



annual
report
2017–18

A circular collage of various photographs depicting scenes from different industries and sectors, including mining, agriculture, healthcare, construction, and technology. The images are arranged in a circular pattern around the central text.

Contacts

Department of Mines, Industry Regulation and Safety

Mineral House, 100 Plain Street, East Perth, Western Australia 6004

Telephone: 1300 136 237

National Relay Service: 13 36 77

(telephone access for people who are deaf or have a hearing or speech impairment)

Email: online@dmirs.wa.gov.au

www.dmirswa.gov.au

This report is available online and in alternative formats upon request.

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Statement of compliance

For year ended 30 June 2018

Hon. Bill Johnston MLA

MINISTER FOR MINES AND PETROLEUM; COMMERCE AND INDUSTRIAL
RELATIONS; ELECTORAL AFFAIRS; ASIAN ENGAGEMENT

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament the Report of the Department of Mines, Industry Regulation and Safety for the reporting period ending 30 June 2018.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and any other relevant written law.



David Smith
Director General
13 September 2018

About this report

Integrated reporting approach

The 2017–18 Annual Report is the inaugural report for the Department of Mines, Industry Regulation and Safety (the department).

This first report for the new department adopts the principles of integrated reporting to bring greater cohesion to the reporting process by breaking down siloed reporting. Information in this annual report is stylised and presented to demonstrate the department's role as a regulator, service provider and policy maker.



Regulator



Service Provider



Policy Maker

Figure 1: Icons used to represent the three approaches

By presenting the department's achievements and performance, and identifying case studies through the three approaches of the department, this report allows greater visibility and provides meaning to our decisions and the relationships with our stakeholders. It is a targeted effort to connect strategy, budget, governance and performance. As a new department this report presents our work in the context of priorities of government.

Our first 12 months of operation from proclamation of the department on 1 July 2017 required significant adjustment as we continued to fine-tune the amalgamations of functions. This annual report reflects how we have successfully integrated business functions, redefined who we are, and established our regulatory stewardship role.

This integrated thinking and style of reporting is a fresh and new approach that will become more embedded into departmental activities over time, naturally establishing the connection of information to the roles of regulator, service provider and policy maker.

The department's annual report structure

The report is divided into six key sections:

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Introduces the department, our operational structure and provides a summary of our performance management framework.	
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Details the significant issues impacting the agency and outlines some of the future opportunities for the resources and industry sectors in Western Australia. It provides a summary of key achievements and performance.	
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Message from the Director General



***'Coming together is a beginning,
keeping together is progress,
working together is success.'***

– quote by Author and Historian Edward Everett-Hale.

This inaugural annual report signals the end to our first successful 12 months of operation, after uniting the two former departments of Commerce and Mines and Petroleum, to form the Department of Mines, Industry Regulation and Safety on 1 July 2017.

Working together over the last 12 months, has given us the opportunity to rethink and refocus our efforts. This I believe, has put us in a strong position to respond to the new challenges and expectations of government.

Our entire approach to harmonising our functions was driven by our purpose and goal of aligning our business with government priorities.

By focusing on our approach as regulator, service provider and policy maker, we have worked towards improving customer-centric service delivery, providing greater collaboration with internal and external stakeholders, streamlining regulation and maximising opportunities for digital delivery.

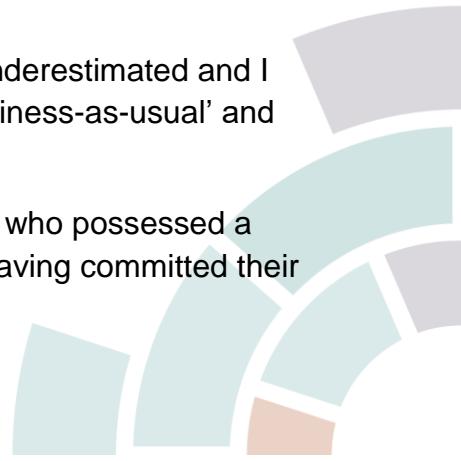
Our vision for this report was to showcase our achievements, performance and case studies through these three approaches, thereby promoting our integration and reducing siloed reporting.

Word of appreciation

Many of the achievements detailed in this annual report would not have been possible without the dedication and commitment of our officers. I am very proud of the way our staff have conducted themselves during this period of change and uncertainty, and I commend the level of professionalism demonstrated by all.

The scale and complexity of moving to a new structure should not be underestimated and I recognise staff for their tremendous efforts in continuing to work as 'business-as-usual' and delivering a broad range of services.

One of the challenges we faced during the year, was losing key officers who possessed a wealth of knowledge and experience that served the State well, some having committed their





entire professional career to the public sector (and some, this department). Their contribution to the development of Western Australia's economy and community is much appreciated, and I wish them all the very best for the future.

I would like to acknowledge and thank our stakeholders – the many individuals, businesses and organisations that have also contributed to our success. We look forward to continuing to work together to improve outcomes for the community.

My final thanks go to all of the members of our corporate executive team (past and present) and our extended leadership team for their hard work and advice. I am very confident that our department is in good position to embrace 2018-19 and will continue its important role in delivering services for the Western Australian community.

It gives me great pleasure to present to you, the inaugural annual report for the Department of Mines, Industry Regulation and Safety Annual Report 2017–18.

Section 1: Overview



Mines Safety Inspectors at work

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Executive summary

The purpose of the department, which was developed when the two former departments of Commerce and Mines and Petroleum were amalgamated, is **supporting a safe, fair and responsible future for the Western Australian community, industry and resources sector.**

The department's new organisational structure came into effect on 22 January 2018. The new structure positioned the department to best achieve the goals for Machinery of Government reforms whilst regulating the mining, building and construction industries, elevating worker safety, and assuming consumer protection and labour relations responsibilities.

In keeping with the department's approach, information in this annual report has been presented to demonstrate the role the department plays as regulator, service provider and policy maker.

During 2017–18, the State government budget repair, Machinery of Government changes, disruptive innovations and emerging technologies, and the fluctuating demand for the State's commodities were some of the challenges felt across the public sector, including the department. Other noteworthy issues and significant events that specifically impacted the department's priorities included the government's increased focus on worker safety in Western Australia, the department's regulatory role in promoting the responsible development of Western Australia's mineral and petroleum industry, the Grenfell Tower fire incident aftermath, and family and domestic violence in the community. Further detail on these issues and their impact on the department can be found in the [significant issues and trends](#) section.

The department accomplished much in its first year. Some of the more significant highlights contained in the [key achievements](#) section include: assessing more than 1,700 privately owned buildings audited as part the State-wide Cladding Audit; the Programme of Work Spatial lodgement system; assistance in settling 20 industrial agreements covering almost 80,000 public sector employees; and the department's response to family and domestic violence.

Section three of the report, [disclosures and legal compliance](#), outlines other financial and governance disclosures. Recognising that our greatest asset is our staff, this section also includes employment and industrial relations matters, compliance with public sector standards and ethical codes and government policy requirements.

The [key performance indicator report](#) provides detail on how the department has performed during the year against its targets. The majority of targets were met or exceeded for 2017–18, with a summary of this performance provided in the agency performance section. [Financial statements](#) providing comprehensive information on the department's financial situation have been provided in section five.



Finally, our [appendices](#) contain additional information on the department's activities including specific reporting, changes to written law, legal actions and functions of boards, commissions, committees, panels, and working groups.

The department is committed to understanding and striving to exceed our standards by encouraging feedback. Feedback on this annual report is requested and encouraged, with a feedback form provided on the last page.

Year in numbers

- eNotice resulted in at least \$1.025 million in savings for electrical contractors and gas fitters.
- 2,643 Programmes of Work applications for exploration ground disturbance were assessed and approved.
- Assisted in settling 20 registered industrial agreements covering almost 80,000 public sector employees.
- Building materials on more than 1,700 privately owned buildings were checked by an audit into potentially combustible cladding.
- Safety Regulation Group inspectors conducted 9,235 physical workplace visits.
- 97 per cent of mining tenure applications were determined within target timelines.
- WA consumers recouped a total of \$3.85 million as a result of dispute resolution efforts.
- \$5.9 billion in mineral and petroleum royalties were collected on behalf of the State.
- The total rate of improvement for all work-related injuries and diseases, since the *Occupational Safety and Health Act 1984* came into effect 29 years ago in 1988-89, is 78.1 per cent.

Our journey

On Friday 28 April 2017, the Premier announced Machinery of Government changes for the Western Australian public sector.

The former Department of Mines and Petroleum and Department of Commerce were amalgamated to form the new Department of Mines, Industry Regulation and Safety.

The department's transition journey through 2017–18 is illustrated in Figure 2:

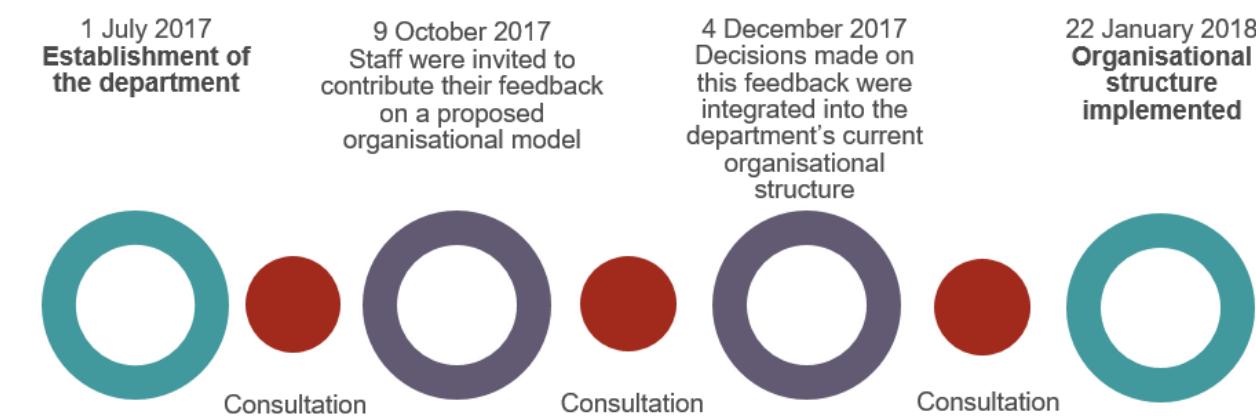


Figure 2: Our journey timeline

The department is continuing to build on this new organisational structure and is working towards continued improvement, including regular pulse surveys with staff.

This structure has positioned the department to achieve the Government's Machinery of Government goals of creating collaborative departments focused on whole-of-government objectives and delivering services in a more efficient and effective way.

Further, our organisational structure allows us to deliver our services with a focus on our purpose of **supporting a safe, fair and responsible future for the Western Australian community, industry and resources sector**.

