



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



ANNUAL REPORT 2013/14



Department of Mines and Petroleum Annual Report 2013–14

This annual report summarises the activities and performance of the Department of Mines and Petroleum for 2013-14 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 to readers to explore the resources development of the State.

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Contents

Message from the Director General _____	4
Strategic Context _____	7
Economic factors impacting the industry _____	9
Significant issues impacting the agency _____	10
Our organisation _____	14
Agency Performance Summary _____	25
Case Study: Mining Rehabilitation Fund _____	27
Case Study: South West Hub carbon capture and storage project _____	29
Case Study: Natural gas from shale and tight rocks _____	31
Case Study: Learning lessons from fatal trends _____	34
Regulating the resources sector and dangerous goods _____	36
Providing geoscience information and advice _____	41
Striving for operational excellence through innovation _____	45
Developing capacity and capability across the resources sector _____	51
Building confidence with stakeholders and the community _____	55
Disclosures and legal compliance _____	58
Key Performance Indicators _____	73
Financial Statements _____	81



Message from the Director General

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

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

I am proud to present the 2013-14 Annual Report for the Department of Mines and Petroleum. This report presents the department's strategic context, key challenges, achievements, and financial performance for the 2013-14 financial year. The report includes commentary on how we will continue to meet these challenges in the future and illustrates our performance against our long term strategies, as well as our commitment to being open and accountable to the community.

I am pleased to report not only on our continued excellence in the delivery of key services, but also in those areas we have committed to improving. This includes significant reforms in approvals, environmental regulation, safety regulation and building capacity across the resources sector.

Integral to the success of these reforms has been the focus on working with our stakeholders across government, industry and the community. The way we work with stakeholders is changing and we are listening to and understanding their needs and expectations to build a stronger and more accountable resources sector.

We have embraced a more participative approach to identifying strategic risks and developing solutions to long term challenges. This is evidenced in our consultative approach to the implementation of the Mining Rehabilitation Fund, the South West Hub project, the development of multiple land use principles, and development of the Western Australian Shale and Tight Gas Development Framework. Each of these projects is discussed in detail in the report. Adopting a risk based approach to our inspection and audit program has delivered excellent results with improved compliance with environmental and safety standards.

The department takes the long term view that the economic benefit, social wellbeing and standard of living enjoyed by Western Australians critically depends on growth in the mining and energy sectors. With Western Australia's competitive advantage in minerals and energy, the State will continue to benefit from resource production into the future.

Economic and financial cycles impact the resources sector and during the last few years overseas jurisdictions have been increasingly competing with Australia in attracting exploration and resource development investment. Changes in exploration or production levels impact the service sector and wider economy. Through economic linkages and flow on effects associated with mining and petroleum, any job lost or gained in resource exploration and production means more jobs are lost or generated in the service sector and wider economy. This issue represents both a threat and an opportunity to our growing and increasingly mobile resource services sector. A more detailed discussion of the economic conditions in which we operate is provided in the "Strategic Context" and "Economic factors impacting the sector" chapters of this report.

During the year, the department introduced a new strategic plan, which includes strategies to address our key challenges, a continued focus on excellence in service delivery, and new stakeholder engagement principles. We modelled our new principles in the development of the plan and invited our key stakeholders to directly contribute to the plan. The department will continue to consult with them in implementing and executing the plan.

The strategic plan includes our vision to be the destination of choice for responsible resource development. With that in mind, we were delighted when Western Australia was recognised as a global leader through the Fraser Institute Survey of Mining Companies. This year the Institute ranked Western Australia as the world's top-rated jurisdiction for investment attractiveness, mineral potential and certainty concerning regulation, with the Mining Rehabilitation Fund cited as an exemplary policy.

Delivering excellent services remains a high priority for the department, with continued high volumes of applications and an increased emphasis on ensuring that operators in the sector deliver in accordance with the conditions and standards set for them. To meet this challenge, the department has continued to implement approval, safety and environmental reforms. Details of these initiatives are provided in the "Agency Performance" section of this report.

On a personal note, I was deeply honoured to have been awarded the Patron's Award from the Institute of Public Administration WA (IPAAWA) during the year in recognition of our effort in improving consultation and transparency in decision making, and the department's willingness to implement innovative business methods and share experience and information across the resource and public sectors, as well as the community.

I recognise and greatly value the expertise, commitment and drive from the department's staff. They are adapting to a changing public sector environment and remain committed to ensuring the department delivers on commitments and achieves positive results for the State, industry and the community. A recent staff survey showed very high levels of support for the department's vision and direction, and dedication and satisfaction in their work.

In looking to the future, the department is ready and equipped to make critical decisions on key issues and is looking forward to another year of strong support from our stakeholders. The department has invested in ensuring it has the right people, approach, systems and leadership to enable us to respond to change and realise our vision. The individual and collective contributions from our people demonstrate our unwavering commitment to ensure that Western Australia continues to grow, maximising the long term benefits to the Western Australian community.



Richard Sellers

Director General
Department of Mines and Petroleum

Strategic Context

In recent years, the Western Australian resources sector has consolidated its place as one of the world's leading producers of minerals and petroleum, with iron ore and liquefied natural gas (LNG) being the State's standout performers in terms of attracting global investment in capital developments and continuing record sales values.

The State's economic success is inextricably tied to the performance of the resources sector and the continuing strong demand for commodities. China has been the chief driver of demand for the State's resources and maintained its place as Western Australia's leading export destination since 2006.

On the back of yet another record sales value in 2013, lies one of the most challenging operating environments the industry has experienced.

World consumption of almost all mineral and energy commodities has been increasing. However substantial increases in supply have resulted in softer prices in an operating environment where labour and other input costs continue to rise. At this stage in the economic cycle for many commodities, some higher cost producers are under particular pressure to remain viable in current market conditions.

This comes at a time when the value of the Australian dollar has not assisted the local industry by offsetting lower prices to the extent experienced in previous downturns. As a 'commodity currency', traditionally the Australian dollar moves in concert with commodity prices. However, relative strength of the Australian economy has seen high global demand for the dollar due to its popularity as a 'safe' currency.

Maximising capital and labour productivity is now the industry's major challenge. High labour costs and relatively lower grade deposits have resulted in a decline in productivity. The local industry's competitive advantage has therefore continued to deteriorate in comparison to the lower cost but higher risk emerging resource producing jurisdictions in Africa, Asia and South America.

Indicative of this stage of the commodity cycle is the reduction in investment in exploration, a situation which is reflective of the current difficulty in raising equity, debt and other capital sources for resource development activity. Western Australia has been impacted particularly hard, with exploration expenditure dropping by more than 50 per cent over the past year.

On the positive side, underlying long-term market conditions remain robust, and Western Australia is well-positioned to attract a new wave of investment in the resources sector.

The fundamental strengths of Western Australia's resources sector remain the same. The State has world-class mineral and petroleum resources and our proximity to the world's fastest-growing markets provide a unique cost advantage.

Strategic Context

We also have recognised potential for significant new development opportunities and an internationally-recognised regulatory environment. This provides industry with the certainty it requires to justify the amount invested in the State each year.

The importance of ensuring that Western Australia remains a recognised global centre of excellence for the resources sector is also supported by the Government. Advanced technology, services and research will be vital in ensuring effective exploration and efficient resource production and, therefore, the sector's continuing success.

Meeting community expectations of the resource industry helps maximising economic and social returns to the community. Heightened community interest in resource sector issues is emphasising the need for greater transparency of resource approval and regulation processes and strong engagement with communities. We are focussed on listening more to communities to better understand these expectations, and repositioning our processes to sustain confidence in the regulation of the sector and, ultimately, to sustain the industry in the long term.

Economic factors impacting the industry

In the year ending December 2013, the value of Western Australia's resources sector reached a new record \$113.8 billion, up from \$97 billion in 2012. The value of Western Australia's mineral and petroleum sector has been trending strongly upwards since 2005 when the value was \$38.9 billion. This represents an annual growth rate of more than 14 per cent in the last eight years.

Iron ore remains the largest contributor to the State's mineral and petroleum industry with sales of \$68 billion. This accounted for 60 per cent of the total value of the resources industry. It represents an annual average growth rate of 25 per cent since 2005, when the industry was worth \$12 billion.

The petroleum industry has historically been a consistently large contributor to the value of the resources sector. Since 2008, the value of petroleum produced has been between \$22 billion and \$24 billion per annum. A further \$25 billion in sales was recorded in 2013.

At \$8.7 billion, the total value of gold sales accounted for less than eight per cent of the total value of the resources sector. Despite an increase in production of three per cent during 2013, weaker gold prices resulted in an overall seven per cent reduction in gold sales for 2013 compared to 2012.

COMMODITY PRICES

Persistent global economic uncertainty has resulted in most mineral commodities trading at lower levels compared to the peaks of 2011.

In 2013, the price of gold fell 27 per cent and the iron ore price has been volatile. The average iron ore price received by Western Australian producers across three major export markets moved in a range of \$110 to \$125 per tonne. Aluminium and nickel also fell in 2013 with prices dropping 15 per cent and 20 per cent respectively. Indonesia's ban on nickel ore exports, however, has seen the nickel price recover in 2014.

PROJECT COSTS

Capital and operating costs in the resources sector, especially for labour, rose rapidly during the period 2005 to 2012 when investment in new production facilities was at its height. This applied more pressure on profit margins as commodity prices have eased significantly affecting operating strategies of mining companies in Western Australia. Therefore, in 2013, the resources industry was the focused on cost cutting, resulting in expansion delays, mine sales and closures.

Significant Factors Impacting the Agency

EXCHANGE RATES

Some relief from weaker commodity prices in 2013 came from the fall in the Australian dollar. In May 2013, the dollar fell below US\$1 for the first time since June 2012 and continued downwards to reach a low of 89 US cents by December. In the first half of 2014, the dollar ranged between 87 and 94 US cents.

EXPORT MARKETS

Mineral and petroleum exports contributed 91 per cent of Western Australia's total merchandise exports in 2013. From a national perspective, the Western Australia's minerals and petroleum sector accounted for 43 per cent of total merchandise exports of \$262 billion.

China was again Western Australia's leading export market in 2013, accounting for 54 per cent of the State's total merchandise exports. Japan was Western Australia's second largest export market (19 per cent), followed by South Korea (seven per cent).

EXPLORATION EXPENDITURE

Lower commodity prices have led to a decrease in exploration expenditure in Western Australia. Mineral exploration has declined to a level below the immediate aftermath of the Global Financial Crisis of 2007-08.

In the March quarter 2014, Western Australian mineral exploration expenditure was \$206 million. This represented a decline of 52 per cent from the March quarter 2013 (\$434 million).

By comparison, mineral exploration for Australia as a whole during the March quarter 2014 declined by 41 per cent relative to the March quarter 2013.

Petroleum exploration expenditure in Western Australia (which includes adjacent offshore Commonwealth waters) fared better, virtually unchanged from \$677 million in the December quarter 2013 to \$678 million in the 2014 March quarter. For the March quarter 2014, the State's share of national petroleum expenditure stood at 67 per cent.

Key issues impacting the agency

The size, scale and significance of the resources sector to Western Australia gives rise to a number of key issues and trends that impact on the department's journey towards its vision. The key challenges identified through our strategic planning process include:

- Retaining our competitive advantage that attracts investment expenditure in Western Australia;
- Increasing confidence in our regulation of the sector;
- Identifying opportunities for discovery of resources in under-explored areas;
- Gaining understanding and acceptance of the opportunities arising from new discoveries, new technology and emerging industries; and
- Building a culture that manages risk inherent in the resource sector, the community and internally.

Our strategies to address these challenges take into account the following issues impacting our service delivery:

- Improving industry safety
- Managing competing land use
- Managing multiple jurisdiction regulation
- Reforming environmental regulation program
- Reviewing royalty rates; and
- Increasing community involvement.

MINES SAFETY

In April 2014, the department released a report titled *Fatal accidents in the Western Australian mining industry 2000-2012*. It contains several important lessons to improve safety performance within the industry.

The scale of the State's mining industry presents a challenge to the agency in ensuring that the highest safety standards are adhered to while also maintaining a commitment to streamlining the operating environment for industry.

The department's response to this challenge is provided on page 34.

Key issues impacting the agency

MULTIPLE LAND USE FRAMEWORK

Clear and efficient regulatory processes are fundamentally important to the successful management of land access by competing interests including mining, energy, agriculture and other significant land users. This is especially relevant in areas of high biodiversity value.

The Multiple Land Use Framework embraces the principle of land use for a variety of purposes at any one time (multiple) or land use changing from one purpose to another over a period of time (sequential). It does not change existing land rights assigned under Crown Land, freehold, native title and pastoral leases but it changes the way in which rights and obligations related to land tenure are imposed on users by the Government.

The department is working with other government agencies to address land access issues by focusing on developing a world-class multiple land use framework which will ensure that coexistence rather than exclusion is a fundamental driver in land use policy.

MULTIPLE JURISDICTION REGULATION

Commonwealth-State relations continue to be prominent in resource project approval processes. With the change of government at the Federal level, opportunities have arisen to use partnership forums to address issues relating to Commonwealth-State relations.

For example, the State Government is working with the Commonwealth to further streamline the approvals processes through development of bilateral agreements. These agreements are targeted at accrediting State assessment and approval processes for development proposals impacting matters of national environmental significance under the Commonwealth's Environment Protection and Biodiversity Conservation Act 1999.

CHANGES TO JURISDICTIONAL BOUNDARIES

In May 2014, Geoscience Australia advised the department that changes to the Australian maritime boundaries around Scott Reef and Seringapatam Reef came into effect on 22 May 2014. Areas previously classified as Commonwealth areas, including part of retention lease WA-30-R (Torsa field), as well as portions of WA-315-P and WA-398-P operated by ConocoPhillips with different joint ventures for each title, will now fall into State Territorial Seas upon renewal of these titles.

Key issues impacting the agency

The department is currently in discussion with the Commonwealth regarding the orderly transfer of areas under the Commonwealth's retention lease to State control, following the change of jurisdictional boundaries around the Torosa gas field.

REFORMING ENVIRONMENTAL REGULATION PROGRAM

An issue consistently raised by industry is the rising cost of doing business and the regulatory burden in Western Australia. The State Government is therefore focused on delivering leading practice environmental regulatory reforms for the resources industry. It is aiming to ensure regulations are efficient, consistent and transparent, while being outcomes and risk-based. However, it must also deliver community confidence in regulatory processes.

The department's progress on its Reforming Environmental Regulation program is provided on page 36, with further information regarding the Mining Rehabilitation Fund available on page 27.

REVIEW OF ROYALTY RATES

With the rising value of the resource sector, State revenue is becoming increasingly reliant on royalties from minerals and petroleum.

The State Government announced a review of the mineral royalty rates in 2012 to assess whether royalty policy objectives are being met. The Royalty Rate Review is discussed on page 39.

INCREASING COMMUNITY INVOLVEMENT

There is strong community interest in environmental and land access issues associated with the resource projects generally, and particularly in relation to natural gas from shale and tight rocks. It underlines the importance of transparent approval and regulatory processes, and the need for effective communication with the community.

The department is continuing to expand its community engagement efforts, supported by other agencies, to address community expectations about industry issues, and build confidence that the industry is well regulated. The department also expects resource companies to engage with communities as early as possible and continuously to earn their 'social licence to operate' in Western Australia.

Our Organisation



OUR MINISTER

Hon. William (Bill) Richard Marmion MLA BE, MBA
Minister for Mines and Petroleum; Housing

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

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

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

OUR VISION

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

OUR MISSION

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

OUR VALUES

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

Our Organisation

OUR BUSINESS

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

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

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

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

OUR STAKEHOLDERS

Our stakeholders include individuals and groups or organisations affected directly or indirectly by our activities. They include the broader community, communities affected by mining or petroleum activities; local, State and Federal governments; community groups; Aboriginal communities and industry groups.

The department has adopted principles that guide how we involve our stakeholders in our business.

Inclusive – We empathise with all stakeholders by considering the issues from their perspective, and are clear and open in our communications.

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

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

Our Organisation

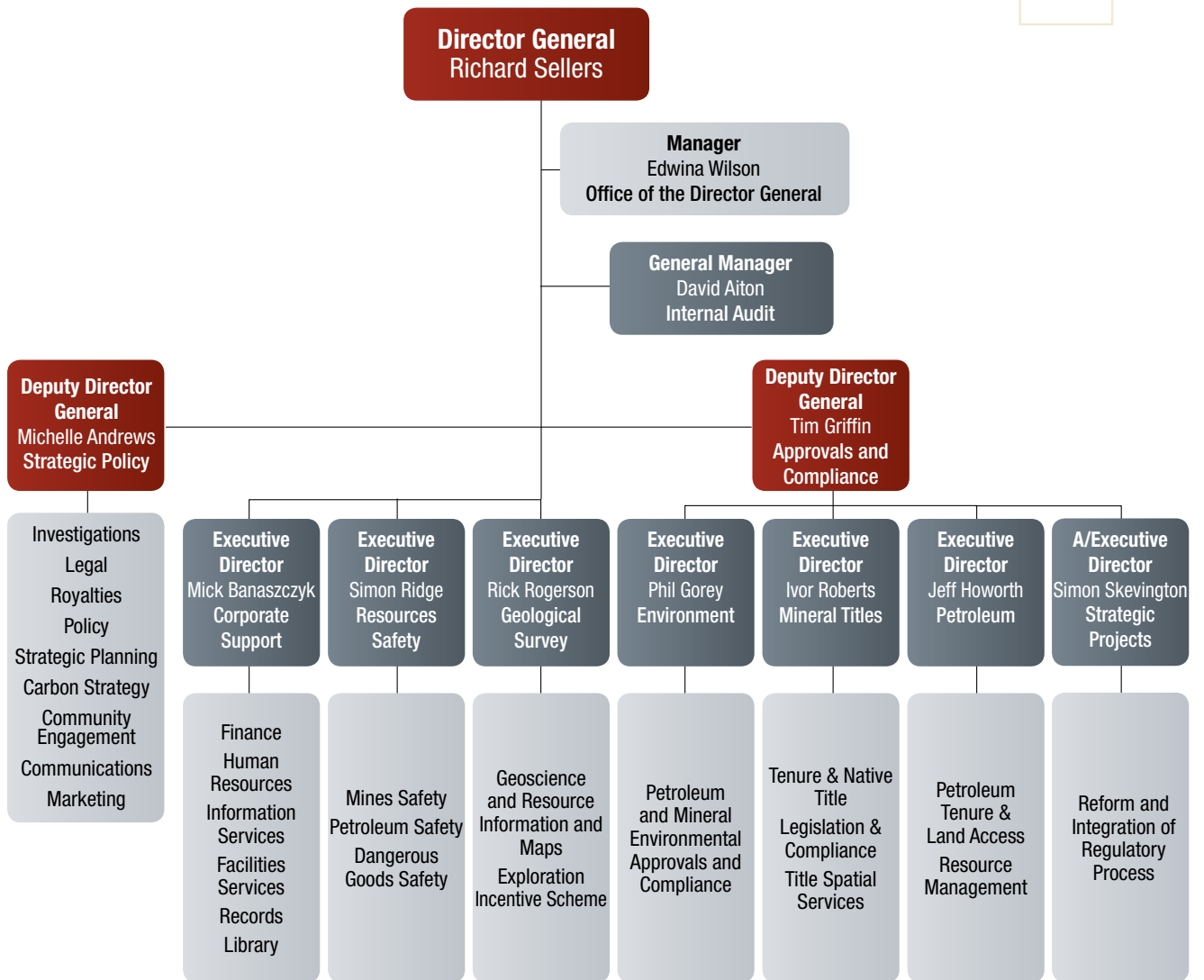


FIGURE 1: DEPARTMENT OF MINES AND PETROLEUM ORGANISATIONAL CHART.

