



ANNUAL REPORT 2011/12



Government of **Western Australia**
Department of **Mines and Petroleum**

Availability of the Department of Mines and Petroleum's Annual Report 2011–12

Consistent with State Government requirements, the department's Annual Report is published in electronic format with limited use of graphics and illustrations to minimise download times. The department encourages people to use recycled paper if they print a copy of this report or sections of it. For reader convenience, the annual report is presented in chapters and can be downloaded by chapter or as the entire document.

The Annual Report is presented in PDF format. Wherever you see *Read more* this represents that there is an interactive link available. The report is available from www.dmp.wa.gov.au.

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Executive Summary

The Department of Mines and Petroleum (DMP) is Western Australia's lead agency in attracting private investment in resource exploration and development. This is achieved through the provision of geoscientific information on mineral and energy resources and management of equitable and secure titles systems for the mining, petroleum and geothermal industries.

The department also carries prime responsibility for regulating these extractive industries as well as dangerous goods in Western Australia. The department collects resource royalties on behalf of the State Government and ensures that the highest level of safety, health and environmental standards are achieved in accordance with State and Commonwealth legislation, regulation and policies.

I am delighted to report on the continued success of the department for the 2011/12 financial year. The resources sector in Western Australia has experienced unprecedented growth and this has resulted in record levels of demand for the services we provide. We have continued to deliver our services effectively while also making improvements to our processes, systems and legislation. This will ensure that there will be even better outcomes for the State, industry and community in the future.

Over the past twelve months we have received a high number of mining and petroleum applications, and delivered more mineral title, petroleum title, royalty and environmental regulation services than ever before.

This is not surprising because the resources sector continued to grow beyond expectations. In the year ending December 2011, the value of Western Australia's resources sector grew by more than 16 per cent to reach a new high of \$107 billion, as compared to \$91.6 billion recorded for the year ending December 2010. It contributed to 95 per cent of the State's total exports of goods and directly employed more than 101,000 people. Mineral exploration reached a record level of \$1.6 billion, accounting for 54 per cent of total exploration expenditure in Australia. At the end of the financial year, an estimated \$138 billion was invested in resources projects under construction or in the committed stage of development, with a further \$169 billion of planned or possible projects.

Our vision is to make Western Australia the destination of choice for responsible resource exploration and development. The annual Fraser Institute Survey of Mining Companies' attitudes to exploration and development investment in jurisdictions world-wide was very encouraging for Western Australia this year, with improvements achieved in most categories in the survey. Western Australia is now ranked as the eleventh preferred exploration destination in the world and is equal first with the Northern Territory among Australian jurisdictions.

Following a review of our strategic risks and operating environment, and the effectiveness of our strategic plan – *Our Plan for Success* – in addressing them, we developed detailed operational plans across our divisions, which collectively committed to a package of actions focussed on delivering on our strategies. We have successfully delivered on 93 per cent of those initiatives.

We have committed to improving our approvals systems and regulatory services, and are delighted to have been recognised for these improvements. During the year, we have successfully retained our Quality Management Systems certification (AS/NZS ISO9001:2008). This specifies international standards against which our environment, mineral titles, petroleum and royalty regulatory processes are assessed, to ensure consistency, transparency and efficiency in our processes. We have also been recognised through a range of awards, including:

- “Spatially Enabling Government” at the 2011 Western Australian Spatial Excellence Awards for *GeoMap.WA*, which is a state of the art application developed by the department that improves public access to Western Australia's geological data;
- Service Delivery and Training category award from the Western Australian Information Technology and Telecommunications Awards (WAITTA) for “Advancing the Government Approvals processes for the Resources Industry”;

Executive Summary

- Jim Torlach Health and Safety Award from the Australasian Institute of Mining and Metallurgy (AusIMM) was awarded to Western Australia's State Mining Engineer, Simon Ridge, Executive Director of the Resources Safety Division for his outstanding contribution to safety and reform in the Western Australian mining industry; and
- HR Practitioner of the Year award from the Institute of Public Administration Australia (IPAA) was awarded to Carol Fuller, General Manager, Human Resources for revolutionising the way the department manages human resources.

Our safety service delivery was greatly enhanced with the implementation of the Reform and Development at Resources Safety (RADARS) program, including recruitment and development of safety inspectors. This contributed to a dramatic increase in the number of safety services that were delivered during the year, with more than 77,000 safety services, consisting of information and education products, licencing services and investigations and technical assessments for resources and dangerous goods safety, as compared to 43,500 delivered last year.

We have continued to produce high quality geoscientific information services, including publication of 26 geological maps, 12 series maps, 36 geoscientific reports, and 18 digital packages. Through the Exploration Incentive Scheme (EIS) program, we released data from 30,567 gravity

stations, 767,816 line kilometres of airborne geophysics, 412 kilometres of seismic survey, and co-funded 82,630 metres of diamond and other exploration drilling.

It is plain to see that the scale of our work is increasing with the continued growth of the sector, but we are also seeing the important outcomes that have been achieved for the Western Australian community. We have exceeded our targets for timeliness of our approvals processes, achieving high levels of compliance with our regulatory frameworks, seen fewer incidences of injury or illness per million hours working in the mining and petroleum industry, and great improvements in the reporting of dangerous goods storage and transport accidents.


We have also experienced some challenges, with some important decisions and incidents that impact on our organisation. These have included the outcome of the investigation into the Varanus Island incident and also the Commonwealth Government's changes to administrative arrangements for offshore petroleum regulation. These specific issues are explained later in this report.

As the 2012/13 year gets underway, we are focussed on continuing to deliver on our strategies, and to further improve the outcomes of our activities for the government, industry and the community. While shifting economic conditions are expected to bring new challenges for the resources sector, the department's

strategies will ensure the economic and social return to all Western Australians are maximised.

We have an organisational culture of innovation and continuous improvement of our services, and will particularly focus on delivering reforms to environmental regulation during the coming year. We are also committed to reviewing our current stakeholder engagement practices with a view to better engagement with the community, particularly on issues that generate community interest or where we identify a potential significant public interest risk.

I wish to thank all staff for their continued expertise, dedication, commitment and effort throughout the year. The department has invested significantly in ensuring that we have the right people, approach, systems and leadership to enable us to respond to change and realise our vision. The individual and collective contributions of all staff of the department demonstrate our unwavering commitment to ensure Western Australia is the destination of choice for responsible resource exploration and development in the world.



Richard Sellers

Director General

Department of Mines and Petroleum

Strategic Context

At the Department of Mines and Petroleum, we are focussed on realising our vision of ensuring Western Australia is the destination of choice for responsible resource exploration and development.

During the 2011/12 financial year, the Western Australian economy continued to grow strongly on the back of a robust resources industry. According to the Fraser Institute¹ Survey of Mining Companies for 2011/12², Western Australia was rated equal first attractive mining destination in Australia, and equal 11th overall compared to 93 other mining jurisdictions. This demonstrates that we are on the right path in realising our vision, while remaining focussed on improving our business, and overcoming challenges that arise.

With the significant contribution of the resources sector to the Western Australian economy, mineral and petroleum resource development cannot be taken for granted. The foundation of the sector's success is based on exploration, which is associated with considerable financial and technical risk by resource companies, with generally, only a low percentage of exploration activity eventuating in resource discovery and development. Yet without exploration, especially in greenfield areas, the industry cannot grow.

The long term economic prosperity of the State is linked with the growth of the resources sector. The government is therefore committed to encouraging growth of the sector. While shifting economic conditions

are expected to bring new challenges for the sector, the department's continuing focus on exploration support and regulatory reform will ensure economic and social benefits to Western Australians are maximised.

This commitment includes government funded pre-competitive geoscience mapping and geophysics, collaborative research and co-funding of scientifically targeted drilling. The department, through the Geological Survey of Western Australia (GSWA), promotes investment in the resources sector. It does this by improving the geological understanding of the State, improving exploration efficiency and reducing exploration risk. Significantly boosting our capacity in these areas has been the Exploration Incentive Scheme (EIS) initiative which commenced in 2008/09. Managed by the GSWA, the continuity of this initiative has recently been guaranteed by an ongoing investment averaging \$20 million per annum.

The EIS has resulted in increased exploration in under-explored areas and is playing an important role in the expansion of emerging sectors such as unconventional gas, geothermal energy and uranium. The Co-funded Drilling program has assisted in the discovery of a number of impressive new mineral deposits right across the State. Examples of these discoveries include:

- Encounter Resources' Yeneena zinc project;
- Speewah Metals' vanadium-titanium project;
- Toro Energy's Lake Mackay uranium project; and
- Sirius Resources' Nova nickel-copper project.

The latter was identified by the company as an anomaly in geochemical and geophysical surveys undertaken by the department and the Co-funded Drilling program subsidised early drilling in the project area.

In the case of Mount Magnet, the government's investment has assisted in the recommencement of gold production at the Mount Magnet Gold Mine in March 2012.

¹ The Fraser Institute is an independent Canadian public policy research and educational organisation with active research ties with similar independent organisations in more than 80 countries around the world.

² Since 1997, the Fraser Institute has conducted an annual survey of metal mining and exploration companies to assess how mineral endowments and public policy factors such as taxation and regulation affect exploration investment. Survey results represent the opinions of executives and exploration managers in mining and mining consulting companies operating around the world. The survey now includes data on 93 jurisdictions around the world, on every continent except Antarctica, including sub-national jurisdictions in Canada, Australia, the United States, and Argentina.

Strategic Context

Another tangible result arising from realisation of exploration success is the benefit to the community through royalties received from resource development. Royalties are now the largest single source of State derived government revenue.

Ensuring that the community is compensated for the use of its non-renewable resources is instrumental to the responsible economic management of the State's resources.

Given the strong performance of the State's resource sector in recent years, it is fair and reasonable to expect that appropriate levels of royalties are collected by the Western Australian Government on behalf of the community. The State has a clear underlying royalty policy that ensures that an appropriate return is set across the mineral and petroleum sector. It is also important to recognise that all Australians benefit from the Western Australian royalty collections through redistribution of revenues by the Commonwealth Grants Commission process.

With expansion of the State's resources industry, royalties currently represent a major revenue stream. For the Western Australian Government it accounts for almost one-fifth of the total general government revenue. In addition to the department's roles of developing royalty policy, assessment, audit and collection, the very important royalty forecasting role

ensures that the State can have reliable forecasts to assist in planning expenditure.

Royalties collected by the Western Australian Government are used to fund important community projects and essential services across the State such as roads, police services and hospitals. Examples include the Karratha-Wickham Coast Road, Carnarvon's Police and Justice Complex, the Nickol Bay and Kalgoorlie hospital projects, and the Pilbara underground power project.

In addition, the equivalent of 25 per cent of the State's mining and onshore petroleum royalties are directed to the Royalties for Regions fund. This funding underpins regional development across Western Australia through investment projects, infrastructure and community services.

Further to the long term returns from investment in infrastructure, the government announced in the State Budget for 2012/13 the establishment of the Western Australian Future Fund.

The resources sector contributes to the general economic development of the State, and also has a fundamental responsibility to contribute to the prosperity and social wellbeing of the communities it operates in.

Through responsible engagement practices, resource companies can build a better understanding of

community priorities and encourage local support for their projects. This can also help streamline the government approval process. Conversely, poor community relations can detrimentally impact business operations with new projects potentially experiencing substantial delays or failure to gain approvals.

Public interest in resource projects has also resulted in growing expectations for regulatory transparency and accountability. It is not only important that the resources industry engage with all stakeholders, including local communities, but also that the public have a clear understanding and confidence in government regulatory processes.

As the lead agency for the resource sector, the department is striving to ensure community confidence in the regulation of the sector, in particular increasing the transparency of our processes and strengthening our regulatory systems. For the 2012/13 financial year, we will be addressing this through our continuing reform programs, including striving for best practice in environmental regulation, and better stakeholder and community engagement.

This commitment is reflected in our strategic plan, *Our Plan for Success to 2014*. Of the four broad strategies underpinning the plan, one is focussed on ensuring the department has effective and valued relationships with its stakeholders.

Strategic Context

Currently, activities directed at increasing transparency and community engagement issues, include:

- Publishing a community guide to approval and regulation processes;
- Community engagement training for our officers;
- Community engagement plans for specific resource sector topics; and
- Reviewing policies and procedures to confirm consistency with principles of transparency and community engagement.

The new and emerging onshore unconventional gas sector is generating significant levels of community interest. Western Australia has an abundance of primary energy resources, including the vast majority of Australia's conventional natural gas reserves. In addition, an assessment of world shale gas resources by the United States Energy Information Agency has estimated that Western Australia holds the world's seventh largest onshore reserves of shale gas³, an "unconventional" energy resource.

Projected supply and demand for gas in Western Australia over the next 20 years suggests that traditional sources of natural gas supply may struggle to meet future growth in State demand.

The department is working with stakeholders, including local communities, to ensure we have a robust regulatory framework for Western Australia's onshore unconventional gas sector as it develops from its current early exploration phase, and ensure that Western Australia's onshore resources are managed by careful development.

Development of unconventional gas resources is also expected to assist with upstream energy security through increasing total available supply to meet the demands of a growing resources sector. It will also diversify the sources of supply to minimise the impact of any possible future supply disruptions.

However, development must be done responsibly and it is important for us to learn from other jurisdictions. With good governance and a willingness of all parties to address social and environmental concerns, ongoing resource development and the future prosperity of the State can be assured.



³ Energy Information Administration 2011. World shale gas resources: an initial assessment of 14 regions outside the United States. United States Department of Energy, Washington, 365p.

Significant Factors Impacting the Agency

A GROWING ECONOMY

In the year ending December 2011, the value of Western Australia's resources sector exceeded expectations by growing more than 16 per cent to reach a new high of \$107 billion. Of this value, 59 per cent was accounted for by iron ore. Gold (\$8.8 billion) and petroleum products (\$23.5 billion) also continued to perform strongly, accounting for 22 per cent of the total value.

Conditions in the State's resources sector continued to be strong with robust demand from emerging economies in Asia sustaining high commodity prices by historical standards. This is associated with the strengthening of the Australian dollar which appreciated by 12 per cent against the US dollar to average US103 cents in 2011.

Mineral and petroleum exports contributed towards a significant proportion (92 per cent of Western Australian and 46 per cent nationally) of total merchandise exports in 2011. China was again Western Australia's leading export market in 2011, accounting for 42 per cent of the State's total merchandise exports.

Western Australian mineral exploration expenditure continued to grow, with expenditure increasing 30 per cent from 2010 levels to \$1.8 billion in 2011.

Whilst not immune to global economic conditions, the outlook for Western Australia's resources sector is positive given the estimated value of resource projects that are under construction, committed and/or planned is more than \$300 billion. Rising project costs continue

to remain a challenge due to the limited number of skilled workers, infrastructure limitations and delays in mobilisation of machinery and materials.

CARBON CAPTURE AND STORAGE

Carbon Capture and Storage (CCS) is a technology aimed at reducing greenhouse gas emissions from the burning of fossil fuels such as oil, gas and coal. It involves the capture, transportation and long term storage of carbon dioxide (CO₂) and other greenhouse gases in deep geological formations underground.

The South West Hub carbon geosequestration project continues to progress, with the drilling of the first data well completed in March 2012. The purpose of the well was to gather more information about the suitability of the geological formations in the areas as a site for CO₂ geosequestration. A thick sequence of sandstone was identified that appears to be a good reservoir for CO₂ storage. A more detailed summary of our progress in this industry is available on page 29.

COMMUNITY CONFIDENCE

Growing community interest in resource projects has highlighted the importance of transparent approval processes, robust regulations and effective community engagement. These are important strategies to strengthen community confidence in our regulation of the resources industry. A detailed summary of our progress is available on page 36.

MULTIPLE JURISDICTION REGULATION

Commonwealth – State relations have raised prominence in the regulation of resource projects. This is posing new challenges and we continue to use partnership forums with the Commonwealth and other jurisdictions to address these issues.

SKILLED STAFF

The skills shortage in the Western Australian economy continues to place pressure on the department's ability to attract and retain qualified and experienced staff.

LAND ACCESS

Continued community interest in environmental and Indigenous issues is making land access for mineral and petroleum exploration and production more difficult. We are responding to this by continuing to work cooperatively across government levels to address these issues.

ROYALTY RATES

The State Government will conduct an analysis of Western Australia's royalty rates in consultation with the resources sector. The department is jointly managing the review with the Department of State Development and will play a key role in the analysis of the correlation between actual revenue from current royalty rates and the target amount of one tenth of the mine head value of mineral and petroleum resources.

Significant Factors Impacting the Agency

VARANUS ISLAND INCIDENT

In 2008, an investigation was undertaken and in May 2009, Minister for Mines and Petroleum, the Hon Norman Moore MLC, commissioned a final phase of the investigation titled “*Offshore Petroleum Safety Regulation: Varanus Island Incident Investigation*” by Kym Bills and David Agostini. The purpose of the report was to identify the facts, events and causes of the incident, continuing on the investigation conducted in the initial 2008 National Offshore Petroleum Safety Authority (NOPSA) report. In addition, the report considered the broad safety and regulatory environment and included recommendations to improve the State petroleum regulatory regime.

Upon receiving the report, the department commenced prosecution action against Apache Northwest and Others on 27 May 2009, for breaching section 38(b) of the *Petroleum Pipelines Act 1969 (WA)*. The prosecution alleged they failed to maintain the pipeline in good condition and repair.

In March 2012, the State Government’s prosecution case against Apache Norwest Pty Ltd and its co-licensees, Kufpec Australia Pty Ltd and Tap (Harriet) Pty Ltd was withdrawn. The government’s case related to the Varanus Island pipeline explosion which cut Western Australia’s gas supplies by 30 per cent, and the company was charged with ‘failing to maintain a pipeline in good condition and repair’. However, the

prosecution was withdrawn when it was determined that there was no reasonable prospect of success to prove two essential elements of the prosecution, and that there was no reasonable prospect that the State could prove the section of the pipeline which ruptured was licensed under the *Petroleum Pipelines Act 1969* due to a technicality in a variation document from 1992, which used the term “pipeworks” rather than “pipeline”.

In addition to prosecution action, the report was used by the department to implement significant petroleum reform actions, aimed at ensuring a similar incident does not happen again. A full summary of the recommendations and the actions taken by the department are available to the public through our website, at the following link:

<http://www.dmp.wa.gov.au/7202.aspx>

TRANSITION TO NATIONAL OFFSHORE PETROLEUM REGULATION

On 1 January 2012, the National Offshore Petroleum Safety and Environment Management Authority (NOPSEMA) and the National Offshore Petroleum Titles Administrator (NOPTA) came into effect, impacting on the Joint Authority role of the department in Western Australia. The Petroleum Division of the department still plays a major role in ensuring that titles and activities are managed in a way that is not detrimental to safety and the environment or any other interest that may impact on Western Australia, and continues to provide

ongoing advice and support to the Minister. Further information is available through our website, at <http://www.dmp.wa.gov.au/14194.aspx>, and in this report at *National Offshore Petroleum Reforms*.

NO COAL MINING FOR MARGARET RIVER

During the year, the State Government took steps to prevent future coal mining in the Margaret River area by terminating all pending applications for coal exploration activities within a 230 square kilometre zone. The decision followed advice from the Environmental Protection Authority which indicated that coal mining in the area currently posed an unacceptable environmental risk.

Our Organisation

OUR MINISTER



Hon Norman Frederick Moore
BA Dip Ed JP MLC

Minister for Mines and Petroleum; Fisheries;
Electoral Affairs

Minister Moore is responsible for Western Australia's mining and petroleum portfolio.

The Minister's roles and responsibilities are prescribed in legislation including the *Mining Act 1978*, the *Petroleum and Geothermal Energy Resources Act 1967* and the *Mines Safety and Inspection Act 1994*.

OUR VISION

Western Australia is the destination of choice for responsible resource exploration and development.

OUR MISSION

Growth of the resources sector which maximises long-term benefits to the Western Australian community.

OUR VALUES

We know our business, treat people well and deliver on commitments.

OUR BUSINESS

The Department of Mines and Petroleum facilitates the State's economic development by delivering services and solutions to enhance Western Australia's business environment to ensure continued growth.

Through leadership, knowledge and a highly innovative workforce, we aim to provide services that are valued by government, industry and the community, and achieve strategic outcomes for the State.

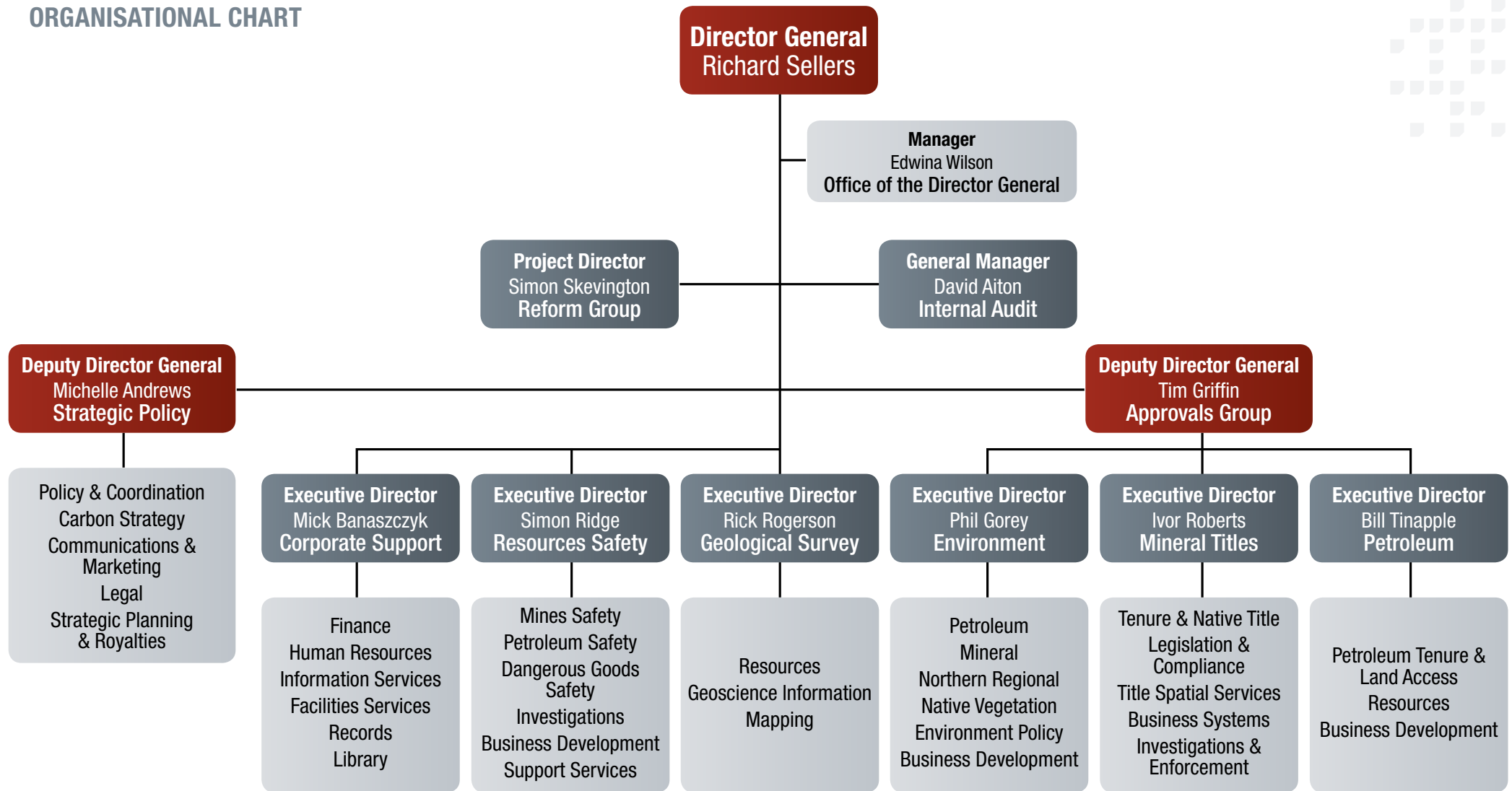
Our targets include broadening the State's economic base, creating new jobs and ensuring that industry meets government and community standards for responsible and sustainable development. These targets are pursued through services that are focussed on resource access and development approvals, policy and advice, development facilitation, brokering opportunities, and information provision.