Operational structure

Organisational chart



Figure 3: Organisational chart

Prior to the above organisational structure being implemented from 22 January 2018, an interim structure was in place from 1 July 2017 to 21 January 2018. During this period, the following senior officers also held positions on the Executive Leadership Group:

- Ken Bowron
- Karen Caple
- Jeffrey Haworth
- David Hillyard
- Lex McCulloch
- Sandy Newby
- Simon Ridge
- Ivor Roberts
- Rick Rogerson

The department delivers services through the following Groups:

- Resource and Environmental Regulation
- Industry Regulation and Consumer Protection
- Safety Regulation
- Service Delivery
- Strategic Business Innovation
- Corporate Services

Resource and Environmental Regulation Group

The Resource and Environmental Regulation (RER) Group is responsible for the regulation of one of Western Australia's largest industry sectors. The Group plays a critical role in building the State's economy while ensuring its resources are developed in a sustainable and responsible manner.

The RER Group oversees the regulatory and policy requirements of the resources sector, in all areas with the exception of worker safety. The RER Group also delivers the department's geoscience functions, including providing geoscientific data to reduce risk for explorers, and increasing the attractiveness of Western Australia as a destination of choice for resource companies.

The functions of the RER Group include: Resource Tenure, Resource and Environmental Compliance, and Geoscience and Resource Strategy (including the former Geoscience Western Australia). Geological Survey of Western Australia remains a key brand for this Group.



Industry Regulation and Consumer Protection Group

The Industry Regulation and Consumer Protection (IRCP) Group works towards ensuring that building, plumbing, gas and electricity services are safe, and there is a fair trading environment for Western Australian consumers and traders.

The IRCP Group does this by setting and enforcing technical safety requirements, standards and legislation for the building, plumbing, gas and electrical industries. The IRCP Group also ensures there is a fair trading environment by applying the Australian Consumer Law and other trading and occupational legislation. It sets policy for the areas it regulates and provides information and advice to consumers and industry.

The functions of IRCP Group include: Building and Energy (formerly the Building Commission and Energy Safety divisions) and Consumer Protection. Importantly, recognisable brands continuing for this Group include FuelWatch, WA ScamNet, Seniors Housing Advisory Centre.



Safety Regulation Group

The Safety Regulation (SR) Group oversees the regulatory and policy requirements of workers health and safety in the resources and general industries sectors. It also covers the licensing regime and safety legislation for dangerous goods, including regulation of the State's major hazard facilities and petroleum operations. The SR Group is responsible for the coordination,

governance, and consistent management of public sector labour relations, assists private sector employers and employees in understanding and achieving compliance with Western Australian employment laws, and shapes and implements labour relations policy and legislative reform.

The SR Group plays a significant part in building and strengthening Western Australia's economy, by ensuring that one of its most significant assets, its workforce, operates in a healthy and safe environment where their rights as workers are protected.

The SR Group unifies the regulation and enforcement of worker safety from both former department functions. Recognisable and continuing brands and services provided by the SR Group include: Dangerous Goods and Petroleum Safety, Labour Relations, Mines Safety, Regulatory Support, WorkSafe and Wageline.



Service Delivery Group

Working collaboratively across the department, the new Service Delivery (SD) Group maintains strong links with operational areas, supplying and sharing relevant knowledge and information and delivering a range of services on behalf of the department. The SD Group remains alert to opportunities to improve and evolve service delivery methods that are efficient, effective and keep pace with the advancement of technology.

The functions of the SD Group include: Licensing Services, Investigations, Legal Services and Customer Information.

Strategic Business Innovation Group

The Strategic Business Innovation (SBI) Group was established to bring together a new focus on a whole-of-department strategic capability, fostering innovation to build a high performance organisation. SBI is a forward facing Group working towards creating a vision, strategies, purposeful policies, and detailing a plan to move the department into the digital world. The SBI Group will ensure that investments in these digital strategies are made with detailed feasibility and viability evaluation to deliver customer centric-design and value for money.

The functions of the SBI Group include: Business Innovation (including Information and Communications Technology); Compliance and Risk; Internal Audit; and Strategic Policy.

Corporate Services Group

The Corporate Services (CS) Group provides a range of corporate functions, which work towards assisting the department in achieving its strategic and operational objectives by offering specialist advice, effective business systems and internal controls.

The functions of CS Group include: Executive and Information Management Services; Facilities Services; Human Resources; and the Office of the Director General.

Enabling legislation

The department was established under the *Public Sector Management Act 1994* on 1 July 2017. The department was an amalgamation of the former Department of Mines and Petroleum and the Department of Commerce.

Responsible Minister



The Honourable Bill Johnston MLA

Mr Johnston is the Minister for:

- Mines and Petroleum;
- Commerce and Industrial Relations;
- Electoral Affairs; and
- Asian Engagement.



About us

Corporate Executive



David Smith Director General

During the past 12 months, David Smith has led the way in amalgamating the former Department of Mines and Petroleum and Department of Commerce to establish the new department. Previously, David was appointed Acting Director General at the Department of the Premier and Cabinet (DPC) in August 2016, where he had been the Deputy Director General since August 2008. Before his work at the DPC, David was a member of the Corporate Executive of the former Department of Treasury and Finance, with responsibility for economic policy. He held a variety of positions for 12 years. David also has more than 20 years of experience in the Commonwealth public service, including the Department of the Prime Minister and Cabinet and an overseas posting with the Department of Foreign Affairs and Trade. In addition, he has also worked with a private economic consultancy in London.



Phil Gorey

Resources and Environmental Regulation Group

Phil Gorey has more than 20 years' experience in natural resources management, environmental assessment and regulation of mining and heavy industry.

Previously Phil was with the former Department of Mines and Petroleum, and has experience in delivering challenging policy reform programs in areas such as regional water management strategies, land use planning and natural resource development. Phil has worked in State government departments in Victoria and South Australia, and prior to joining the department, was a principal in a private sector consultancy.



Peter Gow

Industry Regulation and Consumer Protection Group

Peter Gow has extensive experience in building design, construction and project management, specialising in construction contracts, dispute resolution and building codes and regulation. He served for 12 years as the Western Australian Government representative on the Australian Building Codes Board. Previously Peter was with the former Department of Commerce, where he progressed building regulation reform as the Building Commissioner.

Peter retired at the end of 2017–18 having served 47 years in the Western Australian State public sector.



Ian Munns

Safety Regulation Group

Ian Munns has been involved in a diverse range of activities ranging from undertaking compliance activities through to several positions as a national manager for functions within a Commonwealth department during his 25 years in a variety of roles in the Australian public service.

Previously Ian was with the former Department of Commerce as Executive Director, Corporate Services for two years and as the Director of Policy and Education in the WorkSafe Division for a period of five years.



Gary Newcombe

Service Delivery Group

Gary has more than 35 years' experience in the Commonwealth and State public sectors, primarily in the areas of legal services; corporate investigations; policy development; community education and service delivery. Previously, Gary was a director with Consumer Protection for 20 years. Prior to joining Consumer Protection, Gary worked in a range of legal, policy and investigations roles in the Commonwealth and Western Australian Public Services; for the Western Australian Parliament; and as a Ministerial advisor.



Julie de Jong

Strategic Business Innovation Group

Julie de Jong has extensive experience in high level transformational change, project management, and leadership of innovative solution development.

Previously Julie was with the former Department of Mines and Petroleum, and prior to that the former Department of Commerce, as Executive Director Strategic Projects and Executive Director Industry, Science and Innovation respectively.



Mick Banaszczyk

Corporate Services Group

Mick Banaszczyk has a wealth of experience in the areas of audit, industrial relations, finance, strategic planning and policy development.

Previously Mick was with the former Department of Mines and Petroleum as the Executive Director, Corporate Support. He also held positions with various state agencies, including the Water Corporation, Department of the Attorney-General and the Crime and Corruption Commission.

Connecting with our stakeholders

The department works closely with its stakeholders to achieve policy reform, conduct regulatory functions and enhance service delivery for Western Australians. The department's engagement strategies facilitate opportunities for stakeholders to provide input, and we adopt our communication and consultation approaches to the specific circumstances, enabling innovation in support of effective collaboration. The department's stakeholders are detailed below.



Figure 4: The department's stakeholders

Administered legislation

The department assists the Minister for Mines and Petroleum; Commerce and Industrial Relations in the administration of the Acts listed in Table 1 below.

Table 1: Legislation administered by the department 2017–18

A	<i>Employment Agents Act 1976</i> <i>Employment Dispute Resolution Act 2008</i>
<i>Architects Act 2004</i>	
<i>Associations Incorporation Act 2015</i>	
<i>Auction Sales Act 1973</i>	
B	
<i>Barrow Island Royalty Trust Account Act 1985</i>	
<i>Barrow Island Royalty Variation Agreement Act 1985</i>	
<i>British Imperial Oil Company, Limited (Private) Act 1925</i>	
<i>Building Act 2011</i>	
<i>Building Services (Complaint Resolution and Administration) Act 2011</i>	
<i>Building Services (Registration) Act 2011</i>	
<i>Building Services Levy Act 2011</i>	
<i>Business Names (Commonwealth Powers) Act 2012</i>	
<i>Business Names Act 1962</i>	
C	
<i>Charitable Collections Act 1946</i>	
<i>Chattel Securities Act 1987</i>	
<i>Churches of Christ, Scientist, Incorporation Act 1961</i>	
<i>Coal Miners' Welfare Act 1947</i>	
<i>Commercial Tenancy (Retail Shops) Agreements Act 1985</i>	
<i>Competition Policy Reform (Taxing) Act 1996</i>	
<i>Competition Policy Reform (Western Australia) Act 1996</i>	
<i>Conspiracy and Protection of Property Act of 1900</i>	
<i>Construction Contracts Act 2004</i>	
<i>Construction Industry Portable Paid Long Service Leave Act 1985</i>	
<i>Co-operatives Act 2009</i>	
<i>Credit Act 1984</i>	
<i>Credit (Administration) Act 1984</i>	
<i>Credit (Commonwealth Powers) (Transitional and Consequential Provisions) Act 2010</i>	
<i>Credit (Commonwealth Powers) Act 2010</i>	
D	
<i>Dangerous Goods Safety Act 2004</i>	
<i>Debt Collectors Licensing Act 1964</i>	
<i>Decimal Currency Act 1965</i>	
<i>Disposal of Uncollected Goods Act 1970</i>	
<i>Distress for Rent Abolition Act 1936</i>	
<i>Dividing Fences Act 1961</i>	
E	
<i>Electricity Act 1945</i>	
<i>Energy Coordination Act 1994⁽¹⁾</i>	
<i>Energy Safety Act 2006</i>	
<i>Energy Safety Levy Act 2006</i>	
F	
<i>Fair Trading Act 2010</i>	
<i>Finance Brokers Control Act 1975</i>	
<i>Fremantle Buffalo Club (Incorporated) Act 1964</i>	
G	
<i>Gas Standards Act 1972</i>	
<i>Gas Supply (Gas Quality Specifications) Act 2009⁽²⁾</i>	
<i>Growers Charge Act 1940</i>	
H	
<i>Hire-Purchase Act 1959</i>	
<i>Home Building Contracts Act 1991</i>	
I,J,K	
<i>Industrial Relations Act 1979</i>	
L	
<i>Land Valuers Licensing Act 1978</i>	
<i>Law Reform (Common Employment) Act 1951</i>	
<i>Limited Partnerships Act 2016</i>	
<i>Long Service Leave Act 1958</i>	
M	
<i>Metric Conversion Act 1972</i>	
<i>Mines Safety and Inspection Act 1994</i>	
<i>Minimum Conditions of Employment Act 1993</i>	
<i>Mining (Validation and Amendment) Act 1986</i>	
<i>Mining Act 1978</i>	
<i>Mining On Private Property Act 1898</i>	
<i>Mining Rehabilitation Fund Act 2012</i>	
<i>Motor Vehicle Dealers Act 1973</i>	
<i>Motor Vehicle Repairers Act 2003</i>	
N	
<i>New Tax System Price Exploitation Code (Taxing) Act 1999</i>	
<i>New Tax System Price Exploitation Code (Western Australia) Act 1999</i>	
O	
<i>Occupational Safety and Health (Validation) Act 1998</i>	
<i>Occupational Safety and Health Act 1984</i>	
<i>Offshore Minerals (Consequential Amendments) Act</i>	
<i>Offshore Minerals (Registration Fees) Act 2003</i>	
<i>Offshore Minerals Act 2003</i>	
<i>Offshore Petroleum (Royalty) Act 2006</i>	
<i>Offshore Petroleum and Greenhouse Gas Storage Act 2006</i>	
P,Q	
<i>Personal Property Securities (Commonwealth Laws) Act 2011</i>	
<i>Petroleum (Submerged Lands) Act 1982</i>	

(1) Part 2 & 3 only; with the remainder of the *Energy Coordination Act 1994* administered by the Minister for Energy, principally assisted by the Department of Treasury.

