



# Annual Report

2004/05

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The Honourable Alan Carpenter MLA  
Minister for State Development  
Parliament House  
PERTH WA 6000

Dear Minister,

In accordance with section 62 of the *Financial Administration and Audit Act 1985*, and section 10 of the *Explosives and Dangerous Goods Act 1961*, I submit for your information, the Annual Report of the Department of Industry and Resources of the State of Western Australia for the year ended 30 June 2005.

The report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.

This version of the report, which includes the Auditor General's opinions on the Key Performance Indicators and the Financial Statements, is provided to you for presentation to Parliament.

Yours sincerely,

[ Signed copy on file ]

Jim Limerick  
Accountable Officer  
Director General  
Department of Industry and Resources

14 October, 2005

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## The Director General's Report

The Department of Industry and Resources (DoIR) provides leadership across government to deliver to industry relevant knowledge solutions and government services that will enhance the Western Australian business environment. The Department, through its facilitation, promotion and regulation services, has focussed its efforts in the year on creating an environment for growth and diversification in the Western Australian economy.

This year has witnessed a strong performance by the State's economy. The Department's project facilitation services were at full capacity during the year as the exceptional growth in the resources sector continued. Growth in China's economy is driving strong demand for commodities (in particular for iron ore, nickel and LNG) and consequently a large number of new projects have emerged in Western Australia to meet that demand.

Strong economic growth has highlighted the opportunities for leveraging the State's strength in the resources sector to provide growth in the broader services and manufacturing sectors of the economy. This has been a particular focus of DoIR's activities during the year, seeking to facilitate the entry of local firms into the global supply chain.

On a broader front still, local business promotion through the *Buy Western Australian* campaign has seen good support from a wide range of businesses in the retailing, manufacturing and services areas, and generated a high level of recognition in the customer community.

Augmenting this are the ongoing efforts in trade promotion through targeted events offshore, which focus on specific sector and technology opportunities and market-specific trade strategies. The WA Government's Overseas Offices Network continues to play an important role in promoting the State's business capacity and in assisting local companies establish offshore markets.

Successful promotions were undertaken in Europe, the USA and Asia in areas including biotechnology, information and communications technology, mining services and food and beverages.

The Department also emphasised the importance of knowledge, innovation and creativity to a successful economy by developing the *Knowledge Economy Strategy* and by establishing the WA Innovation Centre and the *WA Innovation Capability Development Scheme*.

The Department's regulatory services were provided in a way that assists industry achieve responsible development, by helping industry understand and meet the standards set by government in relation to safety and the environment.

They ensure consistent and reliable processes are in place for resource companies to access land. The regulatory services of the Department collected \$1 549 million in royalties during the year in review, as a return to the community for industry being granted secure access to the State's resource wealth.

This year DoIR has also led the development of administrative changes across government to deliver a more efficient and predictable approvals system for projects in the resources sector in Western Australia. This work, guided by the Minister for State Development's Industry Advisory Group, led to the establishment of the Project Approvals Co-ordination Unit (PACU) in DoIR in October 2004.

Significant changes to procedures for project approval scoping and for the establishment of timelines in the environmental approvals area have been adopted by Government. Further changes in regard to heritage, planning and titles processes are expected to be introduced early in the coming year.

During the year, major amendments to the Mining Act were first introduced into Parliament. These amendments seek to significantly improve the statutory provisions for exploration and mining tenure in Western Australia. These amendments, combined with the introduction of quality management systems in the Mineral and Title Services Division, will usher in an era of more efficient and transparent titles administration in the mining industry in WA.

Legislation was also introduced to enable the transition of safety regulation of offshore petroleum facilities to the newly created National Offshore Petroleum Safety Authority (NOPSA).

Following a Ministerial Inquiry conducted by Mr Mark Ritter into *Occupational Health and Safety Systems and Practices of BHP Billiton Iron Ore and Boodarie Iron Sites in Western Australia and related matters*, the Government established the Mines Safety Improvement Group (MSIG). This tripartite Group reported to Government in April 2004, recommending the introduction, among other things, of a "safety case" regime as the foundation for introducing best-practice safety regulation in the minerals industry in Western Australia.

MSIG further recommended a feasibility study into the establishment of a statutory authority to regulate safety



in the (onshore) resources sector. That study will be undertaken under the auspices of the Minister for State Development during the coming year. Cabinet determined that for the immediate future the Safety and Health Division in DoIR would transfer to be a stand-alone Division (the Resources Safety Division) of the Department of Consumer and Employment Protection (DOCEP). DoIR has worked with DOCEP to ensure a smooth transition from the beginning of the new financial year.

The Department has formulated a number of strategic priorities that will shape its activities into the future and determine its future Key Plans.

The priorities focus on plans that will:

- Improve the business environment in WA
- Assist with diversification of industry
- Encourage take up of investment and trade opportunities
- Devise innovative solutions to impediments to industry development
- Anticipate and respond to future trends impacting on industry in WA.

The Key Plans will also focus on delivery of integrated customer services, development of internal workforce capability, and outcome focussed governance that meets the Government's economic development goals.

[\[ Signed copy on file \]](#)

Jim Limerick  
Director General  
Department of Industry and Resources

31 August, 2005

## DoIR at a Glance

### Relevant Legislation

#### ***Enabling Legislation and Formation Date***

The Department of Industry and Resources (DoIR) was established on 3 February 2003 under the *Public Sector Management Act 1994* by the redesignation of the Department of Mineral and Petroleum Resources and the transfer of functions from the abolished Department of Industry and Technology.

#### ***Legislation which the Department Administers***

The Department has responsibilities regarding the administration of a number of Acts. These are listed in appendices 1 and 2. Appendix 1 lists general Acts and Appendix 2 lists the Major-Resource State Agreement Acts.

#### ***Legislation which Impacts upon the Department***

In the performance of its functions, the Department complies with the following legislation:

- *Disability Services Act 1993*
- *Equal Opportunity Act 1984*
- *Financial Administration and Audit Act 1985*
- *Freedom of Information Act 1992*
- *Industrial Relations Act 1979*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*

### Responsible Minister

The Hon. Alan Carpenter, MLA Minister for State Development.

### Our Vision

Sustainable prosperity and a better quality of life for Western Australians.

### Our Mission

To advance the responsible development of industry and resources for the benefit of Western Australians.

## Our Role

DoIR has the role of facilitating the state's economic development through the delivery of innovative, value-added services to industry to ensure that WA is an attractive place to live and do business.

Through leadership, knowledge and a highly skilled and innovative workforce the Department aims to provide services valued by its customers, industry, and that effectively and efficiently achieve the Government's strategic outcomes for the Western Australian community.

Targets such as broadening the State's economic base, creation of new jobs and ensuring that industry meets Government standards for responsible and sustainable development are pursued through services focussed on:

- Resource access and development approvals
- Policy and advice
- Development facilitation and brokering opportunities
- Information provision
- Financial assistance.

DoIR's customer base in the resources, manufacturing and service sectors provides for a challenging array of demands on the Department in areas of development facilitation and resources regulation. In addition the Department provides the administrative framework for the collection of mineral and petroleum royalties, a major source of State revenue.

## DoIR Core Values

During this financial year the Department took steps to ensure that staff understand how to conduct day-to-day business. An important part of this process was the communication of a set of Core Values for DoIR.

<b>Committed</b>	Helping to grow a strong sustainable economy with safe and thriving industries
<b>Well-informed</b>	Knowing our business and the needs and expectations of our customers and the community
<b>Principled</b>	Behaving honestly and impartially
<b>Innovative</b>	Always looking for ways to improve services and build on our strengths
<b>Open</b>	Communicating openly and using transparent processes
<b>Supportive</b>	Providing support, recognising contribution and celebrating success

## The DoIR Structural Groups

The DoIR structure at the end of the 2004/5 financial year consisted of 6 major Groups:

- Mineral and Petroleum Services
- Investment Services
- Business and Trade Services
- State Development Strategies
- Office of the Director General
- Corporate Support Group.

## The Groups' Functions

### Mineral and Petroleum Services

This group provides an efficient and fair system of regulation of the mineral, petroleum and dangerous goods industries that will:

- Help companies gain secure access to minerals and petroleum resources
- Protect workers and the community
- Minimise social and environmental impacts
- Ensure a satisfactory return, for the community, through royalties.

### Business and Trade Services (BTS)

- Assist existing Western Australian businesses to grow
- Encourage new business development to diversify the State's economic base
- Initiate and support Western Australian trade access to markets outside the State, both nationally and internationally.

### Investment Services (IS)

- Attract investment into Western Australia
- Help companies make successful investments that benefit Western Australians.

### State Development Strategies (SDS)

- Lead strategic policy development, review and advocacy
- Provide whole-of-government strategic-level advice and analysis on the development of the State's economy.

### Office of Director General (ODG)

This group provides key support and specialist advice to the Director General on issues of high strategic importance to the economic development of the State.

### Corporate Support (CS)

This group provides support services to the whole Department:

- Communications and Marketing
- Facilities Management
- Finance
- Human Resources
- Information Technology
- Planning and Evaluation
- Records Management.

This support assists the whole Department to do its job well.

## The Department's High-Level Services

The Department's mission is achieved through six high-level Outputs (now referred to as Services). The responsibilities for the delivery of these Services are assumed by the operational groups. The principal responsibilities are shown below.

**Mineral and Petroleum Services** Group has principal responsibility for:

- Service 1 - Titles and Royalties Administration
- Service 2 – Health, Safety and Environmental Services.

**Investment Services** Group has principal responsibility for:

- Service 3 - Investment Services
- Service 4 - Geological Services.

**Business and Trade Services** Group has principal responsibility for:

- Service 6 - Industry Development Services.

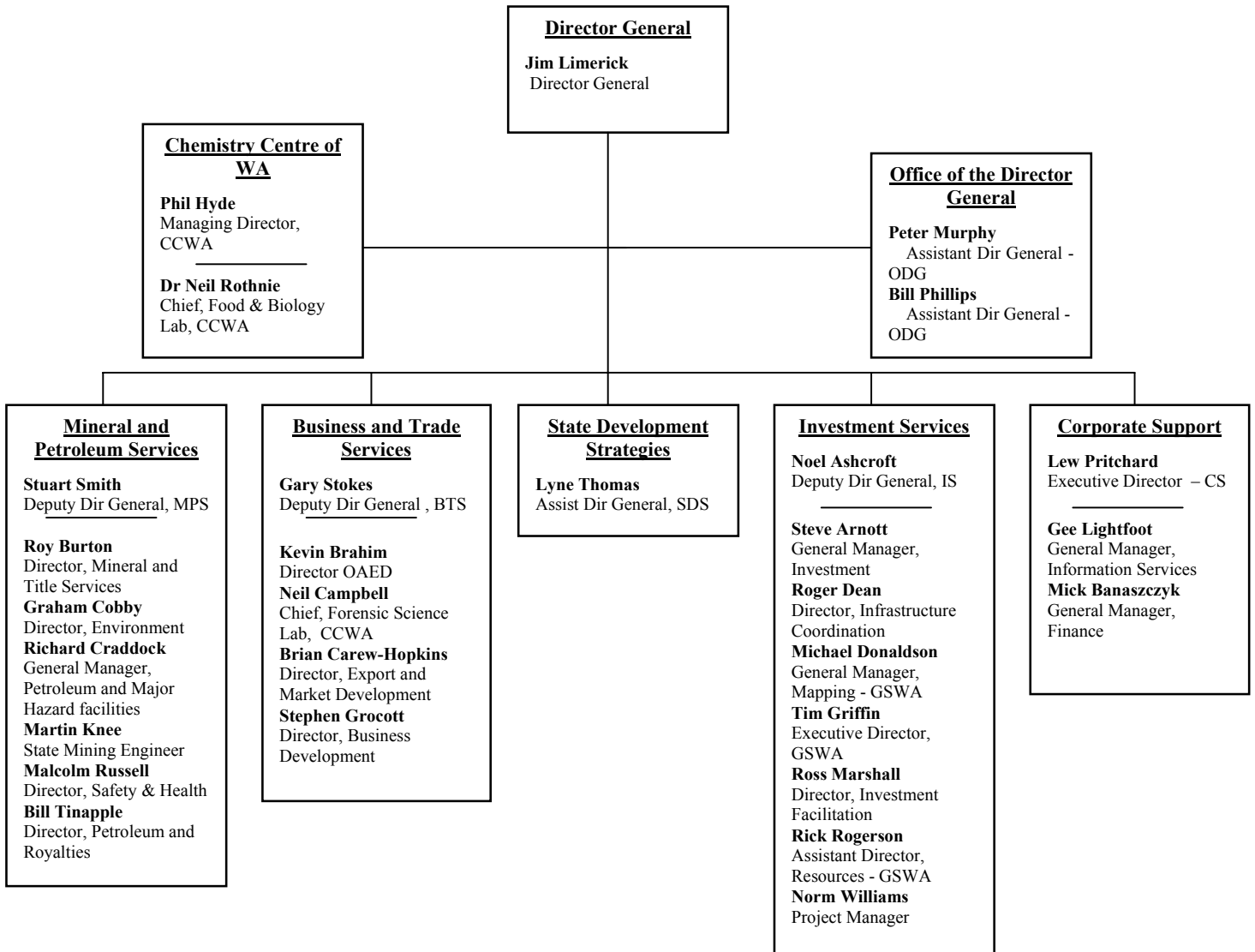
The **Chemistry Centre (WA)** is responsible for Service 5 - Scientific Services

The **Corporate Support** Group provides contributions to all outputs.

For cost reporting purposes, the total cost of running the Department is allocated over the six Services. Therefore, the costs allocated to each Service (in the KPI section below) include support costs as well as costs expended directly on the delivery of the particular Services.

## Organisational Structure and Senior Officers as at 30/6/05

Senior officers identified on this chart are those that substantively occupied positions at or above level 9. Therefore some non-Senior Executive Service officers are included. Each box in the chart represents a structural group. The most senior officer in each group is shown above the line, while the other officers are listed alphabetically, below the line.



### Disclaimer - Contracts with Senior Officers

*(As mandated by Treasurer's instructions 903 and 952)*

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 substantial interests, had any interests in existing or proposed contracts with the Department.

## Pricing Policy for Outputs

The geological maps, reports and data sets produced by the Geological Survey are made available to the public at the cost of data extraction and distribution.

Most of the industry and promotional material is distributed free of charge. Prospect magazine subscriptions are sold for \$12 per annum, a price set to contribute to postage and production costs.

Although royalty rates are not normally considered as prices of outputs, in the interests of openness, the basis of these rates is explained below.

Royalty is assessed and collected under about 20 State Agreement Acts, the Mining Act (particularly regulation 86) and three petroleum Acts. Royalty rates are specified under each of these pieces of legislation.

## Ministerial Directives

No Ministerial directives were received during the reporting period.

## Addresses of Main Offices

### Adelaide Terrace

1 Adelaide Terrace  
East Perth  
Western Australia  
6004

Phone +61 8 9222 3333 Fax: +61 8 9222 3862

### Mineral House

100 Plain Street  
East Perth  
Western Australia  
6004

Phone: +61 8 9222 3333 Fax: +61 8 9222 3862

## Departmental Highlights

### Introduction

The Department's services are directed at achieving the Government's Goals and Strategic Outcomes contained in the Government's Strategic Planning Framework (SPF).

In November 2003 the Government released "**Better Planning: Better Services – A Strategic Planning Framework (SPF) for the Western Australian Public Sector**". This framework provides a detailed description of Government Goals and Strategic Outcomes<sup>1</sup>. In summary, the goals are:

*"The Economy - To develop a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth"*

*"People and Communities - To enhance the quality of life and wellbeing of all people throughout Western Australia"*

*"The Environment - To ensure that Western Australia has an environment in which resources are managed, developed and used sustainably, biological diversity is preserved and habitats protected"*

*"The Regions - To ensure that regional Western Australia is strong and vibrant"*

*"Governance - To govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future."*

All of the Department's services support the outcome for which the Department strives, "Responsible development of the State's industry and resources for the benefit of Western Australians." They also support the five goals of the SPF. Most services support multiple SPF goals and most SPF goals are supported by multiple services.

While the Department's principal focus is on the "Economy" goal it also provides valuable contributions to the other four goals.

The Department's wide-ranging contribution is sketched below. It is a reflection of the diverse functions that have been brought together in DoIR. Full details of these and other achievements and activities can be found within the Report on Operations.

### DoIR Support for the "Economy" Goal

Well developed policy and strategy are vital to economic strength and the Department's State Development Strategies (SDS) group led the successful development of a range of policies, reports and strategies including:

- Western Australia's first whole-of-government State communications policy, collaborating with 37 State Government agencies to enhance Western Australia's telecommunications network.
- The Report of the Ministerial Knowledge Economy Taskforce and subsequent development of a Western Australian *Knowledge Economy Strategy* implementation plan. Growing the State's knowledge economy will require a focus on increasing the knowledge intensity and productivity of the major resource and agricultural industries, strengthening the knowledge assets and capabilities of emerging industries, and creating a conducive environment for investing in industries with high local potential.
- State Information and Communications Technologies (ICT) industry development strategy – *A Growing & Sustainable ICT Industry for Western Australia*, launched by then-Minister Brown in September 2004. The strategy promotes the development of a robust and sustainable local ICT industry.

The SDS group also represented Western Australia on the national Biotechnology Liaison Committee, ensuring the State's interests were represented in the development of common national approaches to critical issues facing the emerging biotechnology industry.

The Western Australian Institute of Chemical Sciences (WAICS) has been formed. WAICS is an alliance of Curtin University, UWA, Murdoch University and Edith Cowan University with support from DoIR through the Chemistry Centre. WAICS will work collaboratively to address issues of chemical education and training in WA.

The Department leads the on-going reform of project approvals processes in Western Australasia, through the Standing Inter Agency Committee (SIAC) of Directors General of the key approval agencies. The objective is to deliver an efficient, transparent and timely approval process in the environmental, heritage, planning and titles areas.

Diversification of the State's export base and export markets was supported by facilitating Western Australian industry participation in a broad range of internationally focussed trade events, for specific sectors such as ICT; biotechnology; oil, gas and mining services,

<sup>1</sup> Italicised text has been extracted from "Better Planning: Better Services – A Strategic Planning Framework for the Western Australian Public Sector, November 2003"

food and beverages; building and construction; and international education and training. In consultation with industry, a range of initiatives were developed and launched to support the potential for growth in the Biotechnology and ICT industries.

Specific overseas market development initiatives, included the reopening of the Western Australian Trade Office in Seoul, "WA Week in LA", agreement to expand the Western Australia - Zhejiang Sister State - Province Relationship, confirmation of Malaysia as Guest Nation for 2005 Royal Show and Western Australian participation in 2005 World Exposition in Aichi, Japan.

Industry consultation was undertaken and representations made to ensure Western Australia's interests were identified in relation to bilateral and multilateral trade agreements, including those for China, Malaysia, UAE, ASEAN and Singapore.

As part of the Government's commitment to Western Australia as an innovative economy, funding support was provided to a number of ventures seeking to commercialise research outcomes. During the year the Western Australian Innovation Centre was launched, to provide a location for universities and private sector organisations to work together, and assist the commercialisation into viable enterprises and products. DoIR is again coordinating the Western Australian participation in the Australian Innovation Festival.

A Skilled Migration Unit was established to support the State's participation in the implementation of the Skilled Independent Regional Visa. The Unit also has a role in promoting Western Australia to potential migrants and in working with the Department of Education and Training on forecasting future skills and training requirements.

Business support programs under the *Protecting our Old Growth Forests Policy* were finalised. Implementation of the *Buy Local* and *Building Local Industry Participation* policies continued, including support for the activities of the Industry Capability Network (ICN) and unions, in maximising local industry involvement in major Government and private sector contracts.

In consultation with other government agencies and local government, the whole-of-government State Communications Policy: *Western Australia – A Connected Community* was developed and implementation commenced.

In consultation with other government agencies and Aboriginal leaders, a draft whole-of-government *Aboriginal Economic Development Strategy* was developed. It will provide the mechanism for the Department to steer improvements in the coordination of

State and Commonwealth Government services directed to Aboriginal economic development.

The Office of Aboriginal Economic Development is finalising the *Aboriginal Economic Development Strategy* for the State. Key focus areas include increasing Aboriginal employment opportunities, using asset/property ownership to create wealth and developing Aboriginal enterprises.

DoIR delivers regulatory services that support responsible development in the resources sector and which ensure consistent and reliable processes are in place for resource industries to access land and mineral and petroleum resources.

It has been a busy year in terms of legislative activity. Appendices 1 and 2 list the details of those activities, and the various sections of the Report on Operations expand upon particular implications of the legislative changes.

In the mineral titles area, infrastructure and processes enabling Regional Standard Heritage Agreements (RSHA) were implemented during the year.

The Geological Survey began the acquisition and release of new pre-competitive geoscience information, enabled by additional funding of \$12 million over four years, which commenced in 2004/05.

A record number of projects are currently under facilitation, primarily associated with iron ore, alumina, nickel and liquefied natural gas.

The year has seen improved future prospects for the state's petroleum industry. Currently more than \$16 billion worth of future upstream oil and gas development projects are scheduled for initiation within the next five years. During the year a record was set for the level of bidding for new petroleum exploration acreage within the State's jurisdiction.

The Burrup Infrastructure Package has been substantially implemented, with the major seawater supply system available for use and the Bulk Liquids Jetty nearing completion.

A memorandum of understanding (MOU) signed between the Western Australian and South Australian governments will see a substantial number of modules for the new air warfare destroyers being built at the Australian Marine Complex.

## DoIR Support for the “Environment” Goal

Many of DoIR’s services focus on ensuring that the resources sector develops in a way that meets standards set by the Government, particularly in relation to safety and environmental impacts.

The Department amalgamated the Minerals and Petroleum Environment sections and the Environmental Policy section from different Divisions within the Department and created a new Environment Division in January 2004. The formation of the new Environment Division will consolidate and strengthen the environmental regulatory services to the mining and petroleum industries. It also will enhance Departmental inputs into State and Commonwealth environmental policies and strategies affecting resource and industry development in WA, such as national heritage listing, marine conservation, greenhouse gas and geosequestration.

DoIR is responsible for assessing and auditing petroleum activities under State and Commonwealth jurisdiction. It does this through administration of legislation that focusses on identifying environmental risks, implementing strategies to eliminate or minimize these risks, and by developing appropriate monitoring, auditing and reporting programs. The primary objective of environmental legislation is to ensure Western Australia's petroleum operators conduct their activities in a way that is consistent with the principles of responsible and sustainable development.

DoIR and other WA agencies have implemented Memoranda of Understanding to assist in streamlining petroleum approvals within State jurisdiction. These legislative and administrative processes have assisted petroleum operators in gaining the required approvals within agreed timeframes.

In preparation for the delegation (from the Department of Environment) of approval for clearing of native vegetation for mineral and petroleum activities, to be effective in July 2005, significant resources have been committed to develop an administration and management system and to establish the new Native Vegetation Unit. An Administrative Agreement with the Department of Environment relating to the delegation was signed off on 10 June 2005. The delegation will significantly improve the timelines for environmental approval of mineral and petroleum projects.

The Department has just commenced a review of security for environmental rehabilitation of mining projects, aiming to reduce the State's liability, as well as to encourage progressive rehabilitation and better planning for mine closure by industry. This will enhance

not only environmental benefits, but also the cost effectiveness of mine closure.

The Department has commenced reviewing and updating the Notice of Intent (NOI) guidelines and other guidelines relating to mining environmental management to reflect current standards, and to meet the requirement of the *Mining Amendment Act 2004* for public availability of mining proposals. The review aims also to improve the assessment timeline, consistent with the implementation of reforms to the project approvals process within Western Australia.

The revised Memorandum of Understanding (MoU) with the Environmental Protection Authority (EPA), to update the process and criteria for referral of onshore mineral exploration and mining proposals to EPA, was finalised and signed off in December 2004. This has enhanced the transparency and certainty of the environmental approval process for mining projects.

The Department has commenced developing a Quality Management System for environmental approval of mining projects, and for the land clearing permit delegation process. This will ensure the quality and transparency of mining projects approval processes.

A review of security bonds for environmental rehabilitation of mining projects commenced, aiming to reduce the State's liability, as well as to encourage progressive rehabilitation and better planning for mine closure by industry.

Analytical procedures were developed for the quantification of pesticide and herbicide residues in waste water that will support WA's efforts to recycle waste water through managed aquifer recharge.

## DoIR Support for the “People and Communities” Goal

Many of DoIR’s services focus on ensuring that the resource sector develops in a way that meets standards set by the Government, particularly in relation to safety and environmental impacts.

The Department has commenced a stakeholder engagement project to improve communication and participation with community and industry on mineral and petroleum projects. The project will include process mapping, identification of stakeholders and their needs, and the feedback process.

DoIR encourages and requires all petroleum operators to actively engage in appropriate and adequate



communication processes. This is also a requirement under current environmental legislation. Petroleum operators must demonstrate that they have undertaken meaningful consultation programs with appropriate individuals and groups and incorporated community concerns into project development and outcomes.

Drafting instructions for four sets of regulations to give effect to the *Dangerous Goods Safety Act 2004* were prepared and approved by the Minister. The rapidly changing explosives security environment prompted constant review and amendment of the instructions.

The use of Penalty Infringement Notices for breaches of the nationally uniform transport of dangerous goods regulations has recommenced with the help of Road Transport Compliance Section of Main Roads. A special \$1 million dollar capital allocation allowed for upgrading the security at the Kalgoorlie and Baldy Explosives Reserves.

Completion of the MINEHEALTH document scanning system has allowed online correlation of initial and five yearly periodic health assessments without the need to retrieve archived files. Close to 100 000 initial and 25 000 periodic health assessments has permitted analysis of epidemiological trends to assist more targeted intervention in the mining industry.

The year marked the successful implementation of the new radiation monitoring database across the State's mining industry. The database was developed by the Department and the Chamber of Minerals and Energy.

Regulatory responsibility for offshore safety has been transferred from DoIR to the new National Offshore Petroleum Safety Authority (NOPSA).

The Department funded the Pinjarra - Brunswick Sustainability Study, which examined the problems and potential of a number of communities south of Perth. This was an innovative approach to resolving social, economic and environmental issues in the area.

The Chemistry Centre is a member of the Cooperative Research Centre (CRC) for Contamination Assessment & Remediation of Environments. The Chemistry Centre's activities in this CRC will underpin much of its efforts to ensure public safety, reduce environmental impacts of industrial development, and promote industry investment in new plant over the next seven years.

A new inductively coupled plasma mass spectrometer was commissioned to extend the capacity to measure low levels of metals, for environmental and occupational health assessments.

## DoIR Support for the "Regions" Goal

Much of the economic life of the State's regions is dependent on resources activity and the infrastructure that supports this activity.

It is notable that the community facilities and social infrastructure of Ravensthorpe and Hopetoun are to be improved with the advent of BHP Billiton's nickel project. Work is underway, in conjunction with the Department for Planning and Infrastructure (DPI), to plan for a similar program in Onslow, in case the Pilbara LNG Project is to proceed.

The Department also includes the Office of Aboriginal Economic development (OAED), which has many regional foci.

The Department operates from a number of regional locations and in 2004/05 this included offices in Albany, Broome, Bunbury, Collie, Coolgardie, Derby, Geraldton, Karratha, Kalgoorlie, Leonora, Manjimup, Marble Bar, Meekatharra, Mount Magnet, Norseman and Southern Cross.

The Department's executive also undertakes a schedule of regional meetings with local industry development stakeholders, which aim to increase awareness of regional development issues. In 2004/05 meetings were held in Karratha, Albany and Bunbury.

## DoIR Support for the "Governance" Goal

DoIR contributes significantly to the state's legislative, regulatory and administrative framework. Details of the legislation can be found in appendices 1 and 2.

The Department is also subject to the State's Public Sector governance framework. Most aspects of this framework are reported on and referenced elsewhere in this Annual Report.

The department provides a significant contribution to the administrative and regulatory framework that underpins the State's economic, social and environmental well-being.

In its day-to-day operations, the Department has also adopted quality processes to improve operations and governance. The Department commenced adoption of the Australian Business Excellence Framework in 2004/05.

# Report on Operations

## Service 1: Titles and Royalties Administration

Benefits the Western Australian community through a legislative framework, information systems and administrative processes for mineral titles, petroleum titles and mineral and petroleum resource royalties. Legislation and titles systems provide information on land availability for mineral and petroleum exploration and mining, and petroleum production, encourage exploration on titles, ensure security for title holders, and provide a framework for collection of royalties to achieve a fair return to the community.

Products and services include:

- Granting and maintaining titles to explore for and mine minerals
- Granting and maintaining titles to explore for and produce petroleum, ensure petroleum resource management, and promote invitations for bids for exploration areas
- Collecting royalties according to legislation and Government policy.

### **Mineral Titles Services**

#### **Legislation**

The *Mining Amendment Act 2004* was passed by Parliament in October 2004. Over time these changes should result in a substantial reduction in the existing backlog of mining lease applications. The *Mining Amendment Acts 2004* and 2005 and Regulations are due to come into force in late 2005.

#### **Mineral Titles and Land Access**

The Department received 4 413 applications for mining tenements during the year compared to the 3 772 applications received in the previous year. The mineral title backlog consists of 13 303 applications whilst 1 993 applications were granted during the period. As at 30 June 2005 there were 16 347 mineral titles in force covering some 26 316 825 hectares in area.

#### **Title Compliance**

Ninety-nine per cent of Form 5 expenditure reports were lodged within the required 60-day period.

During the year:

- 11 516 Form 5 expenditure reports were lodged (see Table 4 below)
- 356 notices of intention to forfeit for non-payment of rent and non-compliance with expenditure commitments were issued
- 137 titles were forfeited
- 3 546 exemptions from expenditure affecting 4 841 mineral titles were finalised.

### **Mining Industry Liaison Committee**

The Mining Industry Liaison Committee (MILC) forum for industry groups considered the following issues.

#### **Proposed Changes to the Miner's Right**

It was agreed to change the Miner's Right to ensure the continued improvement in relations between Miner's Right holders and pastoralists. These changes will include preservation of existing "lifetime" Miner's Rights, the introduction of five year terms for all "new" Miner's Rights issued from a prescribed date and the imposition of appropriate penalties for the misuse of Miner's Rights.

#### **Code of Conduct for Mineral Exploration and Mining in the State's Agricultural Regions**

It was agreed that the Department should facilitate the use of a Code of Conduct in the State's agricultural regions designed to:

- Clarify the respective positions of explorers/miners and landowners regarding mineral exploration and mining on private land
- Introduce land access agreements under which mineral exploration and mining will be carried out in a manner acceptable to landowners.

