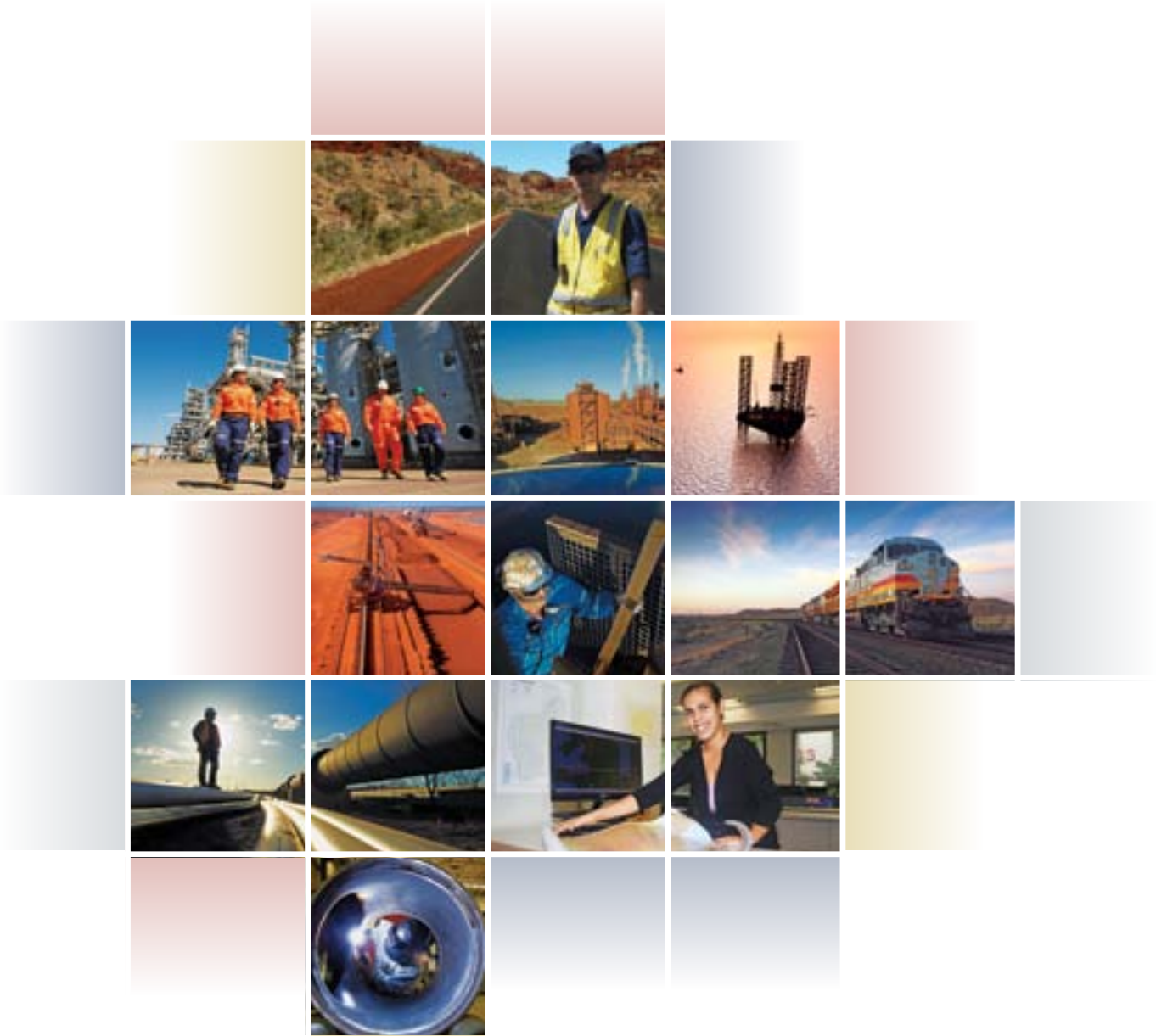




Government of **Western Australia**
Department of **Mines and Petroleum**



ANNUAL REPORT
2012-13

Availability of the Department of Mines and Petroleum's Annual Report 2012–13

The Department of Mines and Petroleum's Annual Report 2012-13 describes the functions, operations and performance highlights for the Department of Mines and Petroleum and presents the audited financial statements and performance indicators for the year ended 30 June 2013.

This report has been prepared in accordance with the State Government requirements, and is published in electronic format with limited use of graphics and illustrations to minimise download times.

The department encourages readers to use recycled paper when printing.

For reader convenience, the report can be downloaded by chapter or as an entire document.

The Annual Report is presented in PDF format and contains interactive links to other sections of the report or to more detailed information available through the department's website www.dmp.wa.gov.au. An archive of all previous annual reports for the department dating back to 1894 is also provided.

Appendix 1 on *page 138* provides a schedule of key topics discussed in the report and details the website address for each link in the report.

Appendix 2 on *page 140* provides a feedback form.

This publication is also available on request in alternative, accessible formats.

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Executive Summary

The Department of Mines and Petroleum (the department) 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.

Once again, I am delighted to report on the continued success of the department for the 2012-13 financial year. The resources sector has continued to perform strongly, albeit at lower rates than in the preceding year. The department has continued to receive high volumes of mining and petroleum applications, and has performed strongly in delivering mineral title, petroleum title, royalty, safety and environmental regulation services.

Executive Summary

This year has stood out in terms of safety milestones, with the first fatality free year on record for a period of more than 100 years. This is particularly significant considering there are now more than 98,000 workers in the mining sector. In recognition of the great efforts towards improved safety outcomes during the year Simon Ridge, Executive Director of the Resources Safety Division was awarded the *2012 Occupational Health and Safety Leader* at the Next Generation Mining Australia Summit.

Our vision is for Western Australia to be the destination of choice for responsible resource exploration and development. This year, Western Australia has improved its position in the Fraser Institute Survey of Mining Companies rankings, achieving the highest ranking in Australia, and the 15th best exploration destination in the world.

To retain or improve on this position, we continue to focus on improving approvals processes for the resources sector, including improvements to electronic systems to increase the availability of online lodgement and approval tracking, with more than 90 per cent of key approval processes now available online.

We have commenced work on linking our award winning approvals tracking and online lodgement systems to our partner agencies, including the Department of Environment Regulation, the Office of the Environmental Protection Authority, Department of Water and the Department of Aboriginal Affairs who are also building electronic systems. The department is also developing a publically available online environmental, water and cultural heritage database and library. We plan to leverage the attributes of our existing database systems and progressively provide access to data and information as it becomes available to avoid the costly risk of repeating surveys and research.

We are repositioning our organisation to be more in touch with the community on resources issues that affect or concern them. This is reflected in the department's *Strategic Plan – Our Plan for Success to 2015*, with a strong effort towards building confidence in our capacity to regulate the industry. We are changing our approach to policy development and stakeholder engagement to deliver improved outcomes for the State.

The department has an excellent track record for regulating the oil and gas industry. Western Australia's developing shale and tight gas industry has the potential to significantly impact the State's economic growth and energy security. Consequently the sector is attracting interest from both industry and the community. We are collaborating with government agencies at both State and Commonwealth level, and continue to engage with industry and the community. We are taking a long term strategic approach to the regulation of this emerging industry and ensuring local communities have the information they need, and are consulted about future activities.

Executive Summary

The department is a lead agency for the State, responsible for coordinating project approval processes, ensuring that mining, petroleum and dangerous goods operators comply with regulatory requirements, and enforcing regulation and conditions of approvals.

The Mining Rehabilitation Fund (MRF) is the first of its kind, and became operational on 1 July 2013 on a voluntary basis in the first year. As the State's first fund exclusively dedicated to the rehabilitation of abandoned mine sites, the MRF will better protect the environment and enhance public safety. The fund means that taxpayers will no longer have to cover rehabilitation costs for abandoned mines. This does not replace mining operators' obligation to rehabilitate their sites during operation or closure. Operators will be held to account through regular auditing, with non-submitted or false information attracting fines and unpaid levies drawing interest. The fund encourages exploration and mining investment, with the potential to return more than \$1 billion in financial institution-held bonds to operators.

Improvements to safety and environmental outcomes are continuously being delivered through the ongoing Reform and Development at Resource Safety (RADARS) program, and the newly initiated Reforming Environmental Regulation (RER) program.

The department's leadership across the resources sector and public sector has continued to receive recognition, including:

- Visiting international delegations, keen to learn from Western Australia with regard to resource sector regulation and transparency initiatives. Specifically, expertise in effective promotion of the resources sector, mining tenements, health and safety regulations, royalties, environmental management and advice on best practice legislation and policy;
- Invitations to present to international forums;
- Nominations for Institute of Public Administration Australia WA Award for Practice in Collaboration, for the heritage mapping project, which improves identification of Aboriginal heritage site locations;
- Achievement Award from the Institute of Public Administration Australia WA for the department's Working on Wellness (WoW) program;
- Public Sector Commission's Award for Good Governance and the Margaret McAleer Special Commendation for the 2011-12 Annual Report from the Institute of Public Administration Australia WA; and
- Individual awards for Simon Ridge, 2012 Occupational Health and Safety Leader, and Ameer Ghori, Senior Geologist, for his paper 'Emerging unconventional shale plays in Western Australia'.

Executive Summary

The department is more focused than ever on delivering on our strategies and improving outcomes for the State Government, industry and the community. Whilst shifting economic conditions will bring new challenges, the department's commitment to these strategies will ensure the economic and social return to all Western Australians is maximised.

The department continues to emphasise the importance of exploration in under-explored greenfield regions, and our efforts to stimulate exploration investment with government funded pre-competitive geoscience mapping and geophysics, collaborative research and co-funding of scientifically targeted drilling. Through our geoscience information we are improving exploration efficiency and reducing exploration risk.

I wish to thank all staff for their continued expertise, dedication, commitment and efforts throughout the year. The department has invested 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 from our people demonstrate our unwavering commitment to ensure that Western Australia continues to grow, maximising the long term benefits to the Western Australian community.



Richard Sellers

Director General

Department of Mines and Petroleum

Highlights

Geophysics program released data from **11,815 GRAVITY STATIONS**, **1,256,827 LINE KILOMETRES** of airborne geophysics and **196 KILOMETRES** of deep crustal seismic surveys.

Largest portion of **NATIONAL EXPLORATION EXPENDITURE** in Australia

The only State regulator with an **ACCREDITED QUALITY MANAGEMENT SYSTEM** for its regulatory processes

58,361 METRES of diamond and non-cored exploration drilling through the Co-funded Exploration Drilling Program

Initiated the **REFORMING ENVIRONMENTAL REGULATION** program

1ST FATALITY FREE YEAR on record for more than 100 years

\$5.1 billion in royalties collected

91 PER CENT of applications processed on time

90 PER CENT of key approval processes now online

Implemented the **MINING REHABILITATION FUND**

15TH BEST exploration destination in the world

30 PER CENT increase in safety inspectorate since 2009

Strategic Context

Western Australia's growth and development has to a very significant extent been defined by its resources. Accounting for more than a third of its gross state product, the minerals and energy resources sector underpins the State's economy.

Important to the prosperity of Western Australia's resources sector is its strategic location in relation to Asia's growing economies. Demand for mineral and petroleum resources by our regional trading partners continues to grow in prominence as the foundation for development of resource projects. A decade ago Japan and China alone accounted for some 40 per cent of our trade exports. The past year saw this proportion grow to more than two-thirds.

The significance of the relative prosperity throughout Asia, particularly China, to Western Australia's resources sector was again underscored in 2012-13. In a year of global economic uncertainty, many mineral commodities traded at significantly lower levels compared to the peaks of 2011. Despite this, support in demand for the State's mineral and energy commodities from our regional trading partners saw the Western Australian economy continue to grow, although at a slower pace compared to the preceding year.

For the Western Australian resources sector, a more noticeable outcome of the global economic uncertainty during 2012-13 was the peaking in capital investment. This followed a period of unprecedented investment expenditure and has now ushered in a period in which we see change for the resources sector as it moves from a construction to production phase.

Similarly to investment, and linked to the fall in commodity prices, the first half of 2013 indicated signs of decline in exploration expenditure. The State still attracts the largest portion of expenditure nationally. However, to not only support our growing production but the inevitable next future wave of investment, new resources must be discovered. This long term process begins with exploring for the underlying resource, which is why the State Government remains committed to encouraging and supporting exploration efforts.

In an industry which has grown fourfold in value over the last decade, provision of an efficient and timely title approvals process is increasingly essential in supporting the sustainability of the resources sector. However, the overall State Government role in 'sustainability' of the resources sector is now more complex and challenging.

Every year the global resources investment environment is more competitive and fluid. New emerging mining and petroleum provinces increasingly place Western Australia in a wider field of candidates for potential investment in mining and petroleum projects. To remain competitive it is essential that the State Government develop and maintain leading technology and process innovations in its regulatory and approval responsibilities.

Strategic Context

However this is only part of the government's responsibilities. Compared to growth in the resource sector, Western Australia's population growth over the last decade of less than a third is relatively much smaller. Public interest in resource projects though, has grown greatly. The public debate on the cost of energy production for example, has only been eclipsed by growing interest in natural gas resources found in shale and tight rocks.

Royalties and economic development have traditionally been the most significant, tangible fiscal contributors benefiting the broader community. Community expectations now are greater, with heightened awareness of the need for regulatory and approvals transparency and accountability.

To grow and sustain the industry into the long term, the department is therefore striving to ensure community confidence in the regulation of the sector, in particular increasing the transparency of our processes and strengthening our engagement with communities.

Responsibility for ensuring safety, health and environmental standards are adhered to involves an evolving matrix of State and Commonwealth legislation, regulations, policies and community expectations. Ensuring regulations reflect 'leading practice' is a substantial goal which the department is committed to with respect to regulation of the resources sector.

Significant Factors Impacting the Agency

COMMODITY PRICES

Persistent global economic uncertainty has resulted in most mineral commodities trading at lower levels than the peaks of 2011. In the first six months of 2013 the price of gold fell 30 per cent and the iron ore price has been volatile, trading in a range of \$110 and \$160 per tonne.

Weaker commodity prices therefore saw the value of Western Australia's resources sector at \$97 billion at the end of December 2012. This was down from 2011's record performance of \$107 billion. However, besides a fall in 2009 during the global financial crisis, the value of Western Australia's mineral and petroleum sector has been trending strongly upwards since 2005 when the value was \$38.9 billion. This represents a compound annual growth rate of 14 per cent.

For the department, the immediate impact of changes in commodity prices is the flow-through to value of production and commensurate fluctuation in royalty collections. This is particularly evident in the iron ore sector which since 2005 has been the largest contributor to the State's minerals and petroleum sector. It now accounts for 53 per cent of total value with sales well over \$50 billion.

An important element is the value of the Australian dollar, as most commodities are sold in US\$ terms. The Australian dollar began the year trading above US \$1 for the majority of 2012-13, reaching a high of more than US \$1.05. However, more recently the value of the Australian currency has provided some relief for Western Australia's miners falling in mid-May and remaining under US \$1 at the end of the financial year. This has helped shelter Western Australian producers and Western Australian royalty collections from the full effect of lower commodity prices.

EXPLORATION EXPENDITURE

The longer term ramifications for the department of commodity price fluctuations depend on the duration and extent of price movements. For example, sustained low prices usually lead to a downturn in exploration activity, followed by investment decisions on new mine development.

Western Australian mineral exploration expenditure continued to grow in 2012 with expenditure increasing 12 per cent from 2011 levels to \$2 billion. The State's petroleum expenditure increased 18 per cent from 2011 levels to \$2.8 billion in 2012. However, in the March quarter of 2013 mineral exploration expenditure in Western Australia showed signs of falling. Exploration expenditure was \$422 million for the March quarter, which represents a 14 per cent decline from the previous corresponding period. Notwithstanding this decline, the State continues to attract the largest portion of national exploration expenditure.

Significant Factors Impacting the Agency

INVESTMENT AND PROJECT COSTS

Capital and operating costs in the resources sector, especially for labour, have been rising and margins have suffered as commodity prices ease. The recent downturn in commodity prices has placed more emphasis on these cost factors, resulting in project and expansion delays with a focus on trimming costs.

Significantly though, the estimated value of resource projects that are under construction, committed and/or planned is about \$290 billion. Obviously the Western Australian resources industry and the department are not immune to global economic conditions, but important in sustaining activity is its proximity to the expanding Asian economies. For example, three of these economies alone, China, Japan and South Korea account for around three-quarters of all our mineral and petroleum exports.

In 2012-2013 there were 532 commercial mineral projects and 1,032 operating mine sites in Western Australia producing more than 50 different minerals. So while global economic conditions and high project costs are a challenge for investment, the outlook for the department's level of regulatory and approvals activity in the resources sector remains positive.

COMMUNITY INTEREST AND REGULATION TRANSPARENCY

There is continuing strong community interest in environmental and land access issues, particularly in relation to the future development of uranium and natural gas from shale and tight rocks. Western Australia's shale and tight gas industry is still at an early exploration stage of development. However, media attention from international experience and eastern seaboard activities has heightened community interest in relation to shale and tight gas resources. This is emphasising the need for the department to focus on effective community engagement to ensure transparency and confidence in the State Government's approval and regulatory processes.

MULTIPLE JURISDICTION REGULATION

Commonwealth-State relations continue to impact resource project approval processes, particularly in relation to offshore petroleum developments and onshore environmental approvals. A trend towards increased Commonwealth involvement in environmental approval issues is increasing demands on State agencies to not only ensure the robustness of Western Australia's own legislative requirements, but that the entire approvals process is as efficient as possible from the operators' perspective. The department continues to use all opportunities available including partnership forums with the Commonwealth and other Australian states and territories to address issues as they arise.

Our Organisation



OUR MINISTER

**Hon. William (Bill) Richard Marmion MLA
BE, MBA**

Minister for Mines and Petroleum; Housing

Hon Bill Marmion MLA is responsible for Western Australia's mining and petroleum portfolio. He is committed to ensuring a stable regulatory environment to maintain the expansion of the crucially important resource sector in Western Australia.

The Minister's roles and responsibilities are prescribed in legislation including the *Mining Act 1978*, the *Mines Safety and Inspection Act 1994*, the *Dangerous Goods Safety Act 2004*, the *Petroleum and Geothermal Energy Resources Act 1967*, the *Petroleum Pipelines Act 1969*, and the *Petroleum (Submerged Lands) Act 1982*.

Minister Marmion was appointed to the position in March 2013, following the State election and retirement of his predecessor, the Hon Norman Moore MLC.