Our Organisation

OUR EXECUTIVE TEAM



Richard Sellers
Director General

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

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



Michelle Andrews
Deputy Director General, Strategic Policy

Michelle Andrews commenced in the position of Deputy Director General, Strategic Policy in July 2011. Michelle has more than 20 years' experience in the public sector contributing to major project approvals. She has also worked on the State Government's approval process reforms, including establishing the Office of the Environmental Protection Authority.

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



Tim Griffin
Deputy Director General, Approvals

Since his appointment to this role in May 2010, Tim Griffin has focused on a continuous program of innovative reform. These reforms have been focused on improving efficiencies by using electronic systems to speed up the submission and assessment of applications for approval to develop resource projects. The reforms have also facilitated higher levels of compliance to ensure environmental values are protected. Tim has more than 15 years' experience in senior management roles in the minerals and energy sector. He worked as a geologist, prior to taking on the role of Executive Director, Geological Survey of Western Australia, which he held for 10 years.

Our Organisation



Mick Banaszczyk
Executive Director, Corporate Support

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



Simon Ridge
Executive Director, Resources Safety

Simon Ridge was appointed to the position of Executive Director of the Resources Safety Division in 2012. He has a mining engineering background and both international and Australian experience in the private and public sectors, including two different jurisdictions in Australia. Simon is a member of the Commission for Occupational Safety and Health and the Mining Industry Advisory Committee.



Rick Rogerson
Executive Director, Geological Survey

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

Our Organisation



Jeff Haworth
Executive Director, Petroleum

Jeff Haworth was appointed as Executive Director Petroleum Division in November 2013, following the retirement of his predecessor, Bill Tinapple during the year. Jeff has worked in both the mineral and petroleum industries for over 35 years. He joined the department in 1991 as the Petroleum Data Manager, and later worked in the Geological Survey managing research and basin studies into petroleum systems in Western Australia.

In 2011 Jeff took up the role of Director of Technology, Petroleum and Geothermal in the Petroleum Division, overseeing the regulatory management of Western Australia's upstream petroleum industry.



Ivor Roberts
Executive Director, Mineral Titles

Ivor Roberts was appointed Executive Director of Mineral Titles in May 2010. Prior to this, he was the Manager Mineral Resources in the Geological Survey Division where he gained extensive exposure to the activities of the mineral industry and high levels of government.

Ivor joined the department in 1997, initially in the position of Regional Manager (Geological Survey) in Kalgoorlie. Prior to this, he held academic and research positions at several universities, including the University of New South Wales and the Western Australian School of Mines.



Phil Gorey
Executive Director, Environment

Phil Gorey joined the department in 2009. Phil has almost 20 years' experience in environmental assessment and regulation of mining and heavy industry. He also has experience in delivering contentious policy reform programs in areas such as water allocation and natural resource development.

Phil has worked in state government departments in Victoria and South Australia and, prior to joining the department, was a principal in a private sector consultancy.

Our Organisation

OUR FUNCTIONS

The department's outcomes and services are delivered through five organisational groups – Approvals and Compliance; Strategic Policy; Resources Safety; Geological Survey; and Corporate Support.

Approvals Group

The Approvals and Compliance Group, which includes the Petroleum, Environment and Mineral Titles Divisions, encourages the responsible development of the State's mineral and petroleum resources through the provision of quality facilitation, regulatory and information services. It is focused on approvals reform to achieve a more effective project approvals system for the minerals and energy sector in Western Australia.

The Group does this by streamlining approval processes, reducing duplication between government agencies and enhancing electronic online approvals, tracking and compliance systems. The Group also works closely with stakeholders in the resource sector and across government to deliver a more effective project approvals system for the Western Australian resources sector, and better regulatory outcomes for the community.

Petroleum

The Petroleum Division encourages, facilitates and regulates the responsible exploration, and production of petroleum and geothermal energy sources along with carbon capture and geosequestration. The division also releases acreage for petroleum and geothermal exploration, assists with the Native Title and Aboriginal heritage processes, manages production licences, administers legislation and provides policy advice related to the upstream petroleum sector.

Environment

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

Our Organisation

Mineral Titles

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

Strategic Policy

The Strategic Policy Division has a lead role in working across the department and with other agencies and stakeholders on a broad range of policy and regulatory activities to promote the responsible development of the State's mineral and petroleum resources. It also provides advice to the Minister and Director General.

The division supports the department's operational areas through access to specialist services including legal, investigations, communication and marketing, economic analysis, community engagement, risk management and strategic planning. The Strategic Policy Division administers the State's royalty legislation and manages the South West Hub carbon capture and storage project.

Resources Safety

The Resources Safety Division promotes safety in the mining, dangerous goods and petroleum industries through education, enforcement and specialist advice. The division administers the *Mines Safety and Inspection Act 1994*, which promotes occupational safety and health for people involved in the exploration, mining, extraction and processing of resources.

Petroleum occupational health and safety is regulated under the State's petroleum and geothermal energy statutes. The division also administers the *Dangerous Goods Safety Act 2004*, which applies to the manufacture, storage, handling, transport and use of dangerous goods, including the operation of major hazard facilities in Western Australia. In addition, it manages the State's Explosives Reserves.

Our Organisation

Geological Survey

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

Corporate Support

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

Our Organisation

OUR PERFORMANCE MANAGEMENT FRAMEWORK

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

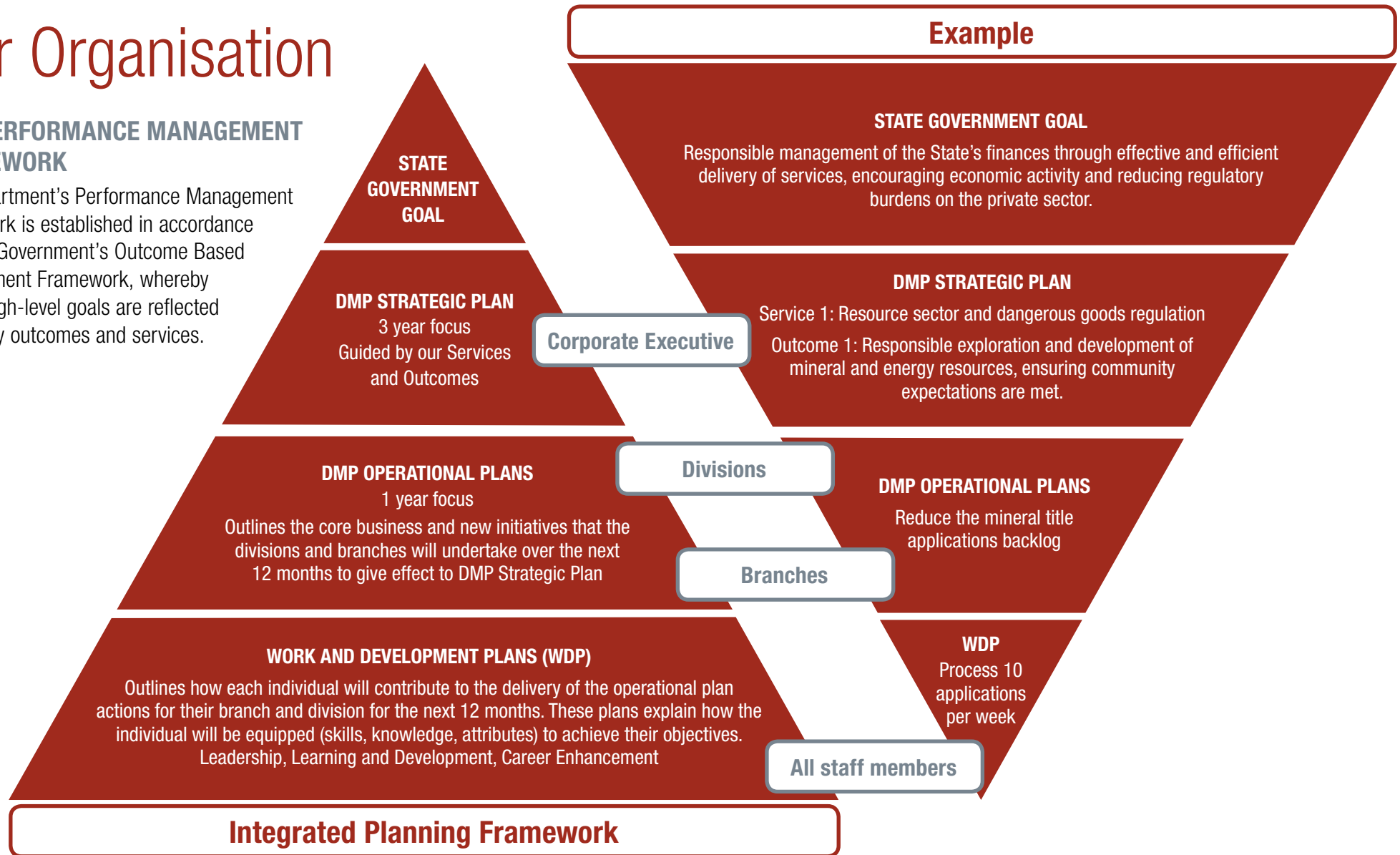


FIGURE 1 DEPARTMENT OF MINES AND PETROLEUM INTEGRATED PLANNING FRAMEWORK SHOWING BY USE OF A SELECTED EXAMPLE, HOW STATE, DEPARTMENTAL AND INDIVIDUAL STAFF PLANS ARE LINKED.

Our Organisation

Government goals

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

Our services and outcomes

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

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

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

Our plan for success (Strategic Plan)

The Strategic Plan was developed with participation from key internal and external stakeholders, and is reviewed annually to ensure the department remains focused on its vision and key strategic objectives, delivers on commitments, and stays ahead of emerging strategic risks.

The plan identifies key targeted strategies the department uses for resource sector and dangerous goods regulatory services, and the provision of geoscience information and advice. It also has broad strategies on how these are delivered, including striving for operational excellence through innovation, developing capacity and capability across the resources sector, and building confidence with stakeholders and the community. The Strategic Plan is available on the department's website.

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



Agency Performance Summary

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

- Summary of Key Performance Indicators;
- Summary of Key Efficiency Indicators;
- Summary of Financial Performance.

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

SUMMARY OF KEY PERFORMANCE INDICATORS

The department reports each year on its effectiveness in achieving outcomes and delivering the strategies and Government goals through the Effectiveness Indicators. A summary of the department's performance is provided in Table 1, and detailed analysis of these indicators is provided in the *Disclosures and Legal Compliance* section of this report from page 69.

Indicator	Actual 2013-14	Target 2013-14	Actual 2012-13
Percentage of Compliance with Regulated Environment Conditions	94	97	97
Percentage Applications Completed with Agreed Timeframes	91	93	93
Percentage of Compliance with Regulated Safety Conditions	94	95	94
The extent to which stakeholders agree the DMP's geoscience information encourages exploration and discovery and informs planning	4.1	4.3	4.4

TABLE 1: KEY EFFECTIVENESS INDICATOR RESULTS.

Agency Performance Summary

SUMMARY OF KEY EFFICIENCY INDICATORS

The department reports each year on efficiency in delivering key services that contribute to agency outcomes. A summary of the department's performance is provided in Table 2, and detailed analysis of these indicators is provided in the *Key performance indicators* section of this report from page 69.

Indicator	Actual 2013-14	Target 2013-14	Actual 2012-13
Average cost of weighted resources regulatory service	\$1,250	\$1,295	\$1,204
Average cost of weighted safety regulatory service	\$1,170	\$1,418	\$1,588
Average cost of weighted geoscience product and service units	\$261,292	\$267,265	\$233,198

TABLE 2: KEY EFFICIENCY INDICATOR RESULTS.

SUMMARY OF FINANCIAL PERFORMANCE

The following information provides an overview of the department's financial performance. The details information and notes are provided in the *Financial statements* section of this report from page 81.

Indicator	Actual 2013-14	Target 2013-14	Actual 2012-13
	\$'000	\$'000	\$'000
Total Cost of Service (.e Endorsed Expense Limit)	160,317	165,675	144,626
Net Cost of Service (detail in Income Statement)	104,570	69,248	88,423
Total Equity (details in Balance Sheet)	193,147	219,415	191,874
Net increase / decrease in cash held (details in Cash Flow Statement)	4,214	36,037	9,045
	FTE	FTE	FTE
Approved Full-time Equivalent (FTE) staff level	790	845	811

TABLE 3: PERFORMANCE AGAINST FINANCIAL TARGETS.

Case Study:

MINING REHABILITATION FUND

The Mining Rehabilitation Fund (MRF) is a new pooled fund contributed to by Western Australian mining operators. The *Mining Rehabilitation Fund Act 2012*, which provides the framework for the Fund, was enacted in 2012. This model was developed with extensive consultation with industry, Government, conservation and community stakeholders.

The MRF is based on an annual levy on each mine site according to the environmental disturbance on each mining tenement. The MRF addresses the issue of bonds being insufficient to cover the State's liability. By using the interest generated on the fund to rehabilitate legacy sites, better environmental and community safety outcomes can be delivered.

The MRF will enhance the State's ongoing capacity to manage and rehabilitate abandoned mines, leading to better environmental and community safety outcomes.

First phase – voluntary opt in

Mining tenement holders were able to voluntarily opt-in to the MRF over a one-year period until 30 June 2014. This provided companies with an early opportunity to have their bonds retired where approved by the department against specific criteria, and allowed other companies more time to establish their administrative systems.

During the year, the department was able to retire of \$290million held in Unconditional Performance Bonds (UPB) and those holders who opted in contributed more than \$6.7million in voluntary payments to the Fund.

At the 30 June 2014 deadline, 96.5 per cent of tenement holders had successfully registered and entered their disturbance data into the MRF. The department will continue to work with the remainder of the tenement holders to ensure all tenements are registered and environmental disturbance data is lodged.

Introducing compulsory participation

From 1 July 2014, participation in the MRF was compulsory. Leading up to the mandatory commencement of the MRF the department undertook a targeted communication strategy, including a roadshow in Bunbury, Esperance, Goldfields and the Pilbara, to assist tenement holders to comply with the MRF obligations.

Case Study:

Managing the fund

The legislation is already transforming the way environmental securities are managed, reducing the Government's liability and providing a funding source for the rehabilitation of Western Australian legacy sites and abandoned mines where operators have not met their obligations. In addition, it will encourage greater investment in mining in the State in the future, as companies will no longer have to provide unconditional performance bonds at the beginning of their projects.

In accordance with the MRF regulations, five members were appointed to the Mining Rehabilitation Advisory Panel in December 2013. The role of the Advisory Panel is to provide advice to the Director General on the administration of the MRF, including identification and prioritisation of sites for rehabilitation and the financial governance of the Fund. The Panel held meetings in April and June 2014.



THE MRF ADVISORY PANEL

Case Study:

SOUTH WEST HUB CARBON CAPTURE AND STORAGE PROJECT

The South West Hub Carbon Capture and Storage (CCS) project is a leading initiative to reduce carbon dioxide (CO₂) emissions in Western Australia. The South West Hub is a partnership, between the Department of Mines and Petroleum and South West industry, which is investigating the feasibility of permanently storing CO₂ deep underground in the Lesueur Sandstone formation in the Harvey-Waroona area.

The South West Hub is a staged project which initially involves collecting and analysing data and samples from the Lesueur Sandstone formation to test its feasibility as a CO₂ reservoir. The Lesueur is within the southern Perth Basin and is the type of saline aquifer identified by scientists around the world as potential CO₂ storage reservoirs. The South West Hub is working with research partners Curtin University, the University of Western Australia and CSIRO, through the National Geosequestration Laboratory in Perth.

3D Seismic survey in the Harvey-Waroona area

The 3D seismic survey undertaken in the Harvey-Waroona area during the year was one of the most complex 3D seismic surveys ever undertaken in Australia. Knowledge about the target Lesueur Sandstone formation will assist south-west industries to make informed decisions about CCS as a low emissions technology for future investment decisions. The survey successfully acquired detailed stratigraphic data of 115km² for the South West Hub project. The successful completion of the data acquisition met all environmental and regulatory requirements.

South West Hub community engagement strategy

Community engagement is a critical aspect of every phase of the project, including the 3D Seismic Survey conducted between February and April 2014.

During the past year, members of the public and landowners have been able to:

- touch, see and hear a vibroseis truck at the Brunswick Show;
- attend information evenings at a number of different locations in the area;
- join a tour to see pairs of vibroseis trucks in operation in Harvey;
- pose questions and receive feedback through the Lesueur Community Consultative Committee;
- read report documents on the department's website and in public libraries;
- receive information through local media;
- attend a 3D survey thank you social event; and
- meet departmental staff at local science events.

Case Study:

Community engagement is an ongoing and integral part of the South West Hub Project, which resulted in a majority of landowners entering into land access agreements. They have also had significant influence in the way this project has been implemented. This project has set the benchmark for the department on how we can better work with communities in the planning and delivery of our projects.



A 3D SEISMIC SURVEY - COMPLETED APRIL 2014

Case Study:

NATURAL GAS FROM SHALE AND TIGHT ROCKS

More than half of all primary energy demand in Western Australia is provided by natural gas. Consequently, Western Australia's energy security is closely aligned with its ability to source natural gas to meet its domestic needs. Western Australia is highly prospective for natural gas from shale rock, with a 2013 US government Energy Information Agency report (available at <http://www.eia.gov/analysis/studies/worldshalegas/>) identifying that Western Australia has the world's seventh largest shale gas resource. The State Government encourages exploration and development of this resource to avert potential shortages of energy supplies in the longer term. Geological Survey of WA (GSWA) plays a crucial role in the provision geoscientific information to aid the industry in finding and developing new resources.

The department's key role in relation to the development of this industry is to ensure that the State has a robust regulatory system capable of avoiding, mitigating or reducing any risks to the people and environment of Western Australia. The department is also an important source of technical and factual information about shale and tight gas exploration and production processes.

To effectively undertake these roles, the department is working with communities, government agencies, industry and interest groups to understand the expectations of all stakeholders in order to continue to strengthen the regulatory framework that the department is progressively implementing.

During the year the department has worked closely with other regulatory agencies, including the Departments of Environmental Regulation (DER); Water (DoW); and Health (DoH), as well as the Office of the Environmental Protection Authority (OEPA), to address issues such as public health, the environment, water resources and equitable land use. These organisations are contributing to the *Western Australian Shale and Tight Gas Development Framework* which is due for release in late 2014.

The department has an excellent track record of regulating the oil and gas industry, and has committed to reforms to strengthen enforceability and transparency. The new draft Resource Management Regulations (refer page 36 for more information) include a requirement to comply with industry best practice standards for the protection of aquifers, particularly for well casing and cementing and well completions.

Shale gas resources estimation in Canning and Perth Basins

Natural gas from shale and tight rocks now makes up about 60 percent of marketed production in the United States. Based on available data, Western Australia has significant potential shale gas in the North Perth and Canning Basins.