### **Customer and Information Services**

The use of online facilities has continued to expand with 8 026 mining tenement searches provided to industry on line and 8 275 manual searches prepared and supplied over the counter. An average of 900 customers per month equating to 10 800 persons attended the counter

and approximately 15 600 telephone enquiries were dealt with.

## **Business Systems**

### ***Quality Management***

The Mineral and Title Services quality management system was implemented in August 2004 followed by certification in accordance with ISO 9001:2000 Quality Management System. Further success was achieved when the Mining Registrars' offices received certification in June 2005.

### ***Service at Carnarvon and Kununurra***

Kiosk style computers providing free, do-it-yourself access to TENGRAPH® Online and Mineral Titles Online were installed in both the Carnarvon and Kununurra Department of Justice offices.

These computers require little support from counter staff and improve customer access to business systems.

### ***TENGRAPH Online & MINERAL TITLES Online***

There is continuing strong customer support for both these systems and a number of improvements and enhancements were made to both systems during the year to ensure that they continue to meet the needs of the Department's customers.

### ***MiTIS (Mineral Titles Electronic Management System)***

MiTIS underwent a significant expansion with new functionality and the transfer of Mineral Title Information previously held in a mainframe computer providing the customer with all mineral title register information through one system.

### ***eMITS***

The first stage of the new web-based Title Register system (eMITS) was completed during the year. A prototype was constructed which forms the basis of the new register system.

### ***Enterprise Wide Spatial System***

Work commenced on developing a new system to provide access to all DoIR spatial data through a single framework that will in time replace existing departmental spatial systems such as TENGRAPH®.

## **Title Information**

High quality spatial and information services continue to be supplied to customers. ESRI ArcView software was introduced to support the Enterprise Wide Spatial System project.

## **Native Title**

### ***Historical Tenement Capture***

Current historical mining and petroleum tenure information is captured to support the State in negotiation of Native Title Claims. More than 80 percent of the state's historical surveyed mining tenure has now been captured with unsurveyed tenements being captured on an ongoing claim-by-claim basis.

### ***Regional Standard Heritage Agreements***

Infrastructure and processes were implemented to provide for the use of Regional Standard Heritage Agreements (RSHA) as a native title outcome in the grant process for exploration titles. Early indications show that approximately 50 percent of applicants for licences are using the Heritage Agreements.

## **Surveys**

Instructions for 316 survey were issued and 188 surveys completed. The increase is a result of the enforcement of survey upon the approval of a Notice of Intent Mining proposal and a backlog of unsurveyed tenements for existing mining operations.

## **Petroleum Titles and Resource Management**

### **Legislation**

The *Petroleum Legislation Amendment and Repeal Bill 2004* was introduced into Parliament in April 2005. The Bill 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 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*.

The Well Operations Regulations were completed. The Department chaired a Working Group for the drafting of the Regulations for the operation of wells in Commonwealth waters. These Regulations replace numerous clauses of the Schedule of Directions to the *Petroleum (Submerged Lands) Act 1967* and came in to effect in December 2004.

### ***Native Title Act Processes***

The backlog of petroleum applications awaiting finalisation through the Native Title Act (NTA) process has been reduced to a small number of problematic applications. However, title applications cleared through

the NTA process increased in 2004/05, resulting in some 26 000 sq km of new exploration acreage. The value of exploration work planned in that acreage over the next six years amounts to over \$33 million.

### **Resource Management Studies**

The Department finalised the *Barrow Island CO<sub>2</sub> Sequestration Feasibility Study* (Phase 2) with an examination of proposals by ChevronTexaco for sequestration of CO<sub>2</sub> products from the Gorgon project into the Barrow Island Dupuy Formation beneath Barrow Island. The study further investigated the impact of CO<sub>2</sub> injection on other producing fields (or those potentially producing from reservoirs at this horizon) which have not been fully explored or exploited.

The *Dampier Sub-Basin Aquifer Depletion Study* (Phase 2) was completed. The Dampier Sub-basin is one of WA's most prolific basins and has a large number of producing oil and gas fields. Recent geological studies, reservoir monitoring of the producing fields, and observations from newly discovered fields in the Dampier Sub-basin area indicated that the aquifer pressure was depleting, similar to Barrow Sub-basin depletion. The study estimated the potential current and future loss of hydrocarbons, and associated royalty loss, and then determined the corrective measures to mitigate them.

DoIR conducted the in-house *Mondarra Gas Storage Study* with reservoir engineering studies undertaken to assess the capacity of gas storage at Mondarra, and possible expansions for potential backup power supply for domestic use.

The *Central Canning Basin Prospectivity Study*, with a project to enhance a designated area gazettal of petroleum exploration acreage in the Canning Basin, was finalised. Seismic reprocessing and reviews of the geology were conducted to encourage onshore petroleum exploration and development in the State.

### **Petroleum and Royalty Division's Quality Management System**

The Department finalised a revised Quality Management System (including new quality management procedures for the Royalties Branch) in full compliance with ISO 9001:2000.

### **Data Centre Workshop**

The Department coordinated the WA Data Centre feasibility study in conjunction with Industry.

### **Industry Liaison**

DoIR conducted an annual Petroleum Open Day to showcase:

- The work done in the State's sedimentary basins
- Departmental data management systems
- Areas to be released for petroleum exploration permit bids
- The importance of petroleum to the Western Australian economy
- The strategies being undertaken in promoting safety and good environmental management.

The Department exhibited and presented papers at the Australian Petroleum Production and Exploration Association's Annual Conference in Perth to help promote Western Australia's petroleum potential. It also introduced industry workshops to promote initiatives, review greenfield exploration and encourage open discussion on regulatory matters.

### **Titles and Access to Land**

The number of petroleum titles in force remained steady reflecting the frontier nature (e.g. deep water) of the blocks on offer. The majority (60 percent) of onshore applications were finalised through native title. Conservation and environmental land access issues have delayed the offer of grant for some (16 percent) of these applications.

### **Exploration**

If recent trends continue, improved industry expectations for sustained petroleum prices, coupled with increased realisation of the "under explored" nature of petroleum prospects within the State, will assist in maintaining an increased level of interest in exploration in Australia and WA. This level of interest may be expected to focus not just on proven areas such as the North West Shelf, but also on frontier areas, including onshore prospects.

Western Australia attracted 60 percent of Australia's petroleum exploration expenditure during 2004, with exploration expenditure estimated at \$647 million. Thirty wildcat wells were drilled during 2004/05 of which four were major oil and gas discoveries, yielding a success rate of 13 percent.

There were four significant petroleum discoveries made in Western Australia including an oil discovery in the Carnarvon Basin, (Centella). There were also two gas discoveries in the Carnarvon Basin, (Wheatstone 1 and Pluto 1) and one gas discovery onshore in the Northern Perth Basin, (Corybas).

### Facilitation of Exploration

In September 2004, State acreage was released in the Central Canning Basin (four onshore application areas), the Coolcalalaya Sub-basin of the Perth Basin (one onshore area). One application area was released in the State Waters area of the Perth Basin.

In March 2005 State acreage was released in the Perth Basin (two onshore areas) and the Canning Basin (two onshore areas).

A CD provided information, relevant to explorers, about land access and key publications relating to prospectivity. It also included listings of available data. This CD was advertised and distributed at key exploration-oriented conferences in Australia and overseas.

The *Western Australian Petroleum Opportunities 2005* (farm-out booklet) was published and promoted to companies in Australia and overseas through industry journals, professional societies and conferences.

Two issues of the Division's *Petroleum in Western Australia* (PWA) magazine were published – the April 2005 edition, and the November 2004 edition released in conjunction with the Department's Petroleum Open Day.

### Production and Development

Assessment of Commonwealth and State petroleum resources involved:

- two production license applications and renewals, and four Field Development Plans
- four location applications
- three retention lease applications and renewals
- 96 well approvals including;
  - 34 development well applications
  - 17 appraisal well applications
  - 45 exploration well applications.

### Investment

Future upstream petroleum projects can be classified as “near to hand” or “due to start in 2-5 years”.

“Near to hand” projects are those upstream oil and gas development whose approvals the Petroleum and Royalties Division (PRD) is currently dealing with or anticipates dealing with in the next two years. They are projects that are interacting with the Department in terms of Production Licences (including reservoir management plans), and/or Environment Plans.

“Due to start in 2-5 years” are projects which are anticipated to start within 2-5 years, but which are not yet involved formally in Departmental processes.

Project	Operator	Estimated Expenditure (million dollars)
<b>Near to Hand</b>		
North West Shelf extension	Woodside	3 000
Goodwyn A, low pressure train		
Perseus over Goodwyn		
Enfield oil	Woodside	1 480
John Brookes gas	Apache	220
Jingemia oil	Origin	65
Cliffhead oil	ROC	227
Stybarrow	BHP	800
Pyrenees Terraces	BHP	800
<b>Near to Hand Total m\$6 592</b>		

<b>Next 2 to 5 years</b>		
Angel gas	Woodside	1 000
Gorgon upstream projects	Chevron	1 800
Gorgon CO <sub>2</sub> Sequestration	Chevron	200
Brewster	Inpex	2 000
Jansz-IO	Exxon Mobil	1 800
Scott Reef / Breaknock	Woodside	3 000
<b>Next 2 to 5 years Total m\$9 800</b>		

### Royalties

#### Major Achievements for 2004/05

Cabinet acknowledged that it was satisfied that all the conditions set last year for the retention of the royalties administration function within the Department had been satisfactorily addressed. This effectively concluded the review of the royalty administration function that was required by the Functional Review recommendations.

Development and implementation of Phase 2 of the Royalties Information Technology (IT) Management System relating to the electronic lodgment of royalty

returns and introduction of electronic royalty payment options continued.

Royalty anomalies were resolved. For example:

- Escalated specific rate royalties were introduced
- Royalty concessions, for marketable grade ilmenite used as feedstock into a beneficiation plant, were removed.

Negotiations to resolve significant royalty issues such as the Perseus/Athena royalty arrangement, iron ore transfer pricing and CNOOC royalty arrangements were conducted.

Maintenance of high compliance with royalty payment requirements (99.5% on or before due date) was achieved.

The Department developed and successfully implemented a QMS system within its Petroleum and Royalties Division. It gained certification

## **Royalty Policy**

A Steering Committee, including representation from the Department of Treasury and Finance, continued to address current royalty policy issues and provide long-term strategic direction on royalty policies and principles.

## **Assessment, Collection and Verification**

During the year, an average of 286 companies or individual projects paid royalties. A total of 1 214 royalty returns were received and assessed and 440 audit visits were made to companies responsible for making royalty payments. Adjustments to royalty collections from audit activities resulted in the collection of an additional \$8.6 million in royalty payments as compared to original returns submitted by royalty payers.

Simplified royalty arrangements were introduced for a number of small onshore petroleum producers. A dispute was also resolved over the valuation of pink diamonds resulting in the State retaining royalties totalling about \$4.2 million.

## Service 2: Health, Safety and Environmental Services

Benefits the Western Australian community through a legislative framework, information systems and administrative processes, to meet community standards with respect to safety for the transport and storage of explosives and dangerous goods, and with respect to worker health and safety and the environment, for the mineral and petroleum resources industries.

Functions include reviewing legislation, regulation and management systems, and the provision of technical and policy advice, audit and education services, and information systems. Functions also include the assessment of safety management systems, the facilitation of design proposals, environmental impact assessments and management plans, and investigation of operation's proposals, incidents and contingency plans.

Regulatory systems also include communicating information on issues, inter-agency agreements and processes, performance guidelines, licensing, and inspection programs for premises storing, and vehicles transporting, dangerous goods.

Products and services include the regulation and promotion of:

- Health and safety in the mineral and petroleum industries
- Environmental management in the mineral and petroleum industries
- Safe storage, handling and transport of dangerous goods.

### **Health and Safety in the Mineral Industries**

#### **Legislation**

##### ***Mines Safety and Inspection Act 1994 Review***

The *Mines Safety and Inspection Amendment Act 2004* was passed on 26 November 2004, and came into effect on 4 April 2005. The amendments arose from the recommendations presented by Robert Laing in his review of the Act, including changes relating to:

- General occupational safety and health duties
- Offences and penalties
- Mine management
- Safety and health representatives and committees
- Provision for improvement notices, prohibition notices and provisional improvement notices
- Provision for the Occupational Safety and Health Tribunal to determine certain matters.

Work on the implementation of previously agreed strategies for a uniform and consistent national approach to mine safety regulation across jurisdictions has commenced through the Ministerial Council on Mineral and Petroleum Resources.

#### **Reports and Enquiries**

##### ***Laing Report***

Mr Robert Laing was appointed by Government in 2001 to review and make recommendations on both the *Occupational Safety and Health Act 1984* (OSHA) and the *Mines Safety and Inspection Act 1994* (MSIA).

The over-arching theme of Laing's report was to treat occupational safety and health in the mining industry in the same manner as in all other workplaces. The preferred outcome was stated as being one piece of legislation governing all work places including mining. The review conceded that this outcome was unlikely in the near future and thus adopted the intermediate position that the MSIA should be amended to mirror the OSHA.

Importantly, the responsibility for general occupational safety and health policy formulation now lies with the Commission for Occupational Safety and Health. A Mining Industry Advisory Committee (MIAC), established under the amended OSHA, provides advice to the Commission and the relevant Ministers on matters specific to occupational safety and health in the minerals industry. MIAC replaces the Mines Occupational Safety and Health Advisory Board (MOSHAB).

##### ***Ritter Inquiry***

Following three separate fatalities on BHP Billiton Iron Ore (BHPBIO) sites in May 2004, the Minister for State Development, Clive Brown, appointed Perth Barrister Mark Ritter in July 2004 to undertake a review of occupational safety and health systems and practices at the Pilbara operations of BHP Billiton, and more broadly across the industry.

The Terms of Reference required an examination, not only of the practices of BHP Billiton, but also "whether the Department of Industry and Resources (DoIR) is appropriately and effectively administering the *Mines*

*Safety and Inspection Act 1994*” and to “recommend changes to occupational health and safety systems and practices, including changes to DoIR policies and procedures in respect to the administration of the MSIA, determined to be desirable on BHPBIO sites ... and within the minerals industry generally”.

In November 2004, the Minister was provided with the final report, which included 32 recommendations.

### **Mine Safety Improvement Group**

The Mine Safety Improvement Group (MSIG) was established by the Honourable Clive Brown, former Minister for State Development, in January 2005. This Group is a tripartite panel whose task is to provide the Government with advice on a number of matters arising out of the Ritter Inquiry.

The Group identified:

- The appropriate roles and responsibilities of the inspectorate functions of the Safety and Health Division of the Department of Industry and Resources (including mine safety, dangerous goods, major hazard facilities, and onshore petroleum safety) and the skills necessary to achieve a world-class occupational safety and health regime in the resources sector, and how these skills can best be acquired and retained
- Ways in which the content of the MSIA (as amended) and the Mines Safety and Inspection Regulations 1995 can be improved to enhance the effective regulation of occupational safety and health within the minerals industry.

The MSIG was advised and assisted in its work by the appointment of two independent experts, Professor Andrew Hopkins and Mr Peter Wilkinson.

MSIG recommendations included:

- Implementation of a safety case regime in managing safety
- Inspection and enforcement changes
- Legislative changes
- Investigating the feasibility of forming a Safety Authority
- Recruitment and retention of skilled staff
- Resourcing of Mining Industry Advisory Committee
- Safety data collection and utilisation
- Implementation plans.

As a result of Government’s consideration of the issues raised in the reports of the Ritter Inquiry and the MSIG, it was decided, as an interim measure, to transfer the Safety and Health Division of the Department of Industry and Resources to the Department of Consumer and Employment Protection as that Department’s Resources Safety Division. Transfer of Ministerial

responsibility for the relevant legislation was also made. The transfers came into effect as from 1 July 2005.

### **Regulatory Services**

The Department continued to play an important role in providing education, training support and information to industry, all of which complemented the inspection activities.

There were 147 audits undertaken during the period. High impact function audits targeting specific high hazard aspects of mining operations were complemented by over 2 170 site inspections. These audits, investigations and inspections resulted in 211 instances where plant and machinery were stood down, and 25 full or partial site closures.

The role of elected Safety and Health Representatives (SHR) on mine sites is highly regarded within the minerals industry, and the Department continued to maintain its long-standing rapport with these individuals. Inspectors also participated at various SHR training courses throughout the State, and provided attendees with an insight into the requirements of mine safety legislation.

Amendments to the *Mines Safety and Inspection Act 1994* resulted in a change of operational methodology for the mines inspectorate. The principal change was the introduction of the power to issue improvement and prohibition notices to supplement the previously existing regime using entries in the Mine Record Book to identify defective conditions requiring remedial action. Following the introduction of the new provisions, 409 improvement notices and 72 prohibition notices were issued.

### **Minerals Industry Safety**

Geotechnical assessment of 167 mining submissions was directed at improving safety and rock stability aspects of both open pit and underground mining, plus design and construction of tailings storage facilities. Proactive inspections centred on geomechanic regulation of increasingly complex mining environments, with investigations focussing on rock falls and seismic events.

### **Occupational Health**

Development of investigative software and project work on the MINEHEALTH database has improved the assessment and reporting of mine workers’ health. This has led to a more meaningful comparative study of specific mine sites and will allow preparation of specific studies and industry comparison reports.



## Incidents and Accidents

Three mining fatalities from separate incidents occurred in 2004/05 – two underground and one on the surface. The incidents are summarised as follows:

- The body of a mine superintendent was found in an underground stockpile area where no mining activities were taking place. A "Stinger" exploder and an initiator (detonator) were discovered next to his body.
- A prospector received fatal injuries when he fell from the top of a kibble to the bottom of a 12.5-metre deep shaft.
- The driver of a road train was fatally injured in a collision with another road train.

Two of the three fatality investigations were completed and the reports provided to the Coroner.

The number of mining industry employees rose by almost 7% to 48 745. There were 292 serious injuries and 110 minor injuries for the same period. The total number of lost time injuries increased by 2% from last year.

## Customer and Information Services

Central TAFE was awarded a contract to provide examination services for various certificates issued under the MSIA. A total of 286 candidates sat for the examinations – a 15% increase on the previous year.

The Department continued to maintain a register of mine plans as required under the MSIA, and responded to enquiries from mining companies, researchers and the public for information pertaining to mine plans.

## Mines Occupational Safety and Health Advisory Board (MOSHAB)

MOSHAB continued to drive occupational safety and health issues and initiatives across the minerals industry, and although it ceased to operate from 4 April 2005, much of the work behind the scenes is ongoing and will be handed over to MIAC to see through to fruition.

In line with its vision of an industry free from fatalities, injury and disease, MOSHAB continued to pursue its priority works program with a view to a step-change improvement in the incidence of fatalities and serious injuries in the WA minerals industry.

MOSHAB endorsed a Code of Practice on Mines Survey, which was developed by the Mines Survey Board. In addition, the following guidelines were developed and published:

- Tyre Safety, Fires and Explosions
- Refuge Chambers Underground in Metalliferous Mines
- Vertical Openings Safety Practices in Underground Mines.

As part of a strategy to enhance the role and responsibilities of Safety and Health Representatives (SHRs) within the minerals industry, MOSHAB completed a survey of SHRs in March 2005. A tripartite Safety and Health Representatives Working Group commenced an implementation program of providing SHRs and mining companies with updated information on recent legislative amendments affecting the responsibilities of all parties.

## Health and Safety in the Petroleum Industries

### Developments in Legislation

The Department contributed significantly to the major amendments to the Commonwealth *Petroleum (Submerged Lands) Act 1967*, the suite of associated regulations, and amendments to the *WA Petroleum (Submerged Lands) Act 1982* as part of the NOPSA transition requirements. The Department also amended the WA onshore petroleum Acts, namely *Petroleum Act 1967* and *Petroleum Pipelines Act 1969*, which included the introduction of safety provisions into these Acts.

### National Offshore Petroleum Safety Authority

Departmental staff provided substantial input into the development of a National Offshore Petroleum Safety Authority (NOPSA) and the associated Commonwealth and State legislative amendments. NOPSA commenced regulation of safety for offshore petroleum facilities and operations on 1 January 2005. DoIR continued to regulate safety for onshore petroleum facilities and operations, including petroleum transmission pipelines and Barrow Island Operations (Note: This function, and personnel, were transferred to DOCEP on 1 July 2005). DoIR will also continue to regulate all other aspects of the industry offshore and onshore (including environment, resource management, titles, and royalties).

### Safety Regulatory Services

The Department managed the continued delivery of a high standard of safety regulatory services to the industry during the transition period before and after the transfer of offshore safety regulatory responsibilities to NOPSA.

In addition, basic petroleum operations safety regulatory services were maintained during other periods of internal reorganisation.

These activities were undertaken while staffing in the Petroleum and Major Hazard Facilities Safety Branch has been at a low point due to the loss of experienced personnel to NOPSA and industry, and the inability to recruit experienced and skilled personnel due to uncompetitive salaries and conditions.

### Significant Incidents

DoIR inspectors investigated a number of serious incidents during the year, including:

- A near-miss incident involving an onshore gas pipeline, where a thrust bore missed the pipeline by 400 mm
- Serious head injuries to a worker (not wearing a hard hat) during construction of an onshore gas pipeline
- Leg injury to a rigger during weight testing of a crane at an offshore facility
- A driller, being lowered using man-riding apparatus, was lifted about 4 m into the air when the winch cable was caught in the drilling top-drive.

In addition to the direct investigation of incidents, inspectors also reviewed and commented upon the majority of the operator's internal incident investigation reports.

### Safety Assessments and Audits

The Department assessed and accepted an increased number of Safety Management Systems (SMS), and Drilling and Seismic Safety Management Plan documents during the year. These included Safety Cases for 20 pipeline and onshore production facilities, two new or revised offshore production facilities, one offshore decommissioning, one new or revised drilling rig, and one decommissioning safety plan. There were also 40 drilling and seismic Safety Management Plans assessed.

Twenty-six safety audits were conducted on the management systems in place for petroleum facilities, pipelines and operations.

### Enforcement

The Department has investigated eight significant incidents. Three investigation reports were referred to the State Solicitors Office for advice on prosecution.

Under the Safety Case regime, Operators are obliged to investigate all significant incidents to determine the underlying causes and implement appropriate corrective actions. DoIR inspectors reviewed the majority of such incident investigation reports and provided feedback on the investigation process and report content. Inspectors

observed several investigations as a means of auditing investigation performance.

## Environmental Management in the Resources Sector

### Legislation

Consultations with stakeholders, regarding the public availability of mining proposals required under the *Mining Amendment Act 2004*, began in July 2005. A system is expected to be in place by September 2005 to satisfy the new requirements.

### Administrative Agreements

The Memorandum of Understanding between DoIR and the Environmental Protection Authority for the referral of processes and criteria for onshore mining and petroleum projects in Western Australia was updated and signed off.

An Administrative Agreement with the Department of Environment relating to delegation of the land clearing legislation for mineral and petroleum activities was also signed off on 10 June 2005.

The current MoU between DoIR and the Radiological Council was reviewed and amendments are being progressed to reflect changes in legislation.

DoIR continued to administer petroleum activities covered under the Commonwealth Petroleum (Submerged Lands) (Management of Environment) Regulations 1999 on behalf of the Commonwealth Department of Industry, Tourism and Resources. DoIR is also a member of the Environmental Assessors Forum (EAF), a committee of environmental representatives from each of Australia's States and Territories and the Commonwealth Government. The role of the EAF is to facilitate communication between the State and Commonwealth Governments, as well as to review legislation and administrative procedures. The EAF met several times throughout the year to review and amend the Management of Environment Regulations 1999. These amendments are expected to be implemented later in 2005.

### Regulatory Services

At the end of June 2005, the Department held 3 833 Unconditional (Environmental) Performance Bonds valued at \$430 million. This equates to an average bond of \$2 395 for each hectare of disturbance on sites covered by the *Mining Act 1978*. The "Total Land Area

Disturbed" table, below provides a breakdown of ground disturbed by area and by category.

To date the Department has held in trust about \$2.3 million of environmental bond monies to provide for rehabilitation of ground disturbed on mining tenements surrendered or forfeited around the State.

### Stakeholder Liaison

Work commenced on a project to improve communication and participation with the community and industry on mineral and petroleum projects. The project scope includes process mapping, identification of stakeholders' needs and the feedback process. This extends to funding of a mining liaison officer located at the Conservation Council of WA by the Department.

### Quality Management

Progressive implementation of a quality assured approach to key environmental approvals for the resources sector began in early 2005. With defined processes and formal (controlled) procedures that are compliant to AS 9001:2000 already in place for petroleum projects, efforts have been focussed on process mapping of environmental approvals for mining projects.

In addition, a number of draft guidelines for mining proposals have been completed, including those related to Notices of Intent and Annual Environmental Reports. The Department will consult with industry before finalisation of the guidelines.

#### Total Land Area Disturbed: Year 2004 (Results for Whole State)

Activity	2004 Annual Total, Hectares (ha)			Cumulative Total, (ha) to 31/12/2004		
	Disturbed by mining operations	Preliminary rehabilitation land forming	Re-vegetation	Disturbed by mining operations	Preliminary rehabilitation land forming	Re-vegetation
Borefields and pipelines	31	10	3	1 973	428	91
Camp sites	50	5	9	1 453	402	315
Exploration	144	43	42	5 154	1 571	881
Mine site infrastructure	1 788	429	372	53 220	5 747	4 436
Pits	1 070	151	61	37 548	9 076	6 356
Tailings/ evaporation ponds	838	122	343	41 554	2 903	2 478
Waste dumps/ heap leach	1 856	681	413	38 586	18 640	12 133
<b>Total</b>	<b>5 777</b>	<b>1 441</b>	<b>1 243</b>	<b>179 488</b>	<b>38 767</b>	<b>26 690</b>

## **Storage, Handling and Transport of Dangerous Goods**

### **Legislation**

Following assent of the new *Dangerous Goods Safety Act* in June 2004, drafting instructions were prepared for the following sets of dangerous goods regulations:

- Explosives, including security controls for ammonium nitrate
- Handling and Storage
- Transport
- Major Hazard Facilities.

The new explosives regulations will be based broadly on the performance-based format of the 2003 Queensland regulations, which deal with a similar explosives regime dominated by mining. They will incorporate all activities associated with explosives, including transport, and also regulate explosive precursors such as ammonium nitrate.

Heightened security concerns and directives from Federal agencies have prompted a raft of new initiatives and obligations under the regulations. To assist timely introduction of the regulations, the drafting instructions have been developed, and continue to be modified, in parallel with an on-going program of broad stakeholder consultation.

The Major Hazard Facilities regulations incorporate the principles and safety-case approach of the national standard produced by the National Occupational Health and Safety Commission (NOHSC). Significant consultation was carried out with operators and consultants to fine-tune the requirements for the production of safety cases, which is the fundamental tool for performance-based safety management at major hazard facilities.

The regulations for the storage and handling of dangerous goods will also adopt the performance-based approach of a NOHSC standard, with modification to suit local conditions. The licensing regime, for example, will concentrate on only those sites with significant risk of a dangerous goods accident.

### **Security of Ammonium Nitrate and Explosives**

DoIR was a leading participant in the formulation of the Council of Australian Governments' agreement of 25 June 2004, and the development of national policies and guidance notes on the secure transport, storage, and use as a fertiliser for Security Sensitive Ammonium Nitrate (SSAN). The Commonwealth Government provided the coordination for this important anti-terrorism measure. Many meetings and

seminars with the WA transport, mining and chemical industries and primary producers took place to gain input and refinement of WA policies. New regulations will require all persons with access to explosives and SSAN to be background checked with the help of an ASIO name check and the National Police Certificate. Transport and storage companies will be required to develop security plans as part of the licensing requirements. DoIR has already implemented the vetting of holders of shotfirer licences with the aid of the National Police Certificate.

### **Regulatory Services**

#### **On Road Enforcement**

The use of Penalty Infringement Notices for breaches of the nationally uniform transport of dangerous goods regulations re-commenced as part of the whole-of-Government on-road-enforcement program run with the assistance of the Department of Main Roads. The penalties, based on vehicle interception reports, are issued by senior Dangerous Goods officers using the *Fines Enforcement Scheme* of the Department of Justice.

#### **Major Hazard Facilities**

During the year, two new Major Hazard Facility (MHF) Safety Reports were reviewed and accepted, while updates were examined and approved for two existing MHFs. There are now 26 MHFs with accepted Safety Reports, and another 10 existing facilities are developing such documentation.

Retention and recruitment of suitably experienced and qualified MHF Inspectors has been a significant issue during this year, resulting in a significant backlog of assessments in late 2004 and early 2005.

#### **Incidents Response**

Departmental staff continued to participate in around-the-clock responsibilities as part of an inter-agency HAZMAT Emergency Action Team (HEAT) in response to dangerous goods incidents.

#### **Stakeholder Liaison**

##### **Safety and Security Upgraded at Government Explosives Reserves**

A \$1 million dollar capital allocation for upgrading security at the Kalgoorlie and Baldy's Explosives Reserves has been spent on razor wire and other security measures. Major fuel reduction work has reduced the fire and safety risk in the storage of

explosives. Significant drainage and road maintenance work has improved the quality of unsealed roads at the Kalgoorlie facility and reduced the dust problem.

### **Customer and Information Services**

The process of approving and issuing over 11 000 licences annually for the storage, handling and transport of dangerous goods was significantly improved with the introduction in August 2004 of a new computerised database called HAZMAN.

## Service 3: Investment Services

Investment Services benefits the community by attracting new investment and jobs to WA, helping investors to establish major resource and industrial developments, coordinating the provision of associated infrastructure, and solving problems for existing operations. Core business includes the production and processing of minerals and energy, wood processing, strategic industries, and the development of major land resources. Infrastructure coordination includes the provision of industrial land, transport, energy and water services, and technology parks and precincts.

Products and services include:

- Facilitating and managing the interaction between investors and government to encourage successful investments
- Coordination of timely decision-making and approvals processes
- Providing advice to the Government and agencies on policy and strategic planning issues
- Coordination of industrial infrastructure development in Western Australia
- Providing resource sector information services
- Delivering investment attraction programs
- Encouraging the development of specialised facilities such as technology parks and precincts.

### **Major Achievements Related to Investment Services**

The Department's major achievements, related to Investment Services, during the year are detailed below. They are presented under the major activity headings of "Infrastructure", "Policy Development" and "Investor Assistance".

#### **Infrastructure**

DoIR plans and coordinates the provision of infrastructure and land to assist industrial development.

#### **Infrastructure in the Pilbara**

##### **Burrup Infrastructure Package**

This \$183.3 million package was conceived and coordinated by DoIR. It will supply water, service corridors, port facilities and road works to gas-processing projects on the Burrup Peninsula, near Karratha. It is nearing completion. Designed to service three to four major gas-processing projects, approximately \$150 million of the package was triggered by the commitment of the Burrup Fertilisers ammonia plant. Apart from the port expansion, which should be ready before the end of 2005, the majority of the infrastructure is completed and commissioned.

