



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



ANNUAL REPORT 08-09

Developing a sustainable resources future

Our Vision

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

Our Mission

Growth of the resource sector which maximises long term benefits to the WA community

Our Values

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

Availability of the Department of Mines and Petroleum's Annual Report 2008–09

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

The Annual Report is presented in PDF format. All sections, except the financial statements, are also presented in Microsoft Word format. The report is available from www.dmp.wa.gov.au

This publication is also available on request in alternative formats such as compact disc, audiotape, or Braille, for people with disabilities.

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STATEMENT OF COMPLIANCE

HON NORMAN FREDERICK MOORE MLC
MINISTER FOR MINES AND PETROLEUM; FISHERIES; ELECTORAL AFFAIRS

In accordance with Section 61 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament the Annual Report of the Department of Mines and Petroleum for the financial year ended 30 June 2009.

This annual report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Richard Sellers
Director General
DEPARTMENT OF MINES AND PETROLEUM
15 September 2009

STRUCTURE OF ANNUAL REPORT AND KEY PERFORMANCE INDICATORS DISCLOSURE

The Department of Mines and Petroleum was established on 1 January 2009 as a result of restructures of the former Department of Industry and Resources and the Department of Consumer and Employment Protection. Two other departments, State Development and Commerce were also created through this process.

A new Outcome Based Management (OBM) structure of services, outcomes and key performance indicators was approved for the Department of Mines and Petroleum in March 2009. This structure applies to the 2008–09 financial year. The table below (Table 1) details the services and functions that transferred from the Department of Industry and Resources and the Department of Consumer and Employment Protection into the newly created Department.

To accommodate the reporting requirements against the services that applied both before and after the restructure, the Annual Report for the Department of Mines and Petroleum will report:

1. results against the new Key Performance

Indicators for the full financial year. Where possible, for indicators applicable to services that transferred out to other agencies, results will also be reported;

2. financial statements for the full financial year.

This will include the original six services reported under the antecedent Department of Industry and Resources (1 July 2008 to 31 December 2008) together with financial information applicable to the Resources Safety function, which transferred to the Department, for the period 1 January 2009 to 30 June 2009. The Office of the Auditor General has provided an exemption for the Department, discharging the reporting of comparative information.

TABLE 1: DETAILS OF SERVICES TRANSFERRED BETWEEN DEPARTMENTS

OUTCOMES AND SERVICES TRANSFERRED TO THE DEPARTMENT OF STATE DEVELOPMENT FROM DEPARTMENT OF INDUSTRY AND RESOURCES	OUTCOME: <i>Industry, communities and prospective investors have access to diverse investment opportunities and markets</i>
	SERVICE: 3. Industry Development and Investment Facilitation
	OUTCOME: <i>Strategic policy frameworks that strengthen sustainable economic development</i>
	SERVICE: 6. State Economic Development Policy
OUTCOMES AND SERVICES TRANSFERRED TO THE DEPARTMENT OF COMMERCE FROM DEPARTMENT OF INDUSTRY AND RESOURCES	OUTCOME: <i>Industry, communities and prospective investors have access to diverse investment opportunities and markets</i>
	SERVICE: 4. Aboriginal Economic Development
	OUTCOME: <i>Enhancement of the state's economic sustainability and prosperity</i>
	SERVICE: 5. Science and Innovation
OUTCOMES AND SERVICES TRANSFERRED TO THE DEPARTMENT OF MINES AND PETROLEUM FROM DEPARTMENT OF CONSUMER AND EMPLOYMENT PROTECTION	OUTCOME: <i>A community in which members meet their responsibilities and where the rights of all parties are protected in relation to the various areas of Department of Consumer and Employment Protection's responsibility: consumer protection; labour relations; occupational safety and health; energy safety; and resources safety.</i>
	SERVICE: 2. Safety and Employment Protection

OVERVIEW

Executive Summary

The Department of Mines and Petroleum (hereafter referred to as 'the Department') was formed on 1 January 2009 following a restructure of the antecedent Departments of Industry and Resources and Consumer and Employment Protection.

The Department is the lead agency for attracting private sector investment in exploration through the provision of pre-competitive geoscience information and equitable, efficient and transparent systems to manage secure titles to land for exploration and development. As the lead agency in regulating mining, petroleum, geothermal and carbon capture and storage activities in the State, the Department's role encompasses management of titles, land access, health and safety and environmental aspects of the resources sector and the regulation of dangerous goods across all industry sectors. Ultimately, the Department has responsibility for ensuring that the community receives maximum benefits from the sustainable and responsible development of the State's resources.

A major focus of the Department, since its inception, has been the creation of a more efficient and transparent approvals system for the State's resources sector. Improving the approvals process is integral to ensuring the State remains an attractive investment destination despite difficult global economic conditions. Considerable progress has already been made to minimise procedural duplication, expedite processes and improve the Department's information technology systems. An online payment facility for the petroleum and geothermal sectors was introduced in December 2008. In June 2009, tracking capabilities were introduced for environmental assessments and petroleum and geothermal titles, allowing project proponents to track the progress of their applications on the Department's website. Tracking capabilities were also introduced internally for mineral title applications, through the deployment of the mineral title register (eMiTS) in December 2008. This web based register has resulted in increased efficiencies and provides the platform for introducing electronic lodgement of applications in the future. The Department also began publicly reporting quarterly data on its performance against approvals timeline targets in 2009. Further reforms are also being pursued in cooperation with other relevant State and Commonwealth agencies.

The formation of the Department of Mines and Petroleum saw regulatory responsibilities for health and safety in the resources sector returned to the Government's key agency for resources regulation. Administration of resources safety legislation in Western Australia has been subject to extensive independent reviews in recent years. A spate of mining fatalities in 2008–09 led to the early completion of the review of the *Mines Safety and Inspection Act 1994* by Commissioner Stephen Kenner of the Western Australian Industrial Relations Commission. The final report was released in March 2009 and is expected to provide the basis for significant reform to the current regulatory regime. The Department has already moved to employ additional inspectors and is exploring options to enhance the safety performance of the Western Australian resources sector. A key element of reform in this area could include the introduction of a safety case regime for mining operations.

In April 2009 the State Government announced the Exploration Incentive Scheme, a major initiative of the Royalties for Regions program. This initiative aims to boost mineral and petroleum exploration to ensure the discovery of new deposits, particularly in frontier areas of the State. Investment in exploration is vital for the long-term sustainability of the resources sector.

Through the Exploration Incentive Scheme, the Department is responsible for implementing programs worth \$80 million over a five-year period. In the last three months of 2008–09, the programs resulted in the initiative of six airborne geophysical surveys, completion of a Cunderdin gravity survey and the acquisition of a large geochemistry data set. The successful applicants for the first round of a co-funded industry drilling program were selected by a panel of industry experts. The drilling program is a major component of the Exploration Incentive Scheme and will subsidise 50 per cent of direct drilling costs, capped at \$150,000.

The removal of the ban on uranium mining in Western Australia in November 2008 resulted in a marked increase in uranium exploration activity in the State. The Department has been working in partnership with relevant State and Commonwealth agencies to ensure that the regulatory framework is in place for the development of a safe, environmentally sustainable and economically viable uranium industry.

Despite the economic conditions, the level of new tenement applications lodged in 2008–09 (3883) represented a reduction of only six per cent in comparison to the previous year, while a record 7921 applications were processed. The number of pending tenement applications was reduced to below 9000 at the end of June 2009, less than half the peak of 18,727 that occurred two years previously.

Continued strong interest in Western Australia's petroleum resources saw the Department handle 96 applications for new petroleum and geothermal titles. The Department has also focused on developing alternative energy sources, such as tight gas, to enhance Western Australia's energy security and assist in addressing the international drive to reduce carbon dioxide emissions.

Development of a geothermal energy industry has the potential to result in new sources of sustainable power to meet the State's growing demand for non-polluting energy. In 2008–09, 36 geothermal exploration permits were offered for grant with a predicted exploration work commitment over the next six years of more than \$500 million.

The explosion at Varanus Island in June 2008 highlighted the challenges in meeting Western Australia's energy requirements. Following a comprehensive review of the incident, the *Final Report of the Findings of the Investigation into the Pipe Rupture and Fire Incident on 3 June 2008* was released in October 2008. This report was jointly prepared by the Department and the National Offshore Petroleum Safety Authority (NOPSA). The Department also assumed responsibility for the provision of safety regulation for Varanus, Thevenard and Airlie Islands following a decision by the Federal Government and NOPSA in February.

On 30 April 2009, the Productivity Commission released its final report on the Review of the *Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector*. The focus of the report is on measures that have the potential to reduce unnecessary regulatory burdens that can be removed without compromising desirable outcomes on the upstream oil and gas sector. The report made 13 key recommendations and 17 further recommendations addressing improving regulatory practice, institutional reform, environment and heritage, resource management,

occupational health and safety and the way forward. The Ministerial Council on Minerals and Petroleum Resources agreed that an official working group will develop a response and implementation plan to the Commission's recommendations.

The Department has also played a strategic role in promoting research in the resources sector that includes a co funding agreement with industry, into the potential for carbon capture and storage in the State's south west as a means of reducing the volume of carbon dioxide released into the atmosphere. The research project, known as the *Lower Lesueur Carbon Dioxide Geosequestration Study*, has implications for the development of clean coal technology and could contribute to the long-term viability of Western Australia's coal industry.

Operational Structure

Enabling Legislation

The Department of Mines and Petroleum was established under the *Public Sector Management Act 1994* on 1 January 2009. It was created following the restructure of the Department of Industry and Resources (DoIR) and Department of Consumer and Employment Protection (DOCEP). In addition to the resources regulation and geoscience information functions previously part of DoIR, the Department of Mines and Petroleum is responsible for resources safety, a function which transferred from DOCEP in the restructure.



Vision and Mission

Vision

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

Mission

Growth of the resource sector which maximises long term benefits to the WA community

Responsible Minister

The Department of Mines and Petroleum reports to the following State Government Minister:

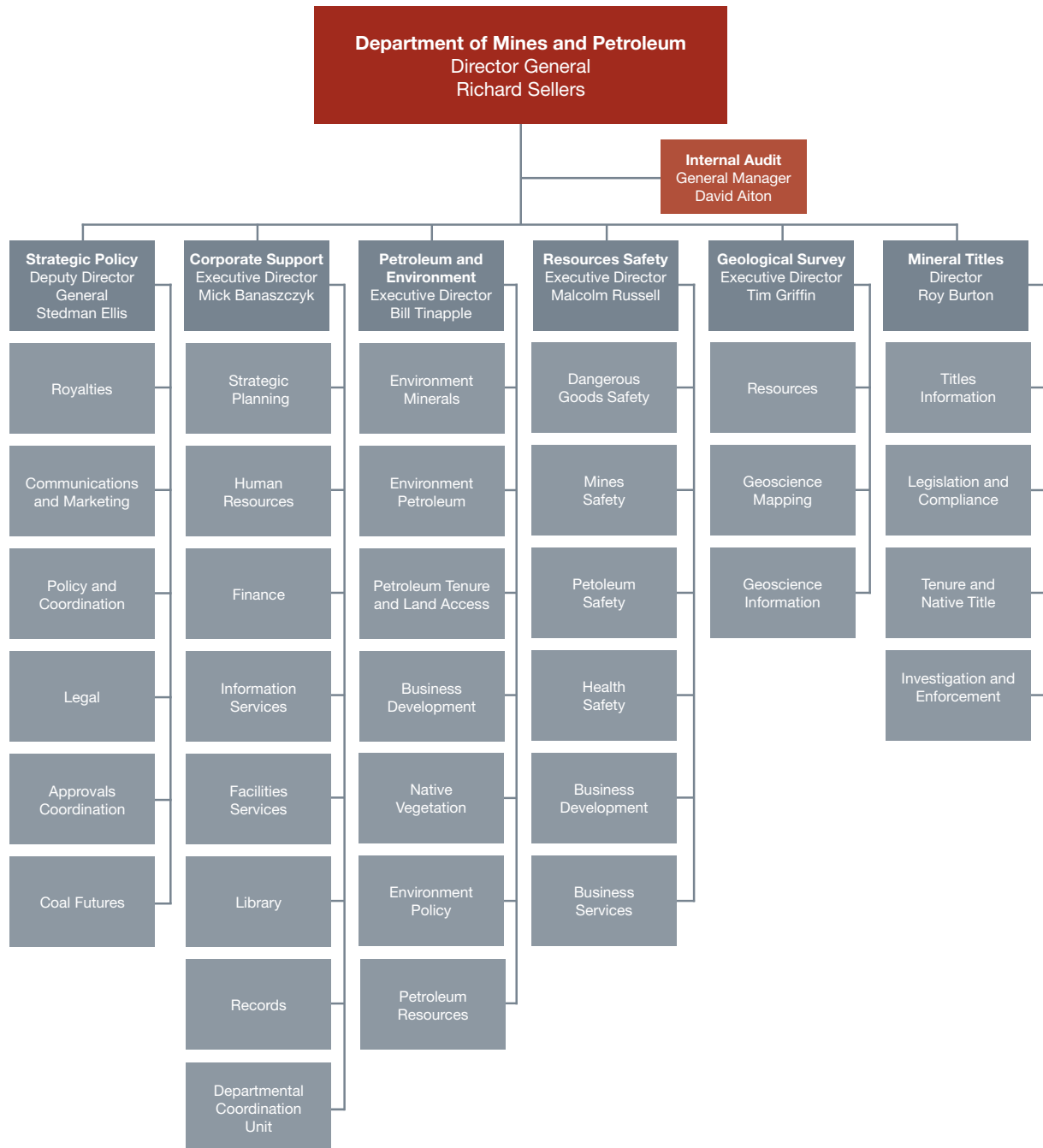
THE HON NORMAN FREDERICK MOORE

MLC BA Dip Ed

Minister for Mines and Petroleum; Fisheries;
Electoral Affairs

Minister Moore is responsible for Western Australia's lead agency in regulating the resources industry and attracting private investment in resources exploration and development. This is achieved through provision of geoscientific information on minerals and energy resources and management of an equitable and secure titles system for the mining, petroleum and geothermal industries. This portfolio also carries prime responsibility for regulating these extractive industries and dangerous goods in Western Australia, including the collection of royalties, and ensuring that safety, health and environmental standards are consistent with relevant State and Commonwealth legislation, regulations and policies. The Minister's roles and responsibilities are prescribed in legislation including the *Mining Act 1978*, the *Petroleum Act 1967* and the *Mines Safety and Inspection Act 1994*.

Organisational Structure (as at 30 June 2009)



Summary of Functional Units

The Department has six organisational divisions through which outcomes and services are delivered. These are the Strategic Policy, Resources Safety, Geological Survey, Petroleum and Environment, Mineral Titles and Corporate Support Divisions.

Strategic Policy

The Strategic Policy Division leads development of a policy framework to expand the State's resources base and provides a capacity to help operational areas deal with cross departmental and longer term issues such as approvals reform. It also provides specialist legal, analytical and communications services and manages royalties policy and administration.

Resources Safety

The Resources Safety Division promotes safety in the mining, dangerous goods and onshore 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. The Resources Safety 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.

Geological Survey

The Geological Survey Division gathers, synthesises and produces publications and maps on geology, mineral and petroleum resources. This Division also produces a range of books, maps and state-of-the-art databases 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 determining policy and in decision making, particularly on economic and land use issues.

Petroleum and Environment

The Petroleum and Environment Division comprises the Petroleum Division and the Environment Division.

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

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

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. This encourages exploration on mineral titles and the systems and compliance with *Native Title Act 1993* procedures. The Division also monitors tenement holder compliance with the expenditure and reporting provisions of the *Mining Act 1978*.

Corporate Support

The Corporate Support Division provides supportive infrastructure and advice to all operational areas to enable delivery of Departmental outcomes. The Corporate Support Division comprises eight branches – Strategic Planning, Finance, Information Services, Library, Records, Human Resources and Facilities Services.

Executive Team

As of 30 June 2009, the Department's Corporate Executive comprised the following members:



Richard Sellers
Director General

Richard Sellers is the inaugural permanent Director General of the Department of Mines and Petroleum. Richard was raised in Western Australia and returned to the State in 2009, after working in the position of Executive Director of Minerals and Energy in the Northern Territory's Department of Regional Development, Primary Industry, Fisheries and Resources. In his previous role, Richard facilitated the creation of an efficient approvals process and the development of uranium resources in the Northern Territory. Richard also has extensive experience in regulating the Northern Territory and Western Australian fisheries industries.



Stedman Ellis
**Deputy Director General,
Strategic Policy**

Stedman Ellis has been a Deputy Director General within the Department since August 2007. He has previously held senior roles in industry including as a Vice President External Affairs for BHP Billiton. Stedman's work has focused on policy issues, regulatory frameworks and social and environmental performance while working in the resources sector in Australia, Papua New Guinea and the United States over 25 years.



Mick Banaszczyk
**Executive Director,
Corporate Support**

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



Malcolm Russell
Executive Director,
Resources Safety

Malcolm Russell has been Director of the Resources Safety Division since 2001, when it was the Safety, Health and Environment Division of the Department of Industry and Resources. With an engineering background and extensive senior management experience in both the private and public sectors, Malcolm has chaired several Safety Industry Committees. Malcolm is a member of the Commission for Occupational Safety and Health and is appointed Chief Dangerous Goods Officer under the *Dangerous Goods Safety Act 2004*.



Bill Tinapple
Executive Director,
Petroleum and Environment

Bill Tinapple has worked with the Department for eleven years, during which time he has implemented several key initiatives focused on increasing investment in Western Australia and sustained production. Prior to coming to the State, he worked in the Northern Territory in similar positions. In addition to 20 years in the public sector, Bill has a wide range of upstream petroleum industry experience, working in several countries.



Tim Griffin
Executive Director,
Geological Survey

Tim Griffin was appointed to the position of Executive Director, Geological Survey of Western Australia, in 2000, and prior to this was the Assistant Director, Mapping. Tim has worked as a field geologist in both Australia and Papua New Guinea and in more recent years has worked in senior management, including as Acting Director General of the new Department of Mines and Petroleum.



Roy Burton
Director, Mineral Titles

Roy Burton was appointed to the position of Director, Mineral Titles, in July 2000. Prior to this appointment, Roy has worked in a range of policy and legislative-related positions in the Mineral Titles Division, including the Leonora and Kalgoorlie offices. Roy also worked in the Minister for Mines' office in the 1990s.



Phil Gorey
Director, Environment

Phil Gorey was appointed Director of the Environment Division in April 2009. Phil has over 15 years experience in environmental assessment and regulation, regulatory and policy reform, forestry assessments and water licensing. He has worked in State Government Departments in Victoria and South Australia, and has also been a Principal in a private sector consultancy.



Anne Seghezzi
Legal Counsel

Anne Seghezzi has been Legal Counsel with the Department since 2003, during which time she has provided expert legal advice to Corporate Executive on regulatory and policy related matters affecting the Department. Prior to commencing with the Department, Anne worked in the legal arena in both the public and private sectors.

Key Legislation

The Department is responsible for the administration of a number of Acts. Appendix 1 details the general Acts and Regulations including changes to legislation that occurred during the year. Appendix 2 lists Major Resource State Agreements. The Department delivers a range of functions under these Agreements, with the Department of State Development responsible for their administration.