Our customer base is primarily the resources, manufacturing, science and technology and service sectors. We also provide the administrative framework for collecting mineral and petroleum royalties, a major source of State revenue.



Our Organisation

ORGANISATIONAL CHART



Our Organisation

OUR EXECUTIVE TEAM

As at 30 June 2012, our Corporate Executive team comprised the following members:



Richard Sellers
Director General

Richard Sellers was appointed to the position of Director General of the Western Australian Department of Mines and Petroleum in 2009. Prior to this he held the role of Executive Director of Minerals and Energy at the Department of Primary Industry, Fisheries and Mines in the Northern Territory.

In his current role, Richard has been instrumental in recent State Government reforms – including improvements to approval processes and safety. He oversees the department, which is Western Australia's lead agency in attracting private investment in resources exploration and development.



Michelle Andrews
Deputy Director General,
Strategic Policy

Michelle Andrews commenced in the position of Deputy Director General, Strategic Policy in July 2011. Prior to taking on this role, she held the position of Executive Director Browse LNG Precinct at the Department of State Development. Michelle has more than 20 years' experience in the public sector contributing to major project approvals and has also worked on the State Government's approval process reforms, including establishing the new Office of the Environmental Protection Authority.



Tim Griffin
Deputy Director General,
Approvals

Tim Griffin has extensive experience in the resources sector, with more than 15 years in senior management roles involving close contact with leaders in the public and private sectors. Prior to taking on this role, he held the position of Executive Director, Geological Survey of Western Australia for 10 years. Tim has more than 30 years of experience in geology and worked as a field geologist in Australia and Papua New Guinea. In addition to his strong technical background, Tim has a thorough understanding of Western Australian policy and legislation relating to the mineral and energy sectors.

Our Organisation

OUR EXECUTIVE TEAM



Mick Banaszczyk
Executive Director,
Corporate Support

Mick Banaszczyk was appointed Executive Director, Corporate Services in July 2007, prior to which he was the General Manager, Finance and Human Resources. Mick has a wealth of experience in the areas of audit, industrial relations, finance, strategic planning and policy development. He has also held positions with various public service agencies including the Water Corporation, Department of Justice and the Anti-Corruption Commission.



Malcolm Russell
Executive Director,
Resources Safety (Retired)

Malcolm Russell has been Executive Director of the Resources Safety Division since 2001. He has an engineering background and extensive international management experience in the private and public sectors, including three different jurisdictions in Australia. Malcolm retired from his position during the year and is succeeded by the State Mining Engineer, Simon Ridge. Malcolm was instrumental in driving resources safety reform in Western Australia, and establishing the RADARS⁴ strategy in 2009.



Simon Ridge
Executive Director,
Resources Safety

Simon Ridge was appointed to the position of Executive Director of the Resources Safety Division in 2012. He has a mining engineering background and both international and Australian experience in the private and public sectors, including two different jurisdictions in Australia. Simon is a member of the Commission for Occupational Safety and Health and the Mining Industry Advisory Committee. He is appointed Chief Dangerous Goods Officer under the *Dangerous Goods Safety Act 2004* and State Mining Engineer under the *Mines Safety and Inspection Act 1994*.

⁴ Reform and Development at Resources Safety Program (RADARS)

Our Organisation

OUR EXECUTIVE TEAM



Rick Rogerson
Executive Director,
Geological Survey

Rick Rogerson joined the department in late 1995 and was appointed Executive Director of the Geological Survey Division in 2010. Before returning to Australia in 1995, Rick held executive positions in the PNG Department of Mines and Petroleum. He has more than 25 years' experience in geoscience, mineral policy advice and management, including consultancy work providing technical assistance, mainly in mineral policy and strategic management.



Bill Tinapple
Executive Director,
Petroleum

Bill Tinapple has been integrally associated with development of the oil and gas industry in Australia, from initial involvement in engineering studies for the North West Shelf, and through the development of the first Floating Production Storage and Offtake vessel through to the rapid expansion in Liquefied Natural Gas (LNG) projects. During his role with the department for 14 years, he has been a fervent promoter of the prospectivity for onshore oil and gas and the development of the industry in the State. Recognising the potential for unconventional gas in Western Australia, particularly tight gas and shale gas, he turned his efforts towards facilitating this aspect of the industry and ensuring the Western Australia regulatory framework is appropriate for this activity.



Ivor Roberts
Executive Director,
Mineral Titles

Ivor Roberts was appointed Executive Director of Mineral Titles in May 2010. Prior to this, he was the Manager Mineral Resources in the Geological Survey Division where he gained extensive exposure to the activities of the mineral industry and high levels of government. Ivor joined the department in 1997, initially in the position of Regional Manager (Geological Survey) in Kalgoorlie. Prior to this, he held academic and research positions at several universities, including the University of New South Wales and the Western Australian School of Mines.

Our Organisation

OUR EXECUTIVE TEAM



Phil Gorey
Executive Director,
Environment

Phil Gorey joined the department in 2009. Phil has almost 20 years' experience in environmental assessment and regulation of mining and heavy industry. He also has experience in delivering contentious policy reform programs in areas such as water allocation and natural resource development. He has worked in state government departments in Victoria and South Australia, and prior to joining the department was a principal in a private sector consultancy.



Simon Skevington
Project Director, Reform
Group

Simon Skevington was appointed Project Director in May 2010 to implement the best practice safety reform process. He is a mechanical engineer with more than 30 years in government with half of that in leading the development of major infrastructure projects and facilitating the approvals for major resource projects. Simon has now completed his role in safety reform and is focussing on environmental reform.



Don Frayne
Legal Counsel

Don Frayne joined the department in January 2012, having practiced extensively for many years as a lawyer in the private sector for major and mid-level legal firms. He has worked for the Department of Premier and Cabinet in Victoria and for line agencies such as the State Revenue Office and the office coordinating the Melbourne 2006 Commonwealth Games. His previous position before accepting the General Counsel role at the department was as Manager of the Legal Services Branch in the Office of Energy.

Our Organisation

OUR FUNCTIONS

The department's outcomes and services are delivered through six organisational groups – Approvals (consisting of the Petroleum, Environment and Mineral Titles divisions); Strategic Policy; Resources Safety; Geological Survey, Corporate Support and the Reform Group.

Approvals

The Approvals Group encourages the responsible development of the State's mineral, petroleum and geothermal resources through the provision of quality facilitation, regulatory and information services. It is focussed on approvals reform to achieve a more effective project approvals system for the minerals and energy sector in Western Australia. It does this by streamlining approval processes, reducing duplication between government agencies and enhancing electronic online approvals and tracking systems. The Approvals Group works closely with stakeholders to help deliver a more effective project approvals system for the Western Australian resources sector and better regulatory outcomes for the community.

[Read more](#)

Petroleum

The Petroleum Division encourages and facilitates responsible exploration, development and production of petroleum and other energy sources including those in the Commonwealth adjacent offshore area. The division also releases acreage for petroleum and geothermal exploration, assists in Native Title and Aboriginal heritage processes, manages production licences, administers legislation and provides policy advice related to the upstream sector.

[Read more](#)

Environment

The Environment Division undertakes the environmental assessment of exploration and development activities and contributes to State and Commonwealth legislation and policy development affecting the resources sector. It works closely with the Department of Environment and Conservation and the Environmental Protection Authority in the environmental approvals process.

[Read more](#)

Mineral Titles

The Mineral Titles Division is responsible for the management of mining legislation and a mineral titles system that provides information on land availability for mineral exploration and mining. The division monitors tenement holder compliance with the expenditure and reporting provisions of the *Mining Act 1978* and provides policy advice related to exploration and mining.

[Read more](#)

Strategic Policy

The Strategic Policy Division has a lead role in working across the department and with other agencies and stakeholders on a broad range of policy activities to promote the responsible development of the State's mineral and petroleum resources. It provides advice to the Minister and Director General and liaises with other State Government departments and Commonwealth agencies. It supports operational areas to deal with strategic issues through access to specialist services including legal, communications and marketing and economic analysis and strategic planning. It administers royalties legislation and coal related carbon capture and storage initiatives.

[Read more](#)

Our Organisation

Resources Safety

The Resources Safety Division promotes safety in the mining, dangerous goods and petroleum industries through education, enforcement and specialist advice. The division administers the *Mines Safety and Inspection Act 1994*, which promotes occupational safety and health for people involved in the exploration, mining, extraction and processing of resources. Petroleum occupational health and safety is regulated under the State's petroleum and geothermal energy statutes. The division also administers the *Dangerous Goods Safety Act 2004*, which applies to the manufacture, storage, handling, transport and use of dangerous goods, including the operation of major hazard facilities in Western Australia, and manages the State's Explosive Reserves.

[Read more](#)

Geological Survey

Geological Survey of Western Australia (GSWA) publishes reports, maps and databases on geology, mineral and petroleum resources of particular benefit to prospectors, explorers, miners and investors. This information provides the foundations for the design of exploration programs in Western Australia and is also critical to government in formulating policy and in decision making, particularly on economic and land use issues.

[Read more](#)

Corporate Support

The Corporate Support group provides supportive infrastructure and advice to all operational areas to enable delivery of departmental outcomes. The Corporate Support group comprises six branches – Finance, Information Services, Library, Records, Human Resources, and Facilities Services.

Reform Group

The reform project team works with industry, unions, the Commonwealth Government and other areas of the department on various reform projects. In 2011/12, the Reform Group focussed on:

- Petroleum Reform – working cooperatively with other areas of the department and the Commonwealth on the transition to a national petroleum regulator (NOPTA and NOPSEMA);
- Safety Reform – creating an environment where companies, workers and the wider community are confident industry is operating as safely as possible. This includes ensuring that the right legislation, capacity and competency are in place to deliver best practice safety regulation;
- Cost Recovery – managing the government's agreed process for the introduction of cost recovery to fund the reforms; and
- Environmental Reform – integrating a risk and outcomes-based approach to implement the principles of best practice environmental regulation.



Our Organisation

OUR PERFORMANCE MANAGEMENT FRAMEWORK

The department's Performance Management Framework is established in accordance with the government's Outcome Based Management Framework, whereby broad, high level government goals are reflected in our key outcomes and services.

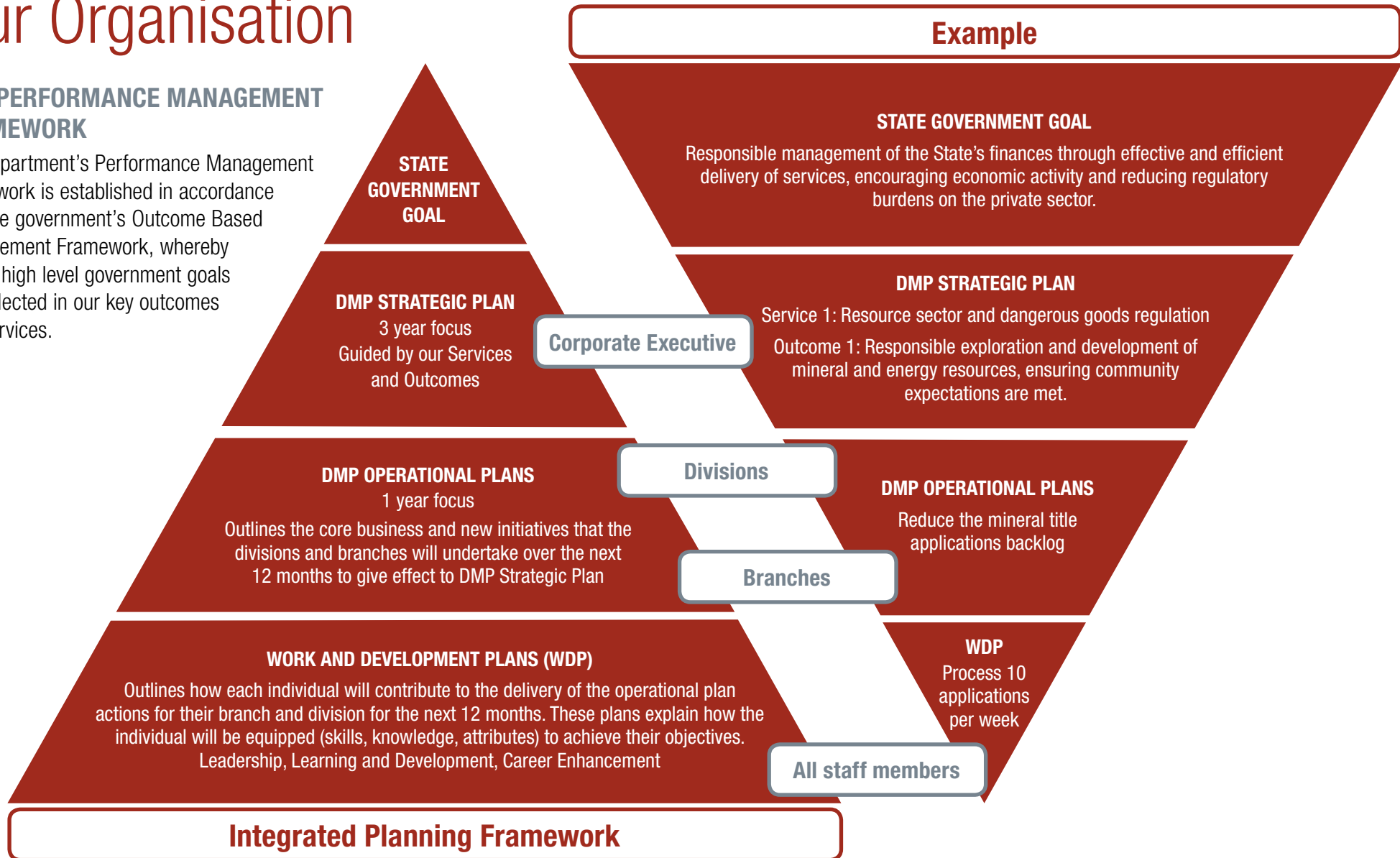


FIGURE 1 DEPARTMENT OF MINES AND PETROLEUM INTEGRATED PLANNING FRAMEWORK SHOWING BY USE OF A SELECTED EXAMPLE, HOW STATE, DEPARTMENTAL AND INDIVIDUAL STAFF PLANS ARE LINKED.

Our Organisation

Government goals

The department is committed to contributing to the government goal of responsibly managing the State's finances through effective and efficient delivery of services, encouraging economic activity, and reducing regulatory burdens on the private sector.

Our services and outcomes

The department contributes to this goal through two key outcomes and services:

- 1) Resources and dangerous goods regulation – ensuring the responsible development of mineral and energy resources; and
- 2) Geoscience information and advice – encouraging exploration and discovery of mineral and energy resources and informed planning.

To perform these services and outcomes, the performance management framework is underpinned by our Integrated Planning Framework, which creates direct links and accountabilities within the department through our Strategic Plan, operational plans and individual work plans and targets.

Delivering on Our Plan for Success (Strategic Plan)

Our Strategic Plan was developed with consultation and input from key internal and external stakeholders, and is reviewed annually to ensure we remain focussed on our vision and key strategic objectives, deliver on our commitments, and stay ahead of any emerging strategic risks.

The plan identifies key targeted strategies we use for resource sector and dangerous goods regulatory services, and provision of geosciences information and advice, as well as broad strategies focussed on Policy, Information and Advice; Sector Leadership; Stakeholders; and Our People. The Strategic Plan is available on our website.

[Read more](#)

We evaluate our performance against the Strategic Plan through divisional and branch operational plans, articulating specific actions, milestones and deliverables for each functional area, which are reported against each quarter to ensure that we stay on track and deliver on our commitments. Each individual within the department articulates their own personal deliverables through work and development plans.

An overview of our performance against the plan is provided in the [Our Performance](#) section on page 22, including key performance indicators and financial information summary.

Our Plan for Success to 2014

A three year rolling strategic plan for the Department of Mines and Petroleum

AGENCY SERVICE	AGENCY SERVICE
1. RESOURCE SECTOR AND DANGEROUS GOODS REGULATION Responsible exploration and development of mineral and energy resources ensuring community expectations are met.	2. GEOSCIENCE INFORMATION AND ADVICE Encouragement of exploration and discovery of mineral and energy resources and informed planning.
KEY PERFORMANCE INDICATORS	KEY PERFORMANCE INDICATORS
Our success will be measured through: <ul style="list-style-type: none"> Percentage of approvals completed within agreed timeframes. Percentage compliance with approved inspection, audit, license and regulatory activities. The average weighted cost per regulation service. 	Our success will be measured through: <ul style="list-style-type: none"> Assessing the extent to which stakeholders agree the department's geoscience information encourages exploration and discovery and informs planning. The average weighted cost per geoscience information and advice service.
TARGETED STRATEGIES	TARGETED STRATEGIES
1.1 Administer approvals in a manner that ensures transparency, consistency and timeliness. 1.2 Facilitate the introduction of uranium mining, carbon capture and storage, unconventional gas, and geothermal industries in WA. 1.3 Implement required safety legislative reform and practices to support the government's direction. 1.4 Implement best practice for each regulatory activity. 1.5 Implement appropriate funding models to improve regulatory services. 1.6 Develop appropriate indicators for mine closure and abandonment activities.	2.1 Promote exploration and discovery of resources in underexplored areas, particularly through the Exploration Incentive Scheme and provision of geoscience information. 2.2 Contribute to the State's land and marine use planning through provision of geoscience and environmental information and advice.

Our Plan for Success to 2014

A three year rolling strategic plan for the Department of Mines and Petroleum

ABOUT US
 The Department of Mines and Petroleum (DMP) is the State's lead agency in attracting private investment in resources exploration and development through the provision of geoscientific information on minerals and energy resources, and management of an equitable and secure titles systems for the mining, petroleum and geothermal industries.

It also carries prime responsibility for regulating these extractive industries and dangerous goods in Western Australia, including the collection of royalties, and ensuring that safety, health and environmental standards are consistent with relevant State and Commonwealth legislation, regulations and policies.

The department is focused on delivering its key strategies to ensure the continued growth of the resources industry and to maximise the economic and social return to all Western Australians.

The resources industry in Western Australia continues to play a key role in the economic development and prosperity of the State and the nation. In 2010-11, it contributed 95 % of the State's total exports of goods and it directly employed over 101,000 people. Mineral exploration reached a record level of \$1.6 billion, accounting for 54% of total exploration expenditure in Australia. In 2010-11, resource sector production was valued at over \$101.2 billion which came from over 960 operating mine sites and over 70 operating oil and gas fields. At the close of the 2011 calendar year, the outlook for the State's resources sector remained very strong, with an estimated \$138 billion invested in resources projects under construction or in the committed stage of development, and a further \$160 billion for planned or possible projects.

GOVERNMENT GOAL
 The department contributes to the State Government's goals by responsibly managing the State's finances through effective and efficient delivery of services, encouraging economic activity, and reducing regulatory burdens on the private sector.

OUR VISION
 Western Australia is the destination of choice for responsible resource exploration and development.

OUR MISSION
 Growth of the resource sector which maximises long term benefits to the Western Australian community.

OUR VALUES
 We know our business, treat people well and deliver on commitments.

OUR STRATEGIC PLAN
 The strategic plan is part of the department's planning framework and represents a three year rolling plan of the department's strategies across all business areas to 2014. The department is committed to reviewing the strategic plan annually to ensure that it is proactive in addressing issues and adapting to shifts in priority as the resources industry continues to flourish in Western Australia.

OUR STAKEHOLDERS
 The department's key external stakeholders include:

- State Government and the Western Australian community
- Other State and Federal Government agencies
- Industry and peak bodies
- Research and tertiary institutions
- Community groups
- Particular interest groups

OUR PEOPLE AND ORGANISATION
 We have the people, approach, systems and leadership to enable us to respond to change and realise our vision.

Facilitate achievement of departmental outcomes through engagement of staff in planning and delivery of appropriate policies, systems and processes.

Leverage technology to improve our business practices.

Provide a safe and supportive working environment to attract and retain a talented, diverse and dedicated workforce.

Strengthen leadership and organisational capability through workforce planning, targeted learning and development and positive engagement with staff.

Our Performance

DELIVERING ON OUR COMMITMENTS

Table 1 provides a scorecard demonstrating achievement of committed actions towards strategies as detailed in *Our Plan for Success*.

For the 2011/12 financial year, the department committed to 399 actions against strategies across the agency. A risk approach was used to ensure the critical actions (priority 1) were prioritised, without neglecting the more routine activities of the department (priority 3). The department successfully completed 93 per cent of the actions committed to during the course of the financial year, with 6.3 per cent delayed, and only three actions, all rated at priority 3 unable to be achieved.

More complete information on the department's performance against each strategy is provided later in this section, or by clicking on the links provided.

Legend:

High Performance

Good Performance

Off Track/Delayed

Unable to be delivered

Strategy		Click on links below for more information
Administer approvals in a manner that ensures transparency, consistency and timeliness	94%	Strategy 1.1 - p26
Facilitate the introduction of uranium mining, carbon capture and storage, unconventional gas, and geothermal industries in WA	96%	Strategy 1.2 - p28
Implement required safety legislative reform and practices to support the government's direction	100%	Strategy 1.3 - p32
Implement best practice model for each regulatory activity	76%	Strategy 1.4 - p33
Implement appropriate funding models to improve regulatory services	100%	Strategy 1.5 - p34
Develop appropriate policies for mine closure and abandoned mine sites	62%	Strategy 1.6 - p35
Improve community understanding and confidence in our capacity to regulate the resources sector (social licence to operate)	100%	Strategy 1.7 - p36
Promote exploration and discovery of resources in underexplored areas particularly through the Exploration Incentive Scheme and provision of geoscience information	100%	Strategy 2.1 - p37
Contribute to the State's land and marine use planning through provision of geoscience and environmental information and advice	100%	Strategy 2.2 - p40
Deliver high quality services and information to the Western Australian community and for the development of the resources sector	95%	Strategy 3 - p41
Provide leadership to strengthen the resources sector in Western Australia	94%	Strategy 4 - p42
Develop effective and valued relationships with stakeholders	98%	Strategy 5 - p44
Develop the people, approach, systems and leadership to enable the department to respond to change and realise the department's vision	91%	Strategy 6 - p46

TABLE 1 STRATEGIC PLAN SCORECARD

Our Performance

SUMMARY OF KEY EFFECTIVENESS INDICATORS

While Table 1 demonstrates the high level of activity underway across the department, the following suite of performance indicators measure and report the *effectiveness* of these strategies towards achieving the department's vision and government goals.

These are reflected in the following Key Effectiveness Indicators. A detailed analysis of these indicators is provided in the Key Performance Indicators section of this report, on page 54.

Indicator	Actual 2011/12	Target 2011/12	Actual 2010/11	Actual 2009/10
Percentage compliance identified in completed environmental regulatory activities	97%	80%	98%	89%
Percentage approvals completed within agreed timeframes	89%	86%	87%	94%
Percentage compliance identified in tenure activities (petroleum)	49%	80%	54%	71%
Percentage reduction in Mineral Title applications backlog existing at the end of the preceding financial year	53%	30%	49%	54%
Frequency of work-related injury and disease per million hours worked in the mining industry	2.3	N/A	2.5	2.9
Frequency of work-related injury and disease per million hours worked in the petroleum industry (onshore)	3.3	N/A	3.9	1
Number of dangerous goods storage and transport accidents	41	N/A	26	29
Extent to which stakeholders agree the department's geoscience information and advice encourages exploration and discovery and informs land use planning	4.3	4.2	4.2	4.1

TABLE 2 SUMMARY OF KEY EFFECTIVENESS INDICATORS



Our Performance

SUMMARY OF KEY EFFICIENCY INDICATORS

The department has developed a suite of performance indicators to measure and report against the *efficiency* of its implementation of strategies.

These are reflected in the following Key Efficiency Indicators. A detailed analysis of these indicators is provided in the Key Performance Indicators section of this report, on pages 59 and 61.

