre's revenue.

<b>Conformance with Regulation and Government Policy</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>
J. Level of compliance with expenditure conditions (Form 5) in mineral titles	89%	89%	94%
K. Percentage of total royalties collected during the period as compared to the total proportion of royalties due according to government policy	100%	100%	100%
L. Mines Safety and Inspection Act (1994) compliance index (Base year: 1998-99 =100)	103	102	106
M. Minerals industry environmental management assessment scores - Environmental compliance index (Base year: 1998-99 = 100)	105	106	104
N. Petroleum industry environmental management - the performance of the industry as the percentage of audited projects which had zero major corrective actions reports (CARs)	87.5%	95%	100%

**Supporting notes and explanation of any significant variations, trends**

J-1. Compliance with expenditure conditions

K-1. Royalties collected during the period

L-1. Mines Safety and Inspection The Department 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)
- 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
- Relative level of safety as measured by comparison of Workers' Compensation Insurance premium rates with other high-risk industries in Western Australia.

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L-2. Compliance with the Mines Safety and Inspection Act 1994 and Best Practice Safety Management Systems.

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 Department (presented as an index with 1998-99 as the base year). 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 audits these systems to ensure industry compliance with regulatory 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 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.

M-1. Minerals industry environmental management The Department provides regulatory, technical and policy advice services, assessments and audits of environmental management plans and their implementation, and information products. The Department's effectiveness 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)
- Level of compliance with environmental criteria set for petroleum operations as measured by the percentage of audited projects with no major corrective action recommendations.

M-2. 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 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.

N-1. Petroleum industry environmental management 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
- 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 conducted on a cross-section of projects 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.



State Development Performance	2000-01	2001-02	2002-03
O. State's position as a favoured location by the national and international minerals resource industry, as measured by Western Australia's share of exploration expenditure for 2000, 2001, 2002 calendar years: <ul style="list-style-type: none"> <li>• National</li> <li>• International</li> <li>• Australia's rating on the Fraser Institute Investment Attractiveness index</li> </ul>	62%	61%	59%
	11%	11%	10%
	6 <sup>th</sup>	3 <sup>rd</sup>	3 <sup>rd</sup>
P. Level of Australian exploration expenditure in Western Australia. <ul style="list-style-type: none"> <li>• Minerals</li> <li>• Petroleum</li> </ul>	62.1%	59.5%	57.3%
	65.9%	54.3%	60.1%
Q. Area of Western Australia under exploration title (sq km) <ul style="list-style-type: none"> <li>• Minerals</li> <li>• Petroleum</li> </ul>	196 333	220 550	250 153
	569 000	710 000	510 000
R. Minerals industry health and safety services - Lost-Time Injury Frequency Rate per million hours worked <ul style="list-style-type: none"> <li>• (LTIFR - surface)</li> <li>• (LTIFR - underground)</li> </ul>	5.6	4.3	4.6
	6.8	6.5	6.6
S. Petroleum industry health and safety services <ul style="list-style-type: none"> <li>• Lost-Time Injury Frequency Rate per million hours worked (LTIFR)</li> <li>• Total Injury Frequency Rate (TIFR)</li> </ul>	4.6	5.8	5.9
	18.9	18.6	18.4
T. Comparative safety: Workers' Compensation Insurance premium rates	see Figure 6 below.		
U. Safety record - Level of safety in dangerous goods storage and transport activities, as displayed by the accident record.	see Figure 7 below.		

### **Supporting notes and explanation of any significant variations, trends**

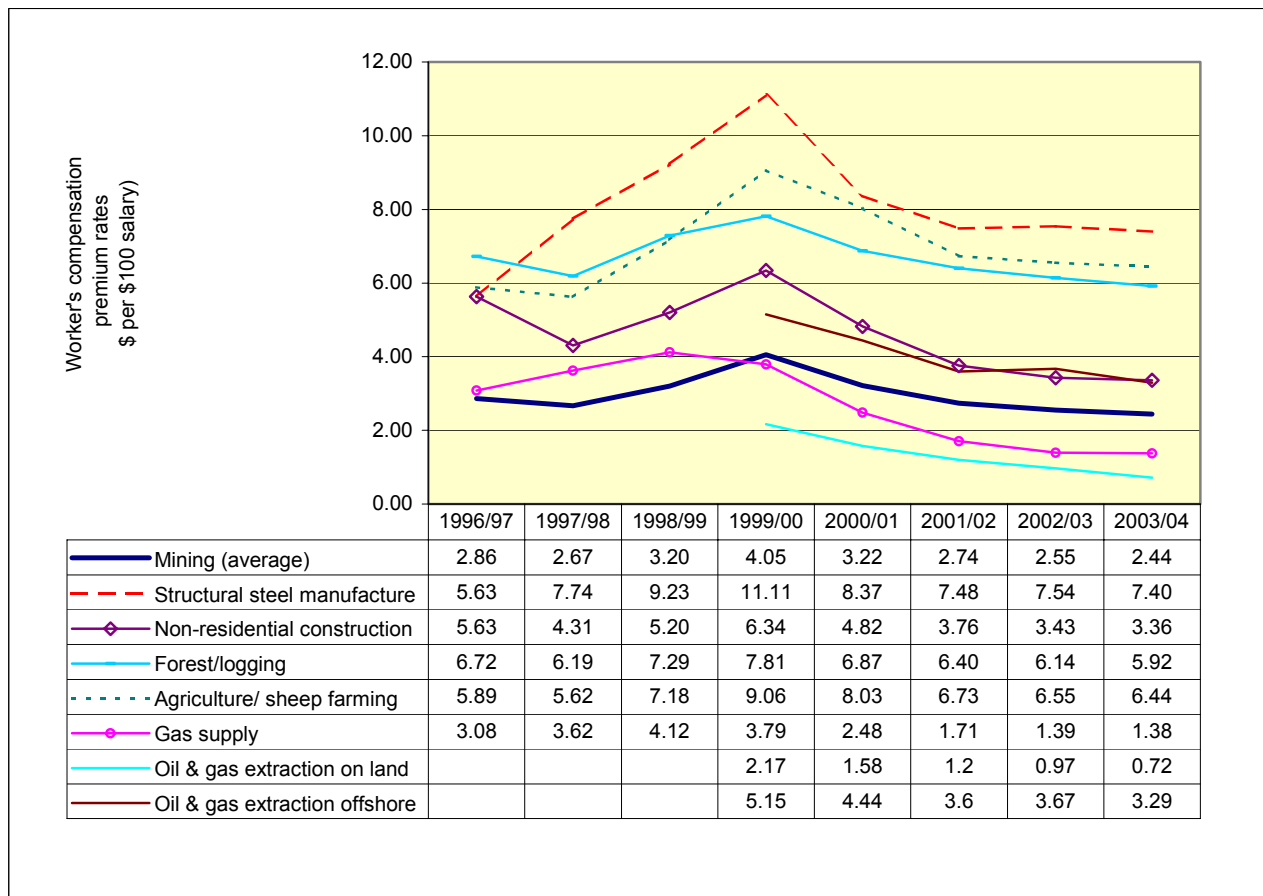
O-1. *State's position as a favoured location* The effectiveness is assessed by the exploration expenditure statistics released by the: a) Metals Economics Group, Halifax, Canada, b) the Australian Bureau of Statistics (ABS) ("Mineral and Petroleum Exploration", Cat. No. 8412.0) and c) Fredricksen, L., 2002, The Fraser Institute annual survey of mining companies: Trans. Instn Min. Metall. (Sect. B: Appl. earth sci.), v. 111/Proc. Australas. Inst. Min. Metall., v. 307, p. B171-176. that show Western Australia is the leading State in Australia. WA's share of

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national exploration expenditure has declined relative to some States that have emerged more rapidly from the slump in exploration expenditure that began in 1997. However, there are now signs that WA's expenditure is increasing more rapidly. The internationally respected Fraser Institute rating is a tribute to Australia's overall policy setting for the minerals industry. As Western Australia makes up the bulk of Australia's mineral exploration activity, this rating for Australia reflects a large component of WA's reputation as a mineral investment destination world-wide.

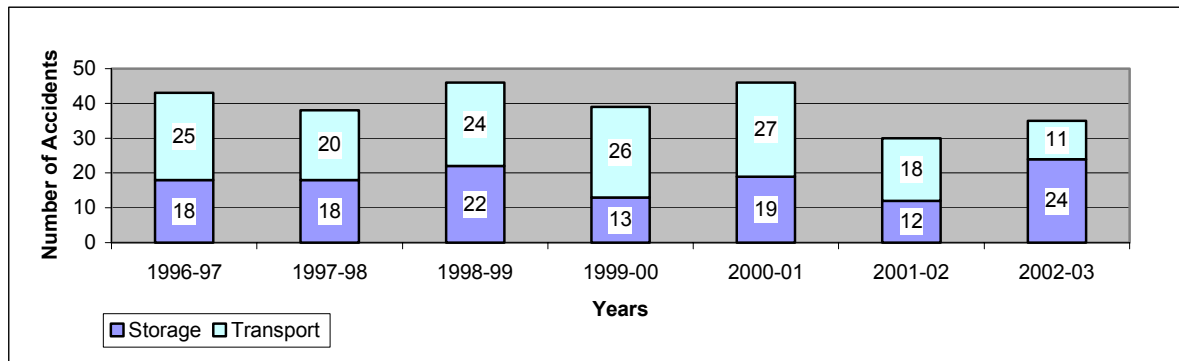
- P-1. Level of Australian exploration expenditure in Western Australia In 2002 Australia attracted 18 per cent of the world's mineral exploration, however it must be noted that although there is a direct link between the level of expenditure investment and this output there are many factors influencing the outcome, such as land access issues and commodity prices for minerals and petroleum products.
- Q-1. Area of Western Australia under exploration title The area under title for minerals does not include mining lease areas.
- Q-2. Exploration expenditure There were extra kilometres of speculative seismic petroleum exploration expenditure in 2001-02.
- R-1. Minerals industry health and safety 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. 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.
- T-1. Comparative safety Workers' Compensation Insurance premium rates  
The Department provides a regulatory framework within which mining, petroleum and dangerous goods operators have a duty of care to provide a safe and healthy work environment for their workforces. The effectiveness of the Department's safety Output is indicated by the relative level of safety as measured by comparison of Workers' Compensation Insurance premium rates with other high-risk industries in Western Australia. 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 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.  
(see Chart 5 below – next page)

Figure 6: Comparative Workers' Compensation Premium Rates



U-1. **Safety record** Level of safety in dangerous goods storage and transport activities, as displayed by the accident 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. There were 35 accidents during the period, the second lowest total over the past seven years. The Department continues to collect this data and determine causal factors in order that appropriate education, promotion and enforcement strategies can be developed to minimise the frequency of these accidents.

Figure 7: Dangerous Goods Storage and Transport Activities (accident record)



**KEY EFFICIENCY MEASURES (AUDITED)**

The Key Efficiency Measures consist of:

- Headline efficiency measures reflecting the total service cost, compared to return to government from mineral and petroleum royalties
- Audited average unit costs of the quantity units of the Department's seven Outputs.

<b>Overall headline efficiency measures</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>
Total Cost of running the Department (DoIR, previously MPR, previously DME) (\$m)	58.3	84.8	108.2
Royalties paid to State (\$m)	1,120	1,013	1,121
Royalties paid to Commonwealth (\$m)	315.6	239.9	292.3
Percentage cost of DoIR as proportion of royalties paid to State	5.2%	8.4%	9.6%

***Supporting notes and explanation of any significant variations, trends***

Total Cost of running the Department In the 3 years under consideration the department has grown by merger, MPR being formed by amalgamation of DME and DRD, and DoIR being formed by amalgamation of MPR and part of DoIT. Thus the cost base has increased each year while the basis of revenue has remained unchanged. The figures, which are based on accrual accounting, are sourced from the "statements of Financial Performance which accompany the annual reports of the respective Departments, (DME,MPR,DoIR)

Royalties paid to State (\$m) Provided by the Royalties division of DoIR

Royalties paid to Commonwealth (\$m) Provided by the Royalties division of DoIR

Percentage cost of DoIR as proportion of royalty collected In conceptual terms, the resources industry in Western Australia can be viewed as the use of a community-owned asset (the minerals and petroleum in the ground) to generate dividends (royalties) for the owner (the community). The headline efficiency indicator shows that, for example in 2000-01, a \$1.12 billion dividend was paid to the "owner" by way of royalties, for a cost to the community of \$58.3 million (or 5.2% of the dividend) to fund the management of those assets by DoIR.

<b>Output 1: Titles and Royalties Administration</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>
Average cost per mineral title service	na	\$764	\$758
Average cost per petroleum title operation and resource service	\$1,061	\$656	\$672
Average cost per royalty returns verified and audited	\$1 082	\$1 080	\$1 597

***Supporting notes and explanation of any significant variations, trends***

The increase in the average cost per royalty returns verified and audited from previous years is reflective of three factors:

- Expenditure on IT System improvements
- Increased staffing costs due to recruitment of additional staff for Research and Analysis Branch
- Increase in allocation of Corporate Services on costs

<b>Output 2: Health, Safety and Environmental Services</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>
Average cost per health and safety weighted service provided to the minerals industry	\$64	\$58	\$65
Average cost per environmental regulatory weighted service provided to the minerals industry	\$28	\$25	\$22
Average cost per petroleum safety and health weighted unit of audit and assessment	\$1 046	\$1 023	\$1 084
Average cost per petroleum environmental audit and assessment	\$580	\$727	\$994

**Supporting notes and explanation of any significant variations, trends**

The increase in the average cost per “petroleum environmental audit and assessment” reflects the fact that extra resources have been applied to environmental management.

<b>Output 3: Project and Infrastructure Facilitation Services</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>
Average cost per infrastructure project facilitated	\$130 612	\$179 690	\$231 926
Average cost per resource development project facilitated	\$43 604	\$45 740	\$75 795

**Supporting notes and explanation of any significant variations, trends**

The increase in the average cost per “infrastructure project facilitated ” reflects the variability of the costs associated with such projects. It should be noted that the average cost of \$231,926 is substantially less than the amount of \$390,944 that was budgeted (as an average cost) for these items.

