



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

Department of Mines and Petroleum | ANNUAL REPORT 2014-15



14-15

Department of Mines and Petroleum

Annual Report 2014-15

This annual report summarises the activities and performance of the Department of Mines and Petroleum for 2014-15 against the key objectives, strategies and targets in its strategic plan. As well as reporting on the financial results for the financial year, the report looks to the year ahead. This report is available on our website at www.dmp.wa.gov.au.

The website also contains a complete archive of annual reports for the department dating back to 1890, providing an opportunity for readers to explore the resources development of the State.

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Contents

Statement of Compliance	4	Our Year	15
Director General's Message	5	Safety regulation of the resources sector	15
About Us	7	Protection of environmental values	19
Who we are	7	Encouragement of exploration and discovery	22
Legislation we administer	7	Increased stakeholder engagement	27
Vision Mission Values	7	Development of our people and systems	33
Significant Issues Impacting the Department	8	Disclosures and Legal Compliance	37
Economic trends impacting DMP	8	Other Legal Requirements	38
Impact on DMP	9	Government Policy Requirements	43
Priority actions	10	Key Performance Indicators	51
Our Organisation	11	Financial Statements	60
Our executive	11	Abbreviations and Acronyms	119
Our Functions	12		
Our performance management framework	12		
Our performance summary	13		



Statement of Compliance

To the Honourable William (Bill) Richard Marmion MLA BE, MBA
Minister for Finance; Mines and Petroleum

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament the Annual Report of the Department of Mines and Petroleum for the financial year ended 30 June 2015.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

A handwritten signature in black ink, appearing to read 'Richard Sellers', written over a light grey rectangular background.

Richard Sellers
Director General, Department of Mines and Petroleum



Director General's Message

It is a privilege to lead a dedicated and talented team which fosters a strong and responsible resources sector, while protecting the social and natural environment that makes Western Australia (WA) such an attractive place to live and work.

The Department of Mines and Petroleum (DMP) plays a critical role at every stage of resource development from exploration through to production, decommissioning and rehabilitation. We do this by having an organisation that combines advanced geological information dissemination to industry, with leading practice industry regulation, and strong enforcement.

In 2014-15 WA's resources industry faced declining global commodity prices, following an extended period of high prices. As commodity prices retreated, particularly iron ore, the industry focused on cutting costs, while improving productivity and reducing spending on exploration. Despite this, the resources sector continued to be the most significant economic contributor to the State, with \$5.9 billion in royalties returned to the WA community and employment of more than 100,000 people during 2014-15.

DMP continued to manage the highly successful Exploration Incentive Scheme (EIS), a State Government initiative to encourage greenfields exploration for the long-term sustainability of the WA's resources sector. A recent review of this scheme found that every \$1 million spent under the EIS, delivered a medium-term benefit of \$10.3 million from additional exploration activity and a \$23.7 million potential long-term benefit to the State.

In challenging market conditions, DMP continues to administer the Western Australian Government's assistance to magnetite miners through its Magnetite Financial Assistance Program. This assistance is in the form of a royalty rebate of up to 50 percent for the first 12 months of magnetite production.

The State Government also put in place the Iron Ore Financial Assistance Program to provide temporary assistance to small iron ore miners, as they restructured their operations. Successful applicants received a 50 per cent royalty rebate for 12 months which must be repaid within two years.

DMP developed the framework and provided the administration of this initiative on behalf of the Government.

DMP continues to work with industry to improve worker safety throughout the resources sector. Compliance efforts have been increased by undertaking more onsite audits and inspections.

In recognition of the fine line between a serious injury and a fatality, DMP has increased analysis of information gained through investigations to help industry learn more about contributing factors and risks associated with serious injuries. As well as raising awareness and educating industry, DMP continued to strengthen its compliance activities taking enforcement against operators not only for cases of injury or fatality, but also in the event of near-miss safety incidents. These safety improvements gave workers and their families the assurance they deserved that despite the tighter economic conditions, the resources industry would be held to the highest safety standards and practices.

This year saw the full implementation of the Mining Rehabilitation Fund, an innovative pooled fund, implemented to increase the State's capacity to rehabilitate abandoned and legacy mines across the State, leading to better environmental and community safety outcomes. More than 98 percent of tenement holders lodged their reports by 30 June 2015 and complied with the new data and funding requirements. This move to an on-line system was achieved through guidance and support being given to tenement managers.

Industry continued to explore onshore for shale and tight gas in 2014-15. DMP makes it clear to every company wanting to operate in Western Australia they must work closely with their local community. Compliance with the State's stringent regulations is essential, but will count for nothing if a company is not building relationships with its local community. DMP continued to respond to community interest in better understanding our regulatory framework.

During the year, DMP continued to update and enhance its online systems to improve functionality and user access. There are now more than 30,000 registered users. The aim is to have all customer transactions online by 1 July 2016. Website improvements and regulatory reforms are also allowing greater access to information, to demonstrate DMP's ongoing commitment to transparent regulation of the resources sector.

As the lead agency for mining, petroleum, geothermal and carbon capture and storage proposals, DMP continued to collaborate with other relevant government agencies towards improved assessment, monitoring and reporting processes, reduced duplication and more effective industry regulation directed at reducing industry costs and improving public outcomes.

I believe DMP's strong regulatory framework, combined with its innovative and adaptive management approach has contributed to the State being recognised as one of the world's most attractive places to invest in mining. I am especially proud of DMP's ability to adapt to change and evolve in response to the priorities and interests of our stakeholders. With dedicated and professional staff, DMP is ideally placed to fulfil this role regardless of the challenges it faces in the future.



Richard Sellers

Director General, Department of Mines and Petroleum

About Us

Who we are

The Department of Mines and Petroleum (DMP) is responsible for ensuring the State's resources sector is developed and managed responsibly and sustainably for the benefit of all Western Australians.

As the State's lead regulator for extractive industries and dangerous goods, DMP works with other government agencies to ensure workers, the community and the environment are protected.

DMP also provides geological data and an equitable and secure titles system to ensure the State continues to be an attractive destination for investment.

Legislation we administer

The Minister's and DMP's roles and responsibilities are prescribed in legislation including the:

- *Dangerous Goods Safety Act 2004*
- *Mines Safety and Inspection Act 1994*
- *Mining Act 1978*
- *Mining Rehabilitation Fund Act 2012*
- *Petroleum (Submerged Lands) Act 1982*
- *Petroleum and Geothermal Energy Resources Act 1967*
- *Petroleum Pipelines Act 1969*
- *Petroleum Titles (Browse Basin) Act 2014*
- *Petroleum and Geothermal Energy Safety Levies Act 2011*

... and subsidiary legislation made under these Acts

Our vision

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

Our mission

Facilitate responsible resource sector development and responsible operations management for the long-term benefit of Western Australia.

Our values

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



Regulatory Enforcement

- Inspections and audits for compliance
- Penalties for non-compliance
- Mandatory reporting
- Multiagency enforcement/prosecution

Significant Issues Impacting the Department

Economic trends impacting DMP

In 2014-15 the downward trend in commodity prices affected the majority of the State's key commodities with companies focussed on cutting costs and improving productivity. An increase in iron ore production and the weaker Australian dollar partially offset the decline in commodity prices. Despite the annual decline, the total value of production remained high, growing from \$43.2 billion (2005-06) to \$99.5 billion (2014-15) in the last 10 years (Figure 1). This trend is reflected in the total grants and royalties collected in WA.

The challenging economic conditions of the last year also affected the level of mineral exploration expenditure which continued to decrease, dropping from a high of more than \$2.1 billion in 2011-12 to \$0.9 billion in 2014-15. Petroleum exploration expenditure was also down from the previous year (Figure 2).

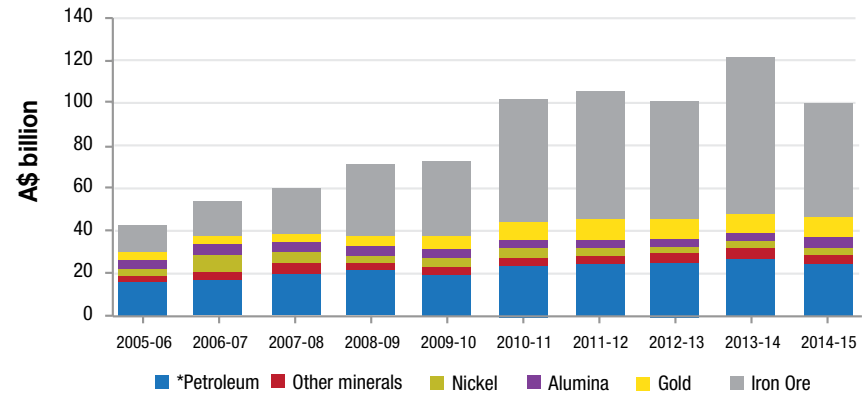


Figure 1: Value of WA's resources sector, by commodity

Source: DMP Statistics Digest – <http://www.dmp.wa.gov.au/statisticsdigest>

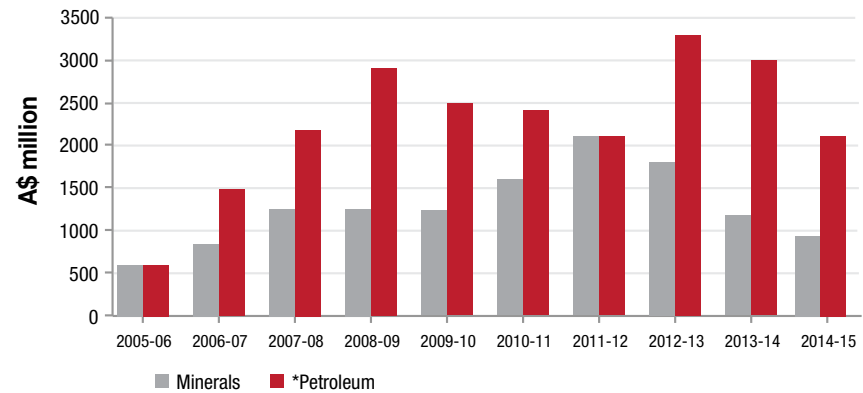


Figure 2: Minerals and petroleum exploration expenditure

* "Petroleum" refers to crude oil, condensate, LNG, natural gas and LPG. Total value includes WA's onshore and offshore areas and in adjacent Commonwealth offshore areas.

Source: DMP Statistics Digest – <http://www.dmp.wa.gov.au/statisticsdigest>

Significant Issues Impacting the Department

Impact on DMP

Increased regulatory focus on compliance has ensured that during a period of change from construction to production phase, industry continues to meet community expectations.

In 2014-15 the overall number of development applications was stable with a slight increase compared to the previous period (Figure 3).

On-site employment levels remained high even though some companies suspended operations, reduced total staff numbers and changed staff rosters to gain operational efficiency (Figure 4).

The safety of workers in the sector remains a priority. At the same time there is an increasing community interest in resource projects, particularly in relation to safety and environmental issues. This year DMP has increased audits and inspections to ensure compliance with safety and environmental requirements (Figure 5).

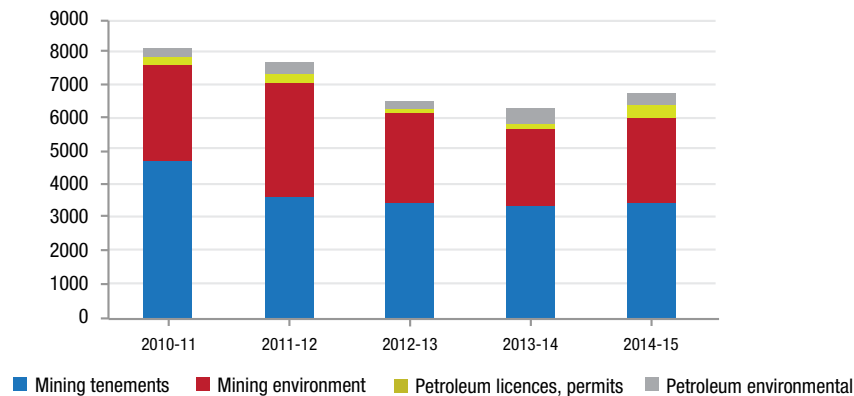


Figure 3: **Tenure and environmental applications received by DMP**

Source: DMP Statistics Digest – <http://www.dmp.wa.gov.au/statisticsdigest>

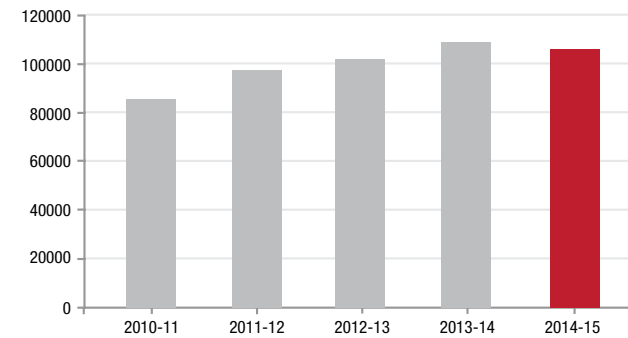


Figure 4: **Mining employment**

Source: DMP Statistics Digest – <http://www.dmp.wa.gov.au/statisticsdigest>

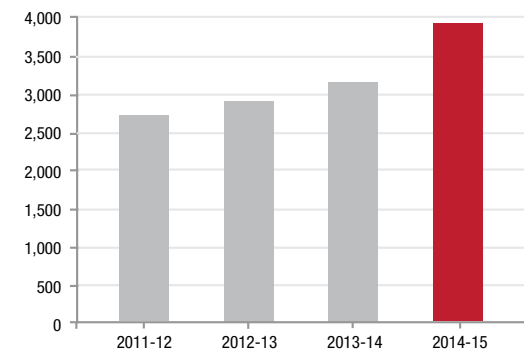


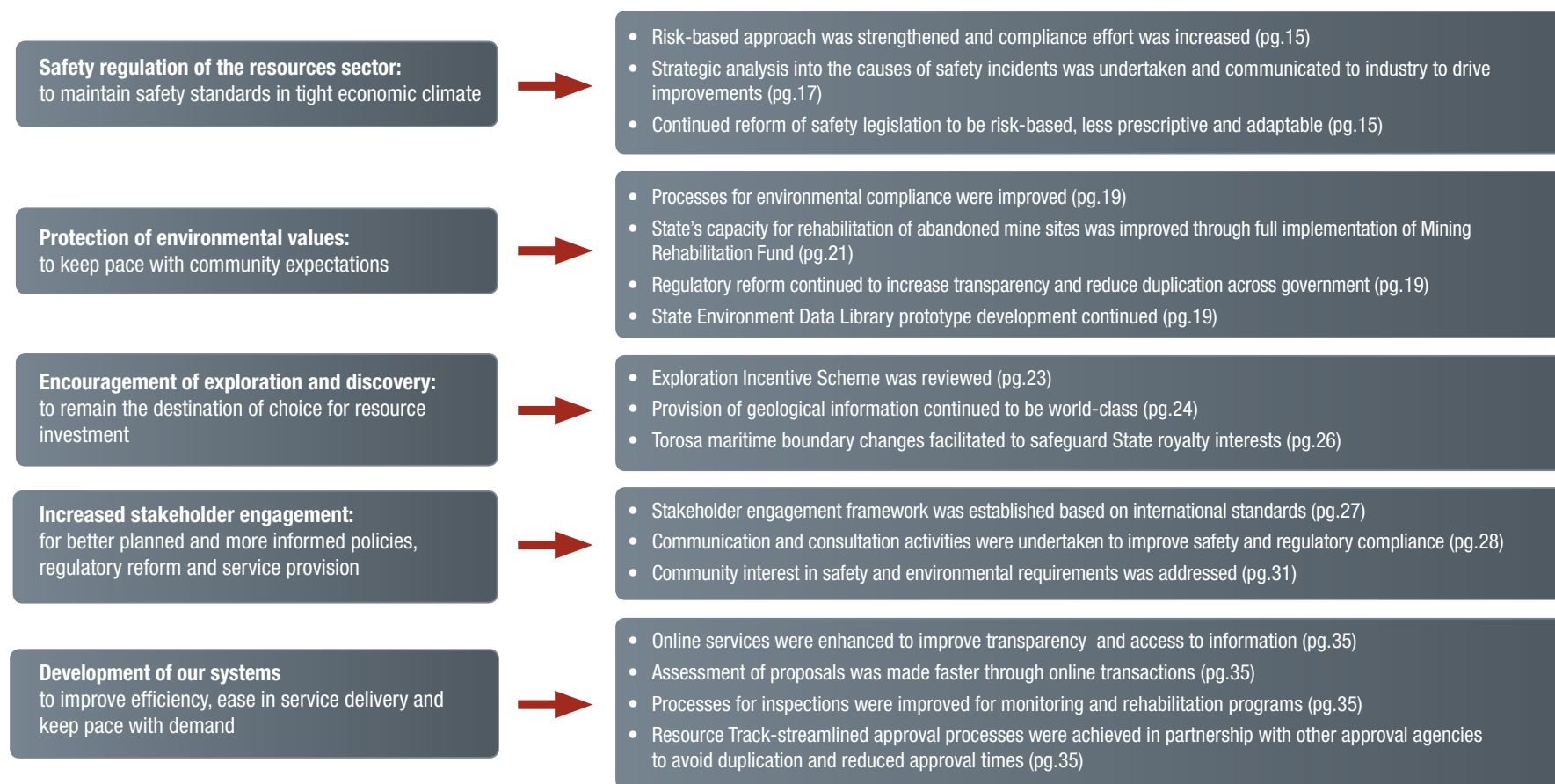
Figure 5: **Total compliance inspections and audits**

Source: DMP data source

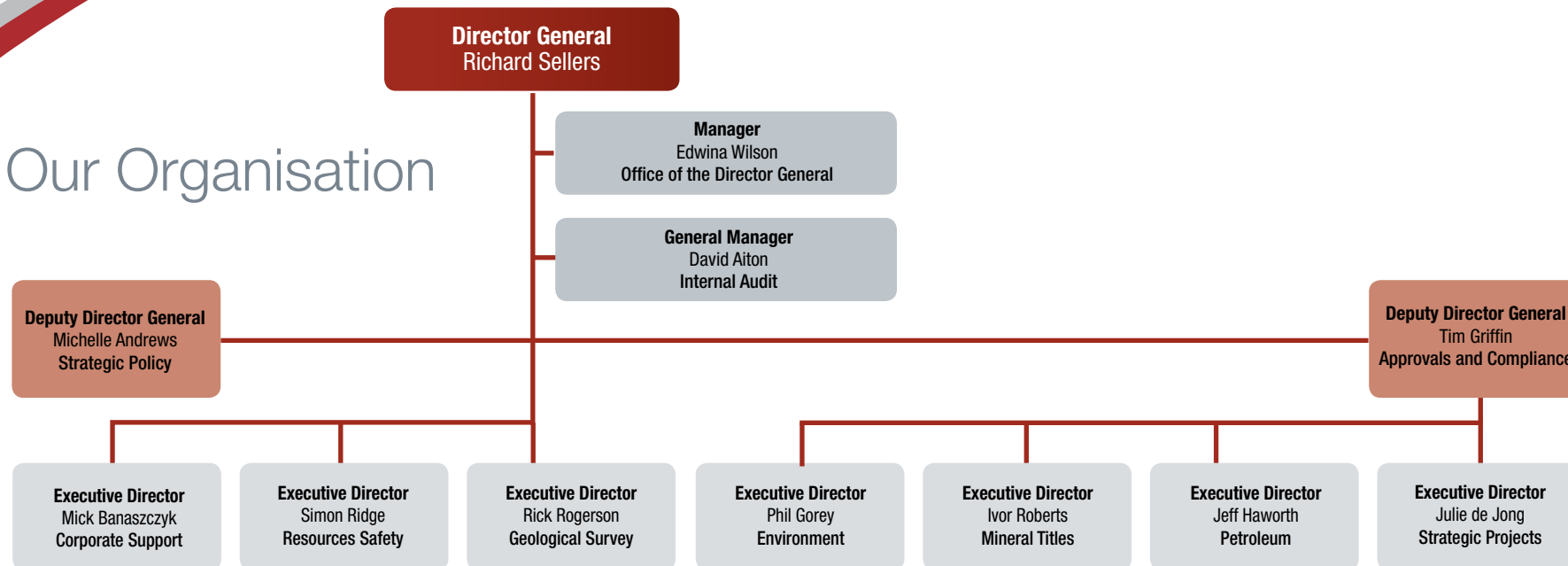
Significant Issues Impacting the Department

Priority actions

Given the impacts described on pages 8-9, DMP focused on compliance, smarter and more transparent service, economic assistance and engagement with stakeholders. Our priority responses are described briefly below and in more detail in the following sections of this report.