The following legislation directly impacts on the Department in the performance of its functions:

Corporate

- *Corporations (Western Australia) Act 1990*
- *Corruption and Crime Commission Act 2003*
- *Criminal Code Act Compilation Act 1913*
- *Electronic Transactions Act 2003*
- *Evidence Act 1906*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Freedom of Information Regulations 1993*
- *Government Employees' Housing Act 1964*
- *Library Board of Western Australia Act 1951*
- *Library Board (Registered Public Libraries) Regulations 1985*
- *Regulations for the Conduct of the State Library*
- *Public Interest Disclosure Act 2003*
- *State Records Act 2000*
- *State Superannuation Act 2000*
- *State Supply Commission Act 1991*
- *State Supply Commission Regulations 1991*
- *Surveillance Devices Act 1998*

Human Resources

- *Equal Opportunity Act 1984*
- *Equal Opportunity Regulations 1986*
- *Industrial Relations Act 1979*
- *Industrial Magistrates Courts (General Jurisdiction) Regulations 2005*
- *Industrial Relations Commission Regulations 2005*
- *Industrial Relations (General) Regulations 1997*
- *Industrial Relations (Industrial Agents) Regulations 1997*
- *Industrial Relations (Superannuation) Regulations 1997*
- *Industrial Relations (Western Australian Industrial Appeal Court) Regulations 1980*
- *Minimum Conditions of Employment Act 1993*
- *Minimum Conditions of Employment Regulations 1993*
- *Property Law Act 1969*
- *Public Sector Management Act 1994*
- *Public Sector Management (General) Regulations 1994*
- *Public Sector Management (Redeployment and Redundancy) Regulations 1994*

Occupational Safety and Health

- *Health Act 1911*
- *Occupational Safety and Health Act 1984*
- *Occupational Safety and Health Regulations 1996*
- *Workers' Compensation and Injury Management Act 1981*
- *Workers' Compensation and Injury Management Regulations 1982*
- *Workers' Compensation and Injury Management (Scales of Fees) Regulations 1998*

Performance Management Framework

Government Goals and Agency Outcomes

The Department of Mines and Petroleum reports on delivery of desired outcomes against the Government's Outcome Based Management (OBM) Framework. The Department's OBM structure for 2008–09 includes three agency level outcomes and three services. Through delivery of services against these outcomes, the Department ultimately contributes to meeting the higher level Government Goals. The following table outlines the Department's OBM structure aligned with the relevant Government Goal.

Changes to the Outcome Based Management Framework

Following the separation of the Department of Industry and Resources and the Department of Consumer and Employment Protection into three Departments (effective 1 January 2009), a new Outcome Based Management structure was established for each of the new departments.

The Department of Mines and Petroleum's OBM structure was approved in March 2009, and applies to the 2008–09 financial year. The new structure is largely based on the antecedent DoIR's OBM framework with the following changes:

- Removal and transfer of functions (outcomes, services and associated Key Performance Indicators) for the previous DoIR *Service 3: Industry Development and Investment Facilitation* to the Department of State Development;
- Removal and transfer of functions (outcomes, services and associated Key Performance Indicators) for the previous DoIR *Service 4: Aboriginal Economic Development* and *Service 5: Science and Innovation* to the Department of Commerce;
- Abolishment of the previous DoIR *Service 6: State Development Policy* and associated Key Performance Indicators, with the function transferred primarily to the Department of State Development;
- Introduction of the Resources Safety function (previously part of the Department of Consumer and Employment Protection) under the Resources Regulation Service;
- Addition of an Agency Level Outcome and Service relating to Dangerous Goods (the function of which was previously part of the Department of Consumer and Employment Protection); and
- Introduction of effectiveness and efficiency performance indicators related to the Resources Safety and Dangerous Goods functions.

TABLE 2: DEPARTMENT OUTCOME BASED MANAGEMENT STRUCTURE

Government Goal	Desired Outcomes	Services
Financial and Economic Responsibility	Responsible development of mineral and energy resources	1. Resources Regulation
Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector	Encouragement of exploration and discovery of mineral and petroleum deposits and informed land use planning	2. Geoscience Information and Advice
	Safety and protection of the community from the risk of dangerous goods	3. Dangerous Goods Regulation

Shared Responsibilities with Other Agencies

The table below shows significant cross-agency initiatives which involve the Department, with the lead agency highlighted in bold text:

TABLE 3: SHARED RESPONSIBILITIES WITH OTHER STATE GOVERNMENT AGENCIES		
Initiative	Related Outcome	Contributing Agencies
Improve petroleum and geothermal title approvals process	Implement key recommendations of the Office of Auditor General's Review of Development Approvals by increasing the online project approvals process and develop procedures to encompass all project approvals within the Quality Management System continuous improvement culture	Department of Mines and Petroleum Department of State Development Department of Commerce Department of Environment and Conservation Department of Premier and Cabinet Department of Indigenous Affairs Department of Health Environmental Protection Authority Department of Water
Directors General Working Group	Review of Approvals processes in Western Australia and identification of opportunities for improvement and streamlining	Department of Premier and Cabinet Department of Mines and Petroleum Department of State Development Department of Planning and Infrastructure Department of Environment and Conservation Environmental Protection Authority Department of Indigenous Affairs
Inter-agency Uranium Working Group	Review current legislation and regulations, and identify the additional technical resources required to deal with uranium mining.	Department of Mines and Petroleum Department of State Development Department of Environment and Conservation Environmental Protection Authority Department of Health
Hazardous Material Management Emergency Advisory Team (HEAT)	Provision of 24-hour emergency response services to the Fire and Emergency Services Authority and the Western Australian Police on incidents involving hazardous materials	Fire and Emergency Services Authority Department of Mines and Petroleum Department of Environment and Conservation Department of Health Western Australian Police Department Chemistry Centre <i>Non-core members:</i> Department of Commerce Department of Water

TABLE 3: SHARED RESPONSIBILITIES WITH OTHER STATE GOVERNMENT AGENCIES *continued*

Initiative	Related Outcome	Contributing Agencies
On road enforcement of vehicles transporting dangerous goods	On road enforcement of the <i>Dangerous Goods Safety Act 2004</i> – a key measure for keeping the community safe from hazards associated with the transport of dangerous goods	Department of Mines and Petroleum Main Roads WA
Security checks on individuals applying for a Dangerous Goods Security Card	To ensure people with unsupervised access to explosives and security risk substances have the necessary security clearance	Department of Mines and Petroleum Western Australian Police Department
Council of Australian Governments National Licensing System	National reform of legislation related to occupational licensing	Department of Premier and Cabinet Department of Mines and Petroleum Department of Treasury and Finance
Productivity Commission National Review of Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector	National reform of legislation related to the upstream petroleum (oil and gas) sector	Department of Premier and Cabinet Department of Mines and Petroleum Department of Treasury and Finance Department of State Development
Review of mineral export procedures at ports	Review mineral export procedures at ports across Western Australia, to ensure that safety and health issues are addressed	Department of Environment and Conservation Department of Mines and Petroleum Department of Health
Compliance Management System	Development of a new computer system to replace many disparate, outdated systems currently in use for compliance management (including enforcement activities, incident data reporting, licensing)	Department of Commerce Department of Mines and Petroleum
Promotion of opportunities for Carbon Capture and Storage (CCS)	Ensure Western Australia's role in CCS is well understood at the national level thus attracting relevant projects in CCS research and development to the State.	Department of Mines and Petroleum Office of Energy Department of State Development Department of Resources, Energy and Tourism

AGENCY PERFORMANCE – REPORT ON OPERATIONS

The Year in Review

Key Performance Indicators

This section provides a summary of the Department's performance against the 2008–09 targets for key effectiveness indicators and key efficiency indicators. Further detailed information on these results, together with explanations for variance, is provided in the Audited Key Performance Indicator section. The Audited Key Performance Indicator section also details six-month results, where possible, for functions transferred out to other Departments from 1 January 2009.

TABLE 4: SUMMARY OF KEY EFFECTIVENESS INDICATORS			
Effectiveness Indicators	2008–09 Target ⁽¹⁾	2008–09 Actual	Variance ⁽²⁾ %
Service 1: Resources Regulation			
Percentage of compliance identified in completed regulatory activities	70%	93%	33%
Percentage approvals completed within agreed timeframes	84%	77%	(8%)
Percentage reduction in Mineral Title applications backlog	45%	39%	13%
The frequency of work-related injury and disease per million hours worked in the mining industry	n/a	2.8	–
The frequency of work-related injury and disease per million hours worked in the petroleum (onshore) industry	n/a	1.8	–
Service 2: Geoscience Information and Advice			
Extent to which stakeholders agree DMP's geoscience information encourages exploration and discovery and informs land use planning	3.98	3.93	(1%)
Service 3: Dangerous Goods Regulation			
The number of dangerous goods storage and transport accidents	n/a	19	–

TABLE 5: SUMMARY OF KEY EFFICIENCY INDICATORS			
Efficiency Indicators	2008–09 Target ⁽¹⁾	2008–09 Actual	Variation ⁽²⁾ %
Service 1: Resources Regulation			
Cost per resource regulation service	\$884	\$778	12%
Average weighted cost per safety regulatory service – minerals and energy	Not Available	\$582	n/a
Service 2: Geoscience Information and Advice			
Average weighted cost per published product	\$295,764	\$248,791	16%
Service 3: Dangerous Goods Regulation			
Average weighted cost per safety regulatory service – dangerous goods	Not Available	\$899	n/a

Notes

(1) 2008–09 Targets were figures reported in the 2008–09 Budget Papers.

(2) Significant explanations of variance (>5 per cent) are detailed in the Audited Key Performance Indicator Section.

Financial Performance

TABLE 6: SUMMARY OF ACTUAL FINANCIAL PERFORMANCE AGAINST BUDGET TARGETS			
Financial Targets	2008–09 Target \$'000	2008–09 Actual \$'000	Variation \$'000
Total Cost of Services (i.e. Endorsed Expense Limit)	197,021	135,079	61,942
The reduction in the total cost of services is principally attributed to the transfer of functions under the Machinery of Government Changes from 1 January 2009.			
Net Cost of Services (details in the Income Statement)	177,345	120,923	56,422
The reduction in the net cost of services is principally attributed to the transfer of functions under the Machinery of Government Changes from 1 January 2009 and an overestimate of revenue in the Section 25 transfer of the Resources Safety function to the Department of Mines and Petroleum.			
Total Equity (details in the Balance Sheet)	106,953	127,575	20,622
The increase in equity is mainly attributed to land at Baldivis being brought to account for the first time based upon advice received from Landgate.			
Net increase/ (decrease) in cash held (details in the Cash Flow Statement)	(9,092)	(11,510)	2,418
The decrease in cash held is principally attributed to an overestimate of revenue in the Section 25 transfer of the Resources Safety function to the Department of Mines and Petroleum and reduced demand for petroleum, mining, exploration and prospecting licences and permits.			
Approved Full-Time Equivalent (FTE) staff level	880	720	160
The reduction in FTEs is mainly due to the transfer of functions under the Machinery of Government Changes from 1 January 2009.			

Products and Services

Service 1: Resources Regulation

Overview

Through the Resources Regulation Service, the Department ensures the minerals and energy sector operates in a responsible manner and the community receives a fair return from the State's resource endowment. Resources Regulation services contribute to the responsible development of Western Australia's resources through effective regulatory frameworks, timely processing of applications and administration of mining and petroleum safety regulation. This service also facilitates and manages access to land and offshore areas for the exploration and development of mineral and energy deposits. Principal activities undertaken within this service to deliver community benefits include:

- application of a world-class mineral and petroleum titles management system;
- the management of a royalties system for mineral and petroleum development activities;
- conducting environmental assessments of mineral and petroleum activities and monitoring compliance; and
- the administration of the inspection and promotion of occupational safety and health for people involved in exploration, mining, petroleum and processing activities

Major Outcomes

As the lead agency responsible for regulating the resources industry in Western Australia, the Department ensures effective administration of relevant legislation. A key focus for the Department during 2008–09 was the implementation and enhancement of various systems to provide greater efficiency, timeliness and transparency. The web-based mineral title register (eMiTS), deployed in December 2008, better streamlines the processing of mineral titles under the *Mining Act 1978*. The Environmental Assessment and Regulatory System (EARS) was also implemented during the year. This web-based system is the first of its kind in Australia and provides online tracking of mining and petroleum environmental assessments. Further, EARS will provide the framework for future online lodgement of exploration and mining proposal applications. A new online system, the Petroleum and Geothermal Register (PGR), was also introduced

to replace the Electronic Petroleum Register. The PGR tracks petroleum and geothermal titles to facilitate better reporting, lodgement and approvals tracking. The web-based system allows industry members to pay their petroleum and geothermal (State and Commonwealth) fees online, which is a first in Australia. Similarly, mines safety accident and incident lodgement has been streamlined to improve ease of access by industry, accuracy and reporting.

In April, the Government's commitment to increased mine safety was demonstrated through the release of the statutory review of the operation and effectiveness of the *Mines Safety and Inspection Act 1994*. The review was conducted by Commissioner Stephen Kenner of the Western Australian Industrial Relations Commission. His report included 119 recommendations and proposed significant changes to the mines safety regulatory regime. The recommendations are currently under consideration by the Government.

Concurrently, the Department continued its mine safety awareness program, targeted at improving safety performance in the resources industry. This program included meetings with mine site Safety and Health representatives, hosting Mines Safety Road Shows throughout the State and distributing nearly 80,000 copies of publications, including the MineSafe magazine. The Department also released the *Safety Performance in the Western Australian Mineral Industry: Accident and Injury Statistics 2007–2008* report, which included detailed analysis of accidents and injuries in the mining industry.

During the year, the Department continued its focus on reducing the mining tenement application backlog, which stood at 8,900 by the end of June 2009. The original target of 8,200 for the year was forecast on the basis of an additional 3,000 applications being received per year. However, a further 2,000 applications were lodged during the last two years and the level of application lodgement shows no signs of abating. Conversely, the backlog of mining lease applications was reduced by 55 per cent during the year, from 4,667 to 2,101.

In addition to the outcomes already outlined, in 2008–09 the Department:

- maintained its AS/NZS ISO 9001:2008 rating for management of petroleum and mining tenure, petroleum resource management, environment approvals, and strategic business policy development;
- became the first Government regulatory agency in Australia to introduce online payments for State and Commonwealth title fees for the petroleum and geothermal industry;
- as part of three geothermal acreage releases, assessed 56 applications, which resulted in 36 permits being offered for grant with a total work program of just under \$600 million;
- completed a tight gas white paper and facilitated the introduction of a new tight gas industry for the State;
- completed the *Petroleum (Submerged Lands) (Management of Well Operations) Amendment Regulations 2008*;
- initiated preliminary drafting instructions for greenhouse gas storage provisions, which were developed as amendments to the *Petroleum and Geothermal Energy Resources Act 1967* and circulated to stakeholders for comment;
- increased petroleum title management processes to include tight gas and geothermal energy resources for the State and Commonwealth, which included approving 32 drilling reservation and exploration permits with a work program of over \$1 billion;
- assessed and collected mining and petroleum royalties totalling approximately \$3.7 billion;
- released a risk-based health surveillance and biological monitoring guideline, which assists mine employers to meet their statutory requirements relating to biological monitoring, and the additional health surveillance required when employees are exposed to hazardous substances;
- established a tripartite working group to identify practical solutions to reduce the incidence of musculoskeletal disorders arising from performing hazardous manual tasks. Such disorders account for more than a third of all reported accidents and compensation claims in the resources industry;
- assumed responsibility for the provision of safety regulatory services at Varanus, Thevenard and Airlie

Islands, which was transferred from the National Offshore Petroleum Safety Authority to the Resources Safety Division of the Department in February 2009;

- assumed responsibility for the development of safety regulations, which introduce new safety management and occupational safety and health requirements, to support the *Petroleum Legislation Amendment and Repeal Act 2005*;
- contributed to State and national reforms, through the Ministerial Council on Mineral and Petroleum Resources. These included the National Mine Safety Framework, National Occupational Health and Safety Review, Productivity Commission Review of the Upstream Petroleum Sector and the National Licensing Taskforce;
- in a joint effort with other agencies and port staff, continued the review of safety and health issues associated with mineral export procedures throughout Western Australia; and
- facilitated the final phase of a due diligence study of Gorgon carbon sequestration into the Dupuy Formation under Barrow Island.

Service 2: Geoscience Information and Advice

Overview

Geoscience Information and Advice Services are critical to sustaining the role of the resources sector in the Western Australian economy in the long term by attracting investment in exploration and for informed decision making on land use. The discovery of new deposits replaces the large volume of resources that are produced in Western Australia every year. Exploration and production of resources employs directly and indirectly approximately 20 per cent of the State's workforce, and royalties paid by mineral and energy producers are a major contributor to State revenue.

Activities that contribute to delivering benefits to the community include:

- undertaking geoscience mapping of the surface and subsurface of Western Australia in order to enhance and promote mineral and petroleum potential to new and existing investors. Major activities focus on the capture of new pre-competitive geoscience information

on greenfields areas where large discoveries may be made. A variety of techniques are applied to gather new geoscience information including field-based surveys, airborne geophysical surveys, previous geoscience studies, and company exploration programs. All these techniques help to reveal the geological framework of the State and the location of resources;

- archiving exploration information and samples gathered by mineral and petroleum tenement holders that are made available to the public after five years via user-friendly online systems and the Department's core library facilities at Perth and Kalgoorlie;
- provision of geoscience advice to support informed land use decisions by government and policy formulation; and
- fostering community understanding of the links between the State's geology, landscape, past climates, resources and the standard of living.

In late 2008–09, through the State Government's Royalties for Regions program, the Geoscience Information and Advice Service received initiative funding for the Exploration Incentive Scheme, a five-year program to attract new exploration investment in Western Australia.

Outcomes

In 2008–09, the Department maintained its focus on encouraging mineral and petroleum exploration by providing new geological and resources information to potential resources investors. Other areas of focus included maintaining and adding value to the vast archive of exploration information held by the Department, and providing geoscience and resources advice to other government agencies considering approvals for new land uses that may impact on resources access.

Specific achievements during the year included the following:

- The implementation phase of the Exploration Incentive Scheme, a key initiative of the Royalties for Regions program, was completed. Through this funding, six airborne geophysical surveys were mobilised, a Cunderdin gravity survey was completed, a large geochemistry data set was acquired, and the co-funded drilling program initiated;

- Data was released from aerial geophysical surveys over the southern Kimberley region, northwest Yilgarn and southwest Yilgarn, together with a ground gravity survey over the west Musgrave region;
- Geophysical data was collected and released from an airborne geophysical survey over the southeast Yilgarn–Albany–Fraser margin, and a ground gravity survey in the Murchison region. In total, 398,468 line-km of airborne magnetics and radiometrics data and 9213 ground gravity stations were released;
- Geoscience information was released from field mapping programs conducted in the west Musgrave, central and east Yilgarn, and Pilbara regions. The 1:100 000 series geological maps were released covering parts of the Gascoyne, Capricorn, Murchison and West Musgrave regions; and
- The Geological Survey published 31 geological maps; 26 geoscientific reports and other papers; and 19 Geographic Information Systems packages.
- The results from the above work were promoted to potential investors in mineral and petroleum exploration in Western Australia at key meetings across Australia and overseas.
- Western Australia attracted expenditure of \$1.2 billion in mineral exploration and \$2.9 billion in petroleum exploration in 2008–09. Western Australia is also increasing its share of the total expenditure on exploration across Australia.

Service 3: Dangerous Goods Regulation

Overview

Through the Dangerous Goods Regulation Service, the Department administers the *Dangerous Goods Safety Act 2004*, which covers the manufacture, storage, handling, transport and use of dangerous goods, including the operation of major hazard facilities.

Specific functions of the Dangerous Goods Regulation service include:

- undertaking compliance activities such as inspections, audits and investigations;
- providing safety regulatory services;
- licensing;

- facilitating the management of explosives reserves;
- contributing to 24-hour emergency responses to incidents involving hazardous materials;
- contributing to the development and implementation of national uniformity initiatives in the areas of safety and security;
- promoting safety outcomes through targeted education and information programs; and
- undertaking technical assessment and review activities, including statutory approval processes.

and

- contribution to State and national reforms, including the development of a chemical security risk assessment framework with the Commonwealth Attorney-General's Office, and the Council of Australian Government's National Licensing Taskforce.

Outcomes

As the key agency responsible for regulation of dangerous goods safety, the Department maintained a strong focus on regulatory compliance and the effective implementation and administration of the legislation.