Case Study:

To assess the potential for Western Australia, the department has:

- developed a validated geochemical database, for the Canning and North Perth Basins;
- developed a classification of organic materials and ranking of resources in the Canning Basin;
- evaluated major reservoir characterizing parameters (porosity, permeability, brittleness, and geo-mechanics parameters for hydraulic stimulation; and
- evaluated resources and reserves volume for most important shale zones in the Canning and North Perth Basins.

Natural gas from shale and tight rocks from these areas has the potential to result in a more secure and reliable energy for WA.

Working with the community

A strong focus of the department's community engagement efforts has been in the Midwest and Kimberley regions, where some shale and tight gas exploration activities are already occurring.

The department's community engagement activities have included public presentations, meetings, workshops, staff training, regional event participation, fact sheet publication and internal communication sessions.

The department will continue to work with communities to:

- build understanding of the processes, opportunities and risks associated with shale and tight gas and respond to community expectations in an open and accountable manner;
- maintain stakeholder and community confidence in the government's regulation of the sector;
- ensure the community has access to the decision making process; and
- demonstrate the department has a cross-government approach to regulation of the shale and tight gas industry in Western Australia.

The department has received positive feedback from stakeholders, and recognition for its active engagement with local communities on shale and tight gas developments and the quality of our information material.

Case Study

Survey on community attitudes towards shale gas

One of the key findings of a survey to assess community views and understanding about the emerging shale and tight gas industry in Western Australia indicated the Western Australian community wanted more information about natural gas from shale and tight rocks, and in particular about hydraulic fracture stimulation (also known as *fracking*).

The information gained from the survey formed the basis for the department's Community Engagement program and the development of information sheets and educational material. In January 2014, the department released the "*Natural Gas from Shale and Tight Rocks – an overview of Western Australia's Regulatory Framework*". This information is available on the department's website at www.dmp.wa.gov.au.

Parliamentary Inquiry

The Environment and Public Affairs Committee of the Parliament of Western Australia resolved to inquire into and report on the implications for Western Australia of hydraulic fracturing for unconventional gas. The department provided a written submission to the inquiry outlining the legislative framework, whole of government approach and responding to the matters detailed in the terms of reference for the Inquiry. In February 2014, the department was invited to give evidence to the Inquiry and welcomed the invitation as an opportunity for a public policy discussion on this emerging industry.



MID WEST EXPO - AUGUST 2013

Case Study:

LEARNING LESSONS FROM FATAL TRENDS

In April 2014, the department released a report on a 2013 study that reviewed trends and clusters in mining fatalities in Western Australia from 2000 to 2012. The study identified some key activities and areas where industry can make changes to improve safety outcomes.

In the 13 years covered by the study, there were 52 mining-related deaths, with an average of four deaths per annum. Over this period, the industry workforce increased by 60,000. Despite the increase in workers, the number of fatalities per year showed a downward trend from seven in 2000 to zero in 2012, when the State recorded its first fatality-free year in over a century of recorded history.

Almost half of the fatal accidents occurred when the deceased person had been working at a mine site for less than a year. Another significant risk factor was the experience of supervisors, with 44 per cent of fatalities involving a supervisor in their first year in the role.

The most common reason for a workplace situation resulting in a fatality was workplace hazards not being identified. Common scenarios for a fatal accident included equipment not being restrained or isolated and the incorrect use of safety harness equipment.

These findings reinforce the importance of a robust safety management system that identifies the principal hazards and critical tasks, and implementation of appropriate control measures.

By sharing the results of the study with industry it is hoped that workers' exposures to hazards and potentially fatal situations will be reduced.



DMP RESOURCES SAFETY INSPECTORS

Regulating the resources sector and dangerous goods

Responsible development of the mineral and energy resources of the State.

Regulating the resources sector and dangerous goods is one of the key services delivered by the department. This is supported through our strategies of:

- Effective and proactive governance.
- Operational safety and environmental standards, resource management and title administration is world class.
- Delivery of a transparent risk-based and effective approvals and compliance service.

The department has committed to achieving these strategies through:

- Reviewing legislation, policies and processes to ensure resources development is safe, equitable and delivers secure titles and fair return for the State.
- Recognising innovation in the sector that enhances safety, social, environmental and economic outcomes for the State.
- Administering transparent, consistent and timely approvals and compliance processes.
- Undertaking a proactive, coordinated and risk-based audit and inspection program.
- Responding quickly to incidents and accidents, and sharing lessons learnt to reduce the number and severity of incidents.
- Enforcing legislation to ensure operators act responsibly.

During the year, the department undertook a suite of activities towards delivering these strategies including the implementation of the Mining Rehabilitation Fund (case study 27), environmental regulation reform and dangerous goods safety reform. The department has continued the implementation of approvals and resources safety reforms.

APPROVALS PERFORMANCE

In consultation with stakeholders, the department has established approval performance targets and publishes its performance quarterly. In a recent Productivity Commission Inquiry Report, the department's approach to approvals performance reporting was considered to be leading practice in Australia.

During the 2013/14 financial year, the department received 3327 mineral tenure applications and finalised more than 94 per cent of applications within the 65-day target timeline. The department also received 2181 mineral prospecting, exploration and development activity applications and finalised 94 per cent within the agreed 30 business days. These included 289 prospecting applications, 1646 exploration applications and 244 mining proposals.

Regulating the resources sector and dangerous goods

Two hundred and eight petroleum applications, renewals, variations, dealings and other transactions were finalised by the department during this period.

The department received 77 Project Management Plans and Radiation Management Plans during this period and 96 per cent were finalised with the target time of 30 days.

The department commenced reporting on petroleum safety approval performance measures from 1 January 2014. Since then, 29 petroleum safety applications were finalised. All applications were assessed within the statutory timelines.

RISK-BASED REGULATION

The department continues to strengthen its risk-based approach to its regulatory activities.

During the year, the draft *Onshore Resource Management and Administration Regulations* were released for public consultation. These regulations cover the WA State onshore petroleum and geothermal sector and State waters. They will form the third and final part of the suite of onshore regulations that commenced in 2010 with the introduction of two safety regulations.

The regulations provide a risk-based management scheme to ensure that:

- operations relating to the exploration for, or recovery of, petroleum and geothermal energy resources are carried out in accordance with good oilfield practice and compatible with the optimum long-term recovery; and
- adequate information will be provided about all aspects of petroleum and geothermal energy resources exploration, discovery, development and production, and outline the confidentiality periods applicable to submitted technical data.

In 2014-15, a paper responding to public submissions will be made available through the department's website.

ENVIRONMENTAL REGULATORY REFORM

The department is implementing the 14 recommendations made by the Ministerial Advisory Panel on Reforming Environmental Regulation in 2012 to streamline and modernise its environmental regulation. The legislative amendments were divided into two stages, and included increasing transparency, adopting a risk-based and outcomes focussed approach to regulation, and streamlining approvals around native vegetation clearing.

Regulating the resources sector and dangerous goods

Adopting a risk-based and outcomes focussed approach to environmental regulation will assist industry to be more flexible in the way in which it undertakes its activities. Clear environmental outcomes will be established with fewer prescriptive conditions. Cost savings to industry are estimated at more than \$30million per year.

Stage one of the legislative amendments, supporting changes to the *Mining Rehabilitation Fund Act 2012*, to deal with compliance and reporting, were passed by the Parliament effective 1 July 2014. These amendments support the department's strategy of improving transparency.

Stage two amendments include new environmental provisions. These new amendments are expected to be introduced into Parliament in late 2014.

INDUSTRY SAFETY

Western Australia is one of the busiest mineral provinces of the world. It hosts 513 commercial mineral projects, encompassing 1050 operating mine sites which produce more than 50 different minerals. This presents a challenge to the department in ensuring the highest safety standards are adhered to whilst maintaining a commitment to streamlining the operating environment for industry.

The department is progressing towards a more consistent, transparent, risk-based regulatory framework for occupational safety and health in the resources sector. The risk-based approach puts the onus on operators to demonstrate they understand the hazards and risks of their workplace, and to implement control measures that eliminate or manage these risks.

Consideration is being given to developing a single safety act and regulations for mining, major hazard facilities and petroleum in Western Australia. The proposed new *Resources Safety Act* will be based on a modern risk management approach. It will draw on the best features of existing legislation as well as national model legislation developed by Safe Work Australia and through the *National Mine Safety Framework* process.

The outcome will be an integrated safety framework for the Western Australian resources sector that provides a stringent safety management regime within a more efficient regulatory and administrative structure.

Regulating the resources sector and dangerous goods

STATUTORY REVIEW OF THE DANGEROUS GOODS SAFETY ACT 2004

A number of opportunities for improvement have been identified following an independent five-year review of the *Dangerous Goods Safety Act 2004* that was undertaken during the year.

The review included extensive consultation with stakeholders including face-to-face meetings with eight industry representative bodies, major hazard facility operators, key government departments and staff; as well as letters to all dangerous goods facility licence holders in WA; and an online survey. The report will be delivered to the Minister for Mines and Petroleum for tabling in Parliament.

The key recommendations are to:

- update the Act to adopt the best features of the national model OSH legislation, including a clear objects clause; consolidate the regulations into one set and adopt a single site licence approach; phase out occupational licensing; rethink how to handle change for major hazard facilities; and make more effective use of technology; and
- improve licence service delivery and information exchange with industry.

Adopting these recommendations will enhance the department's capacity and effectiveness in promoting dangerous goods safety.

IMPLEMENTATION OF PHASE 3 DANGEROUS GOODS SAFETY REGULATION REFORMS

Dangerous goods safety regulation amendments came into effect on 1 January 2014. The reforms include the application of the storage and handling regulations to ports and revamped special berth rules for fire-risk dangerous goods; allowing consultants to endorse explosives and security risk substance licence applications; replacing secure employees with secure nominees and requiring greater clarity about the scope of unsupervised access authorisations, allowing renewal of security cards; reducing fees for explosives authorisations when already granted in other jurisdictions; and increasing fireworks display permit fees.

These reforms will improve the standard of management of dangerous goods at ports through more specific requirements and greater scrutiny; provide greater flexibility and reduced costs for the explosives industry with improved accountability; reduce the costs and administrative burden for security card holders; and continue reform of fees to better match regulatory effort.

Regulating the resources sector and dangerous goods

ROYALTY COLLECTION AND AUDITS

Royalties are the return to the community from the extraction of its resources, and make up approximately 25 percent of the State's total revenue. The department's assessment, collection and audit of royalties ensured that accurate and timely collections were received and are available to the State Government.

For the 2013-14 financial year, royalties collected from resource production in Western Australia are estimated to reach a record \$5.8billion.

During the year, the department increased its compliance procedures for royalty returns, production reports and royalty payments, ensuring an effective and efficient process for the collection and audit of royalties.

MINERAL ROYALTY RATE ANALYSIS

The department worked closely with the Department of State Development managed Mineral Royalty Rate Analysis announced in 2012.

In August 2013, stakeholders were invited to comment on a consultation paper and 19 submissions were received from a broad cross section of academia, industry, community and local government. An Industry Reference Group has been established. Membership comprises representations from the Chamber of Minerals and Energy, the Association of Mining and Exploration Companies, Department of State Development and the Department of Mines and Petroleum. The stakeholder consultation has provided a more comprehensive understanding of the views of industry and the community in regard to royalty related issues.

A report will be provided to Government by the end of 2014.

MAGNETITE ASSISTANCE

In April 2013, the Premier announced a magnetite royalty rebate, to be considered on a project by project basis, under which new magnetite projects can apply for a rebate of up to 50 percent of the royalty paid over a 12-month period. No rebates were applied for during the 2013-14 financial year.

Regulating the resources sector and dangerous goods

REDUCING THE MINERAL TITLE BACKLOG

The department continues to reduce the number of outstanding applications for mining tenements that peaked in February 2007 at 18,745 outstanding applications.

The backlog is being cleared through a series of measures, including statutory reforms, the application of the Government's native title future act policy and improved efficiency. These were reflected in the Warden's court, and enhancements to the department's business systems resulting in the number of outstanding mining tenement applications at 30 June 2014 being 4,168, down from 5,162 applications that were outstanding in June 2013.

PENALTIES POLICY REVIEW

A key component of ensuring responsible development of the resources and energy sector is that appropriate penalties are available when offences do occur.

A review of the existing penalties under legislation administered by the department was undertaken during the year. The review was to ascertain trends and develop a policy to be used for future determination of penalties, using a risk-based approach to ensure that appropriate penalties are applied relative to the offence, when drafting new or amending legislation. A draft policy was released for stakeholder comment during the year, with submissions closing in August 2014.

Prosecutions

The recently established Prosecutions Unit referred nine briefs to the State Solicitors' Office for alleged breaches of the *Mines Safety and Inspections Act 1994*. Prosecution Notices were issued for six and the rest are under consideration.

There were three convictions for two fatalities and one serious injury in 2013-14 resulting in fines. These matters were briefed out to the State Solicitors Office to prosecute.

The department commenced prosecutions for breaches under *Dangerous Goods Safety Act 2004 in 2013-14*. Three Prosecution Notices were issued and two convictions obtained with penalties of \$5,000 each.

Providing geoscience information and advice

Discovery and development of mineral and petroleum resources through geoscience information and multiple land use planning.

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

To enhance the contribution of this key service to the continued growth of the resources sector in Western Australia, the department has adopted the following strategies:

- Western Australia's resource investment potential is promoted nationally and internationally.
- Exploration in under-explored regions of the State is encouraged.
- State planning decisions are based on multiple and sequential land use principles.

To deliver on these strategies, the department has committed to:

- Providing geoscience information and promoting Western Australia as a destination of choice for resource investors at national and international forums.
- Providing high quality geoscience, environmental, resource, title and land use information.
- Providing strategic geological and resource related information.
- Providing specialist advice to government, industry and communities.

GEOSCIENCE MAPPING PROGRAM CONTINUES TO DELIVER

This program involves undertaking activities that lead to the publication or release of pre-competitive geoscience information used to promote WA's exploration and resource potential and to provide advice to other agencies on land-use planning. The information includes geological maps, resource maps, geophysical and geochemical information, reports, etc.

During 2013/14, the Geological Survey of Western Australia published 30 geological maps, including 10 series and 20 project maps, as well as 39 geoscience reports and 20 digital geoscience packages.

Providing geoscience information and advice

EXPLORATION INCENTIVE SCHEME (EIS) WORK PROGRAM FOR 2013/14

The Exploration Incentive Scheme, which has been funded from Royalties for Regions since 2009, consists of six high-level programs. The two flagship programs are the Innovative Drilling Program, which includes Co-funded Exploration Drilling, and the Geophysical and Geochemical Surveys Program. Other programs in the EIS have supported the development of new databases, including the Mineral Drillhole database and the redevelopment of the Western Australian Petroleum Information Management System (WAPIMS) database. The EIS provides funding support to Minerals Institute of Western Australia and also supported the Western Australian Regional Researcher Initiative with CSIRO.

The early release of the geoscience information captured under the EIS programs has reduced the risk for explorers and contributed to the discovery of a number of deposits.

Highlights of the Co-funded Drilling Program include:

- Discovery of nickel and copper sulphide mineralisation at Impact Minerals' Mulga Tank project.
- Discovery of further zinc sulphide mineralisation in the BM2 zinc prospect which is part of Encounter Resources Yeneena project.
- The near completion of a definitive feasibility study for the Nova-Bollinger deposit by Sirius Resources nickel-copper deposit which was discovered by the use of pre-competitive geoscience information released by the department.

The discovery of the Nova-Bollinger deposit, subsequent to the release of regional geochemical and geophysical survey data, has led to a significant uptake of exploration tenements in the previously under-explored Fraser Range.

The geophysics program released data from 16,010 gravity stations, 588,000 line kilometres of airborne geophysics and 672 kilometres of deep crustal seismic surveys and completed a \$2.5 million Airborne EM survey of the Capricorn Orogen. It also collected data from 720 km of deep crustal seismic across the Canning Basin. Migrated and interpreted processed data were released for the Albany–Fraser Orogen deep seismic reflection and magnetotelluric survey.

Under the co-funded drilling program, a total 25,508m of diamond drilling and 57,484m of 'other' drilling were undertaken. The department also drilled four deep cored holes (total of 1,154m) into the basement crystalline rocks under the Eucla Basin.

Providing geoscience information and advice

In the State Budget, funding for the EIS was extended for three years until June 2017. The annual cash flow will be reduced to \$10 million per year for the three years from 2014–15 to 2016–17. Total expenditure will be \$130 million over the eight years from the scheme's inception in 2009.

PROACTIVE INVESTMENT ATTRACTION OVERSEAS

As part of the EIS, the department attends major resources investment conferences and seminars overseas, providing presentations focussing on Western Australia's resources exploration and development potential. Online pre-competitive geoscience information generated through Exploration Incentive Scheme programs, the availability of the Co-funded Exploration Drilling Program, and the ease of applying online for mineral tenements, are all emphasised in promotional material available in high impact display booths at some events. Events in China, Japan, Singapore, India and North America are particularly targeted with the aim of building long term relationships with investor groups in these countries.

In March 2014, departmental officers accompanied the Minister for Mines and Petroleum on a tour to Japan, Hong Kong and China where he presented a major speech at the Hong Kong Mines and Money Conference. The Minister also made presentations on the State's mining culture and investment opportunities to industry and government groups in Japan and China.

COLLABORATIONS CONTRIBUTE TO THE GEOSCIENCE PROGRAM

The Eucla–Gawler deep seismic reflection survey was carried out in collaboration with Geoscience Australia and the Geological Survey of South Australia. In Western Australia, acquisition extended for 280km along the Trans-Australia Railway from Haig to the WA–SA border. In collaboration with the Centre for Exploration Targeting (CET), the department released magnetotelluric survey results from the eastern Capricorn Orogen and from the Kimberley region, funded by EIS and the Kimberley Science and Conservation Strategy respectively. Mineral systems prospectivity reports were released on the Gascoyne Province and on the Musgrave Province, in collaboration with CET.

The “Distal Footprints of Giant Ore Systems: UNCOVER Australia” is a four-year cooperative research ‘Team WA’ project between GSWA, CSIRO, Curtin University and the Centre for Exploration Targeting at UWA that has been successful in securing \$4 million in funding from the Science and Industry Endowment Fund (SIEF). This has been matched by funding from both universities (totalling \$14.5 million) and approximately \$1 million in industry funding. The project will focus on developing the geoscientific tools needed to identify large mineral systems obscured at depth and under regolith cover.

Providing geoscience information and advice

MAPPING FOR THE KIMBERLEY SCIENCE AND CONSERVATION STRATEGY

This program consists of two major projects aimed at clarifying the tectonic and crustal-scale framework of the Kimberley region. The projects are a regional gravity and magnetotelluric survey along major roads and tracks, and a baseline geochemical survey of soils and rocks.

Very few modern geoscience studies have been undertaken in the Kimberley region. The surveys undertaken as part of the Kimberley Science and Conservation Strategy provide the “big picture” geoscience that will underpin future geoscience studies for decades to come.

In 2013-14, the department undertook four helicopter-assisted soil and rock geochemical sampling programs as part of the Kimberley Science and Conservation Strategy.