##### **Pilbara Liquefied Natural Gas (LNG) Plant**

This \$5 billion project involves piping gas 280 km ashore from the Scarborough Field, processing at Onslow and exporting 6 Mt/a of LNG to the USA or to Asian markets. During peak construction it

would provide jobs for around 2 500 people. BHP Billiton has indicated that 150 employees would be resident in Onslow for its operational phase.

The impact of this development on Onslow will be substantial and the town's population is expected to double when the LNG plant is operational. DoIR has coordinated the assessment of social impacts and likely infrastructure requirements for this dramatic increase in Onslow's population.

DoIR is planning for industrial land near Onslow to incorporate the proposed Pilbara LNG plant and other potential industries.

##### **Port Hedland Engineering Study**

An engineering study was conducted to address problems associated with the coexistence of several existing and proposed iron ore rail and port operations.

##### **Boodarie Strategic Industry Area**

DoIR intends to have Boodarie "project ready" for future investors in the Port Hedland area. To this end, native title negotiations were progressed and existing environmental approvals were reviewed.

##### **Regional Infrastructure Studies**

The Department partnered industry and the Federal Government in two *Regional Minerals Program* studies to identify constraints to the development of regional petroleum and minerals and suggest strategies to overcome them. These studies focussed on the Pilbara coast and the West Kimberly.

These studies represent a cooperative approach by industry and local, State and Commonwealth Governments to plan for resource processing activities and regional employment.

They examined the long-term needs for multi-user industrial infrastructure, social infrastructure and associated services.

Previous work on Strategic Industry Areas in the north of the state to identify how best to allocate resources was reviewed.

### ***Dampier to Bunbury Natural Gas Pipeline***

The Government's \$40 million commitment to expand the gas pipeline corridor to the South West of the State reached a major milestone during the year.

The final stage of statutory approvals for the 1 400 km widened corridor was completed in November 2004, when environmental approval was obtained for the section between Kwinana and Kemerton.

The Department of Planning and Infrastructure will now complete the acquisition of the land for this section of the corridor.

### ***Geraldton to North East Goldfields Infrastructure Corridor***

Previous studies identified the need for an infrastructure corridor to link the NE Goldfields and the Geraldton area. The proposed corridor will provide for expanded gas, water, power, road and rail networks throughout this mineral rich area of the State.

Statutory approvals and route surveys have been completed. The Department of Planning and Infrastructure has initiated acquisition of the corridor land and native title consultation is well advanced.

### ***Ravensthorpe Nickel Project***

This project is a critical element of regional development. DoIR negotiated a Memorandum with BHP Billiton, signed by the company and the State in October 2004, supporting a locally based workforce for the Project.

The State Government, Commonwealth, and BHP Billiton agreed to spend \$45 million for new and expanded community infrastructure in the Shires of Esperance and Ravensthorpe.

The \$1.4 billion project should employ about 300 people, and (indirectly) another 900 people in WA, when commissioned in 2007. BHP Billiton intends to provide permanent accommodation for up to 170

employees and families new to the region. Employees will choose between residing in Hopetoun (Shire of Ravensthorpe) and Esperance.

The Department established a Project Management Group and coordinated the planning and construction of community infrastructure by State Agencies and the Shires of Ravensthorpe of Esperance.

### ***Infrastructure at Kemerton***

A infrastructure plan for the Kemerton Industrial Estate was updated and a rail spur study completed. Kemerton is a critical element of development in the South West.

### ***Facilitation of Open Source Software Development***

The Open Source Software (OSS) demonstration centre in Technology Park (Bentley) was established. It will assist in identifying opportunities for OSS and grid computing with Government and industry.

The establishment of a 1.45 teraflop high-performance computer in Western Australia to service the commercial sector and expand capacity to support research was promoted.

### **Technology Precinct Master-plan**

DoIR intends to replicate the success of Technology Park in Bentley over the wider Technology Precinct.

Funding for the establishment of Stage 1 of the Precinct has been approved by Cabinet. This will position the precinct to foster the growth of WA's knowledge economy and emerging technology industries. Three local Governments and State Agencies have combined to guide the completion of the *Joint Town Planning Scheme*.

### **Australian Marine Complex Technology Precinct Central Support Facilities**

The Technology Precinct, with the Australian Marine Complex, is being established as a centre of leading marine research and technology in Australia.

Planning for the land and the Central Support Facility is underway, including a conference and function centre. Planning for the Challenger TAFE Australian Centre for Energy & Process Training Facility is also underway, for completion in January 2007.

### **Policy Development**

This activity set involves working with industry and other stakeholders to develop policies for responsible resource and industry development in Western Australia.

The Department also provides input and comment to State and Federal policies that may impact on responsible resource and industry development in Western Australia.

### **Regional Minerals Program Water Study**

Under the Commonwealth's Regional Minerals Program, DoIR and the Department of Environment contributed both financially and in-kind to the study, *Water and the Western Australian Minerals and Energy Industry: Certainty of Supply for Future Growth*. The study was commissioned by the Chamber of Minerals and Energy, in September 2004.

The study describes water use in the minerals and energy sectors, and the role that industry plays in the development and management of water sources. Unlike most other users, the resources sector is a "high value" water user. Further, the significant quantity of water used by the mining sector in this State is substantially provided from non-potable resources located in remote regional areas of Western Australia, with little or no other competing demands.

### **Minerals Institute**

The Minerals Institute (MI) is a joint initiative between DoIR and the Chamber of Minerals and Energy. It is supported by academia and was established in 2004 to promote minerals tertiary education in Western Australia. The Institute aims to develop strategies and programs for minerals tertiary education to ensure there is an adequate supply of graduate and postgraduate students from Western Australia, to provide a sustainable skilled workforce for the future of the resources sector.

The Institute released a report *The Western Australian Resources Sector: People and Skills Requirements in 2015* to explore the skills required by the resources sector over the next ten years.

### **The State Agreements Rates and Planning and Building Licence Study**

The proposal for a *State Agreements Rates and Planning and Building Licence Study* was approved by Cabinet in May 2004. The Study will look at the impact of rating clauses in seven selected State Agreements and investigate the relationship between State Agreement Acts and local government building licence and planning approvals processes.

Terms of reference for both components of the inquiry were approved by the Minister for State Development in April 2005. The inquiry will be completed by mid 2006.

### **Investor Assistance**

The Department develops, negotiates, administers and reviews the State Agreements that govern resource development in Western Australia.

It also attracts investment through pre-feasibility and feasibility studies identifying industry development opportunities.

DoIR facilitates approvals of new projects and project expansion, and streamlines the process approval system for major projects.

### **Gorgon Gas Project and gas-based projects on the Burrup**

During 2004/05 the Gorgon Joint Venturers (Chevron, Shell and ExxonMobil) completed definition of the Gorgon project. There was some slippage in the projected commissioning date from 2009 to 2010.



The Department continued its liaison with the proponent and arranged public and government agency briefings. It facilitated access to Barrow Island for the necessary project investigative works. Work continues with the proponent on obtaining the main environmental and carbon dioxide disposal approvals.

### **Review of the Project Development Approvals System**

#### **Policy frameworks**

In June 2004 Cabinet approved funding of \$3.9 million in 2004/05, for the provision of additional resources to key agencies for the implementation of the recommendations of the *Review of the Projects Development Approvals System* and to ensure delays in processing development approvals for resource projects are avoided.

The State Government agreed to the implementation of streamlining arrangements for the key environmental processes (EPA Parts IV and V and Mining Act Notice of Intent (NOI) processes) to improve process timeliness. In addition the State Government also agreed to the allocation of a further \$2.2 million p.a. from 2005/06 to DoIR and the environmental agencies to support the new process timelines framework.

DoIR is currently reviewing the Land and Mining title processes, and Petroleum, Planning and Aboriginal Heritage approvals, with a view to reforming and streamlining these processes. These processes are expected to be reviewed by Cabinet early in the new financial year.

#### **Agency Implementation**

In response to Review recommendations dealing with timeliness and reduction of overlap and duplication, a Project Scoping Policy Framework was endorsed by Government in mid-2004. This framework is being implemented as the Integrated Project Approvals System in collaboration with key agencies involved in assessment of State Development portfolio projects.

Major elements of the new framework include

- Improved information for proponents about approval processes
- Better upfront consultation and identification of issues to be addressed
- Adoption of agreed time limits for government processing of applications
- The availability of cross-government coordination of the process in the case of complex proposals.

The coordination service is available through the Project Approvals Coordination Unit which commenced operating within DoIR in October 2004.

Detailed procedures are being developed in parallel with application of the system to projects that commenced the approvals process after 1 October 2004. Programs to raise industry awareness of the process reforms and to train agency personnel in Perth and regional centres commenced in mid-2005

#### **Operational Client Services**

During the year, DoIR:

- Facilitated major expansions in the Pilbara iron ore industry, and worked closely to assist the development of new iron ore mines in the Mid West, Great Southern and Kimberley regions
- Assisted Alcoa and Worsley Alumina during the preparation of their Environmental Review Management Plan documents for major expansions in refinery capacity, worth collectively \$2.4 billion
- Worked with the North West Shelf Joint Venturers to facilitate the final investment decision to develop a fifth LNG train of 4.2 mt/a capacity on the Burrup Peninsula at a capital investment of \$2 billion
- Facilitated government approvals for an expansion of BHP Billiton's Pilbara iron ore operations taking capacity to 118 mt/a at a capital investment of US\$575 million, and of Hamersley Iron's Pilbara iron ore operations to a total of 95 mt/a at a capital investment of \$1.3 billion
- Varied Agreement Acts for Hamersley Iron and Robe River Mining to allow for sharing of rail, port and power infrastructure
- Approved a sublease of an area of the Jimblebar mine to the Wheelarra Joint Venture under the terms of the *Iron Ore (McCamey's Monster) Agreement Authorization Act 1972*, that will lead to sales of ore expected to total US\$9 billion over 25 years
- Facilitated the commencement of mineral sands mining operations by Cable Sands (WA) Pty Ltd at Ludlow in the south west of the State

- Worked to secure the commissioning of the \$1.4 billion expansion of the Telfer Gold Mine, including a 450 km gas pipeline from Port Hedland and 141 megawatt gas fired power station at Telfer, to produce 800 000 ounces of gold and 30 000 t/a of copper over a 25 year mine life
- Helped secure the commissioning of Phase 1 of the Magellan lead mine, with production of lead concentrate scheduled at 60 000 tonnes in 2005 and 100 000 tonnes in 2006.

### **Investment Attraction**

The Investment Attraction Branch targeted key Australian and International companies with potential project investment opportunities such as:

- Pulp and Paper Mill Projects: There are significant investment opportunities for locating a Bleached Chemi Thermo Mechanical Pulp Mill near Collie or at the Mirrambeena Industrial Estate near Albany.
- Biodiesel / Renewable Energy Projects: There is an opportunity to invest in a canola oil based bio-diesel plant in the Great Southern Region. Such a plant could be linked to a biomass power plant, which could provide the power needed for the operation.
- Mineral Sands Projects: Investment opportunities for further value adding in the State's mineral sands industry including establishing a WA titanium metal industry through the adoption of new processing technologies.
- Pig Iron and Steel Mills: Several steel companies are interested in utilising the Hismelt pig iron manufacturing technology and expanding operations into either special grade or commercial grade steel making facilities in WA.
- Ammonia and Ammonium Nitrate Projects: The development of ammonia and ammonium nitrate plants on the Burrup Peninsula.

In addition the Department has:

- Worked with the Agent General's office in London to successfully secure the Metal Bulletin - Asia Pacific Iron Ore Conference to be held in Perth on 21-23 November 2005. The conference was last held in Perth in 1996.
- Continued development of the Australian Marine Complex Common User Facility by committing to expand the common use infrastructure as part of the *WA Defence Shipbuilding Strategy* launched by the Premier. In addition to new infrastructure the

strategy includes the appointment of a Defence Strategist for military advice and the entering into a strategic alliance with South Australia. This strategy has already started to bear fruit with the WA/SA based ASC Pty Ltd winning the \$6 billion Air Warfare Destroyer project. This should result in 30-35% of the modules for the vessel being built in Western Australia, generating around 500 jobs.

- Encouraged Raytheon Australia to relocate its naval systems division to the AMC as cornerstone tenant of the Australian Marine Complex's (AMC) Technology Precinct. Raytheon was targeted by the Department as a strategic capability required by the State and the relocation was facilitated by a \$3 million incentive package.
- Coordinated the build up of naval shipbuilding activity at the AMC. Local companies have produced the first of the Navy's 14 Armidale Class Patrol Boats, gained an order for 10 Patrol Boats for the Yemen Defence Force and the world's largest aluminium high speed ferry (127 m long). This hull form has been selected by the United States Navy as one of two designs for its 60 vessel (US\$14 billion) Littoral Combat Ship project. Austal Ships and its US partner Bath Iron have been awarded a detailed design contract for the project.
- Assisted the Common User Facility at the Australian Marine Complex to exceed expectations. Through joint marketing efforts with LandCorp and the Facility Manager, the facility has been able to attract the assembly of the Linda and John Brookes platforms for Apache Energy, equipment rooms for Woodside's Goodwyn platform, refit of 17 mining vehicles for Indonesia, a product stacker for Comalco's Weipa bauxite mine, fabrication of a 70 m high-speed luxury yacht, subsea manifold foundations for Woodside's Enfield project, and assembly of Australia's first export jacket for the New Zealand Pohakura project.

## Studies

A number of studies were commissioned to identify the real potential and input requirements for a range of resource based value adding opportunities in WA. These include:

- *Energy for Minerals Development in the SW Coast Region of WA Study*. This joint Commonwealth and State Government, and industry collaborative study identified several major value-adding projects in the region which, if they proceed, could increase Gross State Product by over \$2 billion per annum and create approximately 9 000 long-term, full-time jobs. The report provides detailed information to prospective investors and was seen by the Commonwealth Government as the model for future studies.
- *Western Australian Petroleum Resources Availability Opportunities (PRAO) Study – July 2004*. The Study results indicate that ethane and other suitable feedstock is reliably available in sufficient volume and at sufficiently low production costs to provide internationally competitive ethylene cash costs for a world-scale, olefins-based petrochemical plant located in the Pilbara Region, near Dampier. Given the very significant potential for further major natural gas discoveries and development in the Carnarvon Basin, these results provide a strong incentive for petrochemical and chemical companies to invest in a world-scale “Integrated Petrochemical Project”, possibly based on a core project comprising a Chlor-alkali Plant and a Mono-Ethylene Glycol Plant.

These important studies form a major component in marketing the State’s value-adding and downstream processing investment opportunities.

## State Development Strategies Group Work associated with Investment Services

### Coordinated Communications Infrastructure Fund

Through the work of the State Development Strategies Group, the Department was successful in

its submission to the Commonwealth Government’s Coordinated Communications Infrastructure Fund. As a result, \$1.3 million was provided for the installation of broadband telecommunications services in the Kimberley.

This, together with State Government funding of \$1 million, will subsidise the development of broadband telecommunications services for Kimberley businesses and residents.

## Computable General Equilibrium Models

The State Development Strategies Group completed a number of Economic Modelling Projects, using the Computable General Equilibrium methodology.

Computable General Equilibrium (CGE) models capture economy-wide effects and various changes in macro-economic parameters, for example changes in productivity and increase in wages or investment shocks.

DoIR uses the Monash MMRF Green version of a CGE. This type of economic modelling has been used to assess how the State and National macro-economic affects investment in a new resources project and capital expenditure on new infrastructure.

Specific CGE modelling completed in 2004/05 comprised:

- Economic impact assessment of successful National Heritage Listing of the Burrup
- Western Australian Economic Impacts of new timber processing projects
- Assessment of the economic impact of a sodium chlorate project the Western Australian economy
- Western Australian economic impacts of moving to underground operations at the Argyle diamond mine
- Western Australian economic impacts of Iluka Resources new synthetic rutile plant
- Economic assessment of the Australian Marine Complex

## Service 4: Geological Services

Benefits the Western Australian community by encouraging exploration and hence the discovery of mineral and petroleum deposits through maintaining an up-to-date geological framework and archive of the State and its mineral and petroleum resources.

Products and services include,

- Publishing maps, reports and data sets
- Providing access to a developing archive of geoscientific and resource exploration documents, samples and data.

### Overview of Activities Associated with Geological Services

- Provision of geoscientific information that promotes the State's prospectivity and encouragement of successful exploration
- Promotion of mineral and petroleum exploration opportunities in Western Australia
- Evaluation of the impact of new projects and plans on exploration potential as a basis for decision making by Government, including land use planning, and promotion of the importance of resources to the wider community
- Provision of integrated archival and easy-to-use retrieval systems for all types of geoscience data in WA, including company reports and geological samples.

### Major Achievements for 2004/05

#### Provision of Geoscientific Information

- Produced 32 reports, 47 geoscientific maps and geophysical images, and 21 digital datasets that publicised the geological framework of the State and promoted its resource potential.
- Work under a \$12 million commitment over four years (now on-going at \$3 million per annum) to double the area of the State covered by high-tech aerial geophysical surveys was commenced. The surveys aim to increase mineral exploration expenditure in Western Australia. In 2004/05, data were collected over the South Yilgarn, and released for the South Yilgarn and Murchison regions.
- A major six-year program of geoscience field mapping was commenced in the Murchison region, including the release of a Geological Exploration Package over the region.
- A summary of the geology and mineral potential of the Earraheedy Basin was published to further promote the prospectivity of this greenfields area.
- Geoscientific field mapping that will assist mineral exploration in the area commenced, and a seismic reflection survey across the Tanami

Complex was completed in conjunction with Geoscience Australia.

- During the year, DoIR continued its comprehensive program of producing reports, geoscientific maps and images, and digital datasets that add to the knowledge of the geological framework of the State and its resource potential. This work is crucial in encouraging and supporting exploration in the State. The extent of geoscience mapping and resource studies is shown in maps 1 and 2 on the following pages.
- Regional field mapping programs continued in the East and Central Yilgarn; Gascoyne; Edmund, Collier and Earraheedy Basins; and west Musgrave area; and commenced in the Tanami region.

The 2004/05 program of work resulted in the production of:

Geoscientific maps (total)	47
1:100 000 geological maps	7
Other maps	40
Geoscientific reports (total)	32
Explanatory notes for series maps	11
Records and Reports	18
Miscellaneous publications	8
Digital datasets (total)	21

This production volume represents a continuing high level of productivity (excluding corporate overheads) of Geological Services.

### **Promotion of Mineral and Petroleum Exploration Opportunities**

DoIR continued to exhibit its geoscience mapping products and promote the prospectivity of Western Australia at national and international investment conferences during 2004/05.

These included:

- Diggers & Dealers (Kalgoorlie, July 2004)
- ASEG-PESA (Sydney, August 2004)
- Good Oil (Perth, September 2004)
- Mining 2004 (Brisbane, October 2004)
- SEG (Perth, September 2004)
- NAPE (Houston, Texas, January 2005)
- Australian Oil & Gas (Perth, February 2005)
- Explorers (Perth, February 2005)
- PDAC (Toronto, Canada, March 2005)
- Paydirt Gold (Perth, April 2005)
- APPEA (Perth, April 2005)
- AAPG (Calgary, USA, June 2005)

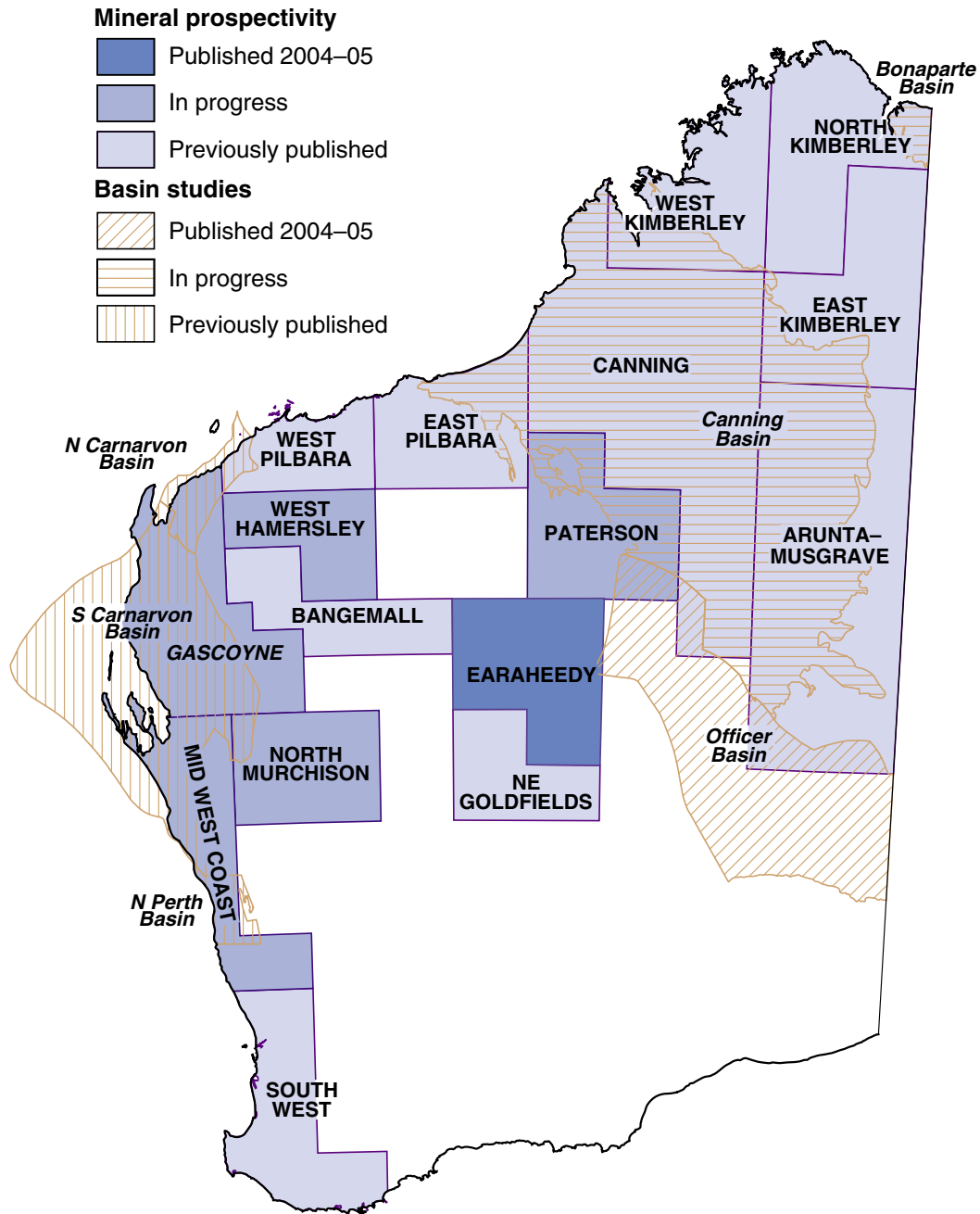
### **Evaluation of the Impact of New Projects and Plans on Exploration Potential**

Commencement of the \$12 million program over four years to double the area of Western Australia covered by modern geophysical surveys has resulted in new exploration tenement applications. For instance, one company announced to the Australian Stock Exchange that it had applied for 14 tenements in the Ravensthorpe area on the basis of the new Government-funded geophysical data. Following the release of the information in the Southern Cross area there was immediate take-up of new exploration licences.

### **Provision of Integrated Archival and Retrieval**

A program commenced to accelerate the public release of archival information contained in 21 000 non-confidential exploration reports from exploration companies, in order to encourage greenfields exploration activity. 7 000 reports have been scanned so far for release on the web.

Map 1



SHDH20B

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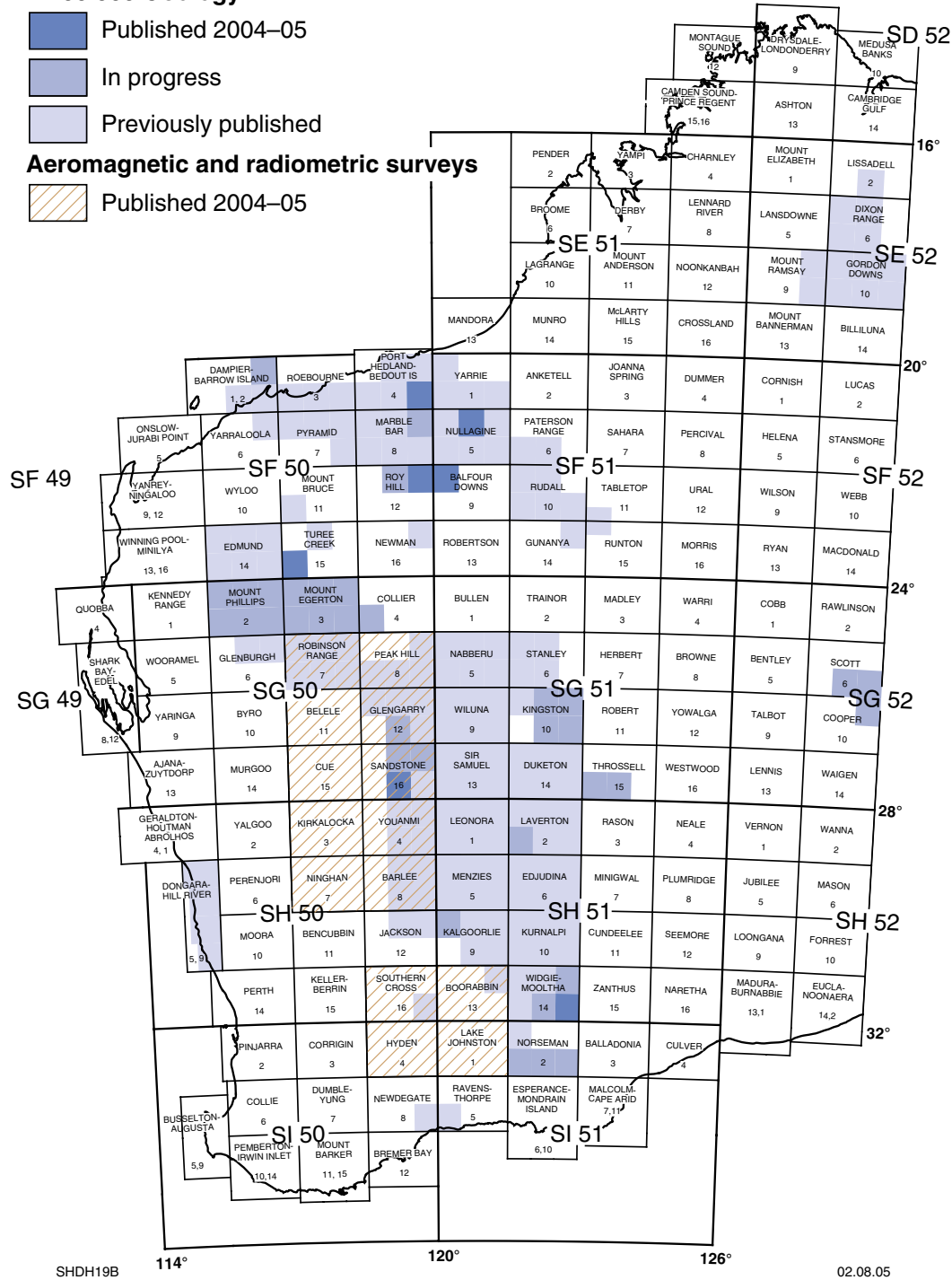
Map 2

**1:100 000 Geology**

- Published 2004–05
- In progress
- Previously published

**Aeromagnetic and radiometric surveys**

- Published 2004–05



SHDH19B

02.08.05

## Service 5: Scientific Services

Benefits the Western Australian community through the provision of high quality independent chemical information, advice and analytical services to government agencies, industry and research groups.

Products and services include:

- Scientific and research support in the areas of public and occupational health, conservation and the environment, industrial development, food and agriculture
- Emergency and crises response services to government agencies and industry for chemical spills and related incidents and crisis situations
- Contributing to the development of national chemical conformance standards and guidelines
- Forensic scientific services support to the Police Service, State Coroner and the racing industry.

The Chemistry Centre (WA) is part of DoIR. It provides specialist, chemically based, scientific services to government agencies and industry. These services include complex analytical, problem solving investigative, and applied research projects. Its niche is the area between pure research undertaken at universities and the high volume routine analytical test work undertaken by private sector laboratories.

The Chemistry Steering Committee, appointed by the Minister to provide advice on the future directions of the Chemistry Centre, reported in May 2004. Pursuant to their recommendations:

- An Advisory Board was established and has had several meetings
- The Western Australian Institute of Chemical Sciences has been established
- Drafting of the enabling legislation to create the Chemistry Centre is in progress
- Design work has commenced for a new building adjacent to the Curtin University campus in which the Chemistry Centre will be co-located with Curtin University Applied Chemistry.

The Department undertook a strategic review of the analytical chemistry issues associated with technical trade barriers and commenced the consolidation and development of methods to ensure that WA's food and agriculture industries have access to comprehensive and responsive analytical services.

The Department negotiated the sale and license of the "Chedder" computer-based system being developed to identify the characteristics of illicit drugs to both the EU and the USA. The system will assist materially in locating the source of confiscated illicit drugs.

### **Scientific and Research Support**

The Chemistry Centre continued to provide government agencies, research organizations and industry with investigative and analytical chemistry services and consultation across a broad range of activities that impact on the community's health and safety and sustain the viability of Western Australia's agricultural and mining industries. Its activities included:

- Evaluation of hazardous chemical incidents as per WestPlan HAZMAT. This is the set of agreed emergency management arrangements for hazardous materials emergencies throughout the State of Western Australia.
- Improving CBR (chemical, biological and radiological incidents) response capabilities for incidents, as per WestPlan CBR
- Monitoring the quality of food and the impact of chemicals in the environment on health
- Measurement of hazardous chemicals in the workplace
- Development and improvement of grain crops
- The impact of saline soils and land degradation on agricultural productivity
- Characterisation and re-use of wastewater in Western Australia
- Investigation of the potential of the State's flora for biologically active chemicals
- Developing the science behind the management of greenhouse issues.



## **Emergency and Crisis Response Services**

Continuous improvements in the Chemistry Centre's emergency response capabilities were made during 2004/05, in particular, the response to major chemical related emergencies (HAZMAT) and chemically related acts of terrorism.

The Chemistry Centre emergency response responsibilities are defined under WestPlan HAZMAT (Hazardous Materials) and the WestPlan CBR (chemical, biological and radiological).