Major achievements for 2008–09 included:

- implementation of a significant increase in the dangerous goods compliance inspection program. Compared to 2007–08, the number of compliance inspections undertaken in 2008–09 increased by nearly 500 per cent, while technical assessments increased by over 120 per cent;
- implementation of new dangerous goods regulations progressed, with an emphasis on assisting industry compliance. This was achieved through the development and provision of guidance notes, codes of practice, information presentations and inspections. A significant number of presentations on the new regulations were delivered to conferences and industry groups. These presentations were provided to over 1,000 people at locations throughout the State, including Perth, Albany, Bunbury, Geraldton, Karratha, Newman and Kalgoorlie. Through this process, a number of potential legislative changes and improvements were identified and these continue to be developed;
- completion of upgrades to electronic security systems at Kalgoorlie and Baldivis Explosives Reserves and the sealing of roads in Kalgoorlie;
- implementation of enhancements to the Hazardous Material Management licensing system and commencement of a second phase of enhancements;

SIGNIFICANT ISSUES IMPACTING THE AGENCY

During 2008–09 the deterioration in world economic conditions led to severe falls in industrial output in most developed economies and slowing production growth in many emerging economies. Demand for raw materials also fell, resulting in most commodity prices falling sharply in international markets.

Despite the challenging economic environment, the Western Australian resources sector posted another record year in 2008, with the value of resource production increasing 35 per cent to \$71.8 billion. This reflected relatively strong global commodity prices in the first half of 2008 and the weaker Australian dollar in the second half of 2008, which helped shield local producers from the full impact of deteriorating commodity prices. The full effect of the global economic downturn on the State's resources industry, however, is expected to become more evident in 2009.

Underlying activity in the minerals and energy sector also continued, with many operations across the resources sector expanding. Additionally, a number of large oil, gas and uranium projects are scheduled to commence in Western Australia over the next few years and the Dampier to Bunbury natural gas pipeline is being extended.

The removal of the ban on uranium mining in Western Australia in November 2008 resulted in a marked increase in uranium exploration activity in the State, with a number of proponents advancing their plans for new projects. It is currently estimated that Western Australia holds about five to eight per cent of Australia's low cost uranium reserves and it is the Government's intention to oversee one of the world's safest and best regulated uranium industries.

To ensure the State's regulatory framework is consistent with national and international standards and approaches, the Department established an inter-agency working group to review the adequacy of the current regulatory framework and to identify whether additional technical resources are required to deal with uranium mining radiation issues. The Department also worked cooperatively with the Commonwealth Government through its joint industry and government Uranium Industry Framework Implementation Group.

New mineral tenement applications lodged in 2008–09 continued at high levels. The number of applications received (3883) was only six per cent below that received in 2007–08. In the same period, a record 7921 tenement applications were determined to reduce the number awaiting processing to 8939, the lowest figure since January 1998. Additionally, the number of pending mining tenure applications continued to be reduced. By the end of 2008–09, the backlog stood at 8907, less than half the peak of 18,727 that occurred two years previously.

The current economic environment served to exacerbate difficulties in financing exploration activities in the State. Without sufficient investment in exploration, the long-term sustainability of the State's mineral and petroleum production will become increasingly threatened as current mines and petroleum fields are depleted. In April 2009, the Government announced the \$80 million Exploration Incentive Scheme (EIS), an initiative under the Royalties for Regions program. The Department is responsible for administering the Scheme, which is specifically aimed at raising the potential for new discoveries, particularly in frontier areas of the State. The EIS will significantly increase the amount of pre-competitive geoscientific information available to the mining, geothermal and petroleum industries.

Improving approval processes, particularly for resource developments, is one of the Government's highest priorities. Since the State Government was elected in September 2008, it has committed considerable resources to creating an efficient and transparent approvals system, including the establishment of the Department of Mines and Petroleum on 1 January 2009 as the lead agency in regulating the resources sector. Significant progress has already been made to minimise procedural duplication, expedite processes and provide better assistance to companies through greater collaboration, both internally and with other relevant government agencies.

The Department has also made improvements to its information technology systems to provide greater reporting and tracking information for industry. This included the introduction of an online payment facility for petroleum tenure applications in December 2008,

and tracking capabilities in June 2009 for environmental assessments and petroleum titles. Project proponents are now able to track the progress of environmental applications lodged since June 2009 and petroleum tenure applications lodged since May 2009 on the Department's website. Tracking capabilities are expected to be made available to industry for mining tenure applications by the end of 2009.

The Department also began publicly reporting its performance against timeline targets to demonstrate the extent of improvement. For example, in 2008, only 60 per cent of mineral exploration environmental applications were processed by the Department within the target timeline of 30 business days. This increased to a level of 95 per cent during the second quarter of 2009.

Meeting Western Australia's energy requirements, and specifically domestic gas availability, is of critical importance and has been brought into sharp focus with the explosion at Varanus Island. The security of energy supply has focused the Department on promoting alternative energy sources including the development of geothermal energy and tight gas resources. Following a decision by the Federal Government and the National Offshore Petroleum Safety Authority in February 2009, the Department also assumed responsibility for the provision of safety regulation for Varanus, Thevenard and Airlie Islands.

The international issue of addressing climate change, greenhouse gas emission reduction and the geological storage of greenhouse gases presents a range of policy challenges for the resources sector. The Department is involved in national programs to both identify suitable sites and promote greenhouse capture from industry for geological storage. Emissions reduction is also aided through the Department's development of geothermal energy legislation.

Carbon capture and storage (CCS) is a key greenhouse gas abatement measure in Western Australia and the Department is the Government's lead agency for addressing State and national CCS matters. This comprises development of CCS legislation, identifying carbon dioxide storage sites and facilitating CCS projects.

In addition to the broad issues discussed above, there are a number of reviews, inquiries and reforms likely to impact upon the Department in the future. These include:

- *Final Report of the Findings of the Investigation into the Pipe Rupture and Fire Incident on 3 June 2008* at the facilities operated by Apache Energy Ltd on Varanus Island – released in October 2008, jointly prepared by the Department and the National Offshore Petroleum Safety Authority;
- Statutory review of the *Mines Safety and Inspection Act 1994* – released in April 2009, conducted by Commissioner Stephen Kenner of the Western Australian Industrial Relations Commission;
- *Review of the Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector* – released April 2009, prepared by the Productivity Commission;
- *Report of the Industry Working Group* – specific recommendations for improving the efficiency of approval processes for the State's resources sector – released April 2009, prepared by the Industry Working Group which was established by the Minister for Mines and Petroleum in November 2008;
- *Review of Policy Relating to the Grant and Renewal of Retention Leases – Options Paper* – released June 2009, prepared by the Commonwealth Department of Resources, Energy and Tourism (in consultation with the Upstream Petroleum and Geothermal Subcommittee of the Ministerial Council on Mineral and Petroleum Resources);
- *Offshore Petroleum Regulation Inquiry* – yet to be released, jointly conducted by the Department of Mines and Petroleum and the National Offshore Petroleum Safety Authority; and
- State and national reforms related to occupational safety and health and the regulation of dangerous goods.

DISCLOSURES AND LEGAL COMPLIANCE



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF MINES AND PETROLEUM FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accounts, financial statements, controls and key performance indicators of the Department of Mines and Petroleum.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, 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, a summary of significant accounting policies and other explanatory Notes.

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

Director General's Responsibility for the Financial Statements and Key Performance Indicators

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 (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the *Financial Management Act 2006* and other relevant written law.

Summary of my Role

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf.

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

Department of Mines and Petroleum

Financial Statements and Key Performance Indicators for the year ended 30 June 2009

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Department of Mines and Petroleum at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Department 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; and
- (iii) the key performance indicators of the Department are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended 30 June 2009.



COLIN MURPHY
AUDITOR GENERAL
18 September 2009

Financial Statements

**Department of Mines and Petroleum
Disclosure and Legal Compliance
For the Year Ended 30 June 2009**

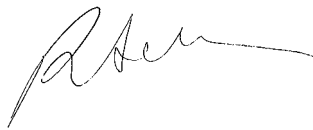
Certification of Financial Statements

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 2009 and the financial position as at 30 June 2009.

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



Jeremy Hawke
Chief Finance Officer
15 September 2009



Richard Sellers
Accountable Authority
15 September 2009

**DEPARTMENT OF MINES AND PETROLEUM
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 (\$'000)
COST OF SERVICES		
Expenses		
Employee benefits expense	7	70 272
Supplies and services	8	36 181
Depreciation and amortisation	9	2 571
Finance costs	10	25
Accommodation expenses	11	4 890
Grants and subsidies	12	21 036
Other expenses	13	83
Loss on disposal of non current assets	16	21
Total cost of services		<u>135 079</u>
Income		
Revenue		
User charges and fees	14	13 117
Other revenue	15	1 039
Total revenue		<u>14 156</u>
Total income other than income from State Government		<u>14 156</u>
NET COST OF SERVICES		120 923
INCOME FROM STATE GOVERNMENT		
Service appropriation	17	109 423
Resources received free of charge		2 930
Royalties for Regions Fund		1 900
Total income from State Government		<u>114 253</u>
DEFICIT FOR THE PERIOD		<u><u>(6 670)</u></u>

See also the 'Schedule of Income and Expenses by Service' at page 33

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

**DEPARTMENT OF MINES AND PETROLEUM
BALANCE SHEET
AS AT 30 JUNE 2009**

	Note	<u>2009</u> <u>(\$'000)</u>
ASSETS		
Current Assets		
Cash and cash equivalents	31	14 149
Restricted cash and cash equivalents	18	65
Receivables	19	1 667
Amounts receivable for services	20	837
Other current assets	21	988
Total Current Assets		<u>17 706</u>
Non-Current Assets		
Restricted cash and cash equivalents	18	1 000
Amounts receivable for services	20	10 458
Property, plant, equipment and vehicles	22	118 997
Intangible assets	23	3 682
Total Non-Current Assets		<u>134 137</u>
TOTAL ASSETS		<u>151 843</u>
LIABILITIES		
Current Liabilities		
Payables	26	3 202
Other current liabilities	27	1 412
Revenue received in advance	28	3 738
Provisions	29	11 244
Total current liabilities		<u>19 596</u>
Non-Current Liabilities		
Provisions	29	4 672
Total Non-Current Liabilities		<u>4 672</u>
TOTAL LIABILITIES		<u>24 268</u>
NET ASSETS		<u>127 575</u>
EQUITY		
Contributed equity	30	53 455
Reserves		78 673
Accumulated deficiency		(4 553)
TOTAL EQUITY		<u>127 575</u>

See also the 'Schedule of Assets and Liabilities by Service' at page 34

The Balance Sheet should be read in conjunction with the accompanying notes.

**DEPARTMENT OF MINES AND PETROLEUM
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 (\$'000)
Balance of equity at start of period		148 395
CONTRIBUTED EQUITY	30	
Balance at start of period		70 311
Capital contribution		1 050
Other contributions by owners		43 335
Distributions to owners		(61 241)
Balance at end of period		<u>53 455</u>
RESERVES	30	
Asset Revaluation Reserve		
Balance at start of period		74 696
Gains from asset revaluation		3 977
Balance at end of period		<u>78 673</u>
ACCUMULATED DEFICIENCY	30	
Balance at start of period		3 388
Change in accounting policy - capitalisation threshold increased to \$5,000		(1 271)
Balance at start of period - restated		2 117
Deficit for the period		(6 670)
Balance at end of period		<u>(4 553)</u>
Balance of equity at end of period		<u><u>127 575</u></u>
Total income and expense for the period ^(a)		<u><u>(2 693)</u></u>

(a) The aggregate net amount attributable to each category of equity is: deficit of \$6.670m plus gains from asset revaluation of \$3.977m.

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

**DEPARTMENT OF MINES AND PETROLEUM
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 (\$'000)
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation		107 007
Capital contributions		1 050
Holding account drawdowns		1 495
Transfer of cash to Treasury		(56)
Cash transfer to other State Government agencies		(6 644)
Royalties for Regions Fund		1 900
Net cash provided by State Government		104 752
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits		(67 107)
Supplies and services		(34 184)
Accommodation		(4 681)
Grants and subsidies		(22 202)
Finance costs		(25)
Other payments		(1 206)
GST payments on purchases		(6 938)
Receipts		
User charges and fees		13 019
Grants and contributions		285
GST receipts on sales		641
GST receipts from taxation authority		9 470
Other receipts		2 073
Net cash used in operating activities	31	(110 855)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current physical assets		(5 381)
Repayments of loans/advances		137
Net cash used in investing activities		(5 244)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of borrowings		(163)
Net cash used in financing activities		(163)
Net increase in cash and cash equivalents		(11 510)
Cash and cash equivalents at the beginning of the period		26 724
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	31	15 214

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

**DEPARTMENT OF MINES AND PETROLEUM
SCHEDULE OF INCOME AND EXPENSES BY SERVICE
FOR THE YEAR ENDED 30 JUNE 2009**

	Resource Regulation	Geoscience Information and Advice	Industry Development and Investment facilitation	Aboriginal Economic Development	Science and Innovation	State Economic Development Policy	Resource Safety	TOTAL
	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000
COST OF SERVICES								
Expenses								
Employee benefits expenses	27 737	15 091	12 731	1 483	2 427	1 999	8 804	70 272
Supplies and services	9 391	11 112	10 385	507	2 328	823	1 635	36 181
Depreciation and amortisation expense	1 033	599	406	39	189	62	243	2 571
Finance costs	-	-	25	-	-	-	-	25
Accommodation expenses	1 351	821	1 624	130	298	182	484	4 890
Grants and subsidies	50	-	2 374	928	17 679	-	5	21 036
Other expenses	10	5	40	-	-	-	28	83
Loss on disposal of other assets	8	4	4	1	2	2	-	21
Total cost of services	39 580	27 632	27 589	3 088	22 923	3 068	11 199	135 079
Income								
User fees and charges	11 697	66	225	6	32	9	1 082	13 117
Other revenue	41	65	931	-	1	1	-	1 039
Total income other than income from State	11 738	131	1 156	6	33	10	1 082	14 156
NET COST OF SERVICES	27 842	27 501	26 433	3 082	22 890	3 058	10 117	120 923
INCOME FROM STATE GOVERNMENT								
Service appropriation	23 182	24 215	26 871	3 183	23 768	3 548	4 656	109 423
Royalties for Regions Fund	-	1 900	-	-	-	-	-	1 900
Resources received free of charge	995	901	554	14	390	14	62	2 930
Total income from State Government	24 177	27 016	27 425	3 197	24 158	3 562	4 718	114 253
Surplus/(deficit) for the period	(3 665)	(485)	992	115	1 268	504	(5 399)	(6 670)

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

**DEPARTMENT OF MINES AND PETROLEUM
SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE
FOR THE YEAR ENDED 30 JUNE 2009**

	Resource Regulation	Geoscience Information and Advice	Industry Development and Investment facilitation	Aboriginal Economic Development	Science and Innovation	State Economic Development Policy	Resource Safety	General - Not attributed	TOTAL
	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009 \$'000	2009	2009 \$'000
ASSETS									
Current Assets	8 770	5 218	-	-	-	-	3 718	-	17 706
Non-Current Assets	34 140	36 615	-	-	-	-	63 382	-	134 137
Total Assets	42 910	41 833	-	-	-	-	67 100	-	151 843
LIABILITIES									
Current Liabilities	7 920	4 061	-	-	-	-	7 615	-	19 596
Non-Current Liabilities	2 219	1 396	-	-	-	-	1 057	-	4 672
Total Liabilities	10 139	5 457	-	-	-	-	8 672	-	24 268
NET ASSETS	32 771	36 376	-	-	-	-	58 428	-	127 575

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

DEPARTMENT OF MINES AND PETROLEUM
SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2009

	2009 Estimate \$'000	2009 Actual \$'000	Variance \$'000
DELIVERY OF SERVICES			
Item 43 Net amount appropriated to deliver services	160 696	104 551	(56 145)
Section 25 transfer of service appropriation			
- From DMP to Department of State Development from 1 January 2009	(15 690)	-	15 690
- From DMP to Department of Commerce from 1 January 2009	(47 712)	-	47 712
- From Department of Commerce to DMP from 1 January 2009 ^(a)	4 103	4 103	-
- From Department of Treasury and Finance to DMP	44	44	-
Amount authorised by Other Statutes			
- Salaries and Allowances Act 1975	692	725	33
Section 25 transfer of Salaries and Allowances Act 1975 appropriation:			
- From DMP to Department of State Development from 1 January 2009	(183)	-	183
Total appropriations provided to deliver services	101 950	109 423	7 473
CAPITAL			
Item 138 Capital Contribution	2 605	930	(1 675)
Section 25 transfer of Capital appropriation:			
- From Department of Commerce to DMP from 1 January 2009	120	120	-
- From DMP to Department of Commerce from 1 January 2009	(1 675)	-	1 675
	1 050	1 050	-
ADMINISTERED TRANSACTIONS			
Item 44 Administered grants, subsidies and other transfer payments	48 488	83 499	35 011
Section 25 transfer of service appropriation			
- From DMP to Department of Commerce from 1 January 2009	(4 000)	-	4 000
Amount authorised by other statutes			
- Petroleum Submerged Lands Act 1982	12 042	4 737	(7 305)
Item 139 Administered capital contribution	3 640	-	(3 640)
Total administered transactions	60 170	88 236	28 066
GRAND TOTAL	163 170	198 709	35 539

^(a) On the 1st of January 2009 the Resource Safety Division was transferred from the Department of Commerce (DOC) to the Department of Mines and Petroleum (DMP).

In accordance with AASB 1004.57 the following table summarises the expenses and revenue for the Resource Safety Division (RSD) for the 2008/09 financial year.

	DOC Jul - Dec 2008	DMP Jan - Jun 2009	Total 2008/09
	\$'000's	\$'000's	\$'000's
Expenses	10 013	11 119	21 132
Revenue	863	1 089	1 952

DEPARTMENT OF MINES AND PETROLEUM
SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2009

	2009 Estimate \$'000	2009 Actual \$'000	Variance \$'000
Details of Expenditure by Service			
Resources Regulation	41 469	39 580	(1 889)
Geoscience Information and Advice	26 504	27 632	1 128
Industry Development and Investment facilitation	50 290	27 589	(22 701)
Aboriginal Economic Development	9 944	3 088	(6 856)
Science and Innovation	62 298	22 923	(39 375)
State Economic Development Policy	6 516	3 068	(3 448)
Resource Safety	-	11 199	11 199
Total Cost of Services	197 021	135 079	(61 942)
Less total income	19 676	14 156	(5 520)
Net Cost of Services	177 345	120 923	(56 422)
Adjustment for movement in cash balances and other accrual items (i)	(15 957)	(11 500)	4 457
Adjustments for transfers of appropriation from/to other agencies	(59 438)	-	59 438
Total appropriations provided to deliver services	101 950	109 423	7 473
Capital Expenditure			
Purchase of non-current physical assets	4 664	5 381	717
Repayment of borrowings	100	163	63
Adjustment for movement in cash balances and other funding sources (i)	(2 159)	(4 494)	(2 335)
Adjustment for section 25 transfer of Capital appropriation	(1 555)	-	1 555
Capital Contribution (appropriation)	1 050	1 050	-
 (i) Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.			
DETAILS OF INCOME ESTIMATES			
Income disclosed as Administered Income			
Royalties			
Petroleum - Commonwealth	719 700	843 815	124 115
Petroleum - State	55 800	21 163	(34 637)
Iron Ore	1 968 200	1 932 683	(35 517)
Diamonds	28 200	19 525	(8 675)
Alumina	73 500	71 553	(1 947)
Mineral sands	27 900	23 709	(4 191)
Nickel	220 800	126 332	(94 468)
Gold	137 800	61 907	(75 893)
Other	133 700	91 343	(42 357)
Lease rentals	57 500	64 737	7 237
Total Royalties	3 423 100	3 256 767	(166 333)
Regulatory Fees			
Regulatory Fees	-	1 685	1 685
	-	1 685	1 685
Other			
Commonwealth Grants	4 731	190	(4 541)
Appropriations	60 530	88 236	27 706
Other Revenue	779	4 936	4 157
GRAND TOTAL	3 489 140	3 351 814	(137 326)

Note 38 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2009

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

Redesignation of the Department

Effective on and from 1 January 2009, the Governor has under the Public Sector Management Act 1994 section 35(1)(d), altered the designation of the Department of Industry and Resources and designated it as the Department of Mines and Petroleum (DMP). This redesignation gives effect to Machinery of Government changes and is related to:

The creation the new Department of State Development (DSD) under the Public Sector Management Act 1994 section 35(1)(a) with effect on and from 1 January 2009.