Our Organisation



Our executive



From Left Back: Ivor Roberts, Don Frayne (General Counsel), Mick Banaszczyk, Simon Ridge, Phil Gorey, Julie de Jong, Rick Rogerson
From left front: Michelle Andrews, Richard Sellers, Tim Griffin, Jeff Haworth

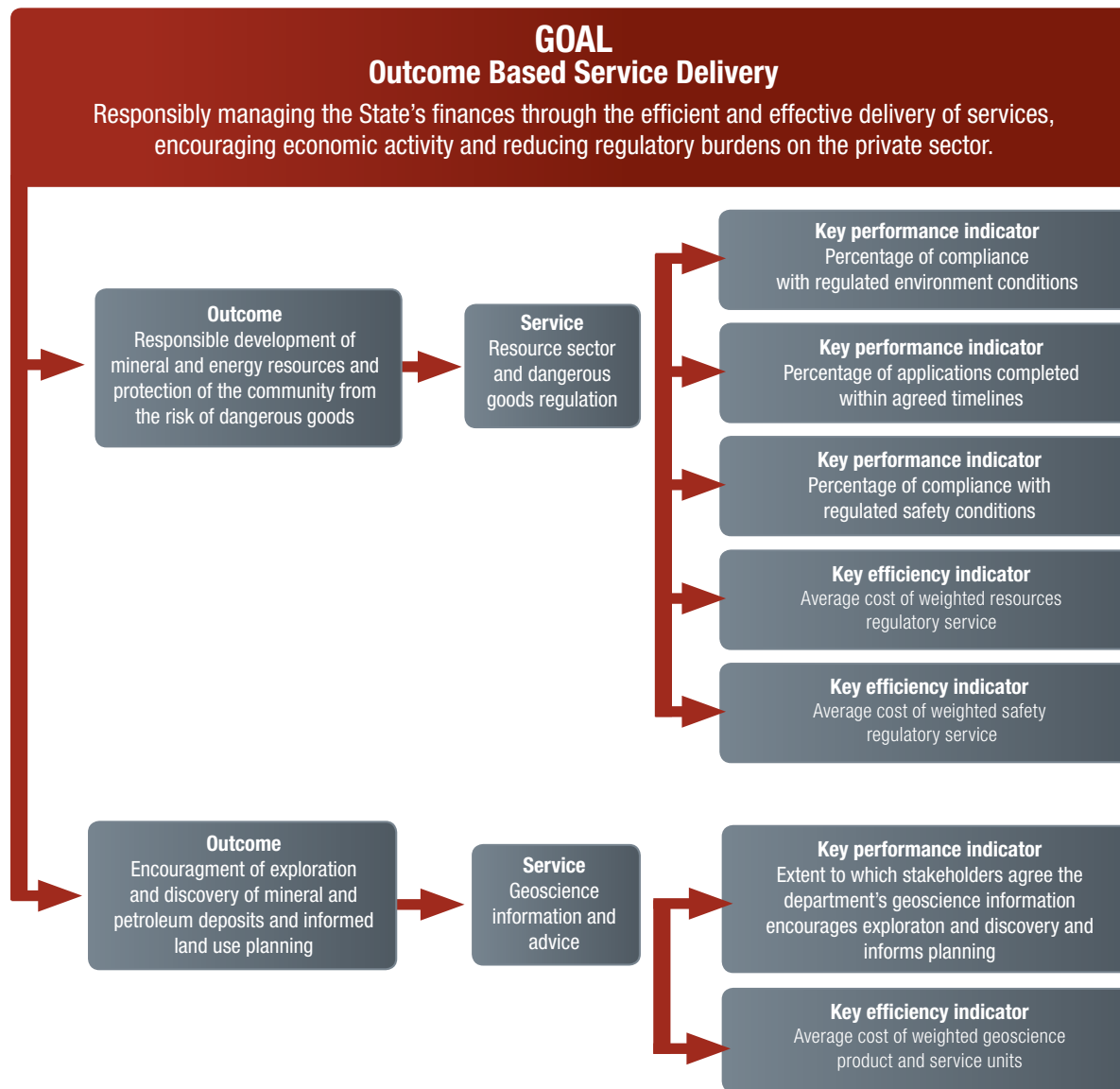
Our Functions

Our performance management framework

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

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

In addition to this, DMP is committed to educating the community about resource development and regulation in WA.



Our performance summary

	Performance Indicators	Target/Result	Reference
1	Percentage of compliance with regulated environment conditions	Actual 2014-15 99	Page 52
		Target 2014-15 93	
		Actual 2013-14 97	
2	Percentage of applications completed within agreed timeframes	Actual 2014-15 94	Page 53
		Target 2014-15 93	
		Actual 2013-14 93	
3	Percentage of compliance with regulated safety conditions	Actual 2014-15 96	Page 55
		Target 2014-15 95	
		Actual 2013-14 96	
	Performance Indicators	Target/Result	Reference
4	The extent to which stakeholders agree to the department's geoscience information encourages exploration and discovery and informs planning	Actual 2014-15 4.2	Page 58
		Target 2014-15 4.3	
		Actual 2013-14 4.1	

- 1 – Increased level of compliance effort, with more inspections and audits undertaken.
- 2 – Improved assessment of applications due to development of staff and improved systems resulting in increased efficiency.
- 3 – Maintained a high level of safety compliance across the wide range of responsibilities.
- 4 – Continued to meet stakeholder's expectations as evidenced by the level of positive feedback received.

	Efficiency Indicators	Target/Result	Reference
5	Average cost of weighted resources regulatory service	Actual 2014-15 \$1,440	Page 56
		Target 2014-15 \$1,295	
		Actual 2013-14 \$1,250	
6	Average cost of weighted safety regulatory service	Actual 2014-15 \$1,393	Page 56
		Target 2014-15 \$1,418	
		Actual 2013-14 \$1,170	
	Efficiency Indicators	Target/Result	Reference
7	Average cost of weighted geoscience product and service units	Actual 2014-15 \$360,964	Page 59
		Target 2014-15 \$262,703	
		Actual 2013-14 \$261,292	

- 5 – Increased costs mainly due to subsequent budget increases to undertake the Regulating Environmental Reform program and determining Torosa Gas Field boundaries.
- 6 – Increase in overall cost reflects a reduction in licensing services being offset by an increase in the provision of more seminars, presentations and publications.
- 7 – Increases due to cost of undertaking a greater number of research projects and geophysical surveys that will not be completed until 2015-16.

Our performance summary

Financial Indicators		Target/Result (\$'000)		Reference
8	Total cost of service (i.e endorsed expense limit)	Actual 2014-15	159,724	Page 115
		Target 2014-15	156,075	
		Actual 2013-14	160,316	
9	Net cost of service (detail in income statement)	Actual 2014-15	81,677	Page 115
		Target 2014-15	51,812	
		Actual 2013-14	104,569	
10	Total equity (details in balance sheet)	Actual 2014-15	168,318	Page 115
		Target 2014-15	259,635	
		Actual 2013-14	193,148	
11	Net increase/decrease in cash held (details in cash flow statement)	Actual 2014-15	-9,236	Page 115
		Target 2014-15	30,681	
		Actual 2013-14	4,214	
FTE				
12	Approved full-time equivalent (FTE) staff level	Actual 2014-15	801	
		Target 2014-15	844	
		Actual 2013-14	790	

Further explanations are contained in Note 34 'Explanatory statement' to the financial statements.

- 8** – The variation is mainly due to approved increases for Regulating Environmental Reforms and the Torosa Gas Field.
- 9** – In addition to the explanation above regarding expenses, the variation is mainly due to lower than forecast Mining Rehabilitation Fund levy contributions.
- 10** – In addition to the above explanations regarding expenses and Net cost of services, the variation is also due to movements through equity for land distributed to owners.
- 11** – The variation is mainly due to lower than forecast Mining Rehabilitation Fund levy contributions and the return of cash to the Department of Treasury.



100,000
Workers employed
in the industry (est.)



\$99.5 Billion
Industry Value

\$5.9 Billion
Royalties

Our Year

Safety regulation of the resources sector

A key role in ensuring safe and responsible development of the State's mineral and petroleum resources is through regulation of the resources industry. DMP does this by providing secure titles that require compliance with robust safety and environmental conditions.

WA is respected internationally for the strong and stable regulatory environment it provides for the resources sector. This is a cornerstone for building confidence among stakeholder groups ranging from investors through to regional communities.

A risk-based approach to audits and inspections has strengthened the focus on higher risk sites and ensured compliance with regulations is taking place at these sites.

DMP undertakes regular audits and site inspections and follows up with enforcement where non-compliance is identified. It also informs and educates workers and industry about their safety, environmental and social responsibilities.

Safety legislation reform program

Safety legislation for mining, petroleum and major hazard facilities is currently spread across multiple Acts and is long overdue for review.

Two of the most significant changes to safety reform in recent years have been the increasing focus on risk-based regulation and the constantly changing technology and its application in the resources industry. Both these changes require safety legislation that is less prescriptive and adaptable to change.

The risk-based approach puts the onus on industry to demonstrate they understand the hazards and risks of their particular workplaces, and have implemented measures to identify and eliminate or manage risks.



Resources Safety Dangerous Goods traffic inspection.

Safety regulation of the resources sector cont...

DMP held an open consultation process in late 2014 with industry and union stakeholders through the Ministerial Advisory Panel on Safety Legislation Reform. An outcome of this consultation was a recommendation to consolidate the legislation under one Act, with DMP as the sole regulator.

In March 2015, the Minister authorised DMP to commence drafting a consolidated and modernised Act. The proposed *Work Health and Safety (Resources) Bill* consolidates safety requirements from six Acts and 12 sets of regulations under one Act and one set of regulations, covering mining, petroleum and major hazard facilities. It was developed using the best concepts from the national model *Work Health and Safety Act* and the National Mines Safety Framework process, but is tailored to suit the needs of the WA resources sector:

- Mining: Risk-based approach, using Safety Management Systems (SMS).
- Major hazard facilities (MHF): Regulation of worker safety will be transferred from WorkSafe to DMP.
- Petroleum: Onshore petroleum safety cases will include public risk considerations, enhancing community safety. Offshore safety cases will align with NOPSEMA, which should enable mutual acceptance of safety cases.
- MHFs & Petroleum: Consistent safety cases provide industry with the option to use one safety case to cover their entire operation, offshore to onshore.

DMP is planning to introduce the draft Act to Parliament in 2016 with implementation in 2017. Transitional arrangements to facilitate a phased introduction of the new legislation will also take place during this period.

<http://www.dmp.wa.gov.au/SafetyReform>

Review of the *Dangerous Goods Safety Act 2004*

In consultation with industry, a review of the *Dangerous Goods Safety Act 2004* was completed in late 2014 focusing on the effectiveness and efficiency of the legislation since implementation in 2008. Work has commenced on implementing the 16 recommendations and consolidating six sets of regulations.

Guidance material for autonomous mining

DMP has embraced innovation and technological change within the resources sector in its regulatory practices. DMP has taken a world-leading role in developing safety guidance material on autonomous mining systems.

WA is the first jurisdiction in the world to develop safety guidance material specifically covering autonomous mining equipment. The International Organisation for Standardisation (ISO), responsible for developing global safety standards, visited Perth in September 2014 to obtain input into the development of international standards for autonomous mining systems, recognising DMP for its leadership.



Corporate Executive visiting regional minesites.

Safety regulation of the resources sector cont...

Case Study – Reviewing serious injury data in the WA mining industry

This year DMP undertook a study to analyse serious injury data in the WA mining industry to help industry develop a better understanding of the causative factors associated with significant injuries.

The study analysed 655 serious injuries during a six month period from 1 July to 31 December 2013. The study followed the 2013 review of 52 fatal accidents in the mining industry from 2000 to 2012. The objective was to develop a better understanding of the injury risk profile of the State's mining industry, given there has been little change in the number of serious injuries since 2002.

The injury risk profile can then be developed to focus early attention on the tasks and activities that are causing significant injuries in the industry.

The three main findings from both reports were that for all employees the greatest hazards are:

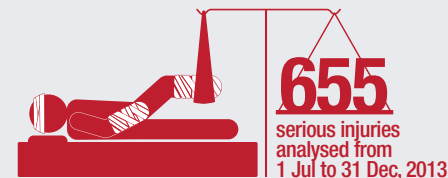
- falls from height
- positioning oneself under an object or suspended load
- crush injuries associated with machines and heavy components.

DMP has been sharing the results of the study with industry in Perth and regional centres to help focus attention on, and address the activities that lead to critical incidents. DMP is also encouraging companies to build on the available information to develop more comprehensive hazard profiles for their mines and their employee activities with the focus on hazard awareness, risk management strategies and positive cultural change.

www.dmp.wa.gov.au/SafetyReports



Resources Safety Inspectors undertaking a site inspection.



Safety regulation of the resources sector cont...

KEY APPOINTMENTS: Chief Dangerous Goods Officer



Ross Stidolph was appointed as Chief Dangerous Goods Officer on 28 January 2015.

Ross has more than 30 years' experience in the oil and gas industry, and power generation. His experience includes operational management of major hazard facilities in Australia and the United Kingdom, as well as power stations. Ross worked on major projects from the design and development phases through to construction, commissioning and operation, covering new builds and retrofits.

State Mining Engineer



Andrew Chaplyn was appointed WA's 11th State Mining Engineer on 16 June 2014.

Andrew has been a key member of DMP's safety management team since 2009.

Andrew brings more than 30 years' experience working in the mining industry, from a graduate mining engineer through to senior leadership roles in private industry as well as government.



Attraction and Retention Incentive Scheme

The Attraction and Retention Incentive scheme (ARI) remains a critical and successful tool for DMP to effectively compete for resources sector professional and technical specialists by offering competitive salary packages linked to staff performance.

Since the introduction of the ARI for Mines Safety Inspectors in 2010, the scheme has been extended to include Safety Investigators, Petroleum Safety Inspectors and Petroleum, Dangerous Goods and Environmental specialists.

During the last year, 40 staff were appointed to critical specialist positions with a further 30 employment contracts established in the newly formed Dangerous Goods and Petroleum Safety Branch. Currently, a total of 126 staff are appointed under the scheme across DMP.

Our Year

Protection of environmental values

Environmental compliance

DMP continues to improve environmental inspections and strengthen the way it monitors operations and rehabilitation programs.

DMP has also introduced more online applications, to increase efficiency and provides guidance material to ensure correct processes are followed by industry. This is particularly important for good environmental management, during the life of the mine, and proper rehabilitation once exploration or mining has finished.

These improvements are critical for ensuring that high standards are established and maintained for resource industry operators, and that they are properly understood by operators before exploration or mining activities commence.

Information Brief

Revised guidelines clarify mine closure requirements

DMP and the Environmental Protection Authority (EPA) published revised guidelines for Preparing Mine Closure Plans to ensure that Western Australian mining operators have a clearer understanding of the regulatory requirements for closing, decommissioning and rehabilitating mine sites.

<http://www.dmp.wa.gov.au/19089.aspx>



Presentation at a Reforming Environment Regulation industry briefing.

State Environmental Data Library

The State Environmental Data Library (SEDL) is designed to provide public access to environmental, water and cultural heritage information contained in reports held by government. The SEDL is a cooperative project led by DMP with the Office of the Environmental Protection Authority and departments of Parks and Wildlife, Water and Aboriginal Affairs.

The initial SEDL model provided the architecture for a system to archive and access information provided to government agencies. A working prototype of the library has information covering 27 categories for 400 mining proposals. This information will be used to further advance development of the SEDL with industry and other key government agencies.

Protection of environmental values cont...

Reform and inter-agency initiatives

DMP has been involved in the following projects as a part of its commitment to making environmental regulation more efficient and avoiding duplication.

- Coordinated State Government approval to enable the successful start-up of the 300km Eastern Goldfields Pipeline project in March 2015.
 - Implemented a joint inspection program with the Department of Environment Regulation, Office of the Environmental Protection Authority and Department of Water to share resources, knowledge and improve coordination.
 - Published new guidelines in March 2015 for annual environmental reporting. Not only are these useful for industry, they also ensure that data supplied to DMP is reliable and useful for regulating the industry.
 - Introduced the *Mining Legislation Amendment Bill 2015* into Parliament in April 2015. The Bill seeks to modernise the *Mining Act 1978* by introducing a risk-based regulatory framework, removing the need for separate vegetation clearing permits and introducing a notification system for low-impact activities. The Bill is due to be debated in Parliament before the end of 2015.
 - Revised and published new Mine Closure Plan Guidelines in May 2015. These are a joint initiative with the Environmental Protection Authority, reflecting a risk-based approach and clarifying the mine closure plan requirements at each stage of a mining operation.
- Developed new Mining Proposal Guidelines in line with DMP's reform principles to introduce risk-based environmental regulation that is targeted and proportionate to the potential environmental risk of a project.
 - Reviewed more than 70 standard mining tenement conditions to reduce regulatory duplication and ensure conditions are outcome-based, clear, concise and enforceable.
 - Liaised with the Department of Water to develop and implement an approvals tracking system under the *Rights in Water and Irrigation Act 1914*.



Workshop on environmental regulation.

Protection of environmental values cont...

Mining Rehabilitation Fund

The Mining Rehabilitation Fund (MRF), introduced on 1 July 2013 under the *Mining Rehabilitation Act 2012*, became compulsory for all *Mining Act 1978* tenements on 1 July 2014.

Prior to the MRF, if a mining proposal or program of work for exploration or prospecting was acceptable, approval to mine was granted. In most cases, an unconditional performance bond was required prior to work commencing to ensure environmental obligations were fulfilled. The bond was calculated on the total expected footprint approved.

Although the bond system worked well initially, inflation and increasing standards of rehabilitation meant that by 2008 the value of a bond held covered only 25 percent of the cost of rehabilitating a mine site. The remaining liability remained with the State. Increasing bonds to cover the full costs of rehabilitation would have imposed a significant financial impact on the mining industry.

The MRF requires an annual report for all tenements and calculates an annual levy to be paid based on the area and type of ground disturbance on a tenement. The MRF costs industry no more than the cost of maintaining bonds, but will over time eliminate the State's contingency liability, encourages early and ongoing rehabilitation and provides funds to rehabilitate historic and future abandoned mine sites.

The MRF was developed through extensive consultation with mining companies, non-government advisory bodies and legal and financial experts. It is the first completely online service offered by DMP and the move to the online service was achieved through guidance and support given to tenement holders, operators and management services.



The MRF currently holds more than \$33 million and will grow to \$60 million by the end of 2015. These funds can be used to rehabilitate mine sites where companies have failed to meet rehabilitation responsibilities, once all legal avenues have been exhausted.