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 Organisation

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 focused 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

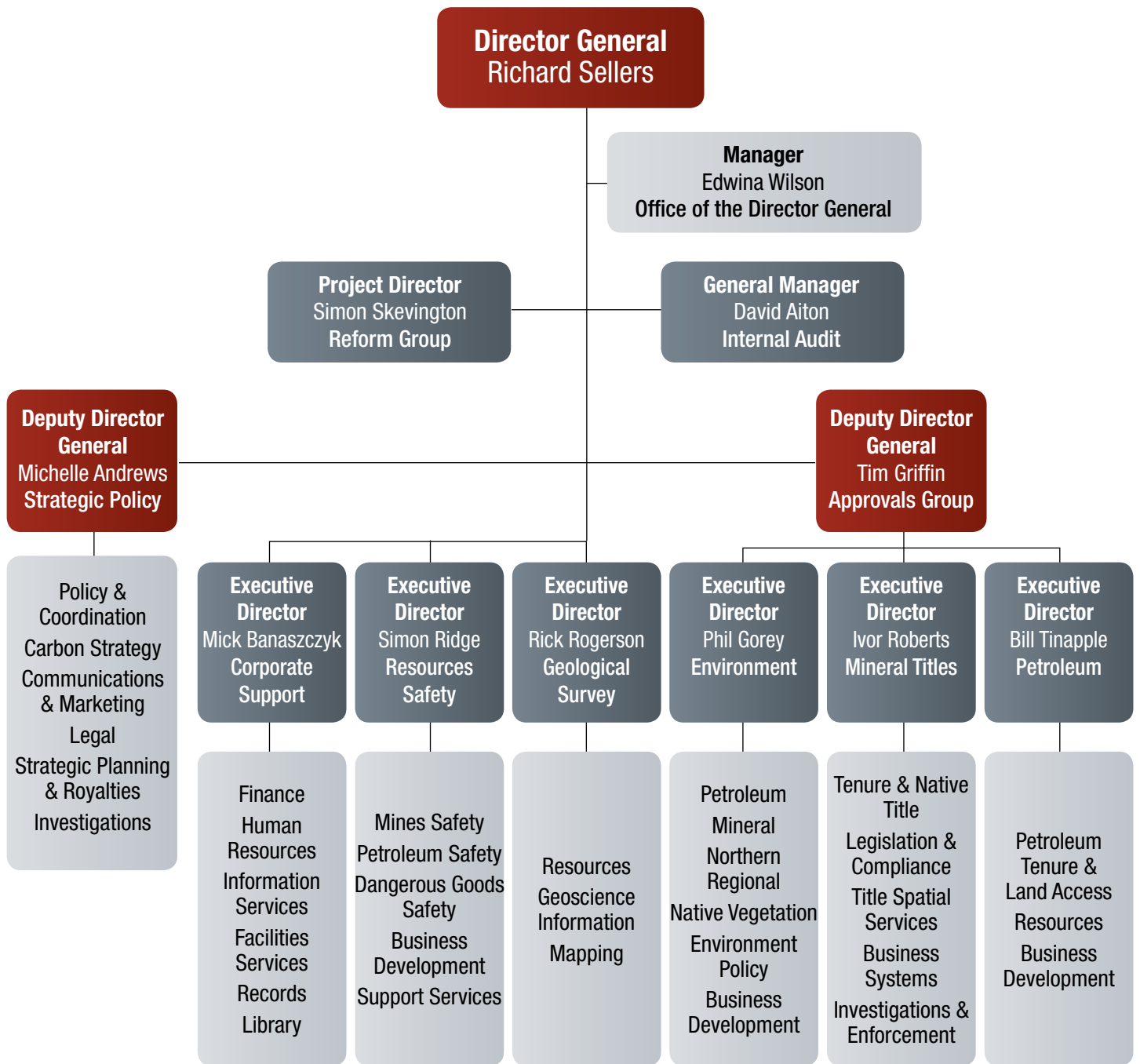


FIGURE 1: DEPARTMENT OF MINES AND PETROLEUM ORGANISATIONAL CHART.

Our Organisation

OUR EXECUTIVE TEAM



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, environmental regulation 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. 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.

In her current role, Michelle is focused on improving the way the department works with other government agencies, industry and community groups, and is leading fundamental changes in the department's policy development and stakeholder engagement activities.



Tim Griffin
Deputy Director General, Approvals

Since his appointment to this role in May 2010, Tim Griffin has focused on a continuous program of innovative reform. These reforms have been focused on improving efficiencies by using electronic systems to speed up the submission and assessment of applications for approval to develop resource projects. The reforms have also facilitated higher levels of compliance to ensure environmental values are protected. Tim has more than 15 years' experience in senior management roles relating

to the minerals and energy sector. He worked as a geologist prior to taking on the role as Executive Director, Geological Survey of Western Australia, which he held for 10 years.

Our Organisation



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.



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*.



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.

Our Organisation



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, the development of the first Floating Production Storage and Offtake vessel, and through to the rapid expansion in Liquefied Natural Gas (LNG) projects. During the 15 years in his role with the department, 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 natural gas from shale and tight rocks in Western Australia, 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.



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.

Our Organisation



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 leading the development of major infrastructure projects and facilitating approvals for major resource projects. Simon has now completed his role in safety reform and is focused 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 Group

The Approvals Group encourages the responsible development of the State's mineral and petroleum resources through the provision of quality facilitation, regulatory and information services. It is focused 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 in the resource sector and across government to 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, facilitates and regulates the responsible exploration, and production of petroleum and geothermal energy sources along with carbon capture and geosequestration. The division also releases acreage for petroleum and geothermal exploration, assists with the Native Title and Aboriginal heritage processes, manages production licences, administers legislation and provides policy advice related to the upstream petroleum sector.

[Read more](#)

Environment

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

[Read more](#)

Our Organisation

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 also provides advice to the Minister and Director General and it supports operational areas through access to specialist services including legal services, investigations, communication and marketing, economic analysis, risk management and strategic planning. It administers royalty legislation and the South West Hub project.

[Read more](#)

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 Explosives Reserves.

[Read more](#)

Our Organisation

Geological Survey

The 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; Human Resources, Information Services; Records; Facilities; and Library.

Reform Group

The Reform project team continues to work with community, industry, government agencies and relevant stakeholders within the department to deliver the government's reform projects. In 2012-13, the Reform Group focused on the identification and endorsement of environmental reforms under the *Reforming Environmental Regulation* (RER) project. The group has now commenced the development of agreed reforms.

[Read more](#)



2012 Occupational Health and Safety Leader of the Year

During the year, the department's head of Resources Safety, Simon Ridge, was named the national *2012 Occupational Health and Safety Leader of the Year* at the Next Generation Mining Australia Summit in Adelaide in October 2012, in recognition for his work in the State's ongoing resources safety reforms.

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.

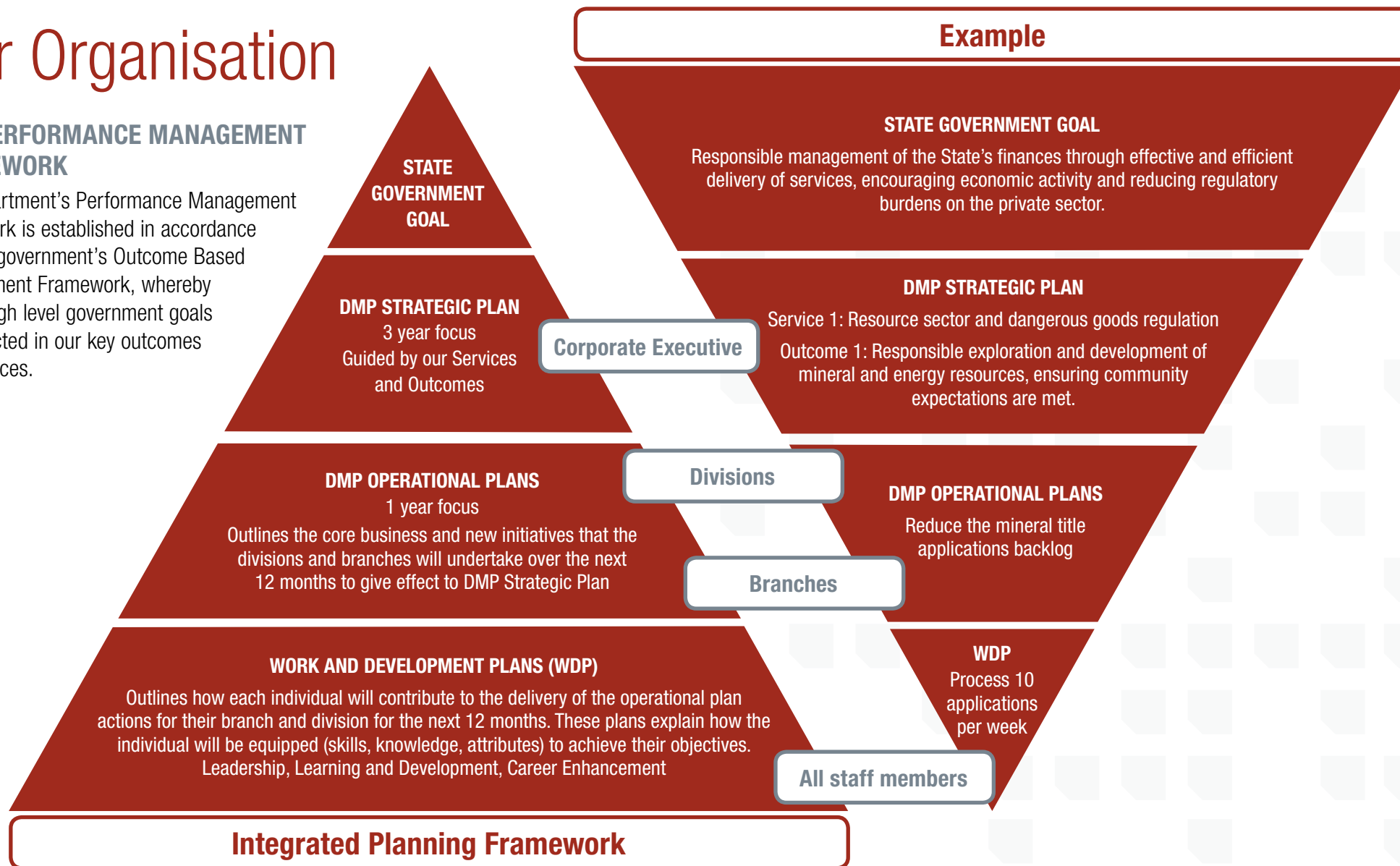


FIGURE 1 DEPARTMENT OF MINES AND PETROLEUM INTEGRATED PLANNING FRAMEWORK SHOWING BY USE OF A SELECTED EXAMPLE, HOW STATE, DEPARTMENTAL AND INDIVIDUAL STAFF PLANS ARE LINKED.

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.

Our plan for success (Strategic Plan)

Our Strategic Plan was developed with participation from key internal and external stakeholders, and is reviewed annually to ensure we remain focused 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 geoscience information and services. It also has broad strategies on how we deliver on these, including policy, information and services, global leadership, stakeholders, and our people and organisation. The Strategic Plan is available on our website.

Read more

Our Plan for Success to 2015
A three-year rolling strategic plan for the Department of Mines and Petroleum

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 Plan for Success to 2015

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.

<p>AGENCY SERVICE</p> <p>1. RESOURCE SECTOR AND DANGEROUS GOODS REGULATION Responsible exploration and development of mineral and energy resources ensuring compliance with regulatory obligations.</p> <p>KEY PERFORMANCE INDICATORS</p> <ul style="list-style-type: none"> Percentage of approvals completed within agreed timeframes. Percentage compliance with approved inspection, audit, licence and regulatory activities. Average cost of weighted regulatory services. <p>TARGETED STRATEGIES</p> <ol style="list-style-type: none"> Administer approvals and compliance in a manner that ensures transparency, consistency and timeliness. Facilitate the responsible introduction of uranium mining, carbon capture and storage, shale and tight gas, and geothermal initiatives in WA. Implement the Action and Development of Resources Safety Strategy and National Environmental Regulator reform. Implement best practice for each regulatory activity. Implement appropriate funding models to improve regulatory services. Implement reforms for more efficient and transparent processes. Improve community understanding and confidence in our capacity to regulate the resource sector through public forums to educate. Manage the impact of the national offshore petroleum regulatory reforms. 	<p>AGENCY SERVICE</p> <p>2. GEOSCIENCE INFORMATION AND ADVICE Encouragement of exploration and discovery of mineral and energy resources, and informed planning.</p> <p>KEY PERFORMANCE INDICATORS</p> <ul style="list-style-type: none"> Extent to which stakeholders agree the department's geoscience information encourages exploration and discovery and informs planning. Average cost of weighted geoscience product and service costs. <p>TARGETED STRATEGIES</p> <ol style="list-style-type: none"> Promote exploration and discovery of resources in underexplored areas, particularly through the Exploration Incentive Scheme and provision of geoscience information. Contribute to the State's mineral and coal use planning and energy through provision of geoscience and environmental information and advice.
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BROAD STRATEGIES

<p>INFORMATION, POLICY AND SERVICES We deliver high quality services and information to the Western Australian community and for the development of the resource sector.</p> <ul style="list-style-type: none"> Promote focused research and innovation in the resource sector in WA. Ensure policy, legislation, decisions and services are based on sound research and analysis. Use technology to improve access to up-to-date and accurate information and guidance material. Advise government and government agencies on services to exploration and resources development. 	<p>GLOBAL LEADERSHIP Our local, regional and global leadership strengthens the resource sector in Western Australia.</p> <ul style="list-style-type: none"> Work with other State and Commonwealth agencies to address key issues, and to drive successful resource development projects in WA. Collaborate with government, business, industry and the community to leverage State capabilities, thereby strengthening regulatory processes. Ensure the department is actively involved in the development of policies and programs that affect the resource sector. 	<p>STAKEHOLDERS We have effective and valued relationships with our stakeholders.</p> <ul style="list-style-type: none"> Communicate and champion the department's role and vision to ensure our stakeholders understand and value the role of the department. Promote the contribution of the resource sector to the community. Ensure openness, transparency and engagement with stakeholders in decision-making. 	<p>OUR PEOPLE AND ORGANISATION We have the people, approach, systems and leadership to enable us to respond to change and realise our vision.</p> <ul style="list-style-type: none"> Facilitate achievement of departmental outcomes through engagement of staff and effective communication in planning and delivery of appropriate policies, services and products. Adopt technology that improves our business practices. Provide a safe and supportive working environment to attract and retain talented and dedicated workforce. Develop leadership and organisational capability.
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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 strategic vision of business areas to 2015. The department is committed to reviewing the strategic plan annually to ensure that it is proactive in addressing issues relating to shifts in priority on the resources industry issues 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; Traditional Owners and other land users; Research and tertiary institutions; Community groups; Particular interest groups.

Our Organisation

We evaluate our performance against the Strategic Plan through divisional and branch operational plans which articulate specific actions, milestones and deliverables for each functional area. These are reported against each quarter to ensure that the department remains on track and delivers on those commitments. Individual work and development plans enable each staff member within the department to identify their own contributions with set performance targets.

An overview of the department's overall performance against the Strategic Plan is provided in the *Our Performance* section of this report, on page 26, including key performance indicators and financial information summary.



Governance and reporting Awards

The department received the Public Sector Commissions Award for Good Governance and the Margaret McAleer Special commendation for its Annual Report for 2011-12 at the 28th Annual WS Lonnie Awards in March 2013. Krisha Rowcroft, Corporate Planning Manager accepted the awards on behalf of the department.



Working on Wellness program

Our Working on Wellness program was recognised by the Institute of Public Administration of Australia (WA) for Best Practice in Health and Well-being. Information on the progress is available on [page 50](#).

Our Performance

The Department of Mines and Petroleum assesses its overall performance against four key elements:

- Effectiveness in achieving outcomes;
- Efficiency in delivering services;
- Strong financial management; and
- Delivering on commitments made.

A summary of the department's performance against these elements is provided below. To view more a detailed analysis of these elements, readers may follow the links provided.

SUMMARY OF KEY EFFECTIVENESS INDICATORS

The department reports each year on its effectiveness in achieving outcomes and delivering the strategies and Government goals through the Effectiveness Indicators. A summary of the department's performance is provided in Table 1, and detailed analysis of these indicators is provided in the *Key performance indicators* section of this report from page 67.

Indicator	Actual 2012-13	Target 2012-13	Actual 2011-12
Percentage compliance identified in completed environmental regulatory activities	84%	78%	97%
Percentage approvals completed within agreed timeframes	82%	87%	89%
Percentage compliance identified in tenure activities (petroleum) that are monitored and approved	33%	48%	49%
Percentage of inspections and audits completed under resources safety compliance monitoring program	109%	100%	137%
Extent to which stakeholders agree the department's geoscience information and advice encourages exploration and discovery and informs land use planning (rating out of 5)	4.4	4.3	4.3

TABLE 1: KEY EFFECTIVENESS INDICATOR RESULTS.

Our Performance

SUMMARY OF KEY EFFICIENCY INDICATORS

The department reports each year on efficiency in delivering key services that contribute to agency outcomes. A summary of the department's performance is provided in Table 2, and detailed analysis of these indicators is provided in the *Key performance indicators* section of this report from page 67.

Indicator	Actual 2012-13	Target 2012-13	Actual 2011-12
Cost per resources regulation service	\$1,193	\$1,116	\$962
Average weighted cost per safety regulatory service – minerals and energy	\$1,685	\$1,424	\$1,671
Average weighted cost per safety regulatory service – dangerous goods	\$924	\$481	\$743
Average weighted cost per geoscience information product and service units	\$233,198	\$234,750	\$292,562

TABLE 2: KEY EFFICIENCY INDICATOR RESULTS.

SUMMARY OF FINANCIAL PERFORMANCE

The following information provides an overview the department's strong financial performance. The detailed information and notes are provided in the *Financial statements* section of this report from page 75.

Financial Targets	Actual 2012-13	Target 2011-12
	\$'000	\$'000
Total Cost of Services (ie Endorsed Expense Limit)	114,626	145,768
Net Cost of Services (details in the Income Statement)	88,423	90,522
Total Equity (details in the Balance Sheet)	191,874	182,804
Net increase / decrease in cash held (details in the Cash Flow Statement)	9,045	8,304
	FTE	FTE
Approved Full-Time Equivalent (FTE) staff level	811	778

TABLE 3: PERFORMANCE AGAINST FINANCIAL TARGETS.

Our Performance

DELIVERING ON COMMITMENTS

The department measures its performance on delivering on commitments by assessing the completion rate of commitments made in divisional level operational plans. At the beginning of the financial year, each division commits to an ambitious plan outlining the key activities that will be undertaken to deliver on the department's strategic plan.

For the 2012-13 financial year, the department committed to 386 actions against strategies across the agency. A risk approach was used to ensure that critical actions were prioritised, without neglecting the more routine activities of the department. The department monitors progress of these actions over the course of the year.

Of the 386 committed actions, one action deferred to 2014 and 35 were not fully delivered or were delayed.

Best Peer Reviewed Paper published in the 2013 APPEA Journal



Senior Geologist, Ameer Ghori won the 'Best Peer Reviewed Paper published in the 2013 APPEA Journal' for the paper 'Emerging unconventional shale plays in Western Australia', presented at the APPEA conference in May 2013. The paper provided information on how production from shale plays has, since 2005, changed the position of the US from gas importer to gas exporter for the first time in 60 years.

Our Performance

The table below provides a rating of the department's performance in completing the specific actions and targets from operational plans for the 2012-13 financial year only. Detailed commentary on performance, highlights and milestones for each strategy follows.

Strategy	Results	Click on links below for more information
Administer approvals and compliance in a manner that ensures transparency, consistency and timeliness	93%	Strategy 1.1
Facilitate the responsible introduction of uranium mining, carbon capture and storage, natural gas from shale and tight rocks, and geothermal industries in WA	100%	Strategy 1.2
Implement the <i>Reform and Development at Resources Safety and Reforming Environmental Regulation</i> reforms	100%	Strategy 1.3
Implement best practice for each regulatory activity	88%	Strategy 1.4
Implement appropriate funding models to improve regulatory services	80%	Strategy 1.5
Implement reforms for mine closure and abandoned minesites	86%	Strategy 1.6
Improve community understanding and confidence in our ability to regulate the resources sector (social licence to operate)	94%	Strategy 1.7
Manage the impact of national offshore petroleum regulatory reforms	100%	Strategy 1.8
Promote exploration and discovery of resources in underexplored areas, particularly through the Exploration Incentive Scheme and provision of geoscience information	100%	Strategy 2.1
Contribute to the State's marine and land use planning and policy through provision of geoscience and environmental information and advice	100%	Strategy 2.2
Deliver high quality services and information to the Western Australian community and for the development of the resources sector	90%	Broad Strategies
Provide local, regional and global leadership to strengthen the resources sector in Western Australia	94%	Broad Strategies
Develop effective and valued relationships with our stakeholders	100%	Broad Strategies
Ensure we have the people, approach, systems and leadership to enable us to respond to change and realise our vision	86%	Broad Strategies

TABLE 4: PERCENTAGE OF COMMITTED ACTIONS FOR 2012-13 COMPLETED BY 30 JUNE 2013.

Our Performance

Administer approvals in a manner that ensures transparency, consistency and timeliness

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

Each application is subject to a rigorous approvals process, which may often include other government agencies such as the Environmental Protection Agency, Department of Water, Department of Aboriginal Affairs and the Department of Environment and Conservation. Continuing to reduce overlap and duplication in the approvals process is a key priority for the government.

During the year, the department committed to a range of activities to further improve its performance against this strategy, including:

- Integrating our processes and systems;
- Working collaboratively to progress approval reforms;
- Ensuring consistency between online lodgement and legislative requirements for applications; and
- Prompt processing of all applications.