The redesignation of the Department of Consumer and Employment Protection as the Department of Commerce (DOC) with effect from 1 January 2009.

To give effect to Machinery of Government changes various functions have been transferred as follows:

- . Science and Innovation from DMP to DOC.
- . Aboriginal Economic Development from DMP to DOC.
- . Industry Development and investment Facilitation from DMP to DSD.
- . A major portion of the State Economic Development Policy function from DMP to DSD.
- . The Resource Safety Division from DOC to DMP.

1 Departmental mission and funding

The Department's mission is to promote discovery and ensure the responsible development of a world class resources sector for the benefit of Western Australians.

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 3(e).

2 Australian equivalents to International Financial Reporting Standards

General

The Department's financial statements for the year ended 30 June 2009 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Department has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation, unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective, have been early adopted by the Department for the annual reporting period ended 30 June 2009.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

3 Summary of significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the Framework, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary the application, disclosure, format and wording.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has 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, modified by the revaluation of 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) unless otherwise stated.

The judgements that have been made in the process of applying the Department's accounting policies, that have the most significant effect on the amounts recognised in the financial statements are disclosed, where applicable, at note 4 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed at note 5 'Key sources of estimation uncertainty'.

(c) Reporting Entity

The reporting entity comprises the Department.

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 44 'Administered expenses and income' and note 45 'Administered assets and liabilities'.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(d) Contributed Equity

AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers, other than as a result of a restructure of administrative arrangements, in the nature of equity contributions 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 contributions (appropriations) have been designated as contributions by owners by Treasurer's Instruction (TI) 955 'Contributions by Owners to Wholly Owned 'Public Sector Entities' and have been credited directly to Contributed Equity.

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. See note 30 'Equity'.

Transfers of net assets to/from other agencies as a result of a restructure of administrative arrangements, are to be accounted for as distributions to owners and contributions by owners respectively. Refer to note 30 'Equity'.

(e) Income

Revenue recognition

Revenue is 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 cash is received. Where a licence fee extends over multiple years then future year revenue is treated as prepaid revenue.

Sale of goods

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

Rendering of services

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

Interest

Revenue is recognised as the interest accrues.

Service Appropriation

Service Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at the Department of Treasury and Finance. See note 17 'Income from State Government' for further details.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

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 2008-09 Budget Statements, the Department retained \$14.156 million in 2009 from the following:

- Proceeds from user fees and charges; the majority of revenue earned is from licences.
- Other departmental revenue, including grants and property 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 which is usually when cash is received.

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

Administered Revenue Recognition

Royalties

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

Royalties include:

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

Mining Leases and Licenses

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

Gains

Gains may be realised or unrealised and 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.

(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.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(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 are expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed directly to the Income Statement (other than where items form part of a group of similar items which are significant in total).

For the 2008/09 year, the capitalisation threshold for computer equipment has been increased from \$1,000 to \$5,000 in accordance with Treasurers Instruction 1101 (14) (ii).

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment acquired at no cost or for nominal consideration, the cost is their fair value at the date of acquisition.

Subsequent measurement

After recognition as an asset, the Department uses the revaluation model for the measurement of land and buildings and the cost model for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation on buildings and accumulated impairment losses. All other items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

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

Where market evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is dependent on using the depreciated replacement cost, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

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.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment, any revaluation reserve relating to that asset is retained in the asset revaluation reserve.

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the valuation of non-current assets as described in note 22 'Property, Plant, equipment and vehicles'.

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 benefit.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

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

(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 and recognised at cost. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below this threshold are immediately expensed directly into the Income Statement.

All acquired and internally developed 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) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Department have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

Software

3 to 10 years

Proprietary computer software is not capitalised as it is not owned by the Department. The Department merely pays for a licence to use it. However, in-house developed software is capitalised and hence amortised over a period of three to ten years (depending on the assessed useful life) once full costs have been determined.

Computer Software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Intangible 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.

(i) Impairment of Assets

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

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of 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 each balance sheet date 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 each balance sheet date.

See note 24 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 3(p) 'Receivables' and note 19 'Receivables' for impairment of receivables.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(j) Leases

The Department has entered into a number of operating lease arrangements for the rent of office buildings. Lease payments 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 instruments:

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

These have been disaggregated into the following classes:

Financial Assets

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

Financial Liabilities

- Payables

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or 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 Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These are comprised of 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. Cash and cash equivalents also includes non-current cash, refer note 18(b).

(m) Amounts Receivable for Services (Holding Account)

The Department receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

See also note 17 'Income from State Government' and note 20 'Amounts receivable for services'.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(n) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable 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 each balance sheet date. See note 29 'Provisions'.

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the balance sheet date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the balance sheet date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the balance sheet date.

When assessing expected future payments, consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted using market yields at the balance sheet date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

All annual leave and 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 balance sheet date.

Deferred Leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve 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. Deferred leave is reported as a non-current provision until the fifth year.

Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in WA:

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. The Department has no liabilities for superannuation charges under the Pension or the GSS Schemes as the liability has been assumed by the Treasurer.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

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

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employers share.

(ii) Provisions - Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other Expenses' and are not included as part of the Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. See note 13 'Other Expenses' and note 29 'Provisions'.

(o) Superannuation Expense

The following elements are included in calculating the superannuation expense in the Income Statement:

Defined contribution plans - Employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided in the current year.

Defined contribution plans - in order to reflect the Department's true cost of services, the Department is funded for the equivalent of employer contributions in respect of the GSS Scheme (excluding transfer benefits). These contributions were paid to the GESB during the year and placed in a trust account administered by the GESB on behalf of the Treasurer. The GESB subsequently paid these employer contributions in respect of the GSS Scheme to the Consolidated Account.

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

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

(p) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 3(k) 'Financial Instruments' and note 19 'Receivables'.

(q) Accrued salaries

The accrued salaries suspense account (refer note 18 '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 11th year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 26 'Payables') represent the amount due to staff but unpaid at the end of the financial year as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(r) Payables

Payables are recognised 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 they are generally settled within 30 days.

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

Resources received free of charge or for nominal value which can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

(t) Comparative figures

Comparative figures have not been included due to the restructure of the Department from 1 January 2009. The Functions have changed significantly to the extent that providing comparative figures would be misleading. These significant changes have been outlined in the first paragraph of the notes to the statements.

4 Judgements made by management in applying accounting policy

There were no judgements made in the process of applying accounting policies that could have a significant effect for the 2008/09 financial year.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

5 Key sources of estimation uncertainty

There were no key estimates and assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008:

Review of AAS 27 'Financial Reporting by Local Governments', AAS 29 'Financial Reporting by Government Departments' and AAS 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31;

AASB 1004 'Contributions';
AASB 1050 'Administered Items';
AASB 1051 'Land Under Roads';
AASB 1052 'Disaggregated Disclosures';

AASB 2007-09 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137];

Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. The new and revised Standards and Interpretation make some modifications to disclosures and provide additional guidance, otherwise there is no financial impact.

Voluntary changes in Accounting Policy

In accordance with Treasurers Instruction 410 'Records of Assets' the Department has increased the asset capitalisation threshold for computer equipment from \$1,000 to \$5,000, effective from 1 July 2008. Refer note 30 "Equity".

Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Department has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. Where applicable, the Department plans to apply these Standards and Interpretations from their application date:

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

Title	Operative for reporting periods beginning on/after
<p>AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non owner changes in equity. The Department does not expect any financial impact when the Standard is first applied.</p>	1 January 2009
<p>AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Department where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Department does not expect any financial impact when the Standard is first applied prospectively.</p>	1 July 2009
<p>AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]'. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. The Department does not expect any financial impact when the Standard is first applied.</p>	1 January 2009

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
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	2009 (\$'000)
7 Employee benefits expense	
Wages and salaries ^(a)	54 908
Superannuation - defined contribution plans ^(b)	5 557
Long service leave ^(c)	4 008
Annual leave ^(c)	5 799
	<u>70 272</u>
<p>(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.</p> <p>(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).</p> <p>(c) Includes a superannuation component.</p> <p>Employment on-costs such as workers' compensation insurance are included at note 13 'Other Expenses'. The employment on-costs liability is included at note 29 'Provisions'.</p>	
8 Supplies and services	
Consultants and contractors	22 484
Advertising and promotion	1 259
Travel	1 474
Communication	1 167
Consumables	2 865
Maintenance	2 451
Insurance	208
Printing	316
Subscriptions	451
Other staff costs	1 779
Other	1 727
	<u>36 181</u>
9 Depreciation and amortisation expense	
Depreciation	
Buildings	997
Furniture, plant and equipment	361
Computer hardware and software	726
Scientific equipment	13
Vehicles	20
Total depreciation	<u>2 117</u>
Amortisation	
Software	454
Total amortisation	<u>454</u>
Total depreciation and amortisation	<u>2 571</u>
10 Finance costs	
Interest	25
	<u>25</u>

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	2009 (\$'000)
11 Accommodation expenses	
Lease rentals	1 582
Repairs and maintenance	638
Cleaning	508
Electricity	548
Refurbishment	244
Security	471
Water rates	144
Other accommodation expenses	755
	<u>4 890</u>
12 Grants and subsidies	
Industry Development Incentives	351
Indigenous Economic Development Strategy	747
Indigenous Economic Support Scheme	180
Mineral and Petroleum Industry	56
Office of Science and Innovation - Grant Programs	19 629
Northern Development Taskforce	73
	<u>21 036</u>
13 Other expenses	
Doubtful debts expense	17
Net loss on foreign currency exchange	25
Employment on-costs ^(a)	41
	<u>83</u>
^(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 29 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.	
14 User charges and fees	
Petroleum annual licenses	5 550
Mining, prospecting and exploration licenses	6 068
Explosives and dangerous goods licenses and fees ^(a)	1 065
Other fees	434
	<u>13 117</u>
^(a) The Resources Safety Division was transferred from the Department of Commerce to the Department of Mines and Petroleum on the 1st of January 2009. The explosives and dangerous goods fees and charges only represents 6 months of revenue for the 2008-09 financial year.	
15 Other revenues	
Property revenue	452
Loan discount unwound	400
Miscellaneous revenue	187
	<u>1 039</u>

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
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	2009 (\$'000)
16 Net loss on disposal of non-current assets	
<u>Costs of Disposal of Non-Current Assets</u>	
Plant equipment and vehicles	21
<u>Proceeds from Disposal of Non-Current Assets</u>	
Plant equipment and vehicles	-
Net loss on disposal	21
17 Income from State Government	
Appropriation received during the year:	
Service appropriations ^(a)	109 423
	109 423
Resources received free of charge has been determined on the basis of the following estimates provided by agencies ^(b) .	
State Solicitors Office	
- legal services	1 494
Department of Treasury and Finance	
- procurement services	223
Landgate	
- land dealings, land information, valuation services and products	1 213
	2 930
Royalties for Regions Fund:	
Exploration incentive scheme ^(c)	1 900
	1 900
	114 253

^(a) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
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**2009
(\$'000)**

(b) Where assets or services have been received free of charge or for nominal cost, the Department recognises revenues equivalent to the fair value of the assets and/or fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the Department makes the adjustment direct to equity.

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

18 Restricted cash and cash equivalents

Current	
Suspense account ^(a)	65
	<u>65</u>
Non-current	
Accrued salaries suspense account ^(b)	1 000
	<u>1 000</u>

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

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

19 Receivables

Current	
Trade debtors	1 134
Accrued revenue	11
Allowance for impairment of receivables	(2)
GST receivable	524
Total Current	<u>1 667</u>

Reconciliation of changes in the allowance for impairment of receivables

Balance at start of year	-
Doubtful debts expense recognised in the income statement	17
Impairment provision transferred to DOC as Equity distribution (note 30)	(15)
Balance at end of year	<u>2</u>

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

20 Amounts receivable for services

Current	837
Non-current	10 458
	<u>11 295</u>

This asset represents the non-cash component of service appropriations. See note 3 (m) 'Amounts receivable for services (Holding Account)'. It is restricted in that it can only be used for asset replacement or payment of leave liability.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	2009 (\$'000)
21 Other assets	
Current	
Prepayments	988
	988
22 Property, plant, equipment and vehicles	
Freehold land - at fair value ^(a)	73 436
Buildings - at fair value ^{(a) (b)}	37 635
Furniture, plant and equipment - at cost	7 374
Accumulated depreciation	(1 324)
	6 050
Computer hardware and software - at cost	5 105
Accumulated depreciation	(3 325)
	1 780
Scientific equipment - at cost	91
Accumulated depreciation	(20)
	71
Total equipment	7 901
Vehicles - at cost	66
Accumulated depreciation	(62)
	4
Works in progress - at cost ^(c)	21
Total of property, plant, equipment and vehicles	118 997
<p>^(a) Land and buildings were revalued as at 1 July 2008 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2009 and recognised at 30 June 2009. In undertaking the revaluation, fair value was determined by reference to market values for land: \$54,182,750 and buildings: \$17,570,000. For the remaining balance, fair value of land and buildings was determined on the basis of existing use and depreciated replacement cost. See note 3(g) 'Property, Plant and Equipment'.</p> <p>^(b) AASB 116 allows two alternative treatments of accumulated depreciation on revaluation of assets. The net basis was used. There was no retrospective adjustment to depreciation.</p> <p>^(c) Works in progress Hazman - Hazard Management System</p>	
	21
	21

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	2009 (\$'000)
23 Intangible assets	
Computer software	
At cost	4 465
Accumulated amortisation	<u>(783)</u>
	<u>3 682</u>
Computer software	
Carrying amount at start of year	1 498
Additions	2 630
Disposals	8
Amortisation expense	<u>(454)</u>
Carrying amount at end of year	<u><u>3 682</u></u>

24 Impairment of assets

There were no indications of impairment of property, plant and equipment and intangible assets at 30 June 2009.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

25 Reconciliation of Property, plant, equipment and vehicles

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current and previous financial year are set out below:

As at 30 June 2009

	Land	Buildings	Furniture, plant and equipment	Computer hardware and software	Scientific equipment	Vehicles	Works In Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year ^(c)	51 388	32 736	2 184	3 178	84	166	7 014	96 750
Additions	-	-	11	631	-	-	2 216	2 858
Transfers ^(a)	18 705	(1 317)	4 216	(1 281)	-	(142)	-	20 181
Other Disposals	-	-	-	(22)	-	-	-	(22)
Reclassification ^(b)	-	6 579	-	-	-	-	(9 209)	(2 630)
Revaluation	3 343	634	-	-	-	-	-	3 977
Depreciation	-	(997)	(361)	(726)	(13)	(20)	-	(2 117)
Carrying amount at end of year	73 436	37 635	6 050	1 780	71	4	21	118 997

^(a) This includes transfers of assets in and out of the Department in accordance with the machinery of Government restructure.

^(b) Includes transfer of finished software projects into intangible assets, see note 23.

^(c) Computer hardware and software carrying amount at the start of the year includes an adjustment of \$1.2m (refer note 30)

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	2009 (\$'000)
26 Payables	
Current	
Trade payables	1 928
Accrued salaries	731
Accrued expenses	543
	<u>3 202</u>
27 Other current liabilities	
Unclaimed monies	1 412
	<u>1 412</u>
28 Revenue received in advance	
Licenses and fees	3 738
	<u>3 738</u>
29 Provisions	
Current	
Employee benefits provisions	
Annual leave ^(a)	5 430
Long service leave ^(b)	5 720
	<u>11 150</u>
Other provisions	
Employment on-costs provision ^(c)	94
	<u>94</u>
	<u>11 244</u>
Non-current	
Employee benefits provisions	
Long service leave ^(b)	4 606
Deferred salary scheme	27
	<u>4 633</u>
Other provisions	
Employment on-costs provision ^(c)	39
	<u>39</u>
	<u>4 672</u>
(a) Annual leave liabilities, including superannuation on-costs, have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:	
Within 12 months of balance sheet date	3 251
More than 12 months after balance sheet date	2 179
	<u>5 430</u>
(b) Long service leave liabilities, including superannuation on-costs, have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:	
Within 12 months of balance sheet date	4 097
More than 12 months after balance sheet date	6 229
	<u>10 326</u>

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

**2009
(\$'000)**

- (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 at note 13 'Other expenses'.

Employment on-cost provision

Carrying amount at start of year	141
Additional provisions recognised	(64)
Payments/other sacrifices of economic benefits	56
Carrying amount at end of year	133

30 Equity

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

Contributed equity

Balance at the start of the year	70 311
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Contributions by owners

Capital contributions ^(b)	1 050
--------------------------------------	-------

Other contributions by owners: ^{(a) (c)}

Transfer from DOC for Resources Safety ^(e)	18 205
---	--------

Transfer from Conservation and Environment ^(d)	25 130
---	--------

Total contributions by owners	44 385
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Distributions to owners

Transfer of net assets to other agencies ^{(a) (c)}	
---	--

Land and buildings for sale transferred to DPI - Waterford CSIRO	(10 300)
--	----------

Land for sale transferred to DPI - Waterford Western Power	(2 445)
--	---------

Transfer of net assets and liabilities to DSD ^(f)	(3 125)
--	---------

Transfer of net assets and liabilities to DOC ^(g)	(45 315)
--	----------

Forest Residue Utilisation Levy - balance of funds transferred to Treasury	(56)
--	-------

Total distributions to owners	(61 241)
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Balance at end of the year	53 455
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- (a) Under AASB 1004 'Contributions', transfer of net assets as a result of a restructure of administered arrangements are to be accounted for as contributions by owners and distribution to owners.

- (b) Under the Treasurer's Instruction TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' Capital Contributions (appropriations) have been designated as contributions by owners in accordance with AASB Interpretation 1038 'Contribution by Owners Made to Wholly-Owned Public Sector Entities'.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
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**2009
(\$'000)**

(c) Under TI 955, non-discretionary (non-reciprocal) transfers of net assets between State government agencies have been designated as contributions by owners in accordance with AASB Interpretations 1038, where the transferee agency accounts for a non-discretionary (non-reciprocal) transfer of net assets as a contribution by owners and the transferor agency accounts for the transfer as a distribution to owners.

(d) This represents land at Baldivis and a depot at Kalgoorlie identified through the Valuer General's valuation report.

(e) Assets and liabilities transferred in from DOC.

Cash and restricted cash	3 490
Property Plant and Equipment	19 748
Other Assets	65
Total Assets	23 303
Prepaid revenue	2 871
Employee benefits	2 227
Total Liabilities	5 098
Net Assets	18 205

(f) Assets and liabilities transferred out to DSD.

Cash and restricted cash	6 118
Property Plant and Equipment	174
Other Assets	215
Total Assets	6 507
Employee benefits	3 382
Total Liabilities	3 382
Net Assets	3 125

(g) Assets and liabilities transferred out to DOC.

Cash and restricted cash	4 016
Receivables	14 159
Property Plant and Equipment	20 807
Work in progress	9 577
Total Assets	48 559
Borrowings	771
Employee benefits	2 473
Total Liabilities	3 244
Net Assets	45 315

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

	2009 (\$'000)
Reserves	
Asset revaluation reserve	
Balance at the start of the year	74 696
Net revaluation increments/(decrements)	
Land	3 343
Buildings	634
Balance at the end of the year	<u>78 673</u>
<p>The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 3(g).</p>	
Accumulated deficiency	
Balance at the start of the year	3 388
Less	
Change in accounting policy - capitalisation threshold increased to \$5,000	<u>(1 271)</u>
Balance at start of year restated	2 117
Result for the period	<u>(6 670)</u>
Balance at the end of the year	<u>(4 553)</u>
Total equity	<u>127 575</u>

31 Notes to the Cash Flow Statement

Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:

Cash on hand	20
Operating account	<u>14 129</u>
Cash and cash equivalents	14 149
Restricted cash assets (refer note 18)	<u>1 065</u>
Total cash	<u>15 214</u>

Reconciliation of net cost of services to net cash flows used in operating activities

Net cost of service	(120 923)
Non-cash items	
Depreciation and amortisation expense	2 571
Resources received free of charge	2 930
Loan discount unwound	(400)
Net (gain)/loss on disposal of non-current assets	21
(Increase)/Decrease in assets	
Current Receivables	58
Other assets	780

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
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	2009 (\$'000)
Increase/(decrease) in liabilities	
Current payables	(4 189)
Other liabilities	710
Revenue received in advance	867
Provisions - employee benefits	3 081
Net GST payments	3 172
Change in GST in receivables/payables	467
Net cash used in operating activities	<u>(110 855)</u>

At the balance sheet date the Department had fully drawn on all financing activities, details of which are disclosed in the financial statements.