<b>Output 4: Investment Attraction Services</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>
Average cost per resource sector information service program delivered	\$103 719	\$108 030	\$100 525
Average cost per resource sector investment attraction program delivered	\$263 226	\$252 070	\$255 882

<b>Output 5: Geological Services</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>
Average cost per weighted total published product	\$185 095	\$195 194	\$225 000 <sup>(1)</sup>
Average cost per weighted data transaction unit	\$34	\$42	\$47 <sup>(2)</sup>

**Supporting notes and explanation of any significant variations, trends**

1. The addition of a regulatory function that did not contribute to the output measure and a higher corporate service component that included new superannuation costs and other extraordinary costs associated with the departmental merger.
2. New expenditure relating to requirements for archiving data.

<b>Output 6: Scientific Services</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>
Average cost per chargeable hour of providing service	\$121	\$125	\$128

**Supporting notes and explanation of any significant variations, trends**

The Chemistry Centre charges clients on a full cost recovery basis. These charges vary according to the time of staff involvement, level of staff, equipment costs and costs of specialist consumables. The most appropriate indicator for unit cost is the average cost per chargeable hour to provide the services. The hourly charge rate varies with the salary level and is a weighted average.

<b>Output 7: Industry Development Services</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>
Average cost of Industry and Trade projects facilitated	na	na	\$2 178 291
Average cost of Aboriginal Economic Development projects facilitated	na	na	\$1 059 899
Average cost of Industry Facilities projects supported	na	na	\$764 293

**Supporting notes and explanation of any significant variations, trends**

No previous efficiency figures (2000-01 and 2001-02) are provided for this output in this annual report as previous results are not comparable. This output reflects the services provided by DoIR as from 3 February 2003 and reflected in the 2003-04 Treasury Budget Statements. The average unit cost for this output uses the quantities for the 12 month period apportioned on 5/12 pro rata basis as per the 5 months of actual output cost data provided.

## OUTPUT PERFORMANCE MEASURES

This section reports the results for performance measures cited in the 2002-03 Budget Papers.

Data marked (\*) were recast in the 2003-04 Budget statements based on the functions assumed into DoIR from the previous Department of Industry and Trade (DoIT). See Appendix 1 for the details of changes the Outputs and how these relate to previous measures used in past years.

OUTPUT 1: TITLES AND ROYALTIES ADMINISTRATION	2002-03		Reason for Significant Variation
	Budget*	Actual	
<b>Total Cost (\$'000)</b>	22 062	23 008	
<b>Quantity</b>			
Mineral title service units	23 501	23 733	
Petroleum title operation and resource services	3 510	4 688	Increase in retention leases and production, application and renewal licences.
Royalty returns verified and audited	1 100	1 163	
<b>Quality</b>			
Customers satisfied with mineral titles services	90%	95%	New survey in 2003-4
Customers satisfied with petroleum titles services	85%	85%	Biennial survey (a)
Number of internal and external audit queries for royalties	0	0	
<b>Timeliness</b>			
Mineral titles processed in target time	75%	64%	
Customer satisfaction with timeliness of petroleum title services	80%	75%	Biennial survey (a)
Percent of royalty audits completed within target plan	90%	88%	
<b>Cost (Efficiency)</b>			
Average cost per mineral title service	\$756	\$758	
Average cost per petroleum title operation and resource service	\$899	\$672	
Average cost per royalty returns verified and audited	\$1 041	\$1 597	See (b) below

(a) New 2003 Client Satisfaction Survey, conducted by The Institute for Research into International Competitiveness (IRIC) Curtin Business School, Curtin University of Technology

(b) IT system improvements, increased staffing recruitment costs for additional research and analysis staff and increase in allocation of Corporate Services on costs.



OUTPUT 2: HEALTH, SAFETY AND ENVIRONMENTAL SERVICES	2002-03		Reason for Significant Variation
	Budget*	Actual	
<b>Total Cost (\$'000)</b>	18 968	19 657	
<b>Quantity</b>			
Health and safety weighted units of service provided to the minerals industry	230 600	231 648	
Environmental regulatory weighted units of service provided to the minerals industry	73 800	92 760	
Petroleum safety and health weighted units of audits and assessment	1 840	2 151	
Petroleum environmental weighted units of audits and assessment	602	782	
<b>Quality</b>			
Percentage of health and safety services meeting quality standards	na	na	No surveys were undertaken this period
Percentage of environmental services meeting quality standards	na	na	
Petroleum customers satisfied with health and safety services	85%	85%	Biennial survey (a)
Petroleum customers satisfied with environmental services	85%	85%	Biennial survey (a)
<b>Timeliness</b>			
Percentage of health and safety services meeting timeliness standards	na	na	No surveys were undertaken this period
Percentage of environmental services meeting timeliness standards	na	na	
Petroleum customers satisfied with the timeliness of health and safety services	85%	75%	Biennial survey (a)
Petroleum customers satisfied with the timeliness of environmental services	85%	75%	Biennial survey (a)
<b>Cost (Efficiency)</b>			
Average cost per health and safety weighted service provided to the minerals industry	\$62	\$65	
Average cost per environmental regulatory weighted service provided to the minerals industry	\$26	\$22	
Average cost per petroleum safety and health weighted unit of audit and assessment	\$1 110	\$1 084	
Average cost per petroleum environmental audit and assessment	\$1 190	\$994	

(a) New 2003 Client Satisfaction Survey, conducted by The Institute for Research into International Competitiveness (IRIC) Curtin Business School, Curtin University of Technology

<b>OUTPUT 3: PROJECT AND INFRASTRUCTURE FACILITATION SERVICES</b>	<b>2002-03</b>		<b>Reason for Significant Variation</b>
	<b>Budget*</b>	<b>Actual</b>	
<b>Total Cost (\$'000)</b>	14 993	15 707	
<b>Quantity</b>			
Infrastructure projects facilitated	24	37	
Resource development projects facilitated	84	94	
<b>Quality</b>			
Investors satisfied with facilitation services provided	90%	88%	
<b>Timeliness</b>			
Infrastructure projects facilitated within an agreed timeframe	90%	91%	
Resource development projects facilitated within an agreed timeframe	95%	94%	
<b>Cost (Efficiency)</b>			
Average cost per infrastructure project facilitated	\$390 944	\$231 926	
Average cost per resource development project facilitated	\$66 790	\$75 795	

OUTPUT 4: INVESTMENT ATTRACTION SERVICES	2002-03		Reason for Significant Variation
	Budget*	Actual	
<b>Total Cost (\$'000)</b>	3 439	4 021	
<b>Quantity</b>			
Resource sector information services delivered	11	12	
Resource sector investment attraction programs delivered	9	11	
<b>Quality</b>			
Rating by investors of the quality of resource sector information services delivered	80%	76%	
Potential investors that consider the resource sector investment attraction programs delivered improved their view of Western Australia as an investment location	60%	76%	
<b>Timeliness</b>			
Resource sector information services delivered within an agreed timeframe	90%	100%	
Resource sector investment attraction programs completed within an agreed timeframe	100%	95%	
<b>Cost (Efficiency)</b>			
Average cost per resource sector information service program delivered	\$93 791	\$100 525	
Average cost per resource sector investment attraction program delivered	\$267 478	\$255 882	

OUTPUT 5: GEOLOGICAL SERVICES	2002-03		Reason for Significant Variation
	Budget	Actual	
<b>Total Cost (\$'000)</b>	17 934	19 054	
<b>Quantity</b>			
Weighted total published products (WTPP)	79	71.48	Original Budget estimate was miscalculated
Weighted data transaction units (WDTU). Transactions include data receipt, accessioning, capture, storage and retrieval	70 000	63 246	Rollout of WAPIMS database redirected resources
<b>Quality</b>			
Rating (1-5) of product quality by Geological Survey Liaison Committee	4.0	4.2	
Rating (1-5) of archive processes by the Exploration Data and Information Sub-Committee of the Geological Survey Liaison Committee	4.0	4.2	
Ratio of geoscientific papers published compared to number submitted to international, peer-reviewed journals	70%	83%	
<b>Timeliness</b>			
Average time for production of 1:100,000 maps released during the year	28 months	20 months	Graph available to show trend over last 8 years. Marked improvement in recent years due to the use of an improved digital capture process. This is well below the target of 36 months set in 1994
Open-file reports made available for viewing within 24 hours of request	100%	100%	
<b>Cost (Efficiency)</b>			
Average cost per weighted total published product	\$187 207	\$225 000	The addition of a regulatory function that did not contribute to the output measure and a higher corporate service component that

			included new superannuation costs and other extraordinary costs associated with the departmental merger.
Average cost per weighted data transaction unit	\$45	\$47	New expenditure relating to requirements for archiving data.

OUTPUT 6: SCIENTIFIC SERVICES	2002-03		Reason for Significant Variation
	Budget	Actual	
<b>Total Cost (\$'000)</b>	8 909	8 667	
<b>Quantity</b>			
Chargeable hours of time involved in provision of services	69,602	71,688	
<b>Quality</b>			
Services provided to AS/NZS ISO 9001:2000 and ISO/IEC 17025:1999	100%	100%	
<b>Timeliness</b>			
Response rate from Client Surveys	60%	42%	Survey updated to include importance. Survey length doubled.
Satisfaction from Client Surveys	75%	63%	Survey updated from four to ten point scale in 2002-03.
<b>Cost (Efficiency)</b>			
Average cost per chargeable hour of providing service	\$128	\$128	

OUTPUT 7: INDUSTRY DEVELOPMENT SERVICES	2002-03		Reason for Significant Variation
	Budget*	Actual	
<b>Total Cost (\$'000)</b>	40 089	18 075	See (1) below
<b>Quantity</b>			See (2) below
Industry and Trade projects facilitated	18	13	
Aboriginal Economic Development projects facilitated	3	7	See (3) below
Industry Facilities projects supported	10	10	
<b>Quality</b>			
Client satisfaction with quality of projects	75%	64%	Decline is an expected consequence of significant change

<b>Timeliness</b>			
Client satisfaction with timeliness of projects	75%	65%	Decline is an expected consequence of significant change
<b>Cost (Efficiency)</b>			
Average cost of Industry and Trade projects facilitated	\$1 453 859	\$2,178,291	See (4) below
Average cost of Aboriginal Economic Development projects facilitated	\$2 285 477	\$1,059,899	See (5) below
Average cost of Industry Facilities projects supported	\$706 310	\$764,293	

1. **Total Cost of Output** As per the 2003-04 Budget Statements for Output 7, the 2002-03 Budget of \$40 089 000 and 2002-03 Estimated Actual of \$45 417 000 represent a full year's operation of DoIR, and for the purposes of the Budget Statements was done for comparative purposes. The 2002-03 actual of \$18 075 000 as per the financial statements reflects 5 months of actuals (from February to June 2003) of the portions of DoIT that merged with MPR to form DoIR in February 2003) and needs to be reported as such. The financial statements require using budget information as per the printed estimates (budget statements) but are required to report the actual situation.
2. **Quantities** The quantity measures provided relate to projects of an ongoing nature and therefore are applicable to the full financial year.
3. **Quantity - Aboriginal Economic Development projects facilitated** During the formation of the 2002-03 Budget Statements the number of projects facilitated was based on the "types of services" OAED provided at that time (i.e. enterprise services, business and management expertise services and strategic financial investment services). During 2002-03 the way in which the number of projects facilitated was reported was changed to the "total number of services". As this was in the vicinity of 170 for OAED it was decided to categorise these into 7 types or industry sectors (tourism, art/design, mining, natural resource development, pastoral and farming, retail, manufacturing).
4. **Cost (Efficiency)** To calculate the average unit cost for this output the quantities for the 12 month period have been apportioned on 5/12 pro rata basis as per the 5 months of actual output cost.
5. **Cost (Efficiency) - Average cost of Aboriginal Economic Development projects facilitated** Actual is less than the budgeted figure of \$2 285 477 (and less than the 2001-02 figure of \$1 668 696) due to the increase in the number of projects facilitated from a budgeted number of 3 (on which the \$2 285 477 would have been based) to an actual of 7 - see (3) above.

**CORPORATE GOVERNANCE AND COMPLIANCE STATEMENTS**

**STATEMENT OF COMPLIANCE WITH PUBLIC SECTOR STANDARDS**

*(Public Sector Management Act 1984, S31 (1))*

In the administration of the Department of Industry and Resources, I have complied with the Public Sector Standards in Human Resource Management.

I have:

- Maintained a self-assessment program;
- Continued to review the Department’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;

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

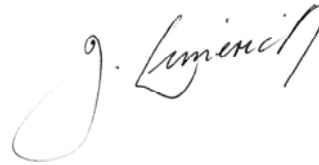
Number lodged	7	Applications under review	0
Breaches found	0	Multiple breaches	0
Material breaches	0		

**STATEMENT OF COMPLIANCE WITH THE WESTERN AUSTRALIAN PUBLIC SECTOR CODE OF ETHICS**

In the administration of the Department of Industry and Resources, I have complied with the Western Australian Public Sector Code of Ethics.

I have arranged for an analysis of matters raised that relate to the ethical codes, feedback received from staff and observations made by Human Resource staff, and propose to arrange further ethical training to be undertaken in 2004.

There were no complaints lodged relating to non-compliance with the ethical codes.



Jim Limerick  
Accountable Officer  
29 August 2003

**EQUAL EMPLOYMENT OPPORTUNITY OUTCOMES/YOUTH OUTCOMES**

*(Equal Opportunity Act 1984, S146)*

The Department initiated a number of strategies identified as part of its EEO/Diversity Management Plan, with an emphasis on the target groups of Women, Indigenous Australians and Youth employment.

Those strategies contributed to:

- an increase in the representation of women at Level 6 and above from 11% (2002) to 12.2 per cent in 2003 against a target of 12.1 per cent
- an increase in Indigenous employees from 0.5 per cent to 1.7 per cent against a target of 1 per cent
- a slight increase in Youth employment from 4.4 per cent to 4.5 per cent.

Some specific strategies include the development of a Women’s Development Plan, increasing the number of indigenous and youth traineeships and cadetships within the Department, and a review of the Department’s recruitment and selection processes to ensure they reflect the principles of equity.

The Department also reviewed its human resource programs, policies, procedures and guidelines to reflect the needs and operations of the newly merged Department (of Industry and Resources). One key initiative is the development of a plan with a number of key focus areas encompassing



strategies aimed at identifying and recognising specific areas of interest and needs for its mature workforce as well as youth initiatives.

### LANGUAGE SERVICES OUTCOME

The Department maintains a Foreign Language Skills Register, which contains details of staff members who can speak and/or write a language other than English. The register is used when the Department has a need for translating and interpreting services to assist with visiting overseas delegations and interpreting documents in languages other than English. It may also be used to assist with any dealings the Department may have with its customers.