Indicator	Actual 2011/12	Target 2011/12	Actual 2010/11	Actual 2009/10
Cost per resources regulation service	\$962	\$1,115	\$887	\$872
Average weighted cost per safety regulatory service – minerals and energy	\$1,671	\$1,587	\$1,596	\$891
Average weighted cost per safety regulatory service – dangerous goods	\$743	\$498	\$324	\$752
Average weighted cost per geoscience information product and service units	\$292,562	\$256,425	\$221,160	\$247,481

TABLE 3 SUMMARY OF KEY EFFECTIVENESS INDICATORS



Our Performance

SUMMARY OF FINANCIAL PERFORMANCE

The detailed financial statements are available in the *Financial Statements* section of this report from page 63.

Financial Targets	Actual 2011/12	Target 2011/12	Actual 2010/11	Actual 2009/10
	\$'000	\$'000	\$'000	\$'000
Total Cost of Services (ie Endorsed Expense Limit)	145,768	156,355	124,805	115,034
Net Cost of Services (details in the Income Statement)	90,522	105,127	83,632	86,733
Total Equity (details in the Balance Sheet)	182,804	118,251	163,726	125,388
Net increase / decrease in cash held (details in the Cash Flow Statement)	8304	(127)	12,851	901
	FTE	FTE	FTE	FTE
Approved Full-Time Equivalent (FTE) staff level	778	847 ⁵	746	732

TABLE 4 SUMMARY OF FINANCIAL PERFORMANCE

⁵ FTE target represents the FTE ceiling figure

Our Performance

ADMINISTERING APPROVALS IN A MANNER THAT ENSURES TRANSPARENCY, CONSISTENCY AND TIMELINESS

The department considers the administration of approvals in a transparent, consistent and timely manner is an essential element of responsible development of Western Australian resources.

Percentage of activity targets achieved

Overall	Priority 1	Priority 2	Priority 3
94%	81%	95%	100%

In the 2011/12 year, the department focussed on enhancing online lodgement and electronic systems to improve services to customers. These administrative efficiencies have enabled us to keep pace with the record mineral and petroleum tenure and activity applications received. The table above demonstrates that we achieved a high percentage of activity targets during the year.

Approvals performance

During 2011/12, the department received 7,743 applications for approvals, of which 89 per cent were completed within agreed timeframes. These include:

- Mining prospecting licences;
- Mining exploration licences;
- Mining leases;
- Other mining title leases/licences;
- Programmes of work;
- Mining proposals;
- Native vegetation clearing permits;
- Mine safety project management plans;
- Petroleum/geothermal exploration permits;
- Petroleum/geothermal production licenses and retention leases;
- Petroleum pipeline licences;
- Well applications;
- Survey applications; and
- Environmental plans and oil spill contingency plans.

The department has continued to reduce the Mineral Title backlog to below 7,000 with more than 23,000 titles currently being managed, reflecting the high levels of activity across the minerals sector.

Contributing to the strong results were a range of factors, including:

- Compulsory online lodgement for mineral exploration applications (since 31 May 2012);
- Increasing take-up of other online application lodgement systems;
- Enhancements to the Petroleum and Geothermal Register, with new modules for Declarations of Location; Extension of Location; Revocation of Location; and Variation of a Location;
- Introduction of Application Assessment Priorities, applying criteria to prioritise applications, primarily to ensure that complex ones, or those with a critical safety component requiring significant review time, can be completed within agreed timeframes;
- Enhancements to mineral title registry systems to include the Future Act Native Title System, enabling better reporting and complementing the approvals tracking process;
- Improvements to the administration of Native Vegetation clearing permits were made to streamline process requirements for screening and assessing applications, which have in the past, caused delays in granting approvals. These changes are expected to improve timeliness in processing and consistency of decision-making for these applications.

Our Performance

In the year ahead, the department will be accepting petroleum environmental applications online following a successful pilot program during 2011/12. This will enable online lodgement of environment plans, bridging documents, written notifications, and Oil Spill Contingency Plans, creating further efficiencies and greater transparency in approval of these applications.

The department has also enabled online lodgement of Mining Proposals and Mine Closure Plans which will provide proponents with the opportunity to track the approval process for each type of application.

The department is progressing applications for Mining leases which have stalled in the *Native Title Future Act* “right to negotiate” regime. This project is focussed on eliminating the backlog of applications arising from this process, and is expected to lead to improved performance in meeting timeframes.

To continue to ensure transparency and efficiency in our approvals process, we continue to report on Approvals performance each quarter publicly through our website, enabling the community, industry and government to review our performance over time.

[Read more](#)



THE DEPARTMENT HAS PUBLISHED A LIST OF DMP LEAD AGENCY PROJECT PROPOSALS WITH DEPARTMENTAL CONTACT DETAILS, ENSURING TRANSPARENCY IN LEAD AGENCY PROJECTS ACROSS THE STATE.

[Read more](#)

Our Performance

FACILITATING THE INTRODUCTION OF URANIUM MINING, CARBON CAPTURE AND STORAGE, UNCONVENTIONAL GAS, AND GEOTHERMAL INDUSTRIES IN WESTERN AUSTRALIA

The department is developing a robust regulatory regime for these emerging industries. During the year, the department undertook a range of activities that support these industries and as the table below demonstrates, successfully achieved all high priority targets. Specific comments relating to each initiative are detailed below.

Percentage of activity targets achieved

Overall	Priority 1	Priority 2	Priority 3
96%	100%	93%	100%

Uranium mining

Uranium is poised to become an important sector of Western Australia's resources industry, with resources totalling about 207,000 tonnes of U₃O₈ being estimated in around 30 separate deposits in Western Australia. The first uranium mine is expected to be in production in 2014, subject to a rigorous environmental assessment process.

Uranium will be an important export for Western Australia, with a commitment from government to export for energy purposes only.

It is anticipated that by 2014, uranium mining could be worth \$675 million and deliver the benefits of meeting the world's growing demand for cleaner energy, as well as increasing employment and development opportunities for regional and Indigenous communities. The department is committed to ensuring that all uranium mining and transport will be undertaken within a robust regulatory framework, aimed at ensuring that worker safety, security, environmental standards and community safety are paramount.

In 2010, the department commissioned an independent review of the uranium regulatory framework in Western Australia. The independent peer review report, produced by the Uranium Advisory Group, was published on the department's website in May 2012. The Uranium Advisory Group⁶ found that while the regulatory framework was sufficient, the department should implement initiatives to improve transparency and communication and look at overtly adopting a risk-based approach and outcomes-based approach to environmental regulation. In response, the department is using the recommendations to help to refine

strategies already in place to prepare Western Australia in the regulation of the uranium mining industry to World's Best Practice.

The Uranium Advisory Group report and the department's response to the recommendations in this report were published on the department website in May 2012, and are available at <http://www.dmp.wa.gov.au/15426.aspx>.

Scoping Uranium mining approvals in WA

The department has developed a Gantt chart to assist companies wishing to undertake exploration and mining activities in Western Australia. The information in the Gantt chart will assist in scoping project approvals, including timelines, required from government before an activity can commence.

The chart is designed to cover uranium exploration and mining development, but it can be used for most other mineral commodities.

Read more

⁶ The Uranium Advisory Group (UAG) is constituted from researchers from the University of Western Australia, CSIRO and Curtin University with significant collective experience, both theoretical and practical, in law, economics, environmental geochemistry, mining engineering, community engagement and health and safety. As a group of largely university and CSIRO-based researchers it is a body that is independent of the Western Australian government.

Our Performance

Carbon Capture and Storage

Carbon Capture and Storage (CCS) is a technology aimed at reducing greenhouse gas emissions from the burning of fossil fuels such as oil, gas and coal. It involves the capture, transportation and long term storage of carbon dioxide and other greenhouse gases in deep underground geological formations.

CCS is one of the options the Australian Government is actively pursuing and funding at a national and international level. It has particular relevance to Western Australia's petroleum industry, because it will allow the development of oil and gas fields previously considered non-commercial due to high naturally occurring carbon dioxide (CO₂). It will also be important for further development of the State's coal industry and related projects involving coal gasification.

Key CCS projects underway in Western Australia are the South West Hub project and the Gorgon project.

More information, including a video explaining CCS, geosequestration and the South West Hub project is available through our website.

[Read more](#)

South West Hub project

The department is collaborating with the Commonwealth, CSIRO⁷, University of Western

Australia, Curtin University and the private sector in the South West Hub project, studying potential CO₂ storage sites. The South West CO₂ Geosequestration Hub has been nominated as one of four national CCS Flagship projects.

In 2011/12, the Harvey 1 well was successfully drilled to a depth of 2,945 metres which is the deepest hole ever drilled by the department. The coring and wireline logging program for the well is one of the most sophisticated ever run in the State and is providing much needed data for the South West Hub project as well as a better understanding of the geology of the southern Perth Basin. More than 300 metres of core was collected and will undergo a comprehensive testing programme, as well as providing important information on the properties of the sedimentary rocks including their potential to store carbon dioxide.

The information gained from seismic surveys and Harvey 1 is being used by the Geological Survey, industry and research organisations like CSIRO, University of Western Australia and Curtin University to build detailed models for the planning of further data acquisition in the area.

Further testing, including a 3D seismic survey and additional drilling, will be undertaken during the 2012/13 year.



DOMINIQUE VAN GENT IS THE COORDINATOR OF CARBON STRATEGY AT THE DEPARTMENT OF MINES AND PETROLEUM.

⁷ Commonwealth Scientific and Industrial Research Organisation (CSIRO)

Our Performance



BARROW ISLAND, PROPOSED SITE FOR GORGON PROJECT GAS PROCESSING FACILITY (PICTURE COURTESY OF CHEVRON)

Gorgon LNG Project

The Gorgon Liquefied Natural Gas Project in Western Australia's North West will not only be significant in economic terms, but also as a carbon geosequestration project, with the Gorgon Joint Venturers planning to inject the CO₂ approximately two kilometres underground into the Dupuy Formation under Barrow Island. During the year, the department established a system for due diligence on the Gorgon CCS project, to undertake research and develop a greater understanding of CO₂, geothermal and unconventional resources to ensure adequate risk identification and regulation.

Unconventional Gas

“Unconventional gas” is a term that describes tight, shale and coal seam gases. Hydraulic fracture stimulation (also known as fracking) is frequently used to release the gas and enable recovery. Hydraulic stimulation has been used in the oil and gas industry in Western Australia for the past 50 years.

Unconventional gas resources have been known around the world for decades. An assessment of world shale gas resources by the United States Energy Information Agency has estimated that Western Australia holds the world's seventh largest level of onshore resource of shale gas⁸. Advances in horizontal drilling and hydraulic stimulation technology in the past two decades have made unconventional gas commercially viable. These techniques have resulted in an increase in the development of unconventional gas resources interstate and overseas.

Projected supply and demand for gas in Western Australia over the next 20 years suggests that traditional sources of natural gas supply may struggle to meet future growth in State demand. In Western Australia, extensive onshore unconventional gas

resources provide an opportunity to secure our domestic energy future.

Read more

The department has commenced a series of workshops to identify key concerns and determine appropriate approaches to address them with stakeholders and local communities.

During the year, the department commissioned an independent review of the regulatory framework for shale, coal seam and tight gas activities in Western Australia. The reviewer, Dr Tina Hunter from Bond University, is an expert in petroleum law and the activities of the petroleum industry. Dr Hunter concluded that the current regulatory processes are stringent and supported by skilled and dedicated staff, but needed to improve legal enforceability through new environmental and resource management regulations. In addition to this, the Environmental Protection Authority provided guidance on the regulation of onshore gas activities through Environmental Protection Bulletin No 15⁹. The department has established an interagency working group, comprising officers from the Department of Mines and Petroleum, Office of the Environmental

⁸ Energy Information Administration 2011. World shale gas resources: an initial assessment of 14 regions outside the United States. United States Department of Energy, Washington, 365p.

⁹ <http://www.epa.wa.gov.au/announcements/Pages/EPB15-Hydraulicfracturingofgasreserves.aspx?pageID=20&url=announcements>

Our Performance

Protection Authority, Department of Environment and Conservation and Department of Water, to improve liaison and ensure the regulation of the sector is coordinated and integrated, and is implementing a comprehensive reform package to strengthen the regulatory framework for onshore gas activities. The full report and the department's response is available through our website.

[Read more](#)

In May 2012, a delegation of departmental officers visited Queensland to meet with government, industry and peak body representatives to learn from their experiences with the coal seam gas sector. The visit and discussions have provided valuable information on best practice regulation of petroleum activities.

We have commenced hosting public meetings in regional areas to present information and respond to community concerns regarding fracking. In June 2012, these sessions were held in Dongara, Eneabba and Gingin. We are committed to providing the community with accurate and up to date information at all times. Information on the sessions is available through our website.

[Read more](#)

In the year ahead, we will focus on strengthening our practices, policies, and legislation to ensure that unconventional gas activity is well regulated to ensure safety and environmental standards are best practice and community expectations are addressed.

Geothermal Industry

Geothermal energy is considered to be a renewable, clean energy, already being harnessed in many places around the world. We have been systematically mapping the sedimentary basins of Western Australia in the search for viable energy sources, with initial indications showing that the Carnarvon Basin is the State's hottest basin, with the Perth Basin following, but with better infrastructure and a ready market.



Our Performance

IMPLEMENT REQUIRED SAFETY LEGISLATIVE REFORM AND PRACTICES TO SUPPORT THE GOVERNMENT'S DIRECTION

To save lives and reduce injuries to workers in the resource industry, the department, industry and employees must work together to make the necessary cultural changes. While development, licensing and monitoring of safety practices and legislation helps, significant reductions in incidents can only be achieved if a resilient safety culture is in place. We are committed to working with all stakeholders to achieve this, and to ensure our legislation, policies and standards are consistent with, if not better than, other jurisdictions across Australia.

The table below illustrates that we have achieved all of our commitments for the 2011/12 financial year.

Percentage of activity targets achieved

Overall	Priority 1	Priority 2	Priority 3
100%	100%	100%	100%

During 2011/12, the department provided:

- 60,003 resource safety and dangerous goods information and education services;
- 11,307 resource safety and dangerous goods licensing services; and
- 5,907 resource safety and dangerous goods investigations and technical assessments.

In response to needs identified in recent independent reviews and inquiries, and a series of mining fatalities, the Western Australian Government committed to overhauling the way safety and health in the resources industry is regulated. The Reform and Development at Resources Safety program (RADARS) commenced in 2009 and implementation continued in the 2011/12 financial year.

In order to maintain the safety regulatory services, and acquire additional resources to implement the safety reform strategy, cost recovery from the relevant industry sectors was introduced, and as a result:

- Mines Safety and Inspection Levy Regulations 2011 amendments were implemented from 1 July 2011;
- Best Practice Safety Strategies working group was established;
- Principle Hazard Management Plans templates were developed and top hazards identified; and
- Petroleum and Geothermal Energy Safety Levies were implemented on 1 January 2012.

Read More

As a result of the RADARS program, a formational training program was developed based on national competency standards. During the year, 25 newly recruited mines safety staff were appointed as

inspectors, after completing the formational training package to the national competency standard. This increase in inspector numbers enabled the team-based matrix model to be implemented, providing a platform for stakeholder engagement and a consistent approach to achieving best practice administration of mine safety legislation.



Simon Ridge

Western Australia's State Mining Engineer Simon Ridge was recognised with a national safety award for his outstanding contribution to safety and reform in the Western Australian mining industry.

Mr Ridge, the newly appointed Executive Director of the Resources Safety Division, was presented with the coveted Australasian Institute of Mining and Metallurgy's Jim Torlach Health and Safety Award.

Read more

Our Performance

IMPLEMENT BEST PRACTICE FOR EACH REGULATORY ACTIVITY

The department recognises that a major factor to achieve its vision of becoming the destination of choice for responsible resource exploration and development is to have best practice regulatory activities. The table below demonstrates a good level of performance achievement of targets, with some actions delayed pending the outcome of reform activities.

The 2011/12 Fraser Institute Survey of Mining Companies (*Read more*), which surveys executives and exploration managers in mining companies around the world on the attractiveness of mining jurisdictions, rated Western Australia equal first in mineral policy in Australia, and equal eleventh position globally, an improvement on prior years' performance.

Percentage of activity targets achieved

Overall	Priority 1	Priority 2	Priority 3
76%	80%	50%	100%

The department has performed strongly, with 96 per cent compliance in completed environmental regulatory activities, and completion of improvements to the Mineral Title Register to ensure integrity of the system and protect titleholders from fraud.

The 20 per cent shortfall against priority 1 targets relates to a delay in the initiation of a Transparency Program, which commenced during the year, but is expected to be on track in 2012/13. The shortfall in priority 2 targets relates to some delays in the environmental inspections and audit program and delays in implementing improvements to the risk assessment methodologies for work prioritisation and assessment. These are expected to be progressed in 2012/13.

Quality Management System Certification

As evidence of the department's commitment to achieving 'best practice', our environment, mineral titles, petroleum, and royalties regulatory functions have attained Quality Management Systems certification (AS/NZS ISO9001:2008) which specifies international standards against which our regulatory processes are assessed, to ensure consistency, transparency and efficiency in our processes.

Royalties management

In addition to collecting a record level of royalties, the department continued to develop royalty policy and legislation. The agency undertook 260 royalties audits during the year, and implemented a new Royalties Management System, focussed on improving efficiency and ensuring accurate calculation, collection and reporting of royalties income.

As at December 2011, the department collected \$4.3 billion in royalties from resource development activity across the State, and new royalty rates were set for uranium, vanadium, magnetite and rare earths. It was estimated that in 2011/12, \$60 million in royalties was expected for magnetite, which should increase to more than \$160 million in 2014/15. Uranium royalties are estimated at approximately \$10 million in 2013/14 and \$28 million in 2014/15.

Read more

Investigations and enforcement

One of the department's regulatory activities is to investigate industry's compliance with environmental approvals, breaches of tenement conditions and any other offences committed against legislation administered by the agency. The majority of reports received relate to allegations of unlawful mining activities, such as mining outside approved tenements, prospecting on tenements without approval and prospecting on Crown Land without a Miner's Right.

In addition to investigations, the department undertook a campaign to promote the reporting of illegal prospecting and to provide the mining industry with clear guidelines on legal issues regarding prospecting under the *Mining Act 1978*.

Read more

Our Performance

National Offshore petroleum reforms

From 1 January 2012, national offshore petroleum reforms took effect. New jurisdictional changes in coastal waters expanded the role of the National Offshore Petroleum Safety Authority (NOPSA), to include well integrity and environment management, to become the National Offshore Petroleum Safety and Environment Management Authority (NOPSEMA) and also to create the National Offshore Petroleum Titles Administrator (NOPTA).

These two regulators deal only with projects in Commonwealth waters, whilst the Department of Mines and Petroleum continues to regulate onshore petroleum activities and offshore petroleum activities in State waters and on islands.

Consultation with Commonwealth agencies commenced mid-2011 and a Memorandum of Understanding between Commonwealth and Western Australian Government ministers was signed on 16 August 2011, formalising cooperative arrangements.

[Read more](#)

Reforming environmental regulation

In May 2012, the department announced the implementation of the Reforming Environmental Regulation (RER) program, which will fully integrate a risk and outcomes-based approach to achieve best practice in regulatory services, to deliver greater certainty, confidence and clarity surrounding our regulatory system for all stakeholders, and strengthen the enforcement capacity of the department.

The RER program will address the delivery of the department's environmental regulatory services and its interface with other regulators to remove any duplication. The implementation of the RER program will align with, and complement, approvals reform by other State and Commonwealth agencies, and at the whole-of-government level. Consultation commenced with the establishment of the Ministerial Advisory Panel on Reforming Environmental Regulation on 27 June 2012. Working groups involving key government, industry and non-government organisations (NGOs) have been formed to conduct detailed work on the environmental reforms.

[Read more](#)

IMPLEMENT APPROPRIATE FUNDING MODELS TO IMPROVE REGULATORY SERVICES

In order to ensure continuous improvement of our regulatory services and to keep up with market trends, the department is analysing financial options to fund our regulatory activities.

Percentage of activity targets achieved

Overall	Priority 1	Priority 2	Priority 3
100%	100%	100%	100%

In 2011, a cost recovery model was implemented for mines safety. A similar model was implemented for petroleum safety during the 2011/12 year, and phase 1 implemented for dangerous goods safety, focussing on industry levies to fund the direct cost of delivering those services.

These arrangements have resulted in improved safety regulatory services and improved transparency, as well as assisting in streamlining approvals processes and ensuring that we are properly resourced to provide the level of service that the government, industry and community expects.

Our Performance

DEVELOP APPROPRIATE POLICIES FOR MINE CLOSURE AND ABANDONED MINE SITES

The department has been continuing to work with government and industry partners to develop appropriate solutions for mine closure and abandoned mine sites, to ensure safety to community and minimising environmental impact on the land.

Percentage of activity targets achieved

Overall	Priority 1	Priority 2	Priority 3
62%	100%	50%	50%

Three key initiatives progressed during the year include progress with the development of a mining rehabilitation fund, a management framework for abandoned mines, and implementation of Mine Closure Plans in the approvals process.

Whilst the department achieved all priority 1 targets during the year, the shortfall in priority 2 was due to a delay in the publication of new Abandoned Mine Management Guidelines. A delay in system improvements to track Mine Closure Plans online resulted in a similar shortfall in priority 3 achievements. These are expected to be finalised in 2012/13.

As at 1 July 2011, all Mining Proposals for new mining projects require submission of a Mine Closure Plan which requires review every three years. To enable consistency in the information provided in Mine Closure Plans, guidelines were developed and published on the department's website. A Mine Closure Plan provides mine site operators with certainty on the requirements of rehabilitation and final closure.

[Read more](#)

Management framework for abandoned mine sites

The department commenced developing a management framework for abandoned mine sites in 2009, to minimise impact on public safety and the environment from historic and future abandoned mine sites. This framework is currently in development, and expected to be released for public comment in December 2012.

The framework is necessary to ensure that abandoned mines in Western Australia can be managed in a consistent and cost effective manner whilst maximising benefits to the community by outlining management approaches and guiding principles, identifying systems and resources required, and providing a sound basis for the development of rehabilitation programs.

Mining Rehabilitation Fund

Following a review of the current mining securities system and examination of other Australian and overseas systems, the Mining Rehabilitation Fund option was selected to secure ongoing funding for the State to rehabilitate abandoned mine sites in Western Australia, which will lead to better environmental and community safety outcomes.

The legislative framework for establishing the fund is currently in development.

[Read more](#)



Our Performance

IMPROVE COMMUNITY UNDERSTANDING AND CONFIDENCE IN OUR CAPACITY TO REGULATE THE RESOURCES SECTOR (SOCIAL LICENCE TO OPERATE)

Public interest in resource projects is increasing and creating greater expectations for regulatory and approvals transparency and accountability. The department has been working to address the challenge of ensuring that the community has a clear understanding and trust in government processes.

Percentage of activity targets achieved

Overall	Priority 1	Priority 2	Priority 3
100%	100%	100%	100%

The department commenced a range of activities to achieve this, such as:

- Publishing a community guide to approval and regulation processes;
- Community engagement training for our officers;
- Community engagement plans for specific resource sector topics; and
- Reviewing policies and procedures to confirm consistency with principles of transparency and community engagement.

A key model of this focus is the South West Hub Carbon Capture and Storage project, which has an extensive community and stakeholder engagement program. In

addition to the establishment of the Lesueur Community Consultative Committee and provision of detailed information on our website, the project team has participated in community workshops and coordinated site visits for stakeholders.

Public information sessions on the emerging unconventional gas sector held in Eneabba, Dongara and Gingin, focussed on providing factual information to the community about unconventional gas exploration in Western Australia, opportunities and risks associated with such activities, and discussed processes for finding solutions. The sessions focussed on listening to concerns, answering questions, and further strengthening our regulatory framework to benefit the community.

The annual Petroleum and Geothermal Open Day was held in Fremantle in September 2011, providing an opportunity to update industry on developments, provide feedback to stakeholders and discuss future trends. The open day received increased patronage compared to previous years, and positive feedback from the survey conducted on the day. Presentation materials from the open day are available through our website.

[Read more](#)

The annual Mine Safety Roadshow was held in October 2011 in Perth, Port Hedland, Karratha, Newman, Bunbury and Kalgoorlie, and focussed on the issue of mental health in the mining industry. Raising awareness of mental health in a proactive way should not only improve safety and health outcomes, but also productivity benefits. The annual roadshow is aimed at raising awareness of issues that affect workplace safety and health culture in the resources sector, and provides a forum to discuss how these issues might be addressed.