32 Resources provided free of charge

During the year the following resources were provided to other agencies free of charge for functions outside the normal operations of the Department:

MERIWA (Building services, parking, conferences)	32
--	----

33 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	967
Later than 1 year and not later than 5 years	2 620
Later than 5 years	-
	<u>3 587</u>

The capital commitments include amounts for:

Computer hardware and software	3 587
	<u>3 587</u>

Lease commitments

The Department has a number of property leases for its operations within the State. The leases have various terms and conditions and expiry dates including rent reviews.

Commitments in relation to leases contracted at the balance sheet date, but not recognised in the financial statements are payable as follows:

Within 1 year	1 706
Later than 1 year and not later than 5 years	4 085
Later than 5 years	2 416
	<u>8 207</u>

Representing:

Non-cancellable operating leases	8 207
----------------------------------	-------

These commitments are exclusive of GST.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

**2009
(\$'000)**

34 Contingent liabilities and contingent assets

Contingent liabilities:

In addition to the liabilities included in the financial statements, the Department has the following contingent liabilities.

Contaminated sites

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

During the year the Department did not identify any further potential contaminated sites. Of the 16 identified last year, 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.

The Department is engaged in litigation with a resources company in the Federal Court. The State is likely to incur costs in the vicinity of \$700,000, but not damages.

Contingent assets:

There are no known contingent assets.

35 Events occurring after the balance sheet date

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

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

**2009
(\$'000)**

36 Remuneration of senior officers

Remuneration

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

	<u>2009</u>
\$10 001 to \$20 000	1
\$30 001 to \$40 000	4
\$40 001 to \$50 000	2
\$50 001 to \$60 000	2
\$60 001 to \$70 000	5
\$70 001 to \$80 000	6
\$80 001 to \$90 000	4
\$110 001 to \$120 000	1
\$140 001 to \$150 000	3
\$170 001 to \$180 000	2
\$180 001 to \$190 000	2
\$190 001 to \$200 000	1

The total remuneration of senior officers is:

2 948

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

The Department was restructured on 1 January 2009. The figures include only 6 months for senior officers associated with Science and Innovation, Aboriginal Economic Development, Industry Development and Investment Facilitation and a major portion of State Economic Development Policy functions as these were transferred to the Department of Commerce and the new Department of State Development.

37 Remuneration of Auditor

Remuneration to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance

116

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
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38 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.

	2009 Estimate (\$'000)	2009 Actual (\$'000)	Variation (\$'000)
(a) Significant variances between estimates and actual for 2009: Delivery of Services			
Total appropriations provided to deliver services	101 950	109 423	7 473
The variation is comprised of :			
An increase in appropriation through supplementary funding adjustments of \$2.158m for salary increases, \$1.71m for the Square Kilometre Array project, and \$5.5m for other prior year unfunded decisions.			
A reduction in appropriation of \$2m mainly due to savings initiatives introduced by the new Government in the Mid Year Review.			
Administered Transactions			
Administered appropriation	60 170	88 236	28 066
The increase in administered appropriations provided for the Argyle Diamond Mine Royalty Refund (\$18.9m) and funding to meet additional demand for Mining Tenement refunds. This was partly offset by reduced payments to the Commonwealth Government under the Petroleum Submerged Lands Act 1982.			
Details of Expenditure by Service			
Industry Development and Investment Facilitation	50 290	27 589	(22 701)
The variance is mainly attributable to the transfer of this function to the Department of State Development and the Department of Commerce under the Machinery of Government Changes from 1 January 2009.			
Aboriginal Economic Development	9 944	3 088	(6 856)
The variance is mainly attributable to the transfer of this function to the Department of Commerce under the Machinery of Government Changes from 1 January 2009.			
Science and Innovation	62 298	22 923	(39 375)
The variance is mainly attributable to the transfer of this function to the Department of Commerce under the Machinery of Government Changes from 1 January 2009.			

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	2009 Estimate (\$'000)	2009 Actual (\$'000)	Variation (\$'000)
State Economic Development Policy	6 516	3 068	(3 448)
The variance is mainly attributable to the transfer of this function to the Department of State Development under the Machinery of Government Changes from 1 January 2009.			
Safety and Employment Protection	-	11 199	11 199
The variance is mainly attributable to the transfer of this function from the Department of Commerce under the Machinery of Government Changes from 1 January 2009.			
Total Income	19 676	14 156	(5 520)
This variance is mostly attributable to: Overly optimistic revenue estimates embodied in the Section 25 transfer of the Resources Safety function received from the Department of Commerce under the Machinery of Government Changes as at 1 January 2009. Reduced demand for petroleum, mining, exploration and prospecting licenses and permits.			
Details of Income Estimates			
Income disclosed as Administered Income			
Petroleum - Commonwealth	719 700	843 815	124 115
This increase is due to a combination of the exchange rate being lower than expected and higher LNG prices being partially offset by lower volumes and oil prices.			
Royalties (excluding Petroleum - Commonwealth)	2 703 400	2 412 952	(290 448)
Reflects lower export volumes and prices principally attributed to the downturn in the economy.			
Appropriations	60 530	88 236	27 706
The increase in appropriations represents supplementary funding approved for the repayment of Royalties to Argyle Diamond Mine (\$18.9m) and Kimberley Diamond Mine (\$5.9m) and refunds of previous years revenue.			

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

39 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, receivables and payables. All of the Department's cash is held in the public bank account (non-interest bearing) apart from restricted cash held in a special purpose account. 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 balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of these assets inclusive of any provisions for impairment, as shown in the table at note 39 (c) and note 19 'Receivables'.

Credit risk associated with the Department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than to 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 balance sheet date there were no significant concentrations of credit risk.

Allowance for impairment of financial assets is calculated based on objective evidence such as observable data indicating changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 39(c) Financial Instruments Disclosures.

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 39(c), the Department is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing.

(b) Categories of Financial Instruments

In addition to cash and cash equivalents, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2009 \$000
Financial Assets	
Cash and cash equivalents	14 149
Restricted cash and cash equivalents	1 065
Loans and receivables ⁽ⁱ⁾	12 438
Financial Liabilities	
Financial liabilities measured at amortised cost	4 614

(i) Excludes GST recoverable from the ATO (statutory receivable)

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

39 (c) Financial Instrument disclosures

Credit Risk and Interest Rate Risk Exposures

The following tables disclose the Department's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Department's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets 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.

The Department does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets (a)

	Weighted Average Effective Interest Rate %	<u>Interest Rate Exposure</u>				<u>Past due but not impaired</u>						Impaired financial assets \$000
		Carrying Amount	Variable	Non-interest	up to 3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	
			Interest Rate \$000	Bearing \$000								
Financial Assets												
2009												
Cash and cash equivalents	-	14 149	-	14 149	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	1 065	-	1 065	-	-	-	-	-	-	-	-
Receivables (a)	-	1 143	-	1 143	615	56	-	-	-	-	-	2
Amounts receivable for services	-	11 295	-	11 295	-	-	-	-	-	-	-	-
		<u>27 652</u>	-	<u>27 652</u>	<u>615</u>	<u>56</u>	-	-	-	-	-	<u>2</u>

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

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

Liquidity Risk

The following tables details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes both interest and principal cash flows. An adjustment has been made where material.

Interest rate exposure and maturity analysis of financial liabilities

	Weighted Average Effective Interest Rate %	<u>Interest Rate Exposure</u>				<u>Maturity dates</u>							
		Carrying Amount	Variable Interest Rate \$000	Non- interest Bearing \$000	Adjustments for discounting \$000	Total Nominal Amount \$000	up to 3 months \$000	3-12 months \$000	1-2 years \$000	2-3 years \$000	3-4 years \$000	4-5 years \$000	More than 5 years \$000
Financial Liabilities													
2009													
Payables	-	3 202	-	3 202	-	-	-	-	-	-	-	-	-
Unclaimed monies		1 412	-	1 412	-	-	-	-	-	-	-	-	1 412
		4 614	-	4 614	-	-	-	-	-	-	-	-	1 412

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

Fair Values

All financial assets and liabilities recognised in the balance sheet, 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.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

40 Related bodies

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

41 Affiliated bodies

Western Australian Technology and Industry Advisory Council (TIAC) is a government affiliated body.

The Technology and Industry Advisory Council (TIAC) operational expenses (\$0.389m) were funded by the Department until its transfer to the Department of Commerce on the 1st January 2009.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

**2009
\$'000**

42 Special Purpose Accounts

Special Purpose Account - section 16 (1) of the Financial Management Act 2006

Survey of Leases under the Mining Act Fund

Survey fees collected under the Mining Act 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.

Opening balance 1 July	178
<u>Add</u> receipts	-
<u>Less</u> payments	-
Refunds	-
Closing balance 30 June	178

Departmental Receipts in Suspense Fund

This account is to hold moneys temporarily, pending identification of the purpose for which the funds were received. The balance of the account as at 30 June 2009 was \$64,546.

Environmental Called-In Performance Bond Money Fund

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

Opening balance 1 July	2 848
<u>Add</u> receipts	-
Bonds, Securities	3 034
<u>Less</u> payments	-
Operational expenses	29
Closing balance 30 June	5 853

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

**2009
\$'000**

Special Projects Fund

The account was created to hold funds for the purpose of participating in significant projects with other countries, the Commonwealth and the private sector to the mutual benefit of the other participants and the State of Western Australia.

This account includes an agreement between the Commonwealth and the Department (Indian Ocean Territories Agreement) to carry out inspection services at Christmas Island. With an opening balance of \$65,654, receipts totalled \$71,386 and payments made totalled \$35,384 giving a closing balance of \$101,657.

Opening Balance 1 July	1 871
<u>Add receipts</u>	
Contribution from Government	71
Contribution from Industry	521
	592
<u>Less payments</u>	
Salaries	26
Travel	23
Consultants	556
Grants	50
Training	32
Software	92
Other	14
Section 25 balance transferred to DSD	1 215
Section 25 balance transferred to DOC	7
	2 015
Closing Balance 30 June	448

Forest Residue Utilisation Levy Fund

The account is to hold funds appropriated by Parliament for the purpose of funding studies and programs which add value to forest residues.

Opening Balance 1 July	56
<u>Add receipts</u>	
	-
	-
<u>Less payments transferred to Treasury on closure of fund</u>	
	56
	56
Closing Balance 30 June	-

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

**2009
\$'000**

Australia China Natural Gas Technology Partnership Trust Fund

The account is to hold funds for the purpose of training Chinese managers from the natural gas industry in China, as well as joint Australia/China research programs. Training will be conducted in both countries.

Opening Balance 1 July	2 379
<u>Add receipts</u>	
Contribution from Government	750
Contribution from Industry	285
	1 035
<u>Less payments</u>	
Salaries	68
Consultants	760
Travel	16
Grants - Training	490
Other payments	18
	1 352
Balance transferred to Department of State Development	2 062
Closing Balance 30 June	-

From 1st January 2009 this function transferred to Department of State Development.

Regional Headworks Development Scheme Fund

The purpose of the account is to hold funds appropriated for the purpose of providing assistance under the Regional Headworks Development Scheme.

Opening Balance 1 July	5 007
<u>Add receipts</u>	
	-
<u>Less</u>	
Balance transferred to Department of Commerce	5 007
	5 007
Closing Balance 30 June	-

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

**2009
\$'000**

Western Australian Industry and Technology Development Account

The account is to record funds received and expenditure charged in accordance with the Industry and Technology Development Act 1998 (ITDA).

Opening Balance 1 July	1 394
<u>Add receipts</u>	
Appropriations	8 810
Loans received	442
Other revenue	1 431
	10 683
<u>Less payments</u>	
Loans, grants and operational costs	12 077
	12 077
Closing Balance 30 June	-

This account has been transferred to Department of Commerce

From 1st January 2009 this function transferred to Department of State Development.

43 Supplementary financial information

Losses Through Theft, Defaults and Other Causes

Losses of public moneys and public or other property through theft	-
Amount recovered	-
	-

Write Offs

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

The Accountable Authority	-
The Minister	-
Executive Council	-
	-

Gifts of Public Property

Gifts of public property provided by the Department	-
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**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

44. Disclosure of Administered Income and Expenses

	Resource Regulation	Geoscience Information and Advice	Industry Development and Investment	Aboriginal Economic Development	Science and Innovation	State Economic Development Policy	Resource Safety	General - Not attributed	TOTAL
	2009	2009	2009	2009	2009	2009	2009	2009	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
COST OF SERVICES									
Expenses									
Interest	-	-	32	-	-	-	-	-	32
Petroleum (Submerged Lands) Act 1982	3 868	-	-	-	-	-	-	-	3 868
Refunds of previous years' revenue	50 040	-	-	-	-	-	-	-	50 040
Services and contracts	73	953	573	-	-	-	-	-	1 599
Payments to Consolidated Account	3 305 355	-	606	-	-	-	-	-	3 305 961
Grants and subsidies	-	896	11 165	-	-	-	-	-	12 061
Total administrative expenses	3 359 336	1 849	12 376	-	-	-	-	-	3 373 561
Income									
For transfer:									
Rentals and royalties ^(a)	3 256 767	-	-	-	-	-	-	-	3 256 767
Regulatory fees	1 685	-	-	-	-	-	-	-	1 685
Commonwealth Grants	-	-	190	-	-	-	-	-	190
Interest	618	-	225	-	-	-	-	-	843
Appropriations	65 144	633	21 559	-	900	-	-	-	88 236
Other revenue	3 107	790	196	-	-	-	-	-	4 093
Total administered revenue	3 327 321	1 423	22 170	-	900	-	-	-	3 351 814

(a) Royalties

Petroleum - Commonwealth	843 815
Petroleum - State	21 163
Iron Ore	1 932 683
Diamonds	19 525
Alumina	71 553
Mineral sands	23 709
Nickel	126 332
Gold	61 907
Other	91 343
Lease rentals	64 737
Total	3 256 767

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

**2009
\$'000**

45 Administered assets and liabilities	
Current Assets	
Cash and cash equivalents	21 067
Receivables ^(a)	567 295
Restricted cash	6 499
Finance Lease Receivable	387
Other Assets	160
Total Administered Current Assets	595 408
Non-Current Assets	
Computing equipment	13
Finance Lease Receivable	9 548
Total Administered Non-Current Assets	9 561
Total Administered Assets	604 969
Current Liabilities	
Payments received in advance	123
Accounts payable	7 227
Other liabilities	55
GST payable	1 352
Total Administered Current Liabilities	8 757
Total Administered Liabilities	8 757

^(a) This mainly represents royalties not collected as at 30 June 2009 on production which occurred prior to balance date.

Administered Contingent Liabilities and Assets

In addition to the administered assets and liabilities detailed above, the following contingent liabilities and assets exist:

Administered Contingent Liabilities

Administrators for a mining company have lodged a preferential payment claim against the Minister of \$1.5m for royalty and rental payments made to DMP whilst the company was insolvent plus legal costs of \$0.7m. Although the court case was won and the Minister was awarded costs, a Supreme Court appeal is to be heard in September 2009 and this could result in favour or judgement against DMP.

If the Department wins the case legal costs of \$0.5m will be received.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009**

A gold mining company was placed in administration and outstanding royalty of \$0.897m is being legally pursued. Pending the outcome of legal action there is a possibility of the royalty not being collected and a bad debt being raised. Additionally if the case is lost DMP will be required to pay the legal costs estimated to be \$0.3m.

Three mining companies owing royalties of \$1.352m 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.

Administered Contingent Asset

DMP is involved in negotiations with a mining company to recover unpaid royalties. DMP believes that royalty on a pisolite lump produced under the Robe River Agreement Act should have been paid at the royalty rate of 7.5% of the f.o.b. revenue rather than the lower royalty rate of 3.75%. The outstanding royalty as at 30 June 2009 is estimated to be \$117m.

Key Performance Indicators Certification

Department of Mines and Petroleum Certification of Key Performance Indicators

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for 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 ended 30 June 2009.

This Report is structured in accordance with recent guidelines prescribed by the Department of Treasury and Finance and the Office of the Auditor General as a result of the recent restructure of the Department (effective 1 January 2009).

Specifically, as the transferee agency, the Department is required to report Key Performance Indicators for transferred-in outcomes and services for the full reporting period 1 July 2008 to 30 June 2009. The Department will also, where possible, report Key Performance Indicators as the transferor agency for the period up to the date that the outcome and services were transferred (1 July 2008 to 30 December 2008).



Richard Sellers
Director General
15 September 2009

Part 1 – Key Performance Indicators

Relationship to Government Goals

The table below illustrates the relationship between the Department of Mines and Petroleum services to the community, the Department's desired outcomes and the relevant Government Goal. The Performance Management Framework section of the Annual Report contains further details concerning the recent changes to this Framework.

TABLE 7: 2008–09 DEPARTMENT OF MINES AND PETROLEUM OBM FRAMEWORK Relationships between Government Goal, Desired Outcomes and Services		
Government Goal	Outcomes	Services
<p>Financial and Economic Responsibility</p> <p>Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector</p>	<p>Responsible development of mineral and energy resources.</p>	<p>1. Resources Regulation</p> <p>Effective regulation of the resources sector, through:</p> <ul style="list-style-type: none"> ■ application of a world-class mineral and petroleum titles management system; ■ collection of royalties on mineral and petroleum development activities; ■ conducting environmental assessments and monitoring environmental compliance of mineral and petroleum activities; ■ administration of the <i>Mines Safety and Inspection Act 1994</i>; and ■ promotion of occupational safety and health in the mining and petroleum (onshore) sectors.
	<p>Encouragement of exploration and discovery of mineral and petroleum deposits and informed land use planning.</p>	<p>2. Geoscience Information and Advice</p> <p>Up-to-date geological archive of the State and its mineral and petroleum resources, with products and services including:</p> <ul style="list-style-type: none"> ■ 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.
	<p>Safety and protection of the community from the risk of dangerous goods.</p>	<p>3. Dangerous Goods Regulation</p> <p>Administration of the <i>Dangerous Goods Safety Act 2004</i>, covering the manufacture, storage, handling, transport and use of dangerous goods, including the operation of major hazard facilities.</p>

Audited Key Effectiveness Indicators

Effectiveness indicators provide information on the extent to which outcomes have been achieved through the funding and production of agreed services. The Department has seven key effectiveness indicators measuring achievement against three outcomes.

As the effectiveness indicators were all introduced in 2008–09, previous year results and trends are unavailable and hence are not reported.

Agency Level Desired Outcome		
Outcome One	Outcome Two	Outcome Three
Responsible development of mineral and energy resources.	Encouragement of exploration and discovery of mineral and petroleum deposits and informed land use planning.	Safety and protection of the community from the risk of dangerous goods.
Effectiveness Indicators		
<ol style="list-style-type: none"> 1. Percentage of compliance identified in completed regulatory activities 2. Percentage approvals completed within agreed timeframes 3. Percentage reduction in Mineral Title applications backlog 4. The frequency of work-related injury and disease per million hours in the mining industry 5. The frequency of work-related injury and disease per million hours in the petroleum industry (onshore) 	<ol style="list-style-type: none"> 6. Extent to which stakeholders agree the Department's geoscience information encourages exploration and discovery and informs land use planning 	<ol style="list-style-type: none"> 7. The number of dangerous goods storage and transport accidents

Outcome One – Responsible development of mineral and energy resources

The Department contributes to responsible development of the State’s resources through effective regulation of the environment and worker safety and by processing approvals in a timely manner. Approvals processing requires applicants to give undertakings in relation to activity, expenditure, safety and environmental rehabilitation. Additionally, the Department has mechanisms in place to monitor and ensure industry compliance with these regulatory requirements. Through these activities, the Department facilitates responsible development of mineral and energy resources.