If there is a need for translating/interpreting languages not identified via the register, or if the level of service required is greater than that able to be provided, the Department offers the use of qualified interpreters through the Translating and Interpreting Service (TIS).

### DISABILITY SERVICE PLAN OUTCOMES

*(Disability Services Act 1993, S29)*

In accordance with the Disabilities Services Plans of MPR and DoIT, DoIR continued to facilitate the delivery of services to people with disabilities. The plans provide for the requirements of disabled persons with regard to access to existing facilities and premises, as well as the provision of these requirements in refurbishment programs, and the design of new facilities.

Improved access for disabled persons, by means of improved circulation areas with widened passage ways and service ways, was incorporated in the refurbishment of three floors of the Mineral House Complex.

The new Perth Drill Core Library at Carlisle which was completed and opened during the year, incorporates disabled parking with level access, ramping and disabled toilet facilities.

Disabled parking with level access is provided at the main DoIR Perth CBD

offices, by two bays at Dumas House, three bays at the SGIO Atrium, and two at Mineral House.

Disabled toilets are provided at Mineral House and the Atrium.

Where the provision of such facilities is restricted, as at Dumas House and other leased premises, and in some regional offices, staff are briefed and trained to make the necessary arrangements on request, to enable business to be conducted with disabled customers.

### ADVERTISING AND SPONSORSHIP

*(Electoral Act 1907, S175ZE)*

During 2002-03, the Department spent \$440 037 on advertising and market research, disbursed as follows in Table 10 below:

Table 10: Advertising and Market Research

Advertising Agencies	\$
Marketforce Productions*	369 948
APPEA Ltd	3 200
Resource Information Unit (resources sector publishing company)	1 400
Diggers and Dealers Mining Forum	5 091
Media Decisions WA	32 530
Aspermont Ltd (resources sector publishing company)	1 718
Proton Promotional Advertising	1 912
John Fairfax Publications Pty Ltd	2 007
<b>Research</b>	
Market Equity	22 231
Polling organizations	Nil
<b>Direct mail organizations</b>	Nil
<b>Total</b>	<b>440 037</b>

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

**INFORMATION STATEMENT**

(Freedom of Information Act 1992, S96-97)

During 2002-03 DoIR satisfied all requirements for document access requests. Details of DoIR's Freedom of Information process and Information Statement can be accessed from the DoIR website at [www.doir.wa.gov.au](http://www.doir.wa.gov.au) or by contacting the Freedom of Information Officer at DoIR, Mineral House, 100 Plain Street, East Perth, 6004, telephone 9222 3554.

FOI statistics for 2002-03 are detailed below:

Table 11: FOI statistics for 2002-03

<b>Access Applications</b>	<b>Total</b>
Total new valid applications	90
- Personal information	26
- Non-personal information	64
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	11
<b>Outcome of Applications</b>	<b>Total</b>
	<b>Personal</b>
	<b>Non-Personal</b>
Access in full	2
	3
Edited Access	14
	38
Access deferred	0
	0
Access refused	6
	13
Totals	22
	54
Applications on hand but not yet dealt with at 30 June 2002	8
<b>Exemptions Cited</b>	<b>Total</b>
Personal information	55
Commercial and business	16
Law enforcement and public safety and property security	3
Legal professional privilege	5
Deliberative process	3
Confidential communications	2
Number of applications for internal review	3
Average time to process applications	32 days
<b>Actual charges collected:</b>	<b>\$1,095</b>

**WASTE PAPER RECYCLING**

(Cabinet Minute 2.7 of October 1991 on *Government Waste Paper Recycling Proposal to Improve Recovery Rates*)

The Department continues to promote recycling by providing paper and cardboard recycling bins in several convenient locations on each floor of head office (Mineral House). The paper recycling contract is with Paper Recycling Industries. The Department has also successfully expanded its recycling program to include the collection of all plastic products, this contract is being managed through Corporate Recycling and National 1.

**RISK MANAGEMENT**

(*Treasury Instruction 825*)

During the year, a risk management policy and an implementation framework was developed and endorsed by the Executive. This process established clear guidelines on identifying, analysing, evaluating and treating risks on a regular basis. Risk Management Coordination resources have been allocated to identify, analyse, evaluate risks in a consistent manner across the department and advise DoIR's Corporate Executive.

**STAFF CONSULTATION GROUP (SCG)**

DoIR'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. It was established to improve communications between staff and senior management and was designed to complement rather than replace divisional communications channels. The Committee was renamed Staff Consultation Group (SCG) in 2003.

The Group comprises elected representatives from operating divisions including regional staff. It includes staff from a variety of levels. The chairperson attended Executive Management Group meetings as a full member.

The SCG provided a mechanism to:

- Communicate views from staff directly to the Director General
- Consult in relation to corporate issues and proposed changes to policy and procedures
- Work to facilitate change that will improve the culture of the Department.

The SCG provided input to the decision making process and contributed to the development of DoIR's Corporate Policies and the approval process.

Key achievements were:

- Identifying issues impacting on staff working in regions and working with management to develop policies to address issues such as transfers, work conditions, inequity in training facilities etc of regional staff
- Successful lunchtime seminar series complementing the DoIR Culture Change program
- Contribution to the Gateway project to improve telecommunications in DoIR
- Assisted contract staff subcommittee that saw 59 members of staff converted to permanent staff
- Provided consultation on the draft Personal Development Plan (PDP)
- Contributed to the Active in the Work and Living Programme
- Maintained an Intranet site of all the SCG minutes and other key documents to improve Openness and Transparency of the SCG activities.

## EVALUATIONS

*(Circular to Ministers No. 1994/37)*

In summary, the DoIR is the result of a number of reviews and mergers:

- Machinery of Government, June 2001 which resulted in the establishment of two new departments

- DoIT (DCT & Strategic elements of CAMS)
- MPR (DRD & DME)
- Various independent reviews (2001 – 2003)
  - Laing – Review of the Occupational Health and Safety Act 1984 - Final Report
  - Keating – Review of the Project Development Approvals System
  - Bowler – Ministerial Inquiry into Greenfields Exploration in Western Australia
  - Bellevue Parliamentary Inquiry – Bellevue Hazardous Waste Fire Inquiry
  - Carmel government inquiry – The Carmel Explosions - Report of the Investigation into the fireworks accidents at Carmel, Western Australia
- Functional Review of sections of Government
  - Resulted in the merging of MPR and DoIT (Industry and Trade functions, some infrastructure functions and corporate services functions)
  - Announced December 2002
  - Departments merged on 3 February 2003.
- DoIR's internal Integration Focus Groups
  - Reported to the Department in March 2003

Included reviews of Investment Attraction, South West, Policy, Infrastructure and Aboriginal Economic Development.

## ENERGY SMART GOVERNMENT POLICY

In accordance with the Energy Smart Government Policy, DoIR has committed to achieve a 12 per cent reduction in non transport related energy use by 2006-07, compared with benchmark (baseline), figures set by SEDO in March 2003, based

on consumption in 2001-02. The baseline for DoIR, combining the baselines of MPR and DoIT, was advised on 4 June 2003. A preliminary reduction of 5 per cent was targeted for 2002-03.

The DoIT portion of the baseline was found to require adjustment and SEDO has agreed to accept a new baseline, primarily based on consumption for 2002-03, incorporating corrected data for Dumas House and the Bunbury Tower, in addition to consumption at the Regional and Technology Park premises and facilities, which were not included in the original DoIT baseline.

Energy management and building control in the ex-MPR premises in the Combined Services and Tenant Services User Categories, were impacted by significant organisational changes. These were the change from fully outsourced to partially outsourced Facilities Management which occurred in July 2002, and the formation of the new Department in February 2003, which resulted in an increased level of activity, and pressure on resources in the Facilities area.

Initiatives undertaken during the year were:

- Modifications were made to the Mineral House Building Automation System control algorithm, aimed at reducing peak demand.
- The Mineral House chiller control logic was upgraded.
- A pilot trial of window tinting on the Mineral House North side was commenced.
- A preliminary sample survey of lighting levels in the Mineral House Complex was conducted.
- Selective de-tubing, and tube replacement with tri-phosphor tubes, continued.
- A working group was formed to address energy management.
- Staff from Facilities Services attended seminars and workshops presented by

the Office of Energy, on energy management practices

- Approval was sought from the Office of Energy for assistance with the cost of targeted energy auditing.
- Specifications were developed for a full scale lighting upgrade trial, to include half of one floor, in Mineral House North.

At the year end, quotations were being sought from suppliers for the lighting trial, and specifications were being developed for audit work on the Mineral House air conditioning control system, and a full energy audit of the Chemistry Centre (WA).

Energy Consumption reported for 2002-03 was as follows in Table 12 below:

Table 12: Energy Consumption reported for 2002-03

		<b>Baseline 2001-02</b>	<b>2002-03</b>	<b>Variation %</b>
Energy Consumption (MJ)	MPR	23 209,860	23 382 899	0.75
	DoIT*	1 814 899	1 887 471	4.00
	<b>DoIR</b>	<b>25 024 759</b>	<b>25 270 370</b>	<b>1.00</b>
Energy Cost (\$)	MPR	767 367	838 065	9.2
	DoIT*	69 448	73 056	5.20
	<b>DoIR</b>	<b>836 815</b>	<b>911 121</b>	<b>8.88</b>
CO <sub>2</sub> Emissions (tonnes)	MPR	5 297	5 462	3.11
	DoIT*	464	482	3.88
	<b>DoIR</b>	<b>5 761</b>	<b>5 945</b>	<b>3.19</b>
<b>Performance Indicators</b>				
<b>MJ/m<sup>2</sup>/Annum</b>	MPR Office Buildings Combined Services	825	824	-0.12
	MPR Office Buildings Tenant Services	298	359	20.46
	MPR Laboratory /Research Facility	1 331	1 333	0.15
	DoIT Office Buildings Tenant Services *	261	271	3.83
	<b>Overall - DoIR</b>	<b>739</b>	<b>743</b>	<b>0.54</b>
<b>MJ/FTE/Annum</b>	MPR Office Buildings Combined Services	25 370	25 197	-0.68
	MPR Office Buildings Tenant Services	11 396	13 299	16.70
	MPR Laboratory /Research Facility	70 483	67 615	-4.07
	DoIT Office Buildings Tenant Services *	9 938	9 387	-5.54
	<b>Overall - DoIR</b>	<b>25 666</b>	<b>24 377</b>	<b>-5.02</b>

\* Amended Baseline for DoIT

MPR/Atruim – Minerals House, Atrium and State Regional offices  
DoIT – Dumas House

# **DEPARTMENTAL FINANCIAL REPORT**

(Audited)

**CERTIFICATION OF FINANCIAL STATEMENTS**

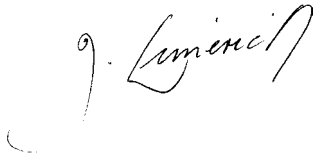
*Certification of Financial Statements for the year ended 30 June 2003*

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 2003.

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.



Phil Palmer FCPA  
Principal Accounting Officer  
30 August 2002



Jim Limerick  
Accountable Officer  
30 August 2002



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### DEPARTMENT OF INDUSTRY AND RESOURCES FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003

#### **Audit Opinion**

In my opinion,

- (i) the controls exercised by the Department of Industry and Resources provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) 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, 2003 and its financial performance and cash flows for the year ended on that date.

#### **Scope**

##### *The Director General's Role*

The Director General is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Output Schedule of Expenses and Revenues, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

##### *Summary of my Role*

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON  
AUDITOR GENERAL  
October 29, 2003



DEPARTMENT OF INDUSTRY AND RESOURCES  
**Statement of Financial Performance**  
*for the year ended 30 June 2003*

	Note	2002-2003 (\$'000)	2001-2002 (\$'000)
<b>COST OF SERVICES</b>			
Expenses from Ordinary Activities			
Employee expenses	4	55 749	48 779
Supplies and services	5	16 877	9 394
Depreciation	6	2 489	2 247
Borrowing costs	7	295	-
Administration expenses	8	15 224	14 427
Accommodation expenses	9	5 720	4 365
Grants and subsidies	10	3 728	1 651
Capital User Charge	11	6 049	3 943
Write down of non-current assets	12	1 202	-
Other expenses from ordinary activities	13	123	4
Total cost of services		<u>107 456</u>	<u>84 810</u>
Revenues from Ordinary Activities			
Revenues from Operating Activities:			
User charges and fees	14	16 637	16 569
Trading Profit	15	1 670	1 406
		<u>18 307</u>	<u>17 975</u>
Revenues from Non-Operating Activities			
Other revenues	16	649	337
Proceeds from disposal of non-current assets	17	18	-
Total revenues from ordinary activities		<u>18 974</u>	<u>18 312</u>
NET COST OF SERVICES		88 482	66 498
REVENUES FROM STATE GOVERNMENT			
Output Appropriations	18	79 110	69 659
Liabilities assumed by the Treasurer		1 966	518
Resources received free of charge		1 336	1 084
Total revenues from State Government		<u>82 412</u>	<u>71 261</u>
Change in Net Assets Before Restructuring and Abnormal Items		<u>( 6 070)</u>	<u>4 763</u>
Net revenues from restructuring	19	-	2 538
CHANGE IN NET ASSETS AFTER RESTRUCTURING		<u>( 6 070)</u>	<u>7 301</u>
Net increase in asset revaluation reserve		-	2 577
Total revenues, expenses and valuation adjustments recognised directly in equity		<u>-</u>	<u>2 577</u>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS</b>		<u>( 6 070)</u>	<u>9 878</u>

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

DEPARTMENT OF INDUSTRY AND RESOURCES  
**Statement of Financial Position**  
*as at 30 June 2003*