JOINT REGIONAL GEOLOGICAL MAPPING

As part of a Memorandum of Understanding with the China Geological Survey (CGS), the department took part in joint regional geological mapping in the Beishan cooperative mapping area in north western China. Reciprocal mapping by CGS geologists was completed in the Yalgoo–Singleton greenstone belt in Western Australia. Senior CGS staff also took part in a field excursion across the northwest Yilgarn Craton and the Capricorn Orogen.

DELIVERING ONLINE GEOSCIENCE INFORMATION

In January 2014, the online Openfile Mineral Drill Hole database was released. The database provides online access to the geochemistry from 2.2 million mineral drill holes. In February 2014, the online Openfile Company Geochemistry data base was released, providing online access to approximately six million sites.

The department released a redeveloped search tool with text and spatial searching options in October 2013 that provides online access to more than 71,000 company exploration reports.

These databases are a useful aid to mineral exploration in the State. They add to the suite of geoscience information sources available online to help reduce risk for resource explorers in Western Australia.

Striving for operational excellence through innovation

Operational excellence and innovation enhances service delivery

The department is committed to continually improve its delivery of services to our stakeholders, including:

- Integrated technological solutions including online business practices within and outside the department.
- User accessibility to departmental information.
- Decision-making informed by information and analysis.

To deliver these strategies, the department has committed to:

- Improving the online approvals system, ensuring it is streamlined and integrated across government.
- Maintaining a robust, intuitive online system to disseminate information relevant to the resources sector in Western Australia.
- Archiving and maintaining historic mining, petroleum, title, geological and environmental data, and improving user accessibility.
- Maintaining clear documentation for departmental decision making criteria and process.
- Aligning policies to create a consistent approach across the department.

INNOVATION IN DMP

Innovation is considered vital as the department operates in an increasingly complex environment where there is a continued and growing need to respond to new challenges and expectations.

Innovation is entwined in our business and strongly represented in the department's Strategic Plan. All staff are encouraged to share innovative ideas that improve the way we do business. This is facilitated as normal practice within divisions and encouraged further through an active internal Innovate program, which has led to new methods of operation resulting in improved service delivery and cost efficiencies that have impacted both the department and industry.

ONLINE APPROVALS PROCESS REFORM

The department has committed considerable resources to create an efficient and transparent approvals system for the State's resources sector.

Striving for operational excellence through innovation

Its aim is to assist the resource industry through:

- automating and enhancing online approvals-related functionality to streamline approvals processes;
- enabling industry to lodge, pay for and track mining and petroleum applications online; and
- expanding the existing approval tracking system to allow proponents to track applications when they are with other agencies.

The department has continued to progress the availability of online lodgement and approval tracking for key resource sector application approvals. More than 90 per cent of key approval processes are now available online, thereby reducing the administrative burden on industry, increasing the levels of transparency and reducing approval timelines.

Memorandums of Understanding with the Department of Water and the Radiological Council were finalised to improve approval coordination and reduce duplication between agencies.

A number of initiatives have been implemented to improve the current system. These initiatives have also provided the foundations for more fundamental reform, including:

- automatic notification to key approval agencies for resource sector applications involving multiple agency approvals;
- lead agency project proposals approval progress reports on the department's website;
- quarterly approval performance reports published on the department's website;
- online approval application and tracking systems services for proponents were expanded; and
- a joint project with the Department of Aboriginal Affairs to share data and improve accuracy and availability of Aboriginal heritage information.

ONLINE LODGMENT

Online lodgement enables more efficient processing of applications. It provides the basis for approvals tracking for proponents, more certainty of process and, compared to paper-based applications, a reduction in approval timelines. The department is committed to a paperless office by mid-2016.

During the year, the Mineral Titles' Section 40E – Permit to Prospect and Permit to Enter forms were made available online.

Striving for operational excellence through innovation

In Petroleum, resource management has been improved, enabling operators to submit online their:

- Reservoir Management Plan;
- Rate of Recovery for a Field;
- Variation to the Rate of Recovery for a Field;
- Production Analysis Report of a Field;
- Perform extended production tests on multiple wells drilled in the same field; and
- Field decommissioning program.

This improvement is expected to increase transparency, enable operators to check the progress of their submissions, ensure that assessments are processed consistently, and improve the efficiency of the department and accuracy of data in managing petroleum related activity.

In 2013, it became a requirement for mining tenement holders to submit Annual Environmental Reports (AER) online, rather than through a paper-based report as in the past. AERs require disturbance data to be reported in a similar way to that required for The Mining Rehabilitation Fund.

ePROCESS

In the Mineral Titles Division, eProcess (incoming) is helping move the department to a paperless office and is the most substantial change to application processing since the introduction of the online tenement lodgement system (Mineral Titles online) in December 2008. The *eProcess* requires scanning of documents submitted in hard copy to the department and activates electronic processing internally at the department. Electronic processing of applications delivers substantial efficiency benefits and it is now easier to track more applications, potentially reducing processing times. Since eProcess was introduced in August 2013, more than 40,000 documents have been received and processed electronically.

NATIVE TITLE NEGOTIATIONS

Native title management has been introduced into the department's Electronic Mining Information and Tenement System (eMITS). The eMITS is now delivering business process improvement through improved statistical reporting, transparency, and complementing the approvals tracking process. The result of these improvements is a 43 per cent reduction of mining leases awaiting approval under the Commonwealth *Native Title Act 1993*.

Striving for operational excellence through innovation

ONLINE DANGEROUS GOODS SECURITY CARD RENEWAL SYSTEM

New regulations and a newly developed online system will simplify the renewal of approximately 6000 Dangerous Goods Security Cards (DGSCs) that will expire in the second half of 2014.

Previously, the cardholder reapplied through Australia Post at a cost of \$159 in a process that took at least eight weeks. Under the new regulations using the online system, a renewal costs \$42 and is immediate. These initiatives will substantially reduce the cost and inconvenience to industry and individuals needing to renew their DGSCs. Similarly, the initiatives substantially reduce the administrative burden for the department, the WA Police Service and several Commonwealth agencies involved in the security clearance process

These cards will not begin to expire until mid-July 2014. However, the department began sending renewals in June. Early indications are that the online system has gained good acceptance with approximately 70 per cent of renewals received to date being completed online.

PROGRAM OF WORK

During the year, it became compulsory for each Program of Work for exploration to be submitted online. However, once received by the department aspects of the process still required hard copy materials. System improvements in 2014 enable all aspects of Programs of Work to be processed electronically, from beginning to end.

PETROLEUM COMPLIANCE

An online audit and inspection module for compliance was introduced into the Petroleum and Geothermal Register (PGR) which records production facilities such as metering stations and storage tanks. The PGR now records details of inspections for drilling, hydraulic fracturing, well test, and tanker loading and metering station audits.

REPLACEMENT OF TENGRAPH

Work has commenced on the redevelopment of the department's spatial information system TENGRAPH into a more web-friendly GIS environment architecture. This project is funded through the Exploration Incentive Scheme.

The first components of the TENGRAPH replacement strategy that integrates spatial analysis and geoprocessing into the business process in Mineral Titles Online will also go live with *eProcess*.

Striving for operational excellence through innovation

For the first time, officers will be able to appraise tenements from within Mineral Titles Online, with the outcomes reflected back into the mining tenement application decision-making and determination process.

The integration of spatial processing into digital business processes will enhance the quality and delivery of information to stakeholders, and is on track for implementation in the 2014-15 financial year.

ONLINE PETROLEUM DRILLING MANAGEMENT MODULE

The online drilling management module was introduced during the year, which incorporates petroleum and geothermal drilling, data management and resource management information. This work will also ensure that the online Petroleum and Geothermal Register (PGR) is fully compliant with the new Resource Management and Administration Regulations.

The introduction of this module will increase transparency of processes to:

- Ensure that petroleum and geothermal operations are carried out in accordance with good industry practice and for the optimum long-term recovery of the resource;
- Ensure that the administrators are informed of the exploration, discovery and appraisal of petroleum and geothermal resources and the development and production operations in relation to petroleum and the results of operations; and
- Provide a framework for enhancing the collection, retention and dissemination of data.

PETROLEUM AND GEOTHERMAL REGISTER - NEW TITLES MANAGEMENT MODULE

To improve the visibility of petroleum applications 'on hold', the department introduced the new titles management with multiple on hold module into PGR. This provides for improved monitoring of applications, improved communication process for notifying proponents of work or reporting commitments and fees due, and improved notification of title expiry enabling adequate time to process legislative renewal requirements.

Striving for operational excellence through innovation

ENHANCEMENTS TO THE SAFETY REGULATION SYSTEM

The department's Safety Regulation System (SRS) is used by the mining industry to electronically submit information including statutory notifications and project management plans. It also enables the department to electronically issue audits and notices to industry. One challenge has been to inform industry of the new functionality and enhancements to SRS. Resources Safety trainers have conducted awareness sessions for industry to ensure industry realises the benefits of online systems.

Industry awareness sessions have been conducted in Perth and regional areas. Approximately 80 industry participants have attended the sessions, which have resulted in better and wider use of SRS and a reduced workload for the Department. Industry feedback from these awareness sessions indicate they were well received. Further sessions are planned.

Developing capacity and capability across the resources sector

Skilled staff and an informed industry positions Western Australia to meet current and future challenges.

The department believes it is critical for the continued growth of the resources sector and investment potential of the State to ensure people within the sector and the department are appropriately qualified, skilled and informed, and have the systems and tools to facilitate growth of the sector and deliver benefits for the State.

To develop the capacity and capability across the sector, the department has adopted the following strategies:

- Positive cultural change and resilience is fostered across the resources sector.
- Future departmental needs are met through a skilled, diverse and flexible workforce.
- Optimal operational efficiency is maintained.
- Appropriate use of online and social media improves our business.

To deliver these strategies, the department has committed to:

- Using flexible, targeted and effective techniques to educate and promote knowledge in the industry and community.
- Undertaking workforce planning to meet industry, government and departmental needs.
- Retaining staff and resourcing departmental activities in remote locations.
- Focussing performance management to be outcome and results oriented.
- Linking staff professional learning to career development.
- Ensuring that specialist skills, both within and outside the department are identified, valued and harnessed.
- Managing finances and other resources effectively to achieve efficiencies and deliver strong outcomes.
- Developing funding models to meet service demands to the resources sector.
- Reallocating resources to meet demands.
- Redeveloping the department's website.
- Educating staff in the use of online systems and social media that supports our business.

Developing capacity and capability across the resources sector

ON THE ROAD

The department is responsible for disseminating high level information about the resources sector in Western Australia, and uses forums such as conferences, regional visits, community forums, roadshows and the website to ensure that a wide cross section of people are better informed and can make good decisions about issues impacting the resources sector.

In addition to the regional visits, workshops and forums undertaken in the South West Hub Project (refer page 29), Mining Rehabilitation Fund (refer page 27) and community engagement for natural gas from shale and tight rocks discussed on page 31, some of the events held during the 2013-14 year were:

- Resources Safety and MRF roadshows to regional areas;
- AMPLA 2014 State Conference;
- Construction and Mining Expo;
- Paydirt's Gold Conference; and
- WA Energy and Resources (ATO).

One of the key focus areas of the Reform and Development at Resources Safety (RADARS) strategy has been increased engagement with resources companies and their workforce. In the report covering mining fatalities from 2000 to 2012, hazard identification and risk assessment were flagged as areas for industry improvement. The roadshows are an important mechanism for engaging with the workforce, particularly safety and health representatives, and supervisors to raise awareness of this issue. The provision of toolbox presentations provides a significant multiplier effect beyond the roadshows, with this guidance resource being one of the most visited of the department's web pages.

In 2013-14, the Mines Safety Roadshow was presented in seven locations across the State and had almost 600 industry attendees. The Exploration Safety Roadshow added Newman to the Kalgoorlie and Perth itinerary and attracted 200 participants to four events. The program included practical demonstrations of stored energy and associated risks. The presentations were repackaged after the roadshows so industry can use them for toolbox meetings and other educational purposes.

Developing capacity and capability across the resources sector

DMP IN THE REGIONS

A strong commitment to regional centres of Western Australia encourages cooperation between stakeholders. During the year, the department filled a number of vacant positions in regional offices, including the appointment of Mining Registrars in Leonora, Marble Bar and Norseman, and Regional Liaison Officers in Karratha and Broome. The department is rolling out a program of refurbishing its offices in regional areas for improved customer and staff facilities.

In addition to managing the business of the Department of Mines and Petroleum in the regions, our regional officers provide services on behalf of other agencies to those communities, demonstrating an integrated government service to regional communities.

During the year, the department's corporate executive group continued its program of regional visits that included a visit to Esperance in March 2014. The visit included a tour of Esperance Ports Sea and Land; appreciation of the Ravensthorpe land/resource access issues; a tour of First Quantum Minerals' Ravensthorpe nickel mine, Galaxy's Cattlin Creek lithium tantalum mine, and meetings with the Shire of Ravensthorpe.

WORKFORCE PLANNING WITHIN DMP

The department's *Workforce Planning Framework* was introduced in 2012 as a tool to optimise workforce capability and, during the year, was complemented by the introduction of a corporate succession planning model.

Workforce planning provides a tool to assist business areas to manage staffing and resourcing issues. The new succession planning model assists managers to identify, record and mitigate succession risk, increase knowledge transfer, and identify and increase the number of suitable candidates for critical roles. This ensures the department can continue to meet its organisational and strategic goals.

ATTRACTION AND RETENTION INCENTIVES

The department continues to face ongoing challenges to attract and retain skilled staff in critical roles. The Attraction Retention Incentive (ARI) program remains a critical and successful tool for the department to effectively compete for resource sector profession and technical specialists by offering competitive salary packages.

The job specific performance-based salary incentives linked to performance indicators introduced in 2010 for specialist critical positions, continued to be further developed and implemented during the year to assist in meeting department and government goals and objectives. Additional remuneration packages have been approved for a finite period and under strict conditions by the Department of Commerce.

Developing capacity and capability across the resources sector

ONLINE MEDIA TRIAL

The department undertook an internal trial of online media product “Cover it live” to test the effectiveness of this tool in engaging with stakeholders, and aimed at improving communication and transparency in the department. Having determined from the trial the tool was effective, the department has developed online governance guidelines which will be rolled out during the next year. This is part of a continuing program of examining how to improve the department’s business practices and how social and online media can support this.

GOLDEN GECKO AWARD

Now in its 23rd year, the annual Golden Geckos award recognises outstanding achievements in environmental outcomes in the mineral exploration, mining, petroleum and gas industries.

The winning project for 2013 was a project that recycles used cooking oil into renewable biodiesel fuel by ESS Support Services Worldwide and AshOil, a wholly owned subsidiary of the Ashburton Aboriginal Corporation. The project reduced carbon emissions by 500 metric tonnes. It used waste products from the production of biodiesel to develop other products such as dust suppressant, which had the potential to save large amounts of water.



MINISTER FOR MINES AND PETROLEUM, BILL MARMION PRESENTING ESS SUPPORT SERVICES WORLDWIDE & ASHOIL WITH THE 2013 WINNING GOLDEN GECKO.

Building confidence with stakeholders and the community

Effective stakeholder engagement enables better planned and more informed policies, programs, projects and services to meet current and future challenges.

The department is actively seeking to engage with stakeholders, and be more inclusive in policy development, projects and services, recognising the public expectation for greater participation and collaboration across government and industry. The department has adopted the following strategies to achieve this:

- Stakeholders are included in our processes to build shared understanding and confidence in the outcomes.
- Solutions are developed through collaboration with relevant stakeholders to address government and industry wide challenges.
- Understanding of the resources sector is developed within the education system.

To deliver these strategies, the department has committed to:

- Identifying opportunities to increase confidence in the department's capacity to regulate the resources sector.
- Identifying opportunities to clarify the role and responsibilities of the department and the extent of the department's responsibility in accordance with relevant legislation.
- Promoting the benefits of the resources industry for Western Australia.
- Engaging early in critical reviews and communicating the outcomes early.
- Leveraging interagency relationships to deliver better outcomes to stakeholders.
- Promoting the inclusion of earth and environmental science in the school curriculum.
- Promoting the risk-based philosophy and the principles of multiple and sequential land use in safety and environmental regulation.

COLLABORATING ACROSS GOVERNMENT, INDUSTRY AND COMMUNITY

During the year, a number of advisory panels were established comprising representatives from key government departments, industry and community groups.

The Reforming Environmental Regulation Advisory Panel meets quarterly to provide input and advice on matters relating to the department's environmental regulatory reform program, which has provided an excellent launch pad for stakeholder consultation on significant policy changes in the reform program. Key issues have been debated, leading to more informed ideas that have made subsequent community consultation more effective.

Building confidence with stakeholders and the community

The Mining Rehabilitation Fund Advisory Panel has also been formed to provide advice on priority sites for rehabilitation using MRF funds and policy advice in relation to abandoned mine sites. Through the guidance of the panel, high risk legacy abandoned mine sites in Western Australia will be rehabilitated.

WESTERN AUSTRALIAN GOVERNMENT MEMORANDUM OF UNDERSTANDING WITH COMESA

The Premier visited Zambia in January 2014 and on behalf of the Western Australian Government signed a Memorandum of Understanding (MOU) with the member nations of the Common Market for Eastern and Southern Africa (COMESA).

As defined by its treaty, COMESA is an 'organisation of (nineteen) free independent sovereign states which have agreed to co-operate in developing their natural and human resources for the good of all their people'.

The MOU between COMESA and WA includes sharing information to develop internal capacity to progress resources and agricultural opportunities. For resources this includes the development and administration of mining law and regulations including tenement management systems, state agreements, ownership of minerals, royalty regimes, geological survey practices and data, and safety and environmental regulation.

A Joint Working Group (JWG) comprising Western Australian Government representatives from the Department of Mines and Petroleum and Department of State Development, and the COMESA Secretariat, was established under the MOU with governance arrangements and a 12-month work plan developed to progress the implementation of the MOU. The first meeting of the JWG was held on 12 May 2014, followed up by another meeting during the Africa Down Under Forum from 3-5 September 2014.

INTERNATIONAL MINING FOR DEVELOPMENT CENTRE

In partnership with the Australian Government, The University of Western Australia and The University of Queensland have established the International Mining for Development Centre (<http://im4dc.org/>) to assist in improving the quality of life in developing nations through a more sustainable use of mineral and energy resources in developing countries.

In light of its profile and expertise, the department has agreed to assist the IM4DC in the delivery of course content for short courses and professional training programs in areas such as minerals and petroleum policy and regulation, titles, project approvals, environment and safety regulation, and geological information services. The department sees the benefit in participating in this program as an opportunity to bring about improved policies and practices, legislative framework and local capacity in minerals governance and mining in developing nations.

Building confidence with stakeholders and the community

VOLUNTEERING IN THE COMMUNITY

The department has adopted a volunteering program, with two volunteer events held each year. In October 2013, a group of staff spent the day at the Parkerville Children and Youth Care facility to assist with repainting the interior of one of the residential cottages. In May and June 2014, two groups of volunteers spent a morning each at Food Rescue in Belmont. The two groups sorted and quality checked 1,789kg of rescued produce.



DECEMBER 2013, DMP VOLUNTEERS AT THE PARKERVILLE CHILDREN AND YOUTH FACILITY.