	2008–09 Target	2008–09 Actual
1. Percentage of compliance identified in completed regulatory activities	70%	93%

This Key Performance Indicator is a measure of regulatory activities relating specifically to environmental compliance investigations. It is calculated as the number of environmental compliant sites divided by the total number of environmental inspections undertaken. When compliant, no action is initiated. Actions taken to address major non-compliance include Directions to Modify, Stop Work Orders and Fines in Lieu of Forfeiture which are all enforceable under the *Mining Act 1978*. Written instructions can also be provided to improve a site within a given timeframe.

Although this is primarily a measure of the compliance levels of industry, it provides a useful indicator of the Department’s capacity to administer and enforce the legislation concerning environmental management of exploration and mining activities.

The positive variance is greater than anticipated due to major non-compliances investigated being less than originally forecast by the Department.

	2008–09 Target	2008–09 Actual
2. Percentage approvals completed within agreed timeframes	84%	77%

The Department is specifically targeting the timely management of approvals. These approvals are processed as part of the Department's role in administering mineral and petroleum resources legislation. The Department considers that failure to address approvals in a timely manner translates to a failure to responsibly develop mineral and petroleum resources.

This indicator comprises:

- mining titles (*Mining Act 1978* complied) completed within seven months of lodgement;
- environment mining proposals and programmes of work approved within 30 business days;
- environment petroleum proposals approved within 30 business days; and
- petroleum approvals (including well applications, survey applications, Special Prospecting Authority applications and Access Authority applications) processed within 40 days.

The variance between the 2008–09 target and the actual has occurred through:

- increased processing times for Mining Titles, resulting from a greater than expected number of objections to tenement applications lodged by third parties; non-compliance by some applicants with statutory requirements; and successive layers of applications over the same ground; and
- reduced number of applications for Petroleum Approvals processed as a result of both the economic downturn and geothermal application processing not commencing as projected in 2008–09.

	2008–09 Target	2008–09 Actual
3. Percentage reduction in Mineral Title applications backlog	45%	39%

The reduction in the Mineral Titles application backlog was an initiative commenced (and separately funded) in 2007–08 to address the 18,700 strong backlog. A three-year program to reduce this backlog to 5,000 by July 2010 is well underway. Consistent with the focus on approvals timeliness, the Department's success in addressing the backlog of Mineral Title applications translates to being successful in responsible development of mineral and petroleum resources.

The 2008–09 target was based on a forecast of 8,200 tenement applications being outstanding by the end of the financial year. As the Department continued to receive high numbers of new tenement applications during 2008–09, the backlog reduction target was not realised. However, at the end of June, 8,932 applications were outstanding, representing the 39 per cent reduction of the backlog.

	2008–09 Actual
4. The frequency of work-related injury and disease per million hours worked in the mining industry	2.8

Under the *Mines Safety and Inspection Act 1994*, there are specific reporting requirements for accidents involving injury to persons and occurrences (also referred to as incidents). This industry data is collected in the AXTAT database by the Department's Resources Safety Division. This data provides the Department with a useful tool for identifying trends in reported incidents and assesses any identified risks.

Reports from this database are used to calculate the Lost Time Frequency Rate (LTIFR), according to Australian Standards. The calculation is:

Number of Injuries + Number of Fatalities DIVIDED BY xx million hours = LTIFR

Due to reporting lags, the result for this indicator is for the period 1 July 2008 to 31 March 2009. Although targets cannot be set by the Department to assess industry safety performance, safety is considered fundamental to the responsible development of the State's mineral and energy resources. Further, this is an important indicator for determining the level of education and enforcement activity required by the Department to improve safety outcomes for the resources sector.

The frequency of work-related lost time injury and disease per million hours worked has improved slightly over the last seven years, during a period of unprecedented industry expansion. Although this reduced injury rate reflects a positive trend in one aspect of mine safety, this is offset by a significant increase in the number of fatalities in the past financial year.

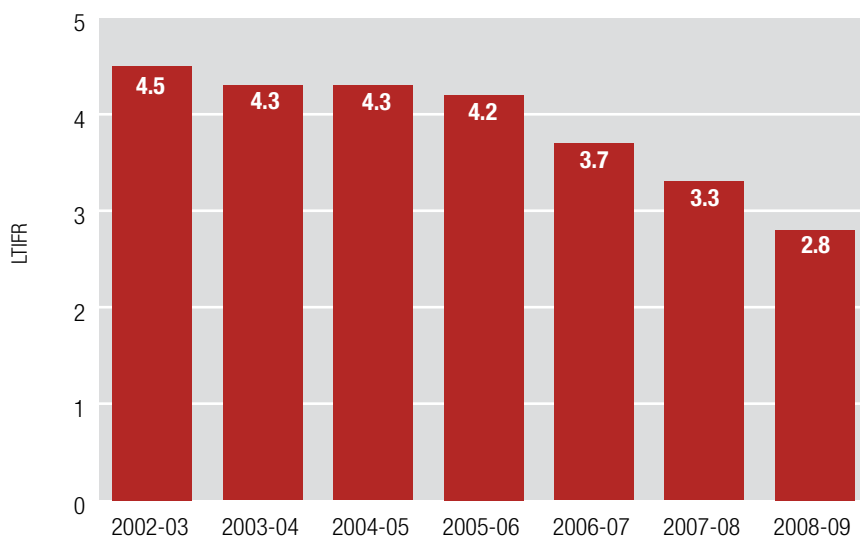


Figure 1. Frequency of work-related injury and disease in the Mining Industry

	2008–09 Actual
5. The frequency of work-related injury and disease per million hours worked in the petroleum industry (onshore)	1.8

Data is collected from industry in relation to the number of accidents and occurrences in the petroleum (onshore) industry each year. The methodology for calculation is the same as used in the mining industry, and data is available for the full financial year. Similar to the mining industry measure, the Department cannot set targets for industry safety performance.

Data is available for onshore petroleum safety since the 2005–06 financial year. However, this data is insufficient to determine long-term trends.

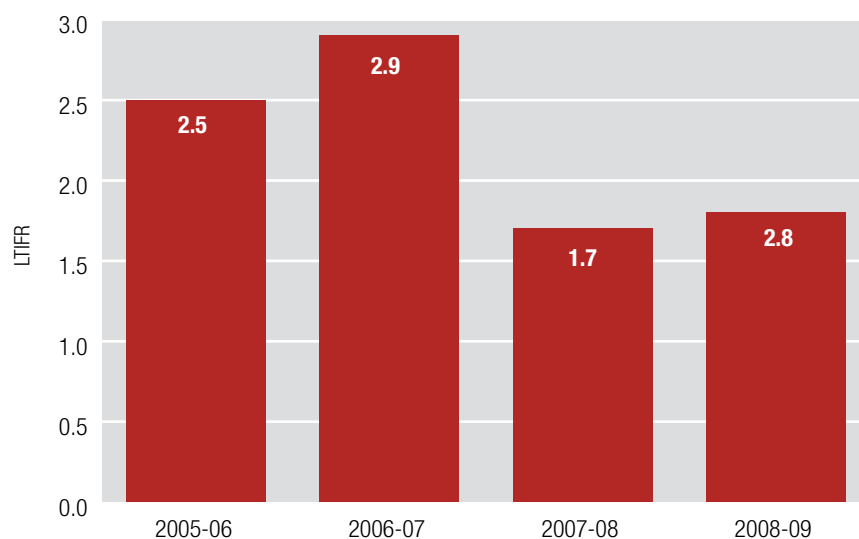


Figure 2. Frequency of work-related injury and disease in the Petroleum (onshore) industry

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

The Department's Geological Survey Division produces pre-competitive geoscience information to attract mineral and energy exploration investment to Western Australia. The Department's geoscience information also facilitates land use planning activities such as town planning and ensures appropriate land usage.

	2008–09 Target	2008–09 Actual
6. Extent to which stakeholders agree the Department's geoscience information encourages exploration and discovery and informs land use planning	3.98	3.93

This Key Performance Indicator is a weighted averaged customer rating given by industry-based mineral and petroleum subcommittees tabled through the Geological Survey Liaison Committee (GSLC). This committee comprises industry representatives nominated by the Australian Petroleum Production and Exploration Association, the Chamber of Minerals and Energy of Western Australia, the Association of Mining and Exploration Companies, and other geoscience customers, including Geoscience Australia, the Australian Commonwealth Scientific and Research Organisation and Western Australian universities. Together, these organisations are representative of the Western Australian resource industry and their views are used to guide future geoscience programs.

Geoscience products and exploration information services are rated by the subcommittees against a five point scale (1 = very unsatisfactory, 3 = satisfactory; 5 = very satisfactory) for various assessment criteria such as geoscience quality, product usability and exploration reporting guidelines. The subcommittees give a rating for both the information product and exploration information service functions and the two ratings are weighted and combined according to the budget ratio. The subcommittees undertake the assessment twice a year, and the combined ratings are then combined to establish an overall rating for the year.

Stakeholder ratings for this measure have remained reasonably constant over the last few years with an average rating of 3.9.

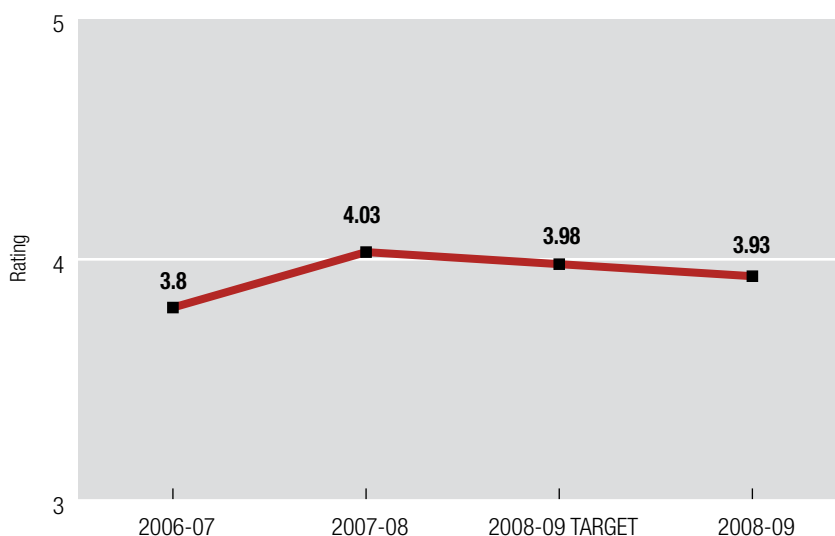


Figure 3. Stakeholder rating Geoscience information encourages exploration and discovery and informs land use planning

Outcome Three – Safety and protection of the community from the risk of dangerous goods

The Department ensures the safety and protection of the community from the risks of dangerous goods through administering the *Dangerous Goods Safety Act 2004*, which applies to the manufacture, storage, handling, transport and use of dangerous goods. As part of this role, the Department conducts education and awareness raising initiatives, licensing services, investigations and technical assessments.

	2008–09 Actual
7. The number of dangerous goods storage and transport accidents	19

This measure is compiled from the list of incident summary forms the Department receives during the year. This measure only includes incidents involving the storage and transport of dangerous goods.

Targets are not set for this indicator as it is primarily an industry safety performance measure. However, results for this measure are an important indicator of the extent to which the Department is providing safety and protection of the community from the risk of dangerous goods. Accordingly, this indicator enables the Department to identify trends in reported accidents and target activities accordingly.

The number of reported accidents involving the storage and handling or transport of dangerous goods continues to fall, reflecting a sustained gradual decrease over the past 10 years, an encouraging trend in dangerous goods safety.

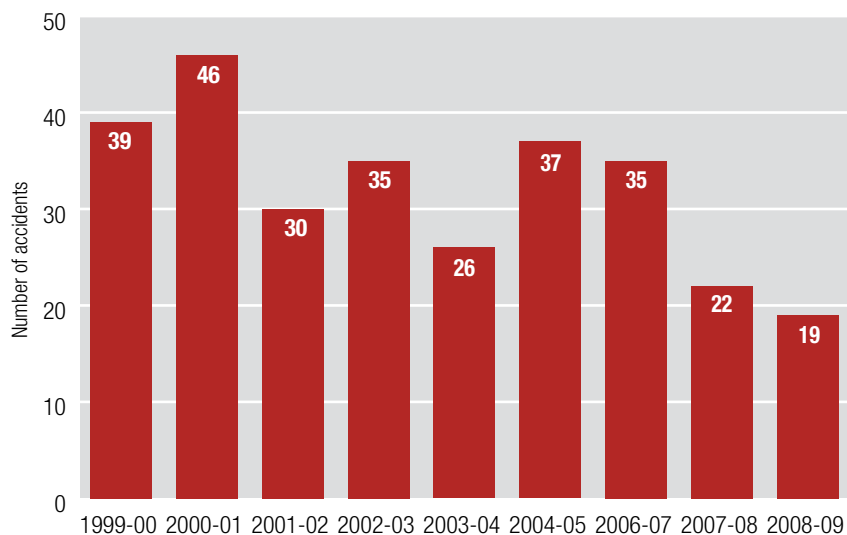


Figure 4. Number of dangerous goods storage and transport accidents

Audited Key Efficiency Measures

Efficiency indicators relate services to the level of resource inputs required to produce them. The Department reports its performance with four efficiency key performance indicators.

Agency Level Desired Outcome		
Outcome One	Outcome Two	Outcome Three
Responsible development of mineral and energy resources	Encouragement of exploration and discovery of mineral and petroleum deposits and informed land use planning	Safety and protection of the community from the risk of dangerous goods
Effectiveness Indicators		
Service 1. Resources Regulation	Service 2. Geoscience Information and Advice	Service 3. Dangerous Goods Regulation
8. Cost per resource regulation service 9. Average weighted cost per safety regulatory service – minerals and energy	10. Average weighted cost per published product	11. Average weighted cost per safety regulatory service – dangerous goods

Service 1: Resources Regulation

	2008–09 Target	2008–09 Actual
8. Cost per resource regulation service	\$944	\$778

This Key Performance Indicator measures how efficiently the Department is undertaking a range of transactional activities that fall under its legislative responsibility related to the responsible development of mineral and energy resources. Specifically, it combines the total costs of the mineral titles, petroleum titles, royalties service and environmental regulation activities of the Department. This cost is then divided by the total number of transactions delivered by these four areas.

The variance between the 2008–09 target and the actual is due to:

- greater than forecast activity in the Mineral Titles Division – with 17% more title transactions delivered than originally expected. These transactions included processing of new mineral tenement applications, finalisation of reversion licence applications and the lapsing of associated mining lease applications; and
- a decrease in online searches that allowed staff to process a greater number of Exploration Title Applications within the Petroleum Titles Division, resulting in increased productivity.

	2008–09 Target	2008–09 Actual
9. Average weighted cost per safety regulatory service – minerals and energy	Not Available	\$582

This measure is calculated as the total cost of Mines Safety services divided by the total number of services delivered in the 2008–09 year. These activities encompass units of information and education (seminars/presentations and publications), licensing services, and investigations and technical assessments undertaken by the Resources Safety Division. Weightings are then applied to individual components according to the staff resources allocated to each activity.

A 2008–09 target is not available as this measure was not in place or reported prior to 2008–09.

Service 2: Geoscience Information and Advice

	2008–09 Target	2008–09 Actual
10. Average weighted cost per published product	\$295,764	\$248,791

This Key Performance Indicator measures the average cost per unit of weighted total published product (WTPP) delivered by the Geological Survey Division. The benchmark measure for calculating WTPP units is the cost of producing a 1:100,000 scale geological map, which was rated at 1.5 WTPP units. Other products included in this indicator are assigned WTPP units proportional to the expertise and effort required for a publication as measured against the benchmark.

The 2008–09 target originally reported in the 2008–09 budget statements was incorrect. A revised target of \$295,764 was calculated and subsequently reported in the 2009-10 Budget Statements. The variance between the 2008–09 actual and revised target was due to a greater number of published products being released in 2008–09 rather than during the previous year as originally anticipated.

Service 3: Dangerous Goods Regulation

	2008–09 Target	2008–09 Actual
11. Average weighted cost per safety regulatory service – dangerous goods	Not Available	\$899

This measure is calculated as the total cost of Dangerous Goods Safety services divided by the total number of transactions actually delivered in the 2008–09 year. These services encompass units of information and education (seminars/presentations and publications); licensing services; and investigations and technical assessments undertaken by the Resources Safety Division. Weightings are then applied to these different components according to the number of staff resources for each activity.

A 2008–09 target is not available as this measure was not in place or reported prior to 2008–09.

Part 2 – Key Performance Indicators – Services Transferred Out as at 1 January 2009

Effectiveness Key Performance Indicators

- **TRANSFERRED OUTCOME:** Industry, communities and prospective investors have access to diverse investment opportunities and markets
- **TRANSFERRED SERVICE:** 3. Industry Development and Investment Facilitation
- **TRANSFER DATE:** 1 January 2009
- **TRANSFEREE AGENCY:** Department of State Development

Effectiveness Indicators	Actual 1/7/08 - 31/12/08
3.1 Stakeholder rating of access to diverse investment opportunities and markets	Not available
3.2 Stakeholder rating of facilitation assistance in terms of major project management and development	Not available

The information for this indicator was not available as the survey is conducted annually at the end of the financial year. Hence, the Department did not undertake the survey. Refer to the 2008–09 Department of State Development Annual Report for results of related Key Effectiveness Indicators.

- **TRANSFERRED SERVICE:** 4. Aboriginal Economic Development
- **TRANSFER DATE:** 1 January 2009
- **TRANSFEREE AGENCY:** Department of Commerce

Effectiveness Indicators	2008–09 Target	Actual 1/7/08 - 31/12/08
4.1 Number of employment and business opportunities facilitated for Indigenous communities	885	518

This actual result for this indicator is for the first six months of the financial year. This was a new indicator for the Department in the 2008–09 financial year and the target reflected a 12-month budget. Consequently, the actual is not comparable to the 2008–09 target. Refer to the 2008–09 Department of Commerce Annual Report for full year results against this indicator.

- **TRANSFERRED OUTCOME:** Enhancement of the state's economic sustainability and prosperity
- **TRANSFERRED SERVICE:** 5. Science and Innovation
- **TRANSFER DATE:** 1 January 2009
- **TRANSFEREE AGENCY:** Department of Commerce

Effectiveness Indicators	Actual 1/7/08 - 31/12/08
5.1 Index of funding leverage obtained for Western Australia from science and innovation research grants	Not available

A six-month result cannot be calculated for this indicator, and the results are only meaningful if reported as a 12-month index. Refer to the 2008–09 Department of Commerce Annual Report for results for this indicator.

- **TRANSFERRED OUTCOME:** Strategic policy frameworks that strengthen sustainable economic development
- **TRANSFERRED SERVICE:** 6. State Economic Development Policy
- **TRANSFER DATE:** 1 January 2009
- **TRANSFEREE AGENCY:** Service was abolished. Functions transferred to the Department of State Development

Effectiveness Indicators	Actual 1/7/08 - 31/12/08
6.1 Extent to which Ministers and other key stakeholders agree that the Department's policy advice and frameworks contribute to sustainable economic development.	Not Available

This was a new indicator for the Department in the 2008–09 financial year. The survey for this indicator was not conducted and therefore the information was not available. As a result of the restructure this indicator no longer exists but the associated functions were primarily transferred to the Department of State Development.