	Note	2002-2003 (\$'000)	2001-2002 (\$'000)
<b>CURRENT ASSETS</b>			
Cash assets	35	16 791	13 570
Restricted cash assets	20	224	96
Inventories	21	5 297	3 596
Receivables	22	3 368	1 906
Amounts receivable for outputs	23	4 100	1 485
Other Assets	24	1 018	330
Total current assets		<u>30 798</u>	<u>20 983</u>
<b>NON-CURRENT ASSETS</b>			
Restricted cash assets	20	1 832	2 068
Receivables	22	22 178	-
Amounts receivable for outputs	23	641	641
Property, plant, equipment and vehicles	25	63 641	45 309
Works in progress	26	8 912	5 399
Total non-current assets		<u>97 204</u>	<u>53 417</u>
<b>Total assets</b>		<u><u>128 002</u></u>	<u><u>74 400</u></u>
<b>CURRENT LIABILITIES</b>			
Payables	28	6 984	4 379
Interest-bearing liabilities	29	1 328	-
Other liabilities	30	1 682	2 522
Revenue received in advance	31	186	211
Amounts due to the Treasurer	32	1 200	1 200
Provisions	33	9 349	5 689
Total current liabilities		<u>20 729</u>	<u>14 001</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	29	7 236	-
Provisions	33	5 300	4 926
Total non-current liabilities		<u>12 536</u>	<u>4 926</u>
<b>Total liabilities</b>		<u>33 265</u>	<u>18 927</u>
<b>EQUITY</b>			
Contributed equity	34	43 607	3 657
Asset revaluation reserve		34 058	28 674
Accumulated surplus		17 072	23 142
<b>Total equity</b>		<u>94 737</u>	<u>55 473</u>
<b>Total liabilities and equity</b>		<u><u>128 002</u></u>	<u><u>74 400</u></u>

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

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Statement of Cash Flows***for the year ended 30 June 2003*

	Note	2002-2003 (\$'000) Inflows (Outflows)	2001-2002 (\$'000) Inflows (Outflows)
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Output appropriations		78 131	67 533
Capital contributions		6 053	3 657
Net cash provided by State Government		<u>84 184</u>	<u>71 190</u>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments			
Employee costs		(48 333)	(43 042)
Supplies and services		(36 982)	(28 383)
Superannuation		(3 686)	(3 395)
Grants and subsidies		(3 818)	-
Capital User Charge		(6 049)	(3 969)
Borrowing costs		( 234)	-
GST payments on purchases		(5 067)	(3 236)
GST Payments to taxation authority		( 857)	(1 202)
Receipts			
Sale of goods and services		2 166	1 726
User charges and fees		15 766	16 134
GST receipts on sales		4 535	4 315
GST receipts from taxation authority		4 529	-
Other receipts		616	-
Net cash used in operating activities	35(b)	<u>(77 414)</u>	<u>(61 052)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current assets		(6 714)	(2 341)
Proceeds from sale of non current assets		18	15
Loans advanced		( 800)	-
Net cash used in investing activities		<u>(7 496)</u>	<u>(2 326)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		( 87)	-
Net cash used in financing activities		<u>( 87)</u>	<u>-</u>
<b>Net increase/(decrease) in cash held</b>		( 813)	7 812
Cash assets at the beginning of the financial year		15 734	-
Cash assets transferred from other sources		3 926	7 922
<b>Cash assets at end of financial year</b>	35(a)	<u>18 847</u>	<u>15 734</u>

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

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Output Schedule of Expenses and Revenues***for the year ended 30 June 2003*

OUTPUT	Output 1: Titles and Royalties Administration		Output 2: Health, Safety and Environmental Services		Output 3: Project and Infrastructure Facilitation Services		Output 4: Investment Attraction Services	
	2002/03 \$'000	2001/02 \$'000	2002/03 \$'000	2001/02 \$'000	2002/03 \$'000	2001/02 \$'000	2002/03 \$'000	2001/02 \$'000
<b>COST OF SERVICES</b>								
<b>Expenses from ordinary activities</b>								
Employee expenses	13 525	14 164	12 190	11 650	4 929	4 736	2 224	2 165
Supplies and services	3 160	2 847	1 890	1 687	5 025	2 063	856	364
Depreciation expenses	694	662	476	413	253	213	96	96
Borrowing costs								
Administration expenses	2 559	2 836	2 874	3 139	2 709	3 526	348	529
Accommodation expenses	1 453	1 269	1 143	956	757	939	208	214
Grants and subsidies	15	20	11	11	1 175	1 606	3	3
Capital User Charge	1 291	1 329	866	871	694	707	231	236
Write down of non-current assets	382	-	327	-	202	-	67	-
Other expenses from ordinary activities	-	4	-	-	-	1	-	-
<b>Total cost of services</b>	<b>23 079</b>	<b>23 131</b>	<b>19 777</b>	<b>18 727</b>	<b>15 744</b>	<b>13 791</b>	<b>4 033</b>	<b>3 607</b>
<b>Revenues from ordinary activities</b>								
Revenues from Operating Activities								
User fees & charges	6 576	6 921	4 300	3 889	-	-	-	-
Trading profit	161	643	638	771	621	135	28	45
	<b>6 737</b>	<b>7 564</b>	<b>4 938</b>	<b>4 660</b>	<b>621</b>	<b>135</b>	<b>28</b>	<b>45</b>
Revenues from Non-Operating Activities								
Other revenues	206	-	138	-	110	-	37	-
Proceeds from disposal of non-current assets	2	-	1	-	1	-	-	-
Total revenues from ordinary activities	<b>6 945</b>	<b>7 564</b>	<b>5 077</b>	<b>4 660</b>	<b>732</b>	<b>135</b>	<b>65</b>	<b>45</b>
<b>NET COST OF SERVICES</b>	<b>16 134</b>	<b>15 567</b>	<b>14 700</b>	<b>14 067</b>	<b>15 012</b>	<b>13 656</b>	<b>3 968</b>	<b>3 562</b>
<b>Revenues from State Government</b>								
Output Appropriations	14 611	14 291	14 913	15 580	11 440	15 665	3 333	3 118
Liabilities assumed by the Treasurer	609	65	408	43	327	34	109	12
Resources received free of charge	565	593	53	15	687	459	7	4
<b>Total revenues from State Government</b>	<b>15 785</b>	<b>14 949</b>	<b>15 374</b>	<b>15 638</b>	<b>12 454</b>	<b>16 158</b>	<b>3 449</b>	<b>3 134</b>
<b>Changes in net assets before restructuring</b>	<b>( 349)</b>	<b>( 618)</b>	<b>674</b>	<b>1 571</b>	<b>(2 558)</b>	<b>2 502</b>	<b>( 519)</b>	<b>( 428)</b>
Net revenues from restructuring	-	-	-	-	-	2 119	-	669
<b>CHANGE IN NET ASSETS AFTER RESTRUCTURING</b>	<b>( 349)</b>	<b>( 618)</b>	<b>674</b>	<b>1 571</b>	<b>(2 558)</b>	<b>4 621</b>	<b>( 519)</b>	<b>241</b>

DEPARTMENT OF INDUSTRY AND RESOURCES  
**Output Schedule of Expenses and Revenues**  
*for the year ended 30 June 2003*

OUTPUT	Output 5: Geological Services		Output 6: Scientific Services		Output 7: Industry Development Services		TOTAL	
	2002/03 \$'000	2001/02 \$'000	2002/03 \$'000	2001/02 \$'000	2002/03 \$'000	2001/02 \$'000	2002/03 \$'000	2001/02 \$'000
<b>COST OF SERVICES</b>								
<b>Expenses from ordinary activities</b>								
Employee expenses	11 452	9 967	5 947	6 097	5 482	-	55 749	48 779
Supplies and services	2 856	2 216	-	217	3 090	-	16 877	9 394
Depreciation expenses	483	461	452	402	35	-	2 489	2 247
Borrowing costs	-	-	-	-	295	-	295	-
Administration expenses	2 527	2 904	2 078	1 493	2 129	-	15 224	14 427
Accommodation expenses	771	779	-	208	1 388	-	5 720	4 365
Grants and subsidies	10	11	-	-	2 514	-	3 728	1 651
Capital User Charge	771	786	96	14	2 100	-	6 049	3 943
Write down of non-current assets	224	-	-	-	-	-	1 202	-
Other expenses	-	(1)	94	-	29	-	123	4
<b>Total cost of services</b>	<b>19 094</b>	<b>17 123</b>	<b>8 667</b>	<b>8 431</b>	<b>17 062</b>	<b>-</b>	<b>107 456</b>	<b>84 810</b>
<b>Revenues from ordinary activities</b>								
Revenues from Operating Activities	-	-	-	-	-	-	-	-
User fees & charges	-	-	5 761	5 759	-	-	16 637	16 569
Trading profit	87	149	-	-	135	-	1 670	1 743
	<b>87</b>	<b>149</b>	<b>5 761</b>	<b>5 759</b>	<b>135</b>	<b>-</b>	<b>18 307</b>	<b>18 312</b>
Revenues from Non-Operating Activities								
Other revenues	123	-	-	-	35	-	649	-
Proceeds from disposal of non-current assets	1	-	1	-	12	-	18	-
Total revenues from ordinary activities	<b>211</b>	<b>149</b>	<b>5 762</b>	<b>5 759</b>	<b>182</b>	<b>-</b>	<b>18 974</b>	<b>18 312</b>
<b>NET COST OF SERVICES</b>	<b>18 883</b>	<b>16 974</b>	<b>2 905</b>	<b>2 672</b>	<b>16 880</b>	<b>-</b>	<b>88 482</b>	<b>66 498</b>
<b>Revenues from State Government</b>								
Output Appropriations	17 076	17 685	2 878	3 320	14 859	-	79 110	69 659
Liabilities assumed by the Treasurer	363	38	150	326	-	-	1 966	518
Resources received free of charge	24	13	-	-	-	-	1 336	1 084
<b>Total revenues from Government</b>	<b>17 463</b>	<b>17 736</b>	<b>3 028</b>	<b>3 646</b>	<b>14 859</b>	<b>-</b>	<b>82 412</b>	<b>71 261</b>
<b>Changes in net assets before restructuring</b>	<b>(1 420)</b>	<b>762</b>	<b>123</b>	<b>974</b>	<b>(2 021)</b>	<b>-</b>	<b>(6 070)</b>	<b>4 763</b>
Net revenues from restructuring	-	-	-	(250)	-	-	-	2 538
<b>CHANGE IN NET ASSETS AFTER RESTRUCTURING</b>	<b>(1 420)</b>	<b>762</b>	<b>123</b>	<b>724</b>	<b>(2 021)</b>	<b>-</b>	<b>(6 070)</b>	<b>7 301</b>

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

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Summary of Consolidated Fund Appropriations and Revenue Estimates***for the year ended 30 June 2003*

		2002/03	2002/03		2002/03	2001/02	
		Estimate	Actual	Variance	Actual	Actual	Variance
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PURCHASE OF OUTPUTS</b>							
Item 89	Net amount appropriated to purchase outputs	102 154	78 718	(23 436)	78 718	69 268	9 450
	Amount authorised by other statutes						
	- Salaries and allowances Act 1975	528	392	( 136)	392	391	1
	<b>Total appropriations provided to purchase outputs</b>	<b>102 682</b>	<b>79 110</b>	<b>(23 572)</b>	<b>79 110</b>	<b>69 659</b>	<b>9 451</b>
<b>CAPITAL</b>							
Item 160	Capital contribution	6 411	6 053	( 358)	6 053	3 657	2 396
<b>ADMINISTERED</b>							
Item 90	Administered grants and transfer payments	45 667	29 133	(16 534)	29 133	18 614	10 519
	Amount authorised by other statutes						
	Petroleum submerged lands act 1982	14 800	16 580	1 780	16 580	15 222	1 358
	<b>Total administered appropriations</b>	<b>60 467</b>	<b>45 713</b>	<b>(14 754)</b>	<b>45 713</b>	<b>33 836</b>	<b>11 877</b>
<b>GRAND TOTAL OF APPROPRIATIONS</b>		<b>169 560</b>	<b>130 876</b>	<b>(38 684)</b>	<b>130 876</b>	<b>107 152</b>	<b>23 724</b>

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Summary of Consolidated Fund Appropriations and Revenue Estimates***for the year ended 30 June 2003*

	2002/03	2002/03		2002/03	2001/02	
	Estimate	Actual	Variance	Actual	Actual	Variance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Details of Expenditure by Outputs</b>						
Titles and Royalties Administration	22 062	23 008	946	23 008	23 131	( 123)
Health, Safety and Environmental Services	18 968	19 657	689	19 657	18 727	930
Project and Infrastructure Facilitation Services	14 993	15 707	714	15 707	13 791	1 916
Investment Attraction Services	3 439	4 021	582	4 021	3 607	414
Geological Services	17 934	19 054	1 120	19 054	17 123	1 931
Scientific Services	8 909	8 667	( 242)	8 667	8 431	236
Industry Development Services	40 089	18 074	(22 015)	18 074	-	18 074
Total Cost of Outputs	126 394	108 188	(18 206)	108 188	84 810	23 378
Less total revenues from ordinary activities	21 608	19 115	2 493	19 115	22 175	(3 060)
Net Cost of Outputs	104 786	89 073	(15 713)	89 073	62 635	26 438
Adjustment for movement in cash balances and other accrual items	(2 104)	(9 963)	(7 859)	(9 963)	7 024	(16 987)
<b>Total appropriations provided to purchase outputs</b>	<b>102 682</b>	<b>79 110</b>	<b>(23 572)</b>	<b>79 110</b>	<b>69 659</b>	<b>9 451</b>
<b>Capital Expenditure</b>						
Purchase of non-current physical assets	5 295	6 714	1 419	6 714	2 341	4 373
Repayment of borrowings	745	87	( 658)	87	-	87
Adjustment for movement in cash balances and other funding sources	371	( 748)	(1 119)	( 748)	1 316	(2 064)
<b>Capital Contribution (appropriation)</b>	<b>6 411</b>	<b>6 053</b>	<b>( 358)</b>	<b>6 053</b>	<b>3 657</b>	<b>2 396</b>

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Summary of Consolidated Fund Appropriations and Revenue Estimates***for the year ended 30 June 2003*

		2002/03	2002/03		2002/03	2001/02	
		Estimate	Actual	Variance	Actual	Actual	Variance
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>DETAILS OF REVENUE ESTIMATES</b>							
<b>Revenues disclosed as administered revenues</b>							
<b>Territorial</b>							
Royalties:	Petroleum - Commonwealth	323 600	429 515	105 915	429 515	383 004	46 511
	Petroleum - State	45 900	59 055	13 155	59 055	45 283	13 772
	Iron Ore	307 000	286 708	(20 292)	286 708	276 089	10 619
	Alumina	62 500	54 952	(7 548)	54 952	61 408	(6 456)
	Diamonds	62 000	89 293	27 293	89 293	62 636	26 657
	Mineral sands	27 000	26 126	( 874)	26 126	25 239	887
	Nickel	49 500	56 690	7 190	56 690	46 273	10 417
	Gold	80 000	85 356	5 356	85 356	79 809	5 547
	Other	40 000	51 284	11 284	51 284	48 383	2 901
	Lease rentals	36 500	36 423	( 77)	36 423	37 176	( 753)
<b>Total Territorial</b>		<b>1 034 000</b>	<b>1 175 402</b>	<b>141 402</b>	<b>1 175 402</b>	<b>1 065 300</b>	<b>110 102</b>
<b>Law courts</b>							
Fines	Infringement penalties:	40	3	( 37)	3	12	( 9)
		<b>40</b>	<b>3</b>	<b>( 37)</b>	<b>3</b>	<b>12</b>	<b>( 9)</b>
<b>Other</b>							
	Commonwealth Contribution - Jervoise Bay	7 284	9 520	2 236	9 520	-	9 520
	Contribution from Regional Investment Fund	-	-	-	-	-	-
	Appropriations	60 467	45 713	(14 754)	45 713	33 836	11 877
	Other Revenue	160	64	( 96)	64	-	64
<b>GRAND TOTAL</b>		<b>1 101 951</b>	<b>1 230 702</b>	<b>128 751</b>	<b>1 230 702</b>	<b>1 099 148</b>	<b>131 554</b>

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 TI945



## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003***1 Departmental mission and funding**

The Department's mission is to advance the responsible development of the State's industry and 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 and 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 25). 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 financial 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.