Disclosures and legal compliance

MINISTERIAL DIRECTIVES

During the 2013/14 financial year, the department did not receive any Ministerial Directives.

OTHER FINANCIAL DISCLOSURES

PRICING POLICIES OF SERVICES PROVIDED

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

CAPITAL PROJECTS

Two projects commenced during the year, an upgrade of building equipment at Mineral House with an estimated cost of \$600,000 and the Resource Safety Division relocation to 1 Adelaide Terrace East Perth, at an estimated cost of \$2,122,000.

ACT OF GRACE PAYMENTS

During the 2013/14 period, four (4) Act of Grace payments totalling \$156,842 were made arising from applications for land exploration which were not available for granting.

BOARD AND COMMITTEE REMUNERATION

The department 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 the Premier and Cabinet.

For the financial year 2013-14, the department does not have any State Government boards and committees, and has not incurred any expenditure of this nature.

EXPENDITURE ON ADVERTISING, MARKET RESEARCH, POLLING AND DIRECT MAIL

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

For the 2013-14 financial year, the department incurred expenditure on advertising, market research, polling and direct mail, detailed in table 4.

Disclosures and legal compliance

Expenditure	Total	Expenditure	Amount
Direct Mail	\$10,089		
		Fuji Xerox Document Management Solutions Pty Ltd	\$3,939
		Watway (trades as Northside)	\$844
		ACTIV	\$5,306
Media Advertising Organisations	\$109,610		
		Media Decisions	\$88,073
		Ad Corp	\$21,537
Market Research organisations	\$12,552		
		Research Solutions	\$11,370
		Survey Monkey	\$1,182
Polling organisations	\$0		Nil
Advertising agencies	\$0		Nil

TABLE 4.

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 was required to develop a disability access and inclusion plan (DAIP) and report on its implementation in its annual report. DAIP assist public authorities to plan and implement improvements to access and inclusion across seven outcome areas. These plans benefit people with disability, the elderly, young parents and people from culturally and linguistically diverse backgrounds.

The department continued to progress its work on the DAIP during the 2013-14 period and has implemented strategies to meet the objectives of the *Disability Services Act 1993*. The current progress of implementation of these strategies by outcome is provided.

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

The department is committed to providing equal access for people with a disability to all public events in appropriate venues. The department's Events Manual provides guidelines for employees when conducting events, emphasising that events must cater for the needs of people with disabilities. It also includes a checklist for staff to ensure that no individual or group is excluded when organising department-sponsored events which can be accessed and participated by everyone.

Disclosures and legal compliance

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

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

The redevelopment of the Chemistry Centre site in partnership with the Metropolitan Redevelopment Authority has provided two additional disability access bays.

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

The department has embarked on a website enhancement project with a new website in development, with an expected launch by January 2015. This website will meet the access requirements, and will be supported by ongoing training of the department's web content officers.

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

The department is committed to treating all customers and stakeholders equally in an open, honest and impartial manner at any of the department's offices.

Outcome 5: People with a disability have the same opportunities as others to make complaints to the department

The department has an effective internal complains management system whereby the Director General is ultimately answerable to complaints. Complaints are handled and addressed honestly and impartially through an open and transparent process. Importantly, the department recognises that complaints are a useful tool for improving services.

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

The department is committed to improving opportunities for public participation for all people in the community, including those with disability. This approach recognises the importance of engaging people of varying backgrounds, skills, talents and perspectives in the consultation process.

Disclosures and legal compliance

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

In accordance with the *Public Sector Management Act 1994*, s.31(1), the department 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.

Ethical standards

The department is committed to creating and maintaining an ethical, transparent and accountable workforce and actively encourages employees to observe high standards of conduct and integrity at all times.

In 2013-14 the department's code of conduct was revised to ensure alignment with the *Public Sector Commissioner's Instructions No. 7 – Code of Ethics and No.8 – Codes of Conduct and Integrity Training*. The updated code includes detailed information for employees on the standards of conduct and integrity to be complied with and how to report misconduct or suspected breaches of the code. At 30 June 2014, 93 per cent of employees provided written confirmation they had received and read the revised code.

All new employees receive mandatory induction which emphasises the need to comply with the code, as well as making employees aware of their obligation to report suspected unethical behaviours or actions. Employees are required to acknowledge the code annually through the department's performance management process.

Training on accountable and ethical decision making (AEDM) is provided to all employees and highlights employees' requirement to disclose personal interests that could reasonably create a perception of bias, or an actual conflict of interest. At 30 June 2014, 92 per cent of current employees have received AEDM training. The department assesses and monitors conflict of interest declarations to ensure compliance.

All departmental management positions receive training from the Crime and Corruption Commission on how to identify and manage misconduct and the mandatory requirement to report misconduct.

The department 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.

Disclosures and legal compliance

Compliance with Public Sector Standards and Ethics

The department administers its business in accordance with the Public Sector Standards, the Western Australian Public Sector Code of Ethics and the department's Code of Conduct. Information on these requirements is communicated to staff through the department's intranet, pamphlets, intranet news bulletins and mandatory staff inductions.

Employees are educated about the code of ethics and the department's code of conduct through the department's AEDM training, new managers' training, and recruitment and selection training. The department also conducts regular audits of human resource policies and procedures to ensure compliance with the Commissioner's Instructions and Standards.

In 2013-14, there were three breach claims lodged against the employment standard which were investigated by the Public Sector Commissioner. Two of the reviews were completed with no breaches found. The third claim remains under review at 30 June 2014.

The department conducted four investigations during the year into alleged breaches of the code of conduct during the year. Two of the investigations identified breaches to the code and action was taken. The remaining two matters remain under review at 30 June 2014.

Recordkeeping plans

In accordance with the *State Record Act 2000* and *State Records Commission Standard 2, Principle 6*, the department is required to have a Recordkeeping plan and to report on this plan in the annual report.

The department's recordkeeping plan was approved by the State Records Commission in October 2009. This year, it has been reviewed and is expected to be submitted to the State Records Office before October 2014.

During the year, the department evaluated the effectiveness and efficiency of its recordkeeping systems, practices and training, which included:

- Implementing recommendations for improved information management training and practices in the mines safety function.
- Reviewed the corporate file plan to check the accuracy of the file plan terms in representing current business activities. New classification terms and definitions were added to accommodate business changes. The consistency of the file plan terms used across functional and administrative areas was also reviewed and the new general disposal authority for State Government Information was incorporated into the relevant parts of the online file plan.

Disclosures and legal compliance

- Commenced a new policy on data migration and updated the disaster recovery plan.
- Implemented a new training program incorporating online self-paced recordkeeping awareness training together with progressively staged (basic-immediate-advanced) electronic document and records management system (EDRMS) training. Training session times were increased and the training format made more relevant to system users with increased hands-on activities.
- Implemented a new procedure for the authorisation and disposal of records through a series of workshops with records management staff.

The department's ongoing commitment to providing quality recordkeeping training continued through the year, and achieved:

- 124 staff completed the basic module of the new EDRMS training program. This program commenced in March 2014 and explains EDRMS to new users, how EDRMS fits in the corporate system context, how to use it, legislation and compliance, navigating the system, creating good titles, using document naming conventions and good practice scenarios.
- 59 staff successfully completed the new online recordkeeping awareness training which commenced in April 2014. Completion of the program requires a minimum 85 per cent pass rate. The program covers recordkeeping legal requirements and responsibilities applied to everyday work based case studies and scenarios.
- 131 staff members received record keeping induction training in the previous format. Content included legal and compliance requirements, employee roles and responsibilities and introductory use of the corporate records system.

Other training activity included:

- Specific individual training on saving email and other record types for 48 people.
- Advanced EDRMS search techniques and understanding of corporate systems for 39 people.
- Individual assistance and training in file and document titles and use of naming conventions for nine people.
- Individual training in document management system operations of advanced search techniques, saving and locking documents as records and correcting errors in document metadata for 14 people.
- Training for regional staff in freedom of information legislation and application processes.
- Delivery of Freedom of Information coordinator workshop, delivered by the Office of the Information Commissioner, followed by in-house group training and coaching for five people.

Disclosures and legal compliance

Training needs continued to be identified through staff feedback, work and development planning processes and the monitoring of recordkeeping practices and records system data. In addition to feedback from training participants, improvement in the quality of records system data was used as an indicator of effectiveness.

The department continued to implement its plan to integrate key business operating systems with the corporate EDRMS. This year 77 per cent of files created were fully electronic with 75 per cent of these electronic files automatically generated by the system, either from data entered by clients through online application processes or by non-records staff processing data through those systems. The department's recordkeeping branch is therefore experiencing a significant change in role, moving from hands-on creation to increased quality assurance review of records created by staff and clients, and a stronger focus on training departmental staff.

SUBSTANTIVE EQUALITY

In accordance with the *Public Sector Commissioner's Circular 2009-23 – Implementation of the Policy Framework for Substantive Equality*, the department is required to report the progress achieved in implementing the Policy Framework for Substantive Equality.

The department recognises that people have different cultural diversities and therefore must be treated accordingly. We acknowledge and respect Aboriginal and Torres Strait Island people as being the first people of Australia and value their contribution to the department.

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

A component of this plan is cultural awareness training, which is compulsory for all staff. This training gives staff an understanding of traditional culture and how it affects our work today.

The history of Aboriginal and Torres Strait Islander people is covered, as well as how we can build stronger relationships between Aboriginal and Non-Aboriginal people, with a focus on how we work and communicate. In the past 12 months, 325 staff participated in cultural awareness training.

The department celebrates National Aborigines and Islanders Day Observance Committee (NAIDOC) week, and encourages staff to participate in activities focused on learning more about Aboriginal culture and heritage. Events held during 2013-14 included an Aboriginal cultural dance, documentary screening and boomerang throwing. These events were hosted by Aboriginal people who joined the department in the celebrations.

Disclosures and legal compliance

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

OCCUPATIONAL SAFETY, HEALTH AND 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*, the department is required to report on its occupational safety, health and injury management performance.

The department 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 the department's Resources Safety division.

During the year the department initiated programs, such as involvement with One Life Suicide Prevention, online OSH training for new staff and managers and ongoing support for the continuous improvement of the department's safety management system.

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, the department is focussed on:

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

The department'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, the department 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, which will be completed during 2014. The last external audit was undertaken in 2010, where 100 per cent of the agreed actions were completed, and the department received a Silver WorkSafe Certificate of Achievement.

Disclosures and legal compliance

The department improved the SMS documentation, to improve accessibility by staff and contractors. The SMS framework and an SMS guide have been 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 the department.

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 Working on Wellness (WoW) Program was undertaken, resulting in a new look for the department's award-winning program.

INDICATOR	2010/11	2011/12	2012/13	2013/14
Safety and Health Representatives	18	19	21	22
Hazard notifications	103	131	218	107
Incidents reports	25	21	19	33
Internal Safety Audits	12	11	22	6
Ergonomic Assessments	125	131	171	87
OSH Inductions	115	178	161	173
OSH Newsflash items	46	39	81	61
First Aid Training courses	22	36	29	14

TABLE 5.

Table 5 demonstrates a thriving safety culture with 22 safety and health representative (SHR) positions in metropolitan and regional areas, representing staff on the OSHC and included in consultation of the review of the safety management system.

The department has an online hazard reporting system that all staff can access and SHRs and OSH staff use to record hazards and other OSH issues arising for workplace inspections and audits.

A workplace that reports hazards, near misses and incidents, demonstrates a good safety culture. All incidents, hazards and near misses are investigated and controls implemented, if it has not been reasonably practicable to eliminate the hazards recorded. The department's ergonomic assessment program is ongoing, with new staff and existing staff taking advantage of the program to reduce the risk of ergonomic and manual task injuries in the course of their day.

Disclosures and legal compliance

Improvements to consultative mechanisms for OSH issues

The department's primary OSH consultative mechanisms include the OSHC and network of 22 SHRs. All SHRs are invited to the committee meetings and a pre-meeting held a fortnight prior to each meeting.

The OSHC is accountable to the department's corporate executive and includes management and employee representatives, and meets quarterly to discuss and resolve safety, health and injury management issues and trend analysis of incident and hazard statistics.

Other mechanisms for communication of OSH issues include the use of videoconferencing of committee meetings to include staff in regional areas, internal communication of the WoW program, as well as Safety Alert and other online publications.

Continually reduce the frequency and severity of OSH risks

After a full review of the Working on Wellness (WoW) program, including focus groups, staff meetings and an annual survey, a new calendar of events for the program was launched. This year's calendar offered high profile speakers, new "come and try" opportunities as well as walking challenges, healthy eating and weight loss programs. The department also offered skin cancer screening, influenza vaccinations, and Healthy Heart and Fit for Work checks. The new calendar resulted in record numbers to activities and positive feedback from staff.

Some of the special events held this year included a healthy Thai cooking demonstration, and involvement in "Movember". Staff were also invited to attend a presentation by Glenn Mitchell on his inspiring mental health journey. Mental health continued to be a common theme in the WoW calendar, hosting presentations and disseminating information wherever possible in accordance with our commitment pledge with the WA One Life Suicide Prevention strategy.

Following last year's IPAA(WA) Award, WoW has also been presented as a best practice model at various forums, as well as providing guidance to other agencies looking to develop their own wellness programs.

Injury Management

The department is committed to managing all departmental employees' workers compensation claims in a fair, equitable and efficient manner, in order to reduce the human and economic costs for all parties involved. This included assisting injured employees back to meaningful and productive work as soon as possible through consultative return to work programs.

Disclosures and legal compliance

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

During 2013-14, a complete review of the Workers' Compensation and Injury management Guide was carried out. 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

The department has introduced 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.

The department 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 safety legislation.

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

INDICATOR	2010/11	2011/12	2012/13	2013/14
No. Fatalities	0	0	0	0
No. workers compensation claims lodged	1	12	6	11
No. lost time injuries/diseases	1	7	4	5
Lost time injury/disease incidence rate	0.14	0.9	0.49	0.63
Lost time injury frequency rate	0.74	4.6	2.53	3.24
Lost time injury severity rate	0	14	25	0
% workers returned to work within 28 weeks	100%	100%	100%	100%
% managers trained in OSH and injury management responsibilities	80%	80%	80%	80%

TABLE 6.

Disclosures and Legal Compliance



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF MINES AND PETROLEUM

Report on the Financial Statements

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

The financial statements comprise the Statement of Financial Position as at 30 June 2014, 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.

Disclosures and Legal Compliance

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of Mines and Petroleum at 30 June 2014 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by the Department of Mines and Petroleum during the year ended 30 June 2014.

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 2014.

Disclosures and Legal Compliance

Report on the Key Performance Indicators

I have audited the key performance indicators of the Department of Mines and Petroleum for the year ended 30 June 2014.

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

Director General's Responsibility for the Key Performance Indicators

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the key performance indicators of the Department of Mines and Petroleum are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2014.

Independence

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

Disclosures and Legal Compliance

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

This auditor's report relates to the financial statements and key performance indicators of the Department of Mines and Petroleum for the year ended 30 June 2014 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
17 September 2014

Disclosures and Legal Compliance

DEPARTMENT OF MINES AND PETROLEUM DISCLOSURES AND LEGAL COMPLIANCE FOR THE YEAR ENDED 30 JUNE 2014

KEY PERFORMANCE INDICATORS

Certification of Key Performance Indicators

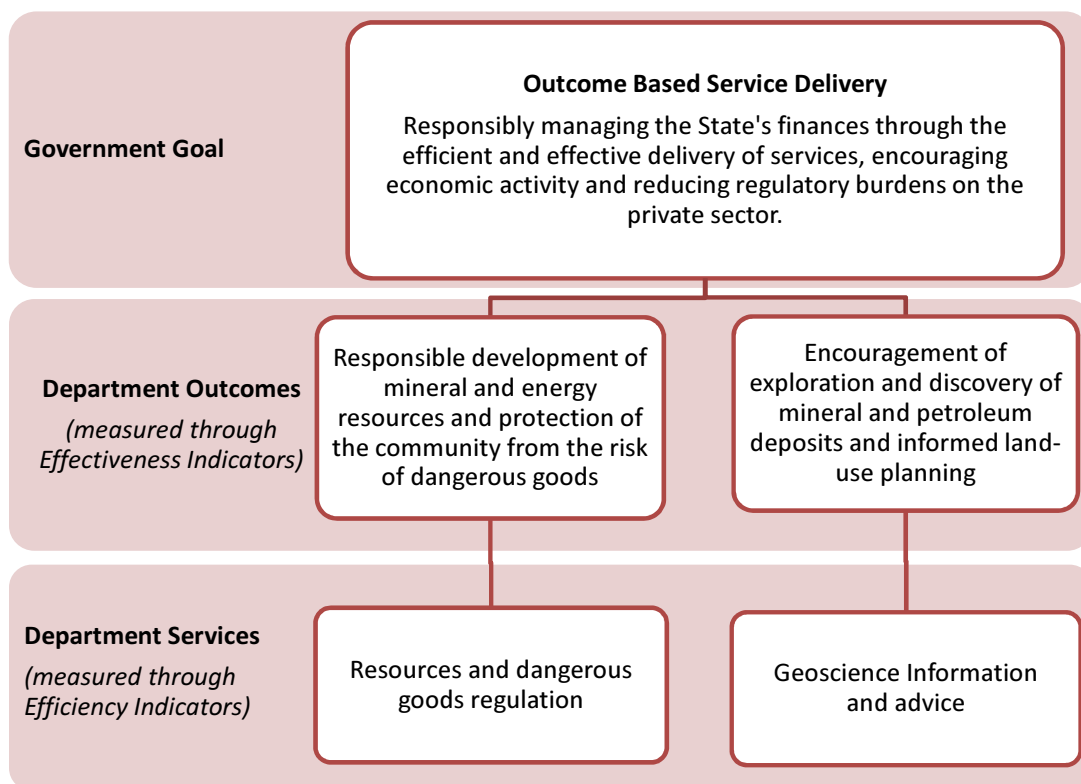
I hereby certify that the key performance indicators are based on proper records, and are relevant and appropriate in assisting users to assess the Department of Mines and Petroleum's performance, and fairly represent the performance of the Department of Mines and Petroleum for the financial year ending 30 June 2014.



Richard Sellers
Director General
12 September 2014

Disclosures and Legal Compliance

DEPARTMENT OF MINES AND PETROLEUM DISCLOSURES AND LEGAL COMPLIANCE KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2014



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

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

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

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

Disclosures and Legal Compliance

1. Percentage of compliance with regulated environment conditions

This indicator measures the department'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.

Site selection for 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.

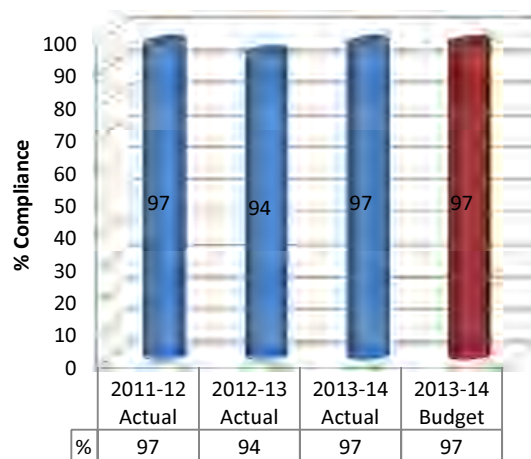
Of all 233 regulatory activities undertaken for both minerals and petroleum, six sites (three per cent) were environmentally non-compliant.