(2) Part 5 Division 2 only; remainder of the *Gas Supply (Gas Quality Specifications) Act 2009* is administered by the Minister for Energy, principally assisted by the Department of Treasury.

Administered legislation cont.

P,Q cont.

Petroleum (Submerged Lands) Registration Fees Act 1982
Petroleum Act 1936
Petroleum and Geothermal Energy Resources (Registration Fees) Act 1967 *Petroleum and Geothermal Energy Resources Act 1967*
Petroleum and Geothermal Energy Safety Levies Act 2011
Petroleum Pipelines Act 1969
Petroleum Products Pricing Act 1983
Petroleum Retailers Rights and Liabilities Act 1982
Petroleum Titles (Browse Basin) Act 2014
Plumbers Licensing Act 1995⁽³⁾
Public and Bank Holidays Act 1972

R

Real Estate and Business Agents Act 1978
Residential Parks (Long-stay Tenants) Act 2006
Residential Tenancies Act 1987
Retail Trading Hours Act 1987
Retirement Villages Act 1992

S

Sale of Goods Act 1895
Sale of Goods (Vienna Convention) Act 1986
Settlement Agents Act 1981
Street Collections (Regulation) Act 1940
Sunday Entertainments Act 1979
T,U,V,W,X,Y,Z
Transfer of Incorporation (HBF and HIF) Act 2009

(3) Part 5A only, with the remainder of the *Plumbers Licensing Act 1995* administered by the Minister for Water, principally assisted by the Department of Water and Environmental Regulation.



Achieving government goals

The State government has four goals to guide the development of high level policies and/or priorities that support its vision. Given the variety and diversity of public agencies in Western Australia, not all of the goals are equally applicable to all agencies.

At the department, we focus on driving regulator stewardship to achieve strong communities, better places, and future jobs and skills in key service delivery areas for the benefit of all Western Australians. The following section shows these three goals and the specific outcomes we deliver against each goal.

Performance management framework

Western Australia's public sector performance management framework is referred to as Outcome Based Management (OBM). The OBM is the formal mechanism for the department to demonstrate accountability and transparency to Parliament and the general public, by:

- reporting on our Key Performance Indicators (KPIs);
- demonstrating our impact on achieving the government's goals; and
- delivering the government's desired outcomes across the public sector.

The OBM also enables the department to monitor how the services delivered achieve the intended outcomes. The services described in the department's OBM provide meaningful insight into our performance.

The relationship between government goals, agency outcomes and services is illustrated below:

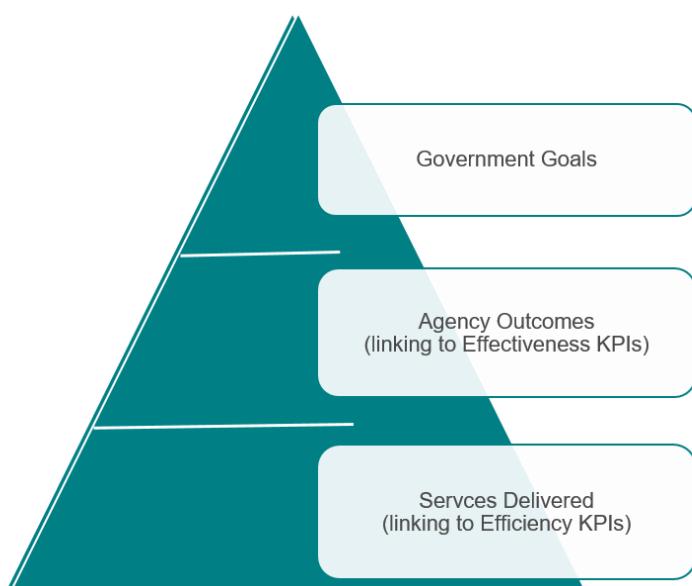


Figure 5: Relationship between government goals, agency outcomes and services

Outcome-based management framework

At the department, the OBM aligns with the Strategic Intent by reflecting the department's role as a regulator, service provider and policy maker. It is a helpful tool in monitoring the impact of its services. The department uses the OBM in the following way:

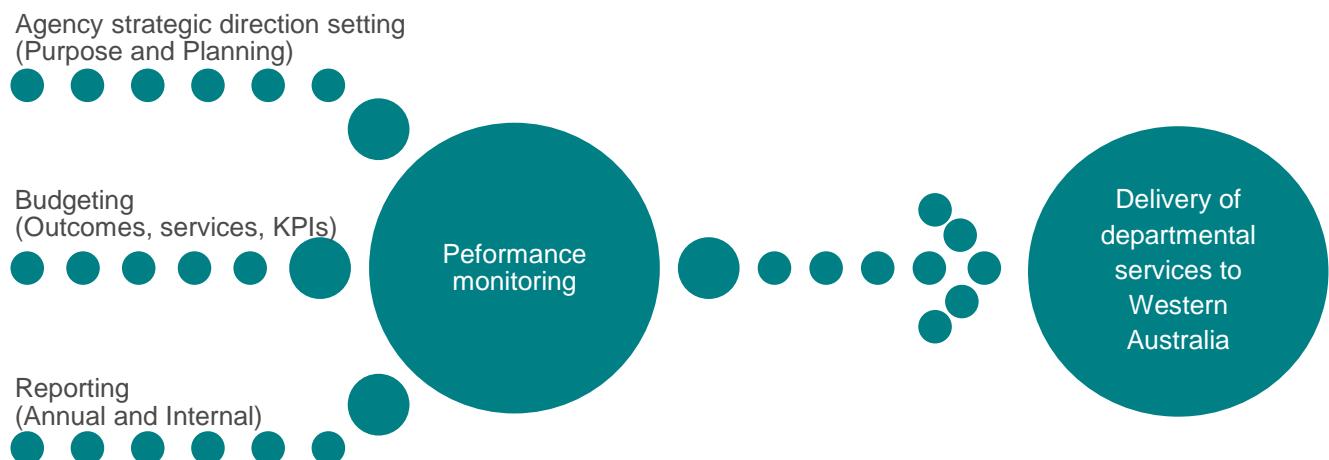


Figure 6: Role of OBM in monitoring departmental performance

The department's OBM framework illustrates the relationship between the Government's goals, agency outcomes and services with corresponding effectiveness and efficiency KPIs.

Government goal – ‘strong communities’

The department is committed to the ‘strong communities’ government goal, which focuses on achieving safe communities and supporting families by:

- fostering equity and inclusiveness;
- improving health and education outcomes; and
- enhancing community safety and resilience.

Table 2: Alignment of the department’s outcomes and services with ‘strong communities’

Outcomes	Services
O.1 A fair trading environment that protects consumers and traders in Western Australia. O1.1: The extent to which traders comply with regulatory requirements.	S.1 The provision of consumer protection advice, information, education and business regulation services to the Western Australian community. (Consumer Protection) S1.1: Average cost per client contact to provide information and advice. S1.2: Average cost per policy project. S1.3: Average cost per inspection or investigation. S1.4: Average cost per registration or licence.
O.2 Community in which the use of electricity and gas is regulated and safe. O2.1: Number of electricity-related serious injuries and fatalities per million population. O2.2: Number of gas-related serious injuries and fatalities per million population.	S.2 The provision of regulatory services to the Western Australian community through licensing and compliance activities in the area of energy safety. (Energy Safety) S2.1: Average cost of regulatory services. S2.2: Average cost or provision of licensing services.

Continued over page

Outcomes	Services
O.3 A workplace operated in a safe and healthy manner. O3.1: The extent to which workplaces meet occupational safety and health criteria in priority areas.	S.3 The provision of advice, information, education, licensing and enforcement services to the Western Australian community in the area of occupational safety and health. (WorkSafe) S3.1: Average cost per client contact to provide information and advice. S3.2: Average cost per inspection or investigation. S3.3: Average cost per registration or licence.

Government goal – ‘better places’

The department is committed to the ‘better places’ government goal, which focuses on a quality environment with liveable and affordable communities and vibrant regions by:

- delivering well planned liveable communities, and integrated transport networks;
- building strong and vibrant regions;
- protecting and enhance environmental and heritage values and assets; and
- delivering effective regulation to support sustainable development.

Table 3: Alignment of the department’s outcomes and services with ‘better places’

Outcomes	Services
O.4 Buildings and plumbing installations that are safe, sustainable and respond to community needs. O4.1: The extent to which building service providers comply with regulatory requirements.	S.4 The provision of government administration, licensing, regulatory and dispute resolution services that enable the building and plumbing industries, to efficiently deliver buildings and plumbing installations, that are safe, sustainable and respond to community needs. (Building Commission) S4.1: Average cost per inspection. S4.2: Average cost per registration or licence administered. S4.3: Average cost per building services and home building work contract dispute resolved. S4.4: Average cost per policy project managed
O.5 Contribute to making WA the destination of choice for responsible resource exploration, development and operations. O5.1: Percentage of applications determined within agreed timelines. O5.2: Percentage of compliance with regulated resource exploration and development conditions. O5.3: Percentage of compliance activities completed as planned. O5.4: Stakeholder satisfaction with the effectiveness of the department as regulator of the resource sector.	S.5 Providing resource sector information and advice to industry, community and government. (Resources) S5.1: Average weighted cost of information and product services. S.6 Managing land access for resource related activity. (Resources) S6.1: Average weighted cost of application determination services. S.7 Regulating resource sector development for health and safety, social responsibility, environment and dangerous goods. (Resources) S7.1: Average weighted cost of regulatory and compliance services.