As at 30 June 2013, all commitments made against this strategy were completed and are delivering the expected outcomes, which include:

- Finalised 91%¹ of the 6,661 resource sector applications received within target timelines. Details of approvals performance is provided on the next page.
- Expanded the availability and the transparency of online lodgement and approval tracking services for the resource sector. Over 90% of key departmental approval processes are available online.
- Established automatic notification of key approval agencies for applications involving multiple agency input.

¹ Figure provided varies from the figures reported in the Key Performance Indicator Report, as not all application types were included in the KPI figures. All application types will be included in future year's KPI reports.

Our Performance

- Initiated a series of collaborative projects between the department and Department of Aboriginal Affairs aimed at improving the accuracy of information and levels of protection of Aboriginal heritage sites. One of the programs funded by Exploration Incentive Scheme (EIS1), the 10 km Heritage mapping program, was a runner-up in the Institute of Public Administration Australia WA 2012 Achievement Awards and in 2013 was shortlisted for a Premier's award.
- Initiated the development of a State Environment Data Library prototype, currently working with industry, Department of Water, Department of Environment Regulation, and Office of the Environmental Protection Authority in developing business requirements for the project.

A snapshot of the department's approvals performance for 2012-13 is provided. Further analysis of these results is provided in the *Key Performance Indicators* on page 67 of this report.

INPUTS	Timeline target (business days)	No. carried over from previous financial year (a)	No. applications received (b)	Total finalised (c)	No. refused, lapsed, rejected or withdrawn (d)	Total no. finalised within timeline target (e)	% finalised within timeline target [(e/c) x 100]	No. carried over to next financial year [(a + b) - c]
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a. Mineral Tenure applications

Data used to assess performance against the timeline target only applies to application received since 2009

Prospecting Licence	65	1,364	1,213	1,381	269	1,332	96%	1,196
Exploration Licence	65	2,570	2,103	2,145	1,082	2,077	96%	2,528
Mining Lease	65	225	80	114	32	105	92%	191
Others (Miscellaneous, General Purpose, Retention Licence)	65	553	280	364	156	356	98%	469

b. Mining Environmental applications

Program of work	30	402	2,286	2,299	196	1,932	84%	389
Mining Proposal	30	188	240	271	44	218	80%	157

Our Performance

INPUTS	Timeline target (business days)	No. carried over from previous financial year (a)	No. applications received (b)	Total finalised (c)	No. refused, lapsed, rejected or withdrawn (d)	Total no. finalised within timeline target (e)	% finalised within timeline target [(e/c) x 100]	No. carried over to next financial year [(a + b) - c]
c. Mine Safety Approvals								
Project Management Plan	30	18	65	68	4	63	92%	15
Radiation Management Plan	30	7	22	24	7	13	54%	5
d. Petroleum and Geothermal Tenure and Activity Applications								
<ul style="list-style-type: none"> • Exploration Permit – Includes Drilling Reservation, Exploration Permit, Exploration Permit Renewal and Geothermal Exploration Permit • Production Licence / Retention Lease – Includes Infrastructure Licence, Production Licence, Production Licence Renewal, Retention Lease and Retention Lease Renewal • Survey – Includes Access Authority, Access Authority Adjacent Area, Access Authority Deviated Well, Access Authority Survey, Geothermal Special Prospecting Authority, Scientific Investigation, Special Prospecting Authority and Survey 								
Exploration Permit	120	48	39	49	32	39	80%	38
Production Licence / Retention Lease	90	22	4	7	0	2	28%	19
Pipeline Licence	90	22	5	7	1	4	57%	20
Well	40	24	19	24	6	22	92%	19
Survey	40	48	23	30	11	11	36%	41
e. Petroleum and Geothermal Environmental Approvals								
Incorporates environmental management plans, bridging documents, and oil spill contingency plans.								
Environmental Plans	30	60	282	288	176	283	98%	54
GRAND TOTAL			6,661	7071		6,457	91%	

TABLE 5: APPROVALS PERFORMANCE REPORT FOR FINANCIAL YEAR ENDING 30 JUNE 2013.

Our Performance

Over the past year, the department has continued to progress the reduction of the mineral title application backlog that has seen the number of outstanding mineral title applications drop to 5,162, the lowest amount since 1996. In particular, Mining Leases that have been stalled in Native Title negotiations have been targeted and the outstanding pre-2009 applications have been reduced by a further 38 per cent.

The department will focus on assisting the mining and petroleum industry by:

- Automating and enhancing online systems to streamline approval processes;
- Enabling applicants to lodge, pay for, and track mining and petroleum applications online; and
- Expanding the existing approval tracking system to allow proponents to track applications that have been referred to other approval agencies.

A quarterly summary of approvals timelines performance measures is available on the department's website. [Read more](#)

Facilitate the introduction of uranium mining, carbon capture and storage, natural gas from shale and tight rocks, and geothermal industries in Western Australia.

The department is developing a robust regulatory regime for these emerging industries. During the year the department delivered on all of its commitments against this strategy. Specific comments relating to each industry are provided.

Uranium mining

Since the ban on uranium mining in Western Australia was overturned in 2008, the department is aware of 46 companies that appear to have a focus on uranium exploration.

On 2 April 2013, Federal Government environmental approval for Toro Energy's Wiluna uranium mining project was received, after first receiving State approval in October 2012. It is the first uranium project to receive State and Federal environmental approvals since the change to the State's uranium policy in 2008. The project will need assessment and approval of its Mining Proposal and Closure Plan by the department before mining can commence.

In preparation for the first uranium mine becoming operational in Western Australia, the department has taken steps to ensure that stakeholders are engaged and provided with a wide range of information regarding the uranium industry.

In January 2013, the department and the Radiological Council signed a Memorandum of Understanding (MOU) that seeks to improve approval coordination of radiation management

Our Performance

plans and accreditation of Radiation Safety Officers for mining operations. The MOU establishes a Radiation Liaison Committee comprising senior officers from the Radiological Council and the department. The role of the Radiation Liaison Committee is to promote effective communication of the resource sector radiation protection matters and share information on technical requirements, standards and codes of practice and policies that will improve the administration of radiation protection within the Western Australia resources sector.

Further information on uranium in Western Australia is available through the department's website.

Read more

Carbon capture and storage

The department is the lead agency on carbon capture and storage (CCS) and has committed high level resources to activities in this area, including:

- Legislation;
- Geological investigations to determine suitable locations for CCS;
- Facilitating the South West Hub as a CCS Flagship project;
- Working with the CSIRO, University of Western Australia, Curtin University, and the Perth-based National Geosequestration Laboratory to improve the capacity and capability of CCS research; and
- Ongoing development of the monitoring and verification program for the Barrow Island storage, part of the Gorgon project.



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

Our Performance

Legislation

In October 2012, the *Petroleum and Geothermal Energy Legislation Amendment Bill 2013* was introduced into Parliament to amend the State's petroleum legislation to provide a legislative framework for the onshore transport and geological storage of greenhouse gases in Western Australia. The legislation is required to enable greenhouse gas projects to progress and to provide certainty and clarity for investment and regulation.

COAG Standing Council on Energy and Resources (SCO)

The department is involved in establishing a national approach when dealing with CCS issues and in particular legislation, as the chair of the CCS group within the Clean Energy Working Group of SCO.

Carbon capture and storage opportunity

The department has been a major contributor to the National Carbon Storage and Transport taskforce report, which was released in November 2010. To progress this, the department has contracted the development of a Western Australian Atlas of CCS opportunity, which is scheduled for completion in 2013. A stratigraphic (or data) well was drilled in the Harvey Shire in March 2012, with initial review of the information from the well suggesting that the area is suitable for further investigation for CO₂ geosequestration. Detailed analysis of core and electronic data is continuing with a well completion report due in late 2013.

South West hub

The department is facilitating the South West Hub project, in conjunction with major companies in the South West. The business case for the hub has been assessed by the Commonwealth Government as a CCS Flagship project. During 2012-13 the department has focused on ongoing community consultation. This included an information session in January 2013 on the proposed 3D seismic survey in the Harvey and Waroona shires, and an information booth at the Harvey Show in April 2013.

Gorgon CO₂ geosequestration

The Gorgon project is the world's biggest carbon dioxide injection project which is expected to reduce the project's overall greenhouse gas emissions by 40 per cent, equal to between 3.4 and 4.1 million tonnes per year, through re-injection of carbon dioxide from the natural gas into a reservoir more than two kilometres below Barrow Island.

Our Performance

The department under Joint Authority arrangements will continue to regulate the upstream aspects of the project, including production licences. Under the *Petroleum Pipelines Act 1969*, the department will regulate pipelines in State waters, and onshore, including Barrow Island. The department will ensure that the Gorgon project meets both regulatory requirements under the *Barrow Island Act 2003*, and long term liability undertakings by the State and Commonwealth Governments to continuously monitor and review CO2 sequestration activities to safeguard potential liability issues.

During the year:

- The fifth due diligence study tender was awarded to Kema Australia and a draft report submitted for review in June 2013;
- A pipeline licence was granted; and
- Application to drill was received in June 2013 for the CO2 injection wells, which are due to commence in late 2013.

Further information on Carbon Capture and Storage is available from our website. [Read more](#)

Natural gas from shale and tight rocks

The development of natural gas from shale and tight rocks (shale and tight gas) is being supported through industry consultation and the release of exploration acreage. The department has been actively identifying and releasing greenfield acreage that is prospective for shale and tight gas and consulting with key industry participants to assist in the exploration and development of these resources.

The department has an excellent track record of regulating the oil and gas industry and has been assessing drilling proposals, including 'fracking', for more than 50 years. In late 2011, the department engaged Dr Tina Hunter to conduct an independent review of Western Australia's regulatory framework for shale and tight gas and provide recommendations for the department to implement. The department has actioned and committed to reforms to strengthen enforceability and transparency. New petroleum environmental regulations were gazetted in August 2012, strengthening obligations on industry, including chemical disclosure.

The department is developing regulations to include compliance with industry best practice for protection of aquifers, particularly for well casing and cementing, well completions and well abandonment.

Our Performance

The department is currently working with agencies across government to articulate in a single document to government regulators, as well as industry and non-government organisations, how the shale and tight gas industry is being developed and regulated.

The department was involved in a workshop that informed the scientific study of natural gas from shale in Australia by the Australian Council of Learned Academies (ACOLA). Its report was published in 2013 under the series 'Securing Australia's Future' and titled 'Engineering Energy: Unconventional Gas Production'.

In light of increasing levels of public interest in hydraulic fracture stimulation (fracking) activities, the department is committed to ensuring the community is well informed and consulted about Western Australia's emerging shale and tight gas regulations and operations.

To date, the department has focused its community engagement activities on the Mid West and Kimberley regions, where some small scale shale and tight gas exploration activities have occurred. These initiatives have engaged a variety of stakeholders, including local shires, regional communities, land owners, environmental groups, traditional owners, industry, media and other government agencies. Engagement has occurred through community workshops, one-on-one meetings and stakeholder briefings.

Further information on natural gas from shale and tight rocks is available from our website.

[Read more](#)

Geothermal

Geothermal energy is a low emission alternative energy source to traditional fossil fuels. Geothermal exploration and production is administered under the *Petroleum and Geothermal Energy Resources Act 1967*.

The first Geothermal Exploration Permits in Western Australia were awarded in 2009, with high demand for the first acreage releases. However, no new exploration permits were released during the year, reflecting waning optimism for this fledgling alternative energy source in Western Australia.

Further information on geothermal resources is available from our website. [Read more](#)

Our Performance

Implement the Reform and Development at Resources Safety Strategy (RADARS) and Reforming Environmental Regulation (RER) reforms

During the year, the department continued to focus on reform in resources safety, and initiated the *Reforming Environmental Regulation* program.

Reform and Development at Resources Safety (RADARS)

The *Reform and Development at Resources Safety (RADARS)* program commenced in 2010, addressing issues of legislation, staff capacity and competency. It also introduced a cost-recovery approach to fund safety regulation of the resources industry in Western Australia, as well as supporting positive cultural change across the industry. The RADARS initiative is now more than two years into a six-year plan.

The new approach is evidence and risk-based, focused on reducing the likelihood of a serious incident. The department is working with industry with the aim of creating an environment with a positive and resilient safety culture where workers, companies and the wider community are confident that sectors are operating in a safe manner. This model is an effective balance between promoting safety outcomes, monitoring compliance and enforcement.

Western Australian mining's first fatality free year on record

The Western Australian resource sector achieved the first fatality free year on record for more than 100 years. This is particularly significant considering there are now more than 98,000 workers in the resources sector. This milestone is significantly attributed to the work of operators and companies in adopting resilient safety cultures with the aim to achieve 'zero harm', complemented by the high safety standards being enforced by the department.

Safety Regulation System

The development of the Safety Regulation System (SRS) is a key component of the RADARS strategy, providing a system that allows electronic lodgement of documents and data relating to safety. To date 1,720 industry users have been granted access to the system. More than 180 mining industry representatives attended information sessions showcasing the current functionality of the system, which were held in Perth between 25 February and 2 April 2013. Further developments will continue to deliver benefits to users by simplifying and streamlining processes and improving transparency.

Our Performance

RADARS perception survey

The department conducts a biennial stakeholder perceptions survey to evaluate changes in industry's perception of the department's performance as a safety regulator. The survey specifically addresses:

- Importance of the roles of a safety regulator and how well Resources Safety performed those roles;
- Perceptions of Resources Safety's performance when working with industry to reduce the likelihood and consequences of serious incidents; and
- Perceptions of the value that various initiatives could add to clients' safety outcomes.

The department is using the results of this survey to determine where improvements can be made to address areas of continuing concern. The survey results are available from our website.

[Read more](#)

Building capacity

During the year, a significant recruitment campaign was undertaken to ensure teams were properly resourced with appropriate competencies and skills. This recruitment program was complemented by an extensive training program that was implemented during the year. The department has boosted its safety inspector workforce by nearly 30 per cent since late 2009.

Further information on RADARS is available from our website. [Read more](#)

Reforming Environmental Regulation (RER)

The *Reforming Environmental Regulation* (RER) program commenced in June 2012 in order to formally coordinate the concerns of numerous stakeholders in relation to environmental regulation of the resources sector, and ensure all relevant issues are raised and considered as part of determining the future direction and implementation of its reforms. As part of this process, the Minister established a Ministerial Advisory Panel (MAP) to provide advice to him, with the previous State Government Minister Cheryl Edwardes as the independent Chair.

In December 2012, MAP finalised the *Reforming Environmental Regulation in the WA Resources Industry* report, outlining fourteen key recommendations under four themes: Clear Environmental Objectives; Efficient Environmental Regulation; Improved Transparency and Communication; and Effective Compliance Framework.

Further information on *Reforming Environmental Regulation* can be found on our website.

[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.

Petroleum and geothermal regulations

The 2012-13 year saw the commencement of the *Petroleum and Geothermal Energy Resources (Environment) Regulations 2012*; *Petroleum (Submerged Lands)(Environment) Regulations 2012*; and the *Petroleum Pipelines (Environment) Regulations 2012*. These regulations were developed to ensure that any petroleum, geothermal or pipeline activity is carried out in a manner consistent with the principles of ecologically sustainable development and in accordance with an environment plan that:

- a) Demonstrates that environmental impacts and risks of the activity will be reduced to as low as reasonably practicable;
- b) Has appropriate environmental performance objectives and standards; and
- c) Has measurement criteria for determining whether the objectives and standards have been met.

Drafting of the *Petroleum and Geothermal Energy Resources (Resource Management and Administration) Regulations 2013 (RMA)* commenced during the year, to:

- a) Ensure that petroleum and geothermal operations are carried out in accordance with good industry practice and for the optimum long-term recovery of the resource;
- b) Ensure that the administrators of the *Petroleum and Geothermal Energy Resources Act 1967* are informed, in a timely and consistent manner, of the exploration, discovery and appraisal of petroleum and geothermal resources and the development and production operations in relation to petroleum and the results of operations; and
- c) Provide a framework for encouraging the adequate collection, retention and timely dissemination of data.

The regulations are currently being drafted and are expected to be released for stakeholder consultation in 2013.

Our Performance

Mining Act and regulations

The *Mining Amendment Bill 2012* was assented to in Parliament in 2012. The Bill contains amendments developed over a number of years and considered required enhancements to the effective operation of the *Mining Act 1978* and Regulations.

The *Mining Amendment Bill 2012* consists primarily of administrative refinements blended with other minor aspects that have become evident as being necessary to warrant amendment. The primary focus of the *Mining Amendment Bill 2012* is the following:-

- The outcome of a review into the operation and effectiveness of the *Mining Amendment Act 2004*, as required by section 162 of the *Mining Act 1978* introduced as a result of that Amendment Act, which includes a refinement to the operation of the compulsory partial surrender requirements affecting all exploration licences;
- Broadening the definition of 'mining operations' to include all forms of mining, including the processing of underground coal – at present this potential activity is not covered by any State legislation;
- Bringing Commonwealth land within the operation of the *Mining Act 1978*; and
- Increasing monetary penalties for breaches of the *Mining Act 1978*, as well as introducing a higher corporate penalty.

Compliance with environmental conditions

In order to ensure compliance with environmental conditions for mining and petroleum operations, the department has undertaken a reform process of reviewing Annual Environment Reports (AERs), and to develop and deliver the annual environmental inspection and audit program to measure compliance in the industry.

The online AER registration system has been developed and will replace the hard copy AER process. A post approval compliance management database has been developed to facilitate the monitoring of compliance by industry with its environmental approvals and conditions.

During 2012-13, the department placed greater focus on its activities to ensure that environmental conditions are complied with, including AER reviews, inspections and audits. The department's effectiveness in ensuring compliance with environmental conditions has been detailed in the *Key performance indicators* section of this report.

Our Performance

Royalties collection and assessment

The department is committed to administering royalties in a manner that ensures efficiency, reliability, transparency, consistency and timeliness. There is also a commitment to implement best practice, which is demonstrated through ongoing development of royalty administration systems and processes, quality management certification, the collection of royalties by the due date, a significant audit program, royalty policy development and royalty forecasting.

The development of the Royalties Management System (RMS) was completed during the year. RMS is the online system used as a central administration tool for the assessment, collection, payment, monitoring and audit of royalties. RMS now has improved accounting and audit processes, enhanced management reporting and new communication tools. RMS now also delivers a more effective and user friendly online service to companies paying royalties who will find it easier to transact with the department online when lodging returns, making payments and monitoring account details. An application control audit of RMS by the Office of the Auditor General found the system to be operating effectively.

As at December 2012, the department had collected \$5.1 billion in royalties, including the royalty for the North West Shelf Project. During the year the department completed 407 royalty audits and more than 95 per cent of the royalty due during the year was received by the due date. The department agreed to a Memorandum of Understanding with the Department of Treasury regarding the preparation of royalty forecasts and worked with the Department of State Development in regard to the Royalty Rate Analysis that was announced in 2012.

In April 2013, the Premier announced a program designed to provide initial assistance and to act as a signal to both national and international investors that Western Australia is keen to encourage the development of the new magnetite industry. New magnetite projects can apply for a rebate of up to 50 per cent of the royalty paid over a 12 month period. The rebate will apply for three years from the date of the announcement. Approval for the rebate will be based on the department being satisfied that the project is located in Western Australia, primarily produces magnetite, is a new magnetite project, has a good safety record, and meets all of its environmental conditions.

Further information on royalties can be found on our website. [Read more](#)

Quality Management System certification (AS/NZS ISO 9001:2008)

Quality service is achieved by continued use of a systematic, planned approach to processes to ensure consistency, auditability and continuous improvement in departmental activities. To provide consistency and auditability, the department's regulatory activities and integrated planning activities are performed against the relevant AS/NZS ISO 9001:2008 Standard, with well

Our Performance

documented process maps, business policies and legislative requirements. The Department of Mines and Petroleum is the only State regulator with an accredited quality management system for its regulatory processes.

Implement appropriate funding models to improve regulatory services

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

The department has established an effective and efficient process for cost recovery for mines and petroleum safety, and increased fees and charges for dangerous good safety services during the year. The increases are part of the phased implementation of cost recovery for safety regulation of the resources industry.

Implement reforms for mine closure and abandoned minesites

The department is committed to the sustainable development of the minerals sector in Western Australia, and has recognised that it is the industry's responsibility to demonstrate a high environmental standard, particular with regard to mine rehabilitation. The high standard maintains community and government confidence that the mining industry does not leave an environmental legacy for future generations.