Efficiency Key Performance Indicators

- **TRANSFERRED SERVICE:** 3. Industry Development and Investment Facilitation

- **TRANSFER DATE:** 1 January 2009

- **TRANSFEREE AGENCY:** Department of State Development

Effectiveness Indicators	2008–09 Target	Actual 1/7/08 - 31/12/08
Average cost per project facilitated	\$243,551	\$185,000
Average cost per resource sector investment program delivered	\$471,469	\$258,625

Average cost per project facilitated: This was a new indicator for the Department in the 2008–09 financial year and therefore a comparison to prior year results is not available. The 2008–09 Target reflects a 12-month budget and is not comparable to the Actual result. This indicator was transferred to the Department of State Development and has subsequently changed. Refer to the Department of State Development for further detail and results.

Average cost per resource sector investment program delivered: This measure is a result for the first six months of the financial year where the Department of Industry and Resources (DoIR) was responsible for the Service – Industry Development and Investment Facilitation. It should be noted that:

- As this was a newly created indicator (with a different methodology) under the 2008–09 OBM structure for the antecedent DoIR, data for previous years is not available for comparison;
- The 2008–09 Target was calculated on the basis of 12 months funding and therefore is not comparable to the Actual results; and
- This indicator no longer exists under the 2008–09 Department of State Development OBM structure. Refer to the 2008–09 Department of State Development Annual Report for full results of related Efficiency Key Performance indicators.

- **TRANSFERRED SERVICE:** 4. Aboriginal Economic Development

- **TRANSFER DATE:** 1 January 2009

- **TRANSFEREE AGENCY:** Department of Commerce

Effectiveness Indicators	2008–09 Target	Actual 1/7/08 - 31/12/08
Average cost per employment opportunity facilitated	\$11,236	\$5,961

The results for this indicator reflect the first six months of the financial year where the Department of Industry and Resources was responsible for the Service – Aboriginal Economic Development. As this was a newly established indicator under the 2008–09 OBM structure for DoIR, comparative information is not available. Further, the 2008–09 target was calculated on a 12-month basis and is not comparable with the Actual. This efficiency indicator no longer exists under the 2008–09 Department of Commerce OBM structure.

- **TRANSFERRED SERVICE:** 5. Science and Innovation

- **TRANSFER DATE:** 1 January 2009

- **TRANSFEREE AGENCY:** Department of Commerce

Effectiveness Indicators	2007–08 Actual	2008–09 Target	Actual 1/7/08 - 31/12/08
Average cost per science and innovation project managed	\$148,686	\$57,848	\$17,529

The results for this measure reflect the six months that the Department of Industry and Resources (DoIR) was responsible for the Service – Science and Innovation. The 2008–09 Target was calculated on a 12-month budget basis and therefore is not comparable with the 2008–09 Actual. The 2007–08 Actual was much greater than the 2008–09 Target and Actual due to additional projects approved by the then Minister for Science under the Science and Initiatives Fund. Refer to the Department of Commerce 2008–09 Annual Report for complete results for this measure. A different methodology has been adopted by the Department of Commerce for this measure.

- **TRANSFERRED SERVICE:** 6. State Economic Development Policy

- **TRANSFER DATE:** 1 January 2009

- **TRANSFEREE AGENCY:** Service was abolished. Functions transferred to the Department of State Development

Effectiveness Indicators	Actual 1/7/08 - 31/12/08
Average cost per hour of targeted strategic policy advice	Not available

A result cannot be calculated for this Efficiency Key Performance Indicator as this data was not collected for the six-month period when it was part of the Department of Industry and Resources. As this was a newly created indicator under the 2008–09 OBM structure for the antecedent DoIR, comparative information is also not available.

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. Under this policy, increases in user charges and fees are generally limited to increases in the CPI as advised by the Department of Treasury and Finance, and endeavour to recover the full cost of service delivery where possible.

Petroleum permits and licence fees which form part of this revenue are set under Commonwealth and State Petroleum legislation and are reviewed in accordance with the Commonwealth.

Capital Projects

TABLE 8: MAJOR CAPITAL WORKS AS AT 30 JUNE 2009					
	Expected Year Completion	Estimated Cost to Complete \$'000	Estimated Total Cost \$'000	Estimated Total Cost Prior Financial Year \$'000	Variance from Prior Financial Year Total Cost and Estimated Total Costs \$'000
Computer Hardware and Software					
Hazardous Materials Management System	2009–10	220	240	240	Nil

TABLE 9: COMPLETED CAPITAL PROJECTS		
Completed Projects	Year Completion	Total Cost \$'000
Technology Precinct Bentley Stage 1*	2008–09	3,869
Kalgoorlie Stage 2 Complex	2008–09	6,579

* Technology Precinct Bentley was transferred to the Department of Commerce on 1 January 2009. Total cost of \$3,869 million represents total value of works completed as at the transfer date.

Employment and Industrial Relations

Most departmental staff are employed under the *Public Service General Agreement 2008*. Four staff (or 2.0 Full-time Equivalents (FTE)) are employed under the *Government Services (Miscellaneous) General Agreement 2007* and one is employed under the Salaries and Allowances Tribunal.

There are a number of different salary arrangements depending on occupational groups and business requirements, including Specified Callings and Attraction and Retention Benefit (ARB) Allowances. It is expected there will be an ongoing requirement to negotiate salary packages with current and future employees directly linked to the Resources sector, due to continued attraction and retention issues.

Comparative FTE Allocation by Category

The Department's Full-time Equivalent (FTE) staffing numbers are detailed in the table below. As the Department was established on 1 January 2009, figures for previous years have not been included.

TABLE 10: DEPARTMENT FTE NUMBERS	
	30 June 2009
Permanent Full Time	628
Contract Full Time	46
Part Time – Permanent and Contract	36
Seconded Out	9.6
Seconded In	0

Staffing Policies

The Human Resources (HR) Delegations' Framework was reviewed following the establishment of the Department in January 2009. The revised delegations continue to ensure approvals are managed at the appropriate level of management, and minimise the number of contact points to ensure efficient and timely approvals.

During the year the focus on improving HR information through the Manager's Tool Box on the Department's intranet (implemented in 2007–08) continued. Approximately 50 policy and procedure documents were updated with significant emphasis on the departmental staff grievance, occupational safety and health and staff induction processes. Consistent with budgetary requirements, electronic recruitment requests were modified to provide managers with sign off for salary expenditure and FTE commitments.

HR staff increased their involvement, with assistance to line managers, in staff recruitment activities for positions where applicants remain in short supply, and with a range of innovative recruitment strategies. Similarly, recruitment training was increased to enable a greater pool of informed staff to participate in selection advisory panels. Through a program of visits the HR branch maintained the information program for regional staff and for Resources Safety Division staff based at Cannington.

Following the transition to three separate agencies, the Department of Mines and Petroleum continued to provide electronic vacancy request and applicant management systems to all three agencies. These cost effective arrangements had previously been successfully trialled through the separation of the Chemistry Centre of WA from the Department. Each agency is able to operate these systems independently while maintaining their own levels of security.

Recruitment

The Department continued to focus on curriculum vitae (CV) only application processes to address the overall decline in candidates for many positions. There has been a steady increase in the number of applications per position from an average of 14.3 in 2007–08 to 16 applicants per position in 2008–09. This has been due to both the decline in positions available in the resources industry, and the Department's use of CV application processes.

Recruitment and selection process training, including CV writing, continued during 2008–09. Information sessions for panel members and employees were conducted across the Department's offices in Perth, Cannington and Kalgoorlie.

Youth employment initiatives continued with an intake of five Graduates and one School-Based Trainee in 2009. The Department has retained three School- Based Trainees from 2008 and will be offering one full-time trainee position in 2010.

Attraction and retention strategies identified and implemented in 2008–09 continue to be of value. These include:

- streamlined recruitment processes;
- the continuation of revised Job Description Forms to include job requirements and core competencies to encourage a wider range of applicants;
- an increase in pool recruitment;
- advertising flexible work options; and
- payment of an ARB allowance for Officers working in designated specialist positions.

Staff Development

In 2008–09 the Department focused on building organisational capacity in line with the Integrated Planning Framework. This framework provides the connection between staff development and the strategic direction of the Department through aligning people and planning.

A number of organisational development initiatives were delivered which included:

- a series of career enhancement workshops;
- various leadership programs;
- mentoring programs;
- Indigenous Cultural Awareness training;
- Departmental Climate Survey; and
- Equal Employment Opportunity projects.

The Department also provided Workplace Conduct and Awareness training for new staff, including staff from the Resources Safety Division, which transferred to the Department in January. This training is a mandatory requirement for public sector agencies and the training is now in its third iteration.

The Department continues to evaluate learning and development through conducting workplace needs assessments to provide a coordinated approach in meeting the evolving training needs now and into the future.

Governance Disclosures

Senior Officers

At the date of reporting, other than normal contracts of employment of service, no senior officers, or firms of which senior officers are members, or entities in which senior officers have any substantial interests, had any interests in existing or proposed contacts with the office and senior officers.

Other Legal Requirements

Advertising

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

Advertising Agencies	\$Nil
Media Advertising Organisations	
Marketforce	\$29,700
Adcorp	\$353,100
Media Decisions	\$3,700
Market Research Organisations	
Research Solutions	\$11,150
Savant Surveys & Strategies	\$4,100
Polling Organisations	\$Nil
Direct Mail Organisations	
ACTIV Industries	\$8,450
TOTAL EXPENDITURE	\$410,200

Disability Access and Inclusion Plan Outcomes

The Department has a Disability Access and Inclusion Plan 2007 – 2012 with six desired outcomes, with a view to providing a framework for improving access and inclusion for people with disabilities.

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

The Department continues to provide for the requirements of disabled persons with access to existing facilities and premises as well as access to all relevant information. The Department is committed to providing equal access for people with disabilities to all public events in appropriate venues.

The Department's events manual outlines the guidelines for employees on conducting events. It emphasises that events must cater for the needs of people with a disability. It also includes a checklist for staff to ensure that no individual or group is inappropriately excluded by ensuring that department-sponsored events can be accessed and enjoyed by everyone.

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

The Department continued to work towards all office buildings and facilities being physically accessible to people with disabilities. Where the provision of such facilities is restricted, such as in some leased premises and some regional offices, staff are informed to make necessary arrangements on request to provide appropriate access.

The Kalgoorlie Regional Complex was opened in April 2009 and it was designed and built with all the facilities to support access for disabled people.

Disabled access facilities including disabled parking bays are provided at the main Perth offices at Mineral House and 1 Adelaide Terrace (as of 1 January 2009, the Adelaide Terrace premises were no longer part of the Department). These two premises also have specially designed toilet facilities for disabled people.

Outcome 3: People with disabilities can access information from the Department as readily as other people are able to access it.

The Department strives to meet the recommendations of the Office of e-Government as specified in the *Western Australian Website Governance Framework* in regards to accessibility. Currently the minimum requirement is to be Priority 1 accessible. The Department, however, actively strives to comply with Priority 2 and, where possible, above.

The Department is seeking to implement and comply with the forthcoming Website Accessibility Web Standard that will be created based on the W3C's Web Content Accessibility Guidelines 2.0 (WCAG 2.0). The WCAG 2.0 was endorsed on December 12 2008.

The Department is committed to providing information for disabled people in alternative formats upon request.

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

The Department is committed to treating all customers and stakeholders equally, in an open, honest and impartial manner.

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

The Department has an effective internal complaints management system where the Director General is ultimately answerable to complaints. Complaints are handled and addressed honestly and impartially, via an open communication and transparent process. Importantly, the Department recognises complaints are a useful tool for improving services.

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

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

Compliance with Public Sector Standards and Ethical Codes

The Public Sector Standards and the Western Australian Public Sector Code of Ethics are included as part of all staff inductions and accessible to all employees on the Department's intranet.

Training on recruitment and selection processes has been provided on a regular and ongoing basis via group training sessions and individually as appropriate. Panels are also required to complete training prior to undertaking a recruitment process.

No breach claims were received in 2008–09 against the Recruitment, Selection and Appointment Standard. The investigation into a formal grievance lodged in 2007–08 was satisfactorily concluded. There were no formal grievances lodged during 2008–09.

One breach claim against the Performance Management Standard was received, following a substandard performance process under the *Public Sector Management Act 1994*, Section 79. The claim was found to be unsubstantiated.

Recordkeeping Plans

The Recordkeeping Plan for the Department of Industry and Resources (DoIR) was reviewed and submitted to the State Records Commission (SRC) in December 2008 to meet the requirements of SRC Standard 2: Recordkeeping Plans. It was to report fairly the policies, procedures and activities which are or will be implemented by the Department to comply with the *State Records Act 2000*.

Following the restructure of DoIR (and the subsequent establishment of the Department of Mines and Petroleum and the Department of State Development), the DoIR Recordkeeping Plan was split into two Recordkeeping Plans:

- One Recordkeeping Plan for the Department of Mines and Petroleum that would include the Resource Safety Division from the previous Department of Consumer and Employment Protection; and
- One Recordkeeping Plan for the newly formed Department of State Development.

The Recordkeeping Plan and the new Retention and Disposal Schedule for the Department of Mines and Petroleum were submitted in May 2009 and are currently being reviewed by the State Records Office.

Sixty eight new staff received Recordkeeping Induction Training covering recordkeeping, legal and compliance requirements, and employee roles and responsibilities. Training was conducted on a one-to-one basis and feedback for improvement noted. Forty staff received training in a range of recordkeeping skills, including the Records Management System, Effective Document Titles and refresher training on general recordkeeping. Pre-training Records System data was assessed to identify and target the training. Effectiveness was assessed using post-training system performance data.

Six hundred and nine staff received training in the operation of the Department's electronic document and records management systems – OurDocs and Records Manager. All new staff received training including groups transferred to the Department after the government portfolio restructure at the end of 2008. Key system users were identified and received more advanced system training.

The efforts of the Records Lead Group resulted in a number of new and improved recordkeeping procedures and initiatives. These included:

- an upgrade to the Department's Workflow system to include a Mail for Action task;
- improvement of the management procedure for historic files borrowed from the State Archives;
- review and improvement of the Records System Location Codes to more accurately identify the physical location of records;
- improvement of procedures for issuing files stored in boxes;
- development of a procedure for managing the transfer of files to other agencies;
- File Plan Terms and Definitions made available online to all staff for reference; and
- implementation of a fully electronic Document and Recording Management System throughout the Department following the digitising of more than 45,000 files in 2007–08.

Ministerial Directives

During the 2008–09 financial year, the Department did not receive any Ministerial Directives.

Government Policy Requirements

Corruption Prevention

The Department assisted the Police Major Fraud Squad investigate allegations against a senior officer. The officer concerned has subsequently been stood down and police have laid multiple charges.

A number of steps have been taken to strengthen the Department's Governance Control Framework to prevent corruption. These include providing additional resources for the Internal Audit function, scheduling a fraud and corruption control review and integrating employee acknowledgement of their responsibilities under the Shareholding and Business Interests policy with Work and Development Planning.

There were two cases of alleged misconduct initiated under the *Public Sector Management Act 1994* Section 80. One case was proven and the remaining case has been suspended pending further external action.

No claims were lodged with designated Officers under the *Public Interest Disclosure Act 2003*. There are three appointed and trained Public Interest Disclosure (PID) Officers in the Department.

Substantive Equality

In accordance with the Department's commitment to implementing the Policy Framework for Substantive Equality, the following outcomes have been achieved:

- implementation of a corporate executive policy committing to the requirements of the Policy Framework;
- nomination of the Executive Director, Corporate Support to oversee the Policy Framework and ensure all outcomes against the Framework are achieved;
- the Corporate Support Division has assumed operational responsibility for implementation of the Framework reporting through the Executive Director, Corporate Support to the Director General;

- substantial completion of a Needs and Impact Assessment within the expedited process of the future acts regime, focusing on policies and procedures administered by the Tenure and Native Title Branch to ensure they are consistent with substantive equality principles; and
- negotiation that the Needs and Impact Assessment process will continue throughout the remainder of the functions administered by the Tenure and Native Title Branch after June 2009, and be completed by December 2009.

Occupational Safety, Health and Injury Management

The Department is committed to the safety, health and welfare of its employees, contractors and visitors. While managers and supervisors have overall responsibility to ensure employees are not exposed to hazards in the workplace, safety is considered every person's business. The Corporate Occupational Safety and Health branch has been proactive in developing policies and implementing measures to ensure legislative requirements are met and that managers and employees are aware of their responsibilities.

The Department's Occupational Safety and Health (OSH) processes were recognised at the IFAP/CGU Awards in September 2008. The Department was presented with a Gold Safe Way Achiever Award in recognition of its safety management system.

The primary mechanism for communicating OSH issues are via the Department's network of 16 Safety and Health Representatives and the OSH Committee. The committee, which is accountable to the Corporate Executive, comprises management and employee representatives and meets quarterly to discuss and resolve safety, health and injury management issues. Other mechanisms for communication include internal intranet notices and newsletter articles. All relevant information, policies, procedures and forms are available to all staff on the Department's intranet.

The Department upholds a commitment to injury management demonstrated by the proactive approach to preventing injuries and the resultant low number

of workers' compensation claims. All staff are offered workplace assessments when they commence employment and counselling sessions are available onsite and through an Employee Assistance Program. The injury management system guides the Department's process for return to work programs.

The table below provides an overview of the Department's results against OSH and injury management indicators for 2008–09. Minor variances in the 2007–08 figures are due to a change in calculation methodology by RiskCover.

TABLE 11: OSH AND INJURY MANAGEMENT PERFORMANCE INDICATORS			
Safety and Health Indicators	2006–07	2007–08	2008–09
Number of fatalities	0	0	0
Number of lost time injuries/diseases	5	3	5
Lost time injury/disease incidence rate	0.55	0.35	0.69
Lost time injury severity rate	20	33.33	0
% workers returned to work within 28 weeks	n/a	n/a	83.3%
% managers trained in OSH and injury management responsibilities	n/a	n/a	100%

The Department continued its focus on employee health and wellness through the Working on Wellness program. During 2008–09, staff were offered influenza vaccinations and a variety of presentations on health topics were conducted. These included diabetes, mental health and a healthy cooking demonstration. Yoga and Pilates classes and onsite massages are also part of the program, at employee cost. The Department also implemented the pandemic preparedness plan to manage the H1N1 Influenza (Human Swine Flu).

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

APPENDIX 1: LEGISLATION AND CHANGES TO LEGISLATION

The Department is responsible for administering several Acts of State Parliament. This Appendix identifies the legislation administered by the Department together with changes to legislation that occurred during the year.

Acts

The State legislation administered by the Department is:

- *Anglo-Persian Oil Company Limited's (Private) Act 1919*
- *Barrow Island Royalty Trust Account Act 1985*
- *Barrow Island Royalty Variation Agreement Act 1985*
- *British Imperial Oil Company, Limited (Private) Act 1925*
- *Coal Industry Tribunal of Western Australia Act 1992*
- *Coal Miners' Welfare Act 1947*
- *Dangerous Goods Safety Act 2004*
- *Mining Act 1978*
- *Mining on Private Property Act 1898*
- *Mining (Validation and Amendment) Act 1986*
- *Miner's Phthisis Act 1922*
- *Mines Safety and Inspection Act 1994*
- *Offshore Minerals Act 2003*
- *Offshore Minerals (Consequential Amendments) Act 2003*
- *Offshore Minerals (Registration Fees) Act 2003*
- *Petroleum and Geothermal Energy Resources (Registration Fees) Act 1967*
- *Petroleum and Geothermal Energy Resources Act 1967*
- *Petroleum (Submerged Lands) Act 1982*
- *Petroleum (Submerged Lands) Registration Fees Act 1982*
- *Petroleum Legislation Amendment and Repeal Act 2005*
- *Petroleum Pipelines Act 1969.*

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

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

- *Offshore Petroleum (Royalty) Act 2006*
- *Offshore Petroleum and Greenhouse Gas Storage (Annual Fees) Act 2006*
- *Petroleum (Submerged Lands) Act 1967*
- *Petroleum (Submerged Lands) (Registration Fees) Act 1967*
- *Petroleum (Submerged Lands) (Royalty) Act 1967*
- *Petroleum (Submerged Lands) Fees Act 1994*

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

- *Mining Act 1978 (WA) (CKI)*
- *Mining Act 1978 (WA) (CI).*

In addition, the Department undertakes a number of functions under the various State Agreement Acts which are administered by the Department of State Development. These are listed in Appendix 2.