Government goal – ‘future jobs and skills’

The department is committed to the ‘future jobs and skills’ government goal, which focuses on growing and diversifying the economy, creating jobs and supporting skills development by:

- reducing barriers to business growth;
- encouraging new industries and innovation attracting investment and maximise its impact;
- creating new jobs and apprenticeships;
- building a skilled workforce for the future; and
- developing economic infrastructure.

Table 4: Alignment of the department’s outcomes and services with ‘future jobs and skills’

Outcomes	Services
O.6 Shape and influence industrial relations systems in Western Australia. O6.1: The extent to which employers comply with the requirements of labour relations laws.	S.8 To assist private and public sector workplaces to be economically sustainable and fair by providing our stakeholders and clients with expert labour relations advice, education and regulation. (Labour Relations) S8.1: Average cost per hour of policy advice. S8.2: Average cost per client contact to provide information and advice. S8.3: Average cost per inspection or investigation

Changes to outcome-based management framework

The OBM framework in 2017–18 represented the amalgamation of the frameworks of two former departmental frameworks. The previous outcome and service relating to industry development and innovation functions from the former Department of Commerce was transferred to the Department Jobs, Tourism, Innovation and Science and is not reflected in the department’s OBM framework.

The amalgamation of the former departments’ OBM frameworks was supported by the Office of the Auditor General, Department of Treasury and the Minister as the most effective approach to maintain the integrity of existing methodology and governance practices for collecting and reporting on KPIs.

The 2017–18 period represents the first reporting for the amalgamated departments’ OBM frameworks. It reflects the broad range of services delivered by the new department with 10 effectiveness indicators and 19 efficiency indicators.

A significant body of work was undertaken during 2017–18, in reviewing contemporary approaches to performance measurement. A new OBM framework and suite of KPIs will be introduced for the 2018–19 financial year, which will capture the diverse work of the department in line with its core functions and objectives.

Shared responsibilities with other agencies

The department contributed to the delivery of several whole-of-government and cross-agency initiatives – each of which had shared accountabilities for their successful implementation. These shared responsibilities, detailed in Table 5, are reported against the 2017–18 Resource Agreement established between the responsible Minister, Director General and Treasurer.

Table 5: Shared responsibilities with other agencies in 2017–18

Initiative	Related outcome	Contributing agencies	Commitment ⁽¹⁾	Target 2017–18
Exploration Incentive Scheme	Promoting greenfield exploration in Western Australia's underexplored areas for mineral deposits and on frontier petroleum basins	Minister ⁽²⁾ ; DMIRS ⁽³⁾ ; and DPIRD ⁽⁴⁾ .	\$10.0M	Maintain investment and exploration activity at levels required for the long term sustainability of the State's resources sector
Fatigue and Isolated Drivers in the Commercial Vehicle Sector	A workplace operated in a safe and healthy manner	Minister; DMIRS; MRWA ⁽⁵⁾ ; and WAPOL ⁽⁶⁾ .	Staff and Resources provided by DMIRS and contributing agencies.	Target: 250 proactive stops proposed. Result: 169 proactive stops were conducted in Ravensthorpe and Northam with roadblocks in Middle Swan, Walgoolan and the Eucla between 1 July 2017 and 30 June 2018. Most locations involved collaboration with WA Police and Main Roads WA
Minerals Research Institute of Western Australia (MRIWA)	Encourage the development of minerals and energy industries and optimising economic returns from the mining industry to the State	Minister DMIRS; and MRIWA.	\$3.0M	Value of investment to stimulate minerals research.

(1) Finance or resource

(2) Minister for Mines and Petroleum; Commerce and Industrial Relations (Minister)

(3) Department of Mines, Industry Regulation and Safety (DMIRS)

(4) Department of Primary Industries and Regional Development (DPIRD)

(5) Main Roads Western Australia (MRWA)

(6) Western Australian Police (WAPOL)

Section 2: Performance



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Agency performance

Resource Agreements

The 2017–18 Resource Agreement between the department's Director General, Minister and Treasurer, was drafted in accordance with section 41 of the *Financial Management Act 2006*. It articulates the services to be delivered by the department, its financial and non-financial performance targets and the government's desired outcomes in the delivery of those services.

A summary of the department's financial performance and key performance indicators is provided below. Further detailed information regarding the department's non-financial performance for the financial year is provided in the Disclosures and legal compliance section of this report. A summary of the department's performance against whole of government and cross-agency initiatives, as contained in the 2017–18 Resource Agreement, is presented in the Overview (Shared responsibilities) section on page 23 of this report.

Financial performance – actual results against budget targets

The department's performance against the financial targets set for the 2017–18 financial year is outlined in the below table. Further detail is provided in the Financial Statements in section five.

Table 6: Summary of department's financial targets

Financial targets	2018 Target (\$'000)	2018 Actual (\$'000)	Variation (\$'000)
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	298,755	280,302	(18,453) ⁽¹⁾
Net cost of services (sourced from Statement of Comprehensive Income)	129,961	112,832	(17,129) ⁽²⁾
Total equity (sourced from Statement of Financial Position)	397,944	422,972	25,028 ⁽³⁾
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	7,705	56,243	48,538 ⁽⁴⁾
Approved salary expense level	161,146	152,001	(9,145) ⁽⁵⁾

(1) The total cost of services was lower than the target as additional savings measures and expenditure reductions were initiated by the department to alleviate the impact of regulatory revenue shortfalls for the financial year.

(2) Net cost of services was lower than the target due to note 1 and reduced collections of revenue. The department's revenue is volatile and reflects the downturn in the resources and building industries.

(3) The increase in equity is a result of the Treasurer's Advances received for the Mine Safety and Petroleum Safety special purpose accounts.

(4) The variance is as a result of note 3 and the transfer in of restricted cash as a result of Machinery of Government requirements.

(5) The reduction in salary expense limit is as a result of note 1.

Summary of key performance indicators

During 2017–18, the department reported on 10 effectiveness and 19 efficiency indicators. Each indicator reflects the department's performance as either regulator, service provider or policy maker. Figure 6 shows to what extent performance targets were met, exceeded or not met for each approach. The majority of targets were met or exceeded in 2017–18, demonstrating our strong performance as a regulator, service provider and policy maker.

Of the nine key performance indicators that did not meet targets, two related to not achieving the goal of zero fatalities/serious injuries in gas/electricity. The remaining seven reflected higher unit costs due mostly to reduced activity levels with largely fixed resources.

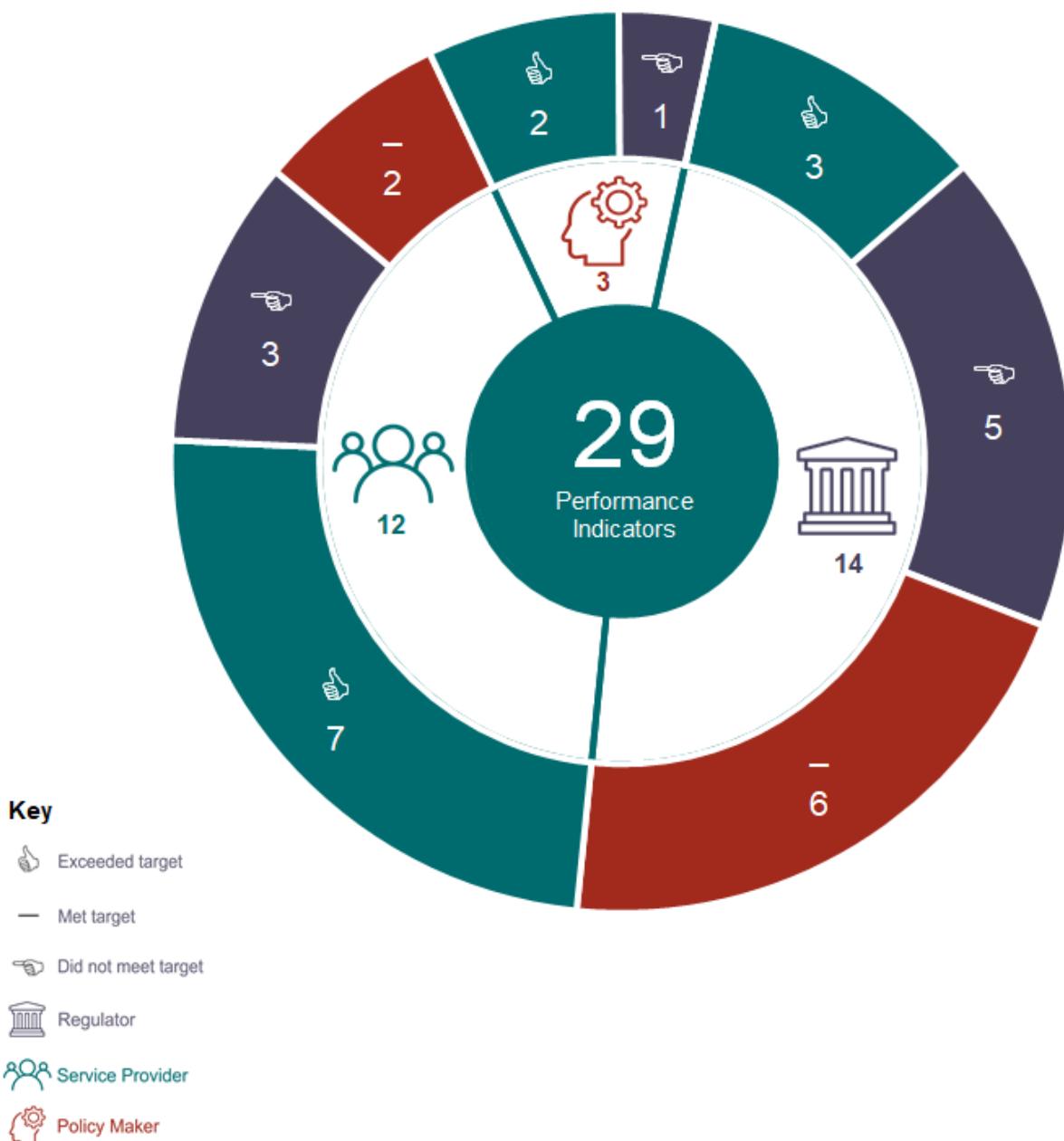


Figure 7: Summary of performance outcomes for 2017–18

Significant issues impacting the department

The department worked hard during the year to continue delivering services while adapting to the challenges of uniting as one department. The department, had to **harmonise** two different systems, reporting mechanisms, information technology infrastructures and operating structures and operate across several physical locations in Perth and the regions. This has been done while also responding to current and emerging issues for Western Australians. Some specific challenges which impacted the department's operations during 2017–18, have been described in the word cloud figure 8.



Figure 8: Significant issues facing the department

By focusing on Government priorities, we redefined ourselves and shifted our focus towards streamlining regulation and regulatory processes, improving customer-centric service delivery and maximising opportunities for digital delivery, and thinking innovatively to develop new ideas to address the regulatory challenges on a policy agenda. We have reviewed our structure and realigned our functions to best achieve the Machinery of Government goals.

The information in this section details activities that were impacted by significant issues and trends, and have been linked to demonstrate the role the department plays as regulator, service provider and policy maker.