Mining Rehabilitation Fund

The *Mining Rehabilitation Fund Act 2012* was passed by Parliament in December 2012, and the regulations were gazetted in June 2013. On implementation, this Act and its associated regulations will significantly transform the way in which mining securities are managed in Western Australia. The Mining Rehabilitation Fund (MRF) will replace the current system of unconditional performance bonds, benefitting the mining industry by freeing up capital. It will provide the government with resources that can be used to address legacy abandoned mine sites.

Under the bonds system, all *Mining Act 1978* tenement holders were required to provide bonds as security to ensure that their environmental obligations were fulfilled. However, the bonds do not cover the true cost of rehabilitating abandoned mines and increasing bonds to cover full rehabilitation costs would be financially unsustainable for most mining companies.

The MRF will overcome these issues by providing a pooled fund based on an annual levy on each mine site according to the environmental disturbance on a tenement. The interest generated by the fund will be used for rehabilitating legacy sites. The MRF addresses the issue of having insufficient

Our Performance

bonds to cover the State's liability, but also enhances the State's ongoing capacity to manage and rehabilitate abandoned mines, leading to better environmental and community safety outcomes.

The MRF came into force on a voluntary basis from 1 July 2013 and will be fully in place from 1 July 2014. More information on the fund is available from our website. [Read more](#)

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 is committed to engaging with our stakeholders to improve community understanding and confidence in our capacity to regulate the resources sector (social licence to operate).

Community engagement

During the year, the department committed to developing the community engagement capacity within the agency, aimed at building engagement skills and enhancing the strong community focus of departmental staff.

To achieve this a specialist Community Engagement role was created in the department. To build the focus and skills across the entire workforce, all job descriptions for senior positions within the department will require community engagement skills as a core competency for employment. Furthermore, approximately 100 senior staff members across the agency have been identified for a specialised training program, to be rolled out in the 2013-14 financial year. This training program has been developed as a trial, and if successful, will be integrated into the department's strategic training program.

Online information and management systems

During the year, the department commenced the web usability project, including ensuring that all online content meets usability and accessibility standards. The top 300 most visited pages on the department's website have been updated to meet the new standards. The department is now embarking on a new look website based on a 'customer centric model' which is customer focused, easily accessible and user friendly.

Our Performance

Natural gas from shale and tight rocks

The department has taken an approach that goes beyond 'business as usual' when engaging with the community on the emerging shale and tight gas industry. A three-year community engagement and communications plan has been activated and includes a community perceptions telephone survey. Community views will help the department to identify and address concerns and the survey findings will form baseline data to enable changes in attitudes and concerns to be tracked over time.

The natural gas from shale and tight rocks community engagement and communications plan prescribes an approach to first inform key opinion leaders and the broader community.

The department, with the Australian Petroleum Production and Exploration Association (APPEA) and the Commonwealth Scientific and Industrial Research Organisation (CSIRO), jointly hosted a workshop in Dongara. Its purpose was to inform government and industry about community expectations for information provision and community engagement.

Further to consultation with key stakeholders in the Kimberley region in December 2012 on the shale and tight gas industry in Western Australia, additional briefings with predominantly non-government organisations are being organised. These meetings will focus on regulation and also provide an opportunity to further gauge the requirement for community information and engagement expectations.

The natural gas from shale and tight rocks website has been considerably updated to be more customer focused and easily accessible. New Fact Sheets and links have also been included. Stakeholders can now also subscribe to an RSS feed to receive the latest industry news and updates.

Manage the impact of the national offshore petroleum regulatory reforms

In January 2012, the national offshore petroleum reforms took effect, with the establishment of the National Offshore Petroleum Safety and Environment Management Authority (NOPSEMA) and the National Offshore Petroleum Titles Administrator (NOPTA). These two Commonwealth regulators deal with projects in Commonwealth waters, whilst the department continues to regulate onshore petroleum activities, and offshore petroleum activities in State waters and on islands.

The department has completed the transition of petroleum titles registration to the Commonwealth, and continues to provide support and environmental regulation.

The department continues to promote the petroleum potential of Western Australia's vast sedimentary basins using a specific area release system in our State waters and onshore areas.

Our Performance

During the year, the department released a total of 16 blocks. This comprised eight blocks in the onshore Canning Basin, two blocks in the offshore Northern Carnarvon Basin, three blocks in the onshore Perth Basin, two blocks in the Officer Basin, and one block in the onshore northern Perth Basin.

In 2012, twelve wells were drilled and 10 seismic surveys carried out in Western Australian State waters and onshore. The greatest activity was in the Canning Basin where eight new field wildcats and one appraisal well were drilled. One well, Evandra 2, was drilled in the onshore Perth Basin, and two development wells were spudded in the Carnarvon Basin. The surveys comprised three 3D seismic surveys, two 2D seismic surveys, two geochemical and one gravity survey, one aeromagnetic survey and one electronic spin resonance survey.

More information about petroleum activities in Western Australia can be found from our website.

[Read more](#)

Promote exploration and discovery of resources in underexplored areas

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.

During 2012-13, the department committed to a range of activities to support this strategy, including:

- Publishing 27 geological maps including 10 series maps, 39 geoscience reports and 11 digital packages;
- The first Exploration Incentive Scheme (EIS1), which was funded from 2009 to the end of June 2013, was completed;
- The \$80 million funded EIS1 has resulted in a quantum leap in the amount of pre-competitive greenfield geoscience information being released to the resource sector;
- Migrated and interpreted processed data were released for the Youanmi and the Yilgarn–Officer–Musgrave deep seismic reflection and magnetotelluric surveys); and
- The twelve month extension to EIS1, providing funding for 2013-14, was approved together with the fifth year work program.

Our Performance

Geophysics survey program

A flagship program of the Exploration Incentive Scheme (EIS) has been the geophysics survey program which involved the capture and public release of airborne magnetics and radiometric data, many gravity surveys and several deep crustal seismic lines.

These surveys have completed the radiometric coverage of Western Australia and the capture and release of magnetic data at 400 metre spacing or less. The release, in 2012-13, of the final surveys in this program, means that a complete map of radiometric and magnetic data is now available for Western Australia.

The geophysics program released data from 11,815 gravity stations, 1,256,827 line kilometres of airborne geophysics and 196 kilometres of deep crustal seismic surveys.

Co-funded Exploration Drilling program

The Co-funded Exploration Drilling program of the Exploration Incentive Scheme (EIS) provided co-funding to 58,361 metres of diamond and non-cored exploration drilling during the year. Successful co-funded drilling projects in 2012-13 include:

- Copper and zinc mineralisation in the BM2 prospect at Encounter Resources' Yeneena project;
- A new potash discovery in Western Australia's Mid West at Sheffield Resources' Oxley potash project;
- Continuing good results from Toro's Theseus project originally co-funded in Round 1 2009-10;
- Image Resources completed feasibility work on the North Perth Basin heavy mineral sands project, which received co-funding in Round 2, 2010-11; and
- Promising early mineralisation results from the remote Corazon Mining /Border project at 'Top up Rise' which was co-funded in Round 5, 2012-13.

In addition, the department undertook a program of stratigraphic drilling in the Eucla where a total of 2,649 metres were drilled in five holes, as well as acquiring 60 metres of core through the Hickman Crater.

Information regarding the Exploration Incentive Scheme is available from our website.

[Read more](#)

Our Performance

Contribute to the State's marine and land use planning and policy

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:

- Providing key input into the strategic assessment of basic raw material resources of the Perth region that are regionally significant; seven maps were released during 2012-13;
- Providing information on basic raw material resources in the Pilbara–Kimberley region to the Department of Planning and Infrastructure for its 'Pilbara Cities' project. Three maps of basic raw material resources in the proximity of Broome, Derby and the Dampier Peninsula were released during 2012-13. In addition, four draft maps for Port Hedland and Karratha were prepared; and
- Undertaking Geophysical surveys as part of the department's contribution towards the Kimberley Science and Conservation Strategy were completed. Negotiations are continuing with traditional owners over conditions under which the department will undertake the soil and rock geochemical sampling phase of this three year program.

Further information regarding geoscience information in Western Australia is available through our website. [Read more](#)

Enhance organisational performance

The department is committed to delivering the highest quality services and information to all stakeholders and has implemented internal systems, processes and initiatives during the year that enhance our organisational performance.

Occupational safety, health and injury management

Occupational safety, health and injury management (OSH) is a key focus area for the department, with the Resources Safety Division efforts towards safety in mining, petroleum and dangerous goods operations, echoed in our internal departmental health and safety practices. The department is striving to lead by example, with a range of safety and injury management initiatives underway, and award-winning health and wellness programs available to staff.

Our Performance

The four key objectives of the department's safety management system are:

- Improve the department's OSH consultative mechanisms;
- Reduce the frequency and severity of health and safety risks;
- Train, support and motivate staff in OSH; and
- Continuously improve the department's Safety Management System.

Some examples of continuous improvement initiatives under the Safety Management System are:

- A full review of the OSH Policy and Procedure suite is underway; and
- Facilitated, targeted interventions to improve manual handling risks within selected higher risk divisions of the Department, resulting in improved outcomes for staff and contractors and with improved flow-on outcomes for industry working practices.

During the year, the department has experienced an increase in the number of hazards reported, which is attributed to the volume of internal audits and increase in Safety and Health Representatives (SHRs) across the organisation. A workplace that reports hazards and near misses demonstrates a good safety culture.

The number of ergonomic assessments carried out has also increased, while the number of incidents reported has decreased, suggesting that our proactive approach to injury prevention has effected a decline in the number of incidents recorded. In 2009-10 there were 28 incidents reported and by 2012-13 this number has steadily dropped each year to the low of 19.

INDICATOR	2009-10	2010-11	2011-12	2012-13
Safety and Health Representatives	15	18	19	21 ↑
Hazard notifications	69	103	131	218 ↑
Incidents reports	28	25	21	19 ↓
Internal Safety audits	8	12	11	22 ↑
Ergonomic Assessments	56	125	131	171 ↑
OSH Inductions	70	115	178	161
OSH Newsflash items	44	46	39	81 ↑
First aid Training courses	31	22	36	29

TABLE 6: OCCUPATIONAL SAFETY AND HEALTH INDICATORS.

Our Performance

The department's main OSH consultative mechanisms include the committee and a network of 21 SHRs, of which two are additional positions this year. The committee is accountable to the Corporate Executive and meets quarterly to discuss and resolve safety, health and injury management issues and trend analysis. The representatives inspect the workplace on a quarterly basis and report any issues via the online hazard notification system.

Working on Wellness program

In June 2013, the WoW program received the Institute of Public Administration Australia WA Achievement Award for Best Practice in Health and Wellbeing.

The department further sharpened its focus on employee health and wellbeing with an expanded Working on Wellness (WoW) program. As in previous years, staff were offered health and fitness checks, skin cancer checks, a healthy eating and weight loss program, flu vaccinations and a variety of "Come and Try" sessions for topics that they expressed an interest in, such as meditation, Yoga, boxing and self-defence.

In addition, staff and contractors were offered lunchtime presentations by various interest groups such as Diabetes WA, Cancer Council, One Life and the Leukaemia Foundation, covering topics such as healthy eating and lifestyle, fatigue management, mental health, suicide prevention, and cancer prevention. Staff had the opportunity to take part in a corporate walking challenge, participate in subsidised community events, attend a healthy cooking demonstration and be part of the WA State Club Red Challenge to donate blood.

In November 2012, the department launched its commitment and pledge to the WA One Life Suicide Prevention Strategy. As a part of the department's commitment WoW continues to distribute suicide prevention awareness and stigma reducing messages to increase staff awareness of the importance of mental health and self-help seeking behaviours.

Injury management

The department continues to maintain a low number of workers' compensation claims and upholds a commitment to injury management demonstrated by a proactive approach to preventing injuries. When compared to industry rates, the department consistently reports lower claims costs and overall workers compensation contributions. Return to work programs are developed for staff with medical restrictions, including non-compensable illnesses and injuries. All staff are offered ergonomic assessments when they commence employment to reduce the risk of overuse and postural injuries, or when specifically requested via their managers. SHRs also identify 'at risk' task related and ergonomic issues during their quarterly inspections.

Our Performance

Employee Assistance Program

All staff have access to the Employee Assistance Program (EAP), which offers free counselling sessions for staff, their partners and immediate family. The program continues to be well utilised for both work and personal uses.

Improvements in training

The department has introduced the following improvements in OSH training to support and motivate staff this year:

- Formalising of the OSH induction program for regional employees;
- Commencing development of a training program to include two new online training courses - OSH Induction; and OSH and Injury Management for Managers and Supervisors;
- Conducting accredited warden and fire extinguisher training for the regional Emergency Control Organisation members; and
- Improving the online hazard notification system with all SHRs trained in its use.

Occupational Safety, Health and Injury Management performance

INDICATOR	2009-10	2010-11	2011-12	2012-13
No. Fatalities	0	0	0	0
No. workers compensation claims	5	1	12	6
No. lost time injuries/diseases	4	1	7	4
Lost time injury/disease incidence rate	0.55	0.14	0.9	0.49
Lost time injury frequency rate	3.0	0.74	4.6	2.53
Lost time injury severity rate	0	0	14	25
% workers returned to work within 28 weeks	100%	100%	100%	100%
% managers trained in OSH and injury management responsibilities	80%	80%	80%	80%

TABLE 7: OCCUPATIONAL SAFETY, HEATH AND INJURY MANAGEMENT PERFORMANCE FOR YEAR ENDING 30 JUNE 2013.

Our Performance

Provide leadership across the sector

The department provides leadership at local, regional and global level to strengthen the resources sector for Western Australia through:

- Working with other State and Commonwealth agencies to address key issues, and to drive successful resource development projects in Western Australia;
- Collaborating with government, business, industry and the community to leverage departmental systems, and streamlining approvals processes; and
- Ensuring the department is actively involved in the development of policies and programs that affect the resources sector.

During the year, the department has been involved in events, internationally and locally, focused on promoting the Western Australian resources sector. This year, Western Australia was ranked the top Australian jurisdiction by the Fraser Institute Survey of Mining Companies, and among the top 20 in the world.

34th International Geological Congress

In August 2012, geologists from the department participated in the 34th International Geological Congress (IGC) held in Brisbane. This peak International Geological conference was held in Australia for only the second time in its 134 year history. Departmental geologists presented talks and posters on a range of subjects and four delegates were invited to present keynote addresses. Two excursions were run by the department to the Pilbara Region, and to the Eastern Goldfields respectively, attracting international participants.

Partnering with China

The department participated in the Asia Mining Partnering Forum in Beijing, which attracted more than 1,300 delegates from 25 countries. Dr Gaomai Trench presented at the forum on why Western Australia was a good place to invest and how the department can help potential investors capitalise on opportunities.

As part of a Memorandum of Understanding with the China Geological Survey (CGS) the Geological Survey of Western Australia (GSWA) geoscientists took part in joint regional geological mapping in Xinjiang Province in north western China, with reciprocal work by CGS geologists taking place in the Yalgoo–Singleton greenstone belt. Senior CGS staff also took part in an introductory field excursion across the Yilgarn Craton.

Our Performance

Youanmi and Yilgarn–Officer–Musgrave deep seismic reflection and magnetotelluric surveys

Two workshops were held in conjunction with Geoscience Australia to release the results of the Youanmi and Yilgarn–Officer–Musgrave deep seismic reflection and magnetotelluric surveys. Together with the Southern Carnarvon Basin deep seismic survey and the 2001 northeast Yilgarn survey, we now have an almost continuous seismic section through the West Australian crust from the coast to the Northern Territory border near Giles.

Open days

The department's Petroleum and Geothermal Open day was held in September 2012. The annual event provides the department with an opportunity to update industry on developments, seek feedback from stakeholders, and discuss future trends.

The Geological Survey of Western Australia (GSWA) held its annual Open Day in February 2013 which was attended by more than 200 geologists and researchers.

Visiting delegations

During the year, the department hosted a range of international delegations keen to learn from Western Australia with regard to resource sector regulation and transparency initiatives. Specifically, expertise in effective promotion of the resources sector, mining tenements, health and safety regulations, royalties, environmental management and advice on best practice legislation and policy.

For example, in July 2012, the department was visited by a delegation from the Geological Survey and Mines Bureau (GSMB) of Sri Lanka, visiting Western Australia to learn about advanced mining operations. The department was specifically sought out for its expertise in mining titles, mining tenements and health and safety regulations.

In September 2012, mining delegates from Nigeria, Algeria, Guinea and Iraq met representatives from the department to seek advice on best practice regulation and policy. The delegates represented developing countries in the process of creating new regulatory policies for their respective resource industries, and were interested to learn about ensuring greater transparency and consistency within their rapidly growing industry.

In November 2012, the department hosted representatives from the Directorate General of Hydrocarbons (DGH) Ministry of Petroleum and Natural Gas of India. The purpose of the visit was to gain an understanding of Western Australia's petroleum regulatory system and business processes.

Our Performance

DMP Corporate Executive – in the regions

The department's Corporate Executive continued its program of regional visits, with a visit to Collie in July 2012, and tours of nearby operations including the former Black Diamond mine, Premier coal mine, Bunbury Port Authority and the Harvey 1 well.

In April, the group went to the Goldfields which included a visit to the Tropicana gold mine for a site tour, a visit to Focus Minerals Three Mile Hill gold treatment plants, and an underground visit to Kanowna Belle gold mine.

DMP volunteering program

During the year, the department continued its Volunteering Program, with two volunteer days held during the year. In November 2012, a group from the department spent a day sorting donated items at a Salvation Army facility. In May 2013, the volunteers spent a day rehabilitating bushland and the foreshore around Pelican Point in Crawley. The event was hosted by the Swan Estuary Reserves Acton Group. Volunteers planted 1,040 sedges, eight large paperbark trees and four river red gums across the course of the day, providing vital feeding and breeding habitat for local fauna, including migratory birds.



MAY 2013, THE DEPARTMENT CONTINUED ITS VOLUNTEERING PROGRAM BY REHABILITATING BUSHLAND AND THE FORESHORE AROUND PELICAN POINT IN CRAWLEY.

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. This is demonstrated through:

- Promoting increased research and innovation in the resources sector in Western Australia;
- Ensuring policy, legislation, decisions and services are based on sound research and analysis;
- Using technology to improve access to up-to-date and accurate information and guidance material; and
- Providing solutions on barriers to exploration and resource development.

Six Golden Rules for Prospecting

In November 2012, the department launched the *Six Golden Rules for Prospecting* campaign, to inform the general public about prospecting laws in Western Australia, highlighting the things potential prospectors need to consider before undertaking activities. Copies of the information booklet are available from our website. [Read more](#)

Improvements to GeoVIEW.WA

In April 2013, upgrades to the web based application GeoVIEW.WA were made available to the public through its website. The application can be used to view and query integrated geoscientific and related data via most web browsers. The improvements included enhancements to functionality, including the ability to 'drill down' to display the textual data in the viewing window, integration with Google Maps, improved standard queries to find mineral deposits or mining licenses for a given region, and data extraction that enables users to extract multiple layers of information.

New look investigations and legal teams

During the year, the department's key investigations branches were combined, uniting nine officers from the Resources Safety and Mineral Titles divisions into the Strategic Policy group.

The new structure increases capacity and flexibility when it comes to investigations, and creates consistency in service delivery for investigations relating to mining, dangerous goods and petroleum safety, as well as illegal mining activities and environmental non-compliance.

Our Performance

The agency's Legal Services team was also restructured by bringing the legal officers from the Resources Safety Division into the team, with a focus on improving efficiency, and providing greater flexibility in the allocation of resources to provide improved legal services.

New mining registrar's office for Mount Magnet

In January 2013, the new mining registrar's office for Mount Magnet was opened, as part of the State Government's commitment to maintaining accessible services to regional communities. The facility will accommodate the administration of mining activities within the Black Range and Mount Magnet districts and the Yalgoo mineral field.

Managing complaints

The department is committed to providing high quality information, policies and services that meet our customers' 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 2012-13 the department received 79 entries through the on-line complaints system accessed through the department web page, which were categorised into 7 compliments, 24 suggestions and 48 complaints. Many of the complaints received related to clarification of information, a process or a decision.