These improvements were made through:

- Close liaison and joint exercises with FESA (Fire and Emergency Services Authority), DoE and the Police and Health Department staff
- Development and refinement of emergency response protocols
- Recruitment and continuous training of new staff
- Development of effective sterilisation procedures for suspicious white powders
- Development of new protocols for the characterisation of white powders.

## **National Chemical Conformance Standards**

### **Quality Systems Accreditation**

The Chemistry Centre maintained its quality systems accreditation to AS/NZS ISO 9001:2000 and increased its extensive range of chemical testing and forensic accreditations with the National Association of Testing Authorities (NATA).

### **NATA's Forensic Science Registration Advisory Committee**

Staff continued to participate in NATA's Forensic Science Registration Advisory Committee and other technical committees and acted as assessors for the evaluation of technical competence of other accredited laboratories.

## **Forensic Science Services**

### **Forensic Science Laboratory**

The Forensic Science Laboratory (FSL) received approximately 5 000 cases involving some 23 000 items encompassing the areas of toxicology, illicit drugs, physical evidence and racing chemistry.

The operations of the FSL are supported by an extensive quality system. The system was extended during the year with the installation of digital imaging hardware interfaced to the laboratory information management system (LIMS).

### **Forensic Chemistry Service to the WA Police**

The Department provided comprehensive forensic chemistry services to the WA Police Service with almost 2 130 cases being investigated.

It participated in national and international drug profiling programs with the Chemistry Centre (WA) providing drug profiling database management software to a consortium of European police forces.

### **State Coroner**

Analytical toxicology services were supplied to the State Coroner for 1 037 investigations involving sudden or unexplained deaths, with approximately 15% percent involving Coroner's Act objections and requiring 24-hour turnaround.

### **Doping Control in Sport**

The establishment of Racing and Wagering Western Australia (RWWA) resulted in an increased demand for analytical services directed at pre-race and post-race testing. Sample numbers for drug screening rose from 1 840 in 2003/04 to 2 130 in 2004/05. The Chemistry Centre was the successful tenderer for the supply of analytical services to RWWA for the three years from 2005 to 2007.

## Service 6: Industry Development Services

Benefits the Western Australian community by facilitating the growth of internationally competitive industry within Western Australia, assisting indigenous clients to develop their business capability and promoting Western Australia as a source of internationally competitive products and services.

The Department assists industry by encouraging the growth of new and existing industries and by helping companies to identify, develop and access new national and international markets.

Through its Office of Aboriginal Economic Development (OAED) it provides support for indigenous economic development.

The Department's major achievements for 2004/05 are detailed below.

### Assisting Industry to become Internationally Competitive

The Department promoted and developed the capability of the Information and Communications Technology (ICT) and Electronics industries by facilitating cluster formation for Mining ICT and Electronics.

It supported the *Entrepreneurs in Residence* program to attract a second round of Federal funding (\$4.3 million).

A program to create ICT consortia was developed. This program brought six ICT industry associations together into one effective organization.

DoIR participated in an IT industry exhibition, CommIT 2004, in Perth in November 2004, and supported Western Australian company participation in a Software Demonstration program.

In order to Promote and develop WA's *Biotechnology Industry Initiatives Program*, the Department:

- Participated in the BIO 2005 Annual International Convention in Philadelphia, which the Minister attended
- Attended the AusBiotech National Conference 2004 in Brisbane
- Provided support to the local branch of Ausbiotech, a biotechnology industry association, to assist in the employment of an Executive Officer to coordinate capability and industry events.

In support of the food and beverage industry, the Department:

- Facilitated a retail food and wine collaboration with Harvey Nicholls outlets in the UK, and Cold Storage outlets in Singapore, and assisted with the development of a strategic plan for the WA Wine Industry
- Produced 2<sup>nd</sup> editions of *Retail Buyers Guide* and the *Food and Buyers Catalogue* and distributed these to interstate and overseas buyers.

Directories on the capabilities in the Environment Industry and the Architecture and Building industries were published

The Minister signed a Countertrade agreement with EDI Bombardier relating to the purchase of railcars for the New Metro Rail (Perth-Mandurah) The *Countertrade Program* is a non-obligatory offsets program that is part of the State Supply Commission's suite of *Buy Local* policies relating to government procurement contracts.

The Department participated in a range of Skilled Migration promotional events including Opportunities Abroad 2005 – York UK. The *Skilled Migration* program achieved an increase in State sponsored skilled migrants from 970 to 1 710, placing the State second only to South Australia as a destination for these visa classes.

### Innovation Capability Development

The Minister launched the *Innovation Initiative*. This included the establishment of the WA Innovation Centre, which involved an Open Source Demonstration Centre to demonstrate to industry the benefits of using open source software.

The Department implemented the *WA Innovation Capability Development - Capital Access Scheme* and awarded 12 grants to innovative local companies to use for raising further development capital.

It also organised and hosted 162 WA events for the Australian Innovation Festival 2005, with over 112 000 Western Australians attending.

### **Manage Impacts of Protecting Our Old Growth Forests Policy**

DoIR actively promoted industry development and investment attraction within the South West region to stimulate structural adjustment of the timber-based manufacturing industry and to develop competitive and sustainable industry.

Since the inception of the *Business Exit Assistance* program in 2001, 107 businesses have received support, five in 2004/05. This has assisted the rationalisation of the timber industry and helped other businesses indirectly impacted by the implementation of the policy.

### **Maximizing Involvement in Major Private and Public Sector Projects**

The Department continued implementation of the Government's Building Local Industry Policy to extend the effectiveness of Industry Participation Plans for major capital projects.

A review of the Building Local Industry Policy Procedures to align with the implementation of the Australia-USA Free Trade Agreement was launched.

DoIR continued the Global Supply Chain Access initiative to enable competitive WA businesses to access opportunities in international markets.

The WA Manufacturing Industry Consultative Council was established. Its purpose is to bring industry, unions and government together to identify impediments to growth of the manufacturing industry in Western Australia.

The WA Oil and Gas Industry Coordinating Council was established, to maximise WA participation in the oil and gas industry and to create increased business and employment opportunities.

The Council launched a strategic vision for the Oil and Gas Industry in WA entitled *Western Australian Hydrocarbon Industry: Building a Strong Future*.

The *Buy WA First* campaign continued, with monthly newspaper advertising and ongoing liaison with major retail chains and suppliers. Woolworths joined the initiative in October 2004. The Department participated in 'WA on Show', promoting Western Australian products. The show was organised to celebrate the opening of the Perth Convention Centre.

DoIR continued to manage:

- A contract for the engagement of two industry officers with Unions WA to identify opportunities for local business to increase their participation in new projects in WA.
- The State Government contract with the Chamber of Commerce and Industry of WA for the provision of a vendor identification service, delivered through the Industry Capability Network WA, to private and public sector clients.

It continued to promote the Government's "Buy Local" policy designed to maximise supply opportunities for competitive WA businesses when bidding for State Government contracts.

### **Export Achievements Related to Industry Areas**

DoIR supported the export performance of WA businesses by successfully re-tendering to deliver the Federal (Austrade) *TradeStart* program and to develop and increase the number of new exporters in WA as part of the national doubling of Australian exporters initiative. The agreement for 2004/05, which was fulfilled, was to sign up 25 WA companies to the program and facilitate their export competitiveness.

The Department assisted over 300 companies develop and access national and international markets through industry focussed promotional activities. These achievements are listed below.

The Department coordinated Information and Communications Technology business missions to China (six companies) and Malaysia (three companies), ANZATECH 2004 Exhibition in San Francisco (eight companies), CeBIT in Sydney (eight companies), and CommunicAsia Expo in Singapore (seven companies).

In the Food and Beverage sector the Department organised major promotions at 2004 Fine Food Australia Sydney (45 companies), 2004 Wine Australia (47 companies), 2005 Gulf Food (60 companies), WA Wine and Food Expo (70 companies) and assisted 20 seafood companies participate in European Seafood Expo – Brussels.

The Department helped establish the WA Association for International Development and conducted a business mission to AusAID in Canberra.

It produced the *International Development Business Directory of WA Capability*, held a range of information awareness seminars presented by international funding agencies, and assisted clients identify and bid for international projects.

Indigenous Arts achieved international market exposure at events in Geneva, Brigham Gallery – USA, Australian High Commission – London, and showings at European arts fairs and exhibitions in Milan, Florence and other European cities.

The Department coordinated an Education Institutions mission to Korea (15 institutions) then 10 organisations returned to participate in the Australia New Zealand Education Fair – Seoul, to attract new students to Western Australia.

In conjunction with the Master Builders Association the Department promoted 15 companies at the Big 5 Building and Construction Expo – Dubai.

The Department organised business missions to Offshore Northern Seas – Stavanger (Norway) (four companies) and ADIPEC – Abu Dhabi (eight companies).

### **Export Achievements Relating to International Markets**

In addition to continuing the highly successful *Guest Nation* program at the Perth Royal Show, which featured the region of Tuscany, the Department focussed on expanding Western Australian export potential in a number of international markets. Its achievements in these areas are detailed below.

The Deputy Premier led a Business Mission to South Korea associated with the re-opening of the WA Trade Office (30 organizations).

In Japan, investment attraction initiatives and biotechnology promotions were held in Hyogo and Kansai under the Sister State arrangement with WA, and preparation was undertaken for significant events on trade, relationships and tourism for WA Week promotions at Aichi World Expo for July 2005, led by the Premier.

The Department expanded and re-signed the Sister State arrangement with Zhejiang Province in China and facilitated numerous high-level Chinese delegations visiting WA to explore LNG, iron ore and other trade and investment opportunities.

In the Middle East/Africa region, the Department collaborated on business missions covering building and construction and food, and coordinated an investment mission to WA from Qatar, the first by a Government Minister.

The Department held the InUnison European Link Business Workshop in Perth.

It also reactivated the Sister State relationship with Tuscany and organised a significant WA exhibit of arts and crafts at Tuscany Fine Arts Fair in Florence.

The Department coordinated a Ministerial mission to Singapore and facilitated the signing of an MOU on Mining and Environment between the Central Government of India and DoIR, CALM and the WA Chamber of Minerals and Energy.

### **Support for Indigenous Economic Development**

The Office of Aboriginal Economic Development (OAED) is the lead agency for Aboriginal economic development in the State. OAED, in conjunction with State and Commonwealth agencies, is finalising a whole-of-government *Indigenous Economic Development Strategy* (IEDS). The key focus areas include increasing Aboriginal employment opportunities in the mainstream economy, using asset / property ownership to create wealth, and developing Aboriginal enterprises. These three priority areas have the potential to make demonstrable improvements for all Indigenous Australians. They are consistent with standard means by which the broader community participates in the economy, through employment and wealth development, through the productive use of assets, and through sound business practices.

Through OAED, DoIR ran projects to deliver jobs, opportunities and wealth to Indigenous Australians. These focussed on enterprise, infrastructure, natural resource management, customary and traditional intellectual knowledge, land ownership, and Indigenous participation in the growth of the state's regional economies. These projects included:

- Provision of legal assistance and business development advice to the Beagle Bay Community in its negotiations to participate in a tree plantation development on the Dampier Peninsular
- Business advice to the Burringurrah Aboriginal Community in scoping its participation in a proposed tourism development of Mt Augustus
- Continued support to the Western Australian Indigenous Tourism Operators Committee (WAITOC) to assist it in growing cultural tourism
- Provision of a range of infrastructure and operational initiatives to assist Indigenous Art Centres in the Pilbara, the Kimberley and Ngaanyatjarra lands achieve commercial viability
- OAED partnered Jacobs Sverdrup Australia and the South West Aboriginal and Land Sea Council in the formation of an economic development strategy for the Noongar People of the South Western region of Western Australia. This partnership won the West Australian Medium Business Award for the Prime Minister Awards for Excellence in community

partnerships and was a finalist at the National Awards.

In order to support indigenous business capacity, DoIR provided assistance to 80 Indigenous enterprise clients including financial assistance to 50 business and project initiatives.

### ***Policy Work associated with Industry Development Services***

The Department of Industry and Resources (DoIR) led the development of policy in support of industry growth in WA in several areas, namely: telecommunications, biotechnology, workforce and skill planning, and trade policy.

Specifically, in October DoIR led the development of the first State Communications Policy (SCP), combining the efforts of 37 agencies towards helping to grow the State's economy by supporting industry and community access to functional and affordable communications services. The SCP, publicly launched by the Minister for State Development, recognises that communications services (covering both telecommunications and broadcasting) are essential infrastructure. Communications services are integral to the social and economic development of Western Australia. They underpin business activity, support government operations, and enable our everyday activities. A copy of the SCP can be obtained from [www.doir.wa.gov.au/scp](http://www.doir.wa.gov.au/scp).

In the course of developing the SCP, DoIR continues to play an instrumental role in stimulating investment in vital communications infrastructure. In 2004/05, this work extended to securing \$2.9 million in Commonwealth Government funds to provide IT skills and training to the most remote communities in the Gascoyne, Midwest, Pilbara, Kimberley and Goldfields-Esperance region, and \$1.3 million to deploy wireless broadband infrastructure in the Kimberley. The IT Skills and Training project is being implemented by the Department of Local Government and Regional Development's Telecentres Support Unit. Funding for wireless broadband in the Kimberley was obtained from the Commonwealth Government's Coordinated Communications Infrastructure Fund (CCIF). Under an agreement with the Commonwealth Government, the State Government will provide an additional \$1 million to the Kimberley project. This arrangement follows DoIR's leadership in securing CCIF funding for telecommunications services to the Ngaanyatjarra Lands. In both the Kimberley and Ngaanyatjarra Lands projects, DoIR is working with industry and other key State Government agencies to ensure the successful deployment of new communications infrastructure.

For less remote regions of Western Australia DoIR engaged, through the State Government's participation in the *National Broadband Strategy*, a state-wide Demand

Aggregation Broker to raise awareness and help drive the supply and demand for broadband internet facilities in regional Western Australia. So far, the Broker has helped establish broadband facilities in 14 communities. Wherever possible, the State Broker supports the efforts of the three established community-based demand aggregation brokers, appointed to serve the Goldfields, Peel, and South West regions.

For the metropolitan area DoIR is examining, in collaboration with the Public Transit Authority, Peel Development Commission, City of Mandurah, Murdoch University, and Australia's Academic and Research Network (AARNet), the feasibility of installing fibre-optic cable along the rail line between Perth and Mandurah to serve the academic, business, government and local communities.

DoIR further demonstrated its leadership in telecommunications policy throughout 2004/05 by actively participating in national telecommunications policy development. These efforts included representing Western Australia's interest via a range of committees and working groups under the auspices of the Online Council and the *National Broadband Strategy* Implementation Group. In addition, DoIR assisted the development of the Minister for State Development's submission to the Senate Inquiry into the Performance of the Australian Telecommunications Regulatory Regime. Other policy development included involvement in submissions to the Commonwealth Government in relation to:

- Private management of radio spectrum and deployment of broadband wireless access
- Provision of voice services using Internet protocol
- Licence conditions for community television.

Also in 2004/05, the Department collaborated with State and Commonwealth government agencies to advocate Western Australian industry's interests, including those relating to medium and long-term workforce and skills planning, and the development of common national approaches to critical issues facing the emerging biotechnology industry.

A third area of collaboration and advocacy related to the development of trade policy. The Department represented WA industry interests to the Department of Foreign Affairs and Trade so that those interests were taken into account in negotiation of Free Trade Agreements with the United States; review of the Singapore-Australia Free Trade Agreement; feasibility study into a Free Trade Agreement with China, Japan, Malaysia and the United Arab Emirates; and for a joint

agreement with the Association of South East Asian Nations and New Zealand. Other policy development included a submission to Austrade's review of the *Export Market Development Grant Scheme*.

The Department delivered a review of overseas offices, which included consideration of the offices' functions and location, options for the delivery of overseas representation, and performance review mechanisms.

The outcomes of the review reinforced the need for inter-agency cooperation in setting strategic directions for the offices.

## Key Performance Indicators

### Performance Indicators and Measures

Performance indicators and measures provide accountability to Parliament and the community for expenditure of public money and to assist in the management of DoIR. These performance measures are published in accordance with the *Financial Administration and Audit Act 1985* (FAAA) and the associated *Treasurer's Instruction 904*.

The FAAA requires that DoIR disclose audited key performance indicators that:

- Are relevant, free from bias and quantifiable
- Encompass the operations of DoIR
- Are reproduced within the elements of the report on operations to which they relate.

*Treasurer's Instruction 904* defines Key Performance Indicators (KPIs) in terms of the following 2 sets of indicators:

- **Effectiveness** indicators provide information on the extent to which outcomes have been achieved through the funding and production of agreed services
- **Efficiency** measures relate Services to the level of resource inputs required to produce them.

This report contains audited Key Effectiveness Indicators and Key Efficiency Measures, (collectively referred to as KPIs), together with certification of these KPIs by the Director General of the Department of Industry and Resources and the opinion of the Auditor General concerning those KPIs.

All reported efficiency measures reflect the full cost of service reported in the financial statements.

In accordance with *Treasurer's Instruction 904* this report also discloses Service Performance Measure results against estimates published in the 2004/05 Budget Papers.

### Certification of Key Performance Indicators

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to access the Department of Industry and Resources' performance, and fairly represent the performance of the Department of Industry and Resources for the financial year ended 30 June 2005.

[ Signed copy on file ]

Jim Limerick  
Accountable Officer  
31 August 2005



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### DEPARTMENT OF INDUSTRY AND RESOURCES PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

#### **Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the Department of Industry and Resources are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended 30 June 2005.

#### **Scope**

##### *The Director General's Role*

The Director General is responsible for developing and maintaining proper records and systems for preparing performance indicators.

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

##### *Summary of my Role*

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it 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 performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON  
AUDITOR GENERAL  
30 September 2005



## Key Effectiveness Indicators

The Department's Key Effectiveness Indicators are grouped below under the following three headings:

- Key Stakeholder/Customer Satisfaction Ratings
- Conformance with Regulation and Government Policy
- State Development Performance.

They measure the Department's effectiveness in achieving its key outcome, which is "Responsible Development Of The State's Industry And Resources For The Benefit Of Western Australians".

### Explanations of Variances Against Targets

Note that, in previous years, in the case Key Effectiveness Indicators, explanations of variances against previous years results have been provided but explanations of variances against targets have not.

This year, the need to report Key Effectiveness Indicators targets, with associated explanations of variance, has been recognised late in the annual reporting cycle. In some cases the targets are not well suited for variance reporting, (see indicators A, L, O and P for example). Explanations of variances against targets have been provided in those cases there the variance is greater than 5% and where it is meaningful to do so.

<b>Key Stakeholder/Customer Satisfaction Ratings</b>	<b>Actual 2002/03</b>	<b>Actual 2003/04</b>	<b>Target 2004/05</b>	<b>Actual 2004/05</b>
A. A measure of the Minister's satisfaction with the quality DoIR's policy and planning advice regarding "Responsible development of the State's industry and resources for the benefits of Western Australians"	86%	86%	86%	86%
B. A measure of key stakeholders' satisfaction that DoIR encourages a climate conducive to ongoing resources development in Western Australia				
• Per previously used statistical calculation	95%	79%	95%	81%
• Per re-defined statistical calculation	n/a	n/a	n/a	63%
C. A measure of investor's satisfaction with DoIR's resource development facilitation services, including infrastructure planning, project co-ordination and assistance with approvals				
• Per previously used statistical calculation	82%	83%	86%	75%
• Per re-defined statistical calculation	n/a	n/a	n/a	67%

### Supporting notes and explanation of any significant variations, trends

A. **Minister's satisfaction.** The (then) Minister (Brown) was provided (February 2005) with a summary of policy and planning output for the year under review to assist him in forming an opinion. He was also provided with a questionnaire and asked to rate the performance of DoIR's policy and planning advice in working towards the outcome of "Responsible development of the state's industry and resources for the benefit of Western Australians". Minister Carpenter was provided with a corresponding questionnaire, together with a corresponding summary. At the time of compilation of these KPIs, Minister Carpenter's response had not been received. Accordingly the

previous minister's response has been used. Note that the quoted percentage (86%) represents a rating of 6 out of 7. Also note that Minister Brown was the responsible minister for approximately 8 months of the reporting year.

B. **Stakeholders' satisfaction.** The Department seeks to establish and maintain a constructive working relationship with stakeholders such as Local, State and Federal Government departments, Regional Development Commissions, Port Authorities and industry bodies. In previous years, this measure has been obtained by survey of a small group of representative

stakeholder organisations that had direct and significant interaction with the Department.

This year the Department has sought the opinions of a larger number of organisations that were likely to have an interest in, and an informed opinion about, the Departments activities.

This group was asked to assess the effectiveness of the Department in encouraging a climate conducive to resources development in Western Australia.

The Department supplied the names of 169 stakeholders to an independent market research company. The company was able to survey 139 of these organisations, representing a response rate of 82%. 109 of these respondents offered an opinion in response to the survey question from which the measure is derived.

In order to allow comparisons with previous results, and to maintain consistency with indicator C, the statistical calculation used is the same as has been used in previous years. The measure is the number of favourable opinions expressed as a percentage of the total opinions received. In other words, those 30 respondents who failed to provide an answer to the main survey question have not been included in the calculation.

In order to achieve greater statistical validity, a new statistical measure has been defined. This measure does include those 30 respondents who failed to provide an answer to the main survey question. It is defined as the number of favourable opinions expressed as a percentage of the total opinions sought.

In previous years, the selection process had resulted in fewer, if any, respondents who failed to express an opinion. A move to a broader basis can be expected to result in a variance that is mostly attributable to the rise in the number of respondents who failed to express an opinion. The redefined calculation will be used in future years, so that figure (63%) will be used as the basis of comparison next year.

#### **Explanation of variance against budget - Indicator B**

The target figure is overly optimistic and was based on expectations related to the previously very high levels obtained from surveys of very small samples. It should be noted that the actual result is an improvement on the previous year's result.

C. **Investors' satisfaction.** This measure represents the percentage of investors satisfied with the facilitation services provided. The Department interacts with the developers of major new resource projects and also with the operators of major on-going projects. Senior managers and CEOs of major resource development companies throughout Australia were surveyed by an independent market research company. Their responses to 5 questions addressing the Department's performance against the following criteria, were aggregated to produce this measure:

- Long term resource sector infrastructure planning
- Helpfulness in obtaining major approvals
- Whole of government approach
- Effectiveness in being an advocate on behalf of clients
- Effectiveness in negotiations.

This measure is calculated by aggregating, with appropriate weighting, the responses to a questionnaire that was administered to 2 populations. The first population, compiled from Departmental operational contacts, consisted of 200 senior managers and CEOs of major resource development companies throughout Australia and the second population (of 533) was comprised of CEOs, Managers and Directors selected from the Prospect subscription list. Surveys were completed with 130 of the first population and 102 of the second. The respective response rates are 72.6% and 57%. In practical terms, there would have been little to gain by seeking a higher response rate in the secondary population.

As with indicator B (above), this KPI has been reported as a pair of measures,

- the previously used calculation which considers the number of responses to questions that are used in the derivation of the indicator.
- the re-defined calculation, which considers the total number of survey respondents.

#### **Explanation of variance against budget - Indicator C**

The sample sizes used this year are greater than in previous years (over twice as large as last year, which was itself an even greater increase on the previous year). The target figure was based on expectations related to previous results. While this year's result has greater statistical validity than previously, it cannot meaningfully be compared to the target.

Key Stakeholder/Customer Satisfaction Ratings	Actual 2002/03	Actual 2003/04	Target 2004/05	Actual 2004/05
D. The extent to which clients agree that the Department of Industry and Resources contributes to industry and trade development	77%	88%	75%	86%
E. Explosives and Dangerous Goods level of community confidence (Biennial survey)	67%	73%	n/a	73%
F. Satisfaction from Scientific Services client surveys	78%	77%	77%	75%

**Supporting notes and explanation of any significant variations, trends**

D. **Contribution to Industry and Trade Development.** This effectiveness indicator is obtained through an annual client survey. The Department provided the market research company with the contact details of 427 clients, a response rate of 72%. PMR was able to interview 308 of these. In response to the question "Does DoIR contribute to business development within WA," 86% responded affirmatively, 3% negatively and 11% were undecided.

**Explanation of variance against budget - Indicator D**

The budget figure of 75% is a figure that has been used for the survey target for a number of years. The increase in the client satisfaction percentage is due to internal processes that allow us to better identify our client base. The Group aims for continuous improvement and analysing performance trends to identify areas of refinement.

E. **Dangerous Goods survey.** This survey was last undertaken in May 2004. This is a biennial survey and was last undertaken in

May 2004, so the result has been carried forward and reported in 2005.

F. **Scientific Services client surveys.** The effectiveness of Scientific Services is indicated as the capacity to provide high quality independent chemical information, advice and analytical services to government agencies, industry and research groups – including: forensic scientific services support to the Police Service, State Coroner and the racing industry; scientific and research support in the areas of food and agriculture; public and occupational health; conservation and the environment; industrial development; contributing to the development of national chemical conformance standards and guidelines; and the provision of emergency and crisis response services to government agencies and industry for chemical spills and related incidents and crisis situations. The effectiveness is measured by customer satisfaction and participation in proficiency tests. This survey is now performed by telephone which has increased the participation rate to virtually 100%

<b>Conformance with Regulation and Government Policy</b>	<b>Actual 2002/03</b>	<b>Actual 2003/04</b>	<b>Target 2004/05</b>	<b>Actual 2004/05</b>
G. Level of compliance with expenditure conditions (Form 5) in mineral titles	94%	89%	97%	89%
H. Percentage of total royalties collected during the period as compared to the total proportion of royalties due according to government policy	100%	100%	100%	100%
I. <i>Mines Safety and Inspection Act (1994)</i> compliance index (Base year: 1998-99 =100)	106	105	108	107
J. Minerals Industry Environmental Management assessment scores - Environmental compliance index (Base year: 1998-99 = 100)	104	102	107	102
K. Petroleum Industry Environmental Management - the performance of the industry as the percentage of audited projects which had zero major corrective actions reports (CARs)	100%	95%	95%	95%

**Supporting notes and explanation of any significant variations, trends**

- G. **Explanation of variance against budget - Indicator G**  
The target incorporating an expected improvement over the 2003/04 figures. However this improvement did not eventuate and the figure was unchanged from the previous year. Those holders who did not comply were fined or in some cases the titles were forfeited.
- H. **Royalties collected during the period.** This indicator addresses exceptions to the collection of royalties as required by government policy. As in previous years, no exceptions were noted during the 2004/05 year.
- I. **Mines Safety and Inspection Act.** Improvement in the mining industry's level of compliance with the Mines Safety and Inspection Act 1994 as measured by the change over time in compliance with standards in audits conducted by the Department (presented as an index with 1998-99 as the base year). The level of safety and health in the industry relies on good management systems. These are guided by the regulatory framework that outlines the expected minimum level of efficacy of such systems. The Department audits these systems to ensure industry compliance with regulatory standards and best practice. This indicator reports on the relative level of compliance as represented by an index where 1998-99 is the base year. Data for this measure are obtained from the Audit Management System (MODAMS), which records the outcomes of mine site audits. MODAMS and the audits have been developed and applied over a number of years, and a time-series of reliable statistics is now available.
- J. **Minerals industry environmental management.** On completion of the Annual Environmental Review for each mine site, scores are allocated in a number of categories to reflect the operator's performance in managing environmental issues. This performance indicator measures the trend in the overall annual average of these scores for the industry and is presented as an index, with 1998-99 as the base year.
- K. **Petroleum industry environmental management, compliance with the Department's environmental management criteria for petroleum operations.** Non-compliances are defined as:
- Specific infringements of commitments made in project environmental documentation (Environmental Management Plans or EMPs)
  - Specific infringements of conditions of approval
  - Practices not in accord with the Commonwealth and State Petroleum Acts and Regulations and Schedules of Directions issued under these Acts.
- Non-compliances are identified in field audits conducted on a cross-section of projects selected on a risk-assessment basis, which may introduce variability into the results between years. Non-compliances can be segregated into minor and major categories. An example of a minor non-compliance may be the presence of litter at an operation and while still requiring the generation of a Corrective Action Recommendation (CAR), minor non-compliances are not considered to have a reasonable risk of significant environmental impact. A major non-compliance however, is defined as an item where if no CAR is identified and implemented, there is a reasonable risk of significant environmental impact.

<b>State Development Performance</b>	<b>Actual 2002/03</b>	<b>Actual 2003/04</b>	<b>Target 2004/05</b>	<b>Actual 2004/05</b>
L. Australia's rating on the Fraser Institute Investment Attractiveness index	n/a	2nd	1 <sup>st</sup>	4 <sup>th</sup>
M. Level of Australian exploration expenditure in Western Australia.				
• Minerals	57.3%	59.2%	60%	59.0%
• Petroleum	60.1%	71.0%	65%	60.2%
N. Area of Western Australia under exploration title (sq km)				
• Minerals	250 153	246 002	270 000	258 241
• Petroleum	510 000	467 649	620 000	508 563

**Supporting notes and explanation of any significant variations, trends**

- L. **Australia's rating on the Fraser Institute Investment Attractiveness index.** The effectiveness is assessed by the exploration expenditure statistics released by the: a) Metals Economics Group, Halifax, Canada, b) the Australian Bureau of Statistics (ABS) ("Mineral and Petroleum Exploration", Cat. No. 8412.0) and c) The Fraser Institute annual survey of mining companies (www.fraserinstitute.ca). The internationally respected Fraser Institute ratings show Western Australia is widely recognized for its exploration potential, but less than ideal ratings of Western Australia's policies and geology databases shows that we need to do more work to continue to attract the required levels of investment. It should be noted that there are many factors influencing the outcome, such as land access issues, access to finance, and commodity prices for minerals and petroleum products that are not the specific role of the Geological Survey to influence. Note for 2004: the Fraser Institute has discontinued reporting ratings for Australia based on a national extent, and now reports State-by-State, allowing a more direct rating of Western Australia's performance against other States, and against the performance of other countries. Also note that whereas last year WA was 2<sup>nd</sup> out of 53, this year it was 4<sup>th</sup> out of 64.
- M. **Level of Australian exploration expenditure in Western Australia.** Level of Australian exploration expenditure in Western Australia: Mineral exploration in Western Australia has recovered slightly over the last two years from the major slump over the last five years, which bottomed out in 2001-02. The proportion of Australian mineral exploration spent in Western Australia has remained unchanged at about 58%. The dollar figures associated with these percentages are \$625 million (minerals) and \$647 million (petroleum).
- N. **Area of WA under exploration title.** The area under title for minerals does not include mining lease areas.
- Explanation of variance against budget - Indicator N (minerals)**  
The target was set predicated on the Mining Amendment Act 2004 being implemented during 2003-4 however due to the delays in introducing the legislation the target could not be met.
- Explanation of variance against budget - Indicator N (petroleum)**  
Through the life of exploration leases, explorers have options to relinquish acreage or to renew it. During the reporting period the proportion of relinquishments over renewals was greater than was assumed when the target was developed".