Regulator

In establishing its regulatory stewardship role, the department prioritised work on **modernising and consolidating** primary workplace health and safety legislation for the resources sector and general industry. The Government approved the development of a new Work Health and Safety Bill. This Bill will be supported by regulations aimed at aligning and improving consistency between specific categories of industry at a state and national level.

Tracking and **monitoring worker safety** remains an important part of our regulatory function. According to the most recent preliminary data on work-related lost time injuries and diseases (LTI/Ds), the five year trend (2012-13 to 2016-17) for frequency rate, measured per one million hours worked, shows a 3.7 per cent reduction. In addition, the five year trend (2012-13 to 2016-17) for incidence rate, measured per hundred employees, shows a 4.1 per cent reduction.

The most recent data shows the average work-related traumatic injury fatality incidence rate for the five year period is 9.8 work-related traumatic injury fatalities per one million workers. This is a 7.4 per cent reduction from a fatality incidence rate of 13.5 for the five year period of 2012–13 to 2016–17. Trend data has been provided below in Figure 9.



Figure 9: Work-related traumatic injury fatalities between 2013-14 and 2017-18

Work towards the government's priority of **reducing the number of workplace fatalities** has progressed in the electrical industry with amendments made to strengthen and clarify relevant sections of the Occupational Safety and Health Regulations 1996 and the Electrical (Licensing) Regulations 1991. The updates prohibit electrical work on or near live electrical installations and equipment, except in rare circumstances. They also stipulate that the electricity main switch must be turned off and locked out before any workers enter the ceiling space of a domestic property.

In an effort to ensure that regulated entities know and play by the rules, new penalties for businesses that commit safety offences under the *Occupational Health and Safety Act 1984* and the *Mines Safety and Inspection Act 1994* were developed during the year. These penalties will provide consistency with model Work Health and Safety laws and accommodate increases due to inflation.

In the wake of the June 2017 **Grenfell Tower fire** in the United Kingdom, the department announced on 4 July 2017 that it would broaden the scope of an initial audit it had been carrying out on aluminium composite panels into a State-wide cladding audit. This audit includes all high-risk, high-rise buildings with **cladding**, in addition to supporting several other State government departments as they check the **cladding** materials on applicable public buildings. The audit team is keeping building owners updated on the project's findings and any rectification work that may be required.

During 2017–18, the department's product safety programs focused its activities on addressing the **hazards associated** with toppling furniture, as part of a two year national campaign to highlight the associated dangers. It also focused on button batteries, as part of a national strategy that aims to prevent children swallowing button batteries from toys and other household products. In November 2017, the Ombudsman released a report titled *Investigation into ways to prevent or reduce deaths of children by drowning*. In response, the department commenced work on addressing the hazards associated with portable swimming pools and baby bath aids. It is intended that in 2018-19, Western Australia, and more specifically the department, will lead and fund a national Portable Pools Interim Education Campaign for Summer.

Service provider

Driven by the government priorities of improving **customer-centric service delivery** and maximising opportunities for **digital delivery**, the department is working towards advancing its online presence for the convenience of stakeholders. The success and take-up of online applications eNotice and Programmes of Work Spatial Lodgement System by stakeholders, has resulted in savings in both time and money, and has received positive feedback from industry.

A Programme of Work (PoW) is lodged in the prescribed manner and approved by the Minister (or a prescribed official) prior to an explorer or prospector conducting any ground disturbing activities with mechanised equipment. During 2017–18, the strength of the State's industry was capitalising on investment in major iron ore, liquefied natural gas (LNG) and gold projects.

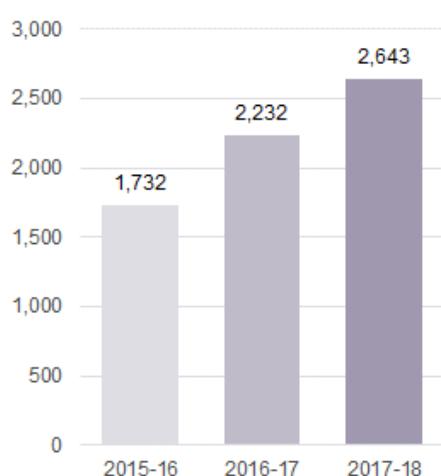


Figure 10: Number of PoW applications received by the department over the last three financial years

Record sales volumes of all three commodities are expected to be the major contributors to the industry's strong performance in 2017–18. Iron ore sales are expected to break the 800 million tonne mark for the first time, LNG sales will reach over 30,000 tonnes and gold sales are expected to rise slightly to more than seven million ounces.

In addition, Western Australia's industry has also been in the media as a potential contributor to the global battery minerals supply chain. The number of lithium mines operating in Western Australia has increased from just one in 2016, to seven at the 30 June 2018. The government's Lithium and Energy Materials Taskforce, is now looking to promote Western



Australia's further investment potential. Additional information on the state of the resources sector is available in the Resource statistics section on the department's website. Indicative of these trends, the department received an increase in PoW applications this year as detailed in Figure 10. Further detail on the PoW Spatial Lodgement System can be found in the case study on page 37.

The department continued to work throughout 2017–18 on bringing together all its occupational licensing functions into a **single Licensing Services Directorate**. A significant point of focus during the year was on developing and implementing common policies and processes, wherever possible, across licence types so as to obtain greater efficiencies. Work was also undertaken to put in place service level agreements with each of the independent licensing authorities for which the Licensing Services Directorate provides licensing services. Of note during the year was a 9 per cent increase in the number of applications for High Risk Work Licences received compared with 2016–17.

During the year, the department was also involved in work towards ensuring consumers with disability were satisfied with their treatment, as part of the **National Disability Insurance Scheme (NDIS) Western Australia Transition**. The department participated in a national project that aimed to achieve a nationally coordinated response to issues impacting consumers with disability, who are managing and receiving goods and services under the NDIS.

Policy maker

During most of 2017–18, the theme in **global commodity markets** was generally one of improvement. About half of the world's countries experienced an increase in growth, creating a period of synchronised global upturn. Western Australian producers benefited from the **recovery in prices** seen throughout 2017 and into the start of 2018. However, the year was not without its downside, with growing tensions between the United States and China and talk of a trade war creating investor uncertainty in the second half of 2017–18.

In 2017–18, the value of Western Australia's mineral and petroleum industry is expected to be around \$114 billion. This means that the industry's value will have been in excess of \$100 billion in seven of the past 10 years. To better reflect the developments in the petroleum and geothermal industries, the department has commenced work towards modernising and streamlining the State's petroleum and geothermal legislation. The primary focus of the project is to amalgamate the three main Petroleum Acts into a single Petroleum Act to cover all petroleum and geothermal operations conducted in Western Australia.

With the national focus on energy security, the department began investigating strategies that would secure gas supply for our State. It began work to improve efficiencies and identify opportunities to reduce regulatory burden, whilst meeting community expectations for rigorous and transparent regulation. Further detail on this work can be found in the key achievements section.

In managing our policy environment to drive behaviours that are in the public interest, the State government and the department more specifically, prioritised work towards supporting Western



Australian victims of **family and domestic violence** (FDV). Introduced into Parliament in May 2018, the Residential Tenancies Legislation Amendment (Family Violence) Bill 2018 seeks to amend the existing legislation to support victims of FDV. Communication strategies are being developed for a number of target audiences including tenants (with a particular focus on Aboriginal and culturally and linguistically diverse), owners or managers of rental properties, housing providers, FDV and tenant services workers, and the legal sector. In addition, the department also made strides to incorporate **FDV paid leave** into public sector industrial agreements as they were renegotiated. Key changes and further information for both of these initiatives has been described in the case study on page 40.

During the year, \$403,000 of **community legal centre grant funds** were allocated to three community legal centres to assist with consumer protection related research, law reform and policy: Tenancy WA; Consumer Credit Legal Service; and Employment Law Centre of WA. This funding will be used during the next financial year to enable these community-based organisations to develop strategies and undertake a range of law and policy reform advocacy as the government reviews pieces of legislation.

Future outlook for the department

It is likely that the department's operations will undergo a period of consolidation and continued change during 2018–19. Within the department, the most significant areas for change will be in relation to:

- customer facing functions;
- system development;
- statutory exploration information function;
- geospatial resource;
- legal services; and
- legally qualified policy resources.

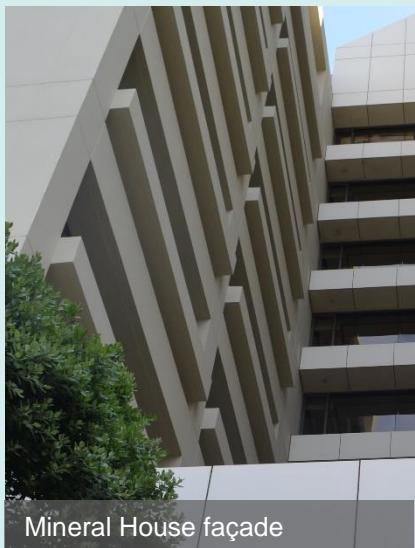
Work will commence, in the new financial year, revisiting the Strategic intent utilised during the transition and developing a Strategic Plan for the next three to five years. The aim will be to build on the Strategic Intent and focus on developing priorities and targets to track our impact. Further detail on the Strategic Intent utilised during the transition is provided on page 52.



Case study



Cladding checks provide peace of mind



Mineral House façade

The department is at the helm of a major project to check the cladding materials used on a range of buildings across Western Australia, in the wake of the June 2017 Grenfell Tower fire tragedy in London.

The State-wide Cladding Audit was officially launched in July 2017 after aluminium composite cladding panels were found to be a major factor in the rapid spread of flames across the Grenfell apartment block.

The department is the lead agency for assessing private buildings that fit the audit's scope, and is supporting several other State Government agencies as they check the cladding materials on applicable public buildings.

The audit achieved good progress during the 2017–18 financial year.

From more than 1,700 private buildings that fit the project's parameters – mainly multistorey structures where people sleep, or buildings with vulnerable occupants and high-occupancy events – 450 were found to have cladding. Of these, 242 were assessed as requiring further investigation. By the end of the financial year, 35 had been cleared because their cladding materials represented a low fire risk.

More than 1,250 public buildings were included in the audit's first stage, which comprised buildings that fit the audit scope plus additional sites that some agencies chose to include. Around 1,000 of these public buildings did not require further assessment of their building materials.

The audit team is keeping building owners updated on the project's findings and any rectification work that may be required.



Key achievements/activities

Regulator



Key indicators of our success as a regulator are that: regulated entities know and comply with the rules; individuals and businesses have the confidence to operate in WA; better regulatory outcomes at a lower cost to the community; and public confidence is high in our areas of responsibility. Our role as regulator has resulted in the following significant achievements for 2017–18:

Electricity (Licensing) Amendment Regulations 2017

Thirty individual amendments were made to the Electricity (Licensing) Regulations 1991. The type of work (notifiable work), which must be notified to the network operators was reviewed and new processes for notification of electrical work on transportable structures have also been introduced.

Most of the amendments aimed to either clarify some of the requirements in the regulations or to reduce the administrative burden on industry.