Changes to Legislation

Acts

Mines Safety and Inspection Act 1994

- *Training Legislation Amendment and Repeal Act 2008*: Assented to 10 December 2008, Section 55 commenced 10 June 2009. Consequential amendments to section 4(1) of the *Mines Safety and Inspection Act 1994*, to amend the definitions for apprentice, trainee, employee, employer, and self-employed person.

Mining Act 1978

- *Legal Profession Act 2008*, (No. 21 of 2008): Assented to 27 May 2008, section 681 commenced 1 March 2009. Consequential amendment to section 162(2)(r) of the *Mining Act 1978* to reflect the newly titled *Legal Profession Act 2008* (previously the *Legal Practice Act 2003*).
- *Revenue Laws Amendment Act (No. 2) 2008*, (No. 31 of 2008): Assented to 27 June 2008, commenced 28 June 2008. Consequential amendments resulting from the State Tax Review which allows the Commissioner of State Revenue to place a memorial on mining tenements to secure an amount of unpaid stamp duty.
- *Statutes (Repeals and Miscellaneous Amendments) Act 2009* (No. 8 of 2009): Assented to 21 May 2009,

section 8 commenced 21 May 2009. Amends section 101 of the *Mining Act 1978* to delete the references to the *Companies (Western Australia) Code* and the *Companies Act 1961*.

Offshore Petroleum Act (2006)

Sections 3 to 5 of the *Offshore Petroleum Act 2006* (OPA) came into effect on 1 July 2008 and the *Petroleum Submerged Lands Act 1967* was repealed. The OPA was a rewrite of the *Petroleum Submerged Lands Act 1967*, to bring its language, style and structure up to modern standards.

Following Royal Assent on 21 November 2008, the OPA has subsequently been renamed the *Offshore Petroleum and Greenhouse Gas Storage Act 2006* (OPGGSA). The amendments to the OPA are to introduce a regulatory regime for the injection and storage of greenhouse gas substances in the Commonwealth offshore areas. The legislation establishes a system for regulating the following activities in Commonwealth offshore areas:

- exploration and recovery of petroleum;
- construction and operation of infrastructure facilities relating to petroleum or greenhouse gas substances;
- construction and operation of pipelines for conveying petroleum or greenhouse gas substances;
- exploration for potential greenhouse gas storage formations; and
- injection and storage of greenhouse gas substances.

Regulations

Dangerous Goods Safety (Explosives) Regulations 2007

Dangerous Goods Safety (Explosives) Amendment Regulations (No. 3) 2009: Published in the Gazette on 16 June 2009. Increases Dangerous Goods Security Card fee by approximately 4 per cent, in line with Consumer Price Index (CPI), effective from 1 July 2009.

Dangerous Goods Safety (Major Hazard Facilities) Regulations 2007

Dangerous Goods Safety (Major Hazard Facilities) Amendment Regulations (No. 2) 2009: Published in the Gazette on 16 June 2009. Increases fees for application for approval of a safety report for a facility by approximately 4 per cent (in line with CPI) effective from 1 July 2009.

Dangerous Goods Safety (Road and Rail Transport of Non-Explosives) Regulations 2007

Dangerous Goods Safety (Road and Rail Transport of Non-Explosives) Amendment Regulations (No. 2) 2008: Published in the Gazette on 23 January 2009. Regulation 274 was amended to extend the implementation date for the national model regulations incorporating the latest Australian Dangerous Goods Code (ADG7), to allow other states more time to adopt the legislation.

Dangerous Goods Safety (Road and Rail Transport Of Non-Explosives) Amendment Regulations (No. 2) 2009

Published in the Gazette on 16 June 2009. Increases Dangerous Goods Vehicle Licence fees by approximately 4 per cent (in line with CPI) effective from 1 July 2009.

Dangerous Goods Safety (Storage and Handling of Non-Explosives) Regulations 2007

Dangerous Goods Safety (Storage and Handling of Non-Explosives) Amendment Regulations (No. 2) 2009: Published in the Gazette on 16 June 2009. Increases Dangerous Goods Site Licence fees by approximately 4 per cent (in line with CPI) effective from 1 July 2009.

Mines Safety and Inspection Amendment Regulations 1995

Mines Safety and Inspection Amendment Regulations (No. 2) 2009: Published in the Gazette on 16 June 2009. Increases fees for issue and renewal of Certificate of Competency by approximately 4 per cent (in line with CPI), effective from 1 July 2009.

Mining Regulations 1981

- *Mining Amendment Regulations 2008*: Published in the Gazette on 1 August 2008 to operate from 2 August 2008. Amends Regulation 42B by deleting paragraph (n) and inserting additional purposes for miscellaneous licences.
- *Mining Amendment Regulations (No. 2) 2009*: Published in the Gazette on 12 June 2009 to operate from 1 July 2009. Increases rents and fees to meet budget targets set by Government for the 2009–10 financial year.

Petroleum (Submerged Lands) (Management of Well Operations) Amendment Regulations 2008

The Petroleum (Submerged Lands) (Management of Well Operations) Amendment Regulations 2008, published in the Government Gazette on 16 January 2009, amended the *Petroleum (Submerged Lands) (Management of Well*

Operations) Regulations 2006 to ensure consistency with changes to the *Sentencing Act 1995*.

Petroleum Amendment Regulations 2009

The *Petroleum Amendment Regulations 2009*, published in the Government Gazette on 23 June 2009, amended the *Petroleum Regulations 1987* to:

- increase all State petroleum and geothermal fees and charges by CPI increase of 4.2 per cent;
- reflect amendments from the proclamation of the *Petroleum Amendment Act 2007* which resulted in the *Petroleum and Geothermal Energy Resources Act 1967*;
- remove the outdated transitional Goods and Services Tax (GST) fee calculation provision; and
- delete the regulations providing for the *WA Land (Titles and Traditional Usage) Act 1993* processes.

Petroleum (Submerged Lands) Amendment Regulations 2009

The *Petroleum (Submerged Lands) Amendment Regulations 2009*, published in the Government Gazette on 23 June 2009, amended the *Petroleum (Submerged Lands) Regulations 1990* to:

- increase all State petroleum fees and charges by the CPI increase of 4.2 per cent;
- remove the outdated transitional GST fee calculation provision; and
- delete the regulations providing for the *WA Land (Titles and Traditional Usage) Act 1993* processes.

Petroleum (Submerged Lands) Registration Fees Amendment Regulations 2009

The *Petroleum (Submerged Lands) Registration Fees Amendment Regulations 2009*, published in the Government Gazette on 23 June 2009, amended the *Petroleum (Submerged Lands) Registration Fees Regulations 1990* to increase all State petroleum fees and charges by the CPI increase of 4.2 per cent.

Petroleum Pipelines Amendment Regulations (No.2) 2009

The *Petroleum Pipelines Amendment Regulations (No.2) 2009*, published in the Government Gazette on 23 June 2009, amended the *Petroleum Pipelines Regulations 1970* to increase all State petroleum fees and charges by the CPI increase of 4.2 per cent.

Petroleum (Registration Fees) Amendment Regulations 2009

The *Petroleum (Registration Fees) Amendment Regulations 2009*, published in the Government Gazette on 23 June 2009, amended the *Petroleum (Registration Fees) Regulations 1990* to increase all State petroleum and geothermal fees and charges by the CPI increase of 4.2 per cent.

Legislation yet to come into effect at 30 June 2009

Offshore Minerals Act 2003, Offshore Minerals (Consequential Amendments) Act 2003, Offshore Minerals (Registration Fees) Act 2003

New legislation to govern the exploration for and exploitation of minerals from the seabed within the three nautical mile Territorial Sea (this legislation is to mirror the Commonwealth's Offshore Minerals Legislation as agreed in the 1979 Offshore Constitutional Settlement). The legislation is awaiting the drafting of supporting regulations.

Petroleum Legislation Amendment and Repeal Act 2005 (No. 13 of 2005)

Assented to 1 September 2005. The Act amends the *Petroleum (Submerged Lands) Act 1982*, the *Petroleum Act 1967* and the *Petroleum Pipelines Act 1969* with respect to the occupational safety and health of persons at offshore petroleum facilities, petroleum and geothermal energy operations and petroleum pipeline operations. It also repeals the *Petroleum Safety Act 1999* and makes consequential amendments to the *Barrow Island Act 2003*, the *Industrial Relations Act 1979* and the *Occupational Safety and Health Act 1984*. Part 4 of the Act commenced 28 March 2007 when the required safety regulations for the *Petroleum (Submerged Lands) Act 1982*, came into operation. Development of supporting safety regulations commenced in 2008 by the then DoIR. The responsibility for drafting these regulations was transferred to the Resources Safety Division of the newly-formed DMP on 1 January 2009. Completion of these regulations has been given priority status.

Mines Safety and Inspection Act 1994

Mines Safety and Inspection Amendment Regulations (No. 3) 2008 – Ministerial approval granted on 20 January 2009 for drafting of amendments to *Mines Safety and*

Inspection Regulations 1995. This will correct and clarify provisions to reflect the intended outcome of amendments to the *Mines Safety and Inspection Act 1994*; update provisions in relation to health surveillance to reflect current practice; apply the national licensing regime for high risk work to the mining industry (replacing the current certificate of competency with a licence); and remove existing exemptions for exploration operations to undertake a baseline monitoring program for radiation and to prepare a radiation management plan before operations commence.

The final report of the statutory review of the *Mines Safety and Inspection Act 1994* conducted by Commissioner Kenner was tabled by the Minister in the Legislative Council of Parliament on 8 April 2009. Commissioner Kenner submitted 119 recommendations to Government for consideration. These can be broadly divided into recommendations about the role and operation of the regulator, and recommendations relating to the *Mines Safety and Inspection Act 1994* and its administration. Analysis of the recommendations and consultation with stakeholders will be required as an initial step. If the recommendations are accepted by Government, the changes will require preparation of significant amendments to legislation.

A full review of Mines Safety and Inspection Regulations will be undertaken following acceptance of Kenner Review recommendations.

Dangerous Goods Safety Act 2004

The unintended complexity of the new dangerous goods regulations necessitated a number of changes to reduce regulatory burden. Work has commenced on drafting the changes, which will be implemented in 2009/10. The proposed amendments cover a huge variety of regulatory issues and will streamline the Regulations to make them more workable.

Dangerous Goods Safety (General) Regulations 2007

Amendments include (among others) updates to the forms used to issue infringement notices

Dangerous Goods Safety (Major Hazard Facilities) Regulations 2007

Amendments include (among others) changes to the definitions and changes to the duties placed on operators

Dangerous Goods Safety (Security Risk Substances) Regulations 2007

Amendments include (among others) changes to avoid licensees having to hold multiple licences for the same product and changes to the requirements placed upon educational facilities.

Dangerous Goods Safety (Goods in Ports) Regulations 2007

Amendments include (among others) additional powers for Dangerous Goods Officers (DGO) in relation to reportable situations and new requirements in relation to special berths.

Dangerous Goods Safety (Road and Rail Transport) Regulations 2007

Amendments include (among others) a raft of amendments to bring the Regulations in line with the new national model legislation.

Dangerous Goods Safety (Storage and Handling of Non-Explosives) Regulations 2007

Amendments include (among others) changes to the definitions (including the definition of dangerous goods), changes in the application of the Regulations to avoid difficulties relating to the inclusion of unintended sites in the Regulations' scope and a variety of changes to the requirements placed upon licensees.

Dangerous Goods Safety (Explosives) Regulations 2007

Amendments include (among others) changes to the definitions, amendments to create an exemption for police officers from having to obtain a security clearance under the Regulations, a variety of changes to the requirements placed upon licensees including changes to the requirements for outdoor fireworks events, to requirements relating to Blast Plans and changes in the fines system.

Amendments currently being actioned by Parliamentary Counsel on instruction from the Group include:

- evaluation by the WA Police of applications for Dangerous Goods Security Cards;
- Australian Explosives Code changes;
- consequential amendments necessitated by the *Training Legislation Amendment and Repeal Act 2008*.

APPENDIX 2: LIST OF STATE AGREEMENTS

Administered by the Department of State Development

Alumina

Alumina Refinery Agreement Act 1961
Alumina Refinery (Mitchell Plateau) Agreement Act 1971
Alumina Refinery (Pinjarra) Agreement Act 1969
Alumina Refinery (Wagerup) Agreement and Acts Amendment Act 1978
Alumina Refinery (Worsley) Agreement Act 1973

Charcoal Iron and Steel

Wundowie Charcoal Iron Industry Sale Agreement Act 1974

Coal

Collie Coal (Griffin) Agreement Act 1979
Collie Coal (Western Collieries) Agreement Act 1979

Copper

Western Mining Corporation Limited (Throssell Range) Agreement Act 1985

Diamonds

Diamond (Argyle Diamond Mines Joint Venture) Agreement Act 1981

Energy

Goldfields Gas Pipeline Agreement Act 1994
Pilbara Energy Project Agreement Act 1994
Ord River Hydro Energy Project Agreement Act 1994

Forest Products

Albany Hardwood Plantation Agreement Act 1993
Bunbury Treefarm Project Agreement Act 1995
Collie Hardwood Plantation Agreement Act 1995
Dardanup Pine Log Sawmill Agreement Act 1992
Paper Mill Agreement Act 1960
Wesply (Dardanup) Agreement Authorization Act 1975
Wood Chipping Industry Agreement Act 1969
Wood Processing (WESFI) Agreement Act 2000
Wood Processing (Wesbeam) Agreement Act 2002

Gas

North West Gas Development (Woodside) Agreement Act 1979
Barrow Island Act 2003

Gold

Tailings Treatment (Kalgoorlie) Agreement Act 1988

Iron Ore and Steel

BHP Billiton (Termination of Agreements) Agreement Act 2006
Iron Ore (The Broken Hill Proprietary Company Limited) Agreement Act 1964
Iron Ore (Channar Joint Venture) Agreement Act 1987
Iron Ore (FMG Chichester Pty Ltd) Agreement Act 2006
Iron Ore (Goldsworthy–Nimigarra) Agreement Act 1972
Iron Ore (Hamersley Range) Agreement Act 1963
Iron Ore (Hamersley Range) Agreement Act Amendment Act 1964
Iron Ore (Hope Downs) Agreement Act 1992
Iron Ore (McCamey's Monster) Agreement Authorisation Act 1972
Iron Ore (Marillana Creek) Agreement Act 1991
Iron Ore (Mount Bruce) Agreement Act 1972
Iron Ore (Mount Goldsworthy) Agreement Act 1964
Iron Ore (Mount Newman) Agreement Act 1964
Iron Ore (Murchison) Agreement Authorisation Act 1973
Iron Ore (Rhodes Ridge) Agreement Authorisation Act 1972
Iron Ore (Robe River) Agreement Act 1964
Iron Ore (Wittenoom) Agreement Act 1972
Iron Ore Processing (BHP Minerals) Agreement Act 1994
Iron Ore Beneficiation (BHP) Agreement Act 1996
Iron Ore – Direct Reduced Iron (BHP) Agreement Act 1996
Iron Ore (Yandicoogina) Agreement Act 1996
Iron and Steel (Mid West) Agreement Act 1997
Iron Ore Processing (Mineralogy Pty.Ltd.) Agreement Act 2002

Mineral Sands

Mineral Sands (Eneabba) Agreement Act 1975
Mineral Sands (Cooljarloo) Mining and Processing Agreement Act 1988
Mineral Sands (Beenup) Agreement Act 1995

Nickel

Nickel (Agnew) Agreement Act 1974
Nickel Refinery (Western Mining Corporation Limited) Agreement Act 1968
Nickel Refinery (Western Mining Corporation Limited) Agreement Act Amendment Act 1974
Poseidon Nickel Agreement Act 1971

Oil

Oil Refinery (Kwinana) Agreement Act 1952

Salt

Dampier Solar Salt Industry Agreement Act 1967
Evaporites (Lake Macleod) Agreement Act 1967
Leslie Solar Salt Industry Agreement Act 1966
Onslow Solar Salt Agreement Act 1992
Shark Bay Solar Salt Industry Agreement Act 1983

Uranium

Uranium (Yeelirrie) Agreement Act 1978

Miscellaneous

Cement Works (Cockburn Cement Limited) Agreement Act 1971
Industrial Lands (CSBP & Farmers Ltd.) Agreement Act 1976
Industrial Lands (Kwinana) Agreement Act 1964
Pigment Factory (Australind) Agreement Act 1986
Silicon (Kemerton) Agreement Act 1987
Anglo-Persian Oil Company Limited's (Private) Act 1919
British Imperial Oil Company, Limited (Private) Act 1925
The Commonwealth Oil Refineries, Limited (Private), Act 1940

APPENDIX 3: ACT OF GRACE PAYMENTS

Register – Payments made from 1 July 2008 to 30 June 2009				
Date	Paid to (Name)	Amount (\$)	Reason	Approval Process Undertaken
23/7/08	Mr Peter Gianni	1032.00	Ex-gratia refund for rent for E16/357, E69/2500, E59/1506	Applicant requests – Minister approves
23/7/08 and 3/11/08	Cedric Davies and Nathan Cammerman	166.05 and 55.00	Ex-gratia refund for E20/636 due to SKA Project Tenement Square Kilometre Array Project relocation	Applicant requests – Minister approves
3/11/08	Mawson West Ltd	1941.95	Ground incorrectly shown in the Department's TENGRAPH system as being open for application when this was not the case. Reimbursement of application fee and associated costs	Applicant requests – Minister approves
6/3/09	Brian McNab	2731.08	Reimbursement of excess rent collected after incorrect surrender process followed by Department	Applicant requests – Minister approves
16/3/09	Pioneer Nickel Ltd	241.00	Ground incorrectly shown in the Department's TENGRAPH system as being open for application when this was not the case. Reimbursement of application fee and associated costs	Applicant requests – Minister approves
21/4/09	Fortescue Metals Group (FMG)	1875.13	Ground incorrectly shown in the Department's TENGRAPH system as being open for application when this was not the case. Reimbursement of application fee and associated costs	Applicant requests – Minister approves

APPENDIX 4: GLOSSARY

ADG	Australian Dangerous Goods Code	OPA	Offshore Petroleum Act 2006
ARB	Attraction and Retention Benefit	OPGSA	Offshore Petroleum and Greenhouse Gas Storage Act 2006
AS/NZS	Australian Standards/New Zealand Standards	OSH	Occupational Safety and Health
AXTAT	Accidents Statistics Database	OSRG	Outcome Structure Review Group
CCS	Carbon capture and storage	PGR	Petroleum and Geothermal Register
CCWA	Chemistry Centre of Western Australia	PID	Public Interest Disclosure
COAG	Council of Australian Governments	QMS	Quality Management System
COSH	Corporate Occupational Safety and Health	RKP	Record Keeping Plan
CO ₂	Carbon Dioxide	SRC	State Records Commission
CPI	Consumer Price Index	TI	Treasurers Instructions
CMS	Complaints Management System	WA	Western Australia
CV	Curriculum Vitae	WCAG	Web Content Accessibility Guidelines
CSIRO	Australia's Commonwealth Science and Research Organisation	WTPP	Weighted Total Published Product
DGO	Dangerous Goods Officer		
DoC	Department of Commerce		
DOCEP	Department of Consumer and Employment Protection		
DoIR	Department of Industry and Resources		
DMP	Department of Mines and Petroleum		
DSD	Department of State Development		
DTF	Department of Treasury and Finance		
EIS	Exploration Incentive Scheme		
eMITS	Web-based Mineral Titles Register		
FESA	Fire and Emergency Services Authority		
FTE	Full-time Equivalent		
GIS	Geographic Information Systems		
GST	Goods and Services Tax		
HAZMAN	Hazardous Material Management		
HEAT	HAZMATE Emergency Advisory Team		
HR	Human Resources		
KPI	Key Performance Indicator		
LTIFR	Lost Time Injury Frequency Rate		
MIAC	Mining Industry Advisory Committee		
NOPSA	National Offshore Petroleum Safety Authority		
OAG	Office of the Auditor General		
OBM	Outcome Based Management		

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