The MRF will eliminate the State's contingent liability for rehabilitation by \$3.5 billion, and during the past two years injected \$1 billion into the mining sector through retirement of environmental performance bonds.

The MRF is exemplary policy that jurisdictions in Australia and internationally have expressed interest in adopting. The MRF does not absolve companies from their rehabilitation obligations, but it does encourage early and ongoing rehabilitation, resulting in cost-effective environmental outcomes.

<http://www.dmp.wa.gov.au/MRF>

Our Year

Encouragement of exploration and discovery

In 2014-15, the resources sector in WA was faced with sharp declines in the price of iron ore, oil and other commodities. It was a challenging year for a sector of great significance to the wellbeing and livelihoods of all Western Australians, whether directly through the continued employment of more than 100,000 people, or indirectly through payments of \$5.9 billion in royalties.

DMP responded with a number of targeted measures including programs designed to provide financial relief and incentives to particularly vulnerable areas of the resources sector.

Local government rates relief for industry

In 2006, regulation changes were introduced to increase rents on exploration licences near their expiry under the 'use it or lose it' principle. The changes were to prevent land banking and encourage exploration activity. In 2014, this decision had an unintended consequence – the rent for exploration licences was linked to how land rates were calculated by the Valuer-General and therefore the rates imposed by local governments.

This saw some exploration companies face a 30-fold increase in local government rates.

To ensure this issue was addressed for the 2015-16 rating year, DMP and the Department of Lands drafted urgent amendments to the *Valuation of Land Act 1978*.

These amendments ensured the 'use it or lose it' principle for exploration licences was maintained, but removed the inadvertent impact on calculating land rates.

DMP's response demonstrates our commitment to listening to stakeholders and working across government agencies to find solutions to issues.

Mineral Royalty Rate Analysis

A review of the State's mineral royalty structure, the Minerals Royalty Rate Analysis (MRRRA), concluded on 25 March 2015 with the Minister for Mines and Petroleum tabling the final report in Parliament.

The review took three years and was undertaken jointly by DMP and the Department of State Development.

The review team consulted with industry and the public during the review process. An Industry Reference Group including the Chamber of Minerals and Energy, Association of Mining and Exploration Companies, the Department of State Development and DMP met regularly. When releasing the final report, the Minister for Mines and Petroleum encouraged feedback and provided assurance of further consultation should there be any future discussion on mineral royalties.

The review found that WA's mineral royalty system was delivering a fair return to the community, while providing industry with a straightforward, transparent and predictable system.

The Minister for Mines and Petroleum announced there were no plans to change the royalty system or royalty rates in the 2015-16 budget year. The Minister also advised that industry would be consulted before any changes to the royalty system are undertaken.

Encouragement of exploration and discovery cont...

Exploration Incentive Scheme

As a number of mining projects are approaching the latter stages of economic life, it is more important than ever to encourage exploration to discover new resources.

To continue to attract new greenfields exploration in WA, the State Government renewed its commitment to the Exploration Incentive Scheme (EIS), with annual funding of \$10 million for a three year period ending June 2017 at which time total expenditure for the EIS, which started in 2009, will have reached \$130 million.

Key discoveries resulting from the EIS include: Nova nickel, Oxley potash, Camelwood nickel, Yeneena copper, Dusk Til Dawn gold, and Millennium zinc.

In early 2015 an independent economic impact study was conducted by ACIL Allen Consulting into the first four years of the EIS. The key finding was that every \$1 million invested in the EIS stimulated exploration activity which generated \$10.3 million in direct benefits to the State and 12.5 full-time equivalent (FTE) jobs.

The study also found that the EIS had resulted in several new mineral discoveries. The potential impact of the new discoveries being commercialised was a further \$13.4 million in construction expenditure, production wealth, royalties and taxes, and a further 35 full time jobs for every \$1 million of EIS investment.

The study highlighted new pre-competitive geoscience information as the main driver of private sector exploration investment. As a result of the EIS, data generated by airborne magnetic and radiometric surveys, is available to explorers and academic researchers at no cost for nearly the whole State.

The EIS's highly competitive co-funded drilling program refunds up to 50 percent of direct drilling costs to successful innovative drilling projects. This program has offered about \$54 million to more than 500 projects, of which about \$21 million has been refunded to more than 265 completed projects.

Every \$1m invested in the EIS creates
a long-term State benefit of \$23m



Exploration
12.5 FTE for 3 years

Construction
27.6 FTE for 2 years

Production
7.4 FTE for 13 years

<http://www.dmp.wa.gov.au/eis>

Encouragement of exploration and discovery cont...

Providing the information required for investment decisions

The strength of WA's economy is inherently linked to the State's resources industry.

As such it is important the State continues to attract investment by providing world-class geological information as well as clear, consistent and transparent regulatory processes.

The Department of Mines and Petroleum's Geological Survey of Western Australia (GSWA) publishes reports, maps, and state-of-the-art databases documenting the geology of WA.

This information provides the building blocks for the design of resource exploration programs. It is also critical in State Government decision making, particularly on economic and land use issues.

In 2014, the State was recognised as the highest ranked Australian jurisdiction in the Fraser Institute's Annual Survey of Mining Companies. This included ranking WA as one of the most attractive places in the world to invest in mining.

CASE STUDY – New State-wide digital map assists explorers

A new seamless, State-wide Interpreted Bedrock Geology digital map is set to provide a more accurate backdrop for resources exploration.

Developed by GSWA, the 1:500,000 scale map will form the base layer for future GSWA maps and spatial products.

These new digital maps will give explorers a consistent summary of the geology of WA and will become the base layer for many of DMP's spatial databases.

The up-to-date geological framework will provide a more accurate backdrop for exploration that will allow geologists to show the building blocks of the State. As well as being more accurate spatially, more information about each map unit than ever before is included providing a wealth of additional information which will be of great assistance to explorers and geologists.

The 1:500,000 interpreted bedrock geology map is a complete reinterpretation and update based on GSWA mapping since 2000, and is the culmination of a decade's work and a new understanding of the geology of WA.

As well, the recent geophysical datasets acquired as part of EIS have been used extensively in generating the map.

Updates were already planned and will be released incrementally as more information becomes available.

Encouragement of exploration and discovery cont...

CASE STUDY – Basic raw material mapping

GSWA is mapping deposits of basic raw materials (BRM) to assist land use planning around WA's urban growth areas. BRM includes rock, limestone, gravels, sand and clay.

This program is run in collaboration with the Department of Planning and is partly funded by the State Natural Resource Management Program and Royalties for Regions.

In the Pilbara and West Kimberley the mapping covers areas within 100 km of Port Hedland, Karratha, Derby, and Broome. In the Mid-West, the mapping covers areas within 50 km of regional centres.

In these areas there is an anticipated need for large quantities of BRM for new developments.

Existing geological and land systems mapping were compiled into seamless digital datasets with each BRM type clearly identified so that planners and others, including the extractive industry, can identify constraints to and potential opportunities for BRM supplies.

The data also identified active and inactive quarry sites, associated mining tenure (mining tenements and extractive industry licences) and Crown reserves, as well as existing basic raw material production across the State.

In important coastal growth areas this mapping has been further refined to identify regionally significant basic raw materials. DMP applied a range of practical high-level planning and mining constraints for these areas and embedded them into the mapping. This provides clear, easily accessible information for DMP's broad range of stakeholders.

This mapping will form the basis for State and local government planning and will inform a future State Planning Policy on basic raw materials. It will also assist with the sourcing of materials for future construction projects, as well as assisting the agricultural industry through the identification and protection of important agricultural lime supplies.



Sand pit at Baldivis, south of Perth.

Encouragement of exploration and discovery cont...

Torosa maritime boundary change

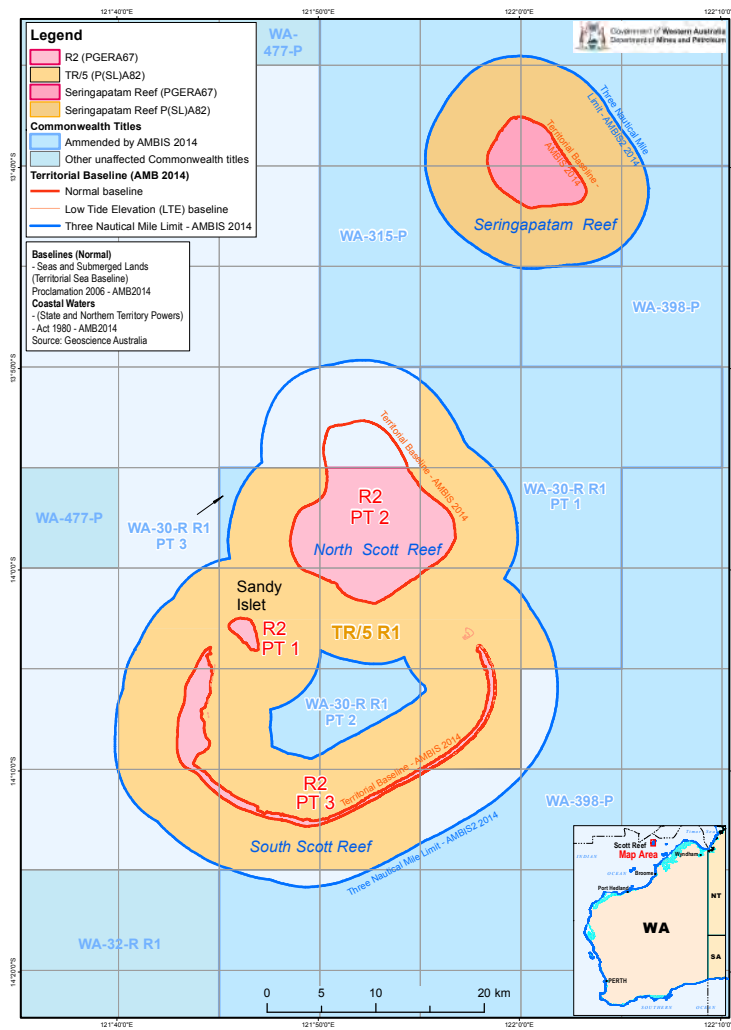
In May 2014, Geoscience Australia announced the discovery of rocky outcrops on North Scott Reef and Seringapatam Reef. This resulted in a re-definition of the Australian Maritime Boundary (AMB) with areas excised from the Commonwealth Adjacent Area and included in WA's Territorial Seas.

In December 2014, the *Petroleum Titles (Browse Basin) Act 2014* came into effect to formalise the change.

DMP was instrumental in developing the legislation for this boundary change and leading negotiations with the Commonwealth Government and other major stakeholders to enable a seamless transition to maintain security of title in areas covered by the boundary changes.

The boundary changes will mean an increase in State royalty collections over the life of the Torosa field once it starts producing gas.

SCOTT REEF AMBIS 2014 NEW TITLE BOUNDARIES



Our Year

Increased stakeholder engagement

Stakeholder engagement is an increasingly important focus of work for DMP. In an ever-changing environment DMP is constantly challenged to meet the needs and maintain the confidence of all stakeholders. This includes people in the resources sector, people in the communities that host the industries, and the broader WA community whose lives are affected in many ways by the industries regulated by DMP.

The focus on community engagement has enabled DMP to adapt to an increased demand for services and a greater information exchange with industry and non-industry stakeholders.

DMP strives to build community confidence in its work, in particular, how it achieves the best possible economic benefit for the State as well as protect the people and the environment.

At all times, DMP is committed to being inclusive, relevant and responsive which requires continuous stakeholder engagement and scrutiny of our management framework.

In 2014-15, DMP:

- Adopted a stakeholder engagement framework based on international standards.
- Conducted staff training across all divisions.
- Recruited new people with appropriate skill sets.
- Delivered targeted consultation programs, for example to improve regulation of the emerging shale and tight gas industry.
- Developed new on-line tools for staff:
 - stakeholder contacts system
 - e-learning guide to develop a stakeholder engagement plan.



Broome Petroleum Information Session 2015

Increased stakeholder engagement cont...

Sharing safety knowledge with industry

In October 2014, DMP celebrated 10 years of hosting Mines Safety Roadshows.

A series of videos was also developed titled “Know Your Hazards” with the first instalment focussing on improving lifting and rigging practices. These are issues that have caused a number of fatalities, serious accidents and near misses in recent years. DMP produced the series of videos as part of its commitment to informing and educating industry workers about relevant safety issues.

The “Six Pillars of Dangerous Goods Transport” campaign was launched in October 2014 and was designed to provide guidance on dangerous goods documentation, placarding, restraint, segregation, packaging and vehicles.

DMP also held forums in Perth and Karratha to further develop understanding on how to improve safety and reduce risk. These forums explained the ‘ALARP’ principle (as low as reasonably practicable) which is used in all safety and compliance processes.

Occupational Safety and Health Leadership Forums were held to share safety expertise with international resource sector personnel as part of a short course on occupational safety and health leadership. Organised by the International Mining for Development Centre (IM4DC), it featured participants from 11 nations including Fiji, Mongolia, Zambia and Peru.



Six Pillars of Dangerous Goods Campaign Launch, Perth 2014.



DMP celebrated 10 years of hosting Mines Safety Roadshows throughout WA.

Increased stakeholder engagement cont...

South West Hub Carbon Capture and Storage project

The South West Hub Carbon Capture and Storage (CCS) project has worked with the community throughout each stage of its development. CCS involves capturing Carbon Dioxide (CO₂) emissions from industrial sources before they are released into the atmosphere. The captured CO₂ is transported to an injection site where it is pumped deep below the surface for permanent storage. The permanent storage of CO₂ in underground reservoirs is called geosequestration.

During the year three stratigraphic wells were drilled as a part of the project. The wells were between one and two kilometres deep and the data will be used to further enhance our knowledge of the area's rock formations, and to assess the feasibility for CO₂ storage deep beneath the surface.

The project commenced in 2010 and is a long-term proposition, so it is vital to develop and maintain a strong relationship with the community. As the feasibility study progresses, DMP has committed to providing feedback to the public about our research findings.

The South West Hub team regularly attended local agricultural shows in the area and provided informative and entertaining displays for children and adults about the project and some of the technology being used to gather data.

DMP has developed a partnership with CSIRO, called CarbonKids. CarbonKids is a national program for school children developed by CSIRO to help students learn about clean energy science. This includes information about the carbon cycle, sustainability and environmental awareness.

As part of this initiative, the CCS team helped a number of students from St Michael's Catholic Primary School in Brunswick Junction to write and illustrate a book about CCS. The book has been translated for school children in Japan.

<http://www.dmp.wa.gov.au/ccs>

Community Show Display


In October 2014, in partnership with our research partner the National Geosequestration Laboratory (a cooperative arrangement between CSIRO, University of Western Australia and Curtin University), a mobile field laboratory was set up at the Harvey-Brunswick Agriculture Show to demonstrate drilling procedures.

This purpose-built shipping container was fitted out with \$300,000 worth of high-tech equipment used for drilling and evaluating samples and data. The equipment was displayed to show local communities exactly what was involved during our drilling programs. The equipment included mass spectrometers, power converters and isolation air locking, to be used for future testing at the South West Hub.



The purpose built shipping container demonstrating a drilling laboratory at the Harvey-Brunswick Agriculture Show.

**the Harvey 2,
3 and 4 wells
were drilled to
a cumulative
depth of
4700m**



**Harvey 4 was
the deepest at
1800m**

Increased stakeholder engagement cont...

Golden Gecko Awards

The Golden Gecko Awards for Environmental Excellence recognise leading practice and innovation in environmental management and were first held in 1992. They provide an opportunity to share experiences between government, industry and the community. In this way, award-winning projects have helped raise industry standards by demonstrating innovative environmental planning techniques and skills. The awards also highlight industry's ability to develop new solutions to address modern challenges and regulatory requirements.

In 2014, Franmarine Underwater Services Pty Ltd and the Department of Fisheries were awarded a Golden Gecko for their collaboration on the Envirocart, an in-water hull cleaning system that helps prevent marine bio-fouling, and the related environmental impact that happens when vessels are cleaned in-water. Geo Oceans Pty Ltd was awarded a Certificate of Merit for its GO Visions Marine Habitat Mapping and Monitoring Technology, which enables rapid assessment and monitoring of large areas of coastal marine habitats following an oil spill.

<http://www.dmp.wa.gov.au/goldengecko/>

Western Australia as a destination of choice

As well as working with local communities and industry stakeholders, DMP continues to engage international stakeholders to maintain WA's position as a destination of choice for resources sector investment. This work enables DMP to promote WA, share knowledge and learn from other jurisdictions.

In 2014-15 executives from DMP, together with State Government and industry representatives met with key stakeholders including China, Japan, South Korea, Singapore, Africa, Hong Kong and Canada to discuss opportunities for ongoing investment and collaboration.



Sam Lane, Franmarine Underwater Services, 2014 Winner with Mines and Petroleum Minister Bill Marmion.



Mines and Petroleum Minister Bill Marmion, Shandong Vice Governor Wang Shujian and Department of Mines and Petroleum Director General Richard Sellers.



Increased stakeholder engagement cont...

Case Study – Shale and Tight Gas Community Engagement

In WA, development of shale and tight gas, also known as natural gas from shale and tight rock, is in the early stages of exploration and evaluation.

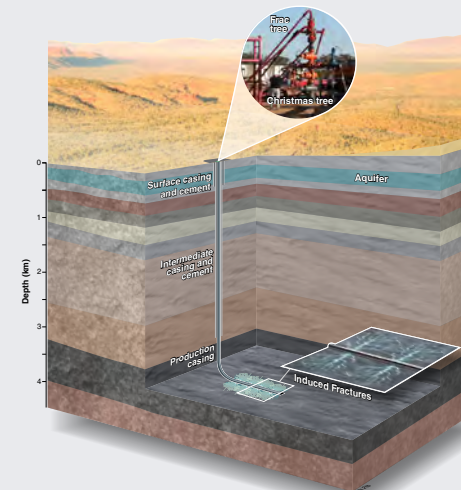
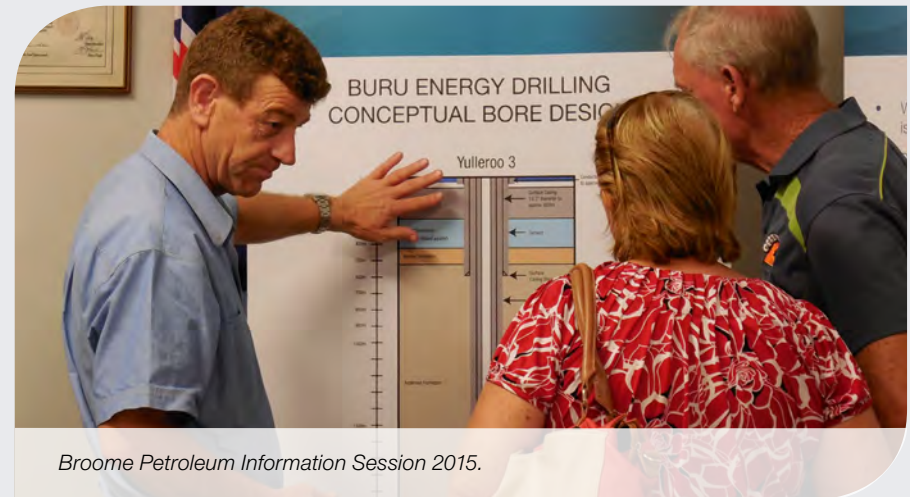
The State is estimated to hold significant shale and tight gas resources in the Kimberley, East Pilbara and Midwest regions, with further exploration required to confirm resource estimates. Development of these resources will depend on several key factors including:

- co-existence with regional communities
- investor confidence
- energy demand and commodity prices
- construction of supporting infrastructure.

As with any developing industry, the community wants assurance that there are appropriate regulations and processes in place to protect WA's communities and the environment.