Increased penalties for offences under the *Occupational Safety and Health Act 1984* and the *Mines Safety and Inspection Act 1994*

The proposed amendments will increase penalties for businesses, which commit safety offences under the *Occupational Health and Safety Act 1984* (OSH Act) and the *Mines Safety and Inspection Act 1994* (MSI Act). The amendments passed the Legislative Assembly on 8 November 2017 and are awaiting consideration by the Legislative Council.

The new penalties will be consistent with the national model Work Health and Safety Act and ensure penalties better reflect the importance of a safe workplace, with a further increase for inflation since 2010.

Modernise Work Health and Safety Laws

A Ministerial Advisory Panel (MAP) was established in July 2017 to develop modern safety and health laws for Western Australia, incorporating mines, petroleum and general workplace safety into one Act based on the model Work Health and Safety (WHS) laws. The WHS Act will be supported by separate regulations aligned to each industry segment. The MAP completed its task and their recommendations were released for public comment by the Minister on 30 June 2018.

McLarty sand access – building Perth and the South West

Mining operations commenced in May 2018 at the McLarty site, which will help the Southwest region meet its future building and construction needs. This was made possible, for the first time in the State's history, through the application of section 19 under the *Mining Act 1978* (the Mining Act). In 2010, the State Government identified the need to address the rapidly decreasing access to building sand and gazetted a 32 kilometre-long sand rich Myalup State Forest under section 19 of the Mining Act. The Carbone Brothers of Brunswick Junction was awarded this mining lease through a competitive assessment and commenced working in the sand pit and marketing the sand locally.

Security of Western Australia's Domestic Gas Supply

Government was provided with an overview of Western Australia's gas resources and outlook for domestic gas supply, developed in collaboration with the Department of Jobs, Tourism, Science and Innovation. Adequacy assessment and reporting of the gas supply, via the Domgas Alliance, will occur on an annual basis.

An agreement was completed between the Australian Gas Infrastructure Group and the Minister for Mines and Petroleum, allowing the Tubridgi Underground Gas Storage Facility to commence its operations. Injection and subsequent recovery of gas is occurring in accordance with a Gas Measurement Plan.



Case study



Electrical safety at the centre of work practices legislation – case study



Electricians and other workers are now operating in safer conditions after strengthened compulsory regulations for work on energised (live) electrical equipment came into force in May 2018.

In the past five years, four electrical workers in Western Australia have lost their lives and others have been seriously injured in incidents linked to energised electrical equipment.

In the wake of these tragedies, amendments were made to strengthen and clarify relevant sections of the Occupational Safety and Health Regulations 1996 and the Electrical (Licensing) Regulations 1991.

The updated rules prohibit electrical work on or near live electrical installations and equipment, except for rare circumstances where the equipment needs to remain energised. In these exceptional cases, strict control measures must be implemented to ensure the work can be done safely.

The regulations also stipulate that the electricity main switch must be turned off and locked out before any workers enter the ceiling space of a domestic property. This legislation applies to all workers, including electricians, insulation installers and other tradespeople.

The department's Building and Energy Group and WorkSafe published a Code of Practice and a guidance note to assist employers and workers with the amended regulations.

Service provider



Key indicators of our success as a service provider are that: we know and monitor our costs and keep them moderate; customers have fewer touchpoints when doing business with us; customers and staff find it easier to do business; and customers are satisfied with their treatment. Our role as service provider has resulted in the following significant achievements for 2017–18:

eNotice achieves savings over the estimated \$1million

In 2016–17, the department rolled out eNotice, an online ICT application for the electronic submission of notices. The new application was well received by industry, and winning the most effective government solution award at the WA Information Technology and Telecommunications Alliance (WAITTA) at the 26th Annual WAITTA INCITE Awards.

By significantly reducing the manual effort required for completing, delivering, validating and managing paper notices, eNotice promised annual productivity improvements of at least \$1million across industry.

During 2017–18, there were 246,695 Notices were issued using eNotice, resulting in estimated savings of at least \$1.025 million for electrical contractors and gas fitters. Additional savings were also made from the significant reduction of paper notices and associated processing costs by the network operators.

As at 30 June 2018, 90 per cent of Notices sent to Western Power (electricity) and 79 per cent to ATCO (gas) are received from eNotice. In addition, the department receives 88 per cent of its notices for electricity and 79 per cent of notices for gas from eNotice.

30 per cent reduction in policies and directives for the public sector

Staying consistent with a Service Priority Review recommendation, the department reduced the number of whole-of-government labour relations policies and directives by 30 per cent. Those that remain will be rewritten to be principles-based, where possible, rather than prescriptive.



Case study



Programme of Work spatial lodgement system

A total of 2,643 Programmes of Work (PoW) applications for exploration ground disturbance were assessed and approved this year, with 94 per cent approved within 30 business days.

This was enhanced by the department's new PoW Spatial lodgement system which has been very effective in providing accurate and streamlined assessments.

Released in March 2017, PoW Spatial is an updated map-based application which allows users to enter their proposed activities, either by loading existing spatial files or creating spatial files on screen. The system conducts automatic checks by intersecting the proposed activities with other data layers of environmental and cultural significance, and alerts the user with the results.

The Acting Executive Director Resource and Environmental Compliance Karen Caple said "The new system had many benefits including real time feedback and allowing users to upload shape files. It gives the department all the relevant information on the tenement at the lodgement stage rather than the old system which wouldn't look at the intersections until the assessment stage".

"The system prompts information from the tenement holder earlier and means a faster process for all involved."

PoW Spatial has reduced assessment timeframes by 7-10 days on average and survey feedback received in October 2017 indicated the new system is strongly supported by industry. Analysis of the feedback revealed:



Exploration drilling – Image supplied by Brian Lloyd

- 93 per cent of respondents were 'satisfied to very satisfied' with the system's usability, training and further support received over the telephone;
- 65 per cent of respondents had successfully lodged a POW Spatial application without training; and
- broad support for the extension of acceptable file formats in addition to shapefiles.

Policy maker



Key indicators of our success as a policy maker are that: business, community and industry behaviour supports policy intent; disruptors are identified early enough for pre-emptive policy action; intelligence is regularly shared and used for public benefit; and new ideas on how to address regulatory challenges are on the policy agenda. Our role as policy maker resulted in the following significant achievements for 2017–18:

Ministerial Review of the State Industrial Relations System

The department provided extensive research and executive support to the Ministerial Review of the State Industrial Relations System between September 2017 and June 2018. This included the co-ordination of significant stakeholder input through submissions and roundtable meetings to assist the Review in developing recommendations for the reform of the State industrial relations system.

Public sector wages policy

The department assisted in settling 20 industrial agreements covering almost 80,000 public sector employees within Wages Policy parameters without the need for arbitration. Agreement in principle has been secured for a further seven industrial agreements covering approximately 5,600 employees.

Management of accrued leave in the public sector

A Policy Statement for the Management of Accrued Leave in the Public Sector was issued in March 2018. It requires public sector employers to implement leave management strategies, which support employees in taking their accrued leave entitlements and assists in managing the State's leave liability. The department continues to help public sector employers understand their industrial relations obligations and develop strategies that foster a workplace culture of employees taking regular leave.

Security of payment for building and construction contractors

Addressing issues of security of payments for subcontractors is a key policy priority for the State Government. In February 2018, an Industry Advisory Group was formed to facilitate industry consultation on legislative reforms, to improve payment protections for subcontractors and suppliers. Chaired jointly by barrister Mr John Fiocco and East Metropolitan Region MLC Matthew Swinbourn, membership comprises a wide range of industry and government stakeholders. Findings will be presented to the Minister towards the end of 2018.

The department also implemented a range of education and other initiatives to better inform and assist subcontractors in exercising their rights under the *Construction Contracts Act 2004*.

Petroleum 2020 Amalgamation Bill

The Petroleum 2020 legislative reform initiative seeks to modernise and streamline the State's petroleum and geothermal legislation to better reflect developments in the petroleum and geothermal industries. The primary focus of the project is to amalgamate the three main Petroleum Acts into a single Petroleum Act to cover Western Australia's petroleum and geothermal operations. With the national focus on energy security, the department is investigating strategies that will secure gas supply for our State. It aims to improve efficiencies and identify opportunities to reduce regulatory burden while meeting community expectations for rigorous and transparent regulation. In 2018, following the restructure of the department, a new Petroleum 2020 Steering Committee and Working Group was established. This group is finalising the revised Discussion Paper which is intended to be released for stakeholder circulation.

Hydraulic Fracturing Policy

On 4 December 2017, the Petroleum and Geothermal Energy Resources (Hydraulic Fracturing) Regulations were gazetted. The Regulations implemented a legislated ban on fracking in the South West, Peel and Perth regions and imposed a moratorium across the rest of the State. The State-wide moratorium will be maintained pending the Government's consideration of the scientific findings of the *Independent Scientific Panel Inquiry into Hydraulic Fracture Stimulation in Western Australia*. The Department understands that the Independent Inquiry is scheduled to provide its findings and recommendations to the State Environment Minister by the end of 2018.

Proposals for the Petroleum Decommissioning and Liability Reform

The department is the lead agency in the approval of closure and decommissioning plans, and has identified the need for clear industry guidance relating to its requirements for the decommissioning of oil and gas fields and facilities. The department is currently developing a discussion paper on petroleum decommissioning and liability which is anticipated to be ready for external agency and stakeholder consultation by September 2018. The department is working closely with Commonwealth petroleum regulators and industry in this process. It is intended that a final petroleum decommissioning and liability discussion paper will guide future legislative and regulatory reform in this area.

Drafting of the Residential Parks (Long-stay Tenants) Amendment Bill 2018

Drafting of the Residential Parks (Long-stay Tenants) Amendment Bill 2018 (the Bill) commenced during 2017–18. The Bill will implement the recommendations from the statutory review of the *Residential Parks (Long-stay Tenants) Act 2006*. The amendments will ensure certainty of contract and fair dealings between the parties to long-stay agreements. Consultation with key stakeholders also occurred during drafting to ensure that the proposed amendments operate as intended. It is anticipated that the Bill will be introduced during the Spring Parliamentary session 2018.



Case study



Responding to family and domestic violence

Residential tenancy legislation

The Residential Tenancies Legislation Amendment (Family Violence) Bill 2018 was introduced into Parliament on 15 May 2018. The Bill seeks to amend the *Residential Tenancies Act 1987* (RT Act) and the *Residential Parks (Long-stay Tenants) Act 2006*. The aim is to support victims of family and domestic violence; and help them leave abusive relationships; empower the court and others, including the victim, to do what is in the best interests of a victim of family violence. Key changes, which could be law by the end of 2018, would enable victims of family and domestic violence to exit a tenancy with seven days' notice without going to court. Other changes would remove a perpetrator from a lease by applying to the courts, change locks or increase security, handle disputes about property damage or unpaid rent, and have their name removed from a tenancy database.