The department undertook 217 mineral regulatory activities as per the *Mining Act (1978)*, and *Mining Rehabilitation Fund Act 2012* and associated regulations, and found 211 sites (97 per cent) environmentally compliant. The six non-compliant sites were where inspections were carried out onsite by the department's environment officers. A total of 169 onsite inspections were carried out by the department.

The six sites that were deemed non-compliant are sites that were issued a direction to modify, stop work order or a fine in lieu of forfeiture, or a warning letter to improve the site within an agreed timeframe.

This measure for minerals related activity is calculated as the number of inspections and desktop audits undertaken where no major environmental non-compliance action was necessary divided by total number of regulatory activities.

As of 2013-14, in addition to onsite inspections undertaken by the department's environmental officers, desktop audits formed part of the department's regulatory activities for mineral resources. Desktop audits were conducted on 22 Mining Rehabilitation Levy Fund submissions, and 26 Annual Environment Reports. These desktop audits assist 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.



In 2013-14, the department undertook 16 audits and inspections for petroleum exploration and production environmental compliance. Of the 16 sites audited, there were no major environmental non-compliance findings or actions required.

The petroleum environmental regulatory activities are undertaken in accordance with:

- *Petroleum Pipelines Act (1969)* and *Petroleum Pipelines Environment Regulations (2012)*
- *Petroleum (Submerged Lands) Act (1982)* and *Petroleum (Submerged Lands) (Environment) Regulations (2012)*
- *Petroleum and Geothermal Energy Resources Act (1967)* and *Petroleum and Geothermal Energy Resources (Environment) Regulations (2012)*.

Disclosures and Legal Compliance

2. Percentage applications completed within agreed timeframes

The department 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 high priority of the Government, and the department is a designated Lead Agency under the Lead Agency Framework.

The department considers managing approvals within agreed time as a key part of its role to responsibly developing mineral and energy resources across the State. Lack of certainty and unnecessary time delays have major financial implications and reputational repercussions for stakeholders.

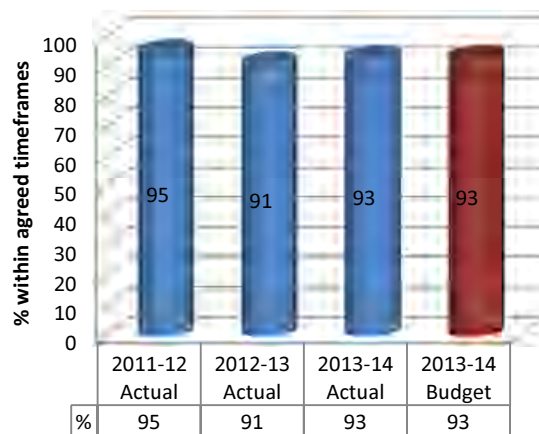
In 2013-14, the department finalised the majority of key approval processes within the target and statutory timelines:

- 94% mining titles were granted within 65 business days of lodgement
- 94% mining environment proposals and programme of works approved within 30 business days.
- 84% petroleum environmental plans approved within 30 business days
- 57% petroleum well and survey applications approved within 40 business days
- 96% mining project management plans and radiation management plans approved within 30 days

Petroleum approval performance (57%) was below target times. The department is reviewing approval processes to improve performance.

Despite the overall number of applications received in 2013-14 being marginally down compared to 2012-13, the turnaround time improved from 91% to 93% across all approvals. The department finalised 6999 applications and 6488 within the agreed timeframes.

Since the introduction of DMP online lodgement facilities for key mining and petroleum approval processes, the level of resource sector uptake has steadily increased.



The department 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. The department is committed to progressively phasing out paper-based applications by mid-2016.

Disclosures and Legal Compliance

3. Percentage of compliance with regulated safety conditions.

The department 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, the department aims to promote best practice in these areas of occupational safety and health to protect employees working in the industry and the community.

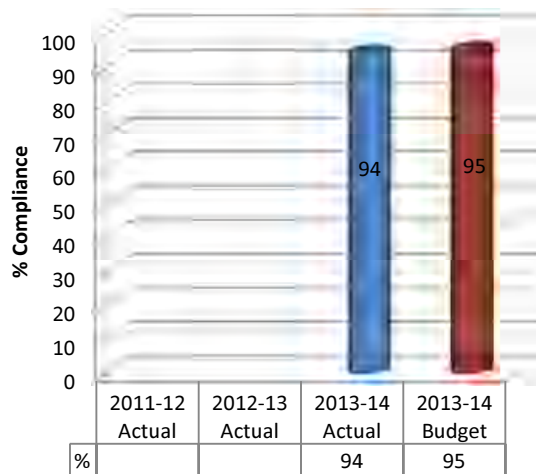
This indicator is a measure of the department's capacity to effectively administer and enforce the legislation concerning safety in occupational safety and health areas.

Site selection for safety regulatory activities is 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.

The department carried out 2,894 inspections in 2013-14 that resulted in 2,734 compliance – 94 per cent.

Administering the *Mines Safety and Inspection Act 1994 (WA)*, and *Mines Safety and Inspection Regulations 1995 (WA)* for mine safety compliance, the department inspected and audited 2,275 mine sites. This resulted in the department issuing proponents with 159 prohibition notices for major non-compliance.

For the first time in three years, a prohibition notice was issued for major non-compliance in petroleum safety in the 43 verification audits of petroleum, pipeline, geothermal, drilling and diving operations to assess compliance with accepted safety management systems and regulatory requirements.



The petroleum audits protect employees both onshore and offshore waters in Western Australia in accordance with the following:

- *Petroleum and Geothermal Energy Resources Act 1967 (WA)*
- *Petroleum Pipelines Act 1969 (WA)*
- *Petroleum (Submerged Lands) Act 1982 (WA)*

The department audited and inspected 576 high risk dangerous goods storage and handling sites and confirmed 100 per cent compliance in accordance with the following:

- *Dangerous Goods Safety Act 2004*
- *Dangerous Goods Safety (Storage and Handling of Non-Explosives) Regulations 2007*
- *Dangerous Goods Safety (Major Hazard Facilities) Regulations 2007*
- *Dangerous Goods Safety (Road and Rail Transport of Non-Explosives) Regulations 2007*
- *Dangerous Goods Safety (Explosives) Regulations 2007*
- *Dangerous Goods Safety (Security Risk Substances) Regulations 2007*
- *Dangerous Goods Safety (General) Regulations 2007.*

¹ Due to this performance indicator being new to 2013-14, prior years' comparisons - 2011-12 and 2012-13 - are not applicable.

Disclosures and Legal Compliance

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

Key Performance Indicator - efficiency	2011-12 Actual	2012-13 Actual	2013-14 Actual	2013-14 Budget
Average cost of weighted resources regulatory service	\$973 (\$962)	\$1,204 (\$1,193)	\$1,250	\$1,295
<p>This measure combines the average costs of mineral titles, petroleum titles, royalty collection services, and environmental regulation activities into one indicator.</p> <p>Continued focus on increasing and improving regulatory services through reform, recruitment, system development and continuous improvement saw the average cost per service come below budget.</p> <p>The figures for 2011-12 and 2012-13 have been revised for comparison following all services being weighted for the first time. Figures reported in prior years are within brackets.</p>				
Average cost of weighted safety regulatory service	\$1,281	\$1,588 (\$1,365)	\$1,170	\$1,418
<p>This measure combines the average costs of the safety regulatory services for minerals, petroleum and dangerous goods.</p> <p>The 2013-14 safety regulatory service is below budget. This is due to increased outputs and a revised calculation methodology. It was agreed for consistency and comparison, weighting from 2011-12 will be applied over five years before a review. This measure demonstrates that the department has been effective at building an efficient safety regulatory service.</p> <p>The figure for 2012-13 has been revised using the agreed weighting calculation above.</p> <p>Figure reported last year is within brackets.</p>				

Disclosures and Legal Compliance

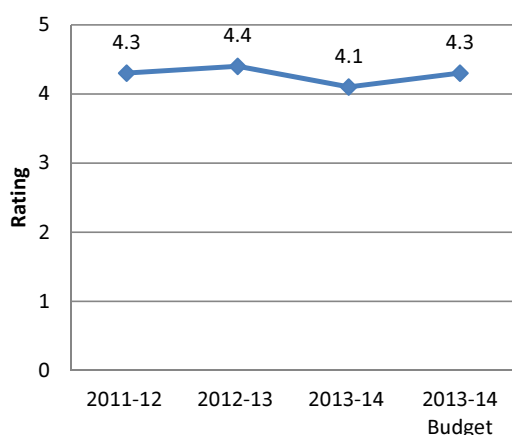
Encouragement of exploration and discovery of mineral and petroleum deposits and informed land use planning.

The department works to elucidate the geological framework of Western Australia and reveal the potential for mineral and petroleum resources, consequently encouraging continued exploration and development of these resources. The department's assessments of mineral and petroleum resources and resource potential supports

Government decision-making and assists and advises on a range of community needs, including urban development planning and land use.

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

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



The indicator is an averaged customer rating given by industry-based two technical advisory sub-committees – minerals and petroleum – tabled through the Geological Survey Liaison Committee.

The liaison 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.

GSWA 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.

Geoscience information products and geoscience exploration information services have been rated twice yearly against a five-point scale by the two sub-committees. However, during 2013-14 the two sub-committees decided to rate the services yearly at the end of each budget cycle.

The petroleum and geothermal exploration sub-committee continued to use the existing five-point scale scoring system. However, the minerals exploration technical sub-committee reset its score on the five-point scale for July 2013, down from 4.8 to 4.0. The aim was to give more room for a higher rating for July 2014. The rating given was 4.3, and when weighted and averaged with petroleum and geothermal exploration technical sub-committee, the rating resulted in a score of 4.1.

As a result of the change to the minerals technical sub-committee scoring, the 2013-14 averaged weighted rating appears lower, but this is not comparable to results of prior years. The rating from the mineral sub-committee actually increased from 4.0 to 4.3 for 2013-14, while from the petroleum and geothermal exploration technical sub-committee the rating was 0.02 lower (3.97 compared to 3.99 last year).

Disclosures and Legal Compliance

Geoscience information and advice

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

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

Key Performance Indicator - efficiency	2011-12 Actual	2012-13 Actual	2013-14 Actual	2013-14 Budget
Average cost of weighted geoscience product and service units	\$292,562	\$233,198	\$261,292	\$267,265

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

Increased funding for the Exploration Incentive Scheme through reallocation of prior year funding and increase in geoscience product and services resulted in an increased cost WTPP compared to the 2012-13. GSWA published 209 WTPPs in 2013-14 compared to 172 in 2012-13.

Disclosures and Legal Compliance

FINANCIAL STATEMENTS

Certification of Financial Statements

For the year ended 30 June 2014

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 2014 and the financial position as at 30 June 2014.

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



Richard Sellers
Accountable Authority
12 September 2014



Ralph De Giorgio
Chief Finance Officer
12 September 2014

Statement of Comprehensive Income

For the year ended 30 June 2014

	Note	2014 \$000	2013 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	91 480	88 859
Supplies and services	7	51 125	41 658
Depreciation and amortisation expense	8	3 568	3 916
Accommodation expenses	9	4 674	4 908
Grants and subsidies	10	8 935	4 714
Other expenses	11	466	407
Loss on disposal of non-current assets	14	68	164
Total cost of services		160 316	144 626
Income			
<i>Revenue</i>			
User charges and fees	12	55 472	53 394
Other revenue	13	275	2 809
Total revenue		55 747	56 203
Gains			
Gain on disposal of non-current assets	14	-	-
Total Gains		-	-
Total income other than income from State Government		55 747	56 203
NET COST OF SERVICES		104 569	88 423
Income from State Government			
Service appropriation	15	75 556	79 987
Services received free of charge		1 471	2 273
Royalties for Regions Fund		24 618	13 177
Total income from State Government		101 645	95 437
SURPLUS/(DEFICIT) FOR THE PERIOD		(2 924)	7 014
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	28	1 110	2 111
Gains recognised directly in equity		3 088	-
Total other comprehensive income		4 198	2 111
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1 274	9 125

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 2014

	Note	2014 \$000	2013 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	29	36 994	37 395
Restricted cash and cash equivalents	16	13 715	6 360
Receivables	17	8 865	10 917
Amounts receivable for services	18	936	910
Other current assets	19	1 230	1 681
Land held for distribution to owners	20a	13 200	-
Total Current Assets		74 940	57 263
Non-Current Assets			
Restricted cash and cash equivalents	16	2 897	2 560
Amounts receivable for services	18	14 763	13 912
Property, plant and equipment	20b	134 277	148 736
Intangible assets	21	1 161	1 424
Total Non-Current Assets		153 098	166 632
TOTAL ASSETS		228 038	223 895
LIABILITIES			
Current Liabilities			
Payables	23	6 960	4 569
Other current liabilities	24	2 178	1 979
Revenue received in advance	25	1 669	1 575
Provisions	27	17 807	18 938
Total Current Liabilities		28 614	27 061
Non-Current Liabilities			
Amounts due to the Treasurer	26	2 586	963
Provisions	27	3 690	3 997
Total Non-Current Liabilities		6 276	4 960
TOTAL LIABILITIES		34 890	32 021
NET ASSETS		193 148	191 874
EQUITY			
Contributed equity	28	59 018	55 930
Reserves		114 249	113 139
Accumulated surplus/(deficit)		19 881	22 805
TOTAL EQUITY		193 148	191 874

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 2014

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

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 2014

	Note	2014 \$000	2013 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		72 892	78 253
Capital appropriations		-	1 325
Holding account drawdowns		1 787	884
Royalties for Regions Fund		24 618	13 177
Net cash provided by State Government		99 297	93 639
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(95 634)	(89 129)
Supplies and services		(46 612)	(40 281)
Accommodation		(2 817)	(2 882)
Grants and subsidies		(8 835)	(4 715)
Other payments		-	-
GST payments on purchases		(5 594)	(4 794)
Receipts			
User charges and fees		55 882	46 568
Grants and contributions		-	2 684
GST receipts on user charges and fees		414	234
GST receipts from taxation authority		5 180	5 461
Other receipts		2 304	3 763
Net cash provided by/(used in) operating activities	29	(95 712)	(83 091)
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of non-current assets		-	-
Payments			
Purchase of non-current physical assets		(994)	(2 466)
Net cash provided by/(used in) investing activities		(994)	(2 466)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		1 623	963
Net cash provided by/(used in) financing activities		1 623	963
Net increase in cash and cash equivalents		4 214	9 045
Cash balances transferred in		3 077	-
Cash and cash equivalents at the beginning of the period		46 315	37 270
CASH AND CASH EQUIVALENTS AT THE END THE PERIOD	29	53 606	46 315

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 2014

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
COST OF SERVICES						
<u>Expenses</u>						
Employee benefits expenses	73 086	70 998	18 394	17 861	91 480	88 859
Supplies and services	24 025	25 946	27 100	15 712	51 125	41 658
Depreciation and amortisation expense	2 649	3 046	919	870	3 568	3 916
Accommodation expenses	3 891	3 863	783	1 045	4 674	4 908
Grants and subsidies	1 730	182	7 205	4 532	8 935	4 714
Other expenses	267	351	199	56	466	407
Loss on disposal of other assets	60	130	8	34	68	164
Total cost of services	105 708	104 516	54 608	40 110	160 316	144 626
<u>Income</u>						
User charges and fees	54 035	51 159	1 437	2 235	55 472	53 394
Other revenue	188	2 078	87	731	275	2 809
Gain on disposal of non-current assets	-	-	-	-	-	-
Total income other than income from State Government	54 223	53 237	1 524	2 966	55 747	56 203
NET COST OF SERVICES	51 485	51 279	53 084	37 144	104 569	88 423
<u>Income from State Government</u>						
Service appropriation	51 230	54 242	24 326	25 745	75 556	79 987
Resources received free of charge	1 113	1 437	358	836	1 471	2 273
Royalties for Regions Fund	207	637	24 411	12 540	24 618	13 177
Total income from State Government	52 550	56 316	49 095	39 121	101 645	95 437
SURPLUS/DEFICIT FOR THE PERIOD	1 065	5 037	(3 989)	1 977	(2 924)	7 014

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

Schedule of Assets and Liabilities by Service

As at 30 June 2014

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
<u>Assets</u>						
Current Assets	57 739	45 645	17 201	11 618	74 940	57 263
Non-current Assets	114 694	129 171	38 404	37 461	153 098	166 632
Total assets	172 433	174 816	55 605	49 079	228 038	223 895
<u>Liabilities</u>						
Current Liabilities	22 868	21 907	5 746	5 154	28 614	27 061
Total non-current Liabilities	5 546	4 126	730	834	6 276	4 960
Total liabilities	28 414	26 033	6 476	5 988	34 890	32 021
NET ASSETS	144 019	148 783	49 129	43 091	193 148	191 874

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 2014

	2014 Estimate \$000	2014 Actual \$000	Variance \$000	2014 Actual \$000	2013 Actual \$000	Variance \$000
<u>Delivery Services</u>						
Item 86 Net amount appropriated to deliver services	76 222	74 671	(1 551)	74 671	79 126	(4 455)
Amount authorised by Other Statutes - <i>Salaries and Allowances Act 1975</i>	885	885	-	885	861	24
Total appropriations provided to deliver services	77 107	75 556	(1 551)	75 556	79 987	(4 431)
<u>Capital</u>						
Capital appropriation	-	-	-	-	1 325	(1 325)
<u>Administered Transactions</u>						
Item 87 Administered grants, subsidies and other transfer payments	35 899	35 789	(110)	35 789	5 273	30 516
Amount authorised by other statutes - <i>Petroleum (Submerged Lands) Act 1982</i>	1 609	1 799	190	1 799	3 054	(1 255)
Total Administered Transactions	37 508	37 588	80	37 588	8 327	29 261
GRAND TOTAL	114 615	113 144	(1 471)	113 144	89 639	23 505
<u>Details of Expenses by Service</u>						
Resources Sector and Dangerous Goods Regulation	112 222	105 708	(6 514)	105 708	104 516	1 192
Geoscience Information and Advice	53 453	54 608	1 155	54 608	40 110	14 498
Total Cost of Services	165 675	160 316	(5 359)	160 316	144 626	15 690
Less total income	96 427	55 747	(40 680)	55 747	56 203	(456)
Net Cost of Services	69 248	104 569	35 321	104 569	88 423	16 146
Adjustments	7 859	(29 013)	(36 872)	(29 013)	(8 436)	(20 577)
Total appropriations provided to deliver services	77 107	75 556	(1 551)	75 556	79 987	(4 431)
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	-	-	-	-	1 325	(1 325)
Capital appropriations	-	-	-	-	1 325	(1 325)

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

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2014

	2014 Estimate \$000	2014 Actual \$000	Variance \$000	2014 Actual \$000	2013 Actual \$000	Variance \$000
<u>Details of Income Estimates</u>						
Income disclosed as Administered Income						
Commonwealth Grants						
South West Hub	6 800	7 500	700	7 500	6 500	1 000
Royalties						
Petroleum - State	11 300	11 363	63	11 363	18 024	(6 661)
Iron Ore	5 248 700	5 448 041	199 341	5 448 041	3 852 561	1 595 480
Diamonds	26 100	19 190	(6 910)	19 190	17 732	1 458
Alumina	74 900	71 927	(2 973)	71 927	64 764	7 163
Mineral sands	23 300	15 256	(8 044)	15 256	26 632	(11 376)
Nickel	80 800	88 002	7 202	88 002	88 637	(635)
Gold	180 600	215 402	34 802	215 402	213 967	1 435
Other	178 000	154 677	(23 323)	154 677	144 596	10 081
Lease rentals	83 900	94 128	10 228	94 128	90 999	3 129
Total Royalties	5 907 600	6 117 986	210 386	6 117 986	4 517 912	1 600 074
Regulatory Fees						
Regulatory Fees	-	459	459	459	6 404	(5 945)
	-	459	459	459	6 404	(5 945)
Other						
Appropriations	37 508	37 588	80	37 588	8 327	29 261
Other Revenue	498	810	312	810	788	22
GRAND TOTAL	5 952 406	6 164 343	211 937	6 164 343	4 539 931	1 624 412

Note 36 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2014 and between the actual results for 2014 and 2013.