BILL TINAPPLE, EXECUTIVE DIRECTOR OF THE PETROLEUM DIVISION TALKS TO THE MIDWEST COMMUNITY ABOUT UNCONVENTIONAL GAS EXPLORATION IN AUSTRALIA.

Our Performance

PROMOTE EXPLORATION AND DISCOVERY OF RESOURCES IN UNDEREXPLORED AREAS PARTICULARLY THROUGH THE EXPLORATION INCENTIVE SCHEME AND PROVISION OF GEOSCIENCE INFORMATION

Geoscience information is critical to the long term sustainability of the resources sector in Western Australia by attracting investment in exploration and reducing risk for explorers. New discoveries are needed to replace the large volume of resources that are produced in Western Australia each year.

Percentage of activity targets achieved

Overall	Priority 1	Priority 2	Priority 3
100%	100%	100%	100%

External review of GSWA

During 2011/12, an external review of the “Geoscience Information and Advice” service was undertaken ([Read more](#)). A wide range of stakeholders were consulted by the review team, including the Association of Mining and Exploration Companies, the Chamber of Minerals and Energy, the Australian Petroleum Production and Exploration Association, individual mineral and petroleum companies, the Amalgamated Prospectors and Leaseholders Association, CSIRO, Geoscience

Australia, University of Western Australia, Curtin University, and Geological Survey of Western Australia (GSWA) staff.

The more important findings were that:

- Key stakeholders rated GSWA as a world-class geological survey;
- Being located in a resources-focused department ensures that GSWA's voice is heard in government and also ensures GSWA is responsive to government needs;
- The Exploration Incentive Scheme (EIS) has delivered on its business case outcomes including contributing to the improvement in Western Australia's position in the Fraser Institute rankings to equal first in Australia; and
- The programs included in the extension of funding for GSWA announced in the May 2012 budget directly address gaps in geoscience knowledge relevant to minerals and energy exploration in Western Australia, and that the balance between minerals and energy-related programs seems appropriate.

Exploration Incentive Scheme (EIS) makes an impact

Through the State Government's Royalties for Regions program, the Geoscience Information and Advice Service received initiative funding for the Exploration Incentive Scheme, funding for which has now been extended to the end of June 2016.

The EIS funds drilling subsidies for industry, 3D geophysical, geological and geochemical surveys, support for the Minerals and Energy Institute of Western Australia (MERIWA), researchers embedded in industry, and enhanced delivery of geoscience products and services.

The annual Fraser Institute survey of mineral company's attitudes to exploration and development investment in jurisdictions world-wide was very encouraging for Western Australia with improvements in most categories. Western Australia is now ranked as the 11th preferred exploration destination in the world and is equal first with the Northern Territory among Australian jurisdictions.

[Read more](#)

Our Performance



THE GEOLOGICAL SURVEY OPEN DAY PRESENTS AN OPPORTUNITY TO LEARN MORE ABOUT OUR GEOSCIENCE INFORMATION AND SERVICES.

Geological Survey Open Day

The annual Geological Survey Open Day was held in Fremantle in February 2012, providing an opportunity to present the latest results from the survey's geoscience programs, demonstrations of online databases, and outlining the activities and results of the \$80 million Exploration Incentive Scheme.

Exploration Incentive Scheme results in new mineral discoveries

The Co-funded Drilling program within the Exploration Incentive Scheme (EIS) has assisted in the discovery of a number of impressive new mineral deposits right across the State.

Examples of these discoveries include:

- Encounter Resources' Yeneena zinc project;
- Speewah Metals' vanadium-titanium project;
- Toro Energy's Lake Mackay uranium project; and
- Sirius Resources' Nova nickel-copper project, which was identified by the company as an anomaly in geochemical and geophysical surveys undertaken by the department and the Co-funded Drilling program subsidised early drilling in the project area.

New precompetitive geoscience information supports and encourages exploration

During 2011/12 the Geological Survey of Western Australia published 26 geological maps including 12 series maps, 36 geoscientific reports, and 18 digital packages.

In addition, the Royalties for Regions EIS program released data from 30,567 gravity stations, 767,816 line kilometres of airborne geophysics and 412 kilometres of seismic surveys, and co-funded 82,630 metres of diamond and other exploration drilling.

Geoscience information is critical to the long term sustainability of the resources sector in Western Australia by attracting investment in exploration and reducing risk for explorers. New discoveries are needed to replace the large volume of resources that are produced in Western Australia each year.

[Read more](#)

Our Performance

Capricorn deep seismic reflection survey

Acquired in 2010 as a jointly funded project with AuScope (National Earth Science Infrastructure Program), the objective of the Capricorn deep seismic reflection survey was to image the crust and upper mantle structure between the Archean Pilbara and Yilgarn Cratons.

This has allowed a better understanding of the geological evolution of the orogen and the processes driving the assembly of the West Australian Craton, and its subsequent history of repeated crustal reworking.

Deep crustal seismic surveys can identify major mantle-tapping structures that acted as pathways for fluid flow to major mineral systems within the Capricorn Orogen. These can be used as guides for exploration targeting for further world class hematite iron ore deposits, and uranium (U), copper lead (Cu-Pb), Rare Earth Elements (REE) and gold (Au) mineralisation.

[Read more](#)

Whicher Range Tight Gas Sand Study

The department funded the Western Australian Energy Research Alliance (WA:ERA) to characterise tight 'unconventional' gas reservoirs in Western Australia (i.e. from sand reservoirs of low permeability), using the Whicher Range as an analogue field. The studies included technical issues concerning the exploration, drilling, testing and reservoir characterisation. The work was done by an alliance of research personnel from Curtin University (as lead research organisation), University of Western Australia, and CSIRO.

The primary outcome of the study is a recommended framework of analyses, modelling and testing for the effective sub-surface characterisation of tight gas fields. This framework provides a pathway to production of gas from fields in the southern Perth Basin and elsewhere based upon the analogue field – Whicher Range.

A full copy of the completed project report is available through our website.

[Read more](#)



Our Performance

CONTRIBUTE TO THE STATE'S LAND AND MARINE USE PLANNING THROUGH PROVISION OF GEOSCIENCE AND ENVIRONMENTAL INFORMATION AND ADVICE

Geoscience information stimulates effective exploration in the State and attracts new explorers. It is also critical to government decision making, particularly on economic and land use issues.

The land use geoscience group provides advice and comments to the Western Australian Planning Commission, Department of Planning, local governments and other agencies regarding the potential impact that proposed land use changes could have on future access to mineral, petroleum and geothermal resources. Activities include resource mapping tailored for land use planning purposes.

For the first time, mapping of the essential construction materials that will be needed for the development of Perth over the next 50 years was published in 2011/12.

Percentage of activity targets achieved

Overall	Priority 1	Priority 2	Priority 3
100%	100%	100%	100%

GeoMap.WA – spatially enabling government

GeoMap.WA is a state of the art application developed by the department that improves public access to Western Australia's geological data, and in September 2011 received an award for Spatially Enabling Government at the 2011 Western Australian Spatial Excellence Awards.

The desktop application built on Geographic Information System (GIS) technology, allows users to visualise, interrogate and integrate geological and landscape maps and images, such as satellite and aerial photographs, and associated text information. This free visualisation tool enables exploration geologists, prospectors and the community the opportunity to create a customised view of geoscientific and other government information on their computer anywhere, and does not require specialised skills or costly computer systems.

[Read more](#)

WA petroleum database judged best in the world

In 2011, Western Australia's Petroleum and Geothermal Information Management System (WAPIMS) was rated best in the world by the Fraser Institute¹⁰ Global Petroleum Survey, against 135 investment destinations.



GEOMAP.WA IS A STATE-OF-THE-ART COMPUTER APPLICATION THAT IMPROVES PUBLIC ACCESS TO WESTERN AUSTRALIA'S GEOLOGICAL DATA.

¹⁰ The Fraser Institute is an independent Canadian public policy research and educational organisation with active research ties with similar independent organizations in more than 80 countries around the world.

Our Performance

INFORMATION, POLICY AND SERVICES

The department is committed to delivering high quality services and information to the Western Australian community and for the development of the resources sector.

Percentage of activity targets achieved

Overall	Priority 1	Priority 2	Priority 3
95%	83%	97%	95%

Each year, we publish the Statistics Digest which contains key statistical information and editorial on the Western Australian resource sector. It provides comprehensive coverage on the composition, magnitude and performance of the Western Australian mineral and petroleum industry, including:

- Mineral and petroleum quantity values;
- Selected major commodity analysis;
- Commodity price trends;
- Western Australia's position as a resources exporter;
- Royalty receipts;
- Exploration;
- Investment; and
- Principal producers.

The latest digest was published in May 2012, and is available for review through our website.

[Read more](#)

A suite of information detailing the department's approvals processes, online systems, rules and regulations is available through our website. During the year, the department began a review of the website useability, and will make changes to improve useability and accessibility of informational materials to government, industry and the community.



Petro Scafidas gets top mark in his cohort

Petro Scafidas, Manager Web Systems within the department's Information Services Branch, scored the highest mark in his Public Sector Management Program cohort during the year. Petro was awarded the Certificate of Excellence for his achievement and was also a co-Valedictorian of the class.

The department will benefit through Petro's management and leadership skills following this significant professional development. Petro received a Post Graduate Certificate in Public Sector Management upon completion of the program.

[Read more](#)

Our Performance

SECTOR LEADERSHIP

The department provides leadership to strengthen the resources sector in Western Australia.

Percentage of activity targets achieved

Overall	Priority 1	Priority 2	Priority 3
95%	83%	97%	95%

State Government Lead Agency Framework

The Department of Mines and Petroleum is the lead agency for the regulation of mining, petroleum, uranium, geothermal and carbon capture and storage proposals under the State Government's Lead Agency Framework. We have continued to build on this role during 2011/12, by taking a proactive role in assisting proponents through the approvals process for specifically designated projects, providing a customised level of service for proponents according to size, scale and complexity. We have also focussed on developing close working relationships with key agencies involved in approvals for resource projects across government to ensure a seamless approvals system across all agencies, delivering necessary approvals within an acceptable timeframe and cost, and in the best interests of the community.

The department is also the lead agency for the promotion of exploration investment, including the Exploration Incentive Scheme. This means that the Geological Survey of Western Australia liaises with the Department of State Development and the Western Australian Government overseas network of offices to assist in organising promotional events and providing materials used by overseas offices to promote the State's mineral and petroleum potential.

Improved inter-agency collaboration

During the year, we focussed on better collaboration with our industry and government partners, at both State and Commonwealth level.

Standing Council on Energy and Resources (SCER) – the department represents the State on this national council, with priorities of progressing toward the development of a national regulatory framework for coal seam gas based on world's leading practice. SCER also addresses land access issues for the mineral and energy resources sector, focusing on development of a world class multiple land use framework which will ensure that coexistence rather than exclusion is a fundamental driver in land use policy.

Ministerial Advisory Panel on Best Practice Safety Regulation – consisting of industry, union and regulators, to provide recommendations to the State regarding development and implementation of safety reforms.

Ministerial Advisory Panel on Reforming Environmental Regulation – consisting of industry, community, conservation and government representatives, to provide recommendations to the Minister regarding delivery of environmental regulatory services and the department's interface with other regulators to remove duplication.

Mining Securities Industry Liaison Committee – consisting of industry representatives to provide technical input into the assessment of alternative mining securities options for Western Australia.

National offshore petroleum reforms – working closely with the Commonwealth and industry to ensure the seamless transition of responsibility for safety, environmental management and petroleum titles for petroleum activities in Commonwealth waters. This included the formation of the Executive Liaison Committee consisting of State and Commonwealth regulators, to provide advice on cooperative working arrangements and issues.

Review of regulation for protection of Aboriginal heritage – the department has been working with the Department of Indigenous Affairs in undertaking a review of the effective operation of the *Aboriginal Heritage Act 1972*, with a discussion paper released in April 2012.

Our Performance

Golden Gecko Awards

The 20th Golden Gecko Awards were held in September 2011 with Worley Parsons and the Port Hedland Port Authority receiving a Golden Gecko Award for their application of technology in sedimentation scanning. Certificates of Merit were awarded to ATCO Gas Australia, supported by KD1, and Compass Group. Assessments are currently underway for the 2012 awards, to be held on September 20 2012 at the Pan Pacific Hotel, Perth.

The annual Golden Gecko Environment Awards recognise excellence and leadership, and acknowledge the outstanding contribution recipients have made to develop WA's resources in a responsible manner. By recognising these advances and innovations in environmental practice, we seek to encourage further improvement by raising the level of industry standards and to develop and maintain community confidence in the sustainability of mineral and petroleum activities.



WORLEY PARSONS AND THE PORT HEDLAND PORT AUTHORITY RECEIVED A GOLDEN GECKO AWARD FOR THEIR TECHNOLOGY IN SEDIMENTATION SCANNING.

Our Performance

OUR STAKEHOLDERS

The department is always striving to develop and maintain effective and valued relationships with our stakeholders.

Percentage of activity targets achieved

Overall	Priority 1	Priority 2	Priority 3
95%	83%	97%	95%

We have already begun activities directed at addressing transparency and community engagement issues, including:

- Developing a community guide to the approval and regulation processes for the resources sector;
- Developing a community engagement training program for our officers responsible for overseeing and developing approval and regulation processes;
- Developing and implementing community engagement plans on specific resource sector topics in advance of stakeholder and community needs; and
- Reviewing our internal processes to confirm consistency with our principles of transparency and community engagement.

As has been mentioned throughout this report, the department rated well in a world-wide survey of mining companies, administered by the Fraser Institute.

The department has been actively pursuing opportunities to interact with our customers, stakeholders and the community, and through the year have participated in a number of important resources related conferences, such as the Prospectors and Development Association of Canada Global Exploration Conference; Mines and Money Conference; China Mining; and the Asia Mining Energy Investment Forum.

We have also released a range of documents for public comment and feedback, including:

- Draft environment regulations;
- Drilling code of practice; and
- Exploration and prospecting guidelines.



THE DEPARTMENT PARTICIPATES IN INDUSTRY CONFERENCES AND CONDUCTS ROADSHOWS AND INFORMATION SESSIONS AIMED AT PROVIDING INFORMATION ABOUT THE DEPARTMENT AND THE RESOURCES SECTOR IN WESTERN AUSTRALIA.



Our Performance

Managing your compliments, suggestions and complaints

The department is committed to providing high quality services that meet our customer's needs, and we respect our customers' right to complain if they are not satisfied with the services we provide, or the way in which they are provided. We also welcome compliments and suggestions.

In 2011/12 we received 88 entries through the on-line complaints system accessed through the department web page. The entries were categorised into compliments (4), suggestions (43) and complaints (41). Many of the complaints received related to clarification of information, a process or a decision.

We are committed to continuous improvement in our business processes, and the complaints system is just one mechanism by which new ideas and improvements are identified and implemented within the department. Responses to all entries in the complaints system are acknowledged as they are received and actions are completed within 12 working days.

Improvements and innovation within the department as a result of the complaints system includes enhancement of the agency's website and improved access by our customers to available functions and information.

Contact relates to:	Complaint	%	Compliment	%	Suggestion	%	Number of contacts	%
Building and facilities	1	50	0	0	1	50	2	2
Business decisions	4	100	0	0	0	0	4	5
Legislation and regulation	7	70	0	0	3	30	10	11
Multiple areas	0	0	0	0	2	100	2	2
Products and services	13	31	4	10	25	60	42	48
Staff issues	5	100	0	0	0	0	5	6
Unspecified	1	100	0	0	0	0	1	1
Website	10	45	0	0	12	55	22	25
TOTAL	41	46.5	4	4.5	43	49	88	100

Our Performance

OUR PEOPLE

The department is committed to developing and maintaining the right people, approach, systems and leadership to enable us to respond to change and realise our vision.

Percentage of activity targets achieved

Overall	Priority 1	Priority 2	Priority 3
95%	83%	97%	95%

Regional Corporate Executive meetings

In order to directly see the issues relevant to our industry, as well as staying engaged with our staff in regional areas, our Corporate Executive group holds meetings in regional locations. These visits also provide the opportunity to meet with clients and stakeholders in those areas, and to visit key sites and projects across the State. In 2011/12, a regional meeting was held in Kalgoorlie, and members took the opportunity to see first-hand environmental rehabilitation at two mine sites. A visit to the Bulong / Avalon Nickel mine provided insight into a mine under care and maintenance and the resultant environmental impact. The visit to KCGM's Superpit provided insight into how the company addresses both its environmental and social responsibilities in such close proximity to the Kalgoorlie township.



DEPARTMENT OF MINES AND PETROLEUM CORPORATE EXECUTIVE GROUP VISIT KALGOORLIE.

Mining Registrars Conference

The Annual Mining Registrars Conference was held in the Mineral Titles Division Perth office in May 2012, and was an important opportunity for the regional mining registrars to interact and be trained in the latest operational changes to stay abreast of the issues affecting their work under the *Mining Act 1978*. This assists them in representing the department in rural and remote locations across Western Australia.

Regional customer and title service officer workshop

The Mineral Titles Division held their inaugural Regional Customer and Title Service Officer Workshop.

The three day workshop was attended by 12 regional officers and covered a range of training needs, including mentoring and customer service skills.

It is intended that this workshop will be followed up with a series of training modules, to be delivered via video conferencing facilities. Participating staff found

Our Performance

great value in the opportunity to network and discuss issues with other regional officers. Their interaction will make a significant difference in carrying out their operations, ultimately allowing them to better represent the department in rural and remote locations across Western Australia.

Risk management

A new *Risk Management Framework* was implemented during the year, including a policy and guidelines, a suite of tools to identify and assess operational risks, and an internal Risk Register for capturing and managing those risks. Across the department, 41 risk champions were identified and trained to help manage risk in all business areas. This was complemented by the development of Seven Emergency Responses and Crisis Management, and currently in review are our disaster recovery and business continuity plans.

Workforce planning

We implemented the *DMP Workforce Planning Framework* in March 2012, which forms an integral part of the department's planning framework. The process provides a strategic framework to communicate the vision, direction and priorities linked to government goals and related business priorities to optimise workforce capability. Our workforce planning model was promoted by the Public Sector Commission to all State Government agencies.

Attraction and Retention Incentives

Current workforce demands within the department include attraction and retention issues and meeting the demand for a skilled workforce. The need for a skilled workforce within the resources sector continues to be a challenge providing the need for innovative recruitment and retention initiatives.

Job specific performance-based salary incentives linked to performance indicators were implemented during the year. In consultation with the Department of Commerce, the department has continued to introduce performance-based pay arrangements as an Attraction Retention Incentive (ARI). We are now able to effectively compete for resource sector professional and technical specialists by offering competitive salary packages.

Reconciliation Action Plan

A Reconciliation Action Plan was established during the year, with the aim to take actions that enhance relationships, respect and opportunities for the mutual benefit of Aboriginal and Torres Strait Islander and non-Aboriginal and Torres Strait Islander Western Australians. Actions listed include:

- implementation of specific Indigenous employment strategies to increase the number of Indigenous employees;
- cultural awareness training;
- review of human resource policies and procedures to provide for Indigenous cultural responsibilities; and
- continuation of Indigenous events.

Indigenous employment strategies

Corporate 'Core' diversity focus areas are included within our workforce plans. This is in conjunction with our Equity and Diversity Plan promoting workforce diversity within the agency which supports State Government commitments. Since the introduction of the Indigenous employment strategies, the representation of Indigenous employees has increased from 0.38 per cent (June 30, 2011) to 1.54 per cent (June 30, 2012).

Our Performance

Youth employment strategies

The inter-agency graduate program of the Department of Mines and Petroleum, Department of State Development and Department of Regional Development and Lands continues to be a successful targeted youth initiative within our Equity and Diversity management plan. Three graduates from the 2011 intake have completed the graduate program and six graduates have commenced in the 2012 intake. A further six graduates will be recruited for the 2013 intake.

The department also participates in the Public Sector Commission's Traineeship Program and is currently hosting one work-based and two school-based trainees.

The department offers scholarships at the Western Australian School of Mines (WASM), Curtin University.

The department awards eight scholarships for students enrolled in an engineering course majoring in Metallurgical Engineering, Mining Engineering, Geology or Environment at the Western Australian School of Mines (WASM), located in Kalgoorlie. Each scholarship is valued at \$6,000 per annum. The scholarships are renewed annually and are maintained throughout the undergraduate course as long as the student maintains satisfactory academic results.

Leadership Development Framework

The department has developed and implemented a *Leadership Development Framework*. This year 20 employees participated in the Management Excellence Development Program, while up to 120 managers attended performance management training as part of the framework.

An internal mentoring program and cross-agency mentoring program is facilitated by the department. The ability to address workforce challenges through strong leadership will require the continued development of leadership skills through targeted corporate development programs with the focus on building capacity to drive change.

Carol Fuller drives HR reforms with an award

The department's Human Resources General Manager Carol Fuller was named the HR Practitioner of the Year, and was presented with the 2012 Achievement Award by the Institute of Public Administration Australia (WA).

Ms Fuller was recognised for revolutionising HR practices across the department.

Ms Fuller established the department's new Attraction and Retention Incentive (ARI) program, which ensures attractive remuneration is offered to recruit and retain experienced employees.

The award also acknowledges Ms Fuller's work in a 'CV only' requirement for job applications, helping the department become the first State Government agency to move away from addressing the selection criteria.



Other highlights include Ms Fuller's establishment of the department's core competency framework, which offers guidance to departmental staff when managing job descriptions, training and performance management.

[Read more](#)

Disclosures and Legal Compliance

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF MINES AND PETROLEUM

Report on the Financial Statements

I have audited the accounts and financial statements of the Department of Mines and Petroleum.

The financial statements comprise the Statement of Financial Position as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

Director General's Responsibility for the Financial Statements

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Director General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director General, as well as evaluating the overall presentation of the financial statements.



Auditor General

Disclosures and Legal Compliance

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of Mines and Petroleum at 30 June 2012 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by the Department of Mines and Petroleum during the year ended 30 June 2012.

Controls exercised by the Department of Mines and Petroleum are those policies and procedures established by the Director General to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Director General's Responsibility for Controls

The Director General is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Department of Mines and Petroleum based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Department complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the controls exercised by the Department of Mines and Petroleum are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2012.