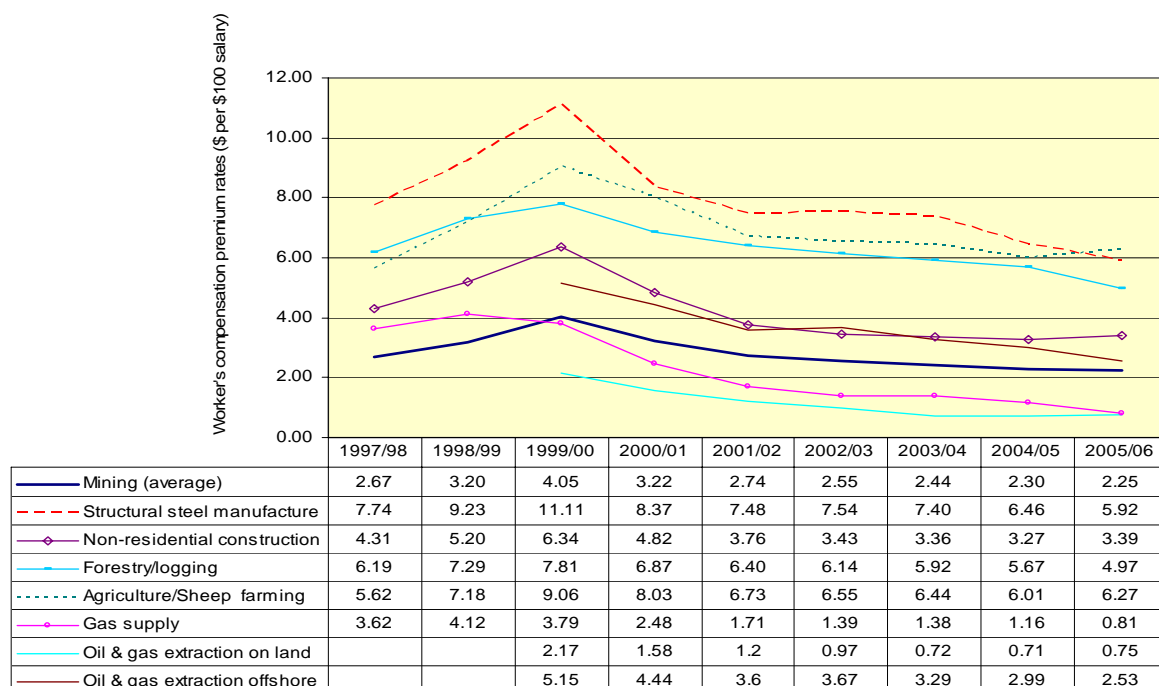
<b>State Development Performance (Health and Safety)</b>	<b>Actual 2002/03</b>	<b>Actual 2003/04</b>	<b>Target 2004/05</b>	<b>Actual 2004/05</b>
O. Minerals industry health and safety services - Lost-Time Injury Frequency Rate per million hours worked				
• (LTIFR - surface)	4.6	3.6	3.8	3.8
• (LTIFR - underground)	6.6	7.1	5.5	6.5
P. Petroleum industry health and safety services				
• Lost-Time Injury Frequency Rate per million hours worked (LTIFR)	5.9	3.6	4.5	4.2
• Total Injury Frequency Rate (TIFR)	18.4	13.5	18	16

Q. Comparative safety: Workers' Compensation Insurance premium rates	see Figure 1 below.
R. Safety record - Level of safety in dangerous goods storage and transport activities, as displayed by the accident record.	see Figure 2 below.

**Supporting notes and explanation of any significant variations, trends**

- O. **Minerals industry health and safety injury frequency rates** The injury frequency rates (IFR) are the number of occurrences of injury or disease (total (TIFR) or lost-time (LTIFR)) for each one million hours worked as defined in Australian Standard AS 1885.1-1990. LTIFR is a lag indicator of industry performance and may not reflect current safety management initiatives. Data for this measure is obtained from statutory reports submitted by companies of hours worked and injuries sustained for each mineral or petroleum operation in Western Australia. The data is stored in computer databases and analysed according to the Australian Standard. Results of previous years have been updated using all available data.
- P. **Petroleum industry health and safety injury frequency rates.** It should be noted that less severe injuries were reported this year.

Figure 1: Comparative Workers' Compensation Premium Rates

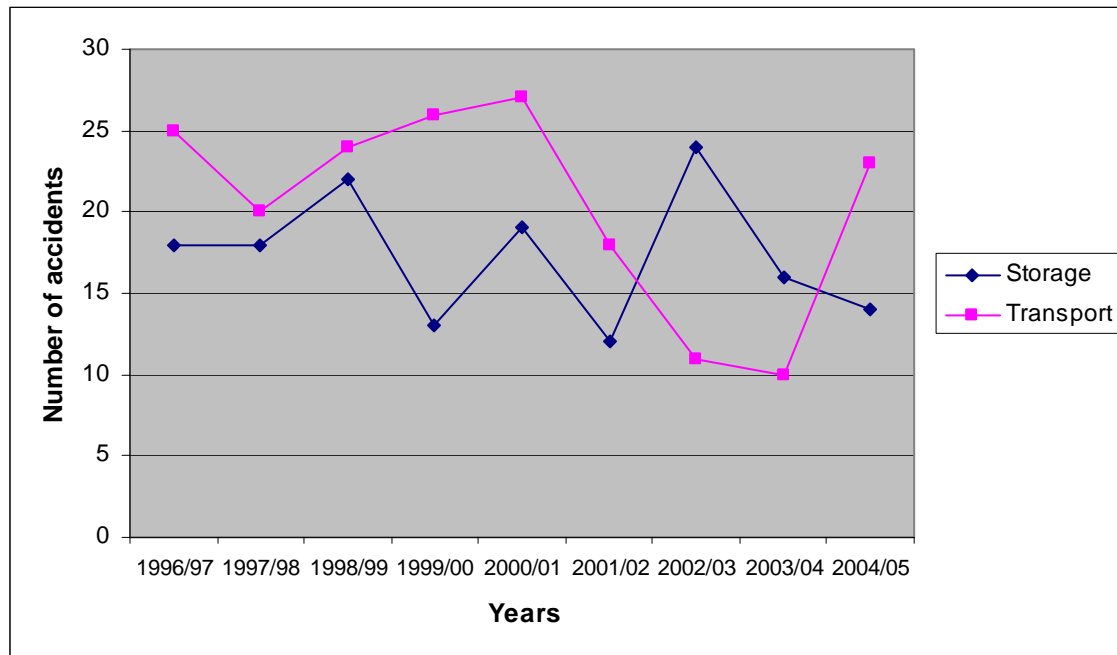


**Q. Comparative safety - Workers' Compensation Insurance premium rates.**

The Department provides a regulatory framework within which mining and petroleum operators have a duty of care to provide a safe and healthy work environment for their workforces. The effectiveness of the Department's safety Service is indicated by the relative level of safety as measured by comparison of Workers' Compensation Insurance premium rates with other high-risk industries in Western Australia. The workers' compensation premium

rates were selected as a consistent measure to compare safety levels between industries. The premium rates are expressed as a percentage of salary (dollars insurance premium per \$100 of salaries) and are given for mining and general industry sectors. The premium rates are published by the Premium Rates Committee in the Government Gazette. Insurance premium rates are lower for the mining and petroleum sectors than for many comparable heavy industry sectors.

Figure 2: Dangerous Goods Storage and Transport Activities (accident record)



**R The safety record.** The record is illustrated by the number of accidents reported to the Department during the year for the storage, handling or transport of dangerous goods.

There were 37 accidents reported during the year, and those relating to the storage of dangerous goods decreased marginally on numbers reported for 2003/04. The number of reported transport accidents showed a marked increase on numbers reported over past three years and is due in part to a concerted effort by the Department to ensure that transport companies fulfil their reporting obligations. The Department continues to collect this data and determine causal factors in order that appropriate education, promotion and enforcement strategies can be developed to minimise the frequency of these accidents.



## Key Efficiency Measures

These measures track the efficiency with which the Department's Services are produced.

<b>Service 1: Titles and Royalties Administration</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>
Average cost per mineral title service	\$758	\$759	\$669
Average cost per petroleum title operation and resource service	\$672	\$692	\$424
Average cost per royalty return verified and audited	\$1 597	\$978	\$1452

### *Explanation of variances*

#### ***Mineral and petroleum title service***

*The lower costs (per mineral and petroleum title service) are the result of increased activity in the Minerals and Petroleum Industries during 2004-05.*

#### ***Royalties***

*Average cost rose due to increased resources being allocated to the audit of royalty returns and an increase in audits undertaken in remote areas.*

<b>Service 2: Health, Safety and Environmental Services</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>
Average cost per health and safety weighted service provided to the minerals industry	\$65	\$75	\$68
Average cost per environmental regulatory weighted service provided to the minerals industry	\$22	\$44	\$43
Average cost per petroleum safety and health weighted unit of audit and assessment	\$1 084	\$1155	\$2029
Average cost per petroleum environmental audit and assessment	\$994	\$1430	\$1025

*Explanation of variances***Health and safety weighted service**

*The average cost per unit is determined by a set formula, which is affected by variations in total cost and numbers of units produced. The decrease in the average cost per health and safety weighted service is due to a 2.6% rise in the total cost of Service 2 for 2004/05, as compared to the actual for 2003/04, as well as a 12% increase in the number of weighted units of service during 2004/05.*

**Petroleum safety and health weighted unit of audit and assessment**

*The reason for the increase is that from 1 January 2005, responsibility for off-shore audits and related activities transferred to NOPSA. Responsibility for on-shore activities remains with the Department, but this represents a lower number of audits and assessments.*

**Petroleum environmental audit and assessment**

*The reason for the decrease in the average cost is that a greater number of audits were able to be performed due to an improved audit program. With the average cost per unit determined by a set formula, an increase in the number of units produced will result in lower costs.*

<b>Service 3: Project and Infrastructure Facilitation Services</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>
Average cost per resource sector information service program delivered	\$100 525	\$180 450	\$64 580
Average cost per resource sector investment attraction program delivered	\$255 882	\$374 366	\$242 175
Average cost per infrastructure project facilitated	\$231 926	\$252 415	\$400 274
Average cost per resource development project facilitated	\$75 795	\$57 712	\$65 305

**Explanation of variances****Average cost per resource sector information service program delivered**

*Those “information” costs, which are not amenable to specific costing, have been included in the “facilitation and “investment attraction” measures. Only costs directly attributable to “publication “type activities have been included.*

**Average cost per resource sector investment attraction program delivered**

*The average cost decreased as a result of a significant transfer of funds (in excess of \$5.4 million) to Service 6.*

**Average cost per infrastructure project facilitated**

*It is difficult to compare costs across years as the project costs are related to the size and complexity of the projects. Although significantly higher than in 04/05, the average cost compares well with the associated budget estimate (see Service Performance Measures)*

**Average cost per resource development project facilitated**

*The increase in the average cost this year is a reflection of additional expenditure on priority projects, including the development of the Burrup.*

<b>Service 4: Geological Services</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>
Average cost per weighted total published product	\$225 000	\$235 629	\$264 369
Average cost per weighted data transaction unit	\$47	\$40	\$50

**Explanation of variances****Weighted Total Published Product**

The average cost per weighted total published product is higher than last year due to the failure of a contractor engaged under the new pre-competitive geoscience information initiative to deliver data in time for it to be converted into product by 30 June 2005.

**Per Weighted Data Transaction Unit**

The average cost per weighted data transaction unit is higher than last year due to the direction of significant expenditure towards the transcription of old seismic data tapes to new media in 2004/05. This is not reflected in the performance measure.

<b>Service 5: Scientific Services</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>
Average cost per chargeable hour of providing service	\$128	\$128	\$136

**Explanation of variances**

The increased cost can be attributed to a one-off write off of the architect's fees for the proposed new premises at Midland which was not ultimately realized. The average cost, nett of this extraordinary item, would be \$129.

<b>Service 6: Industry Development Services</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>
Average cost of Industry and Trade projects facilitated	\$2 178 291	\$1 095 888	\$1 948 748
Average cost of Aboriginal Economic Development projects facilitated	\$1 059 899	\$567 387	\$848 434

**Explanation of variances**

The 2003/04 figure was impacted by the Departmental merger. See further explanation in Service Performance Section (next pages)

## Corporate Governance and Compliance Statements

### Compliance with Public Sector Standards and Ethical Codes

(Public Sector Management Act 1994, s31 (1))

#### Compliance with Human Resource Management Standards

Guidance documentation in the form of policies and procedures is available to all staff on the Department's intranet. Monitoring and assessment in regard to the Standards is built in to the role of HR officers during business processes. This is particularly the case with recruitment, selection and appointment processes.

During the financial year, eight applications were made claiming a breach of the *Recruitment, Selection and Appointment Standard*. Their outcomes were as follows:

Claims	Outcomes
In three cases the claimant accepted internal resolution/finding.	In two of these cases Department resolutions were accepted. In the other, it was agreed that there was "no case"
Five cases were referred, by claimant, to the Office of the Public Sector Standards Commissioner for examination.	In two of these cases, resolutions recommended by the Department during internal process were implemented. The other three were dismissed

#### Compliance with Codes of Ethics and Codes of Conduct (Ethical Codes)

The Department's *Code of Conduct* is available to all staff on the Department's intranet. The Code includes cross-references to the *Public Sector Code of Ethics*, the *Public Sector Standards in HR Management*, relevant legislation, and relevant Department and public sector policies and instructions.

Planning for next year includes a corporate learning and development program for all staff that will be based on the Department's *Code of Conduct*.

There were no complaints lodged relating to non-compliance with the ethical codes.

[ Signed copy on file ]

Jim Limerick  
Accountable Officer  
31 August, 2005

### Equal Employment Opportunity Outcomes/Youth Outcomes

(Equal Opportunity Act 1984, s146)

The Department progressed a number of strategies in the DoIR *Equity and Diversity Plan* 2002/05. There has been an increase in the representation of women at the Level 6 and above to 19.7% in 2004/05 from 12.2% (2003/04) against a target of 12.1%. There has also been an increase in the representation of women in Tier 2 and 3 reporting levels to 17.6% in 2004/05 from 13.4% (2003/04) against a target of 14%.

Youth employment has increased to 4% in 2004/05, which is an increase from 3.7% (2004/05) against a target of 4.5%. Indigenous Australian employment has increased significantly to 2.8% in 2004/05 from 1.7% (2003/04) against a target of 2.9%. Employment of people with disabilities and people with culturally diverse backgrounds remain well above the Public Sector targets.

The Trainee and Cadetship programs have been extended as planned. There has been an increase in the number of Trainees to eleven in 2004/05, up from five in 2003/04, and two Indigenous Cadetships, up from one in 2003/04. A Graduate program has commenced during 2004/05 with the engagement of seven graduates in different professional disciplines. The graduates are being rotated between many of the Divisions, and the Office of the Director General, to ensure they have a broad understanding of the Department's business environment and responsibilities.

The Department has conducted several training programs to ensure all employees and managers are aware of their responsibilities with regard to equal employment and other diversity strategies including training on managing for performance, and information sessions for managers on conditions of service, policies, and procedures related to staff management.

## Staff Development

Strengthening the focus on development this year, the Board formalised the *Building Our Capacity Framework* strategy as the cornerstone for developing the capacity of the organisation and the capability of its people. Achievements are evidenced by an increase in training and development activities, and an increase in training expenditure over the previous year. Training expenditure increased from 0.8% (2003/04) to 1.2% of total payroll expenditure for the year.

In addition to ongoing skills and technical training, this year was highlighted by the introduction of *Performance Development Coaching* workshops, a *DoIR Mentoring Program*, a *Work & Living Program* and *Indigenous Awareness Training*. The Department also introduced a *Change Management and Career Counselling Program* to assist staff in managing and dealing with corporate change.

## Corporate Occupational Safety and Health

Changes to the Occupational Safety and Health legislation and a broadened duty of care have meant that a wider vision of safety has been adopted across the organisation with strategic direction promoting safety as the responsibility of all employees.

Corporate changes to the structure have resulted in a comprehensive ongoing policy development program and review of existing processes. Strategic advice to management has included such issues as radiation, loss of hearing, asbestos related matters, lead related issues, remote and isolated travel, coverage of workers posted overseas, communicable diseases, and bullying.

Continued proactive claims, injury management and rehabilitation practices have resulted in a significant reduction in the cost and duration of incurred claims.

<b>Safety Health and Welfare Statistics</b>	<b>03/04</b>	<b>04/05</b>
Total Workers' Compensation Claims	14	16
Stress Claims	0	0
Lost time Injuries/Diseases	3	1
Lost Time Frequency Rate		0.24
Duration Rate	16	9
Number of Incident Reports	6	33
Number of Hazard Notifications		21
Workers' Compensation payments (estimate)	\$120 000	\$63 732
Workers' Compensation Liability (RiskCover Assessed)	\$190 200	\$91 257
Workers' Compensation Incurred costs	\$153 000	\$25 000

Support services to staff through Corporate Occupational Safety and Health play a critical role in ensuring a safe workplace and minimising risks through appropriate identification of issues, and intervention strategies. Corporate Occupational Safety and Health continues to provide assistance through training and education across a diverse range of topics and areas. This promotes the broader knowledge and application of both individual and corporate responsibilities and accountabilities.

The following table shows support service activities for this year:

<b>Staff Support</b>	<b>No.</b>
Workplace Ergonomic Assessments	225
Home Based Work - Ergonomic Assessments	6
Disability Workplace Needs Assessments	4
OSH Corporate Inductions	118
Employee Assistance Program (sessions)	104
In-house Counselling & Management (sessions)	110

## Staff Profile

Permanent Full Time	826
Contract Full Time	114
Part Time - Permanent and Contract	83
Seconded Out	12
Seconded In	7

In terms of hours, the 83 part-time employees are the equivalent of 50.5 full-time employees.

### **Language Services Outcome**

The Department maintains a Foreign Language Skills register, available to all staff via the Intranet, which provides information on staff members who have varying capability to translate, speak, or write languages other than English. The Department also accesses professional and qualified interpreters, if required, through the Translating and Interpreting Services (TIS).

### **Disability Service Plan Outcomes**

*(Disability Services Act 1993, s29)*

In accordance with the DoIR *Disabilities Services Plan*, the department continued to provide for the requirements of disabled persons with regard to access to existing facilities and premises, as well as the provision of these requirements in refurbishment programs, and the design of new facilities.

In May 2005 DoIR relocated offices from Dumas House and the Atrium to levels 6 and 7 at 1 Adelaide Terrace, East Perth. A partial refurbishment of the existing fit-out was carried out with disabled access incorporated in the floor layout.

Within the Mineral House complex, two floors were recently refurbished to include improved circulation areas with widened passageways and service ways, to provide better access for disabled persons.

Disabled parking with level access is provided at the main DoIR Perth CBD offices, by four bays at Mineral House and two bays at 1 Adelaide Terrace.

Toilets for the disabled are provided at Mineral House and at 1 Adelaide Terrace.

Where the provision of such facilities is restricted, as at leased premises and in some regional offices, staff are briefed and trained to make the necessary arrangements on request, to enable business to be conducted with disabled customers.

## **Freedom of Information**

### **General Information**

The *Freedom of Information Act 1992* (the FOI Act) was proclaimed in Western Australia on 1 November 1993 and enables a general right of access to documents held by DoIR.

In accordance with section 94 of the Act, agencies are required to prepare an Information Statement to describe:

- The structure and functions of the agency
- How the agency's functions affect the public
- How the public may participate in public sector policy making
- Documents produced and held by the agency
- How the public may access documents held by the agency under the FOI Act.

These can be published either as a standalone document or as part of an agency's annual report. We have chosen to incorporate our Information Statement in our annual report.

Details of DoIR's FOI process and application form can be accessed from the website at [www.doir.wa.gov.au](http://www.doir.wa.gov.au) or by contacting the FOI Coordinator at DoIR, 100 Plain Street, East Perth, 6004, telephone 9222 3554.

## FOI Applications in 2004/05

DoIR satisfied all requirements for access requests.

### FOI statistics for 2004/05

#### Applications

<b>Access Applications</b>	
New valid applications	
Personal information	22
Non-personal information	168
<b>Total New valid applications</b>	<b>190</b>

#### Application Processing

<b>Application Processing Statistics</b>	
Applications transferred in part	0
Applications withdrawn by the applicant	6
Applications not dealt with as at 30/6/04	30
Applications dealt with during the period	154
<b>Application Processing Total</b>	<b>190</b>

#### Outcomes

Outcome of Applications	Personal	Non-Personal	Total
Access in full	0	3	3
Edited Access	11	94	105
Access refused	7	39	46
<b>Totals</b>	<b>18</b>	<b>136</b>	<b>154</b>

#### Exemptions

<b>Exemptions Cited</b>	
Personal information	109
Commercial and business	26
Law enforcement/public safety/property security	0
Legal professional privilege	1

#### Sundry Statistics

Requests for internal review	6
Original decisions upheld on review	4

Average time to process applications	38 days
Application fees collected	\$5 040
Processing charges collected (after any deductions)	\$3 418

### Documents Held by DoIR

The types of documents usually held by DoIR are numerous and a first useful step is to visit DoIR's internet website at [www.doir.wa.gov.au](http://www.doir.wa.gov.au).

Alternatively, advice regarding documents available to the public can be obtained from the Customer Services Information Centre open from 8.30 am to 4.30 pm Monday to Friday (except public holidays) and located at Mineral House, 1<sup>st</sup> Floor, 100 Plain Street, East Perth 6004, telephone (08) 9222 3409 or (08) 9222 3459 (publications), facsimile (08) 9222 3444.

The Centre also has several terminals available for customers to access the main online systems of Tendex, MiTiS and Tengraph.

Centre staff can provide answers to a variety of enquiries including access to registers of mineral titles and related databases, microfiche for historical tenement research from registers, and archived maps and plans, survey information and coordinates, and geological catalogues.

DoIR has two library facilities, listed below:

#### **Mineral House**

The Mineral House Geoscience Information Library is open to the public from 8.30 am to 4.30 pm Monday to Friday (closed public holidays) and is located on 1<sup>st</sup> Floor, Mineral House, 100 Plain Street, East Perth, Telephone (08) 9222 3165.

The Library holds a vast collection of publications covering all aspects of the geology of Western Australia and geological and mining publications on Australia and overseas.

#### **One Adelaide Terrace (1AT)**

The Library is open to the public from 8.30 am to 4.30 pm Monday to Friday (closed public holidays) and is located on the Level 6, 1 Adelaide Terrace, Perth Telephone (08) 9222 0478.

These Libraries are accessible to the general public by appointment. A referral can be obtained from a member of staff or by contacting the Library direct.

Documents held include Hansard, Acts, budget papers, reference books, journals, annual reports, technical reports



and statistical information together with an archival collection of DoIR publications. Information is held in written and electronic form.

DoIR has a large paper filing system administered by the Information Management Branch. Project and tenement files contain documents dealing with the day-to-day operations of all facets of DoIR's responsibilities including correspondence, reports, notes, memos and returns. DoIR's Human Resources Branch holds files relating to routine personnel records.

### **Effect on Members of the Public**

The effects that the work of the DoIR will have on the public stem from DoIR's mission and outputs.

### **Public Participation in Policy Decisions**

Public participation can take the forms of:

- Members of the public with a complaint writing to DoIR who will investigate and respond to the complainant
- Resources sector employees complaining in confidence to DoIR staff concerning occupational safety issues
- Employees, Inspectors of Mines and Safety and Health representatives elected by employees on operational sites, providing a direct liaison with DoIR on safety issues.

In addition, community representatives participate directly in policy-making processes through membership of various liaison committees, boards and working groups, or by making oral or written representation to those groups, the Director General, or the Minister for State Development.

### **Access Under FOI**

Persons wishing to apply should lodge an application addressed to the FOI Coordinator, Department of Industry and Resources, 100 Plain Street, East Perth WA 6004. Telephone (08) 9222 3554 Fax (08) 9222 3430.

Valid access applications must:

- Be in writing
- Give enough information so that the documents requested can be identified
- Give an Australian address to which notices can be sent, and
- Be lodged at DoIR with the prescribed \$30 application fee unless the request is entirely for personal information about the applicant.

Applications will be acknowledged and applicants notified of the decision within 45 days.

Additional charges may apply in accordance with FOI Regulations. Charges are discretionary and a reduction is permitted for any person satisfying the requirements for an

impecunious person. There are no fees or charges for applications for personal information about the applicant.

It is the aim of DoIR to make information available promptly, at the least possible cost, and wherever possible documents will be provided outside the FOI process.

Any person who believes that personal information held by DoIR is inaccurate, incomplete, out of date or misleading, may apply in writing to have the information corrected. Applications are free.

Should an applicant be dissatisfied with an access decision, they can request an internal review of that decision and, if still not satisfied, a review by the Information Commissioner.

### **Record Keeping**

As part of the approved *Recordkeeping Plan* for DoIR, several initiatives were undertaken during 2004/2005.

The three records management systems were consolidated into one system in January 2005. The software used for the consolidation of these systems was the Hummingbird system. An induction program was implemented in January 2005 to ensure that all employees were aware of their roles and responsibilities in regard to their compliance to the DoIR *Recordkeeping Plan*.

In addition, as part of the recommendations from the DoIR *Recordkeeping Plan*, a major records improvement project began in December 2005 to bring the current recordkeeping practices in DoIR to the best world standards, including the consolidation and development of procedures, adoption of "Keyword AAA" for records language control, and implementation of a major training and education program

### **Waste Paper Recycling**

(Cabinet Minute 2.7 of October 1991 on *Government Waste Paper Recycling, Proposal to Improve Recovery Rates*)

The Department continues to promote recycling by providing paper, cardboard and plastic recycling bins in several convenient locations on each floor of offices at Mineral House and 1 Adelaide Terrace. The paper-recycling contract is with Paper Recycling Industries and the plastic recycling is through Corporate Recycling.

### **Risk Management**

(Treasury Instruction 825)

During the year, the implementation of risk management within the Department was progressed.

The implementation was supported by a comprehensive framework providing clear guidelines for identifying,

analysing, evaluating and treating risks across the Department.

Advice was provided to DoIR's Board, and the Executive Management Group on key issues on a regular basis

### **Evaluations**

An important facet of the Department's approach to providing its services is building in a culture of continuous improvement. To evaluate progress and identify opportunities for improvement, the Department is using the principles contained within the *Australian Business Excellence Framework*.

A recent evaluation, using the Framework's Guided Self-Assessment, identified a number of key issues that are now actively being addressed within the Agency. An important aspect of both the assessment, and subsequent action on identified issues, is the involvement of staff from all areas and levels within the Department.

Our commitment to this process will be maintained by continuing to evaluate progress, with ongoing continuous improvement activities driving our organisational development into the future.

### **Energy Smart Government Policy**

In accordance with the *Energy Smart Government Policy*, DoIR has committed to achieve a 12% reduction in non-transport related energy use by 2006/07, compared with baseline figures set by Sustainable Energy Development Office (SEDO) in March 2003, based on consumption in 2001/02. For the years 2002/03, 2003/04, and 2004/05, the progressive reduction targets were 5%, 6%, and 8%.

The Mineral House Complex (MHC) and Chemistry Centre account for approximately three-quarters of all the power consumed by DoIR, and continued to be the main focus of energy saving initiatives.

Energy usage in the Chemistry Centre was reduced by 9.6% over the year, through the upgrading of analytical equipment to achieve greater productivity, lower energy use, and reduced air-conditioning loads.

Energy usage in MHC was reduced from 10.2% below the baseline level at the start of the year, to 17.3% below the baseline by year end.

Initiatives during the year were:

- A specialist contractor was appointed to monitor lighting levels and lighting efficiency in Mineral House, and conduct de-tubing where possible, with the aim of maintaining average lighting levels in the MHC North building to 10% in excess of Australian Standards.
- Out-of-hours operation of the building air-conditioning system was minimised.
- Improved control software was implemented within the Building Management System, permitting a higher level of control of the Mineral House air-conditioning system.
- Opportunities were sought, to make greater use of overnight purging to pre-cool the building in the warmer months.
- The awareness campaign was continued, informing staff of the work being done, and inviting their participation by switching off unused equipment and lighting. The campaign was communicated via the Intranet Daily Newsflash, and the updating of an energy reduction chart displayed in the lifts and ground floor reception areas.
- The program, operated via the computer network, to automatically switch off any unused PC equipment still running at 6.00 pm each day, continued in operation.
- Replacement of CRT monitors with LCD monitors, which consume significantly less power, continued where suitable.
- A working group continued to address energy management.
- Staff attended seminars and workshops presented by the Office of Energy, on energy management practices.

**Energy Consumption reported for 2004/05**

	<b>Baseline 2001/02</b>	<b>2004/05</b>	<b>Variation (%)</b>
Energy Consumption (MJ)	25 289 000	21 012 307	-16.91
Energy Cost (\$)	843 770	726 894	-13.85
CO <sub>2</sub> Emissions (tonnes)	5 829	5 070	-13.02
<b>Performance Indicators</b>			
<b>MJ/m<sup>2</sup>/annum</b>			
Office Buildings: Combined Services	825	657	-20.36
Office Buildings: Tenant Services	298	255	-14.43
Laboratory/Research Facility	1 386	1 166	-15.87
<b>Overall - DoIR</b>	747	622	-16.73
<b>MJ/FTE/annum</b>			
Office Buildings: Combined Services	25 370	17 671	-30.35
Office Buildings: Tenant Services	11 396	8 364	-26.61
Laboratory/Research Facility	73 359	55 675	-24.11
<b>Overall - DoIR</b>	25 937	18 995	-26.76

Note: The baseline was increased by 4.9% in 2004, to allow for energy savings achieved by the Chemistry Centre (WA ) before 2001/02.



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### DEPARTMENT OF INDUSTRY AND RESOURCES FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

#### Audit Opinion

In my opinion,

- (i) the controls exercised by the Department of Industry and Resources provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Department at 30 June 2005 and its financial performance and cash flows for the year ended on that date.

#### Scope

##### *The Director General's Role*

The Director General is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Schedule of Expenses and Revenues by Service, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

##### *Summary of my Role*

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements 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.

D D R PEARSON  
AUDITOR GENERAL  
30 September 2005

**CERTIFICATION OF FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2005**

The accompanying financial statements of the Department of Industry and Resources have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2005 and the financial position as at 30 June 2005.

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.