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

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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. Capital appropriations which are repayable to the Treasurer are recognised as liabilities.

(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 2002-2003 Budget Statements. Details of retained revenues are disclosed in the Summary of Consolidated Fund Appropriations and Revenue Estimates.

(d) Grants and Other Contributions

Grants, donations, gifts 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. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

(e) Loans converted to grants

The Department's range of assistance to industry includes loans, which are incrementally convertible to grants at prescribed intervals upon the recipients meeting performance milestones. The loans are recognised in the loans receivable account and provision is made for the conversion of the loans to grants.

(f) Translation of foreign currency transactions

Foreign currency transactions are translated at the exchange rate applicable on the date the funds are transferred to overseas offices. Overseas bank balances as at 30 June 2003 are translated at the exchange rate at that date.

(g) 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.

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

## (h) 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.

## (i) 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:

	<b>Years</b>	<b>Method</b>
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 on written down value
Scientific Equipment	7-10	Straight line
Motor vehicles	3	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.

## (j) Revaluation of land, buildings and infrastructure

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, buildings and infrastructure at fair value. The annual revaluations of the Department's land and buildings undertaken by the Value General's Office 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.

## (k) Employee Benefits

## Annual Leave

This benefit is recognised at the reporting date in respect to employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

## Long service leave

Leave benefits are calculated at remuneration rates expected to be paid when the liabilities are settled. 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 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AASB 1028 "Employee Benefits".

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

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**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:

- (1) 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
- (2) 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 (1) 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.

The Department is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

**Employee benefit on-costs**

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses. (see notes 4 and 33).

**(l) Leases**

The Department has entered into a number of 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.

**(m) 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 uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists.

**(n) Accrued salaries**

The accrued salaries suspense account (refer note 20) 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 30) 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 INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

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## (o) 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 goods or services. Payables are settled within thirty days.

## (p) Inventories

Inventories brought to account are mainly chargeable publications and maps produced by the organisation, consumables, and land held for resale. 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 weighted 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.

## (q) 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.

## (r) 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.

## (s) 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.

## (t) Interest-bearing liabilities

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Borrowing costs expense is recognised on an accrual basis.

## (u) Comparative figures

The Government's ongoing rationalisation of agencies has resulted in the abolition of the Department of Industry and Technology (DoIT). The Department of Industry and Resources (DoIR) took effect from 3 February 2003, with a name change (from the Department of Mineral and Petroleum Resources (MPR)) and the inclusion of the industry related areas from DoIT.

Comparative figures are shown for MPR only, and where appropriate, reclassified in line with the figures presented in the current financial statements.

## (v) Rounding

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

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**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 47.

**Output 1: Titles and Royalties Administration**

Benefits the Western Australian community through a legislative framework, information systems and administrative processes for mineral titles, petroleum titles and mineral and petroleum resources royalties.

Legislation and titles systems provide information on land availability for mineral and petroleum exploration and mining and petroleum production, encourages exploration on titles, ensures security for title holders and provides a framework for collection of royalties, to achieve a fair return to the community.

**Output 2: Health, Safety and Environmental Services**

Benefits the Western Australian community through a legislative framework, information systems and administrative processes to meet community standards with respect to safety for the transport and storage of explosives and dangerous goods and with respect to worker health and safety and the environment for the mineral and petroleum resources industries.

Legislation, regulation and management systems provide technical and policy advice, audit and education services, information systems, assessment of safety management systems, facilitation of design proposals, environmental impact assessments and management plans and investigation of operations proposals, incidents and contingency plans.

Regulatory systems also include communicating information on issues, inter-agency agreements and processes, performance guidelines, licensing, and inspection programs for premises storing and vehicles transporting dangerous goods.

**Output 3: Project and Infrastructure Facilitation Services**

Benefits the Western Australian community by assisting private sector investment in resources development through facilitating the establishment and ongoing operation of major resource development and associated infrastructure projects.

Resource development projects include the 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.

**Output 4: Investment Attraction Services**

Benefits the Western Australian community by attracting interest in Western Australia from potential private sector investors through information and advice about opportunities for new investment in resources development in Western Australia, especially in the downstream processing of resources.

**Output 5: Geological Services**

Benefits the Western Australian community by encouraging exploration and hence the discovery of mineral and petroleum deposits through maintaining an up-to-date geological framework and archive of the State and its mineral and petroleum resources.

**Output 6: Scientific Services**

Benefits the Western Australian community through the provision of high quality independent chemical information, advice and analytical services to government agencies, industry and research groups.

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003***Output 7: Industry Development Services**

Benefits the Western Australian community by facilitating the growth of internationally competitive industry within Western Australia, assisting Indigenous clients to develop their business capability, and promoting Western Australia as a source of internationally competitive products and services.

	2002-2003 (\$'000)	2001-2002 (\$'000)
<b>4 Employee expenses</b>		
Wages and salaries (i)	48 382	44 881
Superannuation	7 367	3 898
	<u>55 749</u>	<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 33.		
<b>5 Supplies and services</b>		
Consultants and contractors	11 401	6 833
Advertising and promotion	583	154
Travel	1 591	1 323
Other	3 302	1 084
	<u>16 877</u>	<u>9 394</u>
<b>6 Depreciation</b>		
Buildings	460	423
Furniture, plant and equipment	335	351
Computer hardware and software	1 334	1 155
Scientific equipment	349	318
Motor vehicles	11	-
	<u>2 489</u>	<u>2 247</u>
<b>7. Borrowing costs expense</b>		
Interest paid	295	-
	<u>295</u>	<u>-</u>
<b>8 Administration expenses</b>		
Communication	1 363	1 007
Consumables	2 710	2 410
Maintenance	1 132	930
Lease Payments	1 693	1 572
Other administration expenses	6 510	6 530
Other staff costs	1 816	1 978
	<u>15 224</u>	<u>14 427</u>
<b>9 Accommodation expenses</b>		
Lease rentals	2 237	1 492
Repairs and maintenance	826	712
Other accommodation expenses	2 657	2 161
	<u>5 720</u>	<u>4 365</u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2003

	2002-2003 (\$'000)	2001-2002 (\$'000)
<b>10 Grants and subsidies</b>		
Compensation payments - Dampier to Bunbury Natural Gas Pipeline expansion	1 166	1 131
Industry Development Incentives	870	-
Woolscour relocation	300	-
Regional development Commission Aboriginal Economic Development Program	270	-
Aboriginal Enterprise Development Schemes	229	-
Meat Industry Strategy	200	-
ASI Groyne Buyback Agreement rental subsidy	115	-
Dubai Trade Office contribution	100	-
Other	478	520
	<u>3 728</u>	<u>1 651</u>
<b>11 Capital User Charge</b>	<u>6 049</u>	<u>3 943</u>
A capital user charge rate of 8% has been set by the Government 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.		
<b>12 Write down of non-current assets</b>		
Change in accounting treatment for non current assets		
Furniture/equipment (i)	791	-
Work in progress - Kalgoorlie explosive reserves (ii)	411	-
	<u>1 202</u>	<u>-</u>
(i) During 2002/03 the threshold for recognition of furniture and equipment as non-current assets has been increased from \$1,000 to \$5,000.		
(ii) Costs incurred for this item have been written down as no asset eventuated that met the Department's asset policy		
<b>13 Other expenses from ordinary activities</b>		
Carrying amount of assets disposed of	94	4
Net loss on currency exchange	29	-
	<u>123</u>	<u>4</u>
<b>14 User charges and fees</b>		
Petroleum permits and licences	6 625	6 391
Prospecting exploration and other mining licences	3 237	3 420
Explosives and Dangerous goods regulations	1 014	999
Chemistry Centre - Private sector	2 701	2 518
Chemistry Centre - Government sector	3 060	3 241
	<u>16 637</u>	<u>16 569</u>
<b>15 Sale of goods (gross)</b>		
Explosives	492	576
Mineral Titles	170	372
Geological Survey	175	335
Mining Operations	27	25
Petroleum	24	21
Administration	1 137	413
	<u>2 025</u>	<u>1 742</u>



## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

	2002-2003 \$'000	2001-2002 \$'000
<b>Trading profit</b>		
Sales (gross)	2 025	1 742
Cost of sales:		
Opening inventory	3 305	3 529
Purchases	85	112
	<u>3 390</u>	<u>3 641</u>
Closing inventory	3 035	3 305
Cost of Goods sold	<u>355</u>	<u>336</u>
Trading profit	<u>1 670</u>	<u>1 406</u>
<b>16 Other revenues from ordinary activities</b>		
Property revenue	642	337
Interest	7	-
	<u>649</u>	<u>337</u>
<b>17 Net gain/loss on disposal of non-current assets</b>		
Gain on disposal of non current assets		
Furniture, plant and equipment	18	-
Loss on disposal of non-current assets		
Scientific equipment	( 94)	-
Net loss on disposal	<u>( 76)</u>	<u>-</u>
<b>18 Revenues from State Government</b>		
Output appropriations (i)	79 110	69 659
The following liabilities have been assumed by the Treasurer during the financial year.		
Superannuation (ii)	1 966	518
Total liabilities assumed by the Treasurer	<u>1 966</u>	<u>518</u>
Resources received free of charge (iii) has been determined on the basis of the following estimates provided by agencies.		
Office of the Auditor General		
- audit services	77	66
Housing and works		
- property management services	1	5
Crown Solicitors Office		
- legal services	499	766
Department of Land Administration		
-land registration dealings, land information and products	759	247
	<u>1 336</u>	<u>1 084</u>
(i) Output appropriations are accrual amounts reflecting the full cost of outputs delivered. 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) The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees		

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

who are members of the pension scheme and current employees who have a transfer benefit entitlement under the Gold State Scheme.

- (iii) 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.

	2002-2003 (\$'000)	2001-2002 (\$'000)
<b>19 Net revenues from restructuring</b>		
<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
	-	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
	-	5 974
	-	2 538

**20 Restricted cash assets**

Current		
Suspense account (i)	92	96
Wittenoom Relocation Trust Fund (ii)	51	-
Forest Residue Utilisation Levy Trust Fund (iii)	61	-
WA Government/China Economic and Technical Research Trust Fund (iv)	20	-
	224	96
Non-current		
Accrued salaries suspense account (v)	1 832	1 355
Forest Residue Utilisation Levy Trust Fund (iii)	-	61
WA Government/China Economic and Technical Research Trust Fund (iv)	-	652
	1 832	2 068

(i) The balance in the suspense account represents administered funds received close to end of year but not transferred to Treasury until after year end.

(ii) The account is used for the purpose of relocations of residents and land purchases

(iii) The account is used for the purpose of funding studies and programs which add value to forest residue.

(iv) The account is used for promoting joint studies of future areas of long term economic co-operation between Western Australia and China.

(v) The amount held in this suspense account is to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

	2002-2003 \$'000	2001-2002 \$'000
<b>21 Inventories</b>		
Current		
Inventories held for resale:		
Geological maps and publications (at cost)	3 034	3 305
Chemistry Centre supplies (at cost)	258	287
Other supplies (at cost)	4	4
Land held for resale:		
Technology Park (at cost)	2 001	-
	<u>5 297</u>	<u>3 596</u>
<b>22 Receivables</b>		
Current		
Trade debtors	2 975	1 804
Other debtors	-	31
Provision for doubtful debts	( 226)	( 16)
GST receivable	619	87
	<u>3 368</u>	<u>1 906</u>
Non-current		
Loans and advances (i)	31 952	-
Provision for conversion of loans to grants	( 9 774)	-
	<u>22 178</u>	<u>-</u>
(i) The carrying amount of loans receivable approximates their net fair values		
<b>23 Amounts receivable for outputs</b>		
Current	4 100	1 485
Non-current	641	641
	<u>4 741</u>	<u>2 126</u>
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.		
<b>24 Other assets</b>		
Current		
Prepayments	709	330
Refundable rental bonds on overseas accommodation	309	-
	<u>1 018</u>	<u>330</u>
<b>25 Property, plant, equipment and vehicles</b>		
Freehold land		
At fair value (i)	<u>32 316</u>	<u>21 714</u>
Buildings - at fair value (i)	25 639	20 284
Accumulated depreciation	( 458)	( 2 691)
Buildings - at cost	871	828
Accumulated depreciation	( 16)	( 14)
Total buildings	<u>26 036</u>	<u>18 407</u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

	2002-2003 \$'000	2001-2002 \$'000
Furniture, plant and equipment - at cost	1 785	4 583
Accumulated depreciation	(1 254)	(3 245)
	<u>531</u>	<u>1 338</u>
Computer hardware and software - at cost	9 438	13 461
Accumulated depreciation	(6 341)	(11 177)
	<u>3 097</u>	<u>2 284</u>
Scientific equipment - at cost	6 730	7 473
Accumulated depreciation	(5 257)	(5 956)
	<u>1 473</u>	<u>1 517</u>
<b>Total equipment</b>	<b><u>5 101</u></b>	<b><u>5 139</u></b>
Vehicles - at cost	198	49
Accumulated depreciation	( 10)	-
	<u>188</u>	<u>49</u>
<b>Total of property, plant, equipment and vehicles</b>	<b><u>63 641</u></b>	<b><u>45 309</u></b>

(i) The revaluation of freehold land, land improvements and buildings was performed in June 2003 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.