Responding to family violence

The State Government awarded Tenancy WA a \$50,000 grant to support a family violence education program relating to proposed amendments to the RT Act. Under the proposed laws, victims of family and domestic violence would be able to exit a tenancy within seven days or remove a perpetrator from their lease by applying to the courts. The grant is critical to ensuring that workers across Western Australia are able to support people who have experienced domestic violence to access the new remedies available under the legislative reform. Tenancy Western Australia, in conjunction with the Women's Council, will educate tenant advocates, community lawyers and refuge workers about the new legal options. The aim is to ensure that wherever a victim of family domestic violence seeks assistance they get the right information and support to access these remedies.

Case studies have been shared by tenant advocates from a community legal centre. The following real-life example demonstrates how these new laws would have assisted a victim of family and domestic violence known as 'Sarah'.

Sarah had been in a relationship with her partner for a few years and he had been violent with her a number of times. This behaviour escalated when she became pregnant. She was very badly injured by him one night and called her real estate agent from hospital to negotiate breaking her lease. Unfortunately the landlord refused and Sarah had to leave the property as it was not safe for her to return. Tenancy WA supported her in negotiations with the landlord, however as Western Australia had no specific provisions in the RT Act to deal with family and domestic violence situations, the landlord pursued her for break lease compensation, rent arrears and the damage her partner had caused to the property. Under the new laws, Sarah would have been able to issue a notice to terminate the tenancy and apply to court to fairly apportion the liability.

Continued over page



Family and Domestic Violence paid leave incorporations into public sector industrial agreements

The State Government is committed to providing workplace support measures to employees in situations of family and domestic violence through the introduction of an additional paid leave entitlement and support for all employees. For the first time during the year, Family and Domestic Violence (FDV) paid leave was incorporated into public sector industrial agreements as they were renegotiated by the department. FDV Implementation Guidelines were also issued to support employers in developing their own agency-specific arrangements and procedures. The department will support employees affected by family and domestic violence by providing:

- confidential access to ten days per annum non-cumulative paid FDV leave;
- an additional two days of unpaid leave on each occasion where the paid leave has been exhausted;
- access to other forms of paid leave;
- reinforced flexible work arrangements and safety plan agreements; and
- ongoing access to confidential counselling services through the department's employee assistance programs.

Changes to written law

There were 69 changes to written law that affected the agency during the reporting period.

Please refer to the appendices section: pages 190 to 192 for further details.

Section 3: Disclosures and Legal Compliance



Communications staff at work

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Other legal requirements	67

Ministerial directives

In accordance with the *Treasurer's Instruction 903(12) Annual Agency Reports*, the department is required to disclose any ministerial directives relevant to the setting of desired outcomes or operational objectives, the achievement of desired outcomes or operational objectives, investment activities and financing activities.

The department did not receive any ministerial directives during the 2017–18 financial year.

Other financial disclosures

Pricing policies for services provided

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

The department's fee changes for 2017–18 were published in the *Government Gazette* No. 122 and No. 124 on 23 June 2017 and came into effect on 1 July 2017. Details regarding the fees are available on the department's website.

Major capital/capital works

The department's capital works program provides essential infrastructure support that allows it to implement a range of projects for service delivery. Table 7 identifies the projects completed or discontinued during 2017–18.

Table 7: Capital works projects completed during 2017–18

Total capital projects completed during the year	Project Cost of Completion
Perth Core Library Expansion	\$ 7,711,248.00
Mineral House Lift Upgrades	\$ 2,798,852.24

Both capital funded projects were completed during 2017–18. The Perth Core Library was completed in October, with completion of an upgrade to all seven lifts at the department's Mineral House headquarters recognised in February 2018. Total cost for completion of both projects was within one per cent of the approved budget.



Act of grace payments

In response to *Treasurer's Instruction 319: Act of Grace Payments*, all act of grace payments are to be disclosed in the annual report. Requests for an act of grace payment arise from many and varied situations and each request is assessed on the circumstances associated with that particular request. Act of grace payments are linked to the services delivered by the department.

During 2017–18, six act of grace payments totalling \$5,895.04 were made.

Governance disclosures

The public sector deals with a range of complex challenges in delivering programs and services to achieve the intended outcomes for government. Contemporary challenges include the need to innovate and effectively manage risks in a period of fiscal constraint, engage constructively with stakeholders in the design and delivery of programs and services, and collaborate successfully across government and jurisdictions to address complex issues.

Effective governance arrangements and practices contribute to strong, sustainable and accountable performance.

Our governance practice encompasses a range of ‘hard’ and ‘soft’ elements, outlined in the Public Sector Commission’s *Good Governance Guide*, to achieve strong organisational performance. The *Good Governance Guide* is a valuable tool ensuring our administration and reporting obligations are identified, managed and addressed.

The nine governance principles of the *Good Governance Guide* detailed in Table 8, demonstrate our governance in practices across the department and the pages to find this information in our report. On these pages we discuss existing governance practices that provide accountability for results and decisions in the successful delivery of programs and services.

Table 8: Good governance summary table

Principles	Practices	Pages
Principle 1: Government and public sector relationship – the department’s relationship with the government is clear.		
1.1. A document defines responsibilities and accountabilities between the chief executive officer and the minister.	• Enabling legislation • Chief Executive Officer Performance Agreement	Page 13 Page 48
Principle 2: Management and oversight – the department’s management and oversight is accountable and has clearly defined responsibilities.		
2.1. A document defines roles, responsibilities and accountability for all relevant levels of management (e.g. those involved in setting the agency’s key strategic goals and outcomes and monitoring organisational performance)	• Governing Boards, committees and groups • Corporate Executive • Corporate Executive Subcommittees	Page 49 Page 48 Page 49
2.2. Where boards and committees exist, the relationship between the parties must be clearly defined	• Delegations of Authority • Powers Authorisations and Delegations • Board and Committee Remuneration	Page 48 Page 48 Page 214
2.3. A strategic plan outlines the agency’s key strategic goals and outcomes and outputs	• Strategic Intent	Page 52
2.4. Operational plans and programs of work exist that define critical success factors and outline how key strategic goals and outcomes will be accomplished at all levels of the agency	• Integrated Reporting Framework	Page 51

Continued over page

Principles	Practices	Pages
2.5. A delegations framework defines authority levels	• Delegations of authority	Page 48
2.6. Performance measures are defined and monitored for the agency's strategic goals	• Key Performance Indicators • Outcome Based Management framework	Page 26,75 Page 20,77
Principle 3: Organisational structure – the department's structure serves its operations.		
3.1. Policies ensure that the agency's structure serves its key strategic goals and outcomes	• Organisational Chart • Integrated Reporting Framework • Corporate Policy Framework	Page 10 Page 51 Page 54
3.2. Processes exist to manage structural change and the relationships between business units	• Employment and Industrial Relations • Good Governance Summary Table	Page 56 Page 45
3.3. Performance measures identify how well the structure delivers against strategic plans	• Year in numbers	Page 8
Principle 4: Operations – the department's plans its operations to achieve its goals.		
4.1. Policies enable operations to deliver against the agency's key strategic goals and outcomes	• Pricing policies for services provided	Page 43
4.2. The agency's operational plans and programs of work support the agency's key strategic goals and outcomes and are regularly adjusted to changes in strategic and environmental imperatives	• Group Planning	Page 52
4.3. Infrastructure is in place to enable the agency to implement its operational plans	• ICT Strategic Framework	Page 54
4.4. A proper and adequate record is maintained of the performance of the agency's operations as aligned with its key strategic goals and outcomes	• Annual Report	NA
4.5. Business process and outcome specific key performance indicators track the agency's performance against its strategic and operational plans	• KPI Performance Reporting	Page 75
4.6. Performance evaluation and audits are conducted	• Internal Audit	Page 50
Principle 5: Ethics and integrity – ethics and integrity are embedded in the department's values and operations.		
5.1. The agency's values and code of conduct reflect the WA Code of Ethics and define the standards of official conduct and professional behaviour expected of all employees	• Code of Ethics (see Compliance with Public Sector Standards) • Code of Conduct	Page 70 Page 70
5.2. The agency's ethics and integrity risks are identified and policies and operational processes address them (e.g. procurement and conflict of interest)	• Accountable and Ethical Decision Making • Conflict of Interest	Page 71 Page 59
5.3. People management frameworks define the response to unethical behaviour	• Corruption Prevention	Page 60
5.4. A proper and adequate record is maintained of the performance of the agency's operations as aligned with its key strategic goals and outcomes	• Public Interest Disclosures • Staff Development	Page 60 Page 56
5.5. A structured process is in place to monitor official conduct and professional behaviour (e.g. compliance audit and performance management)	• Customer feedback • Performance Development Planning	Page 60 Page 53
Principle 6: People – the department's leadership in people management contributes to individual and organisational achievements.		
6.1. Policies enable the attraction, retention and management of people	• Equal Employment Opportunity and Diversity Plan	Page 57
6.2. Plans ensure that processes, decisions and actions are based on the principles of fairness, equity and diversity, and are consistent, transparent, impartial and open for review	• Accountable and Ethical Decision Making • Conflict of Interest	Page 71 Page 59
6.3. People management frameworks cover the whole employment continuum	• Substantive Equality • Equal Employment Opportunity and Diversity Plan	Page 62 Page 57

Principles	Practices	Pages
6.4. Structured procedures are in place to monitor adherence to human resource policies and processes	• Performance Development Plan process	Page 56
6.5. Feedback processes identify issues in people management practices	• Customer feedback • Performance Development Plan Process • Employee perceptions survey (consultation groups)	Page 60 Page 56 Page 57
Principle 7: Finance – the department safeguards financial integrity and accountability.		
7.1. Finance policies define the key strategic goals and outcomes for which the agency's finances must be employed	• Financial Statements	Page 124
7.2. A formal audit charter specifies roles and responsibilities, composition and structure of all audit functions	• Internal Audit	Page 50
7.3. Processes ensure the proper recording of financial transactions consistent with applicable accounting standards	• Financial Statements • Performance Indicators	Page 124 Page 76
7.4. Financial operations contribute towards the agency's key strategic goals and outcomes and uphold the highest level of integrity	• Financial Statements	Page 124
7.5. Structured processes are in place to monitor and audit financial performance against budget and key strategic goals, both at executive level as well as by an independent audit committee	• Internal Audit • Finance Certification from OAG • KPI certification from OAG	Page 50 Page 119 Page 125
Principle 8: Communication – the department communicates with all parties in a way that is accessible, open and responsive.		
8.1. Communication policies ensure the agency's communication is open, accessible and responsive	• Freedom of Information	Page 54
8.2. Policies ensure information is disseminated through correct channels, in a timely manner and to the right target group	• Freedom of Information • Expenditure on advertising, market research, polling and direct mail • Accessibility Statement	Page 54 Page 67 Page ii
8.3. Processes ensure proactive, transparent and responsive internal and external communication	• Communication services	Page 53
8.4. Processes assist in complying with legislation on record keeping, public interest disclosure and freedom of information, in safeguarding the confidentiality and integrity of information, and in preventing unauthorised, false or premature disclosure	• Media Communications	Page 54
8.5. An audit strategy exists to monitor compliance with communication policies and strategies	• Internal Audit	Page 50
Principle 9: Risk Management – the organisation identifies and manages its risks.		
9.1. Policies exist for the governance and management of material risks (e.g. reputational, financial or physical, including occupational safety and health)	• Risk Management	Page 51
9.2. The agency's risk exposure is evaluated and remediation plans are implemented	• Audit and Risk Management Subcommittee • Internal Audit	Page 51 Page 50
9.3. Preventive measures for key risk categories are in place	• Risk Management	Page 51
9.4. Procedures are in place to monitor incidents from the identified risk categories (data analysis)	• Risk Management	Page 51

Powers, authorisations and delegations

Under *Public Sector Management Act 1994* (section 33), *Financial Management Act 2006* and *Treasurer's Instruction 107 - Authorisations*, all departments are required to maintain a record of the powers, delegations, authorisations, appointments and administrative instruments. Across the department, the process is managed by the operational areas to ensure officers are acting with valid authority. During 2018-19 an internal review will be undertaken of systems and processes to manage delegations and monitor them to ensure the department and relevant officers act within their powers and responsibilities.