Disclosures and Legal Compliance

Report on the Key Performance Indicators

I have audited the key performance indicators of the Department of Mines and Petroleum for the year ended 30 June 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Director General's Responsibility for the Key Performance Indicators

The Director General is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Director General determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Director General's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the key performance indicators of the Department of Mines and Petroleum are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2012.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Disclosures and Legal Compliance

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Department of Mines and Petroleum for the year ended 30 June 2012 included on the Department's website. The Department's management are responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
12 September 2012

Disclosures and Legal Compliance

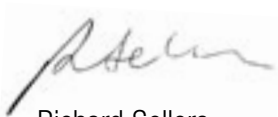
KEY PERFORMANCE INDICATORS

DEPARTMENT OF MINES AND PETROLEUM DISCLOSURES AND LEGAL COMPLIANCE KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2012

KEY PERFORMANCE INDICATORS

Certification of Key Performance Indicators

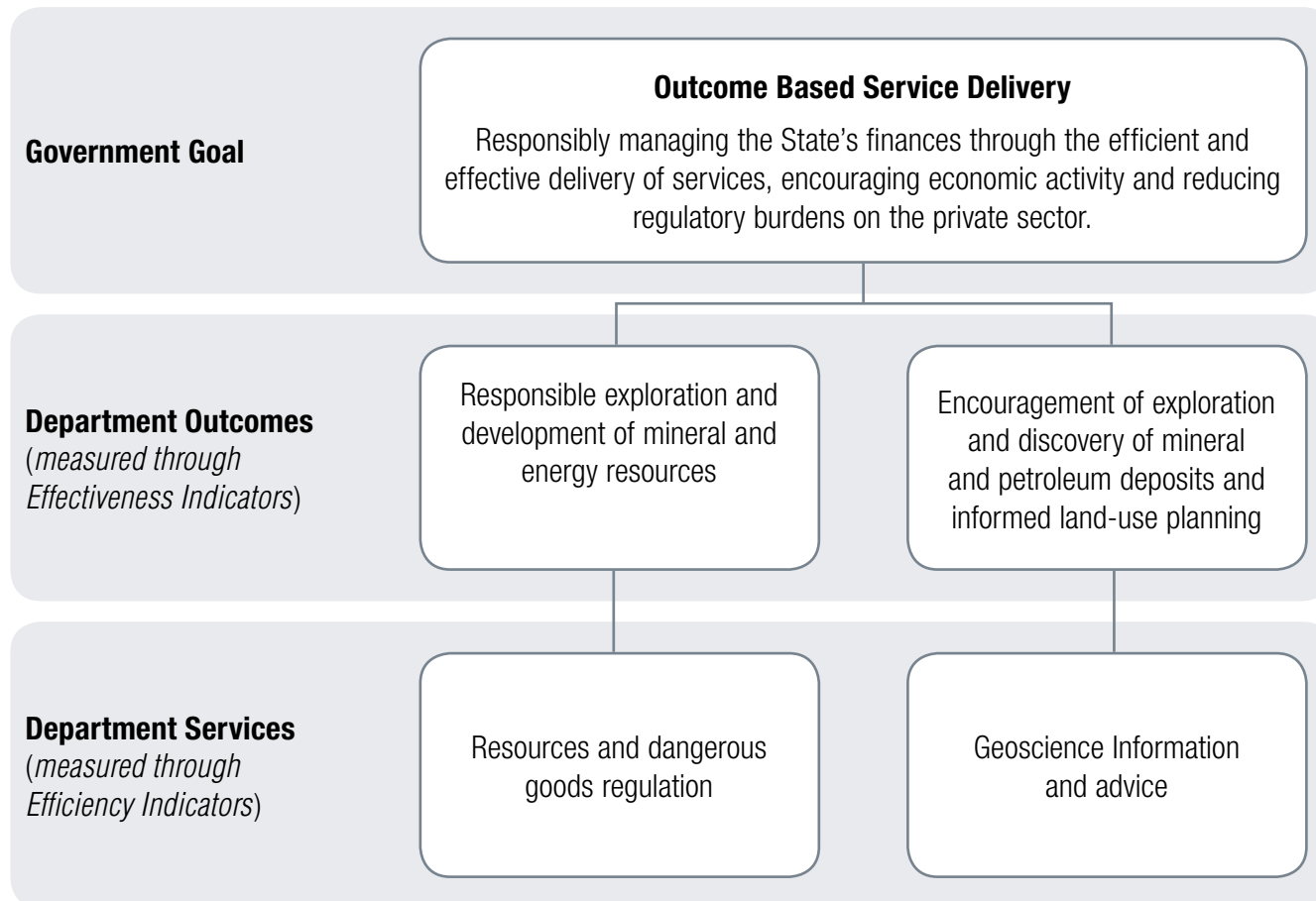
I hereby certify that the key performance indicators are based on proper records, and are relevant and appropriate in assisting users to assess the Department of Mines and Petroleum's performance, and fairly represent the performance of the Department of Mines and Petroleum for the financial year ending 30 June 2012.



Richard Sellers
Director General
10 September 2012



Disclosures and Legal Compliance



Responsible exploration and development of mineral and energy resources

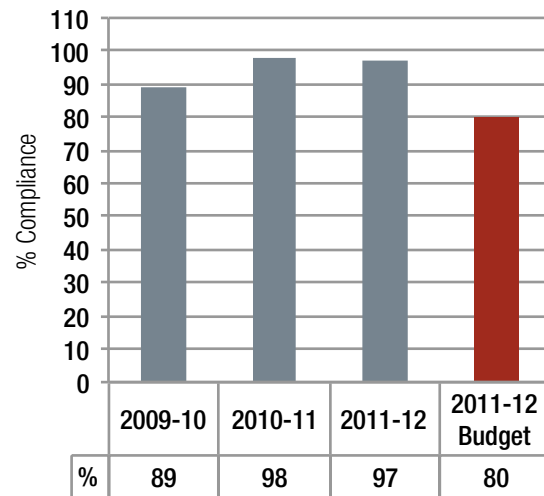
The department directly contributes to responsible exploration and development of mineral and energy resources through its various regulatory functions. The department defines “responsible exploration and development” as that which is undertaken in a manner considerate of the following elements:

- Timely approvals processes, which require applicants to give undertakings in relation to activity, expenditure, and environmental rehabilitation, amongst other aspects; and
- Compliance with relevant regulations relating to the management of equitable and secure titles systems for the mining, petroleum and geothermal industries, worker and community safety, the environment, and collection of revenues from royalties.

Disclosures and Legal Compliance

These elements of responsibility are measured through our Key Effectiveness Indicators:

Percentage compliance identified in completed environmental regulatory activities.

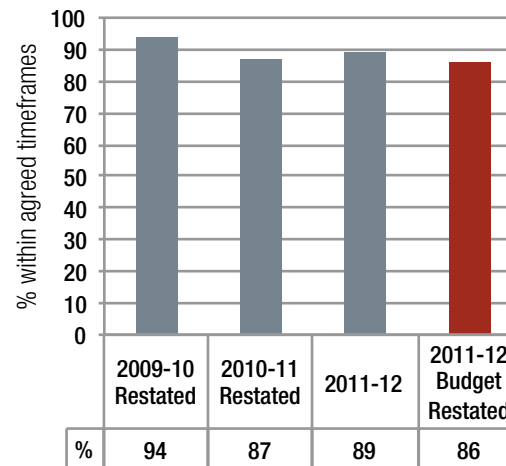


Regulatory activities relate specifically to environmental compliance investigations. This indicator is a measure of the department's capacity to administer and enforce the legislation concerning environmental management of exploration and mining activities.

The department has exceeded budget forecast for both inspections as well as site compliance during the 2011/12 financial year.

The measure is calculated as the total number of environmentally compliant sites inspected divided by the total environmental inspections undertaken. The department defines compliant as those sites where no action was taken, whereas major non-compliant sites are defined as those where the proponent is not requiring major noncompliance actions such as a Direction to Modify, Stop Work Order, fine in lieu of forfeiture, or written instructions to improve the site within a timeframe.

Percentage approvals completed within agreed timeframes



Consistent with the department's role in the government's Lead Agency Framework, the department is specifically targeting the timely management of approvals. The department considers addressing approvals in a timely manner translates to responsibly developing mineral and petroleum resources.

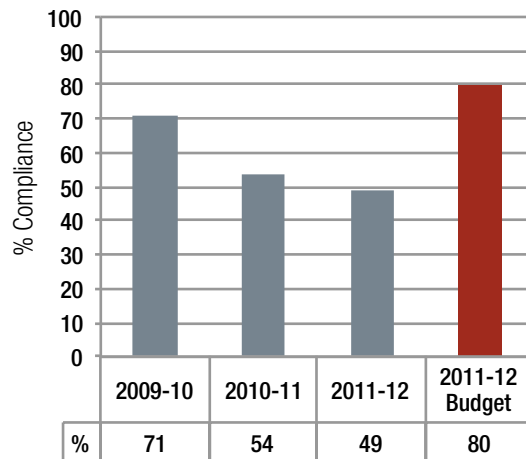
During the year, the department continued to perform strongly with respect to approval timeframes in:

- 96 per cent mining titles granted within 65 business days of lodgement;
- 96 per cent mining proposals and programme of works approved within 30 business days;
- 98 per cent petroleum environmental proposals approved within 30 business days; and
- 66 per cent petroleum well and survey applications approved within 40 business days.

When calculating this measure the above four figures were averaged to obtain the 89 per cent. The three petroleum approvals – well application, survey applications, and special prospecting applications – were averaged to obtain the above 66 per cent, before calculating the final approval percentage. The previous years' performances were made comparable using the new calculation methodology.

Disclosures and Legal Compliance

Percentage compliance identified in tenure activities (petroleum) that are monitored and approved



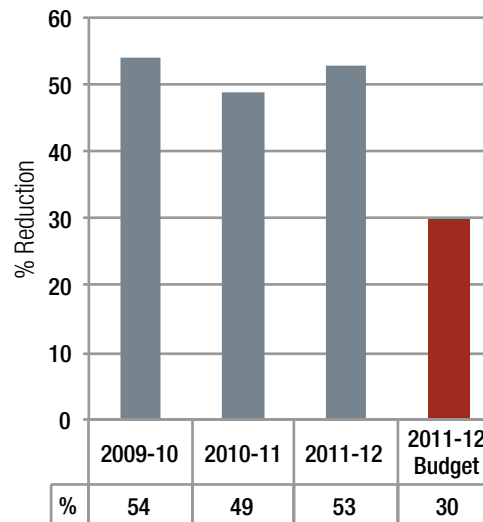
This measure reflects the function of the department in ensuring that proponents are compliant in the petroleum tenure activities undertaken.

The measure is calculated as the number of total applications approved divided by the total applications deemed compliant for petroleum tenure applications, excluding those applications otherwise dealt with tenure, such as refused, rejected, withdrawn or lapsed.

“Compliant” is defined as all applications received and acceptable that are in accordance with DMP guidelines and legislation.

“Approved” is defined as when application is granted in accordance with the respected legislation.

Percentage reduction in Mineral Title applications backlog existing at the end of the preceding financial year.



The reduction in the Mineral Titles application backlog was an initiative commenced in 2007/08 to address the 18,700 strong backlog.

Since the commencement of the initiative, the department has continued to exceed targets for backlog reduction. During 2011/12 the department has exceeded the targeted 30 per cent reduction, which is attributable to improvements in streamlined processing of applications, improved approvals tracking and consent determination by the National Native Title Tribunal, allowing a large group of older applications to be determined. In addition, the exemption from the requirement to collect GST on mineral clearance saved 30 days per application.

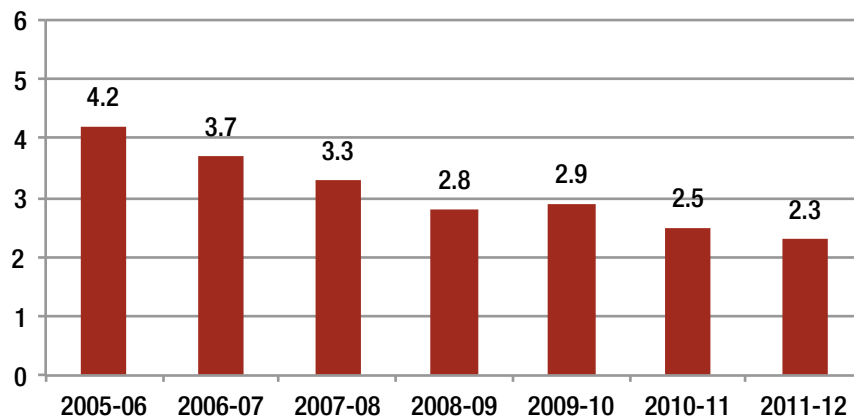
The department recognises the risk of further backlog with the high numbers of new applications being made each year as a potential ongoing issue. Accordingly, the department will continue its effort to reduce the existing backlog at the commencement of each year, and address incoming applications within agreed timeframes.

As the department has exceeded targeted reduction, this indicator will not be reported in the future. The department will continue to monitor approvals against the agreed timeframes.

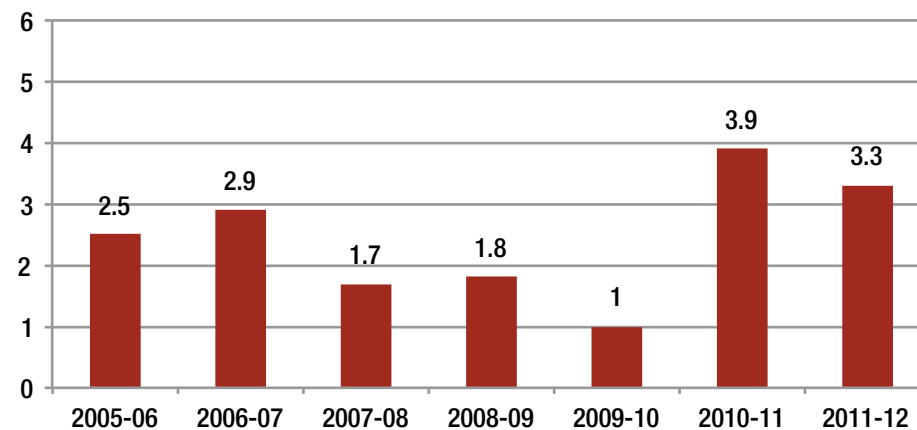
Disclosures and Legal Compliance

The frequency of work-related injury and disease per million hours worked in the a) Mining Industry, and b) Petroleum Industry (onshore):

(a) Mining Industry



(b) Petroleum Industry (onshore)



The department allocates resources to education, information and enforcement for safety in the mining and petroleum (onshore) industries. This indicator demonstrates industry performance towards safety outcomes. As the regulator of these activities, the department does not set targets for industry safety performance.

During the 2011/12 period, the frequency of work-related injury and disease per million hours worked in the mining industry continued to decrease. The petroleum (onshore) industry, too, demonstrated a decrease from 2010/11.

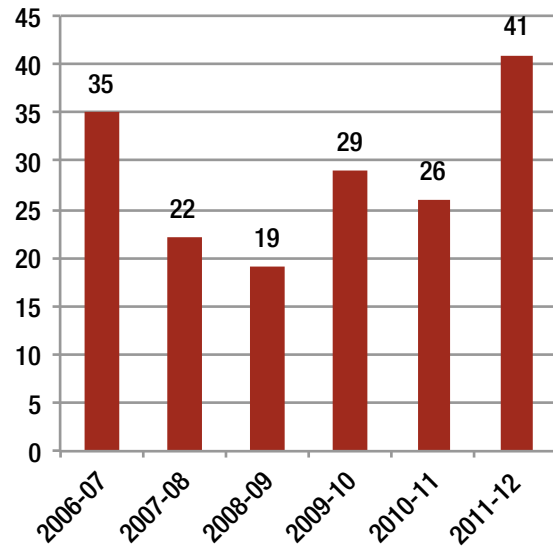
The introduction of a web-based, user-friendly reporting system is believed to be the catalyst for a higher level of reporting, and consequently the increase in reported incidents as compared to prior years.

The department is implementing a series of reforms in resources safety which is expected to result in improved safety outcomes for both mining and petroleum (onshore) industries in Western Australia in future periods. As a result of these reforms, alternative indicators are in development that better reflect the role of resources safety within industry.

The department will not report against this indicator in the future.

Disclosures and Legal Compliance

The number of dangerous goods storage and transport accidents.



As with the mining and petroleum (onshore) industry, the department allocates resources to education, information and enforcement for dangerous goods storage and transport. This indicator demonstrates industry performance towards safety outcomes. The department maintains a list of incident summary logs based on incident report forms received, which involves the storage and transport of dangerous goods.

The indicator demonstrates an increase in the number of dangerous goods accidents reported, which include

19 storage and handling accidents and 22 dangerous goods transport accidents. The increase is mainly attributed to improved awareness of incident reporting requirements by the industry together with the usual year-to-year fluctuations.

The increase in the number of incidents reported in 2011/12, is also reflective of the department's accelerated information and education program under the safety reforms initiative (RADARS):

- 20% increase in seminars, roadshows, presentations and expos;
- 34% increase in participants at department organised events; and
- 60% increase in publication titles produced.

The department has adopted new indicators focussed on compliance with inspection programs, consequently replacing this indicator in future reporting periods.

Resources and dangerous goods regulation

The department achieves these outcomes through the delivery of regulatory services to the resources sector by:

- Application of a world class mineral and petroleum titles management system;
- Collection of royalties on mineral and petroleum development activities;
- Conducting environmental assessments and monitoring compliance of mineral and petroleum activities;
- Administration of the *Mines Safety and Inspection Act 1994*;
- Promotion of occupational safety and health in the mining and petroleum (onshore) sectors; and
- Administration of the *Dangerous Goods Safety Act 2004*, covering the manufacture, storage, handling, transport and use of dangerous goods, including the operation of major hazard facilities.

Disclosures and Legal Compliance

The department measures its overall efficiency in delivery of these services through the following Efficiency indicators:

	2009-10 Actual	2010-11 Actual	2011-12 Actual	2011-12 Budget	Commentary
Cost per resources regulation service	\$872	\$887	\$962	\$1 115	During the year the department experienced a predicted increase in the number of regulatory services and increased cost of services from prior year's results. However continued focus on improvements to systems and processes has resulted in the average cost of services falling below the targeted level.
Average weighted cost per safety regulatory service – minerals and energy	\$891	\$1 596	\$1 671	\$1 587	The safety reform initiatives (RADARS) are reflected in the increased cost per service, especially in investigation and technical assessment in 2011/12. The higher cost is also due to the increased FTE as part of the accelerated recruitment, selection and appointment process as well as the performance-based Attraction and Retention Incentive (ARI) scheme. On-the-job training for new staff is another initiative that has seen the cost per service increase. This will be the case until the approved average staffing level is achieved as per the safety reform, and all new staff have undergone mandatory on-the-job training.
Average weighted cost per safety regulatory service – dangerous goods.	\$752	\$324 (\$485)	\$743 (\$745)	\$498	<p>There was a spike in information and education, and licensing services in 2011/12, but a nominal increase in the investigation and technical assessment compared to the previous year. The increase in cost compared to the budget figures is due to the accelerated recruitment, selection and appointment process as part of RADARS, as well as on-the-job training undergone by new staff. With the shift to a one-year licence, the number of licences issued will continue to reflect this.</p> <p>For 2011/12, following the review of the outcome-based service delivery structure, this indicator was weighted for the first time.</p> <p>*Figures within brackets illustrate the non-weighted cost per service</p>

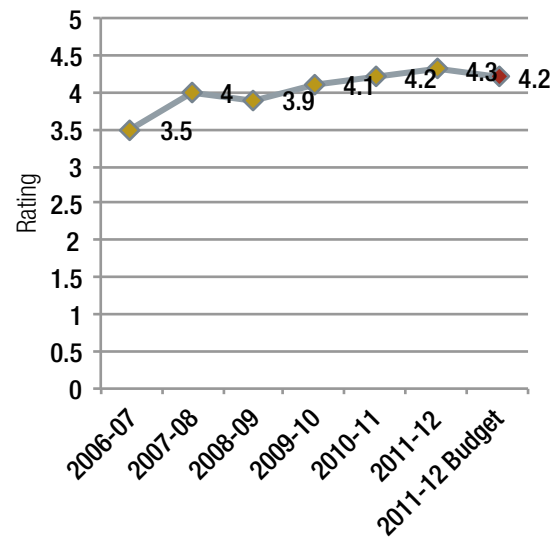
Disclosures and Legal Compliance

Encouragement of exploration and discovery of mineral and petroleum deposits and informed land use planning

The department works to elucidate the geological framework of Western Australia and reveal the potential for mineral and petroleum resources, consequently encouraging continued exploration and development of these resources. The department's assessments of mineral and petroleum resources and resource potential supports government decision making and assists and advises on a range of community needs, including urban development planning and land use.

The department measures its success towards achieving this outcome against the following effectiveness indicator:

The extent to which stakeholders agree the department's geoscience information and advice encourages exploration and discovery and informs land use planning.



This indicator represents an averaged customer rating given by industry-based Technical Advisory sub-committees tabled through the Geological Survey Liaison Committee.

Geoscience information products and geological exploration information services are rated twice yearly for quality and relevance, against a five-point scale by the two sub-committees. They are asked to provide

guidance for future programs and feedback on past performance of the department.

The 2011/12 high rating demonstrates the how overall the sub-committees were pleased with the high standard of products and services of Geological Survey.



Disclosures and Legal Compliance

Geoscience information and advice

The department achieves this outcome through the maintenance and provision of up-to-date geological resources, with products and services including:

- Acquiring new geoscience and mineral energy resource information;
- Providing access to a developing archive of geoscientific and resource exploration information;
- Assessment of mineral and petroleum resources and resource potential as a basis for decision making by government; and
- Assistance and advice on land use matters.

	2009-10 Actual	2010-11 Actual	2011-12 Actual	2011-12 Budget	Commentary
Average weighted cost per geoscience information product and service units	\$247,481	\$221,160	\$292,562	\$256,425	In 2011/12, the lower than expected weighted total published product (WTPP) outcome was primarily due to the delayed airborne geophysical survey program, where data has been acquired and paid for. The program is slated for release in 2012/13. The cost of the program was the main contributor to a higher than expected cost per unit of WTPP in 2011-12, and this will normalise in 2012/13 with the increase in WTPP from the program.

Disclosures and Legal Compliance

FINANCIAL STATEMENTS

Department of Mines and Petroleum

Certification of Financial Statements

For Year Ended 30 June 2012

The accompanying financial statements of the Department of Mines and Petroleum have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2012 and the financial position as at 30 June 2012.

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



Richard Sellers
Accountable Authority
10 September 2012



Jeremy Hawke
Chief Finance Officer
10 September 2012

Statement of Comprehensive Income

For year ended 30 June 2012

COST OF SERVICES

Expenses

Employee benefits expense

Supplies and services

Depreciation and amortisation expense

Accommodation expenses

Grants and subsidies

Other expenses

Total cost of services

Income

Revenue

User charges and fees

Other revenue

Total revenue

Gains

Gain on disposal of non-current assets

Total Gains

Total income other than income from State Government

NET COST OF SERVICES

Income from State Government

Service appropriation

Resources received free of charge

Royalties for Regions Fund

Total income from State Government

SURPLUS/(DEFICIT) FOR THE PERIOD

OTHER COMPREHENSIVE INCOME

Changes in asset revaluation surplus

Total other comprehensive income

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

Note	2012 \$000	2011 \$000
6	81 602	73 841
7	51 189	39 559
8	3 307	2 957
9	4 537	3 680
10	4 966	4 616
11	167	152
	145 768	124 805
12	53 682	40 544
13	1 517	627
	55 199	41 171
14	47	2
	47	2
	55 246	41 173
	90 522	83 632
15		
	78 222	64 800
	1 381	1 786
	20 283	24 781
	99 886	91 367
	9 364	7 735
27	9 413	29 490
	9 413	29 490
	18 777	37 225

See also the 'Schedule of Income and Expenses by Service'.

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2012

ASSETS

Current Assets

Cash and cash equivalents	28	31 607	22 029
Restricted cash and cash equivalents	16	3 563	5 317
Receivables	17	12 220	6 955
Amounts receivable for services	18	884	854
Other current assets	19	1 106	1 127

Total Current Assets

Non-Current Assets

Restricted cash and cash equivalents	16	2 100	1 620
Amounts receivable for services	18	13 088	12 235
Property, plant and equipment	20	149 054	140 683
Intangible assets	21	1 987	2 551

Total Non-Current Assets

TOTAL ASSETS

LIABILITIES

Current Liabilities

Payables	23	5 290	5 740
Other current liabilities	24	1 775	1 870
Revenue received in advance	25	5 128	2 763
Provisions	26	17 294	16 155

Total Current Liabilities

Non-Current Liabilities

Provisions	26	3 318	3 117
------------	----	-------	-------

Total Non-Current Liabilities

TOTAL LIABILITIES

NET ASSETS

EQUITY

Contributed equity	27	55 985	55 684
Reserves		111 028	101 615
Accumulated surplus/(deficit)		15 791	6 427

TOTAL EQUITY

Note	2012 \$000	2011 \$000
	49 380	36 282
	166 229	157 089
	215 609	193 371
	29 487	26 528
	3 318	3 117
	32 805	29 645
	182 804	163 726
	55 985	55 684
	111 028	101 615
	15 791	6 427
	182 804	163 726

See also the 'Schedule of Assets and Liabilities by Service'.