As part of DMP's approvals process, companies are required to engage and inform their local communities of what is planned and how impacts will be managed and mitigated.

Staff from DMP, often with Department of Water representatives, also met with stakeholders during the year to provide information on how the industry is regulated. Teams travelled to the Mid-West, the Kimberley, the Gascoyne and the Pilbara regions to hold local community meetings, consult with local governments, non-government organisations, regional development authorities, Aboriginal groups, agricultural groups and members of the community.



3D illustration of shale and tight gas drilling.

Increased stakeholder engagement cont...

DMP also attended regional expos and agricultural shows.

Many of the sessions were held in a casual, open-day format designed to provide an environment where community members could browse through information, have their questions answered on a one-on-one basis by experts, and take information away.

They addressed concerns about land access, hydraulic fracture stimulation, also known as fracking, water use and management, and how and why chemicals are used in the extraction process.

Local communities appreciated being able to raise concerns directly with DMP and other agencies and were particularly interested in the expert advice from other government agencies that informs DMP's assessment of proposed activities.

Further public and stakeholder consultation sessions will be held throughout the State in 2015-16.

<http://www.dmp.wa.gov.au/shaleandtightgas>

Our approach to stakeholder engagement

DMP has adopted three key principles that guide how we involve our stakeholders in our business.

Inclusive – We understand and acknowledge stakeholders' views and consider the issues from their perspective, and be clear and open in our communications.

Relevant – We are risk-based and adaptive, and continuously adjust our focus in response to changing circumstances, seeking the best outcome for Western Australia and its people.

Responsive – We keep stakeholders informed of issues that affect them by providing transparent, timely, consistent and accessible information and feedback, and engage in a manner that encourages mutual trust and respect.

Stakeholders are individuals, groups or organisations affected, directly or indirectly, by our activities and those that affect our activities. These include the broader community, internal staff, communities affected by mining or petroleum activities, local State and federal governments, community groups, Aboriginal communities and industry groups.

Our Year

Development of our people and systems

Our people

DMP has a strong commitment to the continued development of a skilled, diverse and flexible workforce and views its people as a key asset.

In 2014, DMP rolled out its Succession Planning Framework to help manage the risk of losing corporate knowledge through the retirement of experienced people.

DMP is also committed to achieving targets for equal employment opportunity, diversity and women in leadership. In September 2014, DMP launched its revised Equal Employment Opportunity and Diversity Plan for the period to 2016.

In the past couple of years, DMP has improved workforce diversity through a number of programs and initiatives. One successful initiative is DMP's Graduate Program, which focuses on attracting promising university graduates to work in government.

Graduate program

The program is part of an inter-agency collaboration with the Departments' of State Development, Regional Development and Lands. It provides graduates with experience across multiple departments, increases networking, and improves graduates' understanding of State Government policy and processes across agencies.

In February 2015, DMP was named the top ranked graduate employer for State Government departments in WA and also ranked 15th overall in a nation-wide survey of graduates conducted by the Australian Association of Graduate Employers.



DMP's 2015 Graduates.

Development of our people and systems cont...



Graduate profile – Joanna Wong

Joanna Wong joined DMP's Graduate Program in January 2014 after completing a degree in Petroleum Engineering. Joanna undertook three-month rotations in four different areas of DMP as well as an external rotation at Quadrant Energy. One project that Joanna worked on was a Shale Gas Resource Assessment for the Merlinleigh Sub-basin in the Carnarvon Basin. This project involved researching and analysing geochemical data, creating maps and using technical software to perform resource estimations. Joanna presented her results to her team and wrote an article that was published in *Petroleum WA*, September 2014.

Aboriginal employment strategy

Another successful initiative is our Aboriginal Employment Strategy which focuses on providing employment and development opportunities for Aboriginal Australians. DMP has provided employment opportunities to six Aboriginal Australians in 2014-15. DMP also hosted an Aboriginal Employment Strategy Open Day in March 2015 which provided an opportunity for prospective employees to visit DMP and hear about opportunities in DMP. Attendees heard from current Aboriginal employees about their experience in DMP. They also had the opportunity to receive coaching on resume and interview techniques for government positions.

WorkSafe Gold Certificate of Achievement

In March 2015 DMP won the WorkSafe Gold Certificate of Achievement for its Safety Management System, following an external audit of DMP's metropolitan and regional locations.

DMP scored more than 80 per cent combined and had a low lost time incidence (LTI) rate. The audit also found a significant improvement since 2011 when it was awarded the Silver Certificate of Achievement.



DMP staff with WorkSafe Commissioner Lex McCulloch at the awards presentation.

Awards

DMP's Director General Richard Sellers was recognised for his outstanding contribution to the practice and study of public administration by being awarded the prestigious Institute of Public Administration of Australia (IPAA) National Fellow Award. This award is the highest accolade for members and has only been awarded to 200 recipients in the past 30 years.

Development of our people and systems cont...

Innovative systems delivering better services

DMP has continued to update and enhance its online systems to improve functionality and useability.

DMP's online systems and approval portal now provides a high level overview, enabling end-to-end tracking of mining and petroleum applications. The use of these systems has helped to reduce the mining tenement approvals backlog, approval times and increase transparency.

Approval times for online applications were considerably less than for paper-based applications. In March 2013, with 27 per cent of applications online the average approval time for a Mining Proposal was 30.1 business days and in the first quarter of 2015, with 70 per cent online, the average approval time for a Mining Proposal was 18.5 business days.

In 2014-15, the Petroleum and Geothermal Register (PGR) was upgraded from being purely a titles register to a system that manages titles and operational compliance. Functionality has been developed to record site audits, non-compliance, and follow-up actions. The reporting enhancements also help to identify non-compliance trends, enabling DMP to better focus its regulatory efforts.

DMP's online systems now have more than 30,000 registered users.

However, the focus is not just on DMP's systems, but also on how they integrate with the online systems of other agencies. DMP leads the whole of Government Resources Approval Tracking (Resource Track) initiative to streamline, approve coordination and enhance transparency of approvals within State Government.

DMP has already successfully collaborated with the Department of Aboriginal Affairs to expand its assessment tracking requirements under the *Aboriginal Heritage Act 1972*.

Leveraging off this successful implementation DMP continues to work with other key agencies to view the status of related applications through a single portal, to improve the application assessment time.

This will enhance visibility and transparency in the approval processes which enables confidence in accountability. The integration of approvals timelines will result in interagency access to whole-of-government assessment tracking.

CASE STUDY – Record low assessment time for granting Nova mining lease

In August 2014, DMP's streamlined assessment processes led to the mining lease for Sirius Resources' Nova nickel project to be approved in a record 25 working days. The industry agreed target for mining lease assessment is 65 business days. The streamlined assessment process was complemented by improved operations. DMP worked closely with the company to expedite the mining lease grant process while ensuring compliance with Native Title negotiation processes.

The improved processes and renewed business outlook means the nickel and copper deposits in the Fraser Range could go into production by the end of 2015, a discovery to production timeframe of only three years.

DMP's commitment to reducing the number of outstanding mining tenement applications has also been assisted by these improved systems and processes. Initiatives including amendments to Warden's Court procedures and enhancements to DMP's business systems have seen applications in the backlog drop from more than 18,000 in February 2007 to 3876 at the end of the 2014-15 financial year.

Development of our people and systems cont...

CASE STUDY – Mapping on your mobile

In February 2015, the Geological Survey of Western Australia released a mobile web application called WA Geology. The WA Geology application is a free, device-independent Geographical Information Systems (GIS) viewer that provides industry and the public with easy access to a wealth of geological, resource and licence information by selecting areas on a map of Western Australia.

WA Geology provides viewing, querying, printing and integration of a wide range of Western Australian geoscience and resource datasets using mobile phones, tablets and computers.

Most mobile devices support location information via inbuilt Global Positioning System (GPS) functionality which, combined with WA Geology's geoscience and resource information, makes a mobile device a valuable accessory for geology and land-use mapping.

Importantly for prospectors and explorers, the application includes identification, measuring, drawing and mapping tools, with the advantage of GPS accuracy.

Features of the *WA Geology application for mobile devices*

- recently updated 1:500,000 State interpreted bedrock geology
- conservation estate
- native title claims and determined areas
- mines and mineral deposits and major resources projects
- petroleum titles and wells
- mining tenements
- towns and roads
- statewide image datasets including geophysics and topography.

This application is available on the DMP website www.dmp.wa.gov.au/wageology



DISCLOSURES AND LEGAL COMPLIANCE

Ministerial directives

During the 2014-15 financial year, DMP did not receive any Ministerial Directives.

Other financial disclosures

Pricing policies of services provided

DMP'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

The \$600,000 upgrade of plant and equipment at Mineral House was completed during the year. Work continued on the refurbishment of 1 Adelaide Terrace East Perth after the relocation of the Resource Safety Division. Planning commenced on the \$4.8 million expansion of the storage area at the Perth Core Library.

Act of grace payments

During the 2014-15 period, six (6) Act of Grace payments totalling \$3,893 were made.

Governance disclosures

During the 2014-15 financial year, DMP did not have any governance disclosures.

Board and committee remuneration

DMP is required to report on the individual and aggregate costs of remunerating all positions on boards and committees as defined in the 'Premier's Circular 2010/02 – State Government Boards and Committees', and which appear in the register published by the Department of Premier and Cabinet.

DMP has nothing to report for the 2014-15 financial year.

DISCLOSURES AND LEGAL COMPLIANCE

Other legal requirements

Expenditure on advertising, market research, polling and direct mail

In accordance with the *Electoral Act 1907, s 175ZE*, DMP is required to publish a statement detailing all expenditure incurred by, or on behalf of, the agency during the reporting period.

For the 2014-15 financial year, DMP incurred expenditure on advertising, market research, polling and direct mail is detailed in the following table.

Expenditure	Total	Expenditure	Amount
Direct Mail	\$11,509.39		
		Mail Chimp	\$1,140.00
		ACTIV – mail house	\$4,413.25
		Australia Post	\$544.00
		Watway (trades as Northside)	\$5,412.14
Media Advertising Organisations	\$82,698.88		
		OMD (Media Decisions)	\$62,547.42
		ADCORP	\$20,151.46
Market Research Organisations	\$1,020.00		
		Survey Monkey	\$1,020.00
Polling Organisations	\$0.00		
Advertising Agencies	\$0.00		

DISCLOSURES AND LEGAL COMPLIANCE

Disability access and inclusion plan outcomes

In accordance with the *Disability Services Act 1993*, s.29 and Schedule 3 of the *Disability Services Regulations 2004*, the Department is required to implement strategies and initiatives identified in the Department's Disability Access and Inclusion Plan (DAIP).

The Department is committed to the principles and meeting the objectives of the *Disability Services Act 1993*, WA by:

- Ensuring that people with disability, their families and carers are able to fully access the range of DMP's services and facilities, providing them with the same opportunities, rights and responsibilities enjoyed by all other people in the community.
- Ensuring that people with disability are given the opportunity to participate in shaping the development of their community through the consultative process with local business and industry in respect of new investments.
- Consulting with people with disability, their families and carers and where required, disability organisations to ensure that barriers to access and inclusion are addressed appropriately.

During the year, DMP continued to plan and design a new car park adjacent to Mineral House, ensuring disability facilities would be made available. Construction is expected to be completed by the end of 2015. Furthermore, the Resources Safety Division leased office space at 1 Adelaide Terrace East Perth and disability facilities were arranged (auto opening doors and ramps) for disability access.

DMP's progress on DAIP is reported to the Disability Services Commission and the outcomes are measured against the planned and completed strategies. The majority of planned strategies were completed against the following outcomes:

- Outcome 1** People with disabilities have the same opportunities as other people to access the services of, and any events organised by the Department.
- Outcome 2** People with disabilities have the same opportunities as other people to access the buildings and other facilities of the Department.
- Outcome 3** People with disabilities receive information from the Department in a format that will enable them to access the information as readily as other people are able to access it.
- Outcome 4** People with disabilities receive the same level and quality of service from the staff of the Department as other people receive.
- Outcome 5** People with disabilities have the same opportunities as other people to make complaints to the Department.
- Outcome 6** People with disabilities have the same opportunities as other people to participate in any public consultation by the Department.

The 2015-2020 DAIP is currently been constructed and will include strategies to support **Outcome 7**: People with disability have the same opportunities as other people to obtain and maintain employment within the Department.

DISCLOSURES AND LEGAL COMPLIANCE

Compliance with public sector standards and ethical codes

In accordance with the *Public Sector Management Act, 1994*, s.31(1), DMP is required to report on the extent to which public sector standards, code of ethics and any relevant code of conduct have been complied with.

DMP administers its business in accordance with the Public Sector Standards, the Western Australian Public Sector Code of Ethics and DMP's Code of Conduct. DMP is committed to creating and maintaining an ethical, transparent and accountable workforce and actively encourages employees to demonstrate high standards of conduct and integrity at all times.

DMP's Code of Conduct is aligned with the 'Public Sector Commissioner's Instructions No. 7 – Code of Conduct and Integrity Training' and includes detailed information for employees on the standards of conduct and integrity required as a public officer and how to report misconduct or suspected breaches of the code. All employees are provided with a copy of DMP's Code of Conduct. As of 30 June 2015, 99.6 per cent of employees have confirmed they have received and read the Code of Conduct and sought explanation where necessary from their manager.

All new employees receive a mandatory induction which emphasises the need to comply with the Code of Conduct, as well as emphasising an employee's obligation to report suspected unethical behaviours or actions. Employees are required to acknowledge their understanding of the Code of Conduct annually through DMP's performance management process.

DMP provides employees with face-to-face Accountable and Ethical Decision Making (AEDM) training. The training assists employees understand their obligation as a public officer and highlights an employee's requirement to disclose and manage any actual,

potential or perceived conflict of interest. As at 30 June 2015, 94 per cent of employees have received AEDM training. In 2014-15 DMP rolled out refresher AEDM training online. As at 30 June 2015, 88 per cent of employees had completed the refresher AEDM online training.

DMP has an integrated Conflict of Interest framework which consists of policies, procedures and decision making tools to assist all staff to identify and manage conflicts of interest.

All departmental positions are assessed for the risk of Conflict of Interest. This assessment process is based on the nature of the work undertaken and the sensitivity of information which employees access. In this regard, 468 positions have been identified and recorded in the Human Resources Management System and are subject to annual review. All employees as part of their annual performance review must confirm they have up to date knowledge of DMP's Conflict of Interest policy and have completed the associated declaration, if required.

DMP has published and promoted internal policies and procedures relating to its Public Interest Disclosure on how to identify and manage misconduct and the mandatory requirement to report misconduct.

DMP also conducts regular audits of human resource policies and procedures to ensure compliance with the Commissioner's Instructions and Standards.

In 2014-15, there were two breach claims lodged against the employment standard. One was resolved internally and one was reviewed by the Public Sector Commissioner with no breach found.

DMP completed three disciplinary processes into alleged breaches of the code of conduct. All three processes have led to actions being taken.

DISCLOSURES AND LEGAL COMPLIANCE

Record keeping plan and disposal authority

DMP's Record Keeping Plan (RKP) review was submitted in October 2014. The review's recommendation was endorsed by the State Records Commission and a new RKP is being developed for submission in October 2015.

DMP's Retention and Disposal (R&D) Schedule (DA 2013-061) was approved by the State Records Commission on 1 August 2014.

A new disposal authorisation plan was implemented during 2014. A series of training workshops was delivered and key records management staff became actively involved in reviewing records for retention and disposal under the supervision of the Coordinator Records Disposition and the authorities of the General Disposal Authority for State Government Information and DMP's approved R&D Schedule.

Record keeping training programs

During the year DMP evaluated the effectiveness and efficiency of its record keeping systems, practices and training.

An online self-paced Recordkeeping Awareness Training (RAT) package was mandatory for all new starters and covered government accountability and compliance, benefits of good practice recordkeeping, consequences of inadequate recordkeeping and the creation, access, storage and disposition of government records. The online training was completed by 310 staff during the year.

The Information Management and Records Services branch also ran hands-on best practice Electronic Document and Records Management System (EDRMS) training. All new employees attended EDRMS Basics training including navigating the system, saving and searching records as well as learning about key Information Management principles such as the importance of document titles and naming conventions.

The last year saw an increase in the frequency of EDRMS training sessions, as well as a change in format to more closely meet the system user's needs and provide additional hands-on system-based activities. A new set of short and focussed training modules called 'chunks' were developed and the modules, which focus on more advanced skills, are linked together into longer sessions. To support the new approach, a new training evaluation methodology was also introduced.

DISCLOSURES AND LEGAL COMPLIANCE

This table shows the number of DMP employees who completed structured training modules during 2014-15.

Description	Staff Trained
Online Record Keeping Awareness (RAT) Training	310
EDRMS Basics – Mandatory	279
EDRMS Basics – Refresher	94
Open Coaching	27
Branch Specific	91
Chunk: Search and Find	26
Chunk: OurDocs Folders	46
Chunk: Intermediate (Blue lock vs Gold lock)	5
Business Folder – Mandatory Training	53
O: Drive Coaching	25
TOTAL:	956

In-house consultation and training sessions were conducted as required, either at the request of employees or in response to identified record keeping improvement needs. The Information Management and Records Service Branch also conducted workshops with DMP branches and divisions to improve record keeping knowledge.

This table shows the number of employees trained in ad-hoc, requested or identified training, during 2014-15.

Informal Training	Staff Trained
Managing Records	94
Time sheet Management	24
Document Management System (OurDocs)	277
Corporate File Plan	12

Training needs were continually identified through employee feedback, the corporate Work and Development Planning process, monitoring recordkeeping practices and analysis of records system data. A process to review record keeping data of people leaving the agency was implemented and was used to identify improvement needs which then led to the development of the advanced EDRMS training “Chunks”. In addition to feedback from training participants, change in the quality of Records System data was used as an indicator of training effectiveness.

The integration of business systems with the corporate EDRMS grew during the year with 90.5 per cent of all files created in electronic form. A further 87.06 per cent of the electronic files were automatically generated by integrated corporate business systems with data sourced from online end-to-end electronic application processes. A significant change in the role of record’s management from hands-on file creation, storage and retrieval and active document scanning and creation to an increase in data quality assurance, review of records created by others and consultation and training activity was evident during the year.

DISCLOSURES AND LEGAL COMPLIANCE

Information management policy requirements

Policies and procedures reviewed during the last 12 months include: the Data Migration Policy, the Disaster Recovery Plan for Records, the Records User Reference Guide, the Freedom of Information Statement and the Records Disposal Procedure.

A new Information Management and Records Policy was drafted in 2015. This policy outlines DMP's current high-level records policy principles which ensure that DMP's information is managed in accordance with the *State Records Act 2000*.

Government policy requirements

Substantive equality

In accordance with 'Public Sector Commissioner's Circular 2009-23 – Implementation of the Policy Framework for Substantive Equality', DMP is required to report on the progress achieved in implementing the policy framework for substantive equality.

DMP recognises the diversity of the WA community and is committed to providing services to meet the needs of all customers. All service delivery areas of DMP have been assessed to ensure compliance with the 'Policy Framework for Substantive Equality' and the *Equal Opportunity Act (WA) 1984*.

Access to land and marine areas is influenced by Government policy, legislation and community acceptability of mineral and petroleum resource exploration and development. DMP facilitates access in accordance with relevant legislation and Government policy concerning native title, Aboriginal heritage and land-access planning for exploration, mining, and development of the WA's resources.

DMP has three Liaison Officers to assist mineral and petroleum companies gain access to:

- Aboriginal reserves.
- Aboriginal freehold and special lease.
- Determined native title areas.
- Aboriginal owned pastoral leases.
- Pastoral leases in WA.
- Land containing Aboriginal sites.
- Environmentally sensitive areas in WA.