**26 Works in progress**

Mining Registrar/Magistrate Chamber - Meekatharra	-	20
State Drill Store - Carlisle	8 099	4 429
Kalgoorlie Explosives Reserve roadwork (see note 19)	-	122
Mungarri Explosive Reserve (see note 19)	-	289
Upgrade of FMIS	-	300
Development costs relating to new Chemistry laboratory	453	39
Burrup/Maitland infrastructure	200	200
Software (Hummingbird)	160	-
	<u>8 912</u>	<u>5 399</u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2003

**27 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:

As at 30 June 2003	Land	Buildings at fair value	Buildings at cost	Furniture and equipment	Computer hardware and software	Scientific equipment	Vehicles	Work in Progress	Total
Carrying amount at the start of year	21 714	17 593	814	1 338	2 284	1 517	49	5 399	50 708
Transfer of assets as a result of restructure	6 385	4 726	-	101	433	-	126	160	11 931
Additions	2 558	455	43	163	1 521	358	24	4 089	9 211
Disposals	( 880)	-	-	( 51)	( 1)	( 53)	-	( 5)	( 990)
Reclassifications	-	20	-	-	300	-	-	( 320)	-
Writedown	-	-	-	( 685)	( 106)	-	-	( 411)	( 1 202)
Revaluation increments	2 539	2 845	-	-	-	-	-	-	5 384
Depreciation	-	( 458)	( 2)	( 335)	( 1 334)	( 349)	( 11)	-	( 2 489)
Carrying amount at the end of year	32 316	25 181	855	531	3 097	1 473	188	8 912	72 553

**2002-2003**    **2001-2002**  
**(\$'000)**        **(\$'000)**

**28 Payables**

Current

Trade payables

	6 984	4 379
	6 984	4 379

**29 Interest-bearing liabilities**

Current:

WA Land Corp (Groyne Buyback Agreement)

WA Treasury Corporation

WA Land Corp (Enterprise Units Development Agreement)

	200	-
	357	-
	771	-
	1 328	-

Non-current

WA Land Corp (Groyne Buyback Agreement)

WA Treasury Corporation

	962	-
	6 274	-
	7 236	-
	8 564	-

**30 Other liabilities**

Amount owing for seven working days from 20 June 2003 to 30 June 2003

Accrued redundancies

Accrued interest payable

	1 509	1 017
	-	1 505
	173	-
	1 682	2 522

**31 Revenue received in advance**

Grants held in trust for research projects

Other

	125	124
	61	87
	186	211

**32 Amounts due to the Treasurer**

Amounts advanced

	1 200	1 200
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## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

	2002-2003 (\$'000)	2001-2002 (\$'000)
<b>33 Provisions</b>		
<u>Current liabilities</u>		
Annual leave	4 411	3 056
Long service leave	4 938	2 633
	<u>9 349</u>	<u>5 689</u>
<u>Non-current liabilities</u>		
Long service leave	5 300	4 926

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.

Employee Entitlements

The aggregate employee leave entitlement liability recognised and included in the financial statements is as follows:

Current	9 349	5 689
Non-current	5 300	4 926
	<u>14 649</u>	<u>10 615</u>

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

**34 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		
Opening balance	3 657	-
Capital contributions (i)	6 053	-
Contribution by owners (ii)	35 356	3 657
Distribution to owners (iii)	(1 459)	-
Closing balance	<u>43 607</u>	<u>3 657</u>

(i) Capital contributions have been designated as contribution by owners and are credited directly to equity in the Statement of Financial Position.

(ii) Net assets of approximately \$32,878,000 were transferred from the Department of Industry and Technology upon its abolition (see note 2(u)). Land valued at \$2,477,693 was transferred from the Western Australian Land Authority in June 2003.

(iii) Land valued at \$880,000 was sold during the year and the proceeds were credited to the Consolidated Revenue Fund. Cash totalling \$579,000 was transferred to the Department of Treasury and Finance during the year.

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

	2002-2003 (\$'000)	2001-2002 (\$'000)
Asset revaluation reserve (i)		
Opening balance	28 674	26 097
Net revaluation increments/(decrements)		
Land	2 539	2 606
Buildings	2 845	( 29)
Closing balance	<u>34 058</u>	<u>28 674</u>
 (i) The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 2(h).		
Accumulated surplus/ (deficiency)		
Opening balance	23 142	15 841
Change in net assets after restructuring	(6 070)	7 301
Closing balance	<u>17 072</u>	<u>23 142</u>
Total equity	<u>94 737</u>	<u>55 473</u>

**35 Notes to the Statement of Cash Flows**

## (a) Reconciliation of cash

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	41	32
Operating account	16 750	13 538
Restricted cash assets (refer note 20)	2 056	2 164
	<u>18 847</u>	<u>15 734</u>

## (b) Reconciliation of net cost of services to net cash flows provided/(used in) operating activities

Net cost of service	(88 482)	(66 498)
Non cash items		
Superannuation	1 966	518
Depreciation	2 489	2 247
Resources received free of charge	1 336	1 084
Write down of non-current assets	1 202	-
Other expenses	123	-
Provision for conversion of loan to grant	800	-
Profit on disposal of non-current assets	( 18)	4
(Increase)/decrease in assets		
Accounts receivable	( 763)	( 701)
Inventory	271	112
Prepayments	( 219)	101
Increase/(decrease) in liabilities		
Accounts payable	631	574
Other liabilities	(1 011)	( 230)
Employee entitlements	1 121	1 824
Net GST receipts/payments	3 140	( 87)
Net cash used in operating activities (Statement of Cash Flows)	<u>(77 414)</u>	<u>(61 052)</u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

	2002-2003 (S'000)	2001-2002 (S'000)
<b>36 Resources provided free of charge</b>		
During the year the following resources were provided to other agencies free of charge for functions outside the normal operations of the Department:		
MERIWA (Building services, parking, conferences)	13	13
<b>37 Commitments for expenditure</b>		
(a) Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	1 537	109
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
The capital commitments include amounts for:		
Building	1 382	-
Computing equipment	155	109
(b) Lease commitment		
Commitments in relation to leases contracted at the reporting date but not recognised as liabilities are payable:		
Within 1 year	2 555	378
Later than 1 year and not later than 5 years	6 480	378
Later than 5 years	3 307	1 066
Representing:		
Non-cancellable operating leases	12 342	1 822

**38 Contingent liabilities and contingent assets**Contingent liabilities:

Apart from the liabilities incorporated in the financial statements, the department has the following contingent liabilities:

## Fee Dispute:

The Chemistry Centre is currently disputing architect fees charged by Design Inc and is in the hands of an Arbitrator. The disputed fees are currently not recorded in the financial statements but may affect the financial position up to a value of \$200,000.

## Grant:

The department is currently in dispute with Bankwest in relation to a withdrawn grant to MAES who are in receivership. The bank claims that DoIR induced them to loan an equivalent amount (\$250,000) to MAES on the basis that the grant would be fulfilled.

## Litigation in progress:

The agency has pending litigation that may affect the financial position to the value of \$30,000.

Should there be a recovery on the loan to Compact Steel, the Department would be obligated to share



## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

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.

Contingent assets:

Nil

**39 Events occurring after reporting date**

No known event or events occurred after year end which materially affects the results reflected in this financial report.

**40 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. Appropriations are now 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

**(a) Significant variances between estimates and actual**

	<b>2002-03 Estimate (\$'000)</b>	<b>2002-03 Actual (\$'000)</b>	<b>Variance (\$'000)</b>
<b>Total appropriation to purchase outputs:</b>	102 682	79 110	( 23 572)
The variance is due to the estimate for 2002/03 representing a full year of the Department of Industry and Resources which was created following the merger of the Department of Mineral and Petroleum Resources and portions of the Department of Industry and Technology as from February 2003. The actual is the appropriations applicable to the Department of Mineral and Petroleum Resources for a full year, and for the portions of the Department of Industry and Technology for five months from February to June 2003 inclusive.			
The variance is reflected in the Industry Development Services Output.			
<b>Total administered appropriations</b>	60 467	45 713	( 14 754)
The variance is mainly due to the effect of the merger described above.			
<b>Administered revenues</b>	1 101 951	1 230 702	128 751
This variance was mainly due increased royalty revenue resulting largely from higher than expected prices for oil and petroleum products, and higher profit based royalty for diamonds due mainly to lower deductions and higher sales volumes. In addition, the repayment of royalty relief granted to the Murrin Murrin project contributed to the overall increase in Nickel and Other royalties.			

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2003

**(b) Significant variances between actual and prior year actual**

	<b>2002-03</b>	<b>2001-02</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Variance</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>Total appropriation to purchase outputs:</b>	79 110	69 659	( 9 451)

The Department of Industry and Resources was created following the merger of the Department of Mineral and Petroleum Resources and a portion of the Department of Industry and Technology as from February 2003. The actual for 2002-03 is the amount provided to the Department of Mineral and Petroleum Resources for a full year and for the portion of the Department of Industry and Technology for five months from February to June 2003 inclusive. The actual for 2001-02 is the amount provided to the Department of Mineral and Petroleum Resources for the full year.

	<b>2002-03</b>	<b>2001-02</b>	
	<b>Actual</b>	<b>Actual</b>	<b>Variance</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>Capital Contribution</b>	6 053	3 657	( 2 396)
Refer to explanation above.			

<b>Administered revenues</b>	1 230 702	1 099 148	( 131 554)
This variance was mainly due increased royalty revenue resulting largely from higher than expected prices for oil and petroleum products, and higher profit based royalty for diamonds due mainly to lower deductions and higher sales volumes. In addition, the repayment of royalty relief granted to the Murrin Murrin project contributed to the overall increase in Nickel and Other royalties.			

**41 Financial instruments****(a) Interest rate risk exposures**

The following table details the Department's exposure to interest rate risk as at 30 June 2003.

	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Interest Rate Less than 1 Year	Maturity 1 to 5 Years	More than 5 Years	Non- Interest Bearing	Total
30 June 2003	Rate	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>							
Cash and amounts in suspense	-	-	-	-	-	16 791	16 791
Restricted cash assets	-	-	-	-	-	2 056	2 056
Accounts receivable	-	-	-	-	-	3 509	3 509
Loans and advances	4.67	-	-	-	-	22 178	22 178
<b>Total financial assets</b>		-	-	-	-	44 534	44 534
<b>Financial liabilities</b>							
Accounts payable	-	-	-	-	-	6 984	6 984
Amounts due to Treasurer	-	-	-	-	-	1 200	1 200
WATC loans	6.24	-	357	2 839	3 435	-	6 631
Other loans	6.24	-	971	962	-	-	1 933
<b>Total financial liabilities</b>		-	1 328	3 801	3 435	8 184	16 748
<b>30 June 2002</b>							
Financial assets	-	-	-	-	-	17 640	17 640
Financial liabilities	-	-	-	-	-	5 579	5 579

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2003*

## (b) Net fair value of financial assets and liabilities

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.

## (c) Net fair values

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

**2002-2003**    **2001-2002**  
**(\$'000)**        **(\$'000)**

**42 Remuneration of senior officers**Remuneration

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

	<u>2002-2003</u>	<u>2001-2002</u>
\$80 001 to \$90 000	1	-
\$90 001 to \$100 000	1	-
\$100 001 to \$110 000	4	1
\$110 001 to \$120 000	7	13
\$120 001 to \$130 000	6	7
\$130 001 to \$140 000	5	1
\$140 001 to \$150 000	-	1
\$150 001 to \$160 000	1	-
\$160 001 to \$170 000	1	1
\$230 001 to \$240 000	-	1
\$250 001 to \$260 000	-	1
\$260 001 to \$270 000	1	1

The total remuneration of senior officers is:

3 260        3 712

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

**43 Related bodies**

The Department had no related bodies as defined in the Financial Administration and Audit Act 1985 and Treasurer's Instruction 951.

**44 Affiliated bodies**

Western Australian Technology and Industry Advisory Council (TIAC)

The Technology and Industry Advisory Council, which was established under the Industry and Technology Development Act (1998), is totally funded by the Department of Industry and Technology. The TIAC Board is not subject to operational control by the Department although it receives administrative support.

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2003

	2002-2003 \$'000	2001-2002 \$'000
<b>45 Accounts of the Trust Fund</b>		
<b>Survey of leases under the Mining Act Account</b>		
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.		
Opening balance 1 July	877	933
<u>Add receipts</u>		
Unclaimed cheque	55	-
	<u>932</u>	<u>933</u>
<u>Less payments</u>		
Refunds	-	56
	<u>-</u>	<u>56</u>
Closing balance 30 June	<u>932</u>	<u>877</u>

**Barrow Island Royalty Trust Account**

The account was created under the Barrow Island Royalty Trust Account Act 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.

Opening balance 1 July	10 378	-
<u>Add receipts</u>		
Royalties received	46 583	36 624
	<u>56 961</u>	<u>36 624</u>
<u>Less payments</u>		
Remitted to State	12 717	6 562
Remitted to Commonwealth	38 150	19 684
	<u>50 867</u>	<u>26 246</u>
Closing balance 30 June	<u>6 094</u>	<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 2003 was \$103,692.

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2003

	2002-2003 \$'000	2001-2002 \$'000
<b>Deposits Mines Department account</b>		
Funds held are received for the issue of temporary reserves and exploration permits pending finalisation of certain legal requirements.		
Opening balance 1 July	754	3 532
<u>Add receipts</u>		
Bonds, Securities	20	873
Interest	27	90
	<u>47</u>	<u>963</u>
	<u>801</u>	<u>4 495</u>
<u>Less payments</u>		
Refunds of bonds, securities	58	3 657
Interest transferred	9	84
	<u>67</u>	<u>3 741</u>
Closing balance 30 June	<u>734</u>	<u>754</u>

**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 \$126,020, receipts totalled \$47,392 and payments made totalled \$94,492 giving a closing balance of \$78,920.

Opening Balance 1 July	461	383
<u>Add receipts</u>		
Contribution from Industry and Government	674	239
	<u>1 135</u>	<u>622</u>
<u>Less payments</u>		
Salaries	105	73
Travel	65	38
Equipment, other	104	50
	<u>274</u>	<u>161</u>
Closing Balance 30 June	<u>861</u>	<u>461</u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2003

	2002-2003 \$'000	2001-2002 \$'000
<b>Forest Residue Utilisation Levy Trust Fund</b>		
Purpose - To hold funds appropriated by Parliament for the purpose of funding studies and programs which add value to forest residues.		
Opening Balance 1 July	61	88
<u>Add receipts</u>	-	-
	<u>61</u>	<u>88</u>
<u>Less payments</u>		
Salaries	-	27
	<u>-</u>	<u>27</u>
Closing Balance 30 June	<u>61</u>	<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.