Notes to the Financial Statements

For the year ended 30 June 2014

Note 1. Australian Accounting Standards

General

The department's financial statements for the year ended 30 June 2014 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 2014.

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 2014

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 2014

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

The department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to the function of the department. These administered balances and transactions are not recognised in the principal financial statements of the department but schedules are prepared using the same basis as the financial statements and are presented at note 42 'Disclosure of administered income and expenses by service' and note 43 'Administered assets and liabilities'.

(d) Contributed equity

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

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

(e) Income

Revenue recognition

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

User Charges and Fees

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

Levy

Mines Safety, Petroleum and Geothermal Energy Safety Levy and Mining Rehabilitation 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 2014

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 2013-14 Budget Statements, the department retained \$55.7 million in 2014 (\$56.2 million in 2013) 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 2014

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 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 buildings 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 2014

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 2014

(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 recognised 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 that can be reliably measured, are capitalised.

(i) Impairment of assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the department is a not-for-profit

Notes to the Financial Statements

For the year ended 30 June 2014

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 2014

- 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 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 within 30 days.

Notes to the Financial Statements

For the year ended 30 June 2014

(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 2014

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 fund providers 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 obligations 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 2014

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 cost

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

(t) Comparative figures

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

(u) Amounts due to the Treasurer

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

Note 3. Judgements made by management in applying accounting policies

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

Operating lease commitments

The department has entered into a number of leases for 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 2014

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 2013 that impacted on the Department.

AASB 13 *Fair Value Measurement*

This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures for assets and liabilities measured at fair value. There is no financial impact.

AASB 119 *Employee Benefits*

This Standard supersedes AASB 119 (October 2010), making changes to the recognition, presentation and disclosure requirements.

The Department assessed employee leave patterns to determine whether annual leave is a short-term or other long-term employee benefit. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.

AASB 1048 *Interpretation of Standards*

This Standard supersedes AASB 1048 (June 2012), enabling references to the Interpretations in all other Standards to be updated by reissuing the service Standard. There is no financial impact.

AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]*

This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.

AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119*

Notes to the Financial Statements

For the year ended 30 June 2014

(September 2011)[AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]

This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 in September 2011. The resultant discounting of annual leave liabilities that were previously measured at the undiscounted amounts is not material.

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

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

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

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

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

This Standard amends the mandatory effective date of AASB 9 Financial Instruments to 1 January 2015 (instead of 1 January 2013). Further amendments are also made to numerous consequential amendments arising from AASB 9 that will now apply from 1 January 2015. There is no financial impact.

AASB 2012-9 *Amendment to AASB 1048 arising from the Withdrawal of Australian Int 1039*

The withdrawal of Int 1039 Substantive Enactment of Major Tax Bills in Australia has no financial impact for the Department during the reporting period and at balance date. Measurement of tax assets and liabilities continues to be measured in accordance with enacted or substantively enacted tax law pursuant to AASB 112.46-47.

AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments [AASB 1, 5, 7, 8, 10, 11, 12, 13, 101, 102, 108, 112, 118, 119, 127, 128, 132, 133, 134, 137, 1023, 1038, 1039, 1049 & 2011-7 and Int 12]*

The Standard introduces a number of editorial alterations and amends the *mandatory* application date of Standards for not-for-profit entities accounting for interests in other entities. There is no financial impact.

AASB 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.*

Part A of this omnibus Standard makes amendments to other Standards

Notes to the Financial Statements

For the year ended 30 June 2014

arising from revisions to the Australian Accounting Conceptual Framework for periods ending on or after 20 December 2013. Other Parts of this Standard become operative in later periods. There is no financial impact for Part A of the Standard.

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

		Operative for reporting periods beginning on/after
Int 21	<i>Levies</i>	1 Jan 2014
	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.	
AASB 9	<i>Financial Instruments</i>	1 Jan 2018
	This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments.	
	The mandatory application date of this Standard was amended to 1 January 2018 by 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.	
AASB 10	<i>Consolidated Financial Statements</i>	1 Jan 2014
	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.	
	Mandatory application of this Standard was deferred for not-for-profit entities by AASB 2012-10 <i>Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments</i> . 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.	

Notes to the Financial Statements

For the year ended 30 June 2014

AASB 11	<i>Joint Arrangements</i>	1 Jan 2014
	<p>This Standard, issued in August 2011, supersedes AASB 131 <i>Interests in Joint Ventures</i>, introduces 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 arrangement.</p> <p>Mandatory application of this Standard was deferred for not-for-profit entities by AASB 2012-10. 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.</p>	
AASB 12	<i>Disclosure of Interests in Other Entities</i>	1 Jan 2014
	<p>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>.</p> <p>Mandatory application of this Standard was deferred for not-for-profit entities by AASB 2012-10. There is no financial impact.</p>	
AASB 14	<i>Regulatory Deferral Accounts</i>	1 Jan 2016
	<p>The Department has not yet determined the application or the potential impact of the Standard.</p>	
AASB 127	<i>Separate Financial Statements</i>	1 Jan 2014
	<p>This Standard, issued in August 2011, supersedes AASB 127 <i>Consolidated and Separate Financial Statements</i> removing the consolidation requirements of the earlier standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. Mandatory application was deferred for not-for-profit entities by AASB 2012-10. There is no financial impact.</p>	
AASB 128	<i>Investments in Associates and Joint Ventures</i>	1 Jan 2014
	<p>This Standard supersedes AASB 128 <i>Investments in Associates</i>, introducing a number of clarifications for the accounting treatments of changed ownership interest.</p> <p>Mandatory application of this Standard was deferred for not-for-profit entities by AASB 2012-10. The adoption of the new Standard has no financial impact for the Department as it does not hold investments in associates and the accounting treatments for joint operations is consistent with current practice.</p>	
AASB 1031	<i>Materiality</i>	1 Jan 2014
	<p>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.</p>	

Notes to the Financial Statements

For the year ended 30 June 2014

AASB 1055	<i>Budgetary Reporting</i>	1 Jul 2014
	<p>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.</p>	
AASB 2009-11	<i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Int 10 & 12]</i>	1 Jan 2015
	<p><i>[modified by AASB 2010-7]</i></p>	
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i>	1 Jan 2015
	<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>AASB 2012-6 amended the mandatory application date of this Standard to 1 January 2015. The Department has not yet determined the application or the potential impact of the Standard.</p>	
AASB 2011-7	<i>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]</i>	1 Jan 2014
	<p>This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>. For not-for-profit entities it applies to annual reporting periods beginning on or after 1 January 2014. The Department has not yet determined the application or the potential impact of the Standard.</p>	
AASB 2012-3	<i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i>	1 Jan 2014
	<p>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.</p> <p>The Department does not routinely hold financial assets and financial liabilities that it intends to settle on a net basis, therefore there is no financial impact.</p>	

Notes to the Financial Statements

For the year ended 30 June 2014

AASB 2013-3	<i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.</i>	1 Jan 2014
	This Standard introduces editorial and disclosure changes. There is no financial impact.	
AASB 2013-4	<i>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]</i>	1 Jan 2014
	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 routinely enter into derivatives or hedges therefore there is no financial impact.	
AASB 2013-8	<i>Amendments to Australian Accounting Standards Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049].</i>	1 Jan 2014
	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	<i>Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments.</i>	1 Jan 2014 1 Jan 2017
	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 (Part B), and, defers the application of AASB 9 to 1 January 2017 (Part C). 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, otherwise there is no financial impact for Part B.	
AASB 2014-1	<i>Amendments to Australian Accounting Standards</i>	1 Jul 2014 1 Jan 2015 1 Jan 2016 1 Jan 2018
	The Department has not yet determined the application or the potential impact of the Standard.	

Notes to the Financial Statements

For the year ended 30 June 2014

	2014 \$000	2013 \$000
Note 6. Employee benefits expense		
Wages and salaries ^(a)	83 401	81 134
Superannuation - defined contribution plans ^(b)	8 079	7 725
	91 480	88 859
<p>(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.</p> <p>(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).</p> <p>Employment on-costs such as workers' compensation insurance are included at note 11 'Other Expenses'.</p> <p>The employment on-costs liability is included at note 27 'Provisions'.</p>		
Note 7. Supplies and services		
Consultants and contractors	37 458	27 587
Advertising and promotion	742	905
Travel	1 864	1 854
Communication	1 197	1 250
Consumables	2 147	3 083
Maintenance	3 129	2 474
Insurance	438	680
Printing	344	335
Other staff costs	2 879	2 690
Other	927	800
	51 125	41 658
Note 8. Depreciation and amortisation expense		
<u>Depreciation</u>		
Buildings	1 630	1 574
Furniture, plant, equipment and vehicles	690	725
Computer hardware and software	957	1 026
Scientific equipment	28	28
Total depreciation	3 305	3 353
<u>Amortisation</u>		
Intangible assets	263	563
Total amortisation	263	563
Total depreciation and amortisation	3 568	3 916
Note 9. Accommodation expenses		
Lease rentals	1 643	1 276
Repairs and maintenance	808	947
Cleaning	545	504
Electricity	888	921
Refurbishment	107	450
Security	240	263
Water rates	158	151
Other accommodation expenses	285	396
	4 674	4 908

Notes to the Financial Statements

For the year ended 30 June 2014

Note 10. Grants and subsidies

Mineral and Petroleum Industry	163	344
Co-Funded Drilling Scheme (EIS)	4 041	3 426
WA Regional Research Initiative (EIS)	1 055	885
National Mine Safety Framework Secretariat	3 676	59
	8 935	4 714

Note 11. Other expenses

Doubtful debts expense	32	132
Other expenses	434	275
	466	407

Note 12. User charges and fees

Petroleum annual licenses	3 650	3 248
Mining, prospecting and exploration licenses	7 280	7 262
Explosives and dangerous goods licenses and fees	6 396	9 160
Mining Safety Levy	24 512	24 243
Petroleum Safety	4 675	5 717
Mining Rehabilitation Fund	6 716	-
Other fees	2 243	3 764
	55 472	53 394

Note 13. Other revenue

Other funding contributions	100	2 684
Miscellaneous revenue	175	125
	275	2 809

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

<u>Proceeds from disposal of non-current assets</u>		
Plant equipment and vehicles	-	-

Costs of disposal of non-current assets

Plant equipment and vehicles	(68)	(164)
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Net gain/(loss)

	(68)	(164)
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Note 15. Income from State Government

Appropriation received during the period:

Service appropriation ^(a)	75 556	79 987
	75 556	79 987

Services received free of charge ^(b)

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

State Solicitors Office		
- legal services	947	1 147
Department of Treasury and Finance		
- procurement and accommodation services	327	328
Landgate		
- land dealings, land information, valuation services and products	197	798
	1 471	2 273

Royalties for Regions Fund:

Exploration Incentive Scheme ^(c)	24 618	13 177
	24 618	13 177

	101 645	95 437
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Notes to the Financial Statements

For the year ended 30 June 2014

- (a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liability during the year.
- (b) Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated.
- (c) This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas.

Note 16. Restricted cash and cash equivalents

Current

Suspense account ^(a)	-	1
Royalties for Regions Fund (Exploration Incentive Scheme) ^(b)	1 397	453
Safety Levies ^(c)	2 463	4 580
MRIWA ^(e)	-	1 326
Mine Rehabilitation Fund ^(f)	9 855	-
	13 715	6 360

Non-current

Accrued salaries suspense account ^(d)	2 897	2 560
	2 897	2 560

- (a) This account is to hold monies temporarily, pending identification of the purpose for which the funds were received.
- (b) These unspent funds are committed to projects and programs in WA regional areas. The Exploration Incentive Scheme is a State Government initiative that aims to encourage exploration in Western Australia for the long-term sustainability of the State's resources sector.
- (c) The recoup of the costs of administering the Safety reforms cannot be invoiced until after the end of the financial year. Treasury approval is obtained for any overdrawn accounts. (Refer Note 40)
- (d) Funds held in the suspense account used only for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.
- (e) Funds held pending transfer to Minerals and Research Institute WA (MRIWA) (Name change from MERIWA)
- (f) These funds are applied for regulatory services under the *Mining Rehabilitation Fund Act 2012*. (Refer to Note 40)

Note 17. Receivables

Current

Receivables	8 052	9 414
Allowance for impairment of receivables	(177)	(145)
Accrued revenue	-	801
GST receivable	990	847
Total Current	8 865	10 917

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of period	145	14
Doubtful debts expense	32	145
Amounts written off during the period	-	(14)
Balance at end of period	177	145

Notes to the Financial Statements

For the year ended 30 June 2014

	2014 \$000	2013 \$000
<p>The department does not hold any collateral as security or other credit enhancements relating to receivables.</p>		
<p>Note 18. Amounts receivable for services (Holding Account)</p>		
Current	936	910
Non-current	14 763	13 912
	15 699	14 822
<p>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.</p>		
<p>Note 19. Other assets</p>		
<u>Current</u>		
Prepayments	1 230	1 681
Total current	1 230	1 681
<p>Note 20a. Land held for distribution to owners</p>		
Land		
At fair value	13 200	-
Note land pending transfer to Dept of Lands	13 200	-
<p>Note 20b. Property, plant and equipment</p>		
<u>Land</u>		
At fair value ^(a)	72 847	86 302
<u>Buildings</u>		
At fair value ^(a)	54 576	54 829
<u>Furniture, plant, equipment and vehicles</u>		
At cost	9 325	9 459
Accumulated depreciation	(4 341)	(3 751)
	4 984	5 708
<u>Computer hardware and software</u>		
At cost	6 079	7 019
Accumulated depreciation	(4 746)	(5 226)
	1 333	1 793
<u>Scientific equipment</u>		
At cost	307	213
Accumulated depreciation	(109)	(109)
	198	104

Notes to the Financial Statements

For the year ended 30 June 2014

	2014 \$000	2013 \$000
<u>Works in progress</u>		
At cost	339	-
Total of property, plant, equipment and vehicles	134 277	148 736

- (a) Land and buildings were revalued as at 1 July 2013 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2014 and recognised at 30 June 2014. In undertaking the revaluation, fair value was determined by reference to market values for land: \$47,726,650 and buildings: \$38,732,300. 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 2014

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
2014	\$000	\$000	\$000	\$000	\$000	\$000	\$000
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	(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

	Land	Buildings	Furniture, plant, equipment and vehicles	Computer hardware and software	Scientific equipment	Works In Progress	Total
2013	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at the start of year	86 383	55 065	5 262	2 161	106	77	149 054
Additions	-	-	95	661	26	1 687	2 469
Transfers from work in progress	-	688	1 076	-	-	(1 764)	-
Transfers to operating expenditure	-	-	-	-	-	-	-
Other Disposals	(980)	(562)	-	(3)	-	-	(1 545)
Reclassification	-	-	-	-	-	-	-
Revaluation increments	899	1 212	-	-	-	-	2 111
Depreciation	-	(1 574)	(725)	(1 026)	(28)	-	(3 353)
Carrying amount at end of year	86 302	54 829	5 708	1 793	104	-	148 736

Notes to the Financial Statements

For the year ended 30 June 2014

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
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

Valuations techniques to derive Level 2 fair values

Level 2 fair values of non-current assets held for distribution to owners, Land and Buildings (Office Accommodation) are derived using the market approach. Market evidence of sales prices of comparable land and building (office accommodation) in close proximity is used to determine price per square metre.

Non-current assets held for distribution to owners have been written down to fair value less costs to sell. Fair value has been determined by reference to market evidence of sales of comparable assets.

Fair value measurements using significant unobservable inputs (Level 3)

	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	38 320	15 844

Valuation processes

There were no changes in valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's instructions require valuations of land and buildings to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Fair value for existing use specialised building assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market-observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

Fair value for restricted use land is based on market value, by either using market evidence of sales comparable land that is unrestricted less restoration costs to return the site to a vacant and marketable condition (low restricted use land), or, comparison with market evidence for land with low level utility (high restricted use land).