[ Signed copy on file ]

[ Signed copy on file ]

Mick Banaszczyk  
Principal Accounting Officer  
12 August 2005

Jim Limerick  
Accountable Officer  
12 August 2005

DEPARTMENT OF INDUSTRY AND RESOURCES  
**Statement of Financial Performance**  
*for the year ended 30 June 2005*

	Note	2004/05 (\$'000)	2003/04 (\$'000)
<b>COST OF SERVICES</b>			
Expenses from Ordinary Activities			
Employee expenses	4	71 278	65 023
Supplies and services (a)	5	40 408	35 508
Depreciation	6	3 442	2 897
Borrowing costs	7	604	626
Accommodation expenses	8	7 040	7 519
Grants and subsidies	9	11 581	7 819
Capital User Charge	10	7 908	7 537
Other expenses from ordinary activities	11	827	43
Cost of sales	13	203	226
Inventory write-down to net realisable value	13	2 624	-
Carrying amount of non-current assets disposed of	15	129	40
Total cost of services		<u>146 044</u>	<u>127 238</u>
Revenues from Ordinary Activities			
Revenues from Operating Activities:			
User charges and fees	12	30 691	19 033
Sales	13	298	249
		<u>30 989</u>	<u>19 282</u>
Revenues from Non-Operating Activities:			
Other revenues	14	1 879	1 792
Proceeds from disposal of non-current assets	15	14	77
Total revenues from ordinary activities		<u>32 882</u>	<u>21 151</u>
NET COST OF SERVICES		113 162	106 087
REVENUES FROM STATE GOVERNMENT			
Service Appropriation	16	100 256	95 071
Liabilities assumed by the Treasurer		2 239	2 167
Assets assumed/(transferred)		( 518)	-
Resources received free of charge		2 215	888
Total revenues from State Government		<u>104 192</u>	<u>98 126</u>
CHANGE IN NET ASSETS		<u>( 8 970)</u>	<u>( 7 961)</u>
Net increase/(decrease) in asset revaluation reserve		<u>2 169</u>	<u>3 567</u>
<b>Total revenues, expenses and valuation adjustments recognised directly to equity</b>		<u>2 169</u>	<u>3 567</u>
<b>Total changes in equity other than those resulting from transactions with WA State Government as owners</b>		<u>( 6 801)</u>	<u>( 4 394)</u>

(a) Administration expenses are included in supplies and services.

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

DEPARTMENT OF INDUSTRY AND RESOURCES  
**Statement of Financial Position**  
*as at 30 June 2005*

	Note	2004/05 (\$'000)	2003/04 (\$'000)
<b>CURRENT ASSETS</b>			
Cash assets	32	9 487	11 751
Restricted cash assets	17	599	342
Inventories	18	2 160	5 089
Receivables	19	3 052	2 199
Amounts receivable for services	20	1 661	1 610
Other Assets	21	2 200	713
Total current assets		<u>19 159</u>	<u>21 704</u>
<b>NON-CURRENT ASSETS</b>			
Restricted cash assets	17	-	2 192
Receivables	19	21 679	22 251
Amounts receivable for services	20	6 507	4 986
Property, plant, equipment and vehicles	22	77 307	67 171
Works in progress	23	1 003	10 538
Total non-current assets		<u>106 496</u>	<u>107 138</u>
<b>Total assets</b>		<u><u>125 655</u></u>	<u><u>128 842</u></u>
<b>CURRENT LIABILITIES</b>			
Payables	25	9 819	8 008
Interest-bearing liabilities	26	1 258	1 340
Other liabilities	27	317	1 897
Revenue received in advance	28	456	373
Amounts due to the Treasurer	29	1 200	1 200
Provisions	30	11 031	9 105
Total current liabilities		<u>24 081</u>	<u>21 923</u>
<b>NON-CURRENT LIABILITIES</b>			
Interest-bearing liabilities	26	6 887	6 668
Provisions	30	5 283	5 955
Total non-current liabilities		<u>12 170</u>	<u>12 623</u>
<b>Total liabilities</b>		<u>36 251</u>	<u>34 546</u>
<b>EQUITY</b>			
Contributed equity	31	49 469	47 560
Asset revaluation reserve		39 794	37 625
Accumulated surplus		141	9 111
<b>Total equity</b>		<u>89 404</u>	<u>94 296</u>
<b>Total liabilities and equity</b>		<u><u>125 655</u></u>	<u><u>128 842</u></u>

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

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Statement of Cash Flows***for the year ended 30 June 2005*

	Note	2004/05 (\$'000)	2003/04 (\$'000)
		Inflows (Outflows)	Inflows (Outflows)
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		97 074	91 574
Capital contributions		1 910	3 953
Holding account drawdowns		1 610	1 642
Net cash provided by State Government		<u>100 594</u>	<u>97 169</u>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Payments			
Employee costs		(62 837)	(57 721)
Supplies and services		(37 101)	(33 456)
Superannuation		(6 457)	(4 483)
Accommodation		(6 798)	(7 333)
Grants and subsidies		(11 581)	(5 794)
Capital User Charge		(7 908)	(7 537)
Borrowing costs		( 675)	( 652)
GST payments on purchases		(6 219)	(5 234)
GST Payments to taxation authority		( 24)	( 223)
Receipts			
Sale of goods and services		298	1 519
User charges and fees		30 428	19 220
GST receipts on sales		4 745	4 133
GST receipts from taxation authority		1 220	1 318
Other receipts		1 879	1 792
Net cash used in operating activities	32(b)	<u>(101 030)</u>	<u>(94 451)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current assets		(4 439)	(4 526)
Proceeds from sale of non current assets		14	77
Loans advanced		( 800)	(2 275)
Proceeds from Loans Repayments		1 325	-
Net cash used in investing activities		<u>(3 900)</u>	<u>(6 724)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from in Borrowings		800	-
Repayment of borrowings		( 663)	( 556)
Net cash used in financing activities		<u>137</u>	<u>( 556)</u>
<b>Net increase/(decrease) in cash held</b>		(4 199)	(4 562)
Cash assets at the beginning of the financial year		<u>14 285</u>	<u>18 847</u>
<b>Cash assets at end of financial year</b>	32(a)	<u><u>10 086</u></u>	<u><u>14 285</u></u>

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



DEPARTMENT OF INDUSTRY AND RESOURCES  
**Schedule of Expenses and Revenues by Service**  
*for the year ended 30 June 2005*

	Titles and Royalties Administration		Health, Safety and Environmental		Investment	
	2004/05 \$'000	2003/04 \$'000	2004/05 \$'000	2003/04 \$'000	2004/05 \$'000	2003/04 \$'000
<b>COST OF SERVICES</b>						
<b>Expenses from ordinary activities</b>						
Employee expenses	13 619	14 221	13 550	13 345	11 540	8 947
Supplies and services	5 297	4 990	5 771	5 299	10 253	11 016
Depreciation expenses	679	662	607	518	632	292
Borrowing costs	-	-	-	-	479	535
Accommodation expenses	837	1 576	1 042	1 529	1 756	1 045
Grants and subsidies	359	337	21	25	2 333	3 430
Capital User Charge	1 226	1 589	1 356	1 066	1 594	3 026
Other expenses from ordinary activities	-	9	-	4	243	2
Cost of Sales	-	-	-	-	193	136
Inventory write-down to net realisable value	-	-	-	-	-	-
Carrying amount of non-current assets disposed of	19	15	24	7	28	4
<b>Total cost of services</b>	<b>22 036</b>	<b>23 399</b>	<b>22 371</b>	<b>21 793</b>	<b>29 051</b>	<b>28 433</b>
<b>Revenues from ordinary activities</b>						
<b>Revenues from Operating Activities</b>						
User fees & charges	12 558	7 844	9 326	4 785	1 317	14
Sales	-	-	-	-	204	146
	<b>12 558</b>	<b>7 844</b>	<b>9 326</b>	<b>4 785</b>	<b>1 521</b>	<b>160</b>
<b>Revenues from Non-Operating Activities</b>						
Other revenues	755	113	-	96	1 065	54
Proceeds from disposal of non-current assets	2	9	3	8	3	4
<b>Total revenues from ordinary activities</b>	<b>13 315</b>	<b>7 966</b>	<b>9 329</b>	<b>4 889</b>	<b>2 589</b>	<b>218</b>
<b>NET COST OF SERVICES</b>	<b>8 721</b>	<b>15 433</b>	<b>13 042</b>	<b>16 904</b>	<b>26 462</b>	<b>28 215</b>
<b>Revenues from State Government</b>						
Service Appropriation	11 792	8 433	14 908	15 652	27 148	25 628
Liabilities assumed by the Treasurer	341	585	345	498	465	282
Assets assumed/(transferred)	( 83)	-	( 83)	-	( 111)	-
Resources received free of charge	352	392	356	-	478	496
<b>Total revenues from State Government</b>	<b>12 402</b>	<b>9 410</b>	<b>15 526</b>	<b>16 150</b>	<b>27 980</b>	<b>26 406</b>
<b>CHANGE IN NET ASSETS</b>	<b>3 681</b>	<b>(6 023)</b>	<b>2 484</b>	<b>( 754)</b>	<b>1 518</b>	<b>(1 809)</b>

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

**DEPARTMENT OF INDUSTRY AND RESOURCES**  
**Schedule of Expenses and Revenues by Service**  
*for the year ended 30 June 2005*

	Geological		Scientific		Industry Development		TOTAL	
	2004/05 \$'000	2003/04 \$'000	2004/05 \$'000	2003/04 \$'000	2004/05 \$'000	2003/04 \$'000	2004/05 \$'000	2003/04 \$'000
<b>COST OF SERVICES</b>								
<b>Expenses from ordinary activities</b>								
Employee expenses	12 234	11 870	6 058	5 781	14 277	10 859	71 278	65 023
Supplies and services	7 708	5 555	2 095	2 432	9 284	6 216	40 408	35 508
Depreciation expenses	197	475	511	597	816	353	3 442	2 897
Borrowing costs	-	-	-	-	125	91	604	626
Accommodation expenses	824	1 057	598	488	1 983	1 824	7 040	7 519
Grants and subsidies	50	111	15		8 803	3 916	11 581	7 819
Capital User Charge	1 681	949	208	209	1 843	698	7 908	7 537
Other expenses from ordinary activities	-	1	553	( 15)	31	42	827	43
Cost of Sales	10	90	-	-	-	-	203	226
Inventory write-down to net realisable value	2 624	-	-	-	-	-	2 624	-
Carrying amount of non-current assets disposed of	21	8	-	1	37	5	129	40
<b>Total cost of services</b>	<b>25 349</b>	<b>20 116</b>	<b>10 038</b>	<b>9 493</b>	<b>37 199</b>	<b>24 004</b>	<b>146 044</b>	<b>127 238</b>
<b>Revenues from ordinary activities</b>								
<b>Revenues from Operating Activities</b>								
User fees & charges	162	289	6 057	5 747	1 271	354	30 691	19 033
Sales	94	103	-	-	-	-	298	249
	<u>256</u>	<u>392</u>	<u>6 057</u>	<u>5 747</u>	<u>1 271</u>	<u>354</u>	<u>30 989</u>	<u>19 282</u>
<b>Revenues from Non-Operating Activities</b>								
Other revenues	-	83	-	-	59	1 446	1 879	1 792
Proceeds from disposal of non-current assets	2	7	-	6	4	43	14	77
<b>Total revenues from ordinary activities</b>	<b>258</b>	<b>482</b>	<b>6 057</b>	<b>5 753</b>	<b>1 334</b>	<b>1 843</b>	<b>32 882</b>	<b>21 151</b>
<b>NET COST OF SERVICES</b>	<b>25 091</b>	<b>19 634</b>	<b>3 981</b>	<b>3 740</b>	<b>35 865</b>	<b>22 161</b>	<b>113 162</b>	<b>106 087</b>
<b>Revenues from State Government</b>								
Service Appropriation	20 638	18 054	2 743	2 753	23 027	24 551	100 256	95 071
Liabilities assumed by the Treasurer	395	433	91	-	602	369	2 239	2 167
Assets assumed/(transferred)	( 96)	-	-	-	( 145)	-	( 518)	-
Resources received free of charge	408	-	-	-	621	-	2 215	888
<b>Total revenues from State Government</b>	<b>21 345</b>	<b>18 487</b>	<b>2 834</b>	<b>2 753</b>	<b>24 105</b>	<b>24 920</b>	<b>104 192</b>	<b>98 126</b>
<b>CHANGE IN NET ASSETS</b>	<b>(3 746)</b>	<b>(1 147)</b>	<b>(1 147)</b>	<b>( 987)</b>	<b>(11 760)</b>	<b>2 759</b>	<b>(8 970)</b>	<b>(7 961)</b>

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

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Summary of Consolidated Fund Appropriations and Revenue Estimates***for the year ended 30 June 2005*

		2004/05	2004/05	Variance	2004/05	2003/04	Variance
		Estimate	Actual		Actual	Actual	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>DELIVERY OF SERVICES</b>							
Item 83	Net amount appropriated to deliver services	100 048	100 048	-	100 048	94 543	5 505
	Section 25 transfer of appropriation	-	( 320)	( 320)	( 320)	-	( 320)
	Amount authorised by other statutes						
	<i>- Salaries and Allowances Act 1975</i>	528	528	-	528	528	-
	<b>Total appropriations provided to deliver services</b>	<b>100 576</b>	<b>100 256</b>	<b>( 320)</b>	<b>100 256</b>	<b>95 071</b>	<b>5 185</b>
<b>CAPITAL</b>							
Item 148	Capital contribution	1 910	1 910	-	1 910	3 953	(2 043)
<b>ADMINISTERED TRANSACTIONS</b>							
Item 84	Administered grants and transfer payments	18 871	18 871	0	18 871	20 925	(2 054)
	Section 25 transfer of appropriation	-	( 272)	( 272)	( 272)	-	( 272)
	Amount authorised by other statutes						
	<i>Petroleum Submerged Lands Act 1982</i>	9 225	17 778	8 553	17 778	15 558	2 220
Item 159	Administered capital appropriations	-	88 067	88 067	88 067	-	88 067
	<b>Total administered transactions</b>	<b>28 096</b>	<b>124 444</b>	<b>96 348</b>	<b>124 444</b>	<b>36 483</b>	<b>87 961</b>
<b>GRAND TOTAL</b>		<b>130 582</b>	<b>226 610</b>	<b>96 028</b>	<b>226 610</b>	<b>135 507</b>	<b>91 103</b>

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Summary of Consolidated Fund Appropriations and Revenue Estimates***for the year ended 30 June 2005*

	2004/05	2004/05		2004/05	2003/04	
	Estimate	Actual	Variance	Actual	Actual	Variance
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Details of Expenditure by Service</b>						
Titles and Royalties Administration Services	21 857	22 036	179	22 036	23 399	(1 363)
Health, Safety and Environmental Services	20 829	22 371	1 542	22 371	21 793	578
Investment Services	29 403	29 051	( 352)	29 051	28 433	618
Geological Services	22 199	25 349	3 150	25 349	20 116	5 233
Scientific Services	9 278	10 038	760	10 038	9 493	545
Industry Development Services	24 591	37 199	12 608	37 199	24 004	13 195
Total Cost of Services	128 157	146 044	17 887	146 044	127 238	18 806
Less total revenues from ordinary activities	19 920	32 882	(12 962)	32 882	21 151	11 731
Net Cost of Services	108 237	113 162	4 925	113 162	106 087	7 075
Adjustment for movement in cash balances and other accrual items	(7 661)	(12 906)	(5 245)	(12 906)	(11 016)	(1 890)
<b>Total appropriations provided to deliver services</b>	<b>100 576</b>	<b>100 256</b>	<b>( 320)</b>	<b>100 256</b>	<b>95 071</b>	<b>5 185</b>
<b>Capital Expenditure</b>						
Purchase of non-current physical assets	6 333	4 439	(1 894)	4 439	4 526	( 87)
Loans advanced	-	800	800	800	2 275	(1 475)
Repayment of borrowings	550	663	113	663	556	107
Adjustment for movement in cash balances and other funding sources	(4 973)	(3 992)	981	(3 992)	(3 404)	( 588)
<b>Capital Contribution (appropriation)</b>	<b>1 910</b>	<b>1 910</b>	<b>-</b>	<b>1 910</b>	<b>3 953</b>	<b>(2 043)</b>

The Summary of Consolidated Fund Appropriations, Variance to Actual and Budget should be read in conjunction with the accompanying notes.

This Summary provides the basis for the Explanatory Statement information requirements of TI945, as per note 39

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Summary of Consolidated Fund Appropriations and Revenue Estimates***for the year ended 30 June 2005*

	2004/05 Estimate \$'000	2004/05 Actual \$'000	Variance \$'000	2004/05 Actual \$'000	2003/04 Actual \$'000	Variance \$'000
<b>DETAILS OF REVENUE ESTIMATES</b>						
<b>Revenues disclosed as Administered Revenues</b>						
<b>Territorial</b>						
Royalties: Petroleum - Commonwealth	330 700	505 766	175 066	505 766	362 895	142 871
Petroleum - State	33 302	64 722	31 420	64 722	51 024	13 698
Iron Ore	399 000	464 845	65 845	464 845	305 002	159 843
Alumina	57 000	54 735	(2 265)	54 735	51 855	2 880
Diamonds	51 000	35 558	(15 442)	35 558	40 988	(5 430)
Mineral sands	21 000	26 036	5 036	26 036	27 052	(1 016)
Nickel	66 000	91 959	25 959	91 959	76 623	15 336
Gold	73 000	74 166	1 166	74 166	76 411	(2 245)
Other	50 500	51 918	1 418	51 918	46 835	5 083
Lease rentals	41 000	49 617	8 617	49 617	40 298	9 319
<b>Total Territorial</b>	<b>1 122 502</b>	<b>1 419 322</b>	<b>296 820</b>	<b>1 419 322</b>	<b>1 078 983</b>	<b>340 339</b>
<b>Regulatory Fees</b>						
Regulatory Fees	-	2 179	2 179	2 179	10 063	(7 884)
	-	2 179	2 179	2 179	10 063	(7 884)
<b>Law courts</b>						
Fines Infringement penalties:	40	-	(40)	-	37	(37)
	40	-	(40)	-	37	(37)
<b>Other</b>						
Commonwealth Contributions	-	6 839	6 839	6 839	-	6 839
Contribution from Regional Investment Fund	4 500	4 500	-	4 500	12 000	(7 500)
Appropriations	28 096	36 377	8 281	36 377	36 483	(106)
Other Revenue	140	3 529	3 389	3 529	373	3 156
<b>GRAND TOTAL</b>	<b>1 155 278</b>	<b>1 472 746</b>	<b>317 468</b>	<b>1 472 746</b>	<b>1 137 939</b>	<b>334 807</b>

The Summary of Consolidated Fund Appropriations, Variance to Actual and Budget should be read in conjunction with the accompanying notes.

This Summary provides the basis for the Explanatory Statement information requirements of TI945, as per note 39

**DEPARTMENT OF INDUSTRY AND RESOURCES****Notes to the Financial Statements***For the year ended 30 June 2005***1 Departmental mission and funding**

The Department's mission is to advance the responsible development of the State's industry and resources for the benefit of Western Australians.

The Department is predominantly funded by Parliamentary appropriation. A net appropriation agreement between the Treasurer and the Accountable Officer 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 the Summary of Consolidated Fund Appropriations and Revenue Estimates.

The financial statements encompass all funds through which the Department controls resources to carry on its functions.

In the process of reporting on the Department as a single entity, all intra-entity transactions and balances have been eliminated.

**2 Significant accounting policies**

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

**General statement**

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group (UIG) Consensus Views 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 Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statement of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure, and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

**Basis of accounting**

The financial statements have been prepared in accordance with Australian Accounting Standard AAS29, 'Financial Reporting by Government Departments'.

These statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets which have been introduced at written down current cost as at 30 June 1995 and other non-current assets which, subsequent to initial recognition, have been measured on the fair value basis in accordance with the option under AAS 38(5.1) (see notes 2(h) and 22). Additions to non-current physical assets since valuation are stated at cost.

Administered assets, liabilities, expenses and revenues are not integral to the Department in carrying out its functions and are disclosed in schedules to the financial statements, forming part of the general purpose financial report of the Department. The administered items are disclosed on the same basis as is described above for the financial statements of the Department. The administered assets, liabilities, expenses and revenues are those which the Government requires the Department to administer on its behalf. The assets do not render any service potential or future economic benefits to the Department, the liabilities do not require the future sacrifice of service potential or future economic benefits of the Department, and the expenses and revenues are not attributable to the Department.

As the administered assets, liabilities, expenses and revenues are not recognised in the principal financial statements of the Department, the disclosure requirements of Australian Accounting Standard AAS33, 'Presentation and Disclosure of Financial Instruments' are not applied to administered transactions.

**DEPARTMENT OF INDUSTRY AND RESOURCES****Notes to the Financial Statements***For the year ended 30 June 2005*

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**(a) 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.

**(b) Contributed Equity**

Under UIG 38 'Contribution by Owners Made to Wholly-Owned Public Sector Entities' transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position.

**(c) Net Appropriation Determination**

Pursuant to section 23A of the Financial Administration and Audit Act the net appropriation determination by the Treasurer provides for retention of the following moneys received by the Department:

- Proceeds from user fees and charges. The majority of revenue earned is from licences
- Proceeds from sale of maps and publications

In accordance with the determination, the Department retained \$36.691m in 2005 (\$26.190m in 2004). Retained revenue may only be applied to the services specified in the 2004-2005 Budget Statements.

**(d) Grants and Other Contributions**

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Department obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt. Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

**(e) Loans converted to grants**

The Department's range of assistance to industry includes loans, which are incrementally convertible to grants at prescribed intervals upon the recipients meeting performance milestones. The loans are recognised in the loans receivable account and provision is made for the conversion of the loans to grants.

**(f) Translation of foreign currency transactions**

Foreign currency transactions are translated at the exchange rate applicable on the date the funds are transferred to overseas offices. Overseas bank balances as at 30 June 2005 are translated at the exchange rate at that date. Exchange gains and losses are brought to account in determining the result for the year.

**(g) Revenue Recognition**

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Department has passed control of the goods or other assets or delivery of the service to the customer.

**(h) Acquisition of Assets**

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005*

## (i) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefit.

Depreciation is reviewed annually and is provided as follows:

<b>Category</b>	<b>Years</b>	<b>Method</b>
Buildings	50	Straight line
Furniture	10	Straight line
Office equipment	5	Straight line
Computer equipment	5	Diminishing value up to January 2001
	3	Straight line since January 2001
Computer software	3-5	Straight line
Scientific Equipment	7-10	Straight line
Motor vehicles	3	Straight line
Plant and equipment	10	Straight line

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 depreciated over a period of three to five years (depending on the assessed useful life) once full costs have been determined.

## (j) Revaluation of land and buildings

The Department has a policy of valuing land and buildings at fair value. The annual revaluations of the Department's land and buildings undertaken by the Department of Land Information (Valuation Services) are recognised in the financial statements.

## (k) Employee Benefits

## Annual Leave

This benefit is recognised at the reporting date in respect to employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

## Long service leave

Leave benefits are calculated at remuneration rates expected to be paid when the liabilities are settled. A liability for long service leave is recognised for the sum of unconditional long service leave for all employees at current remuneration rates (including on-costs) plus pro-rata long service leave for all employees with 6 or more years of service at current remuneration rates (including on-costs). An actuarial assessment of long service leave undertaken by Price Waterhouse Coopers in 2003/04 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

This method of measurement of the liability is consistent with the requirements of Accounting Standard AASB 1028 'Employee Benefits'.

## Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund. The Department contributes to this accumulation fund in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).



**DEPARTMENT OF INDUSTRY AND RESOURCES****Notes to the Financial Statements***For the year ended 30 June 2005*

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The superannuation expense comprises the following elements:

- (1) Change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- (2) Employer contributions paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme.

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

A revenue "Liabilities assumed by the Treasurer" equivalent to (1) is recognised under Revenues from Government in the Statement of Financial Performance as the unfunded liability is assumed by the Treasurer. The GESB makes the benefit payments and is recouped by the Treasurer.

The Department is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of employer contributions to the GESB.

**Employee benefit on-costs**

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses. (see notes 4 and 30).

**(l) Leases**

The Department has entered into a number of operating lease arrangements for motor vehicles, scientific equipment and office accommodation where the lessor effectively retains all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

**(m) Receivables**

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition. Collectibility of accounts receivable is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists.

**(n) Accrued salaries**

The accrued salaries suspense account (refer note 17) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account. As 2004/05 was the tenth year no amount was held at 30 June 2005.

Accrued salaries (refer note 27) 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 few days of the financial year end. The Department considers the carrying amount approximates net fair value.

**DEPARTMENT OF INDUSTRY AND RESOURCES****Notes to the Financial Statements***For the year ended 30 June 2005*

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## (o) Payables

Payables, including accruals not yet billed, are recognised when the Department becomes obliged to make future payments as a result of a purchase of goods or services. Payables are settled within thirty days.

## (p) Inventories

Inventories brought to account are mainly chargeable publications and maps produced by the organisation, consumables and land held for resale. Inventories are valued at the lower of cost and net realisable value.

## (q) 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 revenues and as assets or expenses as appropriate, at fair value.

## (r) Amount Due to the Treasurer

The amount due to the Treasurer is in respect of a Treasurer's Advance, approval of which is renewed for each financial year. The amount is therefore repayable within a maximum period of one year. No interest is charged on this advance.

## (s) Cash

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets.

## (t) Interest-bearing liabilities

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Borrowing costs expense is recognised on an accrual basis.

## (u) Comparative figures

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

## (v) Rounding

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**3 Services of the Department**

Information about the Department's services is set out in the Schedule of Expenses and Revenues by Service. Information about the Department's administered expenses, revenues, assets and liabilities is set out in note 45.

The six key services of the Department are:

**Service 1: Titles and Royalties Administration**

Benefits the Western Australian community through a legislative framework, information systems and administrative processes for mineral titles, petroleum titles and mineral and petroleum resources royalties.

Legislation and titles systems provide information on land availability for mineral and petroleum exploration and mining and petroleum production, encourage exploration on titles, ensure security for title holders and provide a framework for collection of royalties, to achieve a fair return to the community.

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005*

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**Service 2: Health, Safety and Environmental**

Benefits the Western Australian community through a legislative framework, information systems and administrative processes to meet community standards with respect to safety for the transport and storage of explosives and dangerous goods and with respect to worker health and safety and the environment for the mineral and petroleum resources industries.

Legislation, regulation and management systems provide technical and policy advice, audit and education services, information systems, assessment of safety management systems, facilitation of design proposals, environmental impact assessments and management plans and investigation of operations proposals, incidents and contingency plans.

Regulatory systems also include communicating information on issues, inter-agency agreements and processes, performance guidelines, licensing, and inspection programs for premises storing and vehicles transporting dangerous goods.

**Service 3: Investment**

Benefits the Western Australian community by assisting private sector investment through facilitating the establishment and ongoing operation of major resource and industrial development and associated infrastructure projects; and by attracting interest in Western Australia from potential private sector investors.

Resource and industrial development projects include the production and processing of minerals and energy resources, wood processing, strategic industries and development of land for strategic agriculture. Infrastructure projects include industrial land development; transport, energy and water service facilities; and other services for the resources industry and specialized facilities for other industry including technology parks.

**Service 4: Geological**

Benefits the Western Australian community by encouraging exploration and hence the discovery of mineral and petroleum deposits through maintaining an up-to-date geological framework and archive of the State and its mineral and petroleum resources.

**Service 5: Scientific**

Benefits the Western Australian community through the provision of high quality independent chemical information, advice and analytical services to government agencies, industry and research groups.

**Service 6: Industry Development**

Benefits the Western Australian community by facilitating the growth of internationally competitive industry within Western Australia, assisting Indigenous clients to develop their business capability, and promoting Western Australia as a source of internationally competitive products and services.

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005*

	2004/05 (\$'000)	2003/04 (\$'000)
<b>4 Employee expenses</b>		
Wages and salaries	54 371	51 729
Annual leave and loading expense (i)	6 193	4 801
Long service leave expense (i)	2 019	1 343
Superannuation	8 695	7 150
	<u>71 278</u>	<u>65 023</u>
<p>(i) These employee expenses include superannuation, WorkCover premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee entitlements liabilities, note 30.</p>		
<b>5 Supplies and services</b>		
Consultants and contractors	18 894	17 006
Advertising and promotion	1 878	1 282
Travel	2 427	2 147
Communication	1 784	1 937
Consumables	4 997	3 825
Maintenance	1 352	1 539
Lease Payments	1 877	1 647
Insurance	314	641
Printing	1 071	701
Other staff costs	2 576	2 626
Other	3 238	2 157
	<u>40 408</u>	<u>35 508</u>
<b>6 Depreciation</b>		
Buildings	851	542
Furniture, plant and equipment	206	209
Computer hardware and software	1 940	1 591
Scientific equipment	397	477
Motor vehicles	48	78
	<u>3 442</u>	<u>2 897</u>
<b>7 Borrowing costs expense</b>		
Interest paid	604	626
	<u>604</u>	<u>626</u>
<b>8 Accommodation expenses</b>		
Lease rentals	2 844	3 475
Repairs and maintenance	1 234	1 417
Other accommodation expenses	2 962	2 627
	<u>7 040</u>	<u>7 519</u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005*

	2004/05 (\$'000)	2003/04 (\$'000)
<b>9 Grants and subsidies</b>		
Compensation payments - Dampier to Bunbury Natural Gas Pipeline Expansion	-	54
Industry Development Incentives	4 279	3 483
Woolscour Relocation	-	450
Regional Development Commission Aboriginal Economic Development Program	1 120	639
Aboriginal Enterprise Development Schemes	369	712
Meat Industry Strategy	-	625
ASI Groyne Buyback Agreement Rental Subsidy	443	652
Resource Projects	155	235
Chamber of Commerce and Industry ICNWA	125	277
Improving Heritage Management	160	215
Education Exports	3 800	-
Project Approvals	814	-
Other	316	477
	<u>11 581</u>	<u>7 819</u>
<b>10 Capital User Charge</b>	<u>7 908</u>	<u>7 537</u>
<p>A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of services. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.</p>		
<b>11 Other expenses from ordinary activities</b>		
Provision for doubtful debts	19	31
Net loss on currency exchange	33	12
Other services	775	-
	<u>827</u>	<u>43</u>
<b>12 User charges and fees</b>		
Petroleum	15 118	5 813
Prospecting, exploration and other mining	4 925	4 639
Explosives and Dangerous goods	1 555	1 561
Chemistry Centre - Private sector	2 974	2 511
Chemistry Centre - Government sector	3 081	3 236
Administration	3 038	1 273
	<u>30 691</u>	<u>19 033</u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005*

	2004/05 (\$'000)	2003/04 (\$'000)
<b>13 Sale of goods (gross)</b>		
Geological Survey	94	103
	<u>94</u>	<u>103</u>
<b>Trading profit</b>		
Sales (gross)	94	103
Cost of sales:		
Opening inventory	3 005	3 035
Purchases	20	60
Inventory written down to net realisable value (See Note 18)	( 2 624)	-
	<u>401</u>	<u>3 095</u>
Closing inventory	391	3 005
Cost of Goods sold	<u>10</u>	<u>90</u>
Trading profit	<u>84</u>	<u>13</u>
Sales (gross) Land inventory	204	146
Cost of sales:		
Opening inventory	1 865	2 001
Purchases	-	-
	<u>1 865</u>	<u>2 001</u>
Closing inventory	1 672	1 865
Cost of Goods sold	<u>193</u>	<u>136</u>
Trading profit	<u>11</u>	<u>10</u>
Total Trading profit	<u>95</u>	<u>23</u>
<b>14 Other revenues from ordinary activities</b>		
Grants received	-	1 000
Property revenue	1 220	728
Interest	37	64
Miscellaneous Revenue	622	-
	<u>1 879</u>	<u>1 792</u>
<b>15 Net gain/loss on disposal of non-current assets</b>		
Gain on disposal of non current assets		
Computer hardware and software	-	32
Scientific equipment	-	5
Loss on disposal of non-current assets		
Furniture and equipment	( 12)	-
Computer hardware and software	( 103)	-
Net gain/(loss) on disposal	<u>( 115)</u>	<u>37</u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2005

	2004/05 (\$'000)	2003/04 (\$'000)
<b>16 Revenues from State Government</b>		
Appropriation Revenue received during the year:		
Service appropriations (i)	100 256	95 071
The following liabilities have been assumed by the Treasurer during the financial year.		
Superannuation (ii)	<u>2 239</u>	<u>2 167</u>
Total liabilities assumed by the Treasurer	<u>2 239</u>	<u>2 167</u>
Assets assumed/(transferred) (iii)		
Land and Buildings	<u>( 518)</u>	<u>-</u>
	<u>( 518)</u>	<u>-</u>
Resources received free of charge (iv) has been determined on the basis of the following estimates provided by agencies.		
Housing and Works		
- property management services	7	2
State Solicitors Office		
- legal services	1 089	793
Department of Treasury and Finance		
- procurement services	317	-
Department of Land Information		
- land registration dealings, land information and products	<u>802</u>	<u>93</u>
	<u>2 215</u>	<u>888</u>

(i) 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.