DMP works with government departments and authorities, conservation bodies, the community and industries, in order to achieve a balance between the needs of all.

DMP also works towards substantive equality through its Equal Employment Opportunity and Diversity Plan. In 2014-15 DMP launched a new plan. This builds on past successes and continues to work towards achieving a workforce which embraces diversity and is reflective of the WA community.

DISCLOSURES AND LEGAL COMPLIANCE

In 2014-15, DMP successfully implemented, its Reconciliation Action Plan (RAP) 2012-2014. Through RAP, DMP acknowledges and demonstrates its respect for Aboriginal and Torres Strait Islander people as being the first people of Australia.

Through the RAP, DMP also provides Cultural Awareness Training for employees. In 2014-15 278 employees attended training. To date, DMP has trained 91.7 per cent of its workforce in Cultural Awareness. Employees who have attended the training have gained an understanding of Aboriginal culture and history and how it affects our work today and what we can do to build stronger relationships between Aboriginal and Non Aboriginal people.

DMP is finalising its RAP for 2015-2018. The new plan will continue to strengthen and grow current initiatives with an increased focus on building relationships with aboriginal clients, stakeholders and community.

Occupational safety, health & injury management

In accordance with 'Public Sector Commissioner's Circular 2014-05 – Code of Practice: Occupational Safety and Health in the Western Australian Public Sector', DMP is required to report on its occupational safety, health and injury management performance.

DMP is committed to providing and maintaining a safe and healthy work environment in its workplaces in accordance with our legislative obligations. To achieve this, policies and procedures were developed and strategies and initiatives developed through the Occupational Safety and Health Committee (OSHC) to ensure occupational safety and health (OSH) requirements are met and exceeded. The OSHC is chaired by Simon Ridge, Executive Director of DMP's Resources Safety division.

During the year DMP continued programs, such as involvement with One Life Suicide Prevention, the Working On Wellness program (WoW), online OSH induction training, OSH responsibility training for managers and ongoing support for the continuous improvement of DMP's safety management system.

DISCLOSURES AND LEGAL COMPLIANCE

It is recognised that effective and systematic safety management results in working environments where risks are controlled and exposure to hazards is minimised. To deliver this, DMP is focussed on:

- Continuously improving DMP’s safety management system.
- Improving DMP’s OSH consultative mechanisms.
- Reducing the frequency and severity of health and safety risks.
- Training, supporting and motivating staff in good OSH practices.

DMP’s safety management system is based on the WorkSafe WA Plan and is a documented and verifiable set of plans, actions and procedures that assists people to clearly identify their responsibilities and manage them in an organised manner.

Continuous improvement of the safety management system

During the year, DMP focussed on planning and assessment, resulting in significant work put into an internal assessment of the safety management system (SMS). An external audit was undertaken against the WorkSafe WA Plan, and DMP received a Gold WorkSafe Certificate of Achievement.

DMP reviewed the SMS documentation to improve accessibility for staff and contractors. The SMS framework and an SMS guide have been developed and made available online.

A policy and procedure review commenced to give greater clarity and reflect up to date legislation and best practice in OSH to the employees, contractors and visitors to DMP.

Online training modules were incorporated into the existing OSH responsibilities training for managers and in the OSH induction training for new staff.

An annual review of the WoW Program was undertaken, resulting in a new look for DMP’s award-winning program.

INDICATOR	2011-12	2012-13	2013-14	2014-15
Safety and Health Representatives	19	21	22	25
Hazard notifications	131	218	107	169
Incidents reports	21	19	33	29
Internal Safety Audits	11	22	6	23
Ergonomic Assessments	131	171	87	95
OSH Inductions	178	161	173	218
OSH Newsflash items	39	81	61	135
First Aid Training courses	36	29	14	40

DISCLOSURES AND LEGAL COMPLIANCE

DMP 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, DMP 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. To reduce the risk of overuse and postural injuries all staff are offered ergonomic assessments when they commence employment, when specifically requested through their managers or by their own request, or as a result of workplace inspections by Safety and Health Representatives (SHRs).

Injury management and workers' compensation is covered in the managers' OSH responsibility training and further information is available to managers and staff online.

Improvements in training, supporting and motivating staff in OSH

DMP has introduced and further developed the following improvements to OSH training to increase awareness as well as support and motivate staff.

- Comprehensive OSH online induction and face-to-face induction sessions.
- Comprehensive OSH online induction for regional staff.
- Mandatory managers OSH and injury management training including an online component and face-to-face session.
- Quarterly in-house training for SHRs.

DMP has continued its scheduled accredited fire warden and fire extinguisher training, first aid officer training, and ensures that all newly elected SHRs are training in accordance with the *Occupational Safety and Health Act 1984*.

A report of DMP's performance against the targets established by the Public Sector OSH and injury management is provided below.

INDICATOR	2013-14	2014-15	Comments
No. Fatalities	0	0	
No. workers compensation claims lodged	11	3	72.7% reduction
No. lost time injuries/diseases	5	2	60% reduction
Lost time injury/disease incidence rate	0.63	0.25	60% reduction
Lost time injury severity rate	0	0	
% workers returned to work within 13 weeks	100%	100%	> 80%
% workers returned to work within 26 weeks	100%	100%	> 80%
% managers trained in OSH and injury management responsibilities	80%	99%	19% increase



Auditor General

DISCLOSURES AND LEGAL COMPLIANCE

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF MINES AND PETROLEUM

Report on the Financial Statements

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

The financial statements comprise the Statement of Financial Position as at 30 June 2015, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

Director General's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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 2015 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.

DISCLOSURES AND LEGAL COMPLIANCE

Report on Controls

I have audited the controls exercised by the Department of Mines and Petroleum during the year ended 30 June 2015.

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

Director General's Responsibility for Controls

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the controls exercised by the Department of Mines and Petroleum are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2015.

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 2015.

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.

DISCLOSURES AND LEGAL COMPLIANCE

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

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

Opinion

In my opinion, the key performance indicators of the Department of Mines and Petroleum are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2015.

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 2015 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
3 September 2015

DISCLOSURES AND LEGAL COMPLIANCE

DEPARTMENT OF MINES AND PETROLEUM DISCLOSURES AND LEGAL COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2015

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 2015.



Richard Sellers
Director General
1 September 2015

DISCLOSURES AND LEGAL COMPLIANCE



Key Performance Indicators

Key Performance Indicators for the year ended 30 June 2015

OUTCOME: 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.
- 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 and Efficiency Indicators.

DISCLOSURES AND LEGAL COMPLIANCE

SERVICE: Resource sector and dangerous goods regulation.

The department achieves this outcome through:

- effectively administering and enforcing the environmental management legislation
- effectively administering mineral and energy resources legislation, with an emphasis on the timely processing and management of approvals,
- regulating occupational safety and health in the minerals, petroleum and geothermal energy sectors, and
- the safe use and handling of dangerous goods.

1. KEY PERFORMANCE INDICATOR: Percentage of compliance with regulated environment conditions

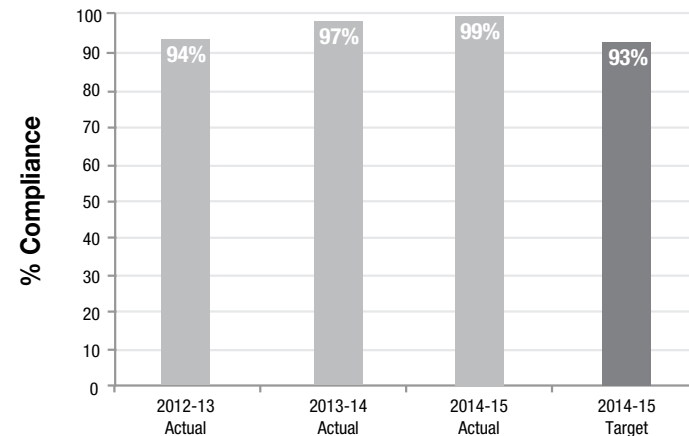
A key role of the department is to promote best environmental management practices by delivering environmental regulatory and policy services, in a manner that maximises the responsible development of the State's mineral and petroleum resources.

Measure: This indicator measures DMP's capacity to effectively administer and enforce the environmental management legislation for environment audits, inspections and investigations for both mineral, and petroleum exploration and production.

Mineral and petroleum environment regulatory activities are planned based on a risk framework, following an environment incident, or a notification of an environment incident by stakeholders including the general public.

Results: A total of 465 mineral and petroleum regulatory activities were undertaken in 2014-15, and 462 (99 per cent) met all regulatory environmental requirements. Only three sites required major compliance actions. In these instances two warning letters were issued and one penalty in lieu of forfeiture.

DMP's increased focus on compliance activities in 2014-15 saw environmental regulatory activities increase to 465 from 233 in 2013-14 across both minerals and petroleum.



DISCLOSURES AND LEGAL COMPLIANCE

Minerals

DMP undertook 434 mineral regulatory activities as per the *Mining Act 1978*, and *Mining Rehabilitation Fund Act 2012*, and associated regulations, and found only three sites falling to meet the approved environmental conditions. Of the three sites, one was issued a penalty in lieu of forfeiture, and two sites were issued with warning letters to improve the site within an agreed timeframe.

The mineral related regulatory activities include review of Annual Environment Reports (AER), AER inspections consisting of Desktop site reviews and onsite inspections, and Mining Rehabilitation Fund (MRF) desktop audits. There were 332 AER reviews and inspections, and 102 MRF desktop audits.

The MRF desktop audits assist DMP in determining a risk profile for mine sites for current and future compliance inspections as well as verifying the accuracy of disturbance data provided by tenement holders through the regulatory reporting process.

Petroleum

In 2014-15, DMP undertook 31 audits and inspections for petroleum exploration and production environmental compliance. There were no major non-compliance actions.

There was an increase in the number of petroleum audits in 2014-15 due to a larger team of environmental officers, as well as opportunistic audits and inspections. Where an audit or inspection was planned, and other activities in proximity to this location were identified, opportunistic audits and inspections were undertaken to avoid further travel, financial and time costs.

2. KEY PERFORMANCE INDICATOR: Percentage applications completed within agreed timeframes

DMP is responsible for administering the respective mineral and energy resources legislation, with emphasis on the timely processing and management of approvals. Improving approvals performance is a high priority of the Government. The department is a designated Lead Agency under the Government's Lead Agency Framework. Managing approvals within agreed a time is a key role of the department.

Measure: This indicator measures how well DMP meets agreed times when processing approvals.

Results: Of the total 6774 approval applications received in 2014/15, the department processed 6351 (94%) within the agreed timeframes. The total applications received was down three per cent (225) compared to 2013-14. This may be due to exploration activities influenced by lower commodity prices.

The last 12 months also saw a significant increase in the number of mineral Programme of Work prospecting applications received by the department, 2230 compared to 1935 in 2013-14. This may in part, be a response to new environmental application fees expected to come into effect from 1 July 2015. These fees have now been deferred while the *Mining Legislation Amendment Bill 2015* is being considered by Parliament.

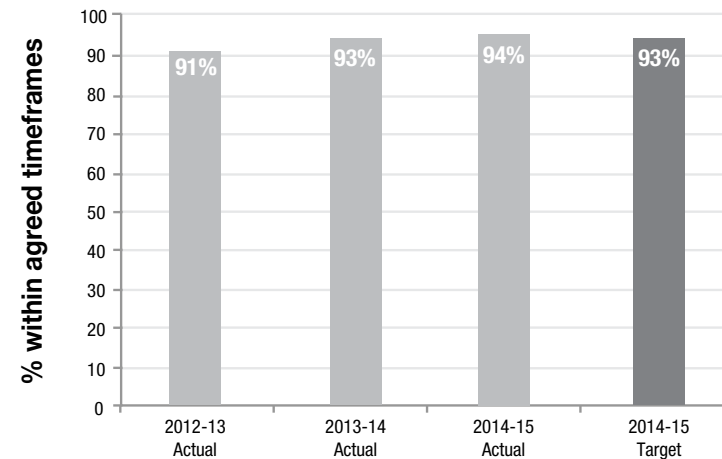
In 2014-15, DMP finalised the majority of key approval processes within the target and statutory timelines.

DISCLOSURES AND LEGAL COMPLIANCE

- 93 per cent of mining titles were granted within 65 business days of lodgement.
- 97 per cent of environment program of works were approved within 30 business days.
- 88 per cent of environment mining proposals were approved within 30 business days.
- 99 per cent of petroleum environment plans were approved within 30 calendar days.
- 72 per cent of petroleum well and survey applications were approved within 40 business days.
- 100 per cent of mining project management plans, and 95 per cent of radiation management plans were approved within 30 days.

The timeline targets apply to assessment processes for approvals completed with DMP, and do not include, for example, the time taken for assessment by other government agencies, or where the assessment process is put on hold while additional information is being sought from applicants.

DMP recognises the importance of consistent and transparent approvals and compliance process. Online lodgement enables efficient processing of applications for the government. It provides the basis for approvals tracking for proponents, more certainty of process and, compared to paper-based applications, a reduction in approval timelines. DMP is committed to progressively phasing out paper-based applications by 1 July 2016.



DISCLOSURES AND LEGAL COMPLIANCE

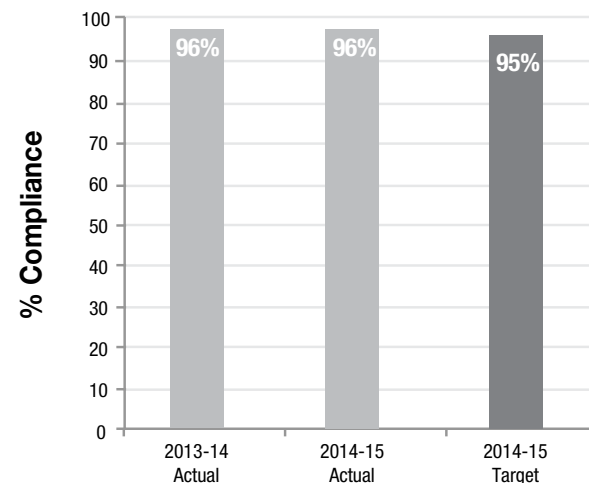
3. KEY PERFORMANCE INDICATOR: Percentage of compliance with regulated safety conditions.

DMP is the State's regulator for occupational safety and health in the minerals, petroleum and geothermal energy sectors, and the safe use and handling of dangerous goods. In this capacity, it aims to promote best practice in these areas of occupational safety and health to protect employees working in the industry and the community.

Measure: This indicator is a measure of DMP's capacity to effectively administer and enforce the legislation concerning safety in occupational safety and health areas.

Safety regulatory activities are planned based on a risk framework. Regulatory activities are also undertaken on sites following an occupational safety and health incident, or notification of such incident by stakeholders including the general public.

Results: DMP undertook 3,456 safety inspections and audits in 2014-15, of which 3,334 (96%) were compliant. This was an increase of 562 audits and inspections from the previous year as it focused on compliance activities.



Footnote: Due to this performance indicator being introduced in 2013-14, 2012-13 data not applicable

Minerals

Administering the *Mines Safety and Inspection Act 1994 (WA)*, and *Mines Safety and Inspection Regulations 1995 (WA)* for mine safety compliance, DMP conducted 2,750 inspections and audits. This resulted in proponents being issued with 193 prohibition notices for major non-compliance during 122 of these inspections, for an overall compliance rate of 96 per cent.

DISCLOSURES AND LEGAL COMPLIANCE

Petroleum

The petroleum audits and inspections protect employees working on onshore and offshore operations in Western Australia.

The number of petroleum facility audits and inspections dropped from 43 in 2013-14 to just 12 in 2014-15 owing to a greater number of investigations. All sites audited were 100 per cent compliant.

Dangerous Goods

DMP audited and inspected 694 high risk dangerous goods storage and handling sites and confirmed 100 per cent compliance.

The Dangerous Goods compliance activities increased in 2014-15 due to the inclusion of inspections in support of WA's multi agency 'Operation Austrans'. The 'Operation Austrans', in partnership with WA Police, Main Roads, Department of Transport, ComCare and WorkSafe ensured dangerous goods were transported safely and securely.

This was achieved through DMP's Dangerous Goods officers, along with the above-mentioned agencies stopping and inspecting vehicles on the State's roads, and where necessary issuing remediation and infringement notices relating to non-compliances of Dangerous Goods Regulations.

The dangerous goods roadblocks are part of DMP's annual partnership with WA Police and Main Roads to tackle unsafe transportation of dangerous goods.

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

EFFICIENCY INDICATOR	2012-13 Actual	2013-14 Actual	2014-15 Actual	2014-15 Budget
Average cost of weighted resources regulatory service	\$1,204 (\$1,193)	\$1,250	\$1,440	\$1,295

This measure combines the average costs of mineral titles, petroleum titles, royalty collection services, and environmental regulation activities into one indicator.

Actuals exceeded budget in 2014-15 mainly due to approved increases to undertake the Regulating Environmental Reform program and determining Torosa Gas Field boundaries.

The figures for 2012-13 have been revised for comparison following all services being weighted for the first time. Figures reported in previous years are within brackets.

Average cost of weighted safety regulatory service	\$1,588 (\$1,365)	\$1,170	\$1,393	\$1,418
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This measure combines the average costs of the safety regulatory services for minerals, petroleum and dangerous goods.

The 2014-15 safety regulatory service is below budget due to overall increased outputs. This measure demonstrates that DMP has been effective at building an efficient safety regulatory service.

DISCLOSURES AND LEGAL COMPLIANCE

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

DMP works to interpret the geological framework of Western Australia and reveal the potential for mineral and petroleum resources, consequently encouraging continued exploration and development of these resources. DMP'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.

DMP measures its success towards achieving this outcome against the following performance indicator:

SERVICE: Geoscience information and advice

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

- acquiring new geoscience and mineral and energy resource information
- providing access to an expanding archive of geo-scientific and resource exploration information
- assessment of mineral and petroleum resources and resource potential as a basis for decision making by government
- assistance and advice on land use matters.

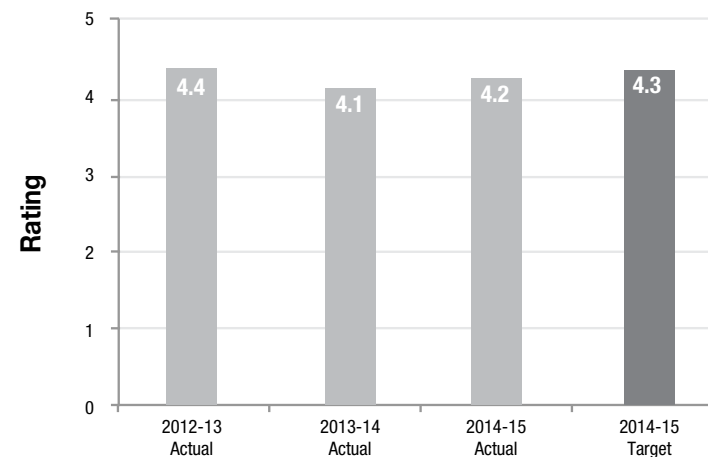
DISCLOSURES AND LEGAL COMPLIANCE

4. KEY PERFORMANCE INDICATOR:
The extent to which stakeholders agree the department's geoscience information encourages exploration and discovery and informs planning.

Measure: This indicator is a weighted average customer rating given by industry-based mineral and petroleum technical advisory subcommittees tabled through the Geological Survey Liaison Committee. This committee comprises industry representatives nominated by the Australian Petroleum Production and Exploration Association, the Chamber of Minerals and Energy of Western Australia, the Association of Mining and Exploration Companies, and other geoscience customers, such as Geoscience Australia, CSIRO and Western Australian Universities.