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 2014	Valuation techniques	Unobservable inputs	Range of unobservable inputs (weighted average)	Relationship to unobservable inputs to fair value
Land	Market approach	Selection of land with similar approximate utility	City/metro \$0.45 - \$302.36 per m ² (\$3.17 per m ²)	Higher value of similar land increases estimated fair value
\$38,320			Regional \$0.01 - \$85.08 per m ² (\$0.06 per m ²)	
Buildings	Depreciated Replacement Cost	Consumed economic benefit/obsolescence of asset	City/metro (1.99)% - (2.25)% per year (1.92)% per year	Greater consumption of economic benefit or increased obsolescence lowers fair value
			Regional (1.20)% - (1.81)% per year (1.65)% per year	
\$15,844		Historical cost per square metre floor area (m ²)	City/metro \$152.65 - \$439.83 per m ² \$447.28 per m ²	Higher historical cost per m ² increases fair value
			Regional \$499.31 - \$2,263.00 per m ² \$2,144.30 per m ²	

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 2014

	2014 \$000	2013 \$000
Note 21. Intangible assets		
<u>Computer software</u>		
At cost	4 450	4 450
Accumulated amortisation	(3 289)	(3 026)
Total intangible assets	1 161	1 424
Reconciliation:		
<u>Computer software</u>		
Carrying amount at start of period	1 424	1 987
Additions	-	-
Disposals	-	-
Amortisation expense	(263)	(563)
Carrying amount at end of period	1 161	1 424
Note 22. Impairment of assets		
There were no indications of impairment to property, plant and equipment, infrastructure or intangible assets at 30 June 2014.		
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 2014 have either been classified as assets held for sale or written-off.		
Note 23. Payables		
<u>Current</u>		
Trade payables	4 700	2 180
Accrued salaries	2 260	1 927
Accrued expenses	-	462
Total current	6 960	4 569
Note 24. Other current liabilities		
Unclaimed monies	2 178	1 979
	2 178	1 979
Note 25. Revenue received in advance		
Licenses and fees	1 669	1 575
	1 669	1 575
Note 26. Amounts due to the Treasurer		
<u>Non Current</u>		
Amounts due to the Treasurer - Mine Rehabilitation Fund	2,586	963
	2,586	963

Notes to the Financial Statements

For the year ended 30 June 2014

Note 27. Provisions

Current

Employee benefits provision

Annual leave ^(a)	8 006	8 681
Long service leave ^(b)	9 646	10 092
Deferred salary scheme ^(d)	-	-
	17 652	18 773

Other provisions

Employment on-costs provision ^(c)	155	165
	155	165
	17 807	18 938

Non-current

Employee benefits provision

Long service leave ^(b)	3 628	3 946
Deferred salary scheme ^(d)	31	17
	3 659	3 963

Other provisions

Employment on-costs provision ^(c)	31	34
	31	34
	3 690	3 997

- (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	5 275	6 147
More than 12 months after the end of the reporting period	2 731	2 534
	8 006	8 681

- (b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the end of the reporting period	3 487	3 892
More than 12 months after the end of the reporting period	9 787	10 146
	13 274	14 038

- (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	31	17
	31	17

Notes to the Financial Statements

For the year ended 30 June 2014

	2014 \$000	2013 \$000
Movements in other provisions		
<u>Employment on-cost provision</u>		
Carrying amount at start of period	199	189
Additional provisions recognised	186	199
Payments/other sacrifices of economic benefits	(199)	(189)
Carrying amount at end of period	186	199
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	55 930	55 985
<u>Contributions by owners</u>		
Capital appropriation	-	1 325
Other contributions by owners:		
Land transferred from other agencies at fair value ^(a)	11	-
Mine Rehabilitation Fund	3 077	-
Total contributions by owners	3 088	1 325
<u>Distributions to owners</u>		
Transfer of net assets to other agencies. ^(a)	-	(630)
Transfer of land and building for sale to the Department of Regional Development and Lands.	-	(750)
Total distributions to owners	-	(1 380)
Balance at end of period	59 018	55 930
^(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	113 139	111 028
Net revaluation increments/(decrements)		
Land	(267)	899
Buildings	1 377	1 212
Balance at end of period	114 249	113 139

Notes to the Financial Statements

For the year ended 30 June 2014

	2014 \$000	2013 \$000
Accumulated Surplus		
Balance at start of period	22 805	15 791
Result for the period	(2 924)	7 014
Balance at the end of period	19 881	22 805
Total Equity at the end of period	193 148	191 874

Note 29. Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash on hand	16	16
Operating account	36 978	37 379
Cash and cash equivalents	36 994	37 395
Restricted cash assets (refer note 16)	16 612	8 920
	53 606	46 315

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

Net cost of service	(104 569)	(88 423)
<u>Non-cash items</u>		
Depreciation and amortisation expense	3 568	3 916
Resources received free of charge	1 471	2 273
Net (gain)/loss on disposal of non-current assets	68	164
<u>(Increase)/Decrease in assets</u>		
Current Receivables ^(a)	2 195	711
Other assets	451	(575)
<u>Increase/(decrease) in liabilities</u>		
Current payables ^(a)	2 391	(721)
Other liabilities	199	204
Revenue received in advance	94	(3 553)
Provisions - employee benefits	(1 438)	2 323
Net GST payments ^(b)	-	901
Change in GST in receivables/payables ^(c)	(142)	(311)
Net cash used in operating activities	(95 712)	(83 091)

(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 2014

	2014 \$000	2013 \$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)	44	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	2 786	910
Later than 1 year and not later than 5 years	7 468	2 860
	10 254	3 770
The capital commitments include amounts for:		
Computer hardware, software and buildings	10 254	3 770
	10 254	3 770
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	3 634	2 002
Later than 1 year and not later than 5 years	4 333	4 311
Later than 5 years	377	539
	8 344	6 852
Representing:		
Non-cancellable operating leases	8 344	6 852
These commitments are exclusive of GST.		

Note 32. Contingent liabilities and contingent assets

Contingent liabilities:

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

Contaminated sites

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

Notes to the Financial Statements

For the year ended 30 June 2014

2014	2013
\$000	\$000

During the year the department did not identify any further potential contaminated sites. Of the 13 identified, 3 were identified as "suspected", as opposed to "potential" and have now been officially reported to the Department of Environment and Conservation. These have yet to be classified. The department is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

Other matters of uncertainty

The department is currently involved in 4 legal cases, depending on the outcomes this may result in a contingent liability for costs of \$2.3m, or a contingent benefit of \$1.5m.

Contingent assets

There are no other known contingent assets.

Note 33. Events occurring after the end of the reporting period

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

Note 34. Remuneration of senior officers

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

Remuneration Band (\$)	<u>2014</u>	<u>2013</u>
150 001 to 160 000	-	3
160 001 to 170 000	1	2
170 001 to 180 000	2	1
180 001 to 190 000	4	4
200 001 to 210 000	1	-
210 001 to 220 000	1	-
220 001 to 230 000	2	3
230 001 to 240 000	1	2
240 001 to 250 000	1	-
250 001 to 260 000	-	2
260 001 to 270 000	2	1
270 001 to 280 000	1	-
360 001 to 370 000	-	1
370 001 to 380 000	1	-
450 001 to 460 000	1	-

Notes to the Financial Statements

For the year ended 30 June 2014

	2014 \$000	2013 \$000
Base remuneration and superannuation	2 921	2 878
Annual leave and long service leave accruals	766	417
Other benefits	550	704
Total remuneration of senior officers	4 237	3 999

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

Note 35. 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.

155	151
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Notes to the Financial Statements

For the year ended 30 June 2014

Note 36. Explanatory Statement

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

Total appropriations provided to deliver services

Significant variances between estimate and actual for 2014

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

	2014 Estimate \$000	2014 Actual \$000	Variance \$000	
Resources Sector and Dangerous Goods Regulation	112 222	105 708	(6 514)	(a)

(a) *Resources Sector and Dangerous Goods Regulation* - The variance is mainly due to the Department achieving its savings measures as directed by the Treasurer and a reduction in expenditure for the approvals system.

Significant variances between actual results for 2014 and 2013

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

	2014 Actual \$000	2013 Actual \$000	Variance \$000	
Resources Sector and Dangerous Goods Regulation	105 708	104 516	1 192	
Geoscience Information and Advice	54 608	40 110	14 498	(a)

(a) *Geoscience Information and Advice* - The increase is mainly attributable to expenditure on Airborne Surveys as part of an extended Exploration Incentive Scheme in 2013-14.

Notes to the Financial Statements

For the year ended 30 June 2014

Capital contribution

Significant variances between estimate and actual for 2014

No significant variance in Capital contribution.

Significant variances between actual results for 2014 and 2013

No significant variance in Capital contribution.

Total administered transactions

Significant variances between estimate and actual for 2014

No significant variance in total administered transactions.

Significant variances between actual results for 2014 and 2013

Total appropriation provided to deliver services for the year

2014 Actual \$000	2013 Actual \$000	Variance \$000	
37 588	8 327	29 261	(a)

(a) *Total appropriation provided to deliver services for the year -*
The variance is mainly due to increased funding for Mining Tenement refunds and magnetite royalty rebate.

Administered Income

Significant variances between estimate and actual for 2014

Royalties

2014 Estimate \$000	2014 Actual \$000	Variance \$000	
5 907 600	6 117 986	210 386	(a)

(a) *Royalties* - The higher actual is mainly attributable to increased production of iron ore offset by higher than forecast exchange rates and fluctuating prices.

Significant variances between actual results for 2014 and 2013

Royalties

2014 Actual \$000	2013 Actual \$000	Variance \$000	
6 117 986	4 517 912	1 600 074	(a)

(a) *Royalties* - The higher 2013-14 actual in Royalties is mainly due an increase in the royalty rate for iron ore fines increasing from 5.6% to 7.5% as part of the State Government's reform of iron ore royalty rates and increase production of iron ore.

Notes to the Financial Statements

For the year ended 30 June 2014

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:

	2014 \$000	2013 \$000
<u>Financial Assets</u>		
Cash and cash equivalents	36 994	37 395
Restricted cash and cash equivalents	16 612	8 920
Loans and receivables ^(a)	23 574	24 892
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	11 724	7 512

^(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 2014

(c) Financial instrument disclosures

Credit risk

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

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

Ageing analysis of financial assets

	Carrying Amount \$000	Not past due and not impaired \$000	<u>Past due but not impaired</u>				Impaired financial assets ^(b) \$000
			up to 1 month \$000	1-3 months \$000	3 months to 1 year \$000	1-5 years \$000	
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	0	177
2013							
Cash and cash equivalents	37 395	37 395	-	-	-	-	-
Restricted cash and cash equivalents	8 920	8 920	-	-	-	-	-
Receivables ^(a)	10 070	8 610	279	987	43	6	145
Amounts receivable for services	14 822	14 822	-	-	-	-	-
	71 207	69 747	279	987	43	6	145

^(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 2014. The carrying amount of the receivables before deducting the impairment loss was \$176,769.

Notes to the Financial Statements

For the year ended 30 June 2014

Liquidity risk and interest rate exposure

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

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

	<u>Interest rate exposure</u>					<u>Maturity dates</u>				
	Weighted Average Effective Interest Rate	Carrying Amount	Fixed interest rate	Variable Interest Rate	Non- interest Bearing	Nominal Amount	up to 1 month	1-3 months	3 months to 1 year	1-5 years
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2014										
<u>Financial Assets</u>										
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
<u>Financial Liabilities</u>										
Payables	-	6 960	-	-	6 960	6 960	6 960	-	-	-
Unclaimed monies	-	2 178	-	-	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).

Notes to the Financial Statements

For the year ended 30 June 2014

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

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

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

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 2014

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	-	-
Refunds	-	-
Balance at end of period	178	178

Departmental Receipts in Suspense Fund

This account is to hold monies temporarily, pending identification of the purpose for which the funds were received. The balance of the account is \$21.

Environmental Called-In Performance Bond Money Fund

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

Balance at start of period	6 661	6 617
<u>Add</u> receipts		
Bonds, Securities	10	44
	10	44
<u>Less</u> payments		
Operational expenses	2 951	-
Transfer to Mine Rehabilitation Fund	3 077	-
	6 028	-
Balance at end of period	643	6 661

Notes to the Financial Statements

For the year ended 30 June 2014

	2014 \$000	2013 \$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 \$1,474, \$181,000 receipts and \$71,438 payments, giving a closing balance of \$111,035.</p>		
Balance at start of period	5 329	3 123
<u>Add receipts</u>		
Contribution from Government & Industry	7 645	6 016
	<u>7 645</u>	<u>6 016</u>
<u>Less payments</u>		
Salaries	57	105
Travel	22	38
Consultants	8 447	2 096
Grants	-	1 525
Other	76	46
	<u>8 602</u>	<u>3 810</u>
Balance at end of period	<u>4 372</u>	<u>5 329</u>
<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	4 671	2 596
<u>Add receipts</u>		
Contribution from Industry	24 841	26 704
	<u>24 841</u>	<u>26 704</u>
<u>Less payments</u>		
Salaries	12 102	10 990
Operational Expenditure	15 043	13 639
	<u>27 145</u>	<u>24 629</u>
Balance at end of period	<u>2 367</u>	<u>4 671</u>

Notes to the Financial Statements

For the year ended 30 June 2014

	2014 \$000	2013 \$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	(92)	(943)
<u>Add</u> receipts		
Contribution from Industry	5 039	5 701
	<u>5 039</u>	<u>5 701</u>
<u>Less</u> payments		
Salaries	3 140	2 613
Operational Expenditure	1 711	2 237
	<u>4 851</u>	<u>4 850</u>
Balance at end of period	<u>96</u>	<u>(92)</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	-	-
<u>Add</u> receipts		
Contribution from Industry	6 719	-
Treasurer's Advance	1 623	-
Transfer of Called in Performance Bonds	3 077	-
	<u>11 419</u>	<u>-</u>
<u>Less</u> payments		
Salaries	13	-
Operational Expenditure	1 551	-
	<u>1 564</u>	<u>-</u>
Balance at end of period	<u>9 855</u>	<u>-</u>

Notes to the Financial Statements

For the year ended 30 June 2014

Note 41. Supplementary financial information

(a) Write Offs

During the financial year the following amounts were written off under the authority of:

	2014 \$000	2013 \$000
Accountable authority	-	14
Minister	-	-
Executive Council	-	-
	<u>-</u>	<u>14</u>

(b) Losses Through theft, defaults and other causes

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

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

(c) Gifts of Public Property

Gifts of public property provided by the department

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

Notes to the Financial Statements

For the year ended 30 June 2014

Note 42. Disclosure of administered income and expenses by service

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2014 \$000	2013 \$000	2014 \$000	2013 \$000	2014 \$000	2013 \$000
COST OF SERVICES						
<u>Expenses</u>						
Petroleum (Submerged Lands) Act 1982	1 799	3 054	-	-	1 799	3 054
Refunds of previous years' revenue	9 633	10 389	-	-	9 633	10 389
Services and contracts	13 670	3 481	-	15	13 670	3 496
Receipts paid into Consolidated Account	5 954 456	4 337 342	-	-	5 954 456	4 337 342
Grants and subsidies	851	2 316	350	340	1 201	2 656
Total administered expenses	5 980 409	4 356 582	350	355	5 980 759	4 356 937
<u>Income</u>						
For transfer:						
Royalties and Rentals ^(a)	6 117 986	4 517 912	-	-	6 117 986	4 517 912
Regulatory fees	459	6 404	-	-	459	6 404
Commonwealth Grants	7 500	6 500	-	-	7 500	6 500
Appropriations	37 240	7 987	348	340	37 588	8 327
Other revenue	767	777	43	11	810	788
Total administered income	6 163 952	4 539 580	391	351	6 164 343	4 539 931
^(a) Royalties						
Petroleum - State	11 363	18 024				
Iron Ore	5 448 041	3 852 561				
Diamonds	19 190	17 732				
Alumina	71 927	64 764				
Mineral sands	15 256	26 632				
Nickel	88 002	88 637				
Gold	215 402	213 967				
Other	154 677	144 596				
Lease rentals	94 128	90 999				
Total	6 117 986	4 517 912				

Notes to the Financial Statements

For the year ended 30 June 2014

	2014 \$000	2013 \$000
43. Administered assets and liabilities		
<u>Current Assets</u>		
Cash and cash equivalents	40 245	4 809
Receivables ^(a)	1 404 443	1 250 989
Restricted cash	5 554	12 169
Finance Lease Receivable	517	489
Total Administered Current Assets	1 450 759	1 268 456
<u>Non-Current Assets</u>		
Finance Lease Receivable	7 236	7 753
Total Administered Non-Current Assets	7 236	7 753
TOTAL ADMINISTRATIVE ASSETS	1 457 995	1 276 209
<u>Current Liabilities</u>		
Payments received in advance	123	123
Accounts payable	564	53
Other liabilities	55	55
GST payable	15	(753)
Total Administered Current Liabilities	757	(522)
TOTAL ADMINISTRATIVE LIABILITIES	757	(522)

^(a) This mainly represents royalties not collected as at 30 June 2014 on production which occurred prior to balance date.

Other matters of uncertainty

Mining companies owing royalties of approximately \$1 million are currently under administration and action is being taken to recover the funds that were due in the quarter that they went into receivership. In the event that these funds are not collected, a bad debt may arise.

Mining companies owing royalties as a result of a dispute over the royalty calculation is currently approximately \$10 million.

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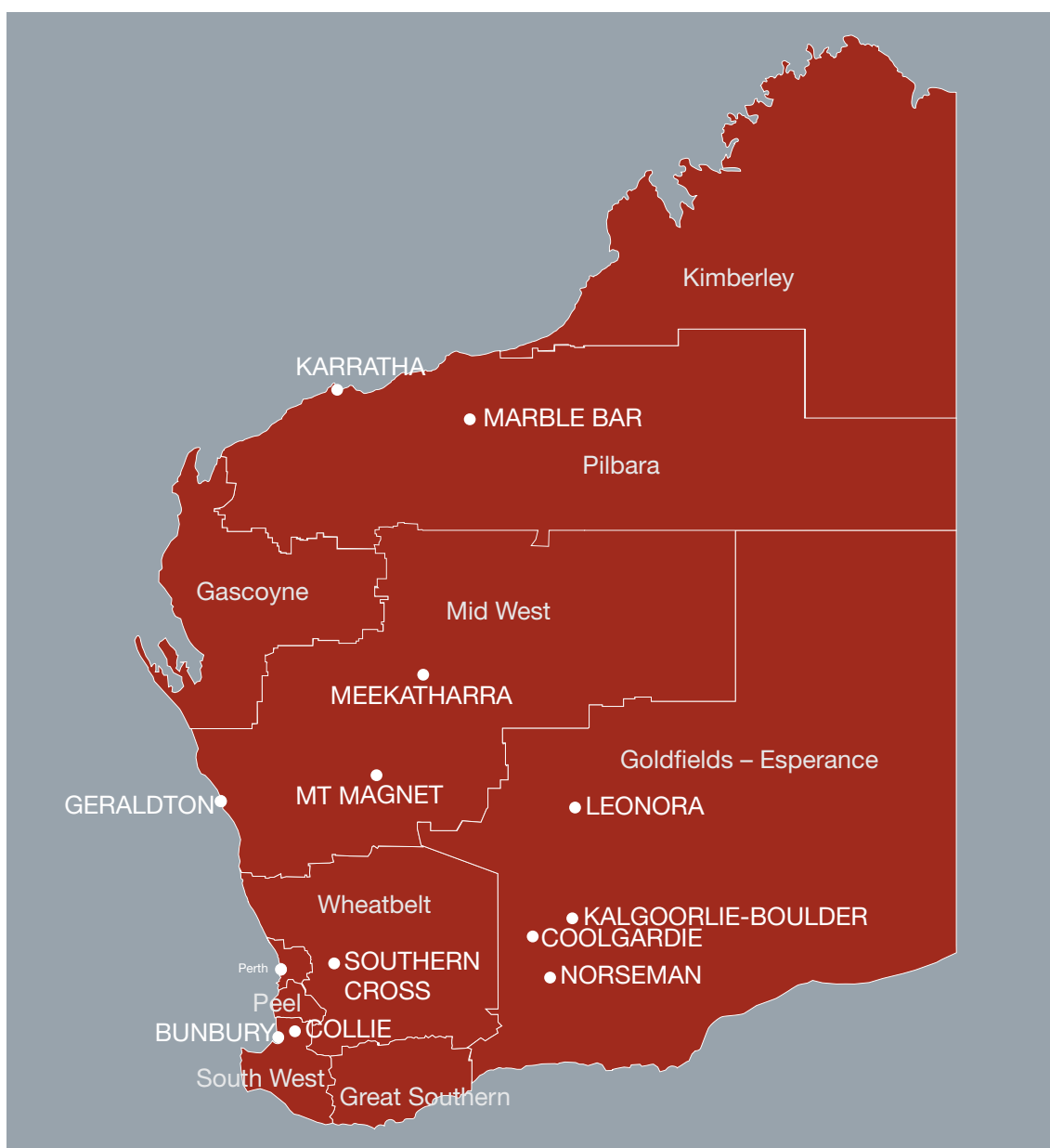
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Appendix 1

YOUR FEEDBACK

The Department of Mines and Petroleum is interested in your feedback and comments regarding the 2013-14 Annual Report to help us to improve the report in the future and make it more informative to readers.

Please rate us

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

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

- Information on the department's performance in 2013-14
- Information on the future direction of the department
- Information about the resources sector
- Other (please specify)

Other comments: _____

Thank you for participating in the survey. You may provide feedback regarding this report directly to:

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