Opening Balance 1 July	652	668
<u>Add receipts</u>	-	-
	<u>652</u>	<u>668</u>
<u>Less payments</u>		
Salaries	-	16
Consultants	53	-
Returned to Treasury	579	-
	<u>632</u>	<u>16</u>
Closing Balance 30 June	<u>20</u>	<u>652</u>

**Research Trusts**

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

Opening Balance 1 July	124	183
<u>Add receipts</u>		
Revenue received	529	424
	<u>653</u>	<u>607</u>
<u>Less payments</u>		
Money spent on research	528	483
	<u>528</u>	<u>483</u>
Closing Balance 30 June	<u>125</u>	<u>124</u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2003

	2002-2003 \$'000	2001-2002 \$'000
<b>Wittenoom Relocation Trust Account</b>		
The purpose of the trust account is to hold funds for the relocation of Wittenoom residents and land purchases packages.		
Opening Balance 1 July	-	-
<u>Add receipts</u>		
Revenue received from restructure	82	-
<u>Less payments</u>	31	-
Closing Balance 30 June	51	-
<b>Regional Headworks Development Scheme Trust Account</b>		
The purpose of the account is to hold funds appropriated for the purpose of assistance under the Regional Headworks Development Scheme.		
Opening Balance 1 July	-	-
<u>Add receipts</u>		
Revenue received from restructure	5 199	-
Cancelled payment	36	-
<u>Less payments</u>	5 235	-
Grants	70	-
Closing Balance 30 June	5 165	-
<b>Western Australian Industry and Technology Development Account</b>		
The purpose of the account is to record funds received and expenditure charged in accordance with the Industry and Technology Development Act 1998 (ITDA).		
Opening Balance 1 July	-	-
<u>Add receipts</u>		
Revenue received from restructure	6 394	-
Drawdowns	11 445	-
Other revenue	388	-
<u>Less payments</u>	18 227	-
Loans, grants etc	15 427	-
Closing Balance 30 June	2 800	-

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements

For the year ended 30 June 2003

	2002-2003 \$'000	2001-2002 \$'000
<b>46 Supplementary financial information</b>		
<u>Losses Through Theft, Defaults and Other Causes</u>		
Losses of public moneys and public or other property through theft or default		
Amount recovered	-	-
	<u>-</u>	<u>-</u>
<u>Write Offs</u>		
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		
The Minister	-	5
	<u>-</u>	<u>5</u>
Analysis of losses written off		
Bad debts	-	5
	<u>-</u>	<u>5</u>
<u>Gifts of Public Property</u>		
Gifts of public property provided by the Department	-	1
	<u>-</u>	<u>1</u>



## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2003

	2002-2003 \$'000	2001-2002 \$'000
<b>47 Schedule of Administered Items</b>		
<b>ADMINISTERED</b>		
<b>EXPENSES &amp; REVENUE (I)</b>		
<b>EXPENSES</b>		
Consumables	309	-
Interest	156	-
Repayable Capital Contribution	340	-
Grants	17 194	12 911
Petroleum (Submerged Lands) Act 1982	17 534	15 222
Refunds of Previous Years' Revenue	4 219	5 846
Aboriginal Lands Trust	212	182
Total administered expenses	<u>39 964</u>	<u>34 161</u>
<b>REVENUES</b>		
Rentals and royalties	1 177 824	1 058 730
Law Courts	3	12
Grants	9 520	-
Interest	64	-
Revenues from Government	45 713	33 836
Total administered revenues	<u>1 233 124</u>	<u>1 092 578</u>
Increase in net assets resulting from restructure		3 540
	<u>1 233 124</u>	<u>1 096 118</u>
<b>ADMINISTERED</b>		
<b>ASSETS &amp; LIABILITIES (II)</b>		
<b>ASSETS</b>		
Operating account	13 583	4 436
Accounts receivable	187 577	184 707
Restricted cash	13 938	12 525
GST Receivable	6	-
Total administered current assets	<u>215 104</u>	<u>201 668</u>
Administered non-current assets		
Fixed assets under construction	133 019	-
Computing equipment	8	8
Land	365	-
Loans	24 045	-
Total administered non-current assets	<u>157 437</u>	<u>8</u>
Total administered assets	<u>372 541</u>	<u>201 676</u>
<b>LIABILITIES</b>		
Payments received in advance	8 993	12 515
Accounts payable	797	757
GST Payable	-	14
Total administered liabilities	<u>9 790</u>	<u>13 286</u>
<b>EQUITY</b>		
Contribution by owners	156 645	-

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2003

	2002-2003 \$'000	2001-2002 \$'000
<b>(I) Administered expenses and revenues</b>		
<u>Expenses</u>		
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	17 194	12 911
Consumables	309	-
Interest	156	-
Repayable Capital Contribution	340	-
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	17 534	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.	4 219	5 846
Aboriginal Lands Trust is a reappropriation of rents and royalties collected on mining and petroleum tenements situated on Aboriginal reserves.	212	182
	<u>39 964</u>	<u>34 161</u>
<u>Revenue</u>		
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 \$1,139m and revenues due but not collected were \$187m .		
Royalties		
Petroleum - Commonwealth	434 575	370 441
Petroleum - State	61 135	46 436
Iron Ore	290 476	276 466
Diamonds	90 852	66 054
Alumina	51 528	59 975
Mineral sands	25 436	25 065
Nickel	52 127	48 988
Gold	82 690	80 746
Other	52 582	47 383
Lease rentals	36 423	37 176
Total Royalties	<u>1 177 824</u>	<u>1 058 730</u>
Law courts	3	12
Infringement penalties	<u>3</u>	<u>12</u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2003

	2002-2003 \$'000	2001-2002 \$'000
Other Revenues		
Grants	9 520	-
Interest	64	-
	<u>9 584</u>	<u>-</u>
Revenues From Government		
Appropriations for payments to Other Public Bodies, Statutory Authorities and Other State Services	24 221	12 584
Appropriation for Petroleum (Submerged Lands) Act 1982	16 580	15 222
Refunds of Previous Years' Revenue	4 700	5 848
Aboriginal Lands Trust	212	182
Total Administered Revenues	<u>45 713</u>	<u>33 836</u>
<b>(II) Administered assets and liabilities</b>		
Administered assets and liabilities are not controlled by the Department but are administered by it on behalf of the Government.		
<b>Administered current assets</b>		
Restricted cash		
Special Projects Trust Fund	858	461
Deposits Mines Department account	734	754
Survey of Leases Under Mining Act account	932	932
Barrow Island Trust	6 094	10 378
Regional HeadWorks Scheme	5 320	-
	<u>13 938</u>	<u>12 525</u>
Operating account		
Unspent funds for Petroleum (Submerged Lands) Act 1982	-	954
Unspent funds for refunds of previous years' revenue	1	( 161)
Unspent funds for Other Public Bodies, Statutory Authorities and Other State Services	13 582	3 643
	<u>13 583</u>	<u>4 436</u>
GST Receivable	6	-
Accounts receivable	<u>187 577</u>	<u>184 707</u>
This represents royalty not collected as at 30 June 2003 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.		
<b>Administered non-current assets</b>		
Property, plant, equipment and vehicles	133 392	8
Receivables	24 045	-
	<u>157 437</u>	<u>8</u>
<b>Administered current liabilities</b>		
Payments received in advance	8 993	12 515
Accounts payable	797	757
GST payable	-	14
	<u>9 790</u>	<u>13 286</u>
<b>Equity</b>		
Contribution by owners	156 645	-
This represents the net take up of assets/liabilities from DoIT		

## APPENDICES

### APPENDIX 1: CHANGES TO THE PERFORMANCE REPORTING FRAMEWORK

In summary the changes to the department's output structure include:

- Changes required to the Outcome and mission statements to incorporate the new industry responsibilities.
- Addition of Output 7 – Industry Development Services.
- Reducing the quality, quantity and timeliness measures in Output 1 (Titles and Royalties Administration), Output 2 (Safety, Health and Environment) and Output 3 (Project Infrastructure and facilitation Services) to better reflect the core functions involved.

In February 2003 the Department of Industry and Resources (DoIR) was formed as a result of recommendations from the Review of the Effective Delivery of Government Priorities (2002). Changes to mission and outcome statements and key performance indicators have been reflected in this 2002-03 annual report. In the case of the Output Performance Measures in this Annual Report, data which was originally published in the Treasury Budget Statements for 2002-03 has been recalculated and included in this annual report to enable comparison with "actual" data.

#### Mission and Outcome Statements

In February 2003 the DoIR was expanded to include industry facilitation services. The mission statement was modified to reflect this new scope of responsibility.

The new statement reads: "To advance the responsible development of the State's industry and resources for the benefit of Western Australians".

The associated outcome statement (reflected in the 2003-04 Budget Statements) is: "Responsible development of the State's industry and resources for the benefit of Western Australians".

### Key Performance Indicators

The new Outcome "Responsible development of the State's industry and resources for the benefit of Western Australians" has been linked to the economic objectives of the government as a primary focus. However, the integrated nature of promoting investment in industry and resources development also requires a responsible approach to regulation for community and worker safety and health in respect to the operations of these sectors, as well as investment in related geological and scientific services. As such, the various types of risk are managed and reduced across economic, social and environmental dimensions. The effectiveness indicators provided below reflect the scope of this responsibility.

#### *Key Stakeholder/Customer Satisfaction Ratings*

These effectiveness indicators are grouped according to their type and function in relating DoIR performance according to key Stakeholder dimensions.

#### *Conformance With Regulation and Government Policy*

These effectiveness indicators are grouped according to their type and function in relating DoIR performance according to meeting government policy and legislation with respect to:

- a) economic return to the community from industry and resources development,
- b) safe operations and management of the environmental impact of explorations and operations of the resources industries in Western Australia.

#### *State Development Performance*

These effectiveness indicators are grouped according to their type and function in relating DoIR performance according to meeting government State development goals in respect to benchmarking competition (other States), or in the case of

safety, other comparable industries (agriculture, forestry). The annual report normally provides the comparative data.

### **OBM model**

The Output Structure used in the 2003-04 Budget Statements has been used to accommodate the changes highlighted on the previous page and to present the reader with a clear and simple picture of the department as at 30 June 2003. Measures and indicators included in the 2002-03 budget papers, which have been affected by these changes, have been recast in accordance with the 2003-04 model to provide comparative data with the 2002-03 results.

Where previous year's data for the areas affected by these changes has been included in this report it has been recalculated using the new framework. Therefore, such data cannot be directly compared with quantities published in previous years reports or Budget Statements.

### **Output 1**

#### *Mineral Titles*

The new measures for Mineral titles are based on the activities required for the maintenance of the core registry of 15,000 mining industry titles, including additions, removals and changes of conditions.

The new single measure replaces the previous measures, which were based on title applications processed (Mining Act), title monitoring and dealing services, and Customer information services (counter-based) measures.

#### *Petroleum Titles*

The new measures for petroleum titles are based on the maintenance of the core registry of titles for the petroleum industry and associated resource services. These are combined into a single measure which replaces the previous measures related to the management of application processing,

title maintenance application and monitoring services, operations application and monitoring services and resource assessment and information services.

#### *Royalties*

This new measure combines the previous measures along similar lines as described above. The new single measure reflects the previous royalty issues resolved, royalty returns verified and audited for production value projects and net value projects.

### **Output 2**

#### *Safety, Health and Environment Division (SHED)*

As directed by the Director General, the Safety, Health and Environment Division (SHED) reviewed its activities under Output 2. This resulted in a reduction from 8 quantity measures listed in the 2002-03 Budget Statements (in previous years reported as Explosives & Dangerous Goods Division and Mining Operations Division) down to the following 2 output measures.

- Health and Safety weighted units of service provided to the minerals industry
- Environmental regulatory weighted units of service provided to the minerals industry

Details of the components/activities that are counted and reported in the context of quantity, quality, timeliness and cost are explained in a comprehensive set of spreadsheets which is too detailed to report here in full but which is available for review.

Summary information showing the method of calculation of this year's values is provided below. Standards are defined in branch procedure manuals and clarify what is meant by inspection, audit, and assessment. A work-value for each activity has been determined through a measurement of the average time taken to complete a unit and the application of an appropriate risk factor. The average cost per unit is based on expected 2002-03 expenditure and includes provision for corporate overheads.

Due to the spread of safety, health and environmental work it was decided to combine all the disparate activities into a common weighted system measuring regulation of health and safety and environment in the minerals industries and public safety in the explosives and dangerous goods industries.

The issue of a *Certificate of Competency* was calibrated to have a work value weighting of 1 and all other related output quantities have been weighted up or down according to this benchmark. Much of this system was used previously to measure productivity and it is planned to use this measure for efficiency of the SHED in the annual report. Approximately 80 per cent of the systems activities are auditable and this will increase as new systems are introduced during 2003-04.

Table 13a (below) details the components and weightings used to calculate the *Health and Safety weighted units of service provided to the minerals industry*. These service unit measures replace the old measures that related to;

- The number of operating mines (record book numbers)
- Explosives and dangerous goods policy and information services
- Call centre services
- Safety system services (including audits)
- Regulatory enforcement services including licence renewals

Table 13(a): Basis of new measures for Safety, Health (SHED)

Service Unit Component	Component weighting	Estimated number of components per annum
Dangerous Goods licences issued and renewed	0.14	12000
Mine health registrations	0.01	18000
Certificates of competency	1	140
Investigation of serious dangerous goods incidents	750	40
Investigation of serious incidents	700	35
Industry contacts	15	4500
Audits – dangerous goods	150	50
Audits – management safety system	600	25
Audits high impact function	150	160
Audits – technical reviews	60	500
Safety and health promotions	1800	10

Table 13b (below) details the components and weightings used to calculate the Environmental regulatory weighted units of service provided to the minerals industry.

Table 13(b) Basis of new measures environmental management (SHED)

Service Unit Component	Component weighting	Estimated number of components per annum
Environmental Approval	90	240
Annual Environmental Reviews	120	250
Industry Contacts	15	500
Environmental promotions	2400	5

### *Petroleum*

The 2 measures previously used in the Petroleum environmental area (see Table 14 below) have been combined into one measure.

### **Output 3**

Unit cost values for 2003-04 include the allocation of policy coordination which was discontinued as a separate measure. Data from previous periods has been recast and cannot be directly compared to previously published values.