The Liaison Committee meets twice yearly to consider reports by its technical advisory subcommittees and to provide guidance for future programs and feedback on past performance. Products and services are rated against a five point scale by the technical subcommittees.

Products are assessed for geoscience quality, editorial quality and product useability. Exploration information services are assessed for exploration reporting guidelines, archival services, useability of open file data, and database systems.



The sub-committees give a rating for both the information product and exploration information service functions. The two ratings are weighted and combined according to the budget ratio. For example, the petroleum sub-committee in July 2015 meeting gave a rating of 4.0 for products and 4.5 for exploration information services. A weighted rating was determined in the following manner: $(4.0 * 0.79) + (4.5 * 0.21) = 4.11$. This was repeated for the minerals subcommittee rating. The two weighted ratings were then averaged to give a single rating for the year.

Results: DMP continued to achieve a high level of stakeholder satisfaction with the geoscience information provided.

DISCLOSURES AND LEGAL COMPLIANCE

The department measures its overall efficiency in delivery of its geoscience information and advice through the following efficiency indicator:

EFFICIENCY INDICATOR	2012-13 Actual	2013-14 Actual	2014-15 Actual	2014-15 Budget
Average cost of weighted geoscience product and service units	\$233,198	\$261,292	\$360,964	\$262,703

This measure is an average cost per unit of Weighted Total Product Published (WTPP) by the department's geological survey division.

The lower WTPP figure and a higher than expected total cost of service has caused the cost per unit of WTPP to increase significantly. The main contributors to the increased cost per unit of WTPP include two gravity surveys, one airborne magnetics survey and one seismic survey line that were paid for in 2014/15 but won't be processed for release until 2015/16. Also, numerous collaborative research projects have been funded in 2014/15, and are well advanced, but the products have yet to be released. WTPP units are credited on release of the data or product.

Financial Statements

Department of Mines and Petroleum

Certification of Financial Statements

For the year ended 30 June 2015

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 2015 and the financial position as at 30 June 2015.

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
Director General
1 September 2015



Ralph De Giorgio
Chief Finance Officer
1 September 2015

Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 \$000	2014 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	94 854	91 480
Supplies and services	7	42 113	51 125
Depreciation and amortisation expense	8	3 278	3 568
Accommodation expenses	9	7 063	4 674
Grants and subsidies	10	11 191	8 935
Other expenses	11	454	466
Loss on disposal of non-current assets	14	771	68
Total cost of services		159 724	160 316
Income			
<i>Revenue</i>			
User charges and fees	12	76 798	55 472
Other revenue	13	1 249	275
Total revenue		78 047	55 747
Gains			
Gain on disposal of non-current assets	14	-	-
Total Gains		-	-
Total income other than income from State Government		78 047	55 747
NET COST OF SERVICES		81 677	104 569
Income from State Government			
Service appropriation	15	68 937	75 556
Services received free of charge		1 983	1 471
Royalties for Regions Fund		127	24 618
Total income from State Government		71 047	101 645
SURPLUS FOR THE PERIOD		(10 630)	(2 924)
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	28	2 031	1 110
Gains/(losses) recognised directly in equity		(3 031)	3 088
Total other comprehensive income		(1 000)	4 198
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(11 630)	1 274

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

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

Statement of Financial Position

As at 30 June 2015

	Note	2015 \$000	2014 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	29	6 972	36 994
Restricted cash and cash equivalents	16	34 367	13 715
Receivables	17	10 164	8 865
Amounts receivable for services	18	982	936
Other current assets	19	2 498	1 230
Land held for distribution to owners	20a	-	13 200
Total Current Assets		54 983	74 940
Non-Current Assets			
Restricted cash and cash equivalents	16	-	2 897
Amounts receivable for services	18	15 568	14 763
Property, plant and equipment	20b	134 606	134 277
Intangible assets	21	899	1 161
Total Non-Current Assets		151 073	153 098
TOTAL ASSETS		206 056	228 038
LIABILITIES			
Current Liabilities			
Payables	23	5 364	6 960
Other current liabilities	24	2 103	2 178
Revenue received in advance	25	2 100	1 669
Provisions	27	19 790	17 807
Total Current Liabilities		29 357	28 614
Non-Current Liabilities			
Amounts due to the Treasurer	26	4 530	2 586
Provisions	27	3 851	3 690
Total Non-Current Liabilities		8 381	6 276
TOTAL LIABILITIES		37 738	34 890
NET ASSETS		168 318	193 148
EQUITY			
Contributed equity	28	42 787	59 018
Reserves		116 280	114 249
Accumulated surplus/(deficit)		9 251	19 881
TOTAL EQUITY		168 318	193 148

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

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

Statement of Changes In Equity

For the year ended 30 June 2015

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total equity \$000
Balance at 1 July 2013	28	55 930	113 139	22 805	191 874
Surplus/(deficit)		-	-	(2 924)	(2 924)
Other comprehensive income		-	1 110	-	1 110
Total comprehensive income for the period		-	1 110	(2 924)	(1 814)
Transactions with owners in their capacity as					
Capital appropriations		-	-	-	-
Other contributions by owners		3 088	-	-	3 088
Distributions to owners		-	-	-	-
Total		3 088	-	-	3 088
Balance at 30 June 2014		59 018	114 249	19 881	193 148
Balance at 1 July 2014	28	59 018	114 249	19 881	193 148
Surplus/(deficit)		-	-	(10 630)	(10 630)
Other comprehensive income		-	2 031	-	2 031
Total comprehensive income for the period		-	2 031	(10 630)	(8 599)
Transactions with owners in their capacity as owners:					
Capital appropriations		-	-	-	-
Other contributions by owners		(3 031)	-	-	(3 031)
Distributions to owners		(13 200)	-	-	(13 200)
Total		(16 231)	-	-	(16 231)
Balance at 30 June 2015		42 787	116 280	9 251	168 318

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

Statement of Cash Flows

For the year ended 30 June 2015

	Note	2015 \$000	2014 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		67 150	72 892
Capital appropriations		-	-
Holding account drawdowns		937	1 787
Royalties for Regions Fund		127	24 618
Net cash provided by State Government		68 214	99 297
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(95 096)	(95 634)
Supplies and services		(40 761)	(46 612)
Accommodation		(7 063)	(2 817)
Grants and subsidies		(11 244)	(8 835)
Other payments		-	-
GST payments on purchases		(5 775)	(5 594)
Receipts			
User charges and fees		74 333	55 882
Grants and contributions		100	-
GST receipts on user charges and fees		582	414
GST receipts from taxation authority		5 511	5 180
Other receipts		2 105	2 304
Net cash provided by/(used in) operating activities	29	(77 308)	(95 712)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of non-current assets		-	-
Payments			
Purchase of non-current physical assets		(2 086)	(994)
Net cash provided by/(used in) investing activities		(2 086)	(994)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		1 944	1 623
Net cash provided by/(used in) financing activities		1 944	1 623
Net increase in cash and cash equivalents		(9 236)	4 214
Cash balances transferred in		-	3 077
Cash balances transferred out		(3 031)	-
Cash and cash equivalents at the beginning of the period		53 606	46 315
CASH AND CASH EQUIVALENTS AT THE END THE PERIOD	29	41 339	53 606

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 2015

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
COST OF SERVICES						
<u>Expenses</u>						
Employee benefits expenses	75 283	73 086	19 571	18 394	94 854	91 480
Supplies and services	27 173	24 025	14 940	27 100	42 113	51 125
Depreciation and amortisation expense	2 300	2 649	978	919	3 278	3 568
Accommodation expenses	5 871	3 891	1 192	783	7 063	4 674
Grants and subsidies	3 303	1 730	7 888	7 205	11 191	8 935
Other expenses	380	267	74	199	454	466
Loss on disposal of other assets	763	60	8	8	771	68
Total cost of services	115 073	105 708	44 651	54 608	159 724	160 316
<u>Income</u>						
User charges and fees	75 767	54 035	1 031	1 437	76 798	55 472
Other revenue	1 169	188	80	87	1 249	275
Gain on disposal of non-current assets	-	-	-	-	-	-
Total income other than income from State Government	76 936	54 223	1 111	1 524	78 047	55 747
NET COST OF SERVICES	38 137	51 485	43 540	53 084	81 677	104 569
<u>Income from State Government</u>						
Service appropriation	45 886	51 230	23 051	24 326	68 937	75 556
Resources received free of charge	1 892	1 113	91	358	1 983	1 471
Royalties for Regions Fund	117	207	10	24 411	127	24 618
Total income from State Government	47 895	52 550	23 152	49 095	71 047	101 645
SURPLUS/DEFICIT FOR THE PERIOD	9 758	1 065	(20 388)	(3 989)	(10 630)	(2 924)

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

Schedule of Assets and Liabilities by Service

For the year ended 30 June 2015

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
<u>Assets</u>						
Current Assets	40 086	57 739	11 573	17 201	51 659	74 940
Non-current Assets	114 254	114 694	40 143	38 404	154 397	153 098
Total assets	154 340	172 433	51 716	55 605	206 056	228 038
<u>Liabilities</u>						
Current Liabilities	23 557	22 868	5 800	5 746	29 357	28 614
Total non-current Liabilities	7 541	5 546	840	730	8 381	6 276
Total liabilities	31 098	28 414	6 640	6 476	37 738	34 890
NET ASSETS	123 242	144 019	45 076	49 129	168 318	193 148

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

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2015

	2015 Estimate \$000	2015 Actual \$000	Variance \$000	2015 Actual \$000	2014 Actual \$000	Variance \$000
<u>Delivery Services</u>						
Item 86 Net amount appropriated to deliver services	84 549	68 038	(16 511)	68 038	74 671	(6 633)
Amount authorised by Other Statutes - <i>Salaries and Allowances Act 1975</i>	899	899	-	899	885	14
Total appropriations provided to deliver	85 448	68 937	(16 511)	68 937	75 556	(6 619)
<u>Capital</u>						
Capital appropriation	-	-	-	-	-	-
<u>Administered Transactions</u>						
Item 87 Administered grants, subsidies and other transfer payments	12 024	12 044	20	12 044	35 789	(23 745)
Amount authorised by other statutes - <i>Petroleum (Submerged Lands) Act 1981</i>	405	550	145	550	1 799	(1 249)
Total Administered Transactions	12 429	12 594	165	12 594	37 588	(24 994)
GRAND TOTAL	97 877	81 531	(16 346)	81 531	113 144	(31 613)
<u>Details of Expenses by Service</u>						
Resource Sector and Dangerous Goods Regulation	115 356	115 073	(283)	115 073	105 708	9 365
Geoscience Information and Advice	40 719	44 651	3 932	44 651	54 608	(9 957)
Total Cost of Services	156 075	159 724	3 649	159 724	160 316	(592)
Less total income	104 263	78 047	(26 216)	78 047	55 747	22 300
Net Cost of Services	51 812	81 677	29 865	81 677	104 569	(22 892)
Adjustments	33 636	(12 740)	(46 376)	(12 740)	(29 013)	16 273
Total appropriations provided to deliver	85 448	68 937	(16 511)	68 937	75 556	(6 619)
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	-	-	-	-	-	-
Capital appropriations	-	-	-	-	-	-

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 2015

	2015 Estimate \$000	2015 Actual \$000	Variance \$000	2015 Actual \$000	2014 Actual \$000	Variance \$000
<u>Details of Income Estimates</u>						
Income disclosed as Administered Income						
Commonwealth Grants						
South West Hub	14 000	13 300	(700)	13 300	7 500	5 800
Royalties						
Petroleum - State	8 300	10 739	2 439	10 739	11 363	(624)
Iron Ore	5 598 000	4 026 205	(1 571 795)	4 026 205	5 448 041	(1 421 836)
Diamonds	18 800	17 639	(1 161)	17 639	19 190	(1 551)
Alumina	80 700	82 478	1 778	82 478	71 927	10 551
Mineral sands	13 500	12 904	(596)	12 904	15 256	(2 352)
Nickel	91 500	79 174	(12 326)	79 174	88 002	(8 828)
Gold	203 200	225 244	22 044	225 244	215 402	9 842
Other	162 200	154 748	(7 452)	154 748	154 677	71
Lease rentals	86 000	88 916	2 916	88 916	94 128	(5 212)
Total Royalties	6 262 200	4 698 047	(1 564 153)	4 698 047	6 117 986	(1 419 939)
Regulatory Fees						
Regulatory Fees and Fines	4	455	451	455	459	(4)
	4	455	451	455	459	(4)
Other						
Appropriations	12 429	12 594	165	12 594	37 588	(24 994)
Other Revenue	465	2 368	1 903	2 368	810	1 558
GRAND TOTAL	6 289 098	4 726 764	(1 562 334)	4 726 764	6 164 343	(1 437 579)

Note 43 'Explanatory statement for Administered Items' provides details of any significant variations between estimates and actual results for 2015 and between the actual results for 2015 and 2014.

Notes to the Financial Statements

For the year ended 30 June 2015

Note 1. Australian Accounting Standards

General

The department's financial statements for the year ended 30 June 2015 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 2015.

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 2015

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 2015

- 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 44 '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 T1 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, Mine Rehabilitation Fund 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 2015

Provision of services

Revenue is recognised 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 2014-15 Budget Statements, the department retained \$78.04 million in 2015 (\$55.74 million in 2014) 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 a royalty 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 2015

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 (other than where they form part of a group of similar items which are significant in total).

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

Notes to the Financial Statements

For the year ended 30 June 2015

depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately. Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

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 and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic 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 2015

(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 that can be reliably measured, are capitalised to the extent that they represent probable future economic benefits.

(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 2015

entity, unless a specialised 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

Notes to the Financial Statements

For the year ended 30 June 2015

- Financial Liabilities
 - Payables
 - Amounts due to the Treasurer

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 any 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 2015

(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

Annual leave that is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability 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

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

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

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

Notes to the Financial Statements

For the year ended 30 June 2015

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 have been able to choose their preferred superannuation fund provider. The department makes contributions to GESB or other fund providers 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 benefit 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 department 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.

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

Notes to the Financial Statements

For the year ended 30 June 2015

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 is recognised in the Statement of Comprehensive Income and 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 that the Department would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services 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 buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

Note 4. Key sources of estimation uncertainty

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

Notes to the Financial Statements

For the year ended 30 June 2015

Long Service Leave

Several estimations and assumptions used 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 2014 that impacted on the Department.

<i>Int 21</i>	<i>Levies</i> This Interpretation clarifies the circumstances under which a liability to pay a government levy imposed should be recognised. There is no financial impact for the Department at reporting date
<i>AASB 10</i>	<i>Consolidated Financial Statements</i> This Standard, issued in August 2011, 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. The adoption of the new Standard has no financial impact for the Department as it does not impact accounting for related bodies and the Department has no interests in other entities.
<i>AASB 11</i>	<i>Joint Arrangements</i> This Standard issued in August 2011, supersedes AASB 131 <i>Interests in Joint Ventures</i> , introducing new principles for determining the type of joint arrangement that exists, which are more aligned to the actual rights and obligations of the parties to the arrangements. There is no financial impact for the Department as the new standard continues to require the recognition of the Department's share of assets and share of liabilities for the unincorporated joint operation.
<i>AASB 12</i>	<i>Disclosure of Interests in Other Entities</i> This Standard issued in August 2011, supersedes disclosure requirements in AASB 127 <i>Consolidated and Separate Financial Statements</i> , AASB 128 <i>Investments in Associates</i> and AASB 131 <i>Interests in Joint Ventures</i> . There

Notes to the Financial Statements

For the year ended 30 June 2015

is no financial impact.

AASB 127 *Separate Financial Statements*

This Standard, issued in August 2011, supersedes AASB 127 *Consolidated and Separate Financial Statements*, removing the consolidation requirements of the earlier standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. There is no financial impact.

AASB 128 *Investments in Associates and Joint Ventures*

This Standard supersedes AASB 128 *Investments in Associates*, introducing a number of clarifications for the accounting treatments of changed ownership interest.

The adoption of the new Standard has no financial impact for the Department as it does not hold investments in associates and joint ventures.

AASB 1031 *Materiality*

This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.

AASB 1055 *Budgetary Reporting*

This Standard requires specific budgetary disclosures in the general purpose financial statements of not-for-profit entities within the General Government Sector. 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 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]*

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*. There is no financial impact for the Department.

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

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.

Notes to the Financial Statements

For the year ended 30 June 2015

- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- This Standard introduces editorial and disclosure changes. There is no financial impact.
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]*
- This Standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The Department does not enter into derivatives or hedges, therefore there is no financial impact.
- AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]*
- The amendments issued in October 2013, provide significant guidance in determining whether a not-for-profit entity controls another entity when financial returns are not a key attribute of the investor's relationship. The Standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10.
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments*
- Part B of this omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014. It has no financial impact.
- AASB 2014-1 Amendments to Australian Accounting Standards*
- Part A of this Standard consists primarily of clarifications to Accounting Standards and has no financial impact for the Department.
- Part B of this Standard has no financial impact as the Department contributes to schemes that are either defined contribution plans, or deemed to be defined contributions plans.
- Part C of this Standard has no financial impact as it removes references to AASB 1031 *Materiality* from a number of Accounting Standards.

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 2015

		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>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 15	<p><i>Revenue from Contracts with Customers</i></p> <p>This Standard establishes the principles that the Department shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2017
AASB 2010-7	<p><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></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2013-9	<p><i>Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments.</i></p> <p>Part C of this omnibus Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Department has not yet determined the application or the potential impact of AASB 9.</p>	1 Jan 2015

Notes to the Financial Statements

For the year ended 30 June 2015

		Operative for reporting periods beginning on/after
AASB 2014-1	<i>Amendments to Australian Accounting Standards</i> Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Department to determine the application or the potential impact of the Standard.	1 Jan 2015
AASB 2014-3	<i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]</i> The Department establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.	1 Jan 2016
AASB 2014-4	<i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i> The adoption of this Standard has no financial impact for the Department as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.	1 Jan 2016
AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i> This Standard give effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Department has not yet determined the application or the potential impact of the Standard.	1 Jan 2017
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i> This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Department has not yet determined the application or the potential impact of the Standard.	1 Jan 2018

Notes to the Financial Statements

For the year ended 30 June 2015

	Operative for reporting periods beginning on/after
<p>AASB 2014-8 <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]</i></p> <p>This Standard makes amendments to AASB 9 <i>Financial Instruments</i> (December 2009) and AASB 9 <i>Financial Instruments</i> (December 2010), arising from the issuance of AASB 9 <i>Financial Instruments</i> in December 2014. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015
<p>AASB 2014-9 <i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1,127 & 128]</i></p> <p>This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
<p>AASB 2014-10 <i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]</i></p> <p>This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
<p>AASB 2015-1 <i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</i></p> <p>These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Department has not yet determined the application or the potential impact of the Standard</p>	1 Jan 2016

Notes to the Financial Statements

For the year ended 30 June 2015

		Operative for reporting periods beginning on/after
AASB 2015-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</i>	1 Jan 2016
	<p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 1. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.</p>	
AASB 2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i>	1 Jul 2015
	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.</p>	
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</i>	1 Jul 2016
	<p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. The Department has not yet determined the application of the Standard, though there is no financial impact.</p>	

Notes to the Financial Statements

For the year ended 30 June 2015

Note 6. Employee benefits expense

	2015 \$000	2014 \$000
Wages and salaries ^(a)	86 462	83 401
Superannuation - defined contribution plans ^(b)	8 392	8 079
	94 854	91 480

^(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 expenses, such as workers' compensation insurance, are included at note 11 'Other Expenses'.