The complaints system is monitored, and all entries are acknowledged on receipt, and are addressed within 12 working days. The outcome of all complaints, compliments and suggestions is communicated to the initiator.

The department is committed to continuous improvement, and the complaints system is one mechanism by which new ideas and improvements are identified and implemented within the department. Some examples of improvements 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.

Our Performance

Contact relates to:	Complaint	Compliment	Suggestion	Number of Contacts
Business decisions	0	0	1	1
Legislation and regulation	17	0	3	20
Multiple areas	1	0	0	1
Products and services	8	5	13	26
Staff Issues	6	2	0	8
Website	16	0	7	23
Total	48	7	24	79

TABLE 8: COMPLAINTS MANAGEMENT STATISTICS FOR YEAR ENDED 30 JUNE 2013.

Our People and Organisation

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. The department does this through:

- Facilitating the achievement of departmental outcomes through engagement of staff and effective communication in planning and delivery of appropriate policies, systems and processes;
- Adopting technology that improves our business practices;
- Providing a safe and supporting working environment to attract and retain a talented and dedicated workforce; and
- Strengthening leadership and organisational capability.

Reconciliation Action Plan

Our Reconciliation Action Plan (RAP) was established in September 2012 to enhance relationships, respect and opportunities for the mutual benefit of Aboriginal and Torres Strait Islander and non-Aboriginal and Torres Strait Islander Western Australians.

Our Performance

This year the department has worked toward actioning the initiatives within the RAP and increasing workforce representation of Aboriginal and Torres Strait Islanders within our department. This financial year we have achieved the following;

- Recruited seven Aboriginal employees through the department's Indigenous Employment Strategy;
- Rolled out cultural awareness training across the department with 200 staff completing the training since November 2012;
- Implemented Welcome to Country and Acknowledgement of Country Guidelines to acknowledge the traditional owners and show our respect. Welcome to Country or Acknowledgement of Country are performed at corporate and external events as standard practice; and
- Held multiple events to celebrate Aboriginal culture and history. Events were held for Reconciliation Week and NAIDOC Week. During these events staff had the opportunity to learn about the Aboriginal culture through painting, singing, and boomerang throwing.

Workforce planning

The department implemented a *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. In 2012, the *Workforce Planning Framework* has been further developed and integrated into other planning and performance systems. Our workforce planning model has been promoted as a model of best practice by the Public Sector Commission.

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.

The job specific performance-based salary incentives linked to performance indicators introduced in 2010 for specialist critical positions, were further developed and implemented during the year to assist in meeting department and government goals and objectives. In consultation with the Department of Commerce, the department has continued to introduce performance-based pay arrangements as an Attraction Retention Incentive (ARI). The department is now able to effectively compete for resource sector professional and technical specialists by offering competitive salary packages.

Our Performance

Online work and development plan / attraction and retention incentive work book

The department is committed to building a skilled workforce through the Work and Development Plan (WDP) and Attraction and Retention Incentive (ARI) performance process. Through the WDP and ARI process, the department offers a range of professional development and learning opportunities, through which employees can enhance their technical expertise, improve their communication skills or gain a better understanding of good business practices. Employees on an ARI will have their performance benchmarked through the ARI Work Book against milestone achievements.

In July 2012, the department implemented a fully online performance management system. The first full 12 months has seen a 40 per cent increase in reported participation rates from the previous paper based system.

Additional corporate benefits include the capacity to report on all elements of performance and development linked to workforce planning to improve corporate strategies and decision making. Through this process the information gathered has led to the delivery of more customised corporate learning and development programs which ensures the department is delivering quality training while meeting the 'value for money' principle.

Leadership development framework

The ability to address workforce challenges requires strong leadership and management. The department is committed to developing the leadership skills of its people through targeted corporate development programs with the focus on building capacity to drive change.

The department has a *Leadership Development Framework* which provides learning and development opportunities for all individuals in a position of management. Through the framework the department is able to educate managers on their role and responsibilities as a Public Sector Manager as well as provide individuals with learning opportunities to develop and maintain best practices in effective management and achieving results.

This year as part of the framework, the department provided two internal leadership programs, the Management Excellence Development Program (MEDP) which is targeted at managers and emerging leaders in the department and ARI Team Leader Development Program (ARI TLDP) aimed at team leaders and emerging team leaders working in an ARI position. Both programs focused on developing participants' capabilities in management. Participants in the MEDP were required to work on a strategic project as part of their program. Participants in the ARI TLDP worked on a workbook which required participants to demonstrate their learning from the program in the workplace. This year the MEDP has 20 participating employees and the ARI TLDP has 21 participants.

Our Performance

Under the Leadership Development Framework all employees have access to a number of other leadership development options such as mentoring, project participation, job rotation and the Public Sector Management Program (PSM) coordinated by the Public Sector Commission. The department is currently supporting six employees in the PSM, and two who completed the program this financial year gained a graduate certificate in Public Sector Management.

Equity and diversity

The department recognises that having a diverse workforce is a key element to being a successful organisation. Actively promoting and pursuing diversity in the workforce ensures that there is a good range of backgrounds, experience, perspective, skills and knowledge at strategic and operational levels across the department.

To support the department's Equal Employment Opportunity (EEO) principles, various initiatives and programs have been implemented which are outlined in the department's Equal Employment Opportunity and Diversity Plan and Reconciliation Action Plan. Through these plans, the department is focused on increasing workforce representation of youth, Aboriginal and Torres Strait Islanders and women in management.

Women in leadership

This financial year the agency has coordinated a variety of events with keynote presenters visiting the department to speak to our women in leadership. The department also had two of its employees accepted into the Women in Mining and Resources WA Mentor Program.

Youth employment strategies

The department coordinates an inter-agency graduate program between the Department of Mines and Petroleum, Department of State Development and Department of Regional Development and Lands. The inter-agency graduate program had 10 graduates complete the 2012 program; five of these graduates have found permanent appointments in the department. The department has six graduates participating in the 2013 program and is planning on recruiting another five graduates for the 2014 program. The graduate program is a successful targeted youth employment initiative within our Equal Employment Opportunity and Diversity Plan. This year the department has been named the top ranking graduate employer of all WA State Government departments and 49th overall in the top 100 Graduate Employers for 2013 through a survey conducted by the Australian Association of Graduate Employers (AAGE).

Our Performance

The department also participates in the Public Sector Commission's (PSC) Traineeship Program and is currently hosting three school-based trainees. In 2012, the department offered full time fixed term contracts to two trainees who completed their traineeships with us.

The specialised Geological Survey Masters (GeM) program currently employs five GeM graduates in the Geological Survey Division while they complete a Master of Science.

The department offers eight scholarships at the Curtin University Kalgoorlie-based Western Australian School of Mines (WASM) for students enrolled in a Bachelor of Engineering or Science course majoring in Metallurgy or Mining. Each scholarship is valued at \$6,000 per annum. The scholarships are renewed annually and are provided throughout the undergraduate course as long as the students maintain satisfactory academic results.

The department offered a student vacation employment opportunity to one of the final year students based in Kalgoorlie.

Risk management

The department is committed to ensuring that risks for the agency are identified, assessed and managed in accordance with the Australian/New Zealand Risk Management Standards AS/NZS ISO 31000:2009 to ensure risks are reduced to as low as reasonably practicable. Risks are captured at a strategic, operational, compliance and project level.

The department has embedded a risk-based approach to identify and manage any threats and opportunities to our internal and external stakeholders. This was achieved by the development of a methodology to meet the department's need which included the full implementation of a Risk Manager System (risk register), agency specific evaluation tools and the recruiting and developing of Risk Champions to drive the risk management process across the department.

Crisis planning

The department displays a strong commitment to developing, refining and enhancing employee and public safety, whilst also protecting our stakeholders from potential reputational and/or financial threats. This is accomplished through our Crisis Management Framework, which provides a pragmatic and uncompromising approach to emergency, crisis and continuity responses.

Disclosures and Legal Compliance



Auditor General

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 2013, 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.

Disclosures and Legal Compliance

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.

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 2013 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 2013.

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.

Disclosures and Legal Compliance

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 2013.

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 2013.

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.

Disclosures and Legal Compliance

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 2013.

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.

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 2013 included on the Department's website. The Department's management is 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 2013

Disclosures and Legal Compliance

DEPARTMENT OF MINES AND PETROLEUM
DISCLOSURES AND LEGAL COMPLIANCE
FOR THE YEAR ENDED 30 JUNE 2013

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 2013.

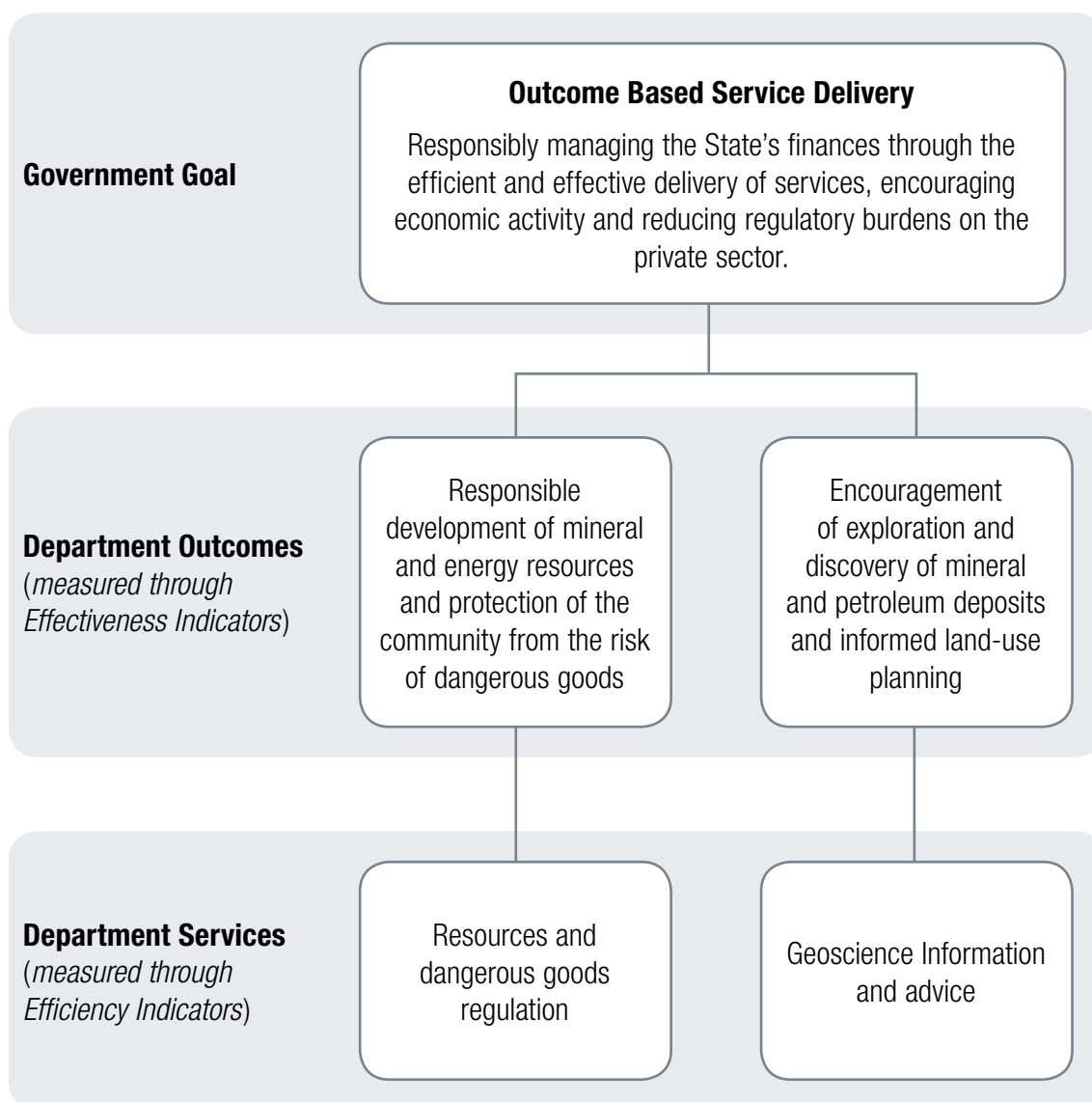


Richard Sellers
Director General
10 September 2013

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 2013



Disclosures and Legal Compliance

Responsible development of mineral and energy resources and protection of the community from the risk of dangerous goods.

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.

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

1. Percentage compliance identified in completed environmental regulatory activities

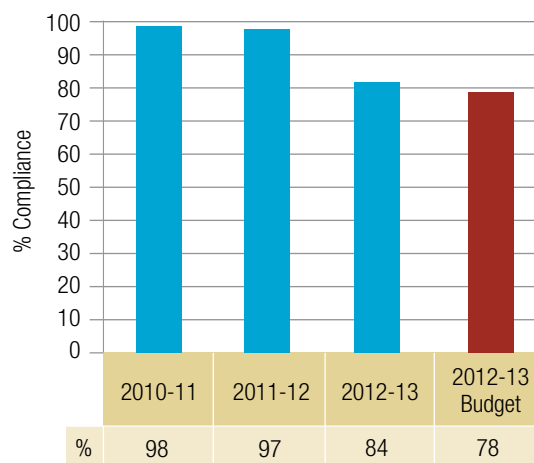
Environmental regulatory activities relate specifically to environmental compliance investigations. This indicator is a measure of the department’s capacity to administer and enforce the legislation concerning environmental management of exploration and mining activities by monitoring the extent to which operators are compliant and addressing issues identified through inspections and audits.

The department is introducing several new approaches to inspections and compliance.

During 2012-13, as part of the Reforming

Environmental Regulation program, an online Annual Environmental Reporting system was introduced, that has decreased, to some extent, the number of field inspections that are required.

Adopting a risk-based approach, inspectors can now concentrate on higher risk sites and this has been borne out by the decline in the number of compliant sites compared to the past two years. Of the 230 sites that were identified as possible inspection sites at the beginning of the year,



Disclosures and Legal Compliance

133 were subsequently rated as having a higher than normal risk potential and, therefore, these formed the basis of the inspection program.

The measure is calculated as the number of moderate to high risk sites inspected where no major environmental non-compliant action was necessary or issued, divided by total number of moderate to high risk sites with completed environmental inspections. The department defines compliant as those sites met all regulatory requirements, and no compliant action required. Whereas, major Non-compliant sites are those where proponent was issued a Direction to Modify, Stop Work Order or fine in lieu of forfeiture, or warning letter to improve the site within an agreed timeframe.

The results show that the percentage of compliance for 2012-13 has exceeded the budget target, which means that a better than expected result was achieved. This means that action is being taken against 15 sites through fines, direction to modify or stop work order. The variance in both budget and actual in 2012-13 as compared to previous years is due to the focus on higher risk sites.

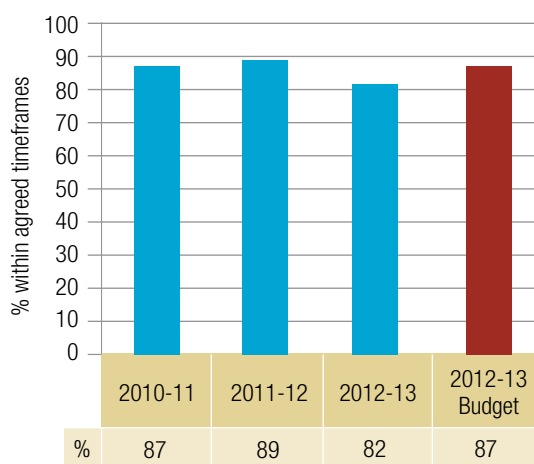
In 2013-14, this KPI will be reported as KPI 1 – Percentage of compliance with regulated environment conditions.

2. 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:

- 94% mining titles granted within 65 business days of lodgement.
- 82% mining proposals and programme of works approved within 30 business days.
- 99% petroleum environmental proposals approved within 30 business days.
- 52% petroleum well and survey applications approved within 40 business days.



Disclosures and Legal Compliance

The 52 per cent result for petroleum well and survey applications approved was attributed to delays to environment approvals from increased reporting requirements. This has caused delays to processing of on-shore survey applications. In addition, land access and Native Title issues have increased the complexity of approvals of special prospecting authority application approvals.

The challenges in these two types of applications have impacted on department's overall approvals performance, which otherwise remains well above budget and meeting the department's goal for responsible regulation.

In 2013-14, this indicator will be reported as KPI 2 – Percentage of applications completed within timelines.

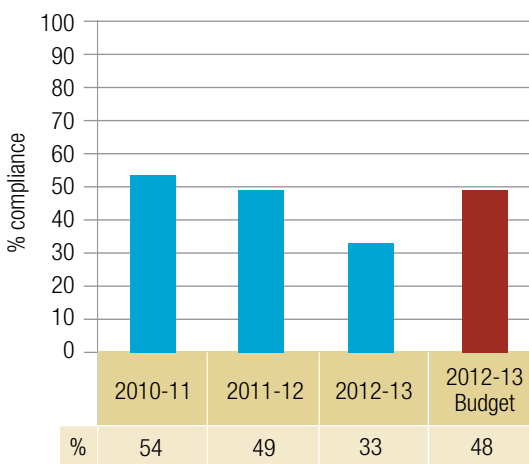
3. Percentage compliance identified in tenure activities (petroleum) that are monitored and approved

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 petroleum tenure applications approved divided by the total applications deemed compliant, excluding those applications otherwise dealt with tenure, such as refused, rejected, withdrawn or lapsed.

In 2012-13, the total applications received declined from previous years due to economic instability, and the department was requested to defer processing by applicants, consequently fewer approvals were granted during the year.

This KPI will not be reported in 2013-14 and beyond as the volume of petroleum title applications are dealt with under other indicators.



Disclosures and Legal Compliance

4. Percentage of inspections and audits completed under resources safety compliance monitoring program

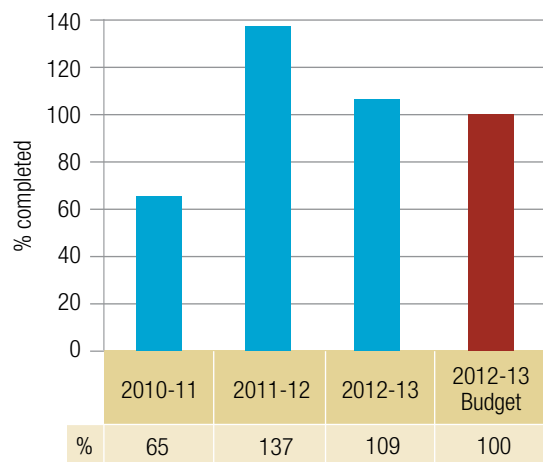
Regulatory activities relate to mines, petroleum, and dangerous goods safety compliance monitoring. This indicator is a measure of the department's efficiency in implementing its inspection and audit program for mines, petroleum, and dangerous goods safety following the introduction of safety reforms initiatives (RADARS).

The measure is calculated as the number of inspections and audits undertaken divided by the number of inspections and audits planned.

Dangerous goods inspections and audits were on track, while petroleum, since assuming safety regulatory responsibilities for offshore operations in coastal water as of 1 January 2012, and increased exploration activities onshore, saw an increased number of assessment and audits undertaken, thus exceeding budget expectations.

A greater focus and emphasis on computer systems development to improve data management and provide industry with the ability to submit information online resulted in a revised inspection program for mine safety that focused on high risk activities and a slight reduction to lower risk activities.

This indicator will not be reported from 2013-14, and has been replaced with KPI 3 – Percentage of compliance with regulated safety conditions



Disclosures and Legal Compliance

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

	2010-11 Actual	2011-12 Actual	2012-13 Actual	2012-13 Budget
Cost per resources regulation service	\$887	\$962	\$1,193	\$1,116
Commentary				
Continued focus on increasing and improving regulatory services through reform, recruitment and system development saw the average cost per service go up marginally compared to prior years', and the budget level.				

	2010-11 Actual	2011-12 Actual	2012-13 Actual	2012-13 Budget
Average weighted cost per safety regulatory service – minerals and energy	\$1,596	\$1,671	\$1,685	\$1,424
Average weighted cost per safety regulatory service – dangerous goods.	\$324 (\$485)	\$743 (\$745)	\$924	\$481
Commentary				
Ongoing recruitment of new staff as part of the safety reform initiatives, and providing them with comprehensive on-job-training training and a focus on new systems development has resulted in the average cost of safety regulatory service to exceed the budget level.				
Since 2011-12, following the review of the outcome-based service delivery structure, this indicator was weighted for the first time, and will be merged as one indicator in 2013-14.				
*Figures within brackets illustrate the non-weighted cost per service.				