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

Statement of Changes In Equity

For year ended 30 June 2012

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total equity \$000
Balance at 1 July 2010	27	54 571	72 125	(1 308)	125 388
Surplus/(deficit)		-	-	7 735	7 735
Other comprehensive income		-	29 490	-	29 490
Total comprehensive income for the period		-	29 490	7 735	37 225
Transactions with owners in their capacity as owners:					
Capital appropriations		15	-	-	15
Other contributions by owners		1 098	-	-	1 098
Total		1 113	-	-	1 113
Balance at 30 June 2011		55 684	101 615	6 427	163 726
Balance at 1 July 2011	27	55 684	101 615	6 427	163 726
Surplus/(deficit)		-	-	9 364	9 364
Other comprehensive income		-	9 413	-	9 413
Total comprehensive income for the period		-	9 413	9 364	18 777
Transactions with owners in their capacity as owners:					
Other contributions by owners		306	-	-	306
Distributions to owners		(5)	-	-	(5)
Total		301	-	-	301
Balance at 30 June 2012		55 985	111 028	15 791	182 804

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cashflows

For year ended 30 June 2012

CASH FLOWS FROM STATE GOVERNMENT

Service appropriation
Capital appropriations
Holding account drawdowns
Other contribution by owners
Royalties for Regions Fund

Net cash provided by State Government

Utilised as follows:

CASH FLOWS FROM OPERATING ACTIVITIES

Payments

Employee benefits
Supplies and services
Accommodation
Grants and subsidies
Other payments
GST payments on purchases

Receipts

User charges and fees
Grants and contributions
GST receipts on user charges and fees
GST receipts from taxation authority
Other receipts

Net cash provided by/(used in) operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Receipts

Proceeds from sale of non-current assets

Payments

Purchase of non-current physical assets

Net cash provided by/(used in) investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Payments

Repayment of borrowings

Net cash provided by/(used in) financing activities

Net increase in cash and cash equivalents
Cash and cash equivalents at the beginning of the period

CASH AND CASH EQUIVALENTS AT THE END THE PERIOD

Note	2012 \$000	2011 \$000
	76 485	63 053
	-	15
	854	867
	-	1 098
	20 283	24 781
	97 622	89 814
	(82 477)	(74 267)
	(48 725)	(36 886)
	(2 459)	(4 114)
	(6 072)	(3 835)
	(104)	(113)
	(6 708)	(4 908)
	50 286	44 030
	1 316	492
	740	317
	5 848	3 796
	390	530
28	(87 965)	(74 958)
	69	21
	(1 422)	(2 026)
	(1 353)	(2 005)
	-	-
	-	-
	8 304	12 851
	28 966	16 115
28	37 270	28 966

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

Schedule of Income and Expenses by Service

For year ended 30 June 2012

COST OF SERVICES

Expenses

Employee benefits expenses	65 194	57 229	16 408	16 612	81 602	73 841
Supplies and services	23 031	20 525	28 158	19 034	51 189	39 559
Depreciation and amortisation expense	2 552	2 168	755	789	3 307	2 957
Accommodation expenses	3 790	2 946	747	734	4 537	3 680
Grants and subsidies	255	249	4 711	4 367	4 966	4 616
Other expenses	119	111	48	41	167	152

Total cost of services

Income

User charges and fees	53 582	40 398	100	146	53 682	40 544
Other revenue	1 443	555	74	72	1 517	627
Gain on disposal of non-current assets	47	2	-	-	47	2

Total income other than income from State Government

NET COST OF SERVICES

Income from State Government

Service appropriation	51 660	39 707	26 562	25 093	78 222	64 800
Resources received free of charge	1 085	1 429	296	357	1 381	1 786
Royalties for Regions Fund	336	165	19 947	24 616	20 283	24 781

Total income from State Government

SURPLUS/DEFICIT FOR THE PERIOD

Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
COST OF SERVICES					
<u>Expenses</u>					
65 194	57 229	16 408	16 612	81 602	73 841
23 031	20 525	28 158	19 034	51 189	39 559
2 552	2 168	755	789	3 307	2 957
3 790	2 946	747	734	4 537	3 680
255	249	4 711	4 367	4 966	4 616
119	111	48	41	167	152
94 941	83 227	50 827	41 577	145 768	124 805
<u>Income</u>					
53 582	40 398	100	146	53 682	40 544
1 443	555	74	72	1 517	627
47	2	-	-	47	2
55 072	40 955	174	218	55 246	41 173
39 869	42 272	50 653	41 359	90 522	83 632
<u>Income from State Government</u>					
51 660	39 707	26 562	25 093	78 222	64 800
1 085	1 429	296	357	1 381	1 786
336	165	19 947	24 616	20 283	24 781
53 081	41 301	46 805	50 066	99 886	91 367
13 212	(971)	(3 848)	8 707	9 364	7 735

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

Schedule of Assets and Liabilities by Service

As at 30 June 2012

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
<u>Assets</u>						
Current Assets	38 785	21 543	10 595	14 739	49 380	36 282
Non-current Assets	128 789	117 212	37 440	39 877	166 229	157 089
Total assets	167 574	138 755	48 035	54 616	215 609	193 371
<u>Liabilities</u>						
Current Liabilities	24 758	21 363	4 729	5 165	29 487	26 528
Total non-current Liabilities	2 673	2 392	645	725	3 318	3 117
Total liabilities	27 431	23 755	5 374	5 890	32 805	29 645
NET ASSETS	140 143	115 000	42 661	48 726	182 804	163 726

The Schedule of Assets and Liabilities by Service should be read in conjunction with the accompanying notes.

Summary of Consolidated Account Appropriations and Income Estimates

For year ended 30 June 2012

	2012 Estimate \$000	2012 Actual \$000	Variance \$000	2012 Actual \$000	2011 Actual \$000	Variance \$000
<u>Delivery Services</u>						
Item 14 Net amount appropriated to deliver services	76 477	77 412	935	77 412	63 990	13 422
Amount authorised by Other Statutes - <i>Salaries and Allowances Act 1975</i>	838	810	(28)	810	810	-
Total appropriations provided to deliver services	77 315	78 222	907	78 222	64 800	13 422
<u>Capital</u>						
Capital appropriations	-	-	-	-	15	(15)
<u>Administered Transactions</u>						
Item 15 Administered grants, subsidies and other transfer payments	19 886	19 886	-	19 886	4 008	15 878
Amount authorised by other statutes - <i>Petroleum (Submerged Lands) Act 1982</i>	6 087	4 391	(1 696)	4 391	5 203	(812)
Total Administered Transactions	25 973	24 277	(1 696)	24 277	9 211	15 066
GRAND TOTAL	103 288	102 499	(789)	102 499	74 026	28 473
<u>Details of Expenses by Service</u>						
Resources Sector and Dangerous Goods Regulation	105 070	94 941	(10 129)	94 941	83 227	11 714
Geoscience Information and Advice	51 285	50 827	(458)	50 827	41 578	9 249
Total Cost of Services	156 355	145 768	(10 587)	145 768	124 805	20 963
Less total income	51 228	55 246	4 018	55 246	41 173	14 073
Net Cost of Services	105 127	90 522	(14 605)	90 522	83 632	6 890
Adjustments	(27 812)	(12 300)	15 512	(12 300)	(18 832)	6 532
Total appropriations provided to deliver services	77 315	78 222	907	78 222	64 800	13 422
<u>Capital Expenditure</u>						
Adjustment for other funding sources	-	-	-	-	15	(15)
Capital appropriations	-	-	-	-	15	(15)

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Summary of Consolidated Account Appropriations and Income Estimates

For year ended 30 June 2012

Details of Income Estimates

Income disclosed as Administered Income

Royalties

Petroleum - State	36 300	18 027	(18 273)	18 027	20 232	(2 205)
Iron Ore	4 137 100	3 776 076	(361 024)	3 776 076	3 647 120	128 956
Diamonds	16 300	15 938	(362)	15 938	14 492	1 446
Alumina	85 600	68 185	(17 415)	68 185	66 546	1 639
Mineral sands	12 200	19 923	7 723	19 923	18 058	1 865
Nickel	143 100	92 089	(51 011)	92 089	106 891	(14 802)
Gold	213 900	234 316	20 416	234 316	198 080	36 236
Other	149 800	118 797	(31 003)	118 797	141 886	(23 089)
Lease rentals	79 900	90 614	10 714	90 614	82 983	7 631
Total Royalties	4 874 200	4 433 965	(440 235)	4 433 965	4 296 288	137 677

Regulatory Fees

Regulatory Fees	10 000	1 866	(8 134)	1 866	2 660	(794)
	10 000	1 866	(8 134)	1 866	2 660	(794)

Law courts

Fines	-	-	-	-	-	-
	-	-	-	-	-	-

Other

Commonwealth Grants	-	2 700	2 700	2 700	-	2 700
Appropriations	25 973	24 277	(1 696)	24 277	9 211	15 066
Other Revenue	552	1 524	972	1 524	593	931
GRAND TOTAL	4 910 725	4 464 332	(446 393)	4 464 332	4 308 752	155 580

Note 35 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2012 and between the actual results for 2012 and 2011.

Note 1. Australian Accounting Standards

General

The department's financial statements for the year ended 30 June 2012 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The department has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the department for the annual reporting period ended 30 June 2012.

Note 2. Summary of significant accounting policies

(a) General statement

The department is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's Instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land and buildings which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the department's accounting policies resulting in the most significant effect on the amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a

significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity comprises the department.

Mission

The department's mission is growth of the resource sector which maximises long-term benefits to the Western Australian community.

The department is predominantly funded by Parliamentary appropriation. A net appropriation agreement between the Treasurer and the Accountable Authority 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 note 2(e).

Services

The department provides the following services:

Service 1: Resource Sector and Dangerous Goods Regulations

The department is charged with ensuring that the resources industry conducts its business in a responsible manner and that the community receives a fair return for its resources. The department contributes to responsible development through effective regulation of the resources sector, including the timely processing of applications, and mining and petroleum safety regulation. It also facilitates and manages access to land and offshore areas for the exploration and development of mineral and energy deposits.

The department administers the *Dangerous Goods Safety Act 2004*, covering the manufacture, storage, handling, transport and use of dangerous goods, including the operations of major hazard facilities.

Service 2: Geoscience Information and Advice

The department provides benefits to the Western Australian community through the provision of public geological information to encourage exploration, and the promotion of opportunities for high risk private sector investment in mineral and energy exploration and development, thereby sustaining investment in the industry for future generations.

The department maintains an up-to-date geological archive of the State and its mineral and petroleum resources, with products and services including:

- Acquiring new geoscience and mineral and energy resource information;
- Providing access to a developing archive of geoscientific and resource exploration information;
- Assessment of mineral and petroleum resources and resource potential as a basis for decision making by government; and
- Assistance and advice on land use matters.

The department administers assets, liabilities, income and expenses on behalf of government which are not controlled by, nor integral to the function of the department. These administered balances and transactions are not recognised in the principal financial statements of the department but schedules are prepared using the same basis as the financial statements and are presented at note 41 'Disclosure of administered income and expenses by service' and note 42 'Administered assets and liabilities'.

(d) Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners Made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal.

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

User Charges and Fees

Revenue from licences and other regulatory fees are recognised at the time the money is received. Where a licence fee extends over multiple years then future year revenue is treated as prepaid revenue.

Levy

Mines Safety Levy and Petroleum and Geothermal Energy Safety

Levy revenue is recognised in the period to which the levy relates.

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

Provision of services

Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

Interest

Revenue is recognised as the interest accrues.

Service Appropriation

Service Appropriations are recognised as revenues at fair value 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 to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the department. In accordance with the determination specified in the 2011-12 Budget Statements, the department retained \$55.2 million in 2012 (\$41.2 million in 2011) from the following:

- Proceeds from user fees and charges including levies.
- Other departmental revenue.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the department obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners 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.

Royalties for Regions funds are recognised as revenue at fair value in the period in which the department obtains control over the funds. The department obtains control of the funds at the time the funds are deposited into the department's bank account.

Gains

Realised or unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

Administered revenue recognition

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the relevant legislation and agreements. A liability to pay arises upon receipt of a declaration and/or payment based on the self assessment method and also upon issue of an amended assessment resulting from a verification process.

Royalties include:

- Mineral Royalties payable under the *Mining Act 1978* and various State Agreements.
- Petroleum Royalties payable under various Acts and Agreements, both State and Commonwealth.

Mining Leases and Licenses

Mining leases and license applications are recognised at the time the money is received.

(f) Translation of foreign currency transactions

Foreign currency transactions are translated at the exchange rate applicable on the date the transactions occur. Exchange gains and losses are brought to account in determining the result for the year.

(g) Property, plant and equipment

Capitalisation/expensing of assets

Items of property, plant and equipment and infrastructure costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.

Initial recognition and measurement

Property, plant and equipment are initially recognised at cost. For items of property, plant and equipment acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land and buildings and historical cost for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation (buildings only) and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuation Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

De-recognition

Upon disposal or de-recognition of an item of property, plant and equipment and infrastructure, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

Asset Revaluation Surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 20 'Property, plant and equipment'.

Depreciation

All non-current assets having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	50	years
Furniture	5	years
Office equipment	3-5	years
Computer servers	5	years
Software ^(a)	3-5	years
Scientific equipment	7	years
Motor vehicles	3-5	years
Plant and equipment	5-25	years

^(a) Software that is integral to the operation of related hardware.

Land is not depreciated.

(h) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets over \$200,000 or more and internally generated intangible assets costing \$200,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the department have a finite useful life and zero residual value. The expected useful life for each class of intangible asset is:

Software ^(a)	3 to 10 years
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^(a) Software that is not integral to the operation of related hardware.

Computer Software

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$200,000 is expensed in the year of acquisition.

Web site costs

Web site costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(i) Impairment of assets

Property, plant equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the department is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in

useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(j) Leases

Finance lease rights and obligations are initially recognised, at the commencement of the lease term, as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated over the period during which the department is expected to benefit from their use. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

(k) Financial instruments

In addition to cash, the department has two categories of financial instrument:

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Amounts receivable for services

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(l) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(m) Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The department considers the carrying amount of accrued salaries to be equivalent to its net fair value.

The accrued salaries suspense account (refer note 16 'Restricted cash and cash equivalents') 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 instead of the normal 26. No interest is received on this account.

(n) Amounts receivable for services (holding account)

The department receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(o) Receivables

Receivables are recognised at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(p) Payables

Payables are recognised at the amounts payable when the department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally settled 30 days.

(q) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual Leave

The liability for annual leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave that is not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The provision for annual leave is classified as a current liability as the department does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Long service leave

The liability for long service leave that is expected to be settled within 12 months after the end of the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave that is not expected to be settled within 12 months after the end of the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the department does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Deferred leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional 12 months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

Superannuation

The Government Employees Superannuation Board (GESB) administers public sector superannuation arrangements in Western Australia in accordance with legislative requirements.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members since 1995.

The GSS is a defined scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligation to the related superannuation liability.

The department has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the department to the GESB. The concurrently funded part of the GSS is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS obligations.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The department makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions

extinguish the liability for superannuation charges in respect of the WSS and GESBS.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

Provisions - other

Employment on-costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

(r) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the WSS, and the GESBS. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

(s) Resources received free of charge or for nominal value

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value. Where the resource received represents a service that the department would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services are received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(t) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

Note 3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The department evaluates these judgements regularly.

Operating lease commitments

The department has entered into a number of leases for branch office accommodation. Some of these leases are of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

Note 4. Key sources of estimation uncertainty

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

Several estimations and assumptions in calculating the department's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Valuation of land and buildings

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets

Note 5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The department has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2011 that impacted on the department.

- AASB 1054 Australian Additional Disclosures*
This Standard, in conjunction with *AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project*, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.
- AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Int 2, 4, 16, 1039 & 1052]*
This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.
- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Int 13]*
The amendments to *AASB 7* clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is no longer required to be disclosed. There is no financial impact.
The amendments to *AASB 101* clarify the presentation of the Statement of Changes in Equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity can be presented in either the Statement of Changes in Equity or the Notes. There is no financial impact.
- AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Int 112, 115, 127, 132 & 1042]*
This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & 7]*
This Standard introduces additional disclosures relating to transfers of financial assets in *AASB 7*. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.
- AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Int 2, 112 & 113]*
This Standard, in conjunction with *AASB 1054*, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.
- AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, 128 & 131]*
This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity are not-for-profit non-reporting entities that comply with Australian Accounting Standards. There is no financial impact.

<i>AASB 108.30, 31</i>	Future impact of Australian Accounting Standards not yet operative	Operative for reporting periods beginning on/after	<i>AASB 119</i>	<i>Employee Benefits</i>	1 Jan 2013
	The department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 <i>Application of Australian Accounting Standards and Other Pronouncements</i> . Consequently, the department has not applied early any of the following Australian Accounting Standards that have been issued that may impact the department. Where applicable, the department plans to apply these Australian Accounting Standards from their application date.			This Standard supersedes AASB 119 (October 2010). As the department does not operate a defined benefit plan, the impact of the change is limited to measuring annual leave as a long term employee benefit. The resultant discounting of the annual leave benefit has an immaterial impact.	
		Operative for reporting periods beginning on/after	<i>AASB 1053</i>	<i>Application of Tiers of Australian Accounting Standards</i>	1 Jul 2013
<i>AASB 9</i>	<i>Financial Instruments</i>	1 Jan 2013		This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.	
	This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments.		<i>AASB 2009-11</i>	<i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Int 10 & 12]</i>	1 Jul 2013
	The Standard was reissued in December 2010. The department has not yet determined the application or the potential impact of the Standard.			[Modified by AASB 2010-7]	
<i>AASB 13</i>	<i>Fair Value Measurement</i>	1 Jan 2013	<i>AASB 2010-2</i>	<i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052]</i>	1 Jul 2013
	This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements. There is no financial impact.			This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.	

		Operative for reporting periods beginning on/after			Operative for reporting periods beginning on/after
<i>AASB 2010-7</i>	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i>	1 Jan 2013	<i>AASB 2011-6</i>	<i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]</i>	1 Jul 2013
	This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The department has not yet determined the application or the potential impact of the Standard.			This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.	
<i>AASB 2011-2</i>	<i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]</i>	1 Jul 2013	<i>AASB 2011-7</i>	<i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]</i>	1 Jan 2013
	This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.			This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> . The department has not yet determined the application or the potential impact of the Standard.	

		Operative for reporting periods beginning on/after		Operative for reporting periods beginning on/after
<i>AASB 2011-8</i>	<i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]</i>	1 Jan 2013	<i>AASB 2011-11</i>	<i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>
	This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.			This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.
<i>AASB 2011-9</i>	<i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]</i>	1 Jul 2012	<i>AASB 2012-1</i>	<i>Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]</i>
	This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The department has not yet determined the application or the potential impact of the Standard.			This Standard establishes and amends reduced disclosure requirements for additional and amended disclosures arising from AASB 13 and the consequential amendments implemented through AASB 2011-8. There is no financial impact.
<i>AASB 2011-10</i>	<i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]</i>	1 Jan 2013		
	This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. There is limited financial impact.			

	2012 \$000	2011 \$000
<u>Amortisation</u>		
Intangible assets	563	564
Total amortisation	563	564
Total depreciation and amortisation	3 307	2 957
Note 9. Accommodation expenses		
Lease rentals	1 111	1 133
Repairs and maintenance	1 085	760
Cleaning	442	475
Electricity	786	677
Refurbishment	392	191
Security	256	239
Water rates	149	160
Other accommodation expenses	316	45
	4 537	3 680
Note 10. Grants and subsidies		
Mineral and Petroleum Industry	268	164
Co-Funded Drilling Scheme (EIS)	3 740	3 342
WA Regional Research Initiative (EIS)	763	915
National Mine Safety Framework Secretariat	195	195
	4 966	4 616
Note 11. Other expenses		
Doubtful debts expense	14	-
Other expenses	153	153
Refunds of prior years revenues	-	(1)
	167	152
Note 12. User charges and fees		
Petroleum annual licenses	6 979	8 609
Mining, prospecting and exploration licenses	6 654	8 130
Explosives and dangerous goods licenses and fees	3 050	2 946
Mining Safety Levy	34 118	20 304
Petroleum Safety	2 403	-
Other fees	478	555
	53 682	40 544
Note 13. Other revenue		
Other funding contributions	1 316	492
Miscellaneous revenue	201	135
	1 517	627

Note 14. Net gain/(loss) on disposal of non-current assetsCosts of Disposal of Non-Current Assets

Plant equipment and vehicles

2012	2011
\$000	\$000

(22)	(19)
-------	-------

Proceeds from Disposal of Non-Current Assets

Plant equipment and vehicles

69	21
----	----

Net gain

47	2
-----------	----------

Note 15. Income from State Government

Appropriation received during the period:

Service appropriations ^(a)

78 222	64 800
--------	--------

78 222	64 800
---------------	---------------

Resources received free of charge has been ^(b)

Determined on the basis of the following estimates provided by agencies:

State Solicitors Office

- legal services

945	973
-----	-----

Department of Treasury and Finance

- procurement and accommodation services

307	289
-----	-----

Landgate

- land dealings, land information, valuation services and products

129	524
-----	-----

1 381	1 786
--------------	--------------

Royalties for Regions Fund:

Exploration Incentive Scheme ^(c)

20 283	24 781
--------	--------

20 283	24 781
---------------	---------------

99 886	91 367
---------------	---------------

(a) Service appropriations fund the net cost of services delivered. 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.

(b) Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services are in the nature of contributions by owners are recognised direct to equity.

(c) This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas.

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of period	-	2
Doubtful debts expense	14	-
Amounts written off during the period	-	(2)
Balance at end of period	14	-

2012	2011
\$000	\$000
-	2
14	-
-	(2)
14	-

The department does not hold any collateral as security or other credit enhancements relating to receivables.

Note 18. Amounts receivable for services (Holding Account)

Current	884	854
Non-current	13 088	12 235
	13 972	13 089

884	854
13 088	12 235
13 972	13 089

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

Note 19. Other assets

<u>Current</u>		
Prepayments	1 106	1 127
Total current	1 106	1 127

1 106	1 127
1 106	1 127

Note 20. Property, plant and equipment

<u>Land</u>		
At fair value ^(a)	86 383	96 644

86 383	96 644
--------	--------

<u>Buildings</u>		
At fair value ^(a)	55 065	36 289

55 065	36 289
--------	--------

Furniture, plant, equipment and vehicles

At cost	8 316	8 229
Accumulated depreciation	(3 054)	(2 468)
	5 262	5 761

8 316	8 229
(3 054)	(2 468)
5 262	5 761

Computer hardware and software

At cost	6 840	5 990
Accumulated depreciation	(4 679)	(4 134)
	2 161	1 856

6 840	5 990
(4 679)	(4 134)
2 161	1 856

	2012	2011
	\$000	\$000
<u>Scientific equipment</u>		
At cost	187	187
Accumulated depreciation	(81)	(54)
	<u>106</u>	<u>133</u>
<u>Works in progress</u>		
At cost ^(b)	77	-
	<u>77</u>	<u>-</u>
Total of property, plant, equipment and vehicles	<u>149 054</u>	<u>140 683</u>
(a)		
Land and buildings were revalued as at 1 July 2011 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2012 and recognised at 30 June 2012. In undertaking the revaluation, fair value was determined by reference to market values for land: \$49,549,150 and buildings: \$38,500,000. For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement cost.		
(b)		
Works in progress		
Data Centre Facilities	77	-
	<u>77</u>	<u>-</u>

Notes to the Financial Statements

For Year Ended 30 June 2012

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out in the table below:

	Land	Buildings	Furniture, plant, equipment and vehicles	Computer hardware and software	Scientific equipment	Works In Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012							
Carrying amount at the start of year	96 644	36 289	5 761	1 856	133	-	140 683
Additions	306	-	194	1 151	-	77	1 728
Transfers from work in progress	-	-	-	-	-	-	-
Transfers to operating expenditure	-	-	-	-	-	-	-
Other Disposals	(5)	-	-	(21)	-	-	(26)
Reclassification	-	-	-	-	-	-	-
Revaluation increments/(decrements)	(10 562)	19 975	-	-	-	-	9 413
Depreciation	-	(1 199)	(693)	(825)	(27)	-	(2 744)
Carrying amount at end of year	86 383	55 065	5 262	2 161	106	77	149 054

	Land	Buildings	Furniture, plant, equipment and vehicles	Computer hardware and software	Scientific equipment	Works In Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2011							
Carrying amount at the start of year	70 204	34 281	5 486	1 534	76	147	111 728
Additions	-	-	-	1 057	78	890	2 025
Transfers from work in progress	-	-	890	-	-	(890)	-
Transfers to operating expenditure	-	-	-	-	-	(147)	(147)
Other Disposals	-	-	(10)	(9)	-	-	(19)
Reclassification	-	-	-	-	-	-	-
Revaluation increments	26 440	3 049	0	0	0	0	29 489
Depreciation	0	(1 041)	(605)	(726)	(21)	0	(2 393)
Carrying amount at end of year	96 644	36 289	5 761	1 856	133	-	140 683

Notes to the Financial Statements

For Year Ended 30 June 2012

Note 21. Intangible assets

Computer software

At cost		
Accumulated amortisation		
Total intangible assets		

Reconciliation:

Computer software

Carrying amount at start of period		
Additions		
Disposals		
Amortisation expense		
Carrying amount at end of period		

2012 \$000	2011 \$000
4 456	4 456
(2 469)	(1 905)
1 987	2 551
2 551	3 114
-	-
	1
(563)	(564)
1 987	2 551

Note 22. Impairment of assets

There were no indications of impairment to property, plant and equipment, infrastructure or intangible assets at 30 June 2012.