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

Note 7. Supplies and services

Consultants and contractors	28 607	37 458
Advertising and promotion	708	742
Travel	1 899	1 864
Communication	1 207	1 197
Consumables	2 569	2 147
Maintenance	2 961	3 129
Insurance	565	438
Printing	209	344
Other staff costs	2 426	2 879
Other	962	927
	42 113	51 125

Note 8. Depreciation and amortisation expense

Depreciation

Buildings	1 675	1 630
Furniture, plant, equipment and vehicles	381	690
Computer hardware and software	927	957
Scientific equipment	32	28
Total depreciation	3 015	3 305

Amortisation

Intangible assets	263	263
Total amortisation	263	263
Total depreciation and amortisation	3 278	3 568

Note 9. Accommodation expenses

Lease rentals	3 167	1 643
Repairs and maintenance	1 420	808
Cleaning	608	545
Electricity	845	888
Refurbishment	122	107
Security	277	240
Water rates	161	158
Other accommodation expenses	463	285
	7 063	4 674

Notes to the Financial Statements

For the year ended 30 June 2015

Note 10. Grants and subsidies

Co-Funded Drilling Scheme (EIS)
Mineral and Petroleum Industry Research

	2015 \$000	2014 \$000
	4 258	4 041
	6 933	4 894
	11 191	8 935

Note 11. Other expenses

Doubtful debts expense
Other expenses

	69	32
	385	434
	454	466

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
Mining Rehabilitation Fund
Other fees

	5 600	3 650
	6 690	7 280
	7 677	6 396
	22 903	24 512
	4 663	4 675
	26 973	6 716
	2 292	2 243
	76 798	55 472

Note 13. Other revenue

Other funding contributions
Miscellaneous revenue

	100	100
	1 149	175
	1 249	275

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

Proceeds from disposal of non-current assets

Plant equipment and vehicles

	-	-
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Costs of disposal of non-current assets

Plant equipment and vehicles

	(771)	(68)
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Net gain/(loss)

	(771)	(68)
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Note 15. Income from State Government

Appropriation received during the period:

Service appropriation ^(a)

	68 937	75 556
	68 937	75 556

Services received free of charge ^(b)

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

State Solicitors Office

- legal services

	1,266	947
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Department of Treasury and Finance

- procurement and accommodation services

	346	327
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Landgate

- land dealings, land information, valuation services and products

	371	197
	1 983	1 471

Royalties for Regions Fund:

Exploration Incentive Scheme ^(c)

	127	24 618
	127	24 618

	71 047	101 645
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Notes to the Financial Statements

For the year ended 30 June 2015

Note 18. Amounts receivable for services (Holding Account)

	2015 \$000	2014 \$000
Current	982	936
Non-current	15 568	14 763
	16 550	15 699

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	2 498	1 230
Total current	2 498	1 230

Note 20a. Land held for distribution to owners

Land		
At fair value	-	13 200
	-	13 200

Note 20b. Property, plant and equipment

<u>Land</u>		
At fair value ^(a)	72 873	72 847
<u>Buildings</u>		
At fair value ^(a)	55 632	54 576
<u>Furniture, plant, equipment and vehicles</u>		
At cost	7 427	9 325
Accumulated depreciation	(3 541)	(4 341)
	3 886	4 984
<u>Computer hardware and software</u>		
At cost	6 086	6 079
Accumulated depreciation	(4 545)	(4 746)
	1 541	1 333
<u>Scientific equipment</u>		
At cost	269	307
Accumulated depreciation	(85)	(109)
	184	198

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 \$000	2014 \$000
<u>Works in progress</u>		
At cost	490	339
Total of property, plant, equipment and vehicles	134 606	134 277

^(a) Land and buildings were revalued as at 1 July 2014 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2015 and recognised at 30 June 2015. In undertaking the revaluation, fair value was determined by reference to market values for land: \$34,901,150 and buildings: \$38,350,000. For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land).

Notes to the Financial Statements

For the year ended 30 June 2015

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
2015							
Carrying amount at the start of year	72 847	54 576	4 984	1 333	198	339	134 277
Additions	-	727	45	1 135	27	151	2 085
Transfers from work in progress	-	-	-	-	-	-	-
Other Disposals	-	-	(762)	-	(9)	-	(771)
Reclassification	-	-	-	-	-	-	-
Revaluation	27	2 004	-	-	-	-	2 031
Depreciation	-	(1 675)	(381)	(927)	(32)	-	(3 015)
Carrying amount at end of year	72 873	55 632	3 886	1 541	184	490	134 606

	Land	Buildings	Furniture, plant, equipment and vehicles	Computer hardware and software	Scientific equipment	Works In Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2014							
Carrying amount at the start of year	86 302	54 829	5 708	1 793	104	-	148 736
Additions	12	-	20	547	146	339	1 064
Transfers from work in progress	-	-	-	-	-	-	-
Other Disposals	-	-	(54)	(50)	(24)	-	(128)
Reclassification	(13 200)	-	-	-	-	-	(13 200)
Revaluation increments	(267)	1 377	-	-	-	-	1 110
Depreciation	-	(1 630)	(690)	(957)	(28)	-	(3 305)
Carrying amount at end of year	72 847	54 576	4 984	1 333	198	339	134 277

Notes to the Financial Statements

For the year ended 30 June 2015

Fair Value Measurements

Reconciliations of the fair value measurements of property, plant and equipment at the end of the reporting period are set out in the table below:

Assets measured at fair value:	Level 1	Level 2	Level 3	Fair Value At end of period
	\$000	\$000	\$000	\$000
2015				
Land held for distribution to owners (Note 20a)	-	-	-	-
Land (Note 20b)	-	34 901	37 972	72 873
Buildings (Note 20b)	-	38 350	17 282	55 632
Carrying amount at end of year	-	73 251	55 254	128 505

Assets measured at fair value:	Level 1	Level 2	Level 3	Fair Value At end of period
	\$000	\$000	\$000	\$000
2014				
Land held for distribution to owners (Note 20a)	-	13 200	-	13 200
Land (Note 20b)	-	34 527	38 320	72 847
Buildings (Note 20b)	-	38 732	15 844	54 576
Carrying amount at end of year	-	86 459	54 164	140 623

There were transfers between Levels 2 and 3 during the current and previous periods.

Fair value measurements using significant unobservable inputs (Level 3)

	Land \$000	Buildings \$000
2015		
Fair Value at start of period	38 320	15 844
Additions	-	727
Revaluation increments/(decrements) recognised in Other Comprehensive Income	(408)	1 160
Transfers (from/(to) Level 2)	60	-
Disposals	-	-
Depreciation expense	-	(449)
Fair Value at end of period	<u>37 972</u>	<u>17 282</u>

	Land \$000	Buildings \$000
2014		
Fair Value at start of period	38 311	16 109
Additions	-	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	(155)	218
Transfers (from/(to) Level 2)	164	-
Disposals	-	-
Depreciation expense	-	(483)
Fair Value at end of period	<u>38 320</u>	<u>15 844</u>

Significant Level 3 inputs are derived and evaluated as follows:

Historical cost per square metre floor area (m²)

The costs of constructing specialised buildings with similar utility are extracted from financial records, then indexed by movements in CPI.

Consumed economic benefit/obsolescence of asset

These are estimated by the Western Australian Land Information Authority (Valuation Services).

Selection of land with restricted utility

Fair value for restricted use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuation Services).

Information about significant unobservable inputs (Level 3) in fair value measurements

Description and fair value as at 30 June 2015 (30 June 2014)	Valuation techniques	Unobservable inputs	Range of unobservable inputs (weighted average) 2015 (30 June 2014)	Relationship to unobservable inputs to fair value
Land	Market approach	Selection of land with similar approximate utility	City/metro \$0.45 - \$302.34 per m2 (\$5.66 per m2)	Higher value of similar land increases estimated fair value
\$37,972 (\$38,320)			(City/metro \$0.45 - \$302.36 per m2) Regional \$0.00 - \$81.08 per m2 (\$0.06 per m2) (Regional \$0.01 - \$85.08 per m2 (\$0.06 per m2))	
Buildings	Depreciated Replacement Cost	Consumed economic benefit/obsolescence of asset	City/metro (1.59)% - 2.5% per year 1.33% per year (City/metro (1.99)% - (2.25)% per year (1.92)% per year)	Greater consumption of economic benefit or increased obsolescence lowers fair value
			Regional 1.5% - 2.06% per year 1.78% per year (Regional (1.20)% - (1.81)% per year (1.65)% per year)	
\$17,282 (\$15,844)		Historical cost per square metre floor area (m ²)	City/metro \$433.59 - \$782.98 per m2 \$517.70 per m2 (City/metro \$152.65 - \$439.83 per m2 \$447.28 per m2) Regional \$904.75 - \$2235.74 per m2 \$2116.40 per m2 (Regional \$499.31 - \$2,263.00 per m2 \$2,144.30 per m2)	Higher historical cost per m ² increases fair value

Reconciliations of the opening and closing balances are provided in Note 20b.

Basis of valuation

In the absence of market-based evidence, due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.

Notes to the Financial Statements

For the year ended 30 June 2015

Note 21. Intangible assets

Computer software

At cost	4 450	4 450
Accumulated amortisation	(3 551)	(3 289)
Total intangible assets	899	1 161

Reconciliation:

Computer software

Carrying amount at start of period	1 161	1 424
Additions	-	-
Disposals	-	-
Amortisation expense	(262)	(263)
Carrying amount at end of period	899	1 161

Note 22. Impairment of assets

There were no indications of impairment to property, plant and equipment, infrastructure or intangible assets at 30 June 2015

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 2015 have been written-off.

Note 23. Payables

Current

Trade payables	2 700	4 700
Accrued salaries	2 664	2 260
Total current	5 364	6 960

Note 24. Other current liabilities

Unclaimed monies	2 103	2 178
	2 103	2 178

Note 25. Revenue received in advance

Licenses and fees	2 100	1 669
	2 100	1 669

Note 26. Amounts due to the Treasurer

Non Current

Amounts due to the Treasurer - Mine Rehabilitation Fund	4,530	2 586
	4,530	2 586

	2015 \$000	2014 \$000
Total intangible assets	899	1 161
Carrying amount at end of period	899	1 161
Total current	5 364	6 960
Unclaimed monies	2 103	2 178
Licenses and fees	2 100	1 669
Amounts due to the Treasurer - Mine Rehabilitation Fund	4,530	2 586

Notes to the Financial Statements

For the year ended 30 June 2015

Note 27. Provisions

Current

Employee benefits provision

Annual leave ^(a)	8 483	8 006
Long service leave ^(b)	11 198	9 646
	19 681	17 652

Other provisions

Employment on-costs provision ^(c)	109	155
	109	155
	19 790	17 807

Non-current

Employee benefits provision

Long service leave ^(b)	3 784	3 628
Deferred salary scheme ^(d)	46	31
	3 830	3 659

Other provisions

Employment on-costs provision ^(c)	21	31
	21	31
	3 851	3 690

^(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

Within 12 months of end of reporting period	5 856	5 275
More than 12 months after the end of the reporting period	2 627	2 731
	8 483	8 006

^(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	4 003	3 487
More than 12 months after the end of the reporting period	10 979	9 787
	14 982	13 274

^(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	-	-
More than 12 months after the end of the reporting period	46	31
	46	31

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 \$000	2014 \$000
Movements in other provisions		
<u>Employment on-cost provision</u>		
Carrying amount at start of period	186	199
Additional provisions recognised	131	186
Payments/other sacrifices of economic benefits	(187)	(199)
Carrying amount at end of period	130	186
Note 28. Equity		
The Western Australian 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	59 018	55 930
<u>Contributions by owners</u>		
Capital appropriation	-	-
Other contributions by owners:		
Land transferred from other agencies at fair value ^(a)	-	11
Mine Rehabilitation Fund	(3 031)	3 077
Total contributions by owners	(3 031)	3 088
<u>Distributions to owners</u>		
Transfer of land	(13 200)	-
Total distributions to owners	(13 200)	-
Balance at end of period	42 787	59 018
^(a) This represents land and buildings identified and transferred through the Valuer General's valuation report.		
Reserves		
<u>Asset revaluation surplus</u>		
Balance at start of period	114 249	113 139
Net revaluation increments/(decrements)		
Land	27	(267)
Buildings	2 004	1 377
Balance at end of period	116 280	114 249

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 \$000	2014 \$000
Accumulated Surplus		
Balance at start of period	19 881	22 805
Result for the period	(10 630)	(2 924)
Balance at the end of period	9 251	19 881
Total Equity at the end of period	168 318	193 148

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	10	16
Operating account	6 962	36 978
Cash and cash equivalents	6 972	36 994
Restricted cash assets (refer note 16)	34 367	16 612
	41 339	53 606

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

Net cost of service	(81 677)	(104 569)
<u>Non-cash items</u>		
Depreciation and amortisation expense	3 278	3 568
Resources received free of charge	1 983	1 471
Net (gain)/loss on disposal of non-current assets	771	68
<u>(Increase)/Decrease in assets</u>		
Current Receivables ^(a)	(1 227)	2 195
Other assets	(1 268)	451
<u>Increase/(decrease) in liabilities</u>		
Current payables ^(a)	(1 596)	2 391
Other liabilities	(75)	199
Revenue received in advance	431	94
Provisions - employee benefits	2 144	(1 438)
Net GST payments ^(b)	318	-
Change in GST in receivables/payables ^(c)	(390)	(142)
Net cash used in operating activities	(77 308)	(95 712)

(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 2015

	2015 \$000	2014 \$000
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:		
MRIWA (Building services, parking, conferences) (Previously known as MERIWA)	47	44
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	6 584	2 786
Later than 1 year and not later than 5 years	7 766	7 468
	14 350	10 254
The capital commitments include amounts for:		
Computer hardware, software and buildings	14 350	10 254
	14 350	10 254
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	3 639	3 634
Later than 1 year and not later than 5 years	12 948	4 333
Later than 5 years	20 161	377
	36 748	8 344
Representing:		
Non-cancellable operating leases	36 748	8 344

These commitments are exclusive of GST.

Note 32. Contingent liabilities and contingent assets

Contingent liabilities:

There

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. During the year the department did not identify any further potential contaminated sites.

Notes to the Financial Statements

For the year ended 30 June 2015

2015	2014
\$000	\$000

Of the 13 identified as at 30 June 2014, three are still identified as "suspected" as opposed to "potential". These three sites are still yet to be classified by the Department of Environment and Conservation. 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 one legal case, depending on the outcome this may result in a contingent liability for costs of \$100,000.

Contingent assets

The department is currently involved in one legal case, depending on the outcome this may result in a contingent benefit of \$100,000.

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.

Notes to the Financial Statements

For the year ended 30 June 2015

Note 34. Explanatory Statement

Variance Note	Original Budget	Actual	Actual	Variance between estimate and actual	Variance between actuals for 2015 and 2014	
	2015 \$000	2015 \$000	2014 \$000	\$000	\$000	
Statement of Comprehensive Income (Controlled Operations)						
	Employee benefits expenses	97 130	94 854	91 480	2 276	3 374
	Supplies and services	33 853	42 113	51 125	(8 260)	(9 012)
	Depreciation and amortisation expense	1 787	3 278	3 568	(1 491)	(290)
	Accommodation expenses	6 389	7 063	4 674	(674)	2 389
	Grants and subsidies	5 848	11 191	8 935	(5 343)	2 256
1	Other expenses	11 068	454	466	10 614	(12)
	Loss on disposal of other assets	-	771	68	(771)	703
	Total cost of services	156 075	159 724	160 316	(3 649)	(592)
Revenue						
2 A	User charges and fees	98 840	76 798	55 472	22 042	21 326
	Other revenue	5 423	1 249	275	4 174	974
	Total Revenue	104 263	78 047	55 747	26 216	22 300
	Total Gains	-	-	-	-	-
	Total income other than income from State Government	104 263	78 047	55 747	26 216	22 300
	NET COST OF SERVICES	51 812	81 677	104 569	(29 865)	(22 892)
Income from State Government						
3	Service appropriation	85 448	68 937	75 556	16 511	(6 619)
	Services received free of charge	1 490	1 983	1 471	(493)	512
B	Royalties for Regions Fund	186	127	24 618	59	(24 491)
	Total income from State Government	87 124	71 047	101 645	16 077	(30 598)
	SURPLUS/(DEFICIT) FOR THE PERIOD	35 312	(10 630)	(2 924)	45 942	(7 706)

Notes to the Financial Statements

For the year ended 30 June 2015

Variance Note	Original Budget	Actual	Actual	Variance between estimate and actual	Variance between actuals for 2015 and 2014
	2015 \$000	2015 \$000	2014 \$000	\$000	\$000
OTHER COMPREHENSIVE INCOME					
Items not reclassified subsequently to profit or loss					
Changes in asset revaluation surplus	-	2 031	1 110	(2 031)	921
Gains recognised directly in equity	-	(3 031)	3 088	3 031	(6 119)
Total other comprehensive income	-	(1 000)	4 198	1 000	(5 198)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	35 312	(11 630)	1 274	46 942	(12 904)
Statement of Financial Position					
(Controlled Operations)					
ASSETS					
Current Assets					
Cash and cash equivalents	4 C	32 880	6 972	36 994	25 908 (30 022)
Restricted cash and cash equivalents	5 D	73 687	34 367	13 715	39 320 20 652
Receivables		10 917	10 164	8 865	753 1 299
Amount receivable for services		962	982	936	(20) 46
Other current assets		1 681	2 498	1 230	(817) 1 268
Land held for distribution to owners	E	-	-	13 200	- (13 200)
Total Current Assets		120 127	54 983	74 940	65 144 (19 957)
Non current Assets					
Restricted cash and cash equivalents		2 960	-	2 897	2 960 (2 897)
Amounts receivable for services		15 588	15 568	14 763	20 805
Property, plant and equipment	6	149 958	134 606	134 277	15 352 329
Intangible assets		1 424	899	1 161	525 (262)
Total Non-Current Assets		169 930	151 073	153 098	18 857 (2 025)
TOTAL ASSETS		290 057	206 056	228 038	84 001 (21 982)

Notes to the Financial Statements

For the year ended 30 June 2015

Variance Note	Original Budget	Actual	Actual	Variance between estimate and actual	Variance between actuals for 2015 and 2014
	2015 \$000	2015 \$000	2014 \$000	\$000	\$000
LIABILITIES					
Current Liabilities					
Payables	2 284	5 364	6 960	(3 080)	(1 596)
Other current liabilities	6 612	2 103	2 178	4 509	(75)
Revenue received in advance	-	2 100	1 669	(2 100)	431
Provisions	17 312	19 790	17 807	(2 478)	1 983
Total Current Liabilities	26 208	29 357	28 614	(3 149)	743
Non-Current Liabilities					
Amounts due to the Treasurer		4 530	2 586	(4 530)	1 944
Provisions	4 214	3 851	3 690	363	161
Total Non-Current Liabilities	4 214	8 381	6 276	(4 167)	2 105
TOTAL LIABILITIES	30 422	37 738	34 890	(7 316)	2 848
NET ASSETS					
EQUITY					
Contributed equity	55 929	42 787	59 018	13 142	(16 231)
Reserves	113 140	116 280	114 249	(3 140)	2 031
Accumulated surplus/(deficit)	90 566	9 251	19 881	81 315	(10 630)
TOTAL EQUITY	259 635	168 318	193 148	91 317	(24 830)
Statement of Cash Flows (Controlled Operations)					
CASH FLOWS FROM STATE GOVERNMENT					
Service appropriation	83 661	67 150	72 892	16 511	(5 742)
Capital appropriations	-	-	-	-	-
Holding account drawdown	936	937	1 787	(1)	(850)
Royalties for Regions Fund	186	127	24 618	59	(24 491)
Net cash provided by State Government	84 783	68 214	99 297	16 569	(31 083)