Chief Executive Officer Performance Agreement

Under section 47 of the *Public Sector Management Act 1994*, (PSM Act), all Chief Executive Officers (otherwise known as Directors General) appointed under section 45 of the PSM Act, must enter into a performance agreement each financial year with their Minister and the Public Sector Commissioner.

The Public Sector Commission implemented a simplified process for the 2017–18 performance framework cycle. The framework focused on addressing Government priorities, policies and key reform themes contributing to sector-wide initiatives.

Management oversight

During the year, the department's Corporate Executive continued to provide open and transparent leadership and strategic direction to deliver its key strategic goals and outcomes.

The Corporate Executive remained committed to the ongoing review of the department's governance arrangements. The purpose was to build strong leadership and an ethical and values-based culture, provide regular and consistent communication, implement and manage appropriate governance committee structures, and apply clear accountability mechanisms.

Chaired by the Director General, the Corporate Executive met each month to discuss strategic priorities, consider submissions for decision and note reports requiring executive oversight. The Corporate Executive also met weekly to discuss significant issues, media related matters and submissions for noting. Corporate Executive regional visits took place twice a year, and included a Corporate Executive meeting, site visits and engagement with various local government and industry representatives. Approved Corporate Executive minutes are published on the department's intranet providing transparency and accountability.

Governing boards, committees and groups

Table 9: Boards, committees and groups performing a decision making or advisory function for the department

A	D,E	Mining Rehabilitation Advisory Panel Ministerial Advisory Panel
Agricultural Working Group	Electrical Licensing Board	
B	Electrical Regulatory Authorities Council	Motor Vehicle Industry Advisory Committee
Board of Examiners	Environment Liaison Committee	
Board of Examiners (BOE) under Mining Industry Advisory Committee	F,G	Nano Diesel Particulate Matter Working Group
Building Commission Advisory Committee	Gas Licensing Committee	
Building Services Board	Gas Technical Regulators Committee	P,Q,R
C	H,I,J,K,L	Painters Reference Group
Charitable Collections Advisory Committee	Legislation Advisory Committee	Plumbers Licensing Board
Commission for Occupational Safety and Health	M	Plumbing Industry Reference Group
Construction Industry Long Service Leave Payments Board	Mental Health Strategies Working Group	Property Industry Advisory Committee
Construction Industry Safety Advisory Committee	Minerals Research Institute of WA	S,T,U,V
Consumer Advisory Committee	Mines Survey Board	Strategic Leadership Focus Area Working Party
	Mining Industry Advisory Committee	W,X,Y,Z
	Mining Industry Liaison Committee	WorkSafe Awards Judging Panel

Corporate Executive Subcommittees

Audit and Risk Subcommittee

The Audit and Risk Subcommittee (Audit Subcommittee), chaired by the Director General, continued to act as an independent advisory body providing high level oversight of the department's governance structure and processes, risk management, values and ethical culture, internal control framework, fraud and corruption control, financial statements and accountability reporting.

It was also responsible for overseeing the Internal Audit function and monitoring its performance. The Audit Subcommittee comprised of one external independent member, six internal members and an observer from the Office of the Auditor General.

Performance Subcommittee

The Performance Subcommittee assisted the Director General and Corporate Executive in meeting their governance and management responsibilities, ensuring the department had clear business metrics, and was reporting against an Outcomes Based Management (OBM) framework for efficiently running the department's operations.



Finance Subcommittee

The Finance Subcommittee ensured that the department managed its finances in a responsible manner while focused on whole-of-Government objectives and delivering services in the most efficient way.

Digital Technology Subcommittee

The Digital Technology Subcommittee provided a forum for the executive and senior leadership teams to consider and discuss new and strategic approaches to the department's technology program.

The Subcommittee established ongoing strategic partnerships across government to provide independent assurance and improved benefits for agencies and people, in line with the Digital WA: Western Australian Government ICT Strategy, and provided greater transparency and optimisation of the department's investment portfolio.

Equal Employment Opportunity and Diversity Subcommittee

The Equal Employment Opportunity (EEO) and Diversity Subcommittee continued to strengthen governance and be the focal point for accountability and decision-making on EEO and diversity matters at the department.

Internal audit

The Director General maintains an effective internal audit function that operates in accordance with the Professional Practices Framework of The Institute of Internal Auditors, in compliance with the *Financial Management Act 2006* and Treasurer's Instructions.

The Internal Audit function operates under an approved Audit Charter as required by the Treasurer's Instructions and, in accordance with this legislation, provides independent, objective assurance, and consulting services designed to add value and improve the department's operations.

The department's Internal Audit mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. The Annual Audit Plan is risk-based and is continually reviewed and amended during the year to reflect current and emerging risks.

During 2017–18, work was conducted on 12 internal audits and Internal Audit continued to assist the Audit and Risk Subcommittee to monitor the implementation of identified improvement opportunities.

Risk management

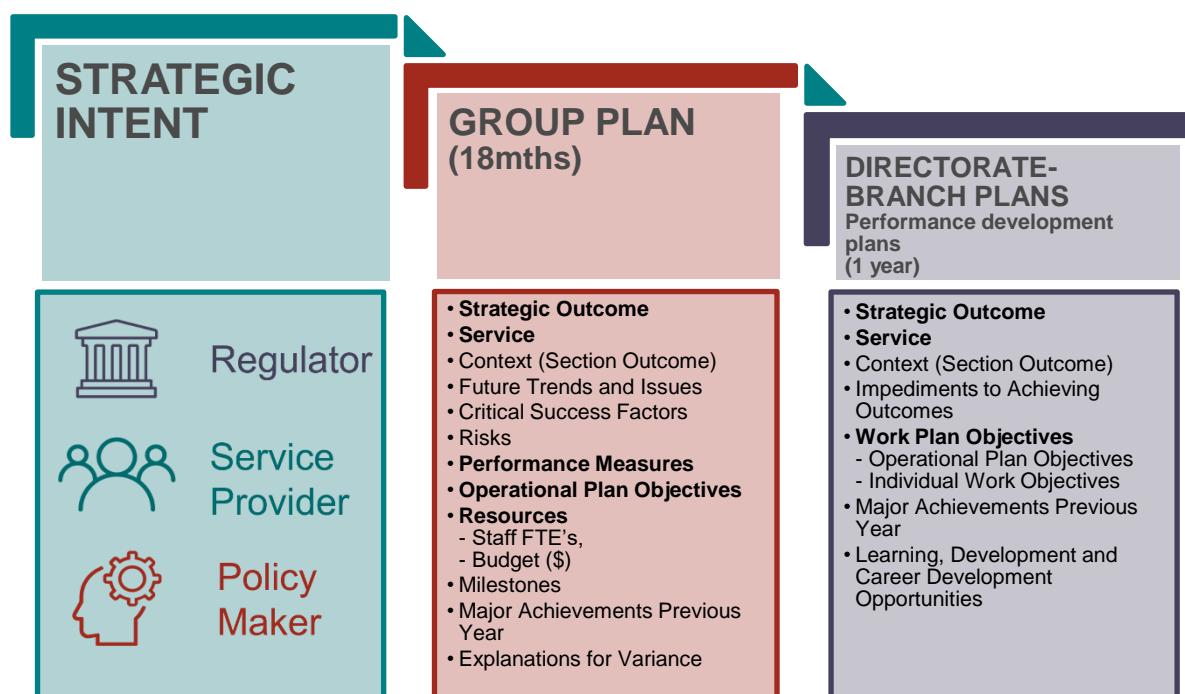
The department remained committed to ensuring that it operates within a ‘risk aware’ culture that encourages responsible and informed risk-based decision-making within its declared risk framework. The department began developing a new Risk Policy and customised Risk Framework to ensure appropriate measures would be taken to minimise the department’s exposure to risk and maintain stakeholder confidence.

It also began implementing an enterprise wide risk management system, which will provide greater visibility of appropriate risk information. The system will also centralise and concisely capture assessed risks on a consistent basis that reflects the new Risk Framework.

The 2017–18 financial year also saw significant changes in the amalgamation of the two departments. These changes included both structural and the physical relocation of some business areas, and the consolidation of information technology systems and practices. A review and refresh of business continuity plans and disaster recovery procedures and testing will be a focus in 2018–19.

Integrated Reporting Framework

The department operates within an Integrated Reporting Framework and promotes the end-to-end cycle of planning, budgeting and reporting. The focus is on managing processes by developing and refining long, medium and short term plans to guide work efforts and resources to achieve agency-level strategic outcomes. The approach is highly customer-centric, engaging with staff and key stakeholders alike. The Framework for 2017–18 is detailed at Figure 11.



Bold elements are integrated in a two-way flow between each planning phase e.g. Performance Measures in the Operational Plan contribute to the Performance Measures at the Strategic Intent level.

Figure 11: Integrated Reporting Framework 2017–18

During 2017–18, the focus has been to re-establish a process to respond, deliver and monitor on government priorities in achieving client-focus, collaboration, and efficiencies in business practice. The department achieves this with a cascaded approach to managing government alignment to corporate accountabilities through the department.

Strategic Intent

The Strategic Intent provides a clear statement of the new department's purpose and approach as a regulator, service provider and policy maker. It complements, and provides a context for, the established organisational structure.

This Strategic Intent is a statement of where we want the department to go and the structure to be used to help us get there. It provides high-level direction for the department's staff and stakeholders from the Director General and the Corporate Executive.

The Strategic Intent was developed and refined through discussions linked to the Outcomes Based Management (OBM) reporting structure process, the Director General and the Minister on the expectations for the department.

The Strategic Intent served to guide the development of the department's organisational structure. It will also serve as the blueprint for the department in its future strategic planning, and focus in Group Plans around the principles of regulator, service provider and policy maker functions.

Group Planning

The high level direction of our Strategic Intent is translated into priority activities in Group Plans and aligns to our functions of regulator, service provider and policy maker. The operational planning exercise, usually for one year, aligns operational objectives to the deliverables of groups, divisions, branches or teams. The operational plan objectives for the financial year are identified together with workforce resourcing, risks, performance measures and timeframes.

This cycle of Group planning considered priorities areas are illustrated in Figure 12 below.