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.

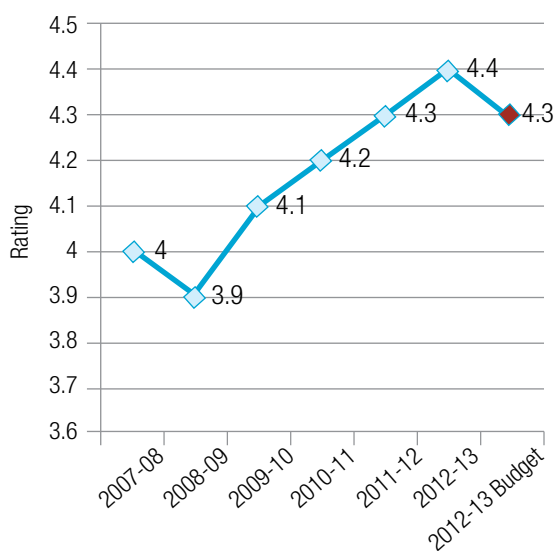
The department measures its success towards achieving this outcome against the following effectiveness indicator:

5. 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 subcommittees. They are asked to provide guidance for future programs and feedback on past performance of the department.

The 2012-13 high rating demonstrates the how overall the sub-committees were pleased with the high standard of product 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.

	2010-11 Actual	2011-12 Actual	2012-13 Actual	2012-13 Budget
Average weighted cost per geoscience information product and service units	\$221,160	\$292,562	\$233,198	\$234,750

Commentary

The weighted total published products (WTPP) figure is slightly higher than normal. This is mainly due to the airborne geophysical survey program where data was acquired and paid for in 2011-12, but processed for release in 2012-13. WTPP units are credited on release of the data. These WTPP credits, combined with a slightly smaller Exploration Incentive Scheme budget, were the main contributors to the lower cost per unit of WTPP for 2012-13.

Disclosures and Legal Compliance

FINANCIAL STATEMENTS

Department of Mines and Petroleum

Certification of Financial Statements

For the year ended 30 June 2013

Department of Mines and Petroleum

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 2013 and the financial position as at 30 June 2013.

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 2013



Alfred La Piana
A/Chief Finance Officer
10 September 2013

Department of Mines and Petroleum

Statement of Comprehensive Income

For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	88 859	81 602
Supplies and services	7	41 658	51 189
Depreciation and amortisation expense	8	3 916	3 307
Accommodation expenses	9	4 908	4 537
Grants and subsidies	10	4 714	4 966
Other expenses	11	407	167
Loss on disposal of non-current assets	14	164	-
Total cost of services		144 626	145 768
Income			
<i>Revenue</i>			
User charges and fees	12	53 394	53 682
Other revenue	13	2 809	1 517
Total revenue		56 203	55 199
Gains			
Gain on disposal of non-current assets	14	-	47
Total Gains		-	47
Total income other than income from State Government		56 203	55 246
NET COST OF SERVICES		88 423	90 522
Income from State Government			
Service appropriation	15	79 987	78 222
Services received free of charge		2 273	1 381
Royalties for Regions Fund		13 177	20 283
Total income from State Government		95 437	99 886
SURPLUS/(DEFICIT) FOR THE PERIOD		7 014	9 364
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	28	2 111	9 413
Gains recognised directly in equity		-	306
Total other comprehensive income		2 111	9 413
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		9 125	18 777

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

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

Department of Mines and Petroleum

Statement of Financial Position**As at 30 June 2013**

	Note	2013 \$000	2012 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	29	37 395	31 607
Restricted cash and cash equivalents	16	6 360	3 563
Receivables	17	10 917	12 220
Amounts receivable for services	18	910	884
Other current assets	19	1 681	1 106
Total Current Assets		57 263	49 380
Non-Current Assets			
Restricted cash and cash equivalents	16	2 560	2 100
Amounts receivable for services	18	13 912	13 088
Property, plant and equipment	20	148 736	149 054
Intangible assets	21	1 424	1 987
Total Non-Current Assets		166 632	166 229
TOTAL ASSETS		223 895	215 609
LIABILITIES			
Current Liabilities			
Payables	23	4 569	5 290
Other current liabilities	24	1 979	1 775
Revenue received in advance	25	1 575	5 128
Provisions	27	18 938	17 294
Total Current Liabilities		27 061	29 487
Non-Current Liabilities			
Amounts due to the Treasurer	26	963	-
Provisions	27	3 997	3 318
Total Non-Current Liabilities		4 960	3 318
TOTAL LIABILITIES		32 021	32 805
NET ASSETS		191 874	182 804
EQUITY			
Contributed equity	28	55 930	55 985
Reserves		113 139	111 028
Accumulated surplus/(deficit)		22 805	15 791
TOTAL EQUITY		191 874	182 804

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

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

Department of Mines and Petroleum

Statement of Changes In Equity

For the year ended 30 June 2013

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total equity \$000
Balance at 1 July 2011	28	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					
Capital appropriations		-	-	-	-
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
Balance at 1 July 2012	28	55 985	111 028	15 791	182 804
Surplus/(deficit)		-	-	7 014	7 014
Other comprehensive income		-	2 111	-	2 111
Total comprehensive income for the period		-	2 111	7 014	9 125
Transactions with owners in their capacity as owners:					
Capital appropriations		1 325	-	-	1 325
Distributions to owners		(1 380)	-	-	(1 380)
Total		(55)	-	-	(55)
Balance at 30 June 2013		55 930	113 139	22 805	191 874

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

Department of Mines and Petroleum

Statement of Cash Flows

For the year ended 30 June 2013

	Note	2013 \$000	2012 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		78 253	76 485
Capital appropriations		1 325	-
Holding account drawdowns		884	854
Royalties for Regions Fund		13 177	20 283
Net cash provided by State Government		93 639	97 622
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(89 129)	(82 477)
Supplies and services		(40 281)	(48 725)
Accommodation		(2 882)	(2 459)
Grants and subsidies		(4 715)	(6 072)
Other payments		-	(104)
GST payments on purchases		(4 794)	(6 708)
Receipts			
User charges and fees		46 568	50 286
Grants and contributions		2 684	1 316
GST receipts on user charges and fees		234	740
GST receipts from taxation authority		5 461	5 848
Other receipts		3 763	390
Net cash provided by/(used in) operating activities	29	(83 091)	(87 965)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of non-current assets		-	69
Payments			
Purchase of non-current physical assets		(2 466)	(1 422)
Net cash provided by/(used in) investing activities		(2 466)	(1 353)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		963	-
Net cash provided by/(used in) financing activities		963	-
Net increase in cash and cash equivalents		9 045	8 304
Cash and cash equivalents at the beginning of the period		37 270	28 966
CASH AND CASH EQUIVALENTS AT THE END THE PERIOD	29	46 315	37 270

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

Schedule of Income and Expenses by Services

For the year ended 30 June 2013

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
COST OF SERVICES						
<u>Expenses</u>						
Employee benefits expenses	70 998	65 194	17 861	16 408	88 859	81 602
Supplies and services	25 946	23 031	15 712	28 158	41 658	51 189
Depreciation and amortisation expense	3 046	2 552	870	755	3 916	3 307
Accommodation expenses	3 863	3 790	1 045	747	4 908	4 537
Grants and subsidies	182	255	4 532	4 711	4 714	4 966
Other expenses	351	119	56	48	407	167
Loss on disposal of other assets	130	-	34	-	164	-
Total cost of services	104 516	94 941	40 110	50 827	144 626	145 768
<u>Income</u>						
User charges and fees	51 159	53 582	2 235	100	53 394	53 682
Other revenue	2 078	1 443	731	74	2 809	1 517
Gain on disposal of non-current assets	-	47	-	-	-	47
Total income other than income from State Government	53 237	55 072	2 966	174	56 203	55 246
NET COST OF SERVICES	51 279	39 869	37 144	50 653	88 423	90 522
<u>Income from State Government</u>						
Service appropriation	54 242	51 660	25 745	26 562	79 987	78 222
Resources received free of charge	1 437	1 085	836	296	2 273	1 381
Royalties for Regions Fund	637	336	12 540	19 947	13 177	20 283
Total income from State Government	56 316	53 081	39 121	46 805	95 437	99 886
SURPLUS/DEFICIT FOR THE PERIOD	5 037	13 212	1 977	(3 848)	7 014	9 364

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

Department of Mines and Petroleum

Schedule of Assets and Liabilities by Service**As at 30 June 2013**

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
<u>Assets</u>						
Current Assets	45 645	38 785	11 618	10 595	57 263	49 380
Non-current Assets	129 171	128 789	37 461	37 440	166 632	166 229
Total assets	174 816	167 574	49 079	48 035	223 895	215 609
<u>Liabilities</u>						
Current Liabilities	21 907	24 758	5 154	4 729	27 061	29 487
Total non-current Liabilities	4 126	2 673	834	645	4 960	3 318
Total liabilities	26 033	27 431	5 988	5 374	32 021	32 805
NET ASSETS	148 783	140 143	43 091	42 661	191 874	182 804

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

Department of Mines and Petroleum

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2013

	2013 Estimate \$000	2013 Actual \$000	Variance \$000	2013 Actual \$000	2012 Actual \$000	Variance \$000
<u>Delivery Services</u>						
Item 13 Net amount appropriated to deliver services	79 541	79 126	(415)	79 126	77 412	1 714
Section 25 transfer of service appropriation - From Department of Commerce	-	-	-	-	-	-
Amount authorised by Other Statutes - <i>Salaries and Allowances Act 1975</i>	848	861	13	861	810	51
Total appropriations provided to deliver services	80 389	79 987	(402)	79 987	78 222	1 765
<u>Capital</u>						
Item 112 Capital appropriations	1 325	1 325	-	1 325	-	1 325
<u>Administered Transactions</u>						
Item 14 Administered grants, subsidies and other transfer payments	5 273	5 273	-	5 273	19 886	(14 613)
Amount authorised by other statutes - <i>Petroleum (Submerged Lands) Act 1982</i>	2 470	3 054	584	3 054	4 391	(1 337)
Total Administered Transactions	7 743	8 327	584	8 327	24 277	(15 950)
GRAND TOTAL	89 457	89 639	182	89 639	102 499	(12 860)
<u>Details of Expenses by Service</u>						
Resources Sector and Dangerous Goods Regulation	110 644	104 516	(6 128)	104 516	94 941	9 575
Geoscience Information and Advice	42 255	40 110	(2 145)	40 110	50 827	(10 717)
Total Cost of Services	152 899	144 626	(8 273)	144 626	145 768	(1 142)
Less total income	51 228	56 203	4 975	56 203	55 246	957
Net Cost of Services	101 671	88 423	(13 248)	88 423	90 522	(2 099)
Adjustments	(21 282)	(8 436)	12 846	(8 436)	(12 300)	3 864
Total appropriations provided to deliver services	80 389	79 987	(402)	79 987	78 222	1 765
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	1 325	1 325	-	1 325	-	1 325
Capital appropriations	1 325	1 325	-	1 325	-	1 325

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 the year ended 30 June 2013

	2013 Estimate \$000	2013 Actual \$000	Variance \$000	2013 Actual \$000	2012 Actual \$000	Variance \$000
<u>Details of Income Estimates</u>						
Income disclosed as Administered Income						
Commonwealth Grants						
South West Hub	20 800	-	(20 800)	-	-	-
Royalties						
Petroleum - State	12 900	18 024	5 124	18 024	18 027	(3)
Iron Ore	4 264 500	3 852 561	(411 939)	3 852 561	3 776 076	76 485
Diamonds	15 300	17 732	2 432	17 732	15 938	1 794
Alumina	80 000	64 764	(15 236)	64 764	68 185	(3 421)
Mineral sands	24 300	26 632	2 332	26 632	19 923	6 709
Nickel	96 800	88 637	(8 163)	88 637	92 089	(3 452)
Gold	218 100	213 967	(4 133)	213 967	234 316	(20 349)
Other	159 400	144 596	(14 804)	144 596	118 797	25 799
Lease rentals	81 900	90 999	9 099	90 999	90 614	385
Total Royalties	4 953 200	4 517 912	(435 288)	4 517 912	4 433 965	83 947
Regulatory Fees						
Regulatory Fees	10 000	6 404	(3 596)	6 404	1 866	4 538
	10 000	6 404	(3 596)	6 404	1 866	4 538
Law courts						
Fines	-	-	-	-	-	-
Infringement penalties:	-	-	-	-	-	-
Other						
Commonwealth Grants	-	6 500	6 500	6 500	2 700	3 800
Appropriations	7 743	8 327	584	8 327	24 277	(15 950)
Other Revenue	526	788	262	788	1 524	(736)
GRAND TOTAL	4 992 269	4 539 931	(452 338)	4 539 931	4 464 332	75 599

Note 36 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2013 and between the actual results for 2013 and 2012.

Notes to the Financial Statements

For the year ended 30 June 2013

Note 1. Australian Accounting Standards

General

The department's financial statements for the year ended 30 June 2013 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes 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 2013.

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).

Notes to the Financial Statements

For the year ended 30 June 2013

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:

Notes to the Financial Statements

For the year ended 30 June 2013

- 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 42 'Disclosure of administered income and expenses by service' and note 43 '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 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.

Notes to the Financial Statements

For the year ended 30 June 2013

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 2012-13 Budget Statements, the department retained \$56.2 million in 2013 (\$55.2 million in 2012) from the following:

- Proceeds from user fees, charges and 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.

Notes to the Financial Statements

For the year ended 30 June 2013

Royalties include:

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

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 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 of 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

Notes to the Financial Statements

For the year ended 30 June 2013

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	33-50	years
Furniture	5	years
Office equipment	3-5	years
Computer servers	3	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.

Notes to the Financial Statements

For the year ended 30 June 2013

(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 and 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. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the department is a not-for-profit

Notes to the Financial Statements

For the year ended 30 June 2013

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
 - Amounts due to the Treasurer

Notes to the Financial Statements

For the year ended 30 June 2013

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.

Notes to the Financial Statements

For the year ended 30 June 2013

(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.

Notes to the Financial Statements

For the year ended 30 June 2013

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) and other funds administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees, varies according to commencement and implementation dates.

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.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme 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). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. The department makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Department's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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

Notes to the Financial Statements

For the year ended 30 June 2013

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, the GESBS, or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

(s) Assets and services received free of charge or for nominal value

Assets or services received free of charge or for nominal cost are recognised as income at the fair value of the assets and/or the fair value of those services that can be reliably measured and the Department would otherwise pay for. A corresponding expense is recognised for services received. 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.

(u) Amounts due to the Treasurer

The amount due to the Treasurer is in respect of a Treasurer's Advance. Initial recognition and measurement, and subsequent measurement, is at the amount repayable. Although there is no interest charged, the amount repayable is equivalent to fair value as the period of the borrowing is for less than 12 months with the effect of discounting not being material.

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.

Notes to the Financial Statements

For the year ended 30 June 2013

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 2012 that impacted on the Department.

AASB 2011-9 *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]*

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). There is no financial impact.

Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. 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

Notes to the Financial Statements

For the year ended 30 June 2013

Operative for reporting periods beginning on/after

AASB 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments</p> <p>AASB 2012-6 <i>Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</i> amended the mandatory application date of this Standard to 1 January 2015. The Department has not yet determined the application or the potential impact of the Standard to 1 Jan 2015. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015
AASB 10	<p><i>Consolidated Financial Statements</i></p> <p>This Standard supersedes AASB 127 <i>Consolidated and Separate Financial Statements</i> and Int 112 <i>Consolidation – Special Purpose Entities</i>, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10 <i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments</i>. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
AASB 11	<p><i>Joint Arrangements</i></p> <p>This Standard supersedes AASB 131 <i>Interests in Joint Ventures</i>, introducing a number of changes to accounting treatments.</p> <p>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2014
AASB 12	<p><i>Disclosure of Interests in Other Entities</i></p> <p><i>This Standard supersedes disclosure requirements under AASB 127 Consolidated and Separate Financial Statements and AASB 131 Interests in Joint Ventures.</i></p> <p><i>Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Department has not yet determined the application or the potential impact of the Standard.</i></p>	1 Jan 2014

Notes to the Financial Statements

For the year ended 30 June 2013

Operative for reporting periods beginning on/after

AASB 13	<i>Fair Value Measurement</i>	1 Jan 2013
	This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures about fair value measurements. There is no financial impact.	
AASB 119	<i>Employee Benefits</i>	1 Jan 2013
	This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements.	
	The Department does not have any defined benefit plans, and therefore the financial impact will be limited to the effect of discounting annual leave and long service leave liabilities that were previously measured at the undiscounted amounts.	
AASB 127	<i>Separate Financial Statements</i>	1 Jan 2014
	This Standard supersedes AASB 127 <i>Consolidated and Separate Financial Statements</i> , introducing a number of changes to accounting treatments.	
	Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Department has not yet determined the application or the potential impact of the Standard.	
AASB 128	<i>Investments in Associates and Joint Ventures</i>	1 Jan 2014
	This Standard supersedes AASB 128 <i>Investments in Associates</i> , introducing a number of changes to accounting treatments.	
	Mandatory application of this Standard was deferred by one year for not-for-profit entities by AASB 2012-10. The Department has not yet determined the application or the potential impact of the Standard	

Notes to the Financial Statements

For the year ended 30 June 2013

Operative for reporting periods beginning on/after

AASB 1053	<i>Application of Tiers of Australian Accounting Standards</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.	
AASB 1055	<i>Budgetary Reporting</i>	1 Jul 2013
	This Standard specifies the nature of budgetary disclosures, the circumstances in which they are to be included in the general purpose financial statements of not-for-profit entities within the GGS. The Department will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.	
AASB 2010-2	<i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	1 Jul 2013
	<i>[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>	
	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.	
AASB 2010-7	<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 2015
	This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.	
	AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. The Department has not yet determined the application or the potential impact of the Standard.	

Notes to the Financial Statements

For the year ended 30 June 2013

Operative for reporting periods beginning on/after

- AASB 2011-2 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]* 1 Jul 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.
- AASB 2011-6 *Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]* 1 Jul 2013
- 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.
- AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]* 1 Jan 2013
- This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures*. For not-for-profit entities it applies to annual reporting periods beginning on or after 1 January 2014. The Department has not yet determined the application or the potential impact of the Standard.

Notes to the Financial Statements

For the year ended 30 June 2013

Operative for reporting periods beginning on/after

AASB 2011-8	<i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 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
	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.	
AASB 2011-10	<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.	
AASB 2011-11	<i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i>	1 Jul 2013
	This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.	
AASB 2012-1	<i>Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements [AASB 3, 7, 13, 140 & 141]</i>	1 Jul 2013
	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.	

Notes to the Financial Statements

For the year ended 30 June 2013

Operative for
reporting
periods
beginning
on/after

AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB 7 & 132]* 1 Jan 2013

This Standard amends the required disclosures in AASB 7 to include information that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There is no financial impact.

AASB 2012-3 *Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]* 1 Jan 2014

This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.

AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-11 Cycle [AASB 1, 101, 116, 132 & 134 and Int 2]* 1 Jan 2013

This Standard makes amendments to the Australian Accounting Standards and Interpretations as a consequence of the annual improvements process. There is no financial impact.

AASB 2012-6 *Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures [AASB 9, 2009-11, 2010-7, 2011-7 & 2011-8]* 1 Jan 2013

This Standard amends the mandatory effective date of AASB 9 *Financial Instruments* to 1 January 2015. Further amendments are also made to consequential amendments arising from AASB 9 that will now apply from 1 January 2015 and to consequential amendments arising out of the Standards that will still apply from 1 January 2013. There is no financial impact.