(ii) The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the pension scheme and current employees who have a transfer benefit entitlement under the Gold State Scheme.

(iii) Land and buildings transferred free of charge between Departments is recognised as an increase/(decrease) in Revenues From State Government and an adjustment to the appropriate non-current asset. Fair value has been used to determine the value of property transferred

(iv) Where assets or services have been received free of charge or for nominal consideration, the Department recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Department shall make a direct adjustment to equity) 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.

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2005

	2004/05 (\$'000)	2003/04 (\$'000)
<b>17 Restricted cash assets</b>		
Current		
Suspense account (i)	154	237
Income Tax and GEHA Deductions Trust Account (ii)	( 7)	( 2)
Wittenoom Relocation Trust Fund (iii)	-	47
Forest Residue Utilisation Levy Trust Fund (iv)	60	60
Australia China Natural Gas Technology Partnership Trust Fund (v)	392	-
	599	342
Non-current		
Accrued salaries suspense account (vi)	-	2 192
	599	2 534
(i) The balance in the suspense account represents funds received close to end of year but not transferred to Treasury until after year end.		
(ii) The account is used to hold PAYG income tax and rental instalments deducted from salaries and wages of employees of the Department.		
(iii) The account is used for the purpose of relocations of residents and land purchases		
(iv) The account is used for the purpose of funding studies and programs which add value to forest residue.		
(v) The trust 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.		
(vi) The amount held in this suspense account is to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.		
<b>18 Inventories</b>		
Current		
Inventories held for resale:		
Geological maps and publications (at cost)	391	3 005
Chemistry Centre supplies (at cost)	97	219
Land held for resale:		
Technology Park (at cost)	1 672	1 865
	2 160	5 089
In accordance with Australian Accounting Standard 2 the carrying amount of inventory of publications has been written down by \$2,624,387 to \$391,077 to reflect net realisable value.		
<b>19 Receivables</b>		
<u>Current</u>		
Trade debtors	1 510	1 307
Other debtors	480	241
Provision for doubtful debts	( 89)	( 78)
GST receivable	1 151	729
	3 052	2 199
<u>Non-current</u>		
Loans and advances (i)	29 982	34 869
Provision for conversion of loans to grants	( 8 256)	( 10 441)
Provision for doubtful debts	( 47)	( 2 177)
	21 679	22 251
(i) The carrying amount of loans receivable approximates their net fair values		



## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2005

	2004/05 (\$'000)	2003/04 (\$'000)
<b>20 Amounts receivable for services</b>		
Current	1 661	1 610
Non-current	6 507	4 986
	<u>8 168</u>	<u>6 596</u>
<p>This asset represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.</p>		
<b>21 Other assets</b>		
Current		
Prepayments	1 903	416
Refundable rental bonds on overseas accommodation	297	297
	<u>2 200</u>	<u>713</u>
<b>22 Property, plant, equipment and vehicles</b>		
Freehold land - at fair value (i)	<u>37 726</u>	<u>34 849</u>
Buildings - at fair value (i)	34 028	27 018
Accumulated depreciation	( 851)	( 542)
Total buildings	<u>33 177</u>	<u>26 476</u>
Furniture, plant and equipment - at cost	2 189	2 084
Accumulated depreciation	(1 526)	(1 445)
	<u>663</u>	<u>639</u>
Computer hardware and software - at cost	11 081	11 225
Accumulated depreciation	(7 826)	(7 895)
	<u>3 255</u>	<u>3 330</u>
Scientific equipment - at cost	7 736	7 265
Accumulated depreciation	(5 416)	(5 595)
	<u>2 320</u>	<u>1 670</u>
Total equipment	<u>6 238</u>	<u>5 639</u>
Vehicles - at cost	287	281
Accumulated depreciation	( 121)	( 74)
	<u>166</u>	<u>207</u>
Total of property, plant, equipment and vehicles	<u>77 307</u>	<u>67 171</u>

(i) The revaluation of freehold land, land improvements and buildings was performed during the year ended 30 June 2005 in accordance with an independent valuation by the Department of Land Information (Valuation Services). Fair value of land has been determined on the basis of the current market buying values. The fair value of buildings has been determined by reference to current replacement cost as the buildings are specialised and no market evidence of value is available. The valuations were made in accordance with a regular policy of annual revaluation.

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2005

	2004/05 (\$'000)	2003/04 (\$'000)
<b>23 Works in progress</b>		
State Drill Store - Carlisle (a)	-	8 780
Kalgoorlie Complex Stage 2	91	21
Mainframe migration (b)	-	297
Baldivis and Kalgoorlie explosives reserve security upgrade	845	275
Development costs relating to new Chemistry laboratory (b)	-	805
Burrup/Maitland infrastructure (b)	-	200
Mineral House Airconditioning Upgrade	67	-
Software (Hummingbird) (b)	-	160
	1 003	10 538

(a) The building has been completed and transferred to the asset register.

(b) These items were expenses after a review determined that they would not contribute to forming an asset in the future.

**24 Reconciliation of non-current assets**

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 2005	Land	Buildings at fair value	Buildings at cost	Furniture and equipment	Computer hardware and software	Scientific equipment	Vehicles	Work in Progress	Total
Carrying amount at the start of year	34 849	26 476	0	639	3 330	1 670	207	10 538	77 709
Additions	-	-	-	256	1 968	1 047	7	1 161	4 439
Disposals	-	-	-	(26)	(103)	-	-	(1 918)	(2 047)
Transfers	(464)	(54)	-	-	-	-	-	-	(518)
Reclassifications	-	8 778	-	-	-	-	-	(8 778)	0
Revaluation increments	3 341	(1 172)	-	-	-	-	-	-	2 169
Depreciation	-	(851)	-	(206)	(1 940)	(397)	(48)	-	(3 442)
Carrying amount at the end of year	37 726	33 177	0	663	3 255	2 320	166	1 003	78 310

**25 Payables**

## Current

Accrued expenses	115	72
Trade payables	9 704	7 936
	9 819	8 008

**26 Interest-bearing liabilities**

## Current:

WA Land Corp (Groyne Buyback Agreement)	200	200
WA Treasury Corporation	287	369
WA Land Corp (Enterprise Units Development Agreement)	771	771
	1 258	1 340

## Non-current:

WA Land Corp (Groyne Buyback Agreement)	563	763
WA Treasury Corporation	6 324	5 905
	6 887	6 668
	8 145	8 008

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005*

	2004/05 (\$'000)	2003/04 (\$'000)
<b>27 Other liabilities</b>		
Salaries owing for nine working days from 18 June 2004 to 30 June 2004	-	1 750
Accrued interest payable	317	147
	<u>317</u>	<u>1 897</u>
<b>28 Revenue received in advance</b>		
Grants held in trust for research projects	435	310
Other	21	63
	<u>456</u>	<u>373</u>
<b>29 Amounts due to the Treasurer</b>		
Amounts advanced - Treasurer's Advance	<u>1 200</u>	<u>1 200</u>
<b>30 Provisions</b>		
Current:		
Annual leave	5 964	4 909
Long service leave	5 067	4 196
	<u>11 031</u>	<u>9 105</u>
Non-current:		
Long service leave	<u>5 283</u>	<u>5 955</u>
<p>The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and WorkCover premiums. The liability for such on-costs is included here. The associated expense is included under employee expenses at note 4.</p>		
<p><u>Employee Benefit Liabilities</u></p> <p>The aggregate employee leave entitlement liability recognised and included in the financial statements is as follows:</p>		
Provision for employee benefits:		
Current	11 031	9 105
Non-current	5 283	5 955
	<u>16 314</u>	<u>15 060</u>

The Department considers the carrying amount of employee entitlements is equivalent to the net fair value.

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005*

	2004/05 (\$'000)	2003/04 (\$'000)
<b>31 Equity</b>		
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		
Opening balance	47 560	43 607
Capital contributions (i)	1 909	3 953
Closing balance	<u>49 469</u>	<u>47 560</u>
(i) Capital contributions have been designated as contribution by owners and are credited directly to equity in the Statement of Financial Position.		
Asset revaluation reserve (ii)		
Opening balance	37 625	34 058
Net revaluation increments/(decrements)		
Land	3 341	2 533
Buildings	(1 172)	1 034
Closing balance	<u>39 794</u>	<u>37 625</u>
(ii) The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 2(j).		
Accumulated surplus/ (deficiency)		
Opening balance	9 111	17 072
Change in net assets	(8 970)	(7 961)
Closing balance	<u>141</u>	<u>9 111</u>
Total equity	<u><u>89 404</u></u>	<u><u>94 296</u></u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005*

	2004/05 (\$'000)	2003/04 (\$'000)
<b>32 Notes to the Statement of Cash Flows</b>		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash on hand	42	42
Operating account	9 445	11 709
Restricted cash assets (refer note 17)	599	2 534
	<u>10 086</u>	<u>14 285</u>
(b) Reconciliation of net cost of services to net cash flows provided/(used in) operating activities		
Net cost of service	(113 162)	(106 087)
Non cash items		
Superannuation	2 239	2 167
Depreciation	3 442	2 897
Resources received free of charge	2 215	888
Write down of Inventory to net realisable value	2 624	0
Work in Progress written back to expenses	1 918	0
Provision for conversion of loan to grant	0	2 025
Net (gain) / loss on disposal of non-current assets	115	( 37)
(Increase)/decrease in assets		
Accounts receivable	( 348)	1 311
Inventory	305	208
Other assets	(1 487)	305
Increase/(decrease) in liabilities		
Accounts payable	1 630	1 065
Other liabilities	(1 580)	215
Revenue received in advance	83	187
Employee entitlements	1 254	411
Net GST receipts/payments	( 278)	( 6)
Net cash used in operating activities (Statement of Cash Flows)	<u>(101 030)</u>	<u>(94 451)</u>
<b>33 Resources provided free of charge</b>		
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)	<u>23</u>	<u>14</u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005*

	2004/05 (\$'000)	2003/04 (\$'000)
<b>34 Commitments for expenditure</b>		
(a) 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	4 732	1 870
Later than 1 year and not later than 5 years		-
Later than 5 years		-
The capital commitments include amounts for:		
Building	562	1 470
Computer hardware and software	4 062	349
Furniture, plant and equipment	108	51
(b) Lease commitment		
Commitments in relation to leases contracted at the reporting date but not recognised as liabilities are payable:		
Within 1 year	3 119	3 665
Later than 1 year and not later than 5 years	9 671	9 060
Later than 5 years	13 236	2 047
Representing:		
Non-cancellable operating leases	26 026	14 772

**35 Contingent liabilities and contingent assets**Contingent liabilities:

There are no known contingent liabilities.

Contingent assets:

There are no known contingent assets.

**36 Events occurring after reporting date**

No known event or events occurred after year end which materially effects the results reflected in this financial report.

The Safety and Health division of the department was transferred to the Department of Consumer and Employment Protection from 1 July 2005. This is not expected to have any material effect on this financial report.

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements

For the year ended 30 June 2005

	2004/05 (\$'000)	2003/04 (\$'000)
<b>37 Remuneration of senior officers</b>		
<u>Remuneration</u>		
The number of senior officers whose total fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:		
	<u>2004-2005</u>	<u>2003-2004</u>
\$20 001 to \$30 000	-	1
\$50 001 to \$60 000	1	1
\$70 001 to \$80 000	1	1
\$90 001 to \$100 000	1	1
\$100 001 to \$110 000	-	3
\$110 001 to \$120 000	3	7
\$120 001 to \$130 000	9	10
\$130 001 to \$140 000	8	3
\$140 001 to \$150 000	1	3
\$150 001 to \$160 000	3	-
\$160 001 to \$170 000	1	-
\$180 001 to \$190 000	1	-
\$260 001 to \$270 000	-	1
\$300 001 to \$310 000	1	-
The total remuneration of senior officers is:	4 040	3 698

The superannuation included here represents the superannuation expense incurred by the Department in respect of senior officers.

**38 Remuneration of Auditor**

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

Auditing the accounts, financial statements and performance indicators.	99	-
Previous auditing was provided free of charge by the Auditor General.		

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005***39 Explanatory Statement**

The Summary of Consolidated Fund Appropriation and Revenue Estimates discloses appropriation and other statutes expenditure estimates, the actual expenditure made and revenue estimates and payments into the Consolidated Fund. Appropriations are now on an accrual basis.

The following explanations are provided in accordance with Treasurer's Instruction 945. Significant variations are considered to be those greater than 10% or \$5,000,000

	2004/05 Estimate (\$'000)	2004/05 Actual (\$'000)	Variance (\$'000)
<b>(a) Significant variances between estimates and actual</b>			
<b>Section 25 transfer of appropriation</b>			
This relates to the transfer of the procurement function to the Department of Treasury and Finance.	-	( 320)	( 320)
<b>Section 25 transfer of appropriation</b>			
This represents an adjustment for the transfer of the energy account from MERIWA to the Office of Energy.	-	( 272)	( 272)
<b>Amount authorised by other statutes</b>			
<i>Petroleum (Submerged Land) Act 1982</i>			
Payments to the Commonwealth for its share of petroleum royalties collected under the <i>Petroleum (Submerged Lands) Act 1982</i> were higher than anticipated due to increased royalty collections resulting from higher crude oil prices throughout the year.	9 225	17 778	8 553
<b>Administered capital contribution</b>			
Supplementary funding of \$88.0 million was provided to support the sale of the Dampier-to-Bunbury natural gas pipeline.	-	88 067	88 067
<b>Geological Services</b>			
The variance is mainly due to a \$2.6 million extraordinary inventory write down of geological maps and publications to reflect net realisable value in 2004/05.	22 199	25 349	3 150
<b>Industry Development Services</b>			
The variance between the Estimate and Actual for 2004/2005 was due to post budget initiatives arising from election commitments and an increase in financial assistance given. The post budget initiatives included Education Exports and Kimberley Indigenous Arts Strategy.	24 591	37 199	12 608
<b>Revenues from ordinary activities</b>			
This variance is mainly due to the receipt of a one-off \$8.83 million petroleum advalorem registration fee from the sale by the Northwest Shelf Joint Venturers to CNOOC, of an interest in the Northwest Shelf project, for the sale of LNG to China.	19 920	32 882	12 962



## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005*

<b>Administered Revenues</b>	<b>2004/05 Estimate (\$'000)</b>	<b>2004/05 Actual (\$'000)</b>	<b>Variance (\$'000)</b>
<b>Territorial</b>			
2004/05 actual royalty collections were much higher than estimated. The increase was due largely due to higher crude oil prices for crude oil/petroleum products, which averaged US\$46.80 per barrel, compared to the initial estimate of US\$27.00 per barrel (for the North West Shelf project). In addition, higher realised nickel prices and higher lease rental collections contributed to the positive variance. Nickel prices averaged \$US13,795 per tonne compared to the initial price estimate of US\$11,000 per tonne. Lease rental collections were higher than estimated due to increased rental rates, an increase in the number of tenement applications (12%) due to a mini resources boom, and an increase in Mining Lease applications to utilise the "reversion process" which is incorporated in the Mining Act amendments which were due in 2004/05 but have been delayed until 2005/06.	1 122 502	1 419 322	296 820
<b>Regulatory Fees</b>	-	2 179	2 179
Receipt of unbudgeted petroleum advalorem registration fees paid in respect of the sale of, or an interest in, petroleum projects. These fees are paid directly to the Consolidated Fund.			
<b>Commonwealth Contributions</b>	-	6 839	6 839
\$5.7 million is for the drawing of funds for the Jervoise Bay Southern Precinct. This is a timing variance caused by a prolonged period of finalising contracts on this project. The balance, \$1.1 million, is funds provided for the Ngaanyatjarra Lands Telecommunication project.			
<b>Appropriations</b>			
The actual for 2004/05 is significantly higher than the estimate due to additional funding provided under the <i>Petroleum (Submerged Lands) Act 1982</i> for payments to the Commonwealth for its share of petroleum royalties collected under the Act. These were higher in 2004-05 mainly due to greater than estimated royalty collections resulting from higher crude oil prices throughout 2004/05.	28 096	36 377	8 281
<b>Other Revenue</b>	140	3 529	3 389
The variance is mainly due to funds received from the Department of Housing and Works as part of the negotiated settlement between disputing parties on the East Rockingham Woolscour Rectification Project.			

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2005

	2004/05 Actual (\$'000)	2003/04 Actual (\$'000)	Variance (\$'000)
<b>(b) Significant variances between actual and prior year actual</b>			
<b>Section 25 transfer of appropriation</b>			
This relates to the transfer of the procurement function to the Department of Treasury and Finance.	( 320)	-	( 320)
<b>Total appropriations provided to deliver services</b>			
The increase in 2004/05 actuals reflects additional funding provided in 2004/05 for the Geoscience Information program, implementation of Keating Review recommendations, overseas trade offices and the 2005 World Exposition in Aichi, Japan.	100 256	95 071	5 185
<b>Administered Grants and Transfer Payments</b>			
This variance is mainly due to the reduction in expenditure in the Business Exit Assistance part of the Protecting the Old Growth Forrests program as it nears completion.	18 871	20 925	( 2 054)
<b>Section 25 transfer of appropriation</b>			
This represents an adjustment for the transfer of the energy account from MERIWA to the Office of Energy.	( 272)	-	( 272)
<b>Amount authorised by other statutes</b>			
<b><i>Petroleum (Submerged Land) Act 1982</i></b>			
Payments to the Commonwealth for its share of petroleum royalties collected under the Petroleum (Submerged Lands) Act 1982 were higher in 2004/05 mainly due to greater than estimated royalty collections resulting from higher crude oil prices throughout 2004/05.	17 778	15 558	2 220
<b>Administered Capital Appropriations</b>			
Supplementary funding of \$88.0 million was provided to support the sale of the Dampier-to-Bunbury natural gas pipeline.	88 067	-	88 067
<b>Geological Services</b>			
The variance is mainly due to a \$2.6 million extraordinary inventory write down of geological maps and publications to reflect net realisable value and \$3.0 million funding provided for the pre-competitive geoscience information program.	25 349	20 116	5 233
<b>Industry Development Services</b>			
The variance between 2003/2004 and 2004/2005 actual relates to new post budget initiatives announced during the 2004/2005 financial year and include Education Exports, Kimberley Indigenous Arts Strategy, a new trade office in South Korea and the 2005 World Exposition in Aichi Japan. Also during 2004/2005 there was an increase in financial assistance expenditure.	37 199	24 004	13 195
<b>Revenues from ordinary activities</b>			
This variance is mainly due to the receipt of a one-off \$8.83 million petroleum advalorem registration fee from the sale by the Northwest Shelf Joint Venturers to CNOOC, of an interest in the Northwest Shelf project, for the sale of LNG to China.	32 882	21 151	11 731

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005*

<b>Administered revenues</b>	<b>2004/05 Actual (\$'000)</b>	<b>2003/04 Actual (\$'000)</b>	<b>Variance (\$'000)</b>
<b>Territorial</b>			
2004/05 royalty collections were significantly higher than 2003/04 largely due to increased receipts from petroleum due to higher crude oil prices during this period. Iron ore receipts were also higher due to increased prices and shipments. Nickel receipts were higher due to increased prices and volumes. These increases were partially offset by decreased diamond receipts due to higher deductions and decreased gold receipts due to lower volumes. Lease rental collections were higher due to increased rental rates, an increase in the number of tenement applications (12%) due to a mini resources boom, and an increase in Mining Lease applications to utilise the "reversion process" which is incorporated in the Mining Act amendments which were due in 2004/05 but have been delayed until 2005/06.	1 419 322	1 078 983	340 339
<b>Regulatory Fees</b>			
Receipt of unbudgeted petroleum advalorem registration fees paid in respect of the sale of, or an interest in, petroleum projects. These fees are paid directly to the Consolidated Fund.	2 179	10 063	( 7 884)
<b>Commonwealth Contributions</b>			
\$5.7 million is for the drawing of funds for the Jervoise Bay Southern Precinct. This is a timing variance caused by a prolonged period of finalising contracts on this project. The balance, \$1.1 million, is funds provided for the Ngaanyatjarra Lands Telecommunication project.	6 839	-	6 839
<b>Contribution from Regional Investment Fund</b>			
The contribution is part of a larger funding package for the Protecting Our Old Growth Forest program. The Actual contributions received are as per the funding package for the program.	4 500	12 000	( 7 500)
<b>Other Revenue</b>			
The variance is mainly due to funds received from the Department of Housing and Works as part of the negotiated settlement between disputing parties on the East Rockingham Woolscour Rectification project.	3 529	373	3 156

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005***40 Financial instruments**

## (a) Interest rate risk exposures

The following table details the Department's exposure to interest rate risk as at 30 June 2005.

30 June 2005	Weighted Average Effective Interest Rate %	Variable Interest Rate \$'000	Fixed Interest Rate - Maturity			Non- Interest Bearing \$'000	Total \$'000
			Less than 1 Year \$'000	1 to 5 Years \$'000	More than 5 Years \$'000		
<b>Financial Assets</b>							
Cash & amounts in suspense	-	-	-	-	-	9 487	9 487
Restricted cash assets	-	-	-	-	-	599	599
Accounts receivable	-	-	-	-	-	3 052	3 052
Loans and advances	5.6	-	-	-	-	21 679	21 679
<b>Total financial assets</b>		-	-	-	-	<b>34 817</b>	<b>34 817</b>
<b>Financial liabilities</b>							
Accounts payable	-	-	-	-	-	9 819	9 819
Amounts due to Treasurer	-	-	-	-	-	1 200	1 200
WATC loans	5.72	-	287	3 400	2 924	-	6 611
Other loans	8.87	-	971	563	-	-	1 534
<b>Total financial liabilities</b>		-	<b>1 258</b>	<b>3 963</b>	<b>2 924</b>	<b>11 019</b>	<b>19 164</b>
<b>30 June 2004</b>							
Financial assets	-	-	-	-	-	38 735	38 735
Financial liabilities	-	-	1 340	2 369	4 299	9 208	17 216

## (b) Net fair value of financial assets and liabilities

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Departments maximum exposure to credit risk.

## (c) Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their fair value, determined in accordance with the accounting policies disclosed in note 2 to the financial statements.

**41 Related bodies**

The Department had no related bodies as defined in the Financial Administration and Audit Act 1985 and Treasurer's Instruction 951.

**42 Affiliated bodies**

Western Australian Technology and Industry Advisory Council (TIAC)

The Technology and Industry Advisory Council (TIAC), which was established by the Technology Development Amendment Act 1987 and continues under the Industry Technology Development Act 1988, is totally funded by the Department of Industry and Resources. TIAC received funding of \$589,000 for the year ending 30 June 2005. The TIAC Board is not subject to operational control by the Department although it receives administrative support.

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2005

	2004/05 \$'000	2003/04 \$'000
<b>43 Accounts of the Trust Fund</b>		
<b>Survey of leases under the Mining Act Account</b>		
Survey fees collected under the Mining Act are paid into this account. The actual cost of surveys is charged to the Consolidated Fund, and fees previously collected are transferred to Consolidated Revenue. If the applicant decides not to proceed with the survey, the fee collected is refunded.		
Opening balance 1 July	931	932
<u>Add</u> receipts	-	-
	<u>931</u>	<u>932</u>
<u>Less</u> payments		
Refunds	<u>1</u>	<u>1</u>
Closing balance 30 June	<u>930</u>	<u>931</u>
<b>Barrow Island Royalty Trust Account</b>		
The account was created under the Barrow Island Royalty Trust Account Act 1985 which provides for royalty payments received under the Barrow Island lease to be credited to the account and subsequently apportioned between the Commonwealth and the State.		
Opening balance 1 July	7 848	6 094
<u>Add</u> receipts		
Royalties received	<u>39 658</u>	<u>36 446</u>
	<u>47 506</u>	<u>42 540</u>
<u>Less</u> payments		
Remitted to State	9 854	8 673
Remitted to Commonwealth	<u>29 562</u>	<u>26 019</u>
	<u>39 416</u>	<u>34 692</u>
Closing balance 30 June	<u>8 090</u>	<u>7 848</u>

**Departmental receipts in suspense**

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 2005 was \$153,831.

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2005

	2004/05 \$'000	2003/04 \$'000
<b>Deposits Mines Department account</b>		
Funds held are received for the issue of temporary reserves and exploration permits pending finalisation of certain legal requirements.		
Opening balance 1 July	2 243	734
<u>Add receipts</u>		
Bonds, Securities	349	1 791
Interest	33	9
	<u>382</u>	<u>1 800</u>
	<u>2 625</u>	<u>2 534</u>
<u>Less payments</u>		
Refunds of bonds, securities	265	265
Interest transferred	33	26
	<u>298</u>	<u>291</u>
Closing balance 30 June	<u>2 327</u>	<u>2 243</u>

**Special Projects Trust Fund account**

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 \$129,731, receipts totalled \$64,000 and payments made totalled \$130,385 giving a closing balance of \$63,346.