The department held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2012 have either been classified as assets held for sale or written-off.

Notes to the Financial Statements

For Year Ended 30 June 2012

Note 23. Payables

Current

Trade payables	3 262	3 639
Accrued salaries	1 790	1 922
Accrued expenses	238	179
Total current	5 290	5 740

2012	2011
\$000	\$000

3 262	3 639
1 790	1 922
238	179
5 290	5 740

Note 24. Other current liabilities

Unclaimed monies

1 775	1 870
1 775	1 870

Note 25. Revenue received in advance

Licenses and fees

5 128	2 763
5 128	2 763

Note 26. Provisions

Current

Employee benefits provision

Annual leave ^(a)	7 556	6 847
Long service leave ^(b)	9 546	9 127
Deferred salary scheme ^(d)	33	33
	17 135	16 007

Other provisions

Employment on-costs provision ^(c)	159	148
	159	148
	17 294	16 155

Non-current

Employee benefits provision

Long service leave ^(b)	3 284	3 089
Deferred salary scheme ^(d)	4	-
	3 288	3 089

Other provisions

Employment on-costs provision ^(c)	30	28
	30	28
	3 318	3 117

	2012 \$000	2011 \$000
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of end of reporting period	5 214	4 534
More than 12 months after the end of the reporting period	2 342	2 313
	7 556	6 847
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of the end of the reporting period	3 691	3 496
More than 12 months after the end of the reporting period	9 139	8 720
	12 830	12 216
(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 11 'Other expenses'.		
(d) Deferred salary scheme liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Actual settlement of the liabilities will occur as follows:		
Within 12 months of the end of the reporting period	33	33
More than 12 months after the end of the reporting period	4	-
	37	33
Movements in other provisions		
<u>Employment on-cost provision</u>		
Carrying amount at start of year	176	385
Additional provisions recognised	189	176
Payments/other sacrifices of economic benefits	(176)	(385)
Carrying amount at end of year	189	176

Note 27. Equity

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

Contributed equity

Balance at start of period

55 684 54 571

Contributions by owners

Capital appropriation

- 15

Other contributions by owners:

Land transferred to DMP per Valuer General advice ^(a)

306 -

Transfer of net assets from other agencies

Section 21 (3) cash transfer from Department of Commerce ^(b)

- 1 098

Total contributions by owners

306 1 113

Distributions to owners

Transfer of net assets to other agencies ^(a)

(5)

Total distributions to owners

(5) -

BALANCE AT END OF PERIOD

55 985 55 684

^(a) This represents land and buildings identified through the Valuer General's valuation report.

^(b) Contribution from the Department of Commerce for systems funding owed to the Department of Mines and Petroleum as part of the transfer of Resources Safety Division.

ReservesAsset revaluation surplus

Balance at start of the year

101 615 72 125

Net revaluation increments/(decrements)

Land

(10 562) 26 440

Buildings

19 975 3 050

Balance at end of year

111 028 101 615

	2012 \$000	2011 \$000
Accumulated Surplus/(deficit)		
Balance at start of the year	6 427	(1 308)
Result for the period	9 364	7 735
Balance at the end of the year	15 791	6 427
Total Equity at the end of period	182 804	163 726
Note 28. Notes to the Statement of Cash Flows		
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	16	20
Operating account	31 591	22 009
Cash and cash equivalents	31 607	22 029
Restricted cash assets (refer note 16)	5 663	6 937
	37 270	28 966
Reconciliation of net cost of services to net cash flows provided by/ (used in) operating activities		
Net cost of service	(90 522)	(83 632)
<u>Non-cash items</u>		
Depreciation and amortisation expense	3 307	2 957
WIP transfers to operating expenditure	-	147
Resources received free of charge	1 381	1 786
Net (gain)/loss on disposal of non-current assets	(47)	(2)
<u>(Increase)/Decrease in assets</u>		
Current Receivables ^(a)	(4 850)	4 273
Other assets	21	(215)
<u>Increase/(decrease) in liabilities</u>		
Current payables ^(a)	(449)	91
Other liabilities	(95)	(75)
Revenue received in advance	2 365	(447)
Provisions - employee benefits	1 340	903
Net GST payments ^(b)	(120)	(795)
Change in GST in receivables/payables ^(c)	(296)	51
Net cash used in operating activities	(87 965)	(74 958)

	2012 \$000	2011 \$000
(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.		
(b) This is the net GST paid/received, ie. cash transactions.		
(c) This reverses out the GST in receivables and payables.		
Note 29. Resources provided free of charge		
During the period 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)	38	34
Note 30. Commitments		
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	2 634	1 364
Later than 1 year and not later than 5 years	2 808	3 077
	5 442	4 441
The capital commitments include amounts for:		
Computer hardware, software and buildings	5 442	4 441
	5 442	4 441
Lease commitments		
Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:		
Within 1 year	1 971	1 829
Later than 1 year and not later than 5 years	5 303	4 637
Later than 5 years	697	1 661
	7 971	8 127
Representing:		
Non-cancellable operating leases	7 971	8 127
These commitments are exclusive of GST.		

2012	2011
\$000	\$000

Note 31. Contingent liabilities and contingent assets

Contingent liabilities:

The following contingent liabilities are additional to the liabilities included in the Contaminated sites

Under the *Contaminated Sites Act 2003*, the department is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as *contaminated – remediation required or possibly contaminated – investigation required*, the department may have a liability in respect of investigation or remediation expenses.

During the year the department did not identify any further potential contaminated sites. Of the 16 identified, 3 were identified as "suspected", as opposed to "potential" and have now been officially reported to the Department of Environment and Conservation. These have yet to be classified. The department is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

Contingent assets:

There are no known contingent assets.

Note 32. Events occurring after the end of the reporting period

No known event occurred after the balance sheet date which materially affects the results reflected in these financial statements.

2012	2011
\$000	\$000

Note 33. Remuneration of senior officers

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

	<u>2012</u>	<u>2011</u>
\$50 001 to \$60 000	1	-
\$90 001 to \$100 000	-	1
\$140 001 to \$150 000	1	-
\$150 001 to \$160 000	1	1
\$160 001 to \$170 000	1	4
\$170 001 to \$180 000	3	1
\$180 001 to \$190 000	2	-
\$190 001 to \$200 000	-	1
\$200 001 to \$210 000	-	2
\$210 001 to \$220 000	3	3
\$220 001 to \$230 000	1	-
\$230 001 to \$240 000	-	1
\$240 001 to \$250 000	1	-
\$250 001 to \$260 000	1	-
\$260 001 to \$270 000	1	-
\$280 001 to \$290 000	1	-
\$300 001 to \$310 000	-	1
\$350 001 to \$360 000	1	-

Total remuneration of senior officers:

3 687	2 867
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The total remuneration includes the superannuation expense incurred by the department in respect of senior officers.

Note 34. Remuneration of Auditor

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

Auditing the accounts, financial statements and performance indicators.

151	146
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Notes to the Financial Statements

For Year Ended 30 June 2012

Note 35. Explanatory Statement

Significant variations between estimates and actual results for income and expense as presented in the financial statement titled 'Summary of Consolidated Account Appropriations and Income Estimates' are shown below: Significant variations are considered to be those greater than 10% or \$5 million for Controlled and 10% or \$32 million for Administered.

Total appropriations provided to deliver services

Significant variances between estimate and actual for 2012

Although there was no significant variance in the total appropriation, there were significant offsetting variances in the following service expenditure:

Resources Sector and Dangerous Goods Regulation

	2012 Estimate \$000	2012 Actual \$000	Variance \$000	
	105 070	94 941	(10 129)	(a)

(a) *Resources Sector and Dangerous Goods Regulation* - Progress on the implementation of new initiatives has taken longer than originally estimated and has resulted in delays in filling positions with staff of sufficient skills and experience, combined with significant staff turnover.

Significant variances between actual results for 2012 and 2011

Total appropriation provided to deliver services for the period

Total Income

	2012 Actual \$000	2011 Actual \$000	Variance \$000	
	78 222	64 800	13 422	(a)
	55 246	41 173	14 073	(b)

(a) *Total appropriation provided to deliver services for the period* - The increase in appropriation is mainly attributable to a one off allocation for the Dangerous Goods function as the implementation of a cost recovery model required extensive consultation across many Industry sectors.

(b) *Total Income* - The increase in income is mainly attributable to the implementation of the Petroleum Safety industry cost recovery levy and an increase in the Mine Safety Levy rate as part of the new regulatory framework for resources safety.

Service expenditure

Significant variances between estimate and actual for 2012

	2012 Estimate \$000	2012 Actual \$000	Variance \$000	
Resources Sector and Dangerous Goods Regulation	105 070	94 941	10 129	(a)
Geoscience Information and Advice	51 285	50 827	458	

- (a) Resources Sector and Dangerous Goods Regulation - Progress on the implementation of new initiatives has taken longer than originally estimated and has resulted in delays in filling positions with staff of sufficient skills and experience, combined with significant staff turnover.

Significant variances between actual results for 2012 and 2011

	2012 Actual \$000	2011 Actual \$000	Variance \$000	
Resources Sector and Dangerous Goods Regulation	94 941	83 227	11 714	(a)
Geoscience Information and Advice	50 827	41 578	9 249	(b)

- (a) *Resources Sector and Dangerous Goods Regulation* - The increase in service expenditure is mainly attributable to the implementation of a new regulatory framework for resources safety providing additional resources and the implementation of an integrated approvals system.
- (b) *Geoscience Information and Advice* - The increase in expenditure is mainly attributable to improved weather conditions across the state, resulting in works from the prior year being completed.

Capital contribution

Significant variances between estimate and actual for 2012

No significant variance in Capital contribution

Significant variances between actual results for 2012 and 2011

No significant variance in Capital contribution

Total administered transactions

Significant variances between estimate and actual for 2012

	2012 Estimate \$000	2012 Actual \$000	Variance \$000	
Total administered transactions (Appropriations)	25 973	24 277	(1 696)	(a)

The reduction represents a decrease in the *Petroleum (Submerged Lands) Act 1982* due to declining output from maturing oilfields.

Significant variances between actual for 2012 and 2011

	2012 Actual \$000	2011 Actual \$000	Variance \$000	
Total appropriation provided to deliver services for the year	24 277	9 211	15 066	(a)

(a) *Total appropriation provided to deliver services for the year* - The increase in appropriation is attributable to additional funding for Mining Tenement Refunds.

Administered expenditure

Significant variances between actual results for 2011 and 2012

	2012 Actual \$000	2011 Actual \$000	Variance \$000	
Administered expenditure	4 508 396	4 042 826	465 570	(a)

(a) The increase in expenditure is mainly attributable to payments made to the Department of Treasury for royalties. This is due to higher iron ore prices, partially offset by a higher exchange rate.

Administered Income

Significant variances between estimate and actual for 2012

	2012 Estimate \$000	2012 Actual \$000	Variance \$000	
Royalties	4 874 200	4 433 965	(440 235)	(a)
Regulatory fees	10 000	1 866	(8 134)	(b)

(a) *Royalties* - The decrease in income is mainly attributable to a decrease in the collection of iron ore royalties. This is due to lower than estimated iron ore prices coupled with a higher exchange rate, partially offset by higher than forecast sales volumes.

(b) *Regulatory fees* - This relates to ad valorem fees which are dependent on companies commercial trading interests and lodging these details for registration. The estimate is based on a three year average from 2005-06 to 2007-08. From 1 January 2012 the State will no longer collect these fees as part of Petroleum reforms being undertaken by the Commonwealth. The 2012 actual reflects traded interests during the first six months of the year.

Significant variances between actual results for 2012 and 2011

	2012 Actual \$000	2011 Actual \$000	Variance \$000	
Royalties	4 433 965	4 296 288	137 677	(a)
Appropriations	24 277	9 211	15 066	(b)

(a) *Royalties* - The increase in Royalties is mainly attributable to an increase in the collection of iron ore royalties. This is due to increases in sales volumes and higher iron ore prices, partially offset by a higher exchange rate.

(b) *Appropriations* - The increase in appropriation is attributable to additional funding for Mining Tenement Refunds.

Notes to the Financial Statements

For Year Ended 30 June 2012

Note 36. Financial instruments

(a) Financial risk management objectives and policies

Financial instruments held by the department are cash and cash equivalents, restricted cash and cash equivalents, loans and receivables, payables, WATC/Bank borrowings, finance leases and Treasurer's advances. The department has limited exposure to financial risks. The department's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the department's receivables defaulting on their contractual obligations resulting in financial loss to the department.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment, as shown in the table at note 36 (c) and note 17 'Receivables'.

Credit risk associated with the department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account) and Mine Safety Levy. For receivables other than government, the department trades only with recognised, creditworthy third parties. The department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the department's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

Liquidity risk arises when the department is unable to meet its financial obligations as they fall due. The department is exposed to liquidity risk through its trading in the normal course of business.

The department has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the department's income or the value of its holdings of financial instruments. The department does not trade in foreign currency and is not materially exposed to other price risks. Other than as detailed in the interest rate sensitivity analysis table at Note 36(c), the department is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2012 \$000	2011 \$000
<u>Financial Assets</u>		
Cash and cash equivalents	31 607	22 029
Restricted cash and cash equivalents	5 663	6 937
Loans and receivables ^(a)	24 753	19 020
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	7 065	7 610

^(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable)

Notes to the Financial Statements

For Year Ended 30 June 2012

(c) Financial instrument disclosures

Credit risk

The following table details the department's maximum exposure to credit risk and the ageing analysis of financial assets. The department's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the department.

The department does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

Ageing analysis of financial assets

	Carrying Amount	Not past due and not impaired	<u>Past due but not impaired</u>				Impaired financial assets ^(b)
			up to 1 month	1-3 months	3 months to 1 year	1-5 years	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012							
Cash and cash equivalents	31 607	31 607	-	-	-	-	-
Restricted cash and cash equivalents	5 663	5 663	-	-	-	-	-
Receivables ^(a)	10 781	10 263	304	194	5	1	14
Amounts receivable for services	13 972	13 972	-	-	-	-	-
	62 023	61 505	304	194	5	1	14
2011							
Cash and cash equivalents	22 029	22 029	-	-	-	-	-
Restricted cash and cash equivalents	6 937	6 937	-	-	-	-	-
Receivables ^(a)	5 931	5 739	98	45	49	-	-
Amounts receivable for services	13 089	13 089	-	-	-	-	-
	47 986	47 794	98	45	49	-	-

^(a) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

^(b) Two debtors are under administration and it is unknown if any of the amounts owing will be recovered as of 30 June 2012. The carrying amount of the receivables before deducting the impairment loss was \$13,696.

Notes to the Financial Statements

For Year Ended 30 June 2012

Liquidity risk and interest rate exposure

The following table discloses the department's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities ^(a)

	<u>Interest rate exposure</u>					<u>Maturity dates</u>				
	Weighted Average Effective Interest Rate	Carrying Amount	Fixed interest rate	Variable Interest Rate	Non- interest Bearing	Nominal Amount	up to 1 month	1-3 months	3 months to 1 year	1-5 years
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2012										
<u>Financial Assets</u>										
Cash and cash	-	31 607	-	-	31 607	31 607	-	-	-	-
Restricted cash and cash equivalents	-	5 663	-	-	5 663	5 663	-	-	-	-
Receivables ^(a)	-	10 781	-	-	10 781	10 781	10 781	-	-	-
Amounts receivable for services	-	13 972	-	-	13 972	13 972	-	-	884	13 088
		62 023	-	-	62 023	62 023	10 781	-	884	13 088
<u>Financial Liabilities</u>										
Payables	-	5 290	-	-	5 290	5 290	5 290	-	-	-
Unclaimed monies	-	1 775	-	-	1 775	1 775	1 775	-	-	-
		7 065	-	-	7 065	7 065	7 065	-	-	-

^(a) the amount of receivables excludes the GST receivables from the ATO (statutory receivable).

Notes to the Financial Statements

For Year Ended 30 June 2012

Liquidity risk and interest rate exposure

Interest rate exposure and maturity analysis of financial assets and financial liabilities ^(a)

	Interest rate exposure				Maturity dates					
	Weighted Average Effective Interest Rate	Carrying Amount	Fixed interest rate	Variable Interest Rate	Non- interest Bearing	Nominal Amount	up to 1 month	1-3 months	3 months to 1 year	1-5 years
	%	\$000		\$000	\$000	\$000	\$000	\$000	\$000	\$000
2011										
Financial Assets										
Cash and cash	-	22 029	-	-	22 029	22 029	-	-	-	-
Restricted cash and cash equivalents	-	6 937	-	-	6 937	6 937	-	-	-	-
Receivables ^(a)	-	5 931	-	-	5 931	5 931	5 931	-	-	-
Amounts receivable for services	-	13 089	-	-	13 089	13 089	-	-	854	12 235
		47 986	-	-	47 986	47 986	5 931	-	854	12 235
Financial Liabilities										
Payables	-	5 740	-	-	5 740	5 740	5 740	-	-	-
Unclaimed monies	-	1 870	-	-	1 870	1 870	1 870	-	-	-
		7 610	-	-	7 610	7 610	7 610	-	-	-

^(a) the amount of receivables excludes the GST receivables from the ATO (statutory receivable).

Notes to the Financial Statements

For Year Ended 30 June 2012

Note 37. Related bodies

The department had no related bodies as defined in the *Financial Management Act 2006* and Treasurer's Instruction 951.

Note 38. Affiliated bodies

The department had no affiliated bodies as defined in the *Financial Management Act 2006* and Treasurer's Instruction 951.

Notes to the Financial Statements

For Year Ended 30 June 2012

Note 39. Special purpose accounts

Special Purpose Accounts - section 16 (1)(c) of FMA

Survey of Leases under the Mining Act (1978) Fund

Survey fees collected under the *Mining Act (1978)* are paid into this account. The actual cost of surveys is charged to the Consolidated Account, and fees previously collected are transferred to the Consolidated Account. If the applicant decides not to proceed with the survey, the fee collected is refunded.

Balance at start of period

Add receipts

Less payments
Refunds

Balance at end of period

Departmental Receipts in Suspense Fund

This account is to hold monies temporarily, pending identification of the purpose for which the funds were received. The balance of the account is \$97,406.

Environmental Called-In Performance Bond Money Fund

The account is to hold called-in performance bond monies received in respect to section 126 of the *Mining Act (1978)*. Funds are to be used to provide for the rehabilitation of mining sites.

Balance at start of period

Add receipts
Bonds, Securities

Less payments
Operational expenses

Balance at end of period

	2012 \$000	2011 \$000
Balance at start of period	178	178
<u>Add</u> receipts	-	-
<u>Less</u> payments Refunds	-	-
Balance at end of period	178	178
Balance at start of period	5 974	5 974
<u>Add</u> receipts Bonds, Securities	643	-
<u>Less</u> payments Operational expenses	643	-
Balance at end of period	6 617	5 974

Special Projects Fund

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 to carry out inspection services at Christmas Island. With an opening balance of \$77,583, \$59,279 receipts and \$57,233 payments, giving a closing balance of \$79,629.

Balance at start of period

Add receipts

Contribution from Government & Industry

Less payments

Salaries

Travel

Consultants

Grants

Other

Balance at end of period

	2012 \$000	2011 \$000
	403	543
	2 986	238
	<u>2 986</u>	<u>238</u>
	40	26
	16	32
	192	287
	-	10
	18	23
	<u>266</u>	<u>378</u>
	<u>3 123</u>	<u>403</u>

	2012 \$000	2011 \$000
<u>Mines Safety Levy</u>		
This fund is to hold all levies received from mining companies and is to be applied to the cost of administering the <i>Mines Safety and Inspection Act 1994</i> .		
Balance at start of period	(3 709)	(6 801)
<u>Add receipts</u>		
Contribution from Government & Industry	30 668	23 504
	<u>30 668</u>	<u>23 504</u>
<u>Less payments</u>		
Salaries	9 500	7 929
Operational Expenditure	14 863	12 483
	<u>24 363</u>	<u>20 412</u>
Balance at end of period	<u>2 596</u>	<u>(3 709)</u>
<u>Petroleum and Geothermal Energy Safety Levy</u>		
This fund is to hold all levies which are applied to the cost of administering the Petroleum and Geothermal Energy Safety Levies for regulatory services under the <i>Petroleum and Geothermal Energy Resource Act 1967</i> (PGERA67) and the <i>Petroleum Pipelines Act 1969</i> (PPA69).		
Balance at start of period	-	-
<u>Add receipts</u>		
Contribution from Government & Industry	902	-
	<u>902</u>	<u>-</u>
<u>Less payments</u>		
Salaries	796	-
Operational Expenditure	1 049	-
	<u>1 845</u>	<u>-</u>
Balance at end of period	<u>(943)</u>	<u>-</u>

The Levy invoices are not collected until after the end of the financial year. Treasury approval was obtained for the overdrawn account.

Notes to the Financial Statements

Note 41. Disclosure of administered income and expenses by service

For Year Ended 30 June 2012

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2012 \$000	2011 \$000	2012 \$000	2011 \$000	2012 \$000	2011 \$000
COST OF SERVICES						
<u>Expenses</u>						
Petroleum (Submerged Lands) Act 1982	4 391	5 203	-	-	4 391	5 203
Refunds of previous years' revenue	10 135	10 477	-	-	10 135	10 477
Services and contracts	4 008	218	-	169	4 008	387
Receipts paid into Consolidated Account	4 488 544	4 025 481	-	-	4 488 544	4 025 481
Grants and subsidies	984	644	334	634	1 318	1 278
Total administered expenses	4 508 062	4 042 023	334	803	4 508 396	4 042 826
<u>Income</u>						
For transfer:						
Royalties and Rentals ^(a)	4 433 965	4 296 288	-	-	4 433 965	4 296 288
Regulatory fees	1 866	2 660	-	-	1 866	2 660
Commonwealth Grants	2 700	-	-	-	2 700	-
Appropriations	23 943	8 765	334	446	24 277	9 211
Other revenue	1 516	583	8	10	1 524	593
Total administered income	4 463 990	4 308 296	342	456	4 464 332	4 308 752
^(a) Royalties						
Petroleum - State	18 027	20 232				
Iron Ore	3 776 076	3 647 120				
Diamonds	15 938	14 492				
Alumina	68 185	66 546				
Mineral sands	19 923	18 058				
Nickel	92 089	106 891				
Gold	234 316	198 080				
Other	118 797	141 886				
Lease rentals	90 614	82 983				
Total	4 433 965	4 296 288				

Notes to the Financial Statements

For Year Ended 30 June 2012

42. Administered assets and liabilities

Current Assets

Cash and cash equivalents

Receivables ^(a)

Restricted cash

Finance Lease Receivable

Other Assets

Total Administered Current Assets

Non-Current Assets

Finance Lease Receivable

Total Administered Non-Current Assets

TOTAL ADMINISTERED ASSETS

Current Liabilities

Payments received in advance

Accounts payable

Other liabilities

GST payable

Total Administered Current Liabilities

TOTAL ADMINISTERED LIABILITIES

	2012 \$000	2011 \$000
	16 236	12 489
	1 060 670	1 110 881
	10 119	11 967
	461	435
	-	167
Total Administered Current Assets	1 087 486	1 135 939
	8 242	8 703
Total Administered Non-Current Assets	8 242	8 703
TOTAL ADMINISTERED ASSETS	1 095 728	1 144 642
	123	123
	148	5 480
	55	55
	1 665	1 183
Total Administered Current Liabilities	1 991	6 841
TOTAL ADMINISTERED LIABILITIES	1 991	6 841

^(a) This mainly represents royalties not collected as at 30 June 2012 on production which occurred prior to balance date.