Notes to the Financial Statements

For the year ended 30 June 2013

Operative for reporting periods beginning on/after

- AASB 2012-7** *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 7, 12, 101 & 127]* 1 Jul 2013
- This Standard adds to or amends the Australian Accounting Standards to provide further information regarding the differential reporting framework and the two tiers of reporting requirements for preparing general financial statement. There is no financial impact.
- AASB 2012-10** *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049, & 2011-7 and Int 12]* 1 Jan 2013
- This Standard makes amendments to AASB 10 and related Standards to revise the transition guidance relevant to the initial application of those Standards, and to clarify the circumstances in which adjustments to an entity's previous accounting for its involvement with other entities are required and the timing of such adjustments.
- The Standard was issued in December 2012. The Department has not yet determined the application or the potential impact of the Standard.
- AASB 2012-11** *Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments [AASB 1, 2, 8, 10, 107, 128, 133, 134 & 2011-4]* 1 Jul 2013
- This Standard makes various editorial corrections to Australian Accounting Standards – Reduced Disclosure Requirements (Tier 2). These corrections ensure that the Standards reflect decisions of the AASB regarding the Tier 2 requirements.
- This Standard also extends the relief from consolidation and the equity method (in the new Consolidation and Joint Arrangements Standards) to entities complying with Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact

Notes to the Financial Statements

For the year ended 30 June 2013

Note 6. Employee benefits expense

Wages and salaries ^(a)
Superannuation - defined contribution plans ^(b)

2013	2012
\$000	\$000
81 134	74 457
7 725	7 145
88 859	81 602

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

Employment on-costs such as workers' compensation insurance are included at note 11 'Other Expenses'.

The employment on-costs liability is included at note 27 'Provisions'.

Note 7. Supplies and services

Consultants and contractors
Advertising and promotion
Travel
Communication
Consumables
Maintenance
Insurance
Printing
Other staff costs
Other

27 587	37 396
905	728
1 854	1 730
1 250	1 135
3 083	3 940
2 474	2 194
680	341
335	280
2 690	2 577
800	868
41 658	51 189

Note 8. Depreciation and amortisation expense

Depreciation

Buildings
Furniture, plant, equipment and vehicles
Computer hardware and software
Scientific equipment

Total depreciation

1 574	1 199
725	693
1 026	825
28	27
3 353	2 744

Amortisation

Intangible assets

Total amortisation

Total depreciation and amortisation

563	563
563	563
3 916	3 307

Note 9. Accommodation expenses

Lease rentals
Repairs and maintenance
Cleaning
Electricity
Refurbishment
Security
Water rates
Other accommodation expenses

1 276	1 111
947	1 085
504	442
921	786
450	392
263	256
151	149
396	316
4 908	4 537

Notes to the Financial Statements

For the year ended 30 June 2013

Note 10. Grants and subsidies

Mineral and Petroleum Industry
Co-Funded Drilling Scheme (EIS)
WA Regional Research Initiative (EIS)
National Mine Safety Framework Secretariat

Note 11. Other expenses

Doubtful debts expense
Other expenses

Note 12. User charges and fees

Petroleum annual licenses
Mining, prospecting and exploration licenses
Explosives and dangerous goods licenses and fees
Mining Safety Levy
Petroleum Safety
Other fees

Note 13. Other revenue

Other funding contributions
Miscellaneous revenue

Note 14. Net gain/(loss) on disposal of non-current assets

Proceeds from disposal of non-current assets

Plant equipment and vehicles

Costs of disposal of non-current assets

Plant equipment and vehicles

Net gain/(loss)

Note 15. Income from State Government

Appropriation received during the period:

Service appropriation ^(a)

Services received free of charge ^(b)

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

State Solicitors Office

- legal services

Department of Treasury and Finance

- procurement and accommodation services

Landgate

- land dealings, land information, valuation services and products

Royalties for Regions Fund:

Exploration Incentive Scheme ^(c)

	2013 \$000	2012 \$000
	344	268
	3 426	3 740
	885	763
	59	195
	4 714	4 966
	132	14
	275	153
	407	167
	3 248	6 979
	7 262	6 654
	9 160	3 050
	24 243	34 118
	5 717	2 403
	3 764	478
	53 394	53 682
	2 684	1 316
	125	201
	2 809	1 517
	-	69
	(164)	(22)
	(164)	47
	79 987	78 222
	79 987	78 222
	1 147	945
	328	307
	798	129
	2 273	1 381
	13 177	20 283
	13 177	20 283
	95 437	99 886

Notes to the Financial Statements

For the year ended 30 June 2013

- (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 budgeted 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.
- (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.

Note 16. Restricted cash and cash equivalents

Current

Suspense account ^(a)	1	97
Royalties for Regions Fund (Exploration Incentive Scheme) ^(b)	453	1 813
Safety Levies ^(c)	4 580	1 653
MERIWA ^(e)	1 326	-
	6 360	3 563
<u>Non-current</u>		
Accrued salaries suspense account ^(d)	2 560	2 100
	2 560	2 100

- (a) This account is to hold monies temporarily, pending identification of the purpose for which the funds were received.
- (b) These unspent funds are committed to projects and programs in WA regional areas. The Exploration Incentive Scheme is a State Government initiative that aims to encourage exploration in Western Australia for the long-term sustainability of the State's resources sector.
- (c) The recoup of the costs of administering the Safety reforms cannot be invoiced until after the end of the financial year. Treasury approval is obtained for any overdrawn accounts. (Refer Note 40)
- (d) Funds held in the suspense account used only for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.
- (e) Funds held pending transfer to Minerals and Energy Research Institute WA (MERIWA)

Note 17. Receivables

Current

Receivables	9 414	10 420
Allowance for impairment of receivables	(145)	(14)
Accrued revenue	801	375
GST receivable	847	1 439
Total Current	10 917	12 220

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of period	14	-
Doubtful debts expense	145	14
Amounts written off during the period	(14)	0
Balance at end of period	145	14

Department of Mines and Petroleum

Notes to the Financial Statements

For the year ended 30 June 2013

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	910	884
Non-current	13 912	13 088
	14 822	13 972

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	1 681	1 106
Total current	1 681	1 106

Note 20. Property, plant and equipment

<u>Land</u>		
At fair value ^(a)	86 302	86 383
<u>Buildings</u>		
At fair value ^(a)	54 829	55 065
<u>Furniture, plant, equipment and vehicles</u>		
At cost	9 459	8 316
Accumulated depreciation	(3 751)	(3 054)
	5 708	5 262
<u>Computer hardware and software</u>		
At cost	7 019	6 840
Accumulated depreciation	(5 226)	(4 679)
	1 793	2 161
<u>Scientific equipment</u>		
At cost	213	187
Accumulated depreciation	(109)	(81)
	104	106

Notes to the Financial Statements**For the year ended 30 June 2013**Works in progressAt cost ^(b)

Total of property, plant, equipment and vehicles

2013 \$000	2012 \$000
-	77
148 736	149 054

- (a) Land and buildings were revalued as at 1 July 2012 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2013 and recognised at 30 June 2013. In undertaking the revaluation, fair value was determined by reference to market values for land: \$47,991,250 and buildings: \$38,720,000. For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement cost.
- (b) Data Centre Facilities and Mt Magnet Office
These items were completed during the year and transferred to Property Plant and Equipment.

Department of Mines and Petroleum

Notes to the Financial Statements**For the year ended 30 June 2013**

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
2013							
Carrying amount at the start of year	86 383	55 065	5 262	2 161	106	77	149 054
Additions	-	-	95	661	26	1 687	2 469
Transfers from work in progress	-	688	1 076	-	-	(1 764)	-
Transfers to operating expenditure	-	-	-	-	-	-	-
Other Disposals	(980)	(562)	-	(3)	-	-	(1 545)
Reclassification	-	-	-	-	-	-	-
Revaluation	899	1 212	-	-	-	-	2 111
Depreciation	-	(1 574)	(725)	(1 026)	(28)	-	(3 353)
Carrying amount at end of year	86 302	54 829	5 708	1 793	104	-	148 736

	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	(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

Notes to the Financial Statements

For the year ended 30 June 2013

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

Note 22. Impairment of assets

There were no indications of impairment to property, plant and equipment, infrastructure or intangible assets at 30 June 2013.

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 2013 have either been classified as assets held for sale or written-off.

Note 23. Payables

Current

Trade payables

Accrued salaries

Accrued expenses

Total current

Note 24. Other current liabilities

Unclaimed monies

Note 25. Revenue received in advance

Licenses and fees

Note 26. Amounts due to the Treasurer ^(a)

Non Current

Amounts due to the Treasurer

(a) Mine Rehabilitation Fund

	2013 \$000	2012 \$000
Total intangible assets	1 424	1 987
Reconciliation:		
Computer software		
Carrying amount at start of period	1 987	2 551
Additions	-	-
Disposals	-	-
Amortisation expense	(563)	(563)
Carrying amount at end of period	1 424	1 987
Total current	4 569	5 290
Unclaimed monies	1 979	1 775
Total current	1 979	1 775
Licenses and fees	1 575	5 128
Total	1 575	5 128
Amounts due to the Treasurer	963	-
Total	963	-

Department of Mines and Petroleum

Notes to the Financial Statements

For the year ended 30 June 2013

Note 27. ProvisionsCurrent*Employee benefits provision*

Annual leave ^(a)	8 681	7 556
Long service leave ^(b)	10 092	9 546
Deferred salary scheme ^(d)	-	33
	18 773	17 135

Other provisions

Employment on-costs provision ^(c)	165	159
	165	159
	18 938	17 294

Non-current*Employee benefits provision*

Long service leave ^(b)	3 946	3 284
Deferred salary scheme ^(d)	17	4
	3 963	3 288

Other provisions

Employment on-costs provision ^(c)	34	30
	34	30
	3 997	3 318

- (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	6 147	5 214
More than 12 months after the end of the reporting period	2 534	2 342
	8 681	7 556

- (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	3 892	3 691
More than 12 months after the end of the reporting period	10 146	9 139
	14 038	12 830

- (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
More than 12 months after the end of the reporting period	17	4
	17	37

Department of Mines and Petroleum

Notes to the Financial Statements

For the year ended 30 June 2013

	2013 \$000	2012 \$000
Movements in other provisions		
<u>Employment on-cost provision</u>		
Carrying amount at start of period	189	176
Additional provisions recognised	199	189
Payments/other sacrifices of economic benefits	(189)	(176)
Carrying amount at end of period	199	189
 Note 28. 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	55 985	55 684
<u>Contributions by owners</u>		
Capital appropriation	1 325	-
<u>Other contributions by owners:</u>		
Land transferred to other agencies at fair value ^(a)	-	306
<u>Transfer of net assets from other agencies</u>		
Total contributions by owners	1 325	306
<u>Distributions to owners</u>		
Transfer of net assets to other agencies. ^(a)	(630)	(5)
Transfer of land and building for sale to the Department of Regional Development and Lands.	(750)	-
Total distributions to owners	(1 380)	(5)
Balance at end of period	55 930	55 985
 ^(a) This represents land and buildings transferred through the Valuer General's valuation report.		
Reserves		
<u>Asset revaluation surplus</u>		
Balance at start of period	111 028	101 615
Net revaluation increments/(decrements)		
Land	899	(10 562)
Buildings	1 212	19 975
Balance at end of period	113 139	111 028

Notes to the Financial Statements

For the year ended 30 June 2013

	2013 \$000	2012 \$000
Accumulated Surplus		
Balance at start of period	15 791	6 427
Result for the period	7 014	9 364
Balance at the end of period	22 805	15 791
Total Equity at the end of period	191 874	182 804

Note 29. 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	16
Operating account	37 379	31 591
Cash and cash equivalents	37 395	31 607
Restricted cash assets (refer note 16)	8 920	5 663
	46 315	37 270

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

Net cost of service	(88 423)	(90 522)
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Non-cash items

Depreciation and amortisation expense	3 916	3 307
Resources received free of charge	2 273	1 381
Net (gain)/loss on disposal of non-current assets	164	(47)

(Increase)/Decrease in assets

Current Receivables ^(a)	711	(4 850)
Other assets	(575)	21

Increase/(decrease) in liabilities

Current payables ^(a)	(721)	(449)
Other liabilities	204	(95)
Revenue received in advance	(3 553)	2 365
Provisions - employee benefits	2 323	1 340
Net GST payments ^(b)	901	(120)
Change in GST in receivables/payables ^(c)	(311)	(296)

Net cash used in operating activities	(83 091)	(87 965)
---------------------------------------	-----------------	-----------------

(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, i.e. cash transactions.

(c) This reverses out the GST in receivables and payables.

Notes to the Financial Statements

For the year ended 30 June 2013

Note 30. Services provided free of charge

During the period the following services were provided to other agencies free of charge for functions outside the normal operations of the department:

MERIWA (Building services, parking, conferences)

	2013 \$000	2012 \$000
	44	38

Note 31. 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
Later than 1 year and not later than 5 years

	910	2 634
	2 860	2 808
	3 770	5 442

The capital commitments include amounts for:
Computer hardware, software and buildings

	3 770	5 442
	3 770	5 442

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
Later than 1 year and not later than 5 years
Later than 5 years

	2 002	1 971
	4 311	5 303
	539	697
	6 852	7 971

Representing:
Non-cancellable operating leases

	6 852	7 971
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These commitments are exclusive of GST.

Note 32. Contingent liabilities and contingent assets

Contingent liabilities:

The following contingent liabilities are additional to the liabilities included in the financial statements:

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.

Notes to the Financial Statements

For the year ended 30 June 2013

2013
\$000

2012
\$000

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.

Other matters of uncertainty

The department is currently involved in 3 legal cases, depending on the outcomes this may result in a contingent liability for costs of \$1.7m, or a contingent benefit of \$0.8m

Contingent assets

There are no other known contingent assets.

Note 33. 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.

Note 34. 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:

	2013	2012
\$50 001 to \$60 000	-	1
\$140 001 to \$150 000	-	1
\$150 001 to \$160 000	3	1
\$160 001 to \$170 000	2	1
\$170 001 to \$180 000	1	3
\$180 001 to \$190 000	4	2
\$210 001 to \$220 000	-	3
\$220 001 to \$230 000	3	1
\$230 001 to \$240 000	2	-
\$240 001 to \$250 000	-	1
\$250 001 to \$260 000	2	1
\$260 001 to \$270 000	1	1
\$280 001 to \$290 000	-	1
\$350 001 to \$360 000	-	1
\$360 001 to \$370 000	1	-

Total remuneration of senior officers:

3 999

3 687

Department of Mines and Petroleum

Notes to the Financial Statements

For the year ended 30 June 2013

	2013 \$000	2012 \$000
Base remuneration and superannuation	2 878	2 684
Annual leave and long service leave accruals	417	369
Other benefits	704	634
Total remuneration of senior officers	3 999	3 687
<p>The total remuneration includes the superannuation expense incurred by the department in respect of senior officers.</p>		
<p>Note 35. Remuneration of Auditor</p>		
<p>Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:</p>		
Auditing the accounts, financial statements and performance indicators.	151	151

Notes to the Financial Statements

For the year ended 30 June 2013

Note 36. 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 2013

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

	2013 Estimate \$000	2013 Actual \$000	Variance \$000	
Resources Sector and Dangerous Goods Regulation	110 644	104 516	(6 128)	(a)

(a) *Resources Sector and Dangerous Goods Regulation* - The underspend occurred through the inability to fill positions with staff of sufficient skills and experience, combined with the continual turnover of staff. Additionally there was a freeze on expenditure by Government in 2012/13.

Significant variances between actual results for 2013 and 2012

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

	2013 Actual \$000	2012 Actual \$000	Variance \$000	
Resources Sector and Dangerous Goods Regulation	104 516	94 941	9 575	(a)
Geoscience Information and Advice	40 110	50 827	(10 717)	(b)

(a) *Resources Sector and Dangerous Goods Regulation* - the increase is mainly attributable to the ongoing implementation of the regulatory reform framework for resources safety and the further development of the integrated approvals system.

(b) *Geoscience Information and Advice* - The variance mainly reflects reduced Exploration Incentive Scheme expenditure on data analysis and publications rather than the previous years high cost surveys.

Notes to the Financial Statements

For the year ended 30 June 2013

Capital contribution

Significant variances between estimate and actual for 2013

No significant variance in Capital contribution

Significant variances between actual results for 2013 and 2012

No significant variance in Capital contribution

Total administered transactions

Significant variances between estimate and actual for 2013

No significant variance in total administered transactions.

Significant variances between actual results for 2013 and 2012

Total appropriation provided to deliver services for the year

2013 Actual \$000	2012 Actual \$000	Variance \$000	
8 327	24 277	(15 950)	(a)

(a) *Total appropriation provided to deliver services for the year* - The decrease in appropriation in 2012/13 is attributable to reduced funding for Mining Tenement Refunds due to a one off provision of \$16m in 2011/12.

Administered Income

Significant variances between estimate and actual for 2013

Royalties

2013 Estimate \$000	2013 Actual \$000	Variance \$000	
4 953 200	4 517 912	(435 288)	(a)

(a) *Royalties* - The decrease in income is mainly attributable to a decrease in the collection of iron ore royalties. This is due to the Australian dollar being higher than expected, when compared to US dollar, for most of the year and volatile prices for iron ore and other commodities.

Significant variances between actual results for 2013 and 2012

Royalties

2013 Actual \$000	2012 Actual \$000	Variance \$000	
4 517 912	4 433 965	83 947	(a)

(a) *Royalties* - The increase in Royalties is mainly attributable to an increase in the collection of iron ore royalties and other minerals offset by a decrease in gold.

Notes to the Financial Statements

For the year ended 30 June 2013

Note 37. 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 37 (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 Safety Levies. 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 37 (c), the department is not exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing and it has no borrowings other than the Treasurer's advance (non interest bearing).

(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:

	2013 \$000	2012 \$000
<u>Financial Assets</u>		
Cash and cash equivalents	37 395	31 607
Restricted cash and cash equivalents	8 920	5 663
Loans and receivables ^(a)	24 892	24 753
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	7 511	7 065

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

Notes to the Financial Statements

For the year ended 30 June 2013

(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 \$000	Not past due and not impaired \$000	<u>Past due but not impaired</u>				Impaired financial assets ^(b) \$000
			up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	
2013							
Cash and cash equivalents	37 395	37 395	-	-	-	-	-
Restricted cash and cash equivalents	8 920	8 920	-	-	-	-	-
Receivables ^(a)	10 070	8 610	279	987	43	6	145
Amounts receivable for services	14 822	14 822	-	-	-	-	-
	71 207	69 747	279	987	43	6	145
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

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

^(b) Five debtors are under administration and it is unknown if any of the amounts owing will be recovered as of 30 June 2013. The carrying amount of the receivables before deducting the impairment loss was \$145,059.

Notes to the Financial Statements

For the year ended 30 June 2013

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)

	Interest rate exposure					Maturity dates				
	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Fixed interest rate \$000	Variable Interest Rate \$000	Non- interest Bearing \$000	Nominal Amount \$000	up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000
2013										
<u>Financial Assets</u>										
Cash and cash equivalents	-	37 395	-	-	37 395	37 395	-	-	-	-
Restricted cash and cash equivalents	-	8 920	-	-	8 920	8 920	-	-	-	-
Receivables ^(a)	-	10 070	-	-	10 070	10 070	9 034	987	43	6
Amounts receivable for services	-	14 822	-	-	14 822	14 822	-	-	910	13 912
		71 207	-	-	71 207	71 207	9 034	987	953	13 918
<u>Financial Liabilities</u>										
Payables	-	4 569	-	-	4 569	4 569	4 569	-	-	-
Unclaimed monies	-	1 979	-	-	1 979	1 979	1 979	-	-	-
Amounts due to the Treasurer	-	963	-	-	963	963	-	-	-	963
		7 511	-	-	7 511	7 511	6 548	-	-	963

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

Notes to the Financial Statements

For the year ended 30 June 2013

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
2012										
Financial Assets										
Cash and cash equivalents	-	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
Financial Liabilities										
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).

Department of Mines and Petroleum

Notes to the Financial Statements

For the year ended 30 June 2013

Note 38. Related bodies

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

Note 39. Affiliated bodies

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

Note 40. 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.

	2013 \$000	2012 \$000
Balance at start of period	178	178
<u>Add</u> receipts	-	-
<u>Less</u> payments	-	-
Refunds	-	-
Balance at end of period	178	178

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 \$2,644.