### *Output 7*

This output comprises the Department's new industry and trade services following the formation of the Department of Industry and Resources (DoIR) in February 2003. New quantity measures include Industry and Trade projects facilitated, Aboriginal Economic Development projects facilitated and Industry Facilities projects supported.

In the 2002-03 Budget Statements these were separate output measures reported in the section related to the now disbanded Department of Industry and technology. Data from previous years has been recast and may not be directly comparable to previously published information.

Table 14: Previous Petroleum measures for the environmental area

	2000-2001 Actual	2001-2002 Budget	2001-2002 Estimated	2002-2003 Target
Petroleum environmental audits	20	20	25	26
Petroleum environmental weighted units of management plans/reports assessed	432	453	548	576

**APPENDIX 2: LEGISLATION AND CHANGES TO LEGISLATION**

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

**Acts**

The main Acts are:

- Mining Act 1978*
- Petroleum Act 1967*
- Mines Safety and Inspection Act 1994*
- Explosives and Dangerous Goods Act 1961*
- Dangerous Goods (Transport) Act 1998*

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*
- 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 Department also draws some of its functions and responsibilities from the *Industry and Technology Development Act 1998* and is responsible for administering the *Morley Shopping Centre Redevelopment Agreement Act*; and *Western Australian Products Symbol Act 1972*.

The following Commonwealth legislation is administered by DoIR 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*

DoIR administers various State Agreement Acts and these are listed in Appendix 3.



## **Changes to Legislation**

### **Acts**

#### ***Mining Amendment Act 2002 (No. 15 of 2002)***

Was passed on 27 June 2002 and Assented to on 8 July 2002. Section 23 was deemed operative on 15 July 2001. The Act contains 15 changes including increasing the level of monetary penalties, standardizing the depth limit for the protection zones for Crown land to 30 meters and strengthening the existing restriction on activities of related parties.

#### ***Mines Safety and Inspection Act 1994***

The Mines Safety and Inspection Amendment Act 2002 came into force on 5 August 2002 to clarify provisions of the Act in relation to the duties and responsibilities of the holders of statutory quarry and underground management positions at mines.

### **Regulations**

#### ***Mining Regulations 1981***

Mining Amendment Regulations (No.7) 2002. Published in the Gazette on 13 December 2002 to operate from that date. To amend the requirements for mineral production reports to submission on a quarterly rather than a monthly basis and address a number of minor issues relating to the calculation of royalty payments.

#### ***Mines Safety and Inspection Regulations 1995***

Mines Safety and Inspection Amendment Regulations 2002: Published in the Gazette on 3 September 2002 to operate from that date. Increase in fees as approved by Cabinet.

Mines Safety and Inspection Amendment Regulations 2003: Published in the Gazette on 28 February 2003 and to operate from that date. Minor housekeeping changes to several regulations.

Mines Safety and Inspection Amendment Regulations (No. 2) 2003: Published in the Gazette on 27 June 2003 and to operate from 1 July 2003. Increase in fees as approved by Cabinet.

#### ***Explosives and Dangerous Goods (Explosives) Regulations 1963***

Explosives and Dangerous Goods (Explosives) Amendment Regulations (No.2) 2002: Published in the Gazette on 1 November 2002 to operate from that date. Amends the requirements in respect to the storage, import, manufacture and use of fireworks.

Explosives and Dangerous Goods (Explosives) Amendment Regulations 2003: Published in the Gazette on 27 June 2003 and to operate from 1 July 2003. Increase in fees as approved by Cabinet.

#### ***Explosives and Dangerous Goods (Dangerous Goods Handling and Storage) Regulations 1992***

Explosives and Dangerous Goods (Dangerous Goods Handling and Storage) Amendment Regulations 2003: Published in the Gazette on 27 June 2003 and to operate from 1 July 2003. Increase in fees as approved by Cabinet.

***Dangerous Goods (Transport) (Road and Rail) Regulations 1999***

Dangerous Goods (Transport) (Road and Rail) Amendment Regulations 2003: Published in the Gazette on 27 June 2003 and to operate from 1 July 2003. Increase in fees as approved by Cabinet.

***Dangerous Goods (Transport) (Explosives by Road and Rail) Regulations 1999***

Dangerous Goods (Transport) (Explosives by Road and Rail) Amendment Regulations 2003: Published in the Gazette on 27 June 2003 and to operate from 1 July 2003. Increase in fees as approved by Cabinet.

***Dangerous Goods (Transport) (Dangerous Goods in Ports) Regulations 2001***

Dangerous Goods (Transport) (Dangerous Goods in Ports) Amendment Regulations 2003: Published in the Gazette on 27 June 2003 and to operate from 1 July 2003. Increase in fees as approved by Cabinet.

***Other******Legislation currently before Parliament.***

Dangerous Goods Safety Bill 2002: The Bill relates to the safe storage, handling and transport of dangerous goods and for related purposes. The Bill has been passed by the Legislative Assembly and introduced into the Legislative Council.

**APPENDIX 3: STATE AGREEMENTS ACTS**

The 66 State Agreement Acts administered by the Department of Industry and Resources on behalf of the Government of Western Australia, at 30 June 2003 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 Hydro Energy 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 Authorization Act 1975*  
*Wood Chipping Industry Agreement Act 1969*  
*Wood Processing (WESFI) Agreement Act 2000*  
*Wood Processing (Wesbeam) Agreement Act 2002*

**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-Nimngarra) Agreement Act 1972*  
*Iron Ore (Hamersley Range) Agreement Act 1963*  
*Iron Ore (Hamersley Range) Agreement Act Amendment Act 1968*  
*Iron Ore (Hope Downs) Agreement Act 1992*  
*Iron Ore (McCamey's Monster) Agreement Authorization 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 Authorization Act 1973*  
*Iron Ore (Rhodes Ridge) Agreement Authorization 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 and Steel (Mid West) Agreement Act 1997*  
*Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002*

**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*

**Variations**

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

- *Iron and Steel (Mid West) Agreement Act 1997*
- *Iron Ore (Goldsworthy-Nimingarra) Agreement Act 1972*
- *Iron Ore (Mount Goldsworthy) Agreement Act 1964*
- *Iron Ore (Mount Newman) Agreement Act 1964*
- *North West Gas Development (Woodside) Agreement Act 1979*

#### APPENDIX 4: GLOSSARY OF SELECTED TERMS, ABBREVIATIONS AND ACRONYMS USED IN THE STATE'S INDUSTRY AND RESOURCES SECTOR

##### Selected terms

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

<b>adit (min)</b>	horizontal tunnel giving access to underground workings.
<b>AN</b>	ammonium nitrate - used for explosives.
<b>ANFO</b>	explosive mixture of ammonium nitrate and fuel oil.
<b>anticline</b>	a convex fold in rock, the central part of which contains the oldest section of rock. See also syncline
<b>appraisal drilling (pet)</b>	drilling to determine the physical extent, reserves and likely production rate of an oil or gas field.
<b>Archaean</b>	The earliest of the two great divisions of the Precambrian, i.e. earlier than 2 500 million years before present.
<b>barrel (pet)</b>	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.
<b>base metal</b>	copper, lead and zinc.
<b>beneficiation (min)</b>	improvement of the grade of ore (by milling, flotation, etc.) to produce concentrate.
<b>blowout (pet)</b>	gas, oil or salt water escaping in an uncontrolled manner from a well.
<b>blowout preventer (pet)</b>	see Christmas tree.
<b>Bridging Document</b>	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.
<b>bring in a well (pet)</b>	to complete a well to producing status.
<b>Brown fields</b>	area around or near existing mine sites and/or known mineral deposits.
<b>bulk (transport) (edg)</b>	(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.
<b>Christmas tree (pet)</b>	pipes and valves fitted to a production well-head to control flow of oil or gas and prevent blowouts.
<b>CIP (min)</b>	carbon in pulp (also see pulp).
<b>class (edg)</b>	number assigned to dangerous goods with a common most significant risk.
<b>condensate (pet)</b>	a natural gas liquid which condenses to liquid form as it approaches the surface during production
<b>craton</b>	block of the Earth's crust that has attained stability and has been little-deformed for a prolonged period.
<b>development wells (pet)</b>	wells drilled after a field has been discovered (see discovery well).
<b>directional drilling (pet)</b>	well deliberately deviated from the vertical to reach a particular part of a reservoir.
<b>discovery well (pet)</b>	first oil or gas well drilled in a new field to reveal the petroleum-bearing reservoir (see development well).
<b>drilling fluid (pet)</b>	circulating fluid or gas that forces cuttings out of the well to the surface.
<b>drilling mud (pet)</b>	lubricating mixture of clays, water and chemicals that carry away rock cuttings and maintain pressure at the drill bit.
<b>drive (min)</b>	horizontal heading driven along strike parallel to, or in, an orebody.

<b>dyke</b>	narrow tabular body of igneous rock cutting across structure of the adjacent country rocks.
<b>explosives reserve (edg)</b>	secured area of Crown land vested in the Minister for Mines and used to store and manufacture explosives.
<b>farm-in</b>	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.
<b>grade (min)</b>	the concentration of an economic mineral in ore. Common units are grams per tonne, parts per million, and per cent.
<b>greenfields</b>	relatively unexplored areas.
<b>greenstone</b>	any altered or metamorphosed basic igneous rock.
<b>hazchem (edg)</b>	hazardous chemical. Those with a licence to store hazardous chemicals must place a sign at the entrance to their premises, alerting emergency response groups to the type of hazards inside.
<b>incline or decline (min)</b>	sloping mine working.
<b>injection well (pet)</b>	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.
<b>intermediate bulk container (IBC) (edg)</b>	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.
<b>iron ore fines</b>	particles of iron ore, usually below 10 millimetres in diameter, which normally require sintering or pelletising before use in a blast furnace.
<b>iron ore lump</b>	ore, usually between 10 and 30 millimetres in diameter, which can be fed directly into a blast furnace.
<b>jacket (pet)</b>	steel lattice structure supporting an offshore platform.
<b>liquefied natural gas (LNG)</b>	natural gas liquefied by refrigeration or pressure for easier storage and/or transport; generally methane.
<b>liquefied petroleum gas (LPG)</b>	mixture of light hydrocarbons liquefied by refrigeration or pressure for easier storage and/or transport. Generally propane and butane.
<b>magazine (edg)</b>	store used exclusively to keep explosives.
<b>major hazard facility (edg)</b>	chemical plant with a significant potential for long distance off-site adverse public safety event.
<b>megatonne</b>	one million tonnes.
<b>metamorphic rock</b>	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.
<b>MSDS (edg)</b>	(Material Safety Data Sheet) a document that provides information on the identification, health hazards, and precautions for the safe use and handling of a specific substance.
<b>mullock or waste (min)</b>	mined rock of no economic value.
<b>oil trap</b>	geological structure that traps migrating hydrocarbons, allowing an oil field to form.
<b>open pit (min)</b>	surface mining.
<b>orebody</b>	mass of mineralisation economically capable of being worked.
<b>orogen</b>	belt of deformed rocks often accompanied by metamorphic and plutonic rocks.
<b>oxide ore</b>	weathered economic mineralisation; usually near the surface and often easy to beneficiate.
<b>package (edg)</b>	packaging and contents prepared for transport.

<b>Palaeontology</b>	the study of ancient life forms
<b>placer deposits</b>	alluvial ore, usually mineral-bearing gravel or sand.
<b>plate tectonics</b>	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.
<b>platform (pet)</b>	offshore structure from which development wells are drilled.
<b>plugging (pet)</b>	process of filling an unwanted well with concrete before abandoning.
<b>possible resources (pet)</b>	undeveloped oil and/or gas resources, which might eventually be recoverable from untested geological structures.
<b>pulp</b>	fluid mixture of ground ore and water, specified either as solid-liquid ratio (by weight) or as a percentage of solids (by weight).
<b>regolith</b>	surficial layer of loose rock materials (volcanic ash, glacial drift, alluvium, windblown deposits) vegetal accumulations, and soils forming the land surface over solid rocks at depth.
<b>resource (min)</b>	identified mineral occurrence from which valuable status may be inferred, indicated or measured – depending on the degree of confidence and extent of geological evaluation.
<b>reserve (min)</b>	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.
<b>recoverable reserves (pet)</b>	proportion of oil and/or gas in a reservoir that can be removed using (pecurrently available techniques.
<b>reservoir rock</b>	porous and permeable rock, such as sandstone, which may contain oil or gas.
<b>roaster (min)</b>	plant where sulphide concentrate is heated and oxidised to remove the sulphur, producing loaded carbon for stripping and bullion recovery.
<b>sag mill (min)</b>	semi autogenous grinding mill that uses both grinding media, usually steel balls, and a large lump of ore itself to grind the ore.
<b>sedimentary</b>	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).
<b>sedimentary basin</b>	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.
<b>seismic</b>	acoustic method of compiling sub-surface geological profiles, either on land or at sea.
<b>shaft (min)</b>	a vertical or inclined excavation through which a mine is worked.
<b>skip (min)</b>	container used to hoist rock in shafts.
<b>spudding in (pet)</b>	to start drilling an oil (or gas well)
<b>stope (min)</b>	underground excavation formed by extraction of ore.
<b>syncline</b>	a concave <i>fold</i> , the central part of which contains the youngest section of rock. See also <i>anticline</i> .
<b>well-head (pet)</b>	control equipment fitted to the top of a well casing, incorporating outlets, valves, blowout preventers, etc.
<b>wildcat (pet)</b>	exploration well drilled with limited or no knowledge of the underlying rock structure.
<b>winze (min)</b>	a steeply inclined underground mine opening, or shaft, driven to connect one mine level with a lower level.

## Abbreviations and acronyms



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
CAMS	Department of Contract and Management Services.....
COAG	Council of Australian Government
DCT	Department of Commerce and Trade
DEP	Department of Environmental Protection
DITR	Commonwealth Department of Industry, Tourism and Resources
DME	Department of Minerals and energy (ceased 1 July 2001 – see MPR)
DOIR	Department of Industry and Resources
DOIT	Department of Industry and Technology (ceased 3 February 2003)
DOLA	Department of Land Administration
DRD	Department of Resources Development (ceased 1 July 2001 – 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
MiTis	Mineral Titles Electronic Information System
MODU	Mobile Offshore Drilling Unit
MOSHAB	Mines Occupational Safety and Health Advisory Board
MPR	Department of Mineral and Petroleum Resources (previous department until 3 February 2003)
NOI	Notice of Intent
NOGSAC	National Oil and Gas Safety Advisory Committee
OAED	Office of Aboriginal Economic Development (former DoIT)
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

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