Other matters of uncertainty

Three gold mining companies owing royalties of \$551,000 are currently under administration and action is being taken to recover the funds that were due in the quarter that they went into receivership. In the event that these funds are not collected, a bad debt may arise.

A company mining on private land has gone into receivership, owing almost \$13,000. This money is highly unlikely to be recouped as they are insolvent.

Disclosures and Legal Compliance

MINISTERIAL DIRECTIVES

During the 2011/12 financial year, the department did not receive any Ministerial Directives.

OTHER FINANCIAL DISCLOSURES

Pricing policies of services provided

The department's user charges and fees are reviewed annually in accordance with the government's policy on the costing and pricing of government services. A robust costing methodology is used to determine the projected costs of service delivery, with particular attention to the level of cost recovery being achieved. Any increases in user fees and charges are limited to the extent of cost recovery.

Capital Projects

For the 2011/12 period, no major capital projects were completed.

Act of Grace Payments

During the 2011/12 period, thirteen (13) Act of Grace payments totalling \$29,973 were made arising from applications for land applied for not available for granting.

GOVERNANCE DISCLOSURES

Enabling legislation

The Department of Mines and Petroleum was established under the *Public Sector Management Act 1994*.

The department is responsible for administering the following Acts of State Parliament.

Acts

- *Anglo-Persian Oil Company Limited's (Private) Act 1919;*
- *Barrow Island Royalty Trust Account Act 1985;*
- *Barrow Island Royalty Variation Agreement Act 1985;*
- *British Imperial Oil Company, Limited (Private) Act 1925;*
- *Coal Industry Tribunal of Western Australia Act 1992;*
- *Coal Miners' Welfare Act 1947;*
- *Dangerous Goods Safety Act 2004;*
- *Mining Act 1978;*
- *Mining on Private Property Act 1898;*
- *Mining (Validation and Amendment) Act 1986;*
- *Mines Safety and Inspection Act 1994;*
- *Offshore Minerals Act 2003;*
- *Offshore Minerals (Registration Fees) Act 2003;*
- *Petroleum Act 1936;*
- *Petroleum and Geothermal Energy Resources*

(Registration Fees) Act 1967;

- *Petroleum and Geothermal Energy Resources Act 1967;*
- *Petroleum and Geothermal Energy Safety Levies Act 2011;*
- *Petroleum (Submerged Lands) Act 1982;*
- *Petroleum (Submerged Lands) Registration Fees Act 1982;*
- *Petroleum Pipelines Act 1969;*
- *Offshore Minerals Act 2003; and*
- *Offshore Minerals (Registration Fees) Act 2003.*

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

- *Offshore Petroleum and Greenhouse Gas Storage Act 2006;*
- *Offshore Petroleum and Greenhouse Gas Storage (Registration Fees) Act 2006;*
- *Offshore Petroleum (Royalty) Act 2006; and*
- *Offshore Petroleum and Greenhouse Gas Storage (Annual Fees) Act 2006.*
- *Offshore Minerals Act 1994;*
- *Offshore Minerals (Exploration Licence Fees) Act 1981;*
- *Offshore Minerals (Mining Licence Fees) Act 1981;*

Disclosures and Legal Compliance

- *Offshore Minerals (Registration Fees) Act 1981;*
- *Offshore Minerals (Retention Licence Fees) Act 1981;*
- *Offshore Minerals (Royalty) Act 1981; and*
- *Offshore Minerals (Works Licence Fees) Act 1981.*

The following Commonwealth legislation is administered by the department in accordance with the Commonwealth / Western Australian Service Delivery Agreement:

- *Mining Act 1978 (WA) (CKI)*
[CKI = Cocos Keeling Island]
- *Mining Act 1978 (WA) (CI)*
[CI = Christmas Island]

Conflict of interest

Our employees have a responsibility to identify, declare and put into place an action plan to deal with any conflicts of interest in which they may be involved. Through the year we have continued to provide Workplace Conduct and Awareness training to new staff and staff in regional offices.

During 2011-12 we revised and updated our *Conflict of Interest Policy*, declaration e-form and registry. This included the requirement to declare and record declined gifts/benefits and the reasons for the decision to decline. To support the revised policy information was communicated to staff via the intranet site, information sessions and intranet news bulletins.

Legal Requirements

ADVERTISING COSTS

In accordance with section 175ZE of the *Electoral Act 1907*, the department incurred the following expenditure for advertising, market research, polling, direct mail and media advertising.

	2011/12 Expenditure \$
Advertising Agencies	0
Market Research Organisations	26,145
• Research Solutions	9,395
• Dr Tina Hunter, Centre for Mining, Energy and Natural Resources Law Office	16,500
• Survey Monkey	250
Polling Organisations	0
Direct Mail Organisations	14,565
• ACTIV Industries	7,350
• Northside Logistics & Finishers	7,215
Media Advertising Organisations	295,615
• OMD Advertising	295,615
TOTAL ADVERTISING COSTS	\$336,325

DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

The department progressed its work on the Disability Access and Inclusion Plan (DAIP) during 2011/12 with specific strategies focussing on six outcomes to improve access and inclusion for people with disabilities. These strategies meet the objectives of the *Disability Services Act 1993* and have been implemented in line with the department's DAIP and approved by the Disability Services Commission.

We have demonstrated our commitment through the following outcomes:

Outcome 1: People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the department

We are committed to providing equal access for people with disabilities to all public events in appropriate venues. In this regard, our events manual outlines the guidelines for employees on conducting events. The manual emphasises that events must cater for the needs of people with a disability. It also includes a checklist to ensure that no individual or group is inappropriately excluded when organising department-sponsored events, which can be accessed and participated by everyone.

Outcome 2: People with disabilities have the same opportunities as other people to access the buildings and other facilities of the department

We have continued to work towards ensuring that all office buildings and facilities are physically accessible to people with disabilities as practicable as possible. Where the provision of such facilities is restricted, such as in some leased premises and some regional offices classified as Heritage Buildings, staff are informed to make necessary arrangements on request from disabled people to provide appropriate access.

During 2011, an architect was commissioned to inspect our regional offices throughout the State, focussing on the conditions of the buildings and identifying the requirements to ensure disabled access facilities are available. The interim Architect's Report highlighted some deficiencies dealing with access ramps, car bays for disabled people and the adequacy of appropriate toilet facilities. Subject to Treasury funding, a plan will be developed to upgrade accessibility and facilities in those offices, ensuring people with disabilities have the same opportunities as other people to access the buildings and other facilities of the department.

Legal Requirements

Outcome 3: People with disabilities receive information from the department in a format that will enable them to access the information as readily as other people are able to access it

We endeavour to meet the recommendations as specified in the Western Australian Website Governance Framework in regards to accessibility. Currently the minimum requirement is to be Priority 1 accessible, yet we are striving to comply with Priority 2.

We are seeking to implement and comply with the Website Accessibility Web Standard that will be created based on the W3C's Web Content Accessibility Guidelines 2.0 (WCAG 2.0). We are committed to providing information for disabled people in alternative formats upon request.

Outcome 4: People with disabilities receive the same level and quality of service from the staff of the department as other people receive

We are committed to treating all customers and stakeholders equally, in an open, honest and impartial manner.

A special workshop was conducted with our Mining Registrars in June 2012, covering our DAIP related activities and an additional workshop was conducted with our Regional Customer Service Offices who attended a three-day course on customer services in Perth in June 2012.

Outcome 5: People with disabilities have the same opportunities as other people to make complaints to the department

We have implemented an effective internal complaints management system where the Director General is ultimately answerable to complaints. Complaints are handled and addressed honestly and impartially via an open and transparent process. Importantly, we recognise complaints are a useful tool for improving services.

Outcome 6: People with disabilities have the same opportunities as other people to participate in any public consultation by the department

We are striving to include a broad representation of people, including those with disabilities, from the local community in public consultation processes. This approach recognises the importance of engaging people of varying backgrounds, skills, talents and perspectives as being valuable in consultation processes.

Legal Requirements

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

Ethical standards

The department is committed to creating and maintaining a work environment that supports ethical behaviours, actively discourages potentially corrupt acts and deals promptly and fairly with allegations of misconduct.

All departmental policies are readily available to employees on our intranet and communicated to staff via pamphlets, intranet news bulletins and staff and management information sessions. Employees are aware through the Code of Conduct that there is an obligation to disclose interests that could reasonably create a perception of bias, or an actual conflict of interest. We monitor and review conflict of interest declarations to monitor compliance.

All new employees are fully inducted and information covers the expectation of high ethical behaviour, declarations of conflict and responsibility for reporting suspected unethical behaviours or actions.

In accordance with *Public Interest Disclosure Act 2003*, the department has duly appointed Public Interest Disclosure Officers and has published internal policies and procedures related to its obligations. No public interest disclosures were received during the 2011/12 reporting year.

Compliance with Public Sector Standards and Ethics

The administration of the department is conducted in accordance with the Public Sector Standards, the Western Australian Public Sector Code of Ethics and the department's Code of Conduct. These documents are available via the intranet and communicated to staff via pamphlets, intranet news bulletins, staff and management information sessions and mandatory staff inductions. The Code of Ethics and the department's Code of Conduct are also included in our Workplace Conduct training, new managers training and recruitment and selection training.

We conduct regular audits of human resources policies and procedures to ensure consistency with the Commissioner's Instructions and Standards. In 2011 the department's Discipline and Grievance Policies and Procedures were reviewed and updated. Changes to the policies and procedures were endorsed by the Corporate Executive and published and communicated to staff via pamphlets, intranet news bulletins and staff and management information sessions.

In 2011/12, there were three breach claims against the Employment Standard which were investigated by the Public Sector Commissioner and found to be unsubstantiated.

In 2011/12, there were two formal grievances resulting in remedial action taken.

In 2011/12, the department conducted seven investigations into alleged breaches of the Code of Conduct during the year. These investigations have finalised, with five resulting in action taken.

Legal Requirements

RECORDKEEPING PLANS

The current Recordkeeping Plan for the department was approved by the State Records Commission in October 2009 and is valid until 2014.

We have continued to improve and increase document integration functionality between the corporate Electronic Document and Records Management System and the four major online corporate databases. This has seen an increase in the volume and range of information automatically stored as records when actions are performed in the corporate databases. The implementation plan has also required the ongoing assessment of the efficiency and effectiveness of the corporate recordkeeping system.

Our ongoing commitment to quality recordkeeping training continued this year:

- 227 new staff members received recordkeeping induction training covering legal and compliance requirements, employee roles and responsibilities and introductory use of the corporate records system. Training was conducted on either a one-to-one or group basis;
- 620 staff members received either introductory or refresher training in the department's Electronic Document Management System, "OurDocs";
- 44 senior staff members attended in-house Freedom of Information Decision Makers Forums led by the Information Commissioner; and

- 85 staff members received targeted recordkeeping training to support specific records and document management needs in the changing electronic records environment. Subjects covered included:
 - o Development and use of document naming conventions;
 - o Search techniques for the Electronic Document and Records Management System;
 - o Information retention and disposal - authorities and procedures;
 - o Recordkeeping legislative and policy framework; and
 - o Understanding the corporate File Plan.

A review of the Recordkeeping Induction Training Programme was conducted during the year resulting in a decision to introduce an online Recordkeeping Awareness Training module later in 2012. Other training review and evaluation was conducted by using system data to identify pre-training performance issues and post-training performance improvement.

Within the Records Branch, a new monthly branch wide meeting was established to foster inter-team knowledge sharing and to focus on branch performance and recognition. The Records Branch Management Group and Document Scanners and Indexers Group established last year also continued to meet on a monthly basis throughout the year.

Government Policy Requirements

SUBSTANTIVE EQUALITY

While the department does not deliver services directly to Indigenous and Aboriginal and Torres Strait Islander people, we are involved in projects across Western Australia, often working closely with Aboriginal and Torres Strait Islander people.

We recognise that these relationships and our involvement in so many projects put us in a prime position to help make a difference in overcoming disadvantages Aboriginal and Torres Strait Islander Australians face. We have established a Reconciliation Action Plan 2012-2014 to assist in the building of positive relationships between Aboriginal and Torres Strait Islanders, employees, clients and key stakeholders.

We have also developed an Indigenous Employment strategy, committed to attracting, increasing and retaining Indigenous employees. The strategy has been effective in increasing Indigenous representation within the department from 0.38 per cent (June 30, 2011) to 1.54 per cent (June 30, 2012).

OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

The department is committed to provide a safe and healthy work environment for its employees, contractors and visitors. Whilst managers and supervisors have overall responsibility to ensure that employees are

not exposed to hazards in the workplace, safety is everybody's business.

Our senior management demonstrates a strong commitment and ongoing involvement in occupational safety and health through support for initiatives developed by the Corporate Occupational Safety and Health team. Senior management is represented on the OSH Committee and the committee is chaired by a member of the Corporate Executive.

Senior management also exercise due diligence through keeping up to date with safety and health issues via quarterly reporting and by being involved in hazard and risk mitigation through the the department's hazard reporting system. The Corporate Occupational Safety and Health (COSH) branch is proactive in developing policies and implementing measures to ensure that legislative requirements are met and that managers and employees are aware of their responsibilities through training, OSH Alerts and articles on the Intranet and through departmental meetings.

The department continued its focus on employee health and wellness through the Working on Wellness (WoW) program. During 2011/2012 staff were offered flu vaccinations, health and fitness checks, skin cancer screening and a variety of lunchtime forum topics including fatigue management, mental health, cancer awareness and a presentation on the impact of diet on health and wellbeing. There have also been

various lunch time sessions giving staff experience with meditation, Tai Chi and Pilates. A blood donation program is also part of WoW.

Consultation

The main mechanism for communicating OSH issues is a network of 20 Safety and Health Representatives and the OSH Committee. Safety and Health Representatives take safety issues to the staff they represent to obtain feedback which in turn is relayed to the OSH Committee. The committee is comprised of senior management and employee representatives and meets quarterly to discuss and resolve safety, health and injury management issues. It is accountable to the Corporate Executive. Other mechanisms for communication include internal "newsflashes", newsletter articles and regular departmental meetings. All relevant information, policies, procedures and forms are available to all staff on the department's intranet.

The OSH training program for 2011/12 included training for new safety and health representatives, in-house training on specific safety topics for safety and health representatives, refresher training for first aid officers and first responders and training in emergency procedures for floor wardens and traffic monitors. All new starting employees attended the OSH induction program and special OSH management sessions were held for newly appointed staff in management/supervisory positions.

Government Policy Requirements

Injury management

The department upholds a commitment to injury management demonstrated by a proactive approach to preventing injuries and a low number of workers' compensation claims. To ensure senior management are informed of injury management and return to work rates, quarterly reports are provided to the Corporate Executive. All staff are offered ergonomic workplace assessments as an ongoing injury prevention strategy. The injury management system guides the process for return to work programs and is available to all staff on the intranet. The system is also covered in the OSH manager's induction.

Safety management system

The department received the WorkSafe Silver Certificate of Achievement for the WorkSafe Plan in March 2011 for the Safety Management System. This system is an evolving process which ensures that improvements are planned and achieved. Throughout the year, 95 per cent of all planned actions were completed.

Annual performance

The table below demonstrates the department's performance.

Indicator	2008-09	2009-10	2010-11	2011-12
No. Fatalities	0	0	0	0
No. workers compensation claims	14	5	1	12
No. Lost time injuries/diseases	5	4	1	7
Lost time injury/disease incidence rate	0.69	0.55	0.14	0.9
Lost time injury frequency rate	3.56	3.0	0.74	4.6
Lost time injury severity rate	0	0	0	14
% workers returned to work within 28 weeks	83.3%	100%	100%	100%
% managers trained in OSH and injury management responsibilities	100%	80%	80%	80%

Government Policy Requirements

RECOGNISING STAFF SERVICE

During the year, the following staff were recognised for their long service to the Department of Mines and Petroleum

10 years' service with the department	Jeff How Karina Jonasson Graham Staker Pat Dal Busco Richard O'Brien Christine Bowers Tom De Santis Donna Vicensoni Christopher Knight
15 years' service with the department	Pearl Nagy Kathleen Kelly Roger Cooper John Schuitema Ellis Green
20 years' with the department	Jeffrey Haworth Henrietta Wong

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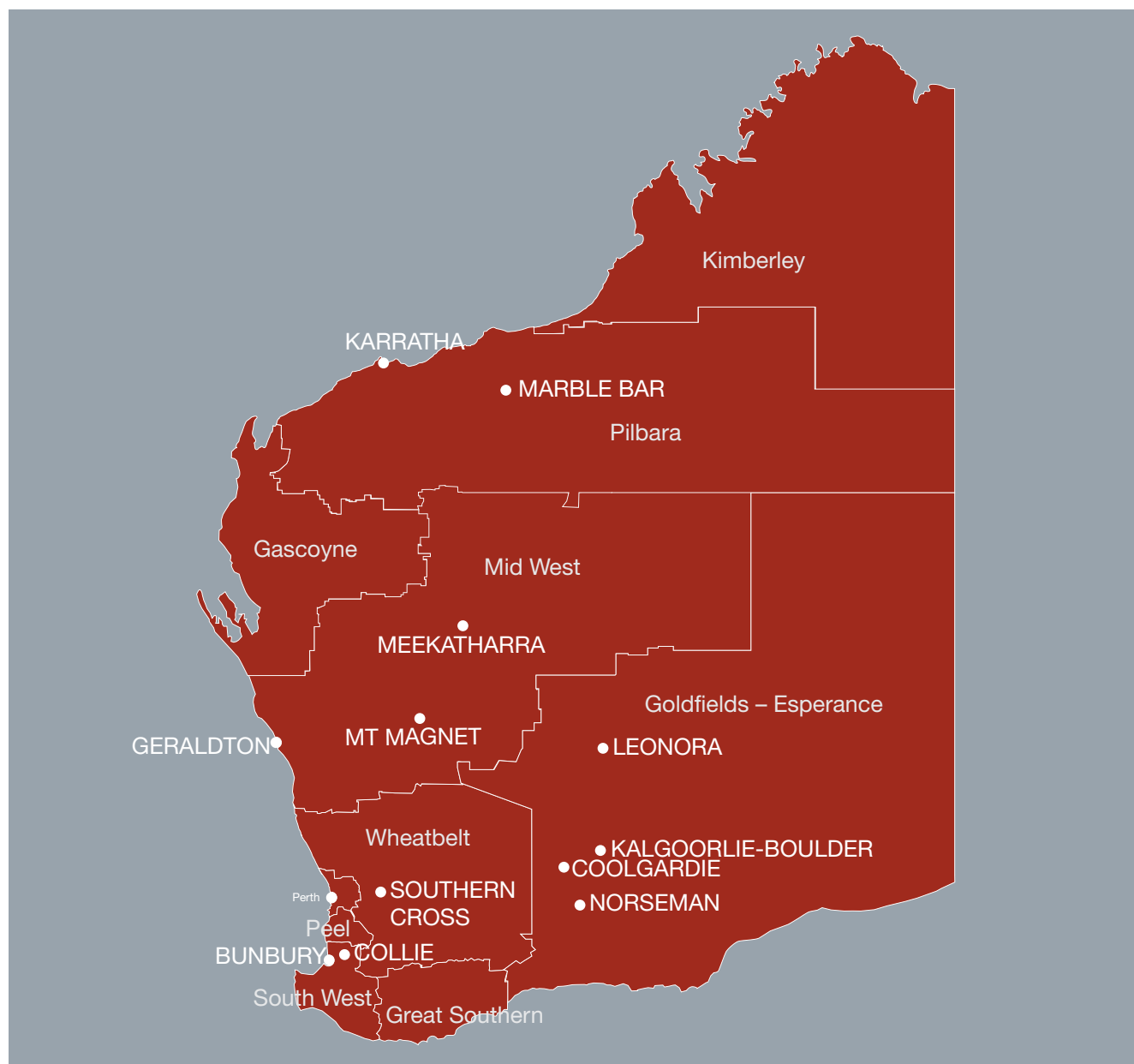
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Appendix 1

SCHEDULE OF WEBSITE REFERENCES USED THROUGH THE 2011/12 ANNUAL REPORT

Significant Factors Impacting the Agency	Page	
• Varanus Island Incident		http://www.dmp.wa.gov.au/7202.aspx
• Transition to National Offshore Petroleum regulation		http://www.dmp.wa.gov.au/14194.aspx
Our Organisation		
• Approvals		http://www.dmp.wa.gov.au/861.aspx
• Petroleum		http://www.dmp.wa.gov.au/374.aspx
• Environment		http://www.dmp.wa.gov.au/374.aspx
• Mineral Titles		http://www.dmp.wa.gov.au/377.aspx
• Strategic Policy		http://www.dmp.wa.gov.au/11337.aspx
• Resources Safety		http://www.dmp.wa.gov.au/6611.aspx
• Geological Survey		http://www.dmp.wa.gov.au/371.aspx
Our Performance		
• Strategic Plan		http://www.dmp.wa.gov.au/8494.aspx
• Approvals Performance		http://www.dmp.wa.gov.au/7436.aspx
• Uranium mining		http://www.dmp.wa.gov.au/15426.aspx
• Scoping uranium mining approvals in WA		http://www.dmp.wa.gov.au/14522.aspx
• Carbon Capture and Storage		http://www.dmp.wa.gov.au/9514.aspx
• Unconventional gas		http://www.dmp.wa.gov.au/15136.aspx
• Review of the regulatory framework for shale, coal seam and tight gas activities in Western Australia		http://www.dmp.wa.gov.au/15139.aspx
• Unconventional Gas – Public Information Sessions		http://www.dmp.wa.gov.au/environment_eneews/edition_2/index.aspx

Appendix 1

Our Performance	Page	
• Reform and Development at Resources Safety (RADARS)		http://www.dmp.wa.gov.au/9856.aspx
• Fraser Institute Survey of Mining Companies		http://www.fraserinstitute.org/uploadedFiles/fraser-ca/Content/research-news/research/publications/mining-survey-2011-2012.pdf
• Royalties Management		http://www.dmp.wa.gov.au/11857.aspx
• Investigations and enforcement		http://www.dmp.wa.gov.au/13601.aspx
• National Offshore petroleum reforms		http://www.dmp.wa.gov.au/14194.aspx
• Reforming environmental regulation		http://www.dmp.wa.gov.au/15811.aspx
• Mine Closure Plans		http://www.dmp.wa.gov.au/834.aspx
• Mining Rehabilitation Fund		http://www.dmp.wa.gov.au/15822.aspx
• Annual Petroleum and Geothermal Open Day		http://www.dmp.wa.gov.au/12768.aspx
• Exploration Incentive Scheme makes an impact		http://www.dmp.wa.gov.au/7743.aspx
• New precompetitive geoscience information supports and encourages exploration		http://www.dmp.wa.gov.au/371.aspx
• Capricorn deep seismic reflection survey		http://www.dmp.wa.gov.au/14219.aspx
• Whicher Range Tight Gas Sand Study		http://www.dmp.wa.gov.au/gswa_enews/edition_22/index.aspx
• GeoMap.WA		http://geodownloads.dmp.wa.gov.au/datacentre/datacentreDb.asp
• Statistics Digest		http://www.dmp.wa.gov.au/1518.aspx

Appendix 2

YOUR FEEDBACK

The Department of Mines and Petroleum is interested in your feedback and comments regarding the 2011/12 Annual Report to help us to improve the report in the future and make it more informative to readers.

Please rate us

	Very Poor	Poor	Average	Good	Excellent
Overall impression of this Annual Report					
Ease of understanding					
Meets your information needs					
Appropriate length					
Clarity of charts and tables					
Clarity of financial information					
Relevance of information					
Ease of finding information					

For what purpose did you read or refer to the Annual Report?

- Information on the department's performance in 2011/12
 Information on the future direction of the department
 Information about the resources sector
 Other (please specify)

Other comments:

Thank you for participating in the survey.

To submit this form online, please [Click Here](#), alternatively, you may provide feedback regarding this report directly to:

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