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	6 617	5 974
<u>Add</u> receipts		
Bonds, Securities	44	643
<u>Less</u> payments	44	643
Operational expenses	-	-
Balance at end of period	6 661	6 617

Department of Mines and Petroleum

Notes to the Financial Statements

For the year ended 30 June 2013

	2013 \$000	2012 \$000
Special Projects Fund		
<p>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.</p> <p>This account includes an agreement between the Commonwealth and the department to carry out inspection services at Christmas Island. With an opening balance of \$79,629, \$53,371 receipts and \$131,526 payments, giving a closing balance of \$1,474.</p>		
Balance at start of period	3 123	403
<u>Add receipts</u>		
Contribution from Government & Industry	6 016	2 986
	<u>6 016</u>	<u>2 986</u>
<u>Less payments</u>		
Salaries	105	40
Travel	38	16
Consultants	2 096	192
Grants	1 525	-
Other	46	18
	<u>3 810</u>	<u>266</u>
Balance at end of period	<u>5 329</u>	<u>3 123</u>
Mines Safety Levy		
<p>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</i></p>		
Balance at start of period	2 596	(3 709)
<u>Add receipts</u>		
Contribution from Industry	26 704	30 668
	<u>26 704</u>	<u>30 668</u>
<u>Less payments</u>		
Salaries	10 990	9 500
Operational Expenditure	13 639	14 863
	<u>24 629</u>	<u>24 363</u>
Balance at end of period	<u>4 671</u>	<u>2 596</u>

Department of Mines and Petroleum

Notes to the Financial Statements

For the year ended 30 June 2013

	2013 \$000	2012 \$000
<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	(943)	-
<u>Add receipts</u>		
Contribution from Industry	5 701	902
	<u>5 701</u>	<u>902</u>
<u>Less payments</u>		
Salaries	2 613	796
Operational Expenditure	2 237	1 049
	<u>4 850</u>	<u>1 845</u>
Balance at end of period	<u>(92)</u>	<u>(943)</u>

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

Note 41. Supplementary financial information**(a) Write Offs**

During the financial year the following amounts were written off under the

The accountable authority	14	-
The Minister	-	-
Executive Council	-	-
	<u>14</u>	<u>-</u>

(b) Losses Through theft, defaults and other causes

Losses of public money and public and other property through theft or default
Amount recovered

	-	-
	<u>-</u>	<u>-</u>

(c) Gifts of Public Property

Gifts of public property provided by the department

	-	-
	<u>-</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 30 June 2013

Note 42. Disclosure of administered income and expenses by service

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2013 \$000	2012 \$000	2013 \$000	2012 \$000	2013 \$000	2012 \$000
COST OF SERVICES						
<u>Expenses</u>						
Petroleum (Submerged Lands) Act 1982	3 054	4 391	-	-	3 054	4 391
Refunds of previous years' revenue	10 389	10 135	-	-	10 389	10 135
Services and contracts	3 481	4 008	15	-	3 496	4 008
Receipts paid into Consolidated Account	4 337 342	4 488 544	-	-	4 337 342	4 488 544
Grants and subsidies	2 316	984	340	334	2 656	1 318
Total administered expenses	4 356 582	4 508 062	355	334	4 356 937	4 508 396
<u>Income</u>						
For transfer:						
Royalties and Rentals ^(a)	4 517 912	4 433 965	-	-	4 517 912	4 433 965
Regulatory fees	6 404	1 866	-	-	6 404	1 866
Commonwealth Grants	6 500	2 700	-	-	6 500	2 700
Appropriations	7 987	23 943	340	334	8 327	24 277
Other revenue	777	1 516	11	8	788	1 524
Total administered income	4 539 580	4 463 990	351	342	4 539 931	4 464 332
(a) Royalties						
Petroleum - State	18 024	18 027				
Iron Ore	3 852 561	3 776 076				
Diamonds	17 732	15 938				
Alumina	64 764	68 185				
Mineral sands	26 632	19 923				
Nickel	88 637	92 089				
Gold	213 967	234 316				
Other	144 596	118 797				
Lease rentals	90 999	90 614				
Total	4 517 912	4 433 965				

Department of Mines and Petroleum

Notes to the Financial Statements

For the year ended 30 June 2013

	2013 \$000	2012 \$000
43. Administered assets and liabilities		
<u>Current Assets</u>		
Cash and cash equivalents	4 809	16 236
Receivables ^(a)	1 250 989	1 060 669
Restricted cash	12 169	10 119
Finance Lease Receivable	489	461
Other Assets	-	-
Total Administered Current Assets	1 268 456	1 087 485
<u>Non-Current Assets</u>		
Finance Lease Receivable	7 753	8 242
Total Administered Non-Current Assets	7 753	8 242
TOTAL ADMINISTRATIVE ASSETS	1 276 209	1 095 727
<u>Current Liabilities</u>		
Payments received in advance	123	123
Accounts payable	53	148
Other liabilities	55	55
GST payable	(753)	1 665
Total Administered Current Liabilities	(522)	1 991
TOTAL ADMINISTRATIVE LIABILITIES	(522)	1 991

(a) This mainly represents royalties not collected as at 30 June 2013 on production which occurred prior to balance date.

Other matters of uncertainty

Mining companies owing royalties of \$2 million 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 is in dispute over the correct royalty rate payable. Depending on the outcome, this may result in a loss of the royalty paid to date \$10.3m or an extra \$5.16m being received.

Disclosure and legal compliance

MINISTERIAL DIRECTIVES

During the 2012-13 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

Two projects were completed during the year, the Data Centre Hosting Facility at a cost of \$1,095,824 and the new Mount Magnet Mining Registrar's office costing \$688,185.

Act of Grace Payments

During the 2012-13 period, thirteen (13) Act of Grace payments totalling \$45,165 were made arising from applications for land applied for which was not available for granting.

Legal and other government policy requirements

ADVERTISING COSTS

	2012-13 Expenditure
Advertising Agencies	Nil
Market Research Organisations	
Research Solutions	\$68,319
Polling Organisations	Nil
Direct Mail Organisations	
ACTIV Industries	\$4,356
Media Advertising Organisations	
Media Decisions OMD	\$314,542
TOTAL ADVERTISING COSTS	\$387,217

TABLE 9: ADVERTISING COSTS FOR THE YEAR ENDED 30 JUNE 2013.

DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

The department continued to progress its work on the Disability Access and Inclusion Plan (DAIP) during this period. Specific strategies focusing on six outcomes, with a view to improved access and inclusion for people with disabilities have been implemented. These strategies meet the objectives of the *Disability Services Act 1993* and have been approved by the Disability Services Commission.

The department has demonstrated its commitments and obligations under the Act by addressing the following outcomes:

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

The department is committed to providing equal access for people with disability to all public events in appropriate venues. In this regard, the department's Events Manual outlines the guidelines for employees when conducting events. The manual emphasises that events must

Legal and other government policy requirements

cater for the needs of people with disabilities. It also includes a checklist for staff 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 disability have the same opportunities as other people to access the buildings and other facilities of the department.

The department continued to work towards ensuring that all office buildings and facilities are physically accessible to people with disabilities. Where the provision of such facilities is restricted, such as in some leased premises and heritage buildings, staff have been informed to make the necessary arrangements on request from people with disability, ensuring appropriate access and support.

During the period under review, a new Mining Registrar's Office was designed and built in Mt Magnet, and was opened to the public on 23 January 2013. The new office meets all disability access requirements and provides easy access to the department's clients and customers in the Mid West region of the State.

Outcome 3: People with disability 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.

The department is nearing the completion of a Website Usability Project that ensures its public website is compliant with the Web Content Accessibility Guidelines (WCAG 2.0) as mandated by the Commonwealth and State Government. This project was initiated early in 2012 and is being managed by the Communications and Marketing Branch. The project aims at addressing the accessibility issues within the department's website to ensure content is accessible to all, regardless of physical or cognitive ability.

The 300 most visited pages were reviewed and updated as part of this project. The department's Web Content Editors and Approvers have been trained to comply with the accessibility requirements. The project was completed in June 2013.

Furthermore, the department has embarked on a Website Enhancement Project that would see both Internet and Intranet sites re-developed. This new projects will comply with the guidelines outlined within the WCAG 2.0.

These projects will facilitate ongoing training of the department's web content officers and those who are authorised to approve web content changes to ensure that the website meets accessibility requirements.

Legal and other government policy requirements

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

The department is committed to treating all customers and stakeholders equally in an open, honest and impartial manner at any Department of Mines and Petroleum office.

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

The department has an effective internal complaints management system whereby the Director General is ultimately answerable to complaints. Complaints are handled and addressed honestly and impartially via an open and transparent process. Importantly, the department recognises that complaints are a useful tool for improving services. Information regarding complaints can be found at [Managing complaints](#).

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

The department strives to include a broad representation of people in public consultation processes including those with disability. This approach recognises the importance of engaging people of varying backgrounds, skills, talents and perspectives in consultation processes.

Legal and other government policy 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.

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. The department monitors and reviews conflict of interest declarations to ensure compliance.

In 2012 the department's Conflict of Interest Policy, Procedure and Declaration e-forms were reviewed and updated. The department in consultation with the Crime and Corruption Commission (CCC) has also commenced training for all management positions in the role of the CCC and the mandatory requirement to report misconduct.

All new employees receive a comprehensive induction with a strong focus on the expectation of highly ethical behaviour, declarations of conflicts of interest and responsibility for reporting suspected unethical behaviours or actions. In accordance with the *Public Interest Disclosure Act 2003*, the department has duly appointed Public Interest Disclosure Officers and has published and promoted internal policies and procedures related to its obligations. No public interest disclosures were received during the 2012-13 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, mandatory staff inductions and information sessions.

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. The department also conducts regular audits of human resources policies and procedures to ensure consistency with the Commissioner's Instructions and Standards.

Legal and other government policy requirements

In 2012-13, there were five breach claims against the Employment Standard which were investigated by the Public Sector Commissioner and found to be unsubstantiated. There was also one breach claim against the performance management standard and one against the grievance standard which were investigated by the Public Sector Commission and found to be unsubstantiated.

In 2012-13 there were three formal grievances, resulting in investigations being undertaken.

In 2012-13, the department conducted one investigation into alleged breaches of the Code of Conduct during the year which resulted in action taken.

Recordkeeping plans

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

During the year the department evaluated the recordkeeping systems, practices and training and a number of improvements were identified, including:

- A major review of information management systems and practices in the Mines Safety function resulted in a number of improvement recommendations for implementation during 2013-14;
- A major review of the Corporate Document Management System resulted in the redevelopment of a new and improved system to be rolled out in 2013-14;
- The integration of the new State Records General Disposal Authority for Human Resources Management Records RD 2012004 into its Human Resource Records Management Systems resulting in improvements in system operations and human resources management business processes; and
- The review of Records Induction Training Programme resulted in changes to training delivery to improve participation. Training handouts and materials were rewritten to improve user reference. Online Records Awareness training was evaluated and approved for implementation in 2013-2014.

A major review of the functionality of the current Records Management System is planned for 2013-14.

Legal and other government policy requirements

Training needs were identified through staff feedback, the corporate Work and Development Planning process, monitoring of recordkeeping practices and records system data. In addition to feedback from training participants, the improvement in the quality of Records System data was used as a measure of training effectiveness. The following recordkeeping training was provided during the year, including participation figures.

Training	Participation
Recordkeeping Induction	253
Advanced Records Management System training in Retrieving Information, File Creation, Records Life Cycle and Records Archival Practices	92
FOI Legislative Framework; application process; Recordkeeping requirements	73
OurDocs Document Management System	73
Record Keeping Legislation and Policy	44
Understanding the Corporate File Plan	25
Understanding Records Disposal	22
Ministerial Document Management Process	13
Document Naming Conventions	15

TABLE 10: RECORDKEEPING TRAINING AND ENGAGEMENT RESULTS FOR YEAR ENDING 30 JUNE 2013.

The department continued to improve the integration of the Corporate Electronic Document and Records Management System with its key business operating systems. This reflects the department's commitment to improve and streamline recordkeeping processes by automatically generating electronic records from its corporate business systems such as the Royalties Management System, Mineral Titles Online, Petroleum Geothermal Register, Environment Assessment and Regulatory System and the Safety Regulation System.

Legal and other government policy requirements

SUBSTANTIVE EQUALITY

The department recognises that people are different and therefore must be treated according to their cultural diversity. We acknowledge and respect Aboriginal and Torres Strait Islanders as being the first people of Australia and value their contribution to the department.

Our commitment to training and making staff aware of substantive equality is demonstrated through our Reconciliation Action Plan for 2012-14, which is available to the public through the department's website. *Read more*

A component of this plan is Culture and Awareness training, which is compulsory for all staff. This training gives staff an understanding of traditional culture and how it affects our work today. The history of Indigenous people is covered, as well as how we can build stronger relationships between Aboriginal and Non-Aboriginal people, with a focus on how we work and communicate. In the past eighteen months, 215 staff have participated in Culture and Awareness training.

The department celebrates National Aborigines and Islanders Day Observance Committee (NAIDOC) week, and encourages staff to participate in activities focused on learning more about Aboriginal culture and heritage. Some of the events held during 2012-13 included the development of artwork created by staff, Aboriginal cultural performances, and boomerang throwing. All events were hosted by Aboriginal people, who joined us in the celebrations.

The department is involved in projects across Western Australia, often working closely with Indigenous people. By building on existing relationships, respecting the differences in cultures and working together, the department is establishing a foundation for ongoing reconciliation and substantive equality.

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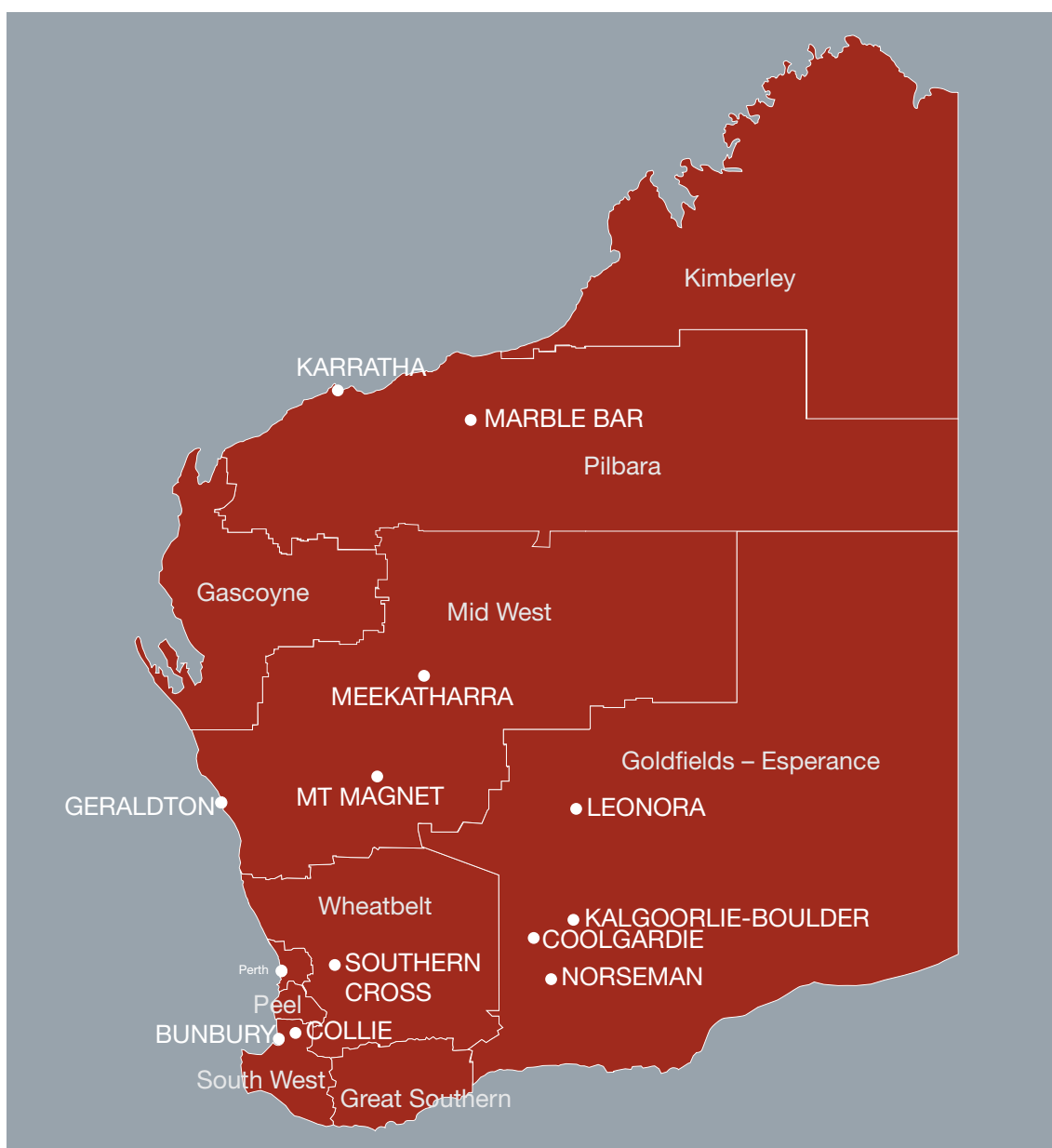
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Appendix 1

SCHEDULE OF WEBSITE REFERENCES USED THROUGH THE 2012-13 ANNUAL REPORT

Section	Page	URL Address
Our Organisation		
• Approvals Group	20	http://www.dmp.wa.gov.au/861.aspx
• Petroleum	20	http://www.dmp.wa.gov.au/374.aspx
• Environment	20	http://www.dmp.wa.gov.au/368.aspx
• Mineral Titles	21	http://www.dmp.wa.gov.au/377.aspx
• Strategic Policy	21	http://www.dmp.wa.gov.au/11337.aspx
• Resources Safety	21	http://www.dmp.wa.gov.au/6611.aspx
• Geological Survey	22	http://www.dmp.wa.gov.au/371.aspx
• Reform Group	22	http://www.dmp.wa.gov.au/15811.aspx
• Our plan for Success (Strategic Plan)	24	http://www.dmp.wa.gov.au/documents/132645_DMP_Strategic_Plan_-_Our_Plan_for_Success_to_2014_Web.pdf
Our Performance		
• Approvals performance reports	30-33	http://www.dmp.wa.gov.au/7436.aspx
• Uranium	33-34	http://www.dmp.wa.gov.au/9997.aspx
• Carbon capture and storage	34-36	http://www.dmp.wa.gov.au/9514.aspx
• Natural gas from shale and tight rocks	36-37	http://www.dmp.wa.gov.au/15136.aspx
• Geothermal	37	http://www.dmp.wa.gov.au/18548.aspx
• Reform and Development at Resources Safety (RADARS)	38-39	http://www.dmp.wa.gov.au/9856.aspx

Appendix 1

Section	Page	URL Address
<ul style="list-style-type: none"> • RADARS perception survey 	39	http://www.dmp.wa.gov.au/documents/Reports/RSD_R_2012BaselinePerceptionsSurveyOfRSSStakeholders-Results.pdf
<ul style="list-style-type: none"> • Reforming Environmental Regulation 	39	http://www.dmp.wa.gov.au/15811.aspx
<ul style="list-style-type: none"> • Royalties collection and assessment 	42	http://www.dmp.wa.gov.au/11857.aspx
<ul style="list-style-type: none"> • Mining Rehabilitation Fund 	43-44	http://www.dmp.wa.gov.au/15822.aspx
<ul style="list-style-type: none"> • Petroleum regulation 	45-46	http://www.dmp.wa.gov.au/374.aspx
<ul style="list-style-type: none"> • Exploration Incentive Scheme: <ul style="list-style-type: none"> • Geophysics survey program • Co-funded Exploration Drilling program 	46-47	http://www.dmp.wa.gov.au/7743.aspx
<ul style="list-style-type: none"> • Geoscience information 	48	http://www.dmp.wa.gov.au/371.aspx
<ul style="list-style-type: none"> • Six golden rules for prospecting 	55	http://www.dmp.wa.gov.au/documents/ProspectingAdvertisementWEB.pdf
<ul style="list-style-type: none"> • Reconciliation Action Plan 	57, 135	http://www.dmp.wa.gov.au/8494.aspx

Appendix 2

YOUR FEEDBACK

The Department of Mines and Petroleum is interested in your feedback and comments regarding the 2012-13 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 2012-13
- 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. You may provide feedback regarding this report directly to:

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