Opening Balance 1 July	1 395	861
<u>Add receipts</u>		
Contribution from Industry and Government	911	852
	<u>2 306</u>	<u>1 713</u>
<u>Less payments</u>		
Salaries	130	92
Travel	57	126
Equipment, other	12	22
Consultants	944	78
	<u>1 143</u>	<u>318</u>
Closing Balance 30 June	<u>1 163</u>	<u>1 395</u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2005

	2004/05 \$'000	2003/04 \$'000
<b>Forest Residue Utilisation Levy Trust Fund</b>		
Purpose - To hold funds appropriated by Parliament for the purpose of funding studies and programs which add value to forest residues.		
Opening Balance 1 July	60	60
<u>Add receipts</u>	-	-
	<u>60</u>	<u>60</u>
<u>Less payments</u>	-	-
	<u>60</u>	<u>60</u>
Closing Balance 30 June	60	60
<b>WA Government/China Economic and Technical Research Trust Fund</b>		
Purpose - To hold funds for the purpose of promoting joint studies of future areas of long term mutually beneficial economic co-operation between Western Australia and China particularly in the development, processing and marketing of Western Australia's mineral resources. Fund now closed.		
Opening Balance 1 July	-	20
<u>Add receipts</u>	-	-
	<u>-</u>	<u>20</u>
<u>Less payments</u>		
Consultants	-	1
Returned to Treasury	-	19
	<u>-</u>	<u>20</u>
Closing Balance 30 June	-	-
<b>Australia China Natural Gas Technology Partnership Trust Fund</b>		
The trust 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	-	-
<u>Add receipts</u>	-	-
	<u>553</u>	<u>-</u>
<u>Less payments</u>		
Salaries	42	-
Consultants	92	-
Travel	10	-
Other payments	17	-
	<u>161</u>	<u>-</u>
Closing Balance 30 June	392	-

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2005

	2004/05 \$'000	2003/04 \$'000
<b>Research Trusts</b>		
The following moneys are held on behalf of various institutions for which the Chemistry Centre (WA) performs various specified research projects.		
Opening Balance 1 July	310	125
<u>Add receipts</u>		
Revenue received	886	730
	<u>1 196</u>	<u>855</u>
<u>Less payments</u>		
Money spent on research	761	545
	<u>435</u>	<u>310</u>
Closing Balance 30 June	435	310
<b>Wittenoom Relocation Trust Account</b>		
The purpose of the trust account is to hold funds for the relocation of Wittenoom residents and land purchases packages.		
Opening Balance 1 July	46	51
<u>Add receipts</u>	-	-
	46	51
<u>Less payments</u>		
Purchase of property reclaimed	44	-
Maintenance of buildings	2	5
	<u>46</u>	<u>5</u>
Closing Balance 30 June	-	46
<b>Regional Headworks Development Scheme Trust Account</b>		
The purpose of the account is to hold funds appropriated for the purpose of assistance under the Regional Headworks Development Scheme.		
Opening Balance 1 July	5 154	5 165
<u>Add receipts</u>	-	-
	<u>5 154</u>	<u>5 165</u>
<u>Less payments</u>		
Grants	109	11
	<u>5 045</u>	<u>5 154</u>
Closing Balance 30 June	5 045	5 154



## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2005

	2004/05 \$'000	2003/04 \$'000
<b>Western Australian Industry and Technology Development Account</b>		
The purpose of 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	12 462	2 800
<u>Add receipts</u>		
Drawdowns	99 233	19 910
Contribution from Department of Local Government and Regional Development	4 500	12 000
Loans received	1 480	
Other revenue	1 619	769
	<u>106 832</u>	<u>32 679</u>
<u>Less payments</u>		
Loans, grants etc	<u>112 441</u>	<u>23 017</u>
Closing Balance 30 June	<u>6 853</u>	<u>12 462</u>

**44 Supplementary financial information**Losses Through Theft, Defaults and Other Causes

Losses of public moneys and public or other property through theft or default	-	3
Amount recovered	<u>-</u>	<u>3</u>
	<u>-</u>	<u>-</u>

Write Offs

Public and other property, revenue and debts due to the State, written off in accordance with section 45 of the Financial Administration and Audit Act by:

The Accountable Officer	-	2
The Minister	15	-
Executive Council	2 207	-
	<u>2 222</u>	<u>2</u>
Analysis of losses written off		
Bad debts	2 207	2
Non-current assets	15	-
	<u>2 222</u>	<u>2</u>

Gifts of Public Property

Gifts of public property provided by the Department	<u>-</u>	<u>-</u>
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## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2005

	2004/05 \$'000	2003/04 \$'000
<b>45 Schedule of Administered Items</b>		
<b>ADMINISTERED</b>		
<b>EXPENSES &amp; REVENUE</b>		
<b>EXPENSES</b>		
Interest	-	63
Grants	116 100	22 413
Petroleum (Submerged Lands) Act 1982	17 778	15 558
Refunds of Previous Years' Revenue	4 862	6 698
Services and contracts	6 122	6 606
Payments to Consolidated Fund	1 309 048	1 085 279
All other expenses	26	14
Write down on disposal of asset	19 209	76 033
Total administered expenses	<u>1 473 145</u>	<u>1 212 664</u>
<b>REVENUES</b>		
Rentals and royalties	1 419 322	1 078 983
Regulatory fees	2 179	10 063
Law Courts	-	37
Grants	13 964	12 000
Interest	168	126
Revenues from Government	36 377	36 483
Transfer from Reserves	55	-
Other revenue	681	247
Total administered revenues	<u>1 472 746</u>	<u>1 137 939</u>
<b>ADMINISTERED</b>		
<b>ASSETS &amp; LIABILITIES</b>		
<b>ASSETS</b>		
<u>Current Assets</u>		
Operating account	10 128	22 092
Accounts receivable	306 091	192 585
Restricted cash	17 554	17 571
GST Receivable	-	-
Total administered current assets	<u>333 773</u>	<u>232 248</u>
Administered non-current assets		
Fixed assets under construction	882	19 649
Computing equipment	13	13
Land	-	420
Loans	21 947	23 114
Total administered non-current assets	<u>22 842</u>	<u>43 196</u>
Total administered assets	<u>356 615</u>	<u>275 444</u>
<b>LIABILITIES</b>		
<u>Current Liabilities</u>		
Payments received in advance	11 291	12 478
Accounts payable	4 793	11 998
GST Payable	738	224
Total administered liabilities	<u>16 822</u>	<u>24 700</u>

## DEPARTMENT OF INDUSTRY AND RESOURCES

**Notes to the Financial Statements***For the year ended 30 June 2005*

	2004/05 \$'000	2003/04 \$'000
<b>Administered expenses and revenues</b>		
<u>Expenses (a)</u>		
Disposal of land	.	37 337
Write down on disposal of asset	19 209	76 033
	<u>19 209</u>	<u>113 370</u>
(a) Wool Precinct Waste Water Treatment Plant		
The department constructed over several years a Wool Precinct Waste Water Treatment Plant to assist the wool processing industry. Following completion of the facility and resolution of disputes the plant (\$18,788,641) and the land (\$420,000) were transferred to the benefit of the local industry at no cost.		
 <u>Revenue</u>		
Rentals and royalties		
The Department is responsible for collection of certain rentals and royalties. These are not classified as operating revenues and are paid directly to Consolidated Fund.		
Collections made during the year were \$1,257m and revenues due but not collected were \$306m .		
Royalties		
Petroleum - Commonwealth	505 766	362 895
Petroleum - State	64 722	51 024
Iron Ore	464 845	305 002
Diamonds	35 558	40 988
Alumina	54 735	51 855
Mineral sands	26 036	27 052
Nickel	91 959	76 623
Gold	74 166	76 411
Other	51 918	46 835
Lease rentals	49 617	40 298
Total Royalties	<u>1 419 322</u>	<u>1 078 983</u>
 <b>Administered assets</b>		
<u>Administered current assets</u>		
Accounts receivable	<u>306 091</u>	<u>192 585</u>

This mainly represents royalty not collected as at 30 June 2005 on production which occurred prior to balance date.

**Administered Contingent Liabilities**Administered Contingent Liabilities

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

Two claims have been made for a refund of royalties. The State does not believe it has to pay these amounts. The claims represent a potential liability of \$558,168.

## DEPARTMENT OF INDUSTRY AND RESOURCES

## Notes to the Financial Statements

For the year ended 30 June 2005

**46 The Impact of Adopting International Accounting Standards**

Australia is adopting Australian equivalents to International financial Reporting Standards (AIFRS) for reporting periods beginning on or after 1 January 2005. The department will adopt these Standards for the first time for the year ended 30 June 2006.

AASB1047 "Disclosing the impacts of Adopting Australian Equivalents to International Financial Reporting Standards" requires disclosure of any known or reliably estimatable information about the impacts on the financial statements had they been prepared using AIFRS's.

The information provided below discloses the main areas impacted due to the effects of adopting AIFRS. Management have determined the quantitative impacts using their best estimates available at the time of preparing the 30 June 2005 financial statements. These amounts may change in circumstances where the accounting standards and/or interpretations applicable to the first AIFRS financial statements are amended or revised.

Reconciliation of total equity as presented under previous AGAAP to that under AIFRS:

	<b>30-June-2005</b>	<b>01-July-2004</b>
	<b>\$'000</b>	<b>\$'000</b>
Total equity under previous AGAAP	89,404	94,296
Adjustments to accumulated surplus/(deficiency):		
Write-down due to selling costs for non-current assets available for sale (i)	(82)	(82)
De-recognition of asset transferred to another agency (ii)	-	(1,568)
Intangible assets derecognised (iii)	-	(162)
Depreciation on assets transferred from work in progress (iv)	-	(458)
Write down of work in progress assets (v)	-	(1,198)
Total equity under AIFRS	<u>89,322</u>	<u>90,828</u>

The adjustments are explained as follows:

- (i) Write-down of non-current assets available for sale at reporting date from cost to fair value less costs to sell
- (ii) The carrying amount of land and building assets held by the department has been reduced to reflect the amount owned by another agency
- (iii) Intangible software has been reviewed and items no longer in use have been written down in accordance with AASB138
- (iv) Assets that had been completed in prior years have now been transferred from Work in progress and the depreciation from the date of use is now recognised
- (v) Work in progress items were reviewed and those not considered to eventually form an asset in accordance with AASB116 were written down

Reconciliation of surplus/(deficit) for the period as presented under previous AGAAP to that under AIFRS:

	<b>30-June-2005</b>
	<b>\$'000</b>
Surplus/(deficit) for the period under previous AGAAP	(8,970)
Write-down due to selling costs for non-current assets available for sale (i)	(82)
Surplus/(deficit) for the period under AIFRS	<u>(9,052)</u>

## Appendix 1 : Legislation and Changes to Legislation

The Department of Industry and Resources is responsible to the Minister for State Development for administering 26 Acts of State Parliament. Please note that a number of acts which will be administered by DoIR are listed under "Acts Yet to be Proclaimed" later in this appendix.

### Acts

The main Acts are:

*Dangerous Goods (Transport) Act 1998*  
*Explosives and Dangerous Goods Act 1961*  
*Industry and Technology Development Act 1998*  
*Mining Act 1978*  
*Mines Safety and Inspection Act 1994*  
*Petroleum Act 1967*

The remaining Acts are:

*Albany Freezing Works Agreement Act 1945*  
*Barrow Island Royalty Trust Account Act 1985*  
*Barrow Island Royalty Variation Agreement Act 1985*  
*Coal Industry Tribunal of Western Australia Act 1992*  
*Coal Miners' Welfare Act 1947*  
*Coal Mines Legislation Amendment and Revival Act 1998*  
*Hide and Leather Industries Act 1948*  
*Manjimup Canned Fruits and Vegetables Industry Agreement Act 1969*  
*Miners' Phthisis Act 1922*  
*Mining on Private Property Act 1898*  
*Mining (Validation and Amendment) Act 1986*  
*Morley Shopping Centre Redevelopment Agreement Act (1992)*  
*Nuclear Activities Regulation Act 1978*  
*Petroleum Pipelines Act 1969*  
*Petroleum (Registration Fees) Act 1967*  
*Petroleum (Submerged Lands) Act 1982*  
*Petroleum (Submerged Lands) Registration Fees Act 1982*  
*Western Australian Products Symbol Act 1972*  
*Wyndham Freezing, Canning and Meat Export Works Act 1918*  
*Year 2000 Information Disclosure Act 1999*

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

*Offshore Minerals Act 1994*  
*Offshore Minerals (Registration Fees) Act 1981*  
*Offshore Minerals (Mining Licence Fees) Act 1981*  
*Offshore Minerals (Exploration Licence Fees) Act 1981*  
*Offshore Minerals (Retention Licence Fees) Act 1994*  
*Offshore Minerals (Works Licence Fees) Act 1981*  
*Offshore Minerals (Royalty) Act 1981*  
*Petroleum (Submerged Lands) Act 1967*  
*Petroleum (Submerged Lands) (Registration Fees) Act 1967*  
*Petroleum (Submerged Lands) (Royalty) Act 1967*  
*Petroleum (Submerged Lands) Fees Act 1994*

DoIR administers various State Agreement Acts and these are listed in Appendix 2.

## Changes to Legislation

### Acts

#### *Dangerous Goods (Transport) Act 1998*

The *State Administrative Tribunal (Conferral of Jurisdiction) Amendment and Repeal Act 2004* (No.55 of 2004): Assented to 24 November 2004, commenced 1 January 2005. Amends section 4 by inserting reference to the State Administrative Tribunal. The change is part of a package of legislation that establishes a single overarching tribunal system in this State.

*Criminal Procedure and Appeals (Consequential and Other Provisions) Act 2004* (No. 84 of 2004): Assented to 16 December 2004, commenced 2 May 2005. Minor amendments to section 41 by changing “complaint” to “charge”. Consequential amendment arising from legislation to modernise and streamline the court system.

#### *Explosives and Dangerous Goods Act 1961*

The *State Administrative Tribunal (Conferral of Jurisdiction) Amendment and Repeal Act 2004* (No. 55 of 2004): Assented to 24 November 2004, commenced 1 January 2005. Amends section 52 by inserting reference to the State Administrative Tribunal. The change is part of a package of legislation that establishes a single overarching tribunal system in this State.

#### *Mines Safety Inspection Act 1994*

- The *Mines Safety and Inspection Amendment Act 2004* (No. 68 of 2004) received Royal Assent on 8 December 2004, and commenced 4 April 2005. The amendments arose from the recommendations presented by Robert Laing in his review of the *Mines Safety and Inspection Act 1994*, including changes relating to:
  - general occupational safety and health duties
  - offences and penalties
  - mine management
  - safety and health representatives and committees
  - provision for improvement notices, prohibition notices and provisional improvement notices
  - provision for the Occupational Safety and Health Tribunal to determine certain matters
- *Occupational Safety and Health Legislation Amendment and Repeal Act 2004* (No. 51 of 2004): Assented to 12 November 2004, commenced 4 April 2005. The amendments arose from the recommendations presented by Robert Laing in his review of the *Mines Safety and Inspection Act 1994*.
- *Criminal Procedure and Appeals (Consequential and Other Provisions) Act 2004* (No. 84 of 2004): Assented to 16 December 2004, commenced 2 May 2005. Minor amendments to section 98(1) by changing “complaint” to “charge”. Consequential amendment arising from legislation to modernise and streamline the court system.

#### *Mining Act 1978*

- *Acts Amendment (Court of Appeal) Act 2004* (No. 45 of 2004): Assented to 9 November 2004, commenced 1 February 2005. Amends section 146 by inserting reference to the Court of Appeal rather than the Full Court of the Supreme Court. The change is part of a package of legislation that establishes a permanent Court of Appeal in this State as a division of the Supreme Court.
- *Courts Legislation Amendment and Repeal Act 2004* (No. 59 of 2004): Assented to 23 November 2004, commenced 1 May 2005. Amends a number of sections to introduce a uniform system of enforcing the civil judgments of the Magistrates Court, District Court and Supreme Court.

- *State Administrative Tribunal (Conferral of Jurisdiction) Amendment and Repeal Act 2004* (No. 55 of 2004): Assented to 24 November 2004, commenced 1 January 2005. Amends section 21 by inserting reference to the State Administrative Tribunal. The change is part of a package of legislation that establishes a single overarching tribunal system in this State.
- *Criminal Law Amendment (Simple Offences) Act 2004* (No. 70 of 2004): Assented to 8 December 2004, commenced 31 May 2005. Amends section 15 by stating that the offence under that section is a “crime” rather than a “misdemeanour”. Consequential amendment arising from legislation to modernise and tackle inefficiencies in the administration of justice.
- *Criminal Procedure and Appeals (Consequential and Other Provisions) Act 2004* (No. 84 of 2004): Assented to 16 December 2004, commenced 2 May 2005. Minor amendment to section 161(1) by changing “complaint” to “charge”. Consequential amendment arising from legislation to modernise and streamline the court system.

## Regulations

### *Dangerous Goods (Transport) (Dangerous Goods in Ports) Regulations 2001*

Dangerous Goods (Transport) (Dangerous Goods in Ports) Amendment Regulations 2005: Published in the *Gazette* on 28 June 2005 and to operate from 1 July 2005. Increase in fees as approved by Cabinet.

### *Dangerous Goods (Transport) (Explosives by Road and Rail) Regulations 1999*

Dangerous Goods (Transport) (Explosives by Road and Rail) Amendment Regulations 2005: Published in the *Gazette* on 28 June 2005 and to operate from 1 July 2005. Increase in fees as approved by Cabinet.

### *Dangerous Goods (Transport) (Road and Rail) Regulations 1999*

Dangerous Goods (Transport) (Road and Rail) Amendment Regulations 2005: Published in the *Gazette* on 28 June 2005 and to operate from 1 July 2005. Increase in fees as approved by Cabinet.

### *Explosives and Dangerous Goods (Dangerous Goods Handling and Storage) Regulations 1992*

Explosives and Dangerous Goods (Dangerous Goods Handling and Storage) Amendment Regulations 2005: Published in the *Gazette* on 28 June 2005 and to operate from 1 July 2005. Increase in fees as approved by Cabinet.

### *Explosives and Dangerous Goods (Explosives) Regulations 1963*

Explosives and Dangerous Goods (Explosives) Amendment Regulations 2005: Published in the *Gazette* on 28 June 2005 and to operate from 1 July 2005. Increase in fees as approved by Cabinet.

### *Mines Safety and Inspection Regulations 1995*

- Mines Safety and Inspection Amendment Regulations 2005: Published in the *Gazette* on 4 April 2005, to operate from the same date. In line with changes made to the legislation under the *Mines Safety and Inspection Amendment Act 2004*.
- Mines Safety and Inspection Amendment Regulations (No. 2) 2005: Published in the *Gazette* on 28 June 2005 and to operate from 1 July 2005. Increase in fees as approved by Cabinet.

### *Mining Regulations 1981*

- Mining Amendment Regulations (No. 3) 2004: Published in the *Gazette* on 20 August 2004 to operate from 1 July 2005. Contains changes to the royalty rates.
- Mining Amendment Regulations (No. 5) 2004: Published in the *Gazette* on 28 January 2005 to operate from 1 July 2005. Contains changes to the royalty rates.
- Mining Amendment Regulations (No. 3) 2005: Published in the *Gazette* on 20 May 2005 to operate from 1 July 2005. Contains changes to the royalty (part-payment) provisions.
- Mining Amendment Regulations (No. 4) 2005: Published in the *Gazette* on 24 June 2005 to operate from 1 July 2005. Increases the fees and charges as approved by Cabinet.

*Petroleum (Submerged Lands)(Data Management) Regulations 2004 (Statutory Rules 2004, No. 111)*

These regulations came into effect on 4 June 2004 and are the latest set of regulations issued by the Commonwealth in the introduction of an objective-based regulatory regime. They are intended to allow for data management arrangements to be responsive to changes in technologies and management systems. Under these regulations petroleum titleholders are required to have an accepted Data Management Plan.

*Petroleum (Submerged Lands) (Management of Well Operations) Regulations 2004*

These regulations came into effect on 1 December 2004, and are the latest set of petroleum regulations issued by the Commonwealth. The regulations are objective-based, to allow for well activity arrangements to be changed in response to technological developments and other circumstances whilst adhering to key legislative principles. An essential part of this flexibility is the development of an agreed Well Operations Management Plan (WOMP) that specifies acceptable methods of conducting well operations in accordance with sound engineering principles and good oil-field practice.



## Other

### Legislation currently before Parliament.

#### *Mining Amendment Bill 2005*

The Bill was passed by the Legislative Assembly on 30 June 2005 and is currently before the Legislative Council. This Amendment Bill contains changes that are necessary to overcome inconsistencies with the provisions of the *Mining Act 1978* and the reversion licence application scheme included in the *Mining Amendment Act 2004*.

#### *Petroleum Legislation Amendment and Repeal Bill 2004*

The Bill was introduced into Parliament in April 2005. The Bill 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 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*.

#### *Coal Miners' Welfare Amendment Bill 2004*

The purpose of this Bill is to improve the effectiveness of the operation of the Coal Miners' Welfare Board and the Coal Miners' Welfare Fund. The Bill was passed by the Lower House on 30 June 2004 but due to State Government Elections was re-introduced on 7 April 2005. It was passed by Lower House on 5 May 2005 and presented to Upper House on 17 May 2005. It is still awaiting Parliamentary approval as at 30 June 2005.

### Yet to be Proclaimed

#### *Dangerous Goods Safety Act 2004*

This Act relates to the safe storage, handling and transport of dangerous goods and for related purposes. The Act was given assent by the Governor on 10 June 2004, but will remain dormant until the new suite of subsidiary regulations is drafted.

*Mining Amendment Act 2004* (No. 39 of 2004): Assented to 3 November 2004, has not yet been proclaimed to commence. The Amendment Act contains reforms resulting from the Technical Taskforce on Native Title, the Bowler Inquiry into Greenfields Exploration in WA and the Keating Review of the Project Development Approvals System. The main purpose of the Act is to reduce the backlog of mining lease applications by allowing the applications to be reverted back to licence where continuing exploration rather than productive mining is the intention. In addition new mining lease applications can only be made when a mineral resource has been identified or mining is ready to commence.

#### *Offshore Minerals Act 2003*

*Petroleum Safety Act 1999*: This Act was assented to 21 June 1999 and has not been proclaimed. The Act relates to the health and safety of persons at petroleum sites and is due to be repealed with the passage of the *Petroleum Legislation Amendment and Repeal Bill 2005*.

## Appendix 2: State Agreements Acts (Major Resource Projects)

The 72 State Agreement Acts administered by the Department of Industry and Resources on behalf of the Government of Western Australia, at 30 June 2005 are:

### *Government Agreements Act 1979*

#### **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 (Terminated)*

*Wood Chipping Industry Agreement Act 1969 (Terminated)*

*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 (which incorporates the Gorgon Gas Processing and Infrastructure Project Agreement)*

#### **Gold**

*Tailings Treatment (Kalgoorlie) Agreement Act 1988*

**Iron Ore and Steel**

*Broken Hill Proprietary Company's Integrated Steel Works Agreement Act 1960 (Terminated)*  
*Broken Hill Proprietary Steel Industry Agreement Act 1952 (Terminated)*  
*Iron Ore (The Broken Hill Proprietary Company Limited) Agreement Act 1964 (Terminated)*  
*Iron Ore (Channar Joint Venture) Agreement Act 1987*  
*Iron Ore (Goldsworthy-Nimingarra) Agreement Act 1972*  
*Iron Ore (Hamersley Range) Agreement Act 1963*  
*Iron Ore (Hamersley Range) Agreement Act Amendment Act 1968*  
*Iron Ore (Hope Downs) Agreement Act 1992*  
*Iron Ore (McCamey's Monster) Agreement Authorization 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 Authorization 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 (Terminated)*  
*Iron Ore Beneficiation (BHP) Agreement Act 1996*  
*Iron Ore Direct Reduced Iron (BHP) Agreement Act 1996*  
*Iron Ore (Yandicoogina) Agreement Act 1996*  
*Iron & Steel (Mid West) Agreement Act 1997 (Terminated)*  
*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 1970*  
*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 Limited) 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*  
*Commonwealth Oil Refineries Limited (Private) Act 1940*  
*Texas Company (Australasia) Limited (Private) Act 1928*

**New Agreements Ratified (2004/2005)**

During the reporting period, the following New Agreements were ratified:  
Nil

**Variation (2004/2005)**

During the reporting period, the following State Agreement Act was varied:  
*Iron Ore (Hope Downs) Agreement Act 1992*

**Agreements Terminated (2004/2005)**

During the reporting period, the following State Agreements were terminated:  
Nil

**Agreement Acts Repealed (2004/2005)**

During the reporting period, the following State Agreement Acts were repealed:  
Nil

## Appendix 3: Abbreviations and Acronyms

AMC	Australian Marine Complex
ANZATECH	A conference showcasing exclusively Australian and New Zealand ICT technology.
ASIO	Australian Security Intelligence Organisation
ATSIC	Aboriginal and Torres Strait Islander Commission
ASX	Australian Stock exchange
AusAID	Australian Agency for International Development
AXTAT	An information system developed to record and retrieve information about lost-time injuries and disabling injuries resulting from accidents in the workplace
BHPBIO	BHP Billiton Iron Ore
BTS	Business and Trade Services
CALM	Department of Conservation and Land Management
CBR	Chemical, Biological and Radiological
CD	Compact Disc
CeBIT	A trade exhibition showcasing ICT technologies.
CGE	Computable General Equilibrium (model)
CNOOC	China National Offshore Oil Corporation
COAG	Council of Australian Governments
CONTAM	Contaminant Monitoring: a database for contaminants being continuously monitored at all mine sites in WA.
CCIF	Coordinated Communications Infrastructure Fund (CCIF).
CS	Corporate Support
DoIR	Department of Industry and Resources
DOCEP	Department of Consumer and Employment Protection
DPI	Department for Planning and Infrastructure
EAF	Environmental Assessors Forum
EMP	Environmental Management Plan
EPA	Environmental Protection Authority
EP	Environmental Plan
FESA	Fire and Emergency Services Authority
FOI	Freedom of Information
FSL	Forensic Science Laboratory
GSWA	Geological Survey of Western Australia

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HAZMAT	Hazardous Materials
HEAT	HAZMAT Emergency Action Team HEAT
ICT	Information & Communications Technology
IP	Intellectual Property
IS	Investment Services
KPI	Key Performance Indicator
LNG	Liquefied Natural Gas
LTIFR	Lost Time Injury Frequency Rate
MHF	Major Hazards Facilities
MIAC	Mining Industry Advisory Committee
MiTis	Mineral Titles Electronic Information System
MILC	Mining Industry Liaison Committee
MINEHEALTH	Mining Industry Health Database
MI	Minerals Institute
MOU	Memorandum of Understanding
MOSHAB	Mines Occupational Safety and Health Advisory Board
MPS	Mineral and Petroleum Services
MSIG	Mines Safety Improvement Group
NOHSC	National Occupational Health and Safety Commission
NTA	Native Title Act
NATA	National Testing Authority
NOI	Notice of Intent
NOPSA	National Offshore Petroleum Safety Authority
OAED	Office of Aboriginal Economic Development
OAG	Office of Auditor General
OSHA	Occupational Safety and Health Act 1984
ODG	Office of Director General
OSS	Open Source Software
OSCP	Oil Spill Contingency Plans
PRD	Petroleum and Royalties Division
PWA	Petroleum in Western Australia magazine
QMS	Quality Management System
RSHA	Regional Standard Heritage Agreements
SSAN	Security Sensitive Ammonium Nitrate
SMS	Safety Management Systems
SCG	Staff Consultation Group (of DoIR)
SCP	State Communication Policy

SDS	State Development Strategies
SHD	Safety and Health Division (of DOCEP)
SHR	Safety and Health Representatives (elected)
TIFR	Total Injury Frequency Rate
WAITOC	Western Australian Indigenous Tourism Operators Committee
3D	Three Dimensional

## Appendix 4: Service Provision Measures

This section reports the results for performance measures cited in the 2004/05 Budget Papers. It was not submitted for audit by OAG and is not subject to the auditor's opinion re Key Performance Indicators.

<b>Output 1: Titles and Royalties Administration</b>	<b>2004/05</b>		<b>Reason for Significant Variation/Source of data</b>
	<b>Budget</b>	<b>Actual</b>	
<b>Total Cost (\$'000)</b>	21 857	22 036	

### Quantity

Mineral title service units	27 000	25 689	<i>As the new provisions to reduce Mineral Title Backlog are not due to come into force until October 2005 Budgeted target was not met.</i>
Petroleum title operation and resource services	3 600	4 456	<i>The increase in services delivered was due to increased activity in the resources sector</i>
Royalty returns verified and audited	1 100	1 214	<i>Extra resources were allocated to undertake audits.</i>

### Cost (Efficiency)

Average cost per mineral title service	\$631	\$669	
Average cost per petroleum title operation and resource service	\$850	\$692	
Average cost per royalty return verified and audited	\$1 575	\$1 452	<i>An increased number of audits over budget were conducted that reduced the average cost.</i>



<b>Output 2: Health, Safety and Environmental Services</b>	<b>2004/05</b>		<b>Reason for Significant Variation/Source of data</b>
	<b>Budget</b>	<b>Actual</b>	
TOTAL COST (\$'000)	20 829	22 371	<i>This variance is due to a number of reasons including HAZMAN development and the engagement of consultants for reviews.</i>

**Quantity**

Health and safety weighted units of service provided to the minerals industry	217 500	245 786	<i>Variance due to increase in number of mining related technical reviews and new publications</i>
Environmental regulatory weighted units of service provided to the minerals industry	70 000	53 100	<i>This decrease is due to staff shortages, both through vacancies and long service leave. This had a significant impact on the number of inspections and reviews.</i>
Petroleum safety and health weighted units of audits and assessment	2 163	1 202	<i>Decrease resulted from off-shore audits and related activities transferring to NOPSA from 1 January 2005.</i>
Petroleum environmental weighted units of audits and assessment	650	818	<i>Variance due to increase in number of audits and assessments.</i>

**Cost (Efficiency)**

Average cost per health & safety weighted service provided to the minerals industry	\$70	\$68	
Average cost per environmental regulatory weighted service provided to the minerals industry	\$29	\$43	
Average cost per petroleum safety and health weighted unit of audit and assessment	\$1 006	\$2 029	
Average cost per petroleum environmental audit and assessment	\$1 179	\$1 025	

<b>Output 3: Project and Infrastructure Facilitation Services</b>	<b>2004/05</b>		<b>Reason for Significant Variation/Source of data</b>
	<b>Budget</b>	<b>Actual</b>	
<b>Total Cost (\$'000)</b>	29 403	29 051	

**Quantity**

Resource sector information services delivered	8	9	<i>Increased market activities</i>
Resource sector investment attraction programs delivered	6	6	
Infrastructure projects facilitated	44	53	<i>Increased activity in the North West.</i>
Resource development projects facilitated	88	89	

**Cost (Efficiency)**

Average cost per resource sector information service program delivered	\$73 508	\$64 580	<i>The average decreased due to an increase in the number of resources sector information programs delivered</i>
Average cost per resource sector investment attraction program delivered	\$245 025	\$242 175	
Average cost per infrastructure project facilitated	\$487 823	\$400 274	<i>The average cost per resource project facilitated decreased in response to an increase in the number of projects being facilitated</i>
Average cost per resource development project facilitated	\$66 825	\$65 305	

<b>Output 4: Geological Services</b>	<b>2004/05</b>		<b>Reason for Significant Variation/Source of data</b>
	<b>Budget</b>	<b>Actual</b>	
<b>Total Cost (\$'000)</b>	\$22 119	\$25 349	<i>The higher actual expenditure is largely due to an extraordinary item relating to the write-down of the value of the Department's publications inventory at Carlisle.</i>

**Quantity**

Weighted total published products (WTPP)	80	78.32	
Weighted data transaction units (WDTU). Transactions include data receipt, accessioning, capture, storage and retrieval	88 000	92 141	

**Cost (Efficiency)**

Average cost per weighted total published product	\$234 781	\$264 369	<i>Higher than last year due to the failure of a contractor engaged under the new pre-competitive geoscience information initiative to deliver data in time for it to be converted into product by 30 June 2005.</i>
Average cost per weighted data transaction unit	\$39	\$50	<i>Higher than last year due to the direction of significant expenditure towards the transcription of old seismic data tapes to new media in 2004/05. This is not reflected in the performance measure.</i>

<b>Output 5: Scientific Services</b>	<b>2004/05</b>		<b>Reason for Significant Variation/ Source of data</b>
	<b>Budget</b>	<b>Actual</b>	
<b>Total Cost (\$'000)</b>	9 278	10 038	<i>Attributable to write-off of architects fees for abandoned Midland project</i>
<b>Quantity</b>			
Chargeable hours of time involved in provision of services	72 080	73 605	
<b>Cost (Efficiency)</b>			
Average cost per chargeable hour of providing service	\$129	\$136	<i>Attributable to write-off of architects fees for abandoned Midland project</i>

<b>Output 6: Industry Development Services</b>	<b>2004/05</b>		<b>Reason for Significant Variation/ Source of data</b>
	<b>Budget</b>	<b>Actual</b>	
<b>Total Cost (\$'000)</b>	24 591	37 119	<i>See Explanation of variance note below</i>
<b>Quantity</b>			
Industry and Trade projects facilitated	14	16	
Aboriginal Economic Development projects facilitated	7	7	
<b>Cost (Efficiency)</b>			
Average cost of Industry and Trade projects facilitated	\$1 475 428	\$1 948 748	<i>See Explanation of variance note below</i>
Average cost of Aboriginal Economic Development projects facilitated	\$562 142	\$848 434	<i>See Explanation of variance note below</i>

## Explanation of variance

*The variance between the Budget and Actual figures was due to post-budget initiatives arising from election commitments and an increase in financial assistance given. The post-budget initiatives included Education Exports and Kimberly Indigenous Arts Strategy. There were internal transfers of \$1.9 million for financial assistance, which are not counted as projects but have the effect of increasing Output 6 costs, and hence, average project costs.*