Notes to the Financial Statements

For the year ended 30 June 2015

Variance Note	Original Budget	Actual	Actual	Variance between estimate and actual	Variance between actuals for 2015 and 2014
	2015 \$000	2015 \$000	2014 \$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments					
	(97 378)	(95 096)	(95 634)	(2 282)	538
	(31 192)	(40 761)	(46 612)	9 569	5 851
	(6 333)	(7 063)	(2 817)	730	(4 246)
	(5 848)	(11 244)	(8 835)	5 396	(2 409)
9	(17 179)	-	-	(17 179)	-
	-	(5 775)	(5 594)	5 775	(181)
Receipts					
10 G	98 740	74 333	55 882	24 407	18 451
	100	100	-	-	100
	4 937	582	414	4 355	168
		5 511	5 180	(5 511)	331
	5 423	2 105	2 304	3 318	(199)
	(48 730)	(77 308)	(95 712)	28 578	18 404
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments					
	-	-	-	-	-
Receipts					
	(2 786)	(2 086)	(994)	(700)	(1 092)
	(2 786)	(2 086)	(994)	(700)	(1 092)
CASH FLOWS FROM FINANCING ACTIVITIES					
Payments					
	(4 530)	-	-	(4 530)	-
Receipts					
	1 944	1 944	1 623	-	321
	(2 586)	1 944	1 623	(4 530)	321

Notes to the Financial Statements

For the year ended 30 June 2015

	Variance Note	Original Budget	Actual	Actual	Variance between estimate and actual	Variance between actuals for 2015 and 2014
		2015 \$000	2015 \$000	2014 \$000	\$000	\$000
Net increase/(decrease) in cash and cash equivalents	11 H	30 681	(9 236)	4 214	39 917	(13 450)
Cash balances transferred in		-	-	3 077	-	(3 077)
Cash balances transferred out		-	(3 031)	-	3 031	(3 031)
Cash and cash equivalents at the beginning of the period	12	78 846	53 606	46 315	25 240	7 291
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		109 527	41 339	53 606	68 188	(12 267)

Major Variance Narratives (Controlled Operations)

Variances between estimate and actual

- 1) Other expenses underspent by \$10.6 million (2 337.9%) due to a post budget account realignment. Budgeted amount was initially against Grants and Subsidies expense, before being realigned with Other Expenses.
- 2) User charges and fees were under by \$22.0 million (28.7%) due to the lower than forecast Mining Rehabilitation Fund levy contributions.
- 3) Service appropriation is under by \$16.5 million (24%) as directed by the Department of Treasury as the mechanism to return cash for a whole of government savings
- 4) Cash and cash equivalents is under by \$25.9 million (73.7%) as part of a savings measure to return cash to the Department of Treasury and a transfer out of \$3.0 million for Mine Rehabilitation Fund amounts awaiting legal advice to determine classification.
- 5) Restricted cash and cash equivalents were under by \$39.3 million (286.1%) due to the lower than forecast Mining Rehabilitation Fund levy contributions (\$22.0 million) and return of cash as directed by the Department of Treasury for a whole of government savings measure (\$16.5 million).
- 6) The reduction of \$15.3 million of Property, Plant and equipment is due to the transfer out of the \$13.2 million Chemistry Centre land from the Department to the Metropolitan Redevelopment Authority and revaluation down by \$2.1 million of land and buildings held by the Department.
- 7) The reduction of \$13.2 million is due to the transfer out of the Chemistry Centre land from the Department to the Metropolitan Redevelopment Authority.
- 8) Service appropriation is under by \$16.5 million (24.6%) as directed by the Department of Treasury as the mechanism to return cash for a whole of government savings
- 9) The other payments variance is due to a classification difference of the budget papers. Actual amounts are classified elsewhere due to reporting requirements. Amounts classified elsewhere include GST payments on purchases for \$5.7 million, \$5.2 million for payments for administration, \$2.4 million for repairs and maintenance and other payments including operating leases for \$3.0 million
- 10) User Fees and charges were under by \$24.4 million (31.8%) due to the lower than forecast Mining Rehabilitation Fund levy contributions.
- 11) The \$39.9 million variance in cash for the year is due to the lower than forecast Mining Rehabilitation Fund levy collections (\$22.9m) and Service appropriations of \$16.5 million being returned to the Department of Treasury as part of a whole of government savings measure.
- 12) Cash and cash equivalents at the beginning of the period is lower than budgeted to due lower than forecast collection of Mining Rehabilitation Fund levy collections in the 2014 financial year.

Variances between actual results for 2015 and 2014

- A) User Fees and charges increased by \$21.3 million (38.4%) due to the Mining Rehabilitation Fund levy contributions.
- B) Royalties for Regions Fund is under by \$24.5 million (99.5%) directly due to the Exploration Incentive Scheme program now being funded by Service Appropriation.
- C) Cash and cash equivalents is under by \$30.0 million (48.8%). This is due to savings measures to return \$16.5 million of cash to the Department of Treasury as a part of whole of government savings measure. The Exploration Incentive Scheme funded in 2014 by Royalties for Regions is now received through appropriations at a greatly reduced level. Funds of \$3.0 million have been reclassified from Controlled to Administered until legal advice has been sought to advise of the correct classification.
- D) Restricted cash and cash equivalents increased by \$20.6 million (39.2%) due to the Mining Rehabilitation Fund levy contributions being the first year of compulsory payments. Previously this amount was classified as Administered funds.
- E) The amount of \$13.2m is for the Chemistry Centre land transferred out of the Department to the Metropolitan Redevelopment Authority.
- F) Contributed equity is lower by \$16.2 million compared to 2014 financial year due to the transfer out of the Chemistry Centre land to the Metropolitan Redevelopment Authority and the \$3.0 million for Mine Rehabilitation Fund amounts awaiting legal advice to determine classification.
- G) User Fees and charges increased by \$18.5 million (34.0%) due to the Mining Rehabilitation Fund levy contributions.
- H) Net decrease in Cash and cash equivalents is under by \$13.5 million (319.2%) as part of a savings measure to return cash to the Department of Treasury.

Notes to the Financial Statements

For the year ended 30 June 2015

2015	2014
\$000	\$000

Note 35. 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:

Remuneration Band (\$)	2015	2014
90 001 to 100 000	1	-
130 001 to 140 000	1	-
160 001 to 170 000	-	1
170 001 to 180 000	1	2
180 001 to 190 000	4	4
190 001 to 200 000	3	-
200 001 to 210 000	-	1
210 001 to 220 000	-	1
220 001 to 230 000	-	2
230 001 to 240 000	3	1
240 001 to 250 000	1	1
250 001 to 260 000	1	-
260 001 to 270 000	-	2
270 001 to 280 000	2	1
370 001 to 380 000	-	1
380 001 to 390 000	1	-
450 001 to 460 000	-	1

Base remuneration and superannuation	2 951	2 921
Annual leave and long service leave accruals	312	766
Other benefits	608	550
Total remuneration of senior officers	3 871	4 237

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

Note 36. Remuneration of Auditor

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

Auditing the accounts, financial statements and performance indicators.	161	155
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Notes to the Financial Statements

For the year ended 30 June 2015

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:

	2015 \$000	2014 \$000
<u>Financial Assets</u>		
Cash and cash equivalents	6 972	36 994
Restricted cash and cash equivalents	34 367	16 612
Loans and receivables ^(a)	25 652	23 574
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	11 997	11 724

^(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 2015

(c) Financial instrument disclosures

Credit risk

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

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

Ageing analysis of financial assets

	Carrying Amount	Not past due and not impaired	Past due but not impaired				Impaired financial assets ^(b)
			up to 1 month	1-3 months	3 months to 1 year	1-5 years	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2015							
Cash and cash equivalents	6 972	6 972	-	-	-	-	-
Restricted cash and cash equivalents	34 367	34 367	-	-	-	-	-
Receivables ^(a)	9 102	8 670	2	120	65	-	245
Amounts receivable for services	16 550	16 550	-	-	-	-	-
	66 991	66 559	2	120	65	0	245
2014							
Cash and cash equivalents	36 994	36 994	-	-	-	-	-
Restricted cash and cash equivalents	16 612	16 612	-	-	-	-	-
Receivables ^(a)	7 875	7 317	55	304	22	-	177
Amounts receivable for services	15 699	15 699	-	-	-	-	-
	77 180	76 622	55	304	22	-	177

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

^(b) Six debtors are under administration and it is unknown if any of the amounts owing will be recovered as of 30 June 2015. The carrying amount of the receivables before deducting the impairment loss was \$245,454.44

Notes to the Financial Statements

For the year ended 30 June 2015

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
2015										
Financial Assets										
Cash and cash equivalents	-	6 972	-	-	6 972	6 972	-	-	-	-
Restricted cash and cash equivalents	-	34 367	-	-	34 367	34 367	-	-	-	-
Receivables ^(a)	-	9 102	-	-	9 102	9 102	8 917	120	65	-
Amounts receivable for services	-	16 550	-	-	16 550	16 550	-	-	982	15 568
		66 991	-	-	66 991	66 991	8 917	120	1 047	15 568
Financial Liabilities										
Payables	-	5 364	-	-	5 364	5 364	5 364	-	-	-
Unclaimed monies	-	2 103	-	-	2 103	2 103	2 103	-	-	-
Amounts due to the Treasurer	-	4 530	-	-	4 530	4 530	-	-	-	4 530
		11 997	-	-	11 997	11 997	7 467	-	-	4 530

^(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 2015

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 to 1 year	3 months to 1 year	1-5 years
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2014										
Financial Assets										
Cash and cash equivalents	-	36 994	-	-	36 994	36 994	-	-	-	-
Restricted cash and cash equivalents	-	16 612	-	-	16 612	16 612	-	-	-	-
Receivables ^(a)	-	7 875	-	-	7 875	7 875	7 549	304	22	-
Amounts receivable for services	-	15 699	-	-	15 699	15 699	-	-	936	14 763
		77 180	-	-	77 180	77 180	7 549	304	958	14 763
Financial Liabilities										
Payables	-	6 960	-	-	6 960	6 960	-	-	-	-
Unclaimed monies	-	2 178	-	-	2 178	2 178	-	-	-	-
Amounts due to the Treasurer	-	2 586	-	-	2 586	2 586	-	-	-	2 586
		11 724	-	-	11 724	11 724	9 138	-	-	2 586

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

Fair Values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Notes to the Financial Statements

For the year ended 30 June 2015

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.

Balance at start of period		178	178
<u>Add</u> Receipts		-	-
<u>Less</u> Payments		55	-
Balance at end of period		123	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 \$73.

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		643	6 661
<u>Add</u> receipts			
Bonds, Securities		1 226	10
Transfer from Mine Rehabilitation Fund		3 031	-
		4 257	10
<u>Less</u> payments			
Operational expenses		152	2 951
Transfer to Mine Rehabilitation Fund		-	3 077
		152	6 028
Balance at end of period		4 748	643

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 \$000	2014 \$000
<u>Special Projects Fund</u>		
<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 \$111,035, \$82,778 receipts and \$90,311 payments, giving a closing balance of \$103,503.</p>		
Balance at start of period	4 372	5 329
<u>Add receipts</u>		
Contribution from Government & Industry	14 140	7 645
	14 140	7 645
<u>Less payments</u>		
Salaries	69	57
Travel	20	22
Consultants	7 615	8 447
Grants	15	-
Other	-	76
	7 719	8 602
Balance at end of period	10 793	4 372
<u>Mines Safety Levy</u>		
<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 1994</i>.</p>		
Balance at start of period	2 367	4 671
<u>Add receipts</u>		
Contribution from Industry	23 412	24 841
	23 412	24 841
<u>Less payments</u>		
Salaries	11 202	12 102
Operational Expenditure	18 038	15 043
	29 240	27 145
Balance at end of period	(3 461)	2 367
<p>Treasury approval was obtained for the account to be overdrawn in the 2015 Financial year.</p>		

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 \$000	2014 \$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	96	(92)
<u>Add receipts</u>		
Contribution from Industry	4 618	5 039
	<u>4 618</u>	<u>5 039</u>
<u>Less payments</u>		
Salaries	3 415	3 140
Operational Expenditure	1 936	1 711
	<u>5 351</u>	<u>4 851</u>
Balance at end of period	<u>(637)</u>	<u>96</u>
The Levy invoices are not collected until after the end of the financial year. Treasury approval was obtained for the overdrawn account.		
<u>Mine Rehabilitation Fund Levy</u>		
This fund is to hold all levies which are applied to the cost of administering the Mine Rehabilitation Fund Levies for regulatory services under the <i>Mining Rehabilitation Fund Act 2012</i> .		
Balance at start of period	9 855	-
<u>Add receipts</u>		
Contribution from Industry	26 667	6 719
Treasurer's Advance	1 944	1 623
Interest	777	-
Transfer of Called in Performance Bonds	(3 031)	3 077
	<u>26 358</u>	<u>11 419</u>
<u>Less payments</u>		
Salaries	-	13
Operational Expenditure	1 072	1 551
	<u>1 072</u>	<u>1 564</u>
Balance at end of period	<u>35 141</u>	<u>9 855</u>

Notes to the Financial Statements

For the year ended 30 June 2015

Note 42. Disclosure of administered income and expenses by service

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2015 \$000	2014 \$000	2015 \$000	2014 \$000	2015 \$000	2014 \$000
COST OF SERVICES						
<u>Expenses</u>						
Petroleum (Submerged Lands) Act 1982	550	1 799	-	-	550	1 799
Refunds of previous years' revenue	11 021	9 633	-	-	11 021	9 633
Services and contracts	8 828	13 670	278	-	9 106	13 670
Receipts paid into Consolidated Account	5 037 192	5 954 456	-	-	5 037 192	5 954 456
Grants and subsidies	820	851	356	350	1 176	1 201
Total administered expenses	5 058 411	5 980 409	634	350	5 059 045	5 980 759
<u>Income</u>						
For transfer:						
Royalties and Rentals ^(a)	4 698 047	6 117 986	-	-	4 698 047	6 117 986
Regulatory fees	455	459	-	-	455	459
Commonwealth Grants	13 300	7 500	-	-	13 300	7 500
Appropriations	12 238	37 240	356	348	12 594	37 588
Other revenue	1 848	767	520	43	2 368	810
Total administered income	4 725 888	6 163 952	876	391	4 726 764	6 164 343
 ^(a) Royalties						
Petroleum - State	10 739	11 363				
Iron Ore	4 026 205	5 448 041				
Diamonds	17 639	19 190				
Alumina	82 478	71 927				
Mineral sands	12 904	15 256				
Nickel	79 174	88 002				
Gold	225 244	215 402				
Other	154 748	154 677				
Lease rentals	88 916	94 128				
Total	4 698 047	6 117 986				

Notes to the Financial Statements

For the year ended 30 June 2015

Note 43. Explanatory Statement for Administered Items

	Variance Note	Original Budget	Actual	Actual	Variance between estimate and actual	Variance between actuals for 2015 and 2014
		2015	2015	2014		
		\$000	\$000	\$000	\$000	\$000
		\$000	\$000	\$000	\$000	\$000
INCOME FROM ADMINISTERED ITEMS						
INCOME						
For transfer:						
Royalties and Rentals	1 A	6 262 200	4 698 047	6 117 986	1 564 153	(1 419 939)
Regulatory fees		4	455	459	(451)	(4)
Commonwealth Grants		14 000	13 300	7 500	700	5 800
Appropriations	B	12 429	12 594	37 588	(165)	(24 994)
Other revenue		465	2 368	810	(1 903)	1 558
Total Administered Income		6 289 098	4 726 764	6 164 343	1 562 334	(1 437 579)
EXPENSES						
Petroleum (Submerged Lands) Act 1982		405	550	1 799	(145)	(1 249)
Refunds of previous years' revenue		10 960	11 021	9 633	(61)	1 388
Services and contracts		16 023	9 106	13 670	6 917	(4 564)
Receipts paid into Consolidated Account	2 C	6 079 598	5 037 192	5 954 456	1 042 406	(917 264)
Grants and subsidies		711	1 176	1 201	(465)	(25)
Total Administered Expenses		6 107 697	5 059 045	5 980 759	1 048 652	(921 714)
NET INCOME FROM ADMINISTERED ITEMS		181 401	(332 281)	183 584	513 682	(515 865)

Major Variance Narratives (Administered Items)

Variances between estimate and actual

- Royalties and Rentals decreased by \$1.6 billion (25%) mainly due to the falling price of iron ore.
- Receipts paid into Consolidated Account decreased by \$1.0 billion (17%) mainly due to the falling price of iron ore.

Variances between actual results for 2015 and 2014

- Royalties and Rentals decreased by \$1.4 billion (23%) mainly due to the falling price of iron ore.
- Appropriations decreased by \$24.9 million (66%) mainly due the conclusion off the Magnetite Royalty Rebate incentive.
- Receipts paid into Consolidated Account decreased by \$917 million (15%) mainly due to the falling price of iron ore.

Notes to the Financial Statements

For the year ended 30 June 2015

	2015 \$000	2014 \$000
44. Administered assets and liabilities		
<u>Current Assets</u>		
Cash and cash equivalents	48 471	40 245
Receivables ^(a)	1 068 424	1 404 443
Restricted cash	5 554	5 554
Finance Lease Receivable	549	517
Total Administered Current Assets	1 122 998	1 450 759
<u>Non-Current Assets</u>		
Finance Lease Receivable	11 322	7 236
Total Administered Non-Current Assets	11 322	7 236
TOTAL ADMINISTRATIVE ASSETS	1 134 320	1 457 995
<u>Current Liabilities</u>		
Payments received in advance	123	123
Accounts payable	6,208	564
Other liabilities	-	55
GST payable	-	15
Total Administered Current Liabilities	6 331	757
TOTAL ADMINISTRATIVE LIABILITIES	6 331	757

^(a) This mainly represents royalties not collected as at 30 June 2015 on production which occurred prior to balance date.

Other matters of uncertainty

Mining companies owing royalties of approximately \$1.029 million are currently under administration and action is being taken to recover the funds that were due in the quarter that they went into administration. In the event that these funds are not collected, a bad debt may arise.

Mining companies owing royalties as a result of disputes over recalculation of Royalty's owing is currently approximately \$29.824 million. In the event that the dispute is found in favour of the company, a bad debt may arise.

Acronyms and Abbreviations

AEDM	Accountable and Ethical Decision Making	ISO	International Organisation for Standardisation
ALARP	As Low as Reasonably Practicable	LTI	Loss Time Injuries
AMB	Australian Maritime Boundary	MHF	Major Hazard Facility
ARI	Attraction and Retention Incentive Scheme	MRF	Mining Rehabilitation Fund
BRM	Basic Raw Materials	MRRA	Mineral Royalty Rate Analysis
CCS	Carbon Capture and Storage	OSH	Occupational Safety and Health
CO2	Carbon Dioxide	OSHC	Occupational Safety and Health Committee
CSIRO	Commonwealth Scientific and Industrial Research Organisation	OurDocs	Document Management System
DAIP	Disability Access and Inclusion Plan	PGR	Petroleum Geothermal Register
DMP	Department of Mines and Petroleum	R&D	Retention and Disposal
EDRMS	Electronic Document and Records Management System	RAP	Reconciliation Action Plan
EIS	Exploration Incentive Scheme	RAT	Recordkeeping Awareness Training
EPA	Environmental Protection Authority	RKP	Record Keeping Plan
FTE	Full-Time Equivalent	SEDL	State Environment Data Library
GIS	Geological Information Series	SHRs	Safety and Health Representatives
GPS	Global Positioning System	SMS	Safety Management Systems
GSWA	The Geological Survey of Western Australia	WA	Western Australia
IM4DC	International Mining for Development Centre	WoW	Working On Wellness
IPAA	Institute of Public Administration of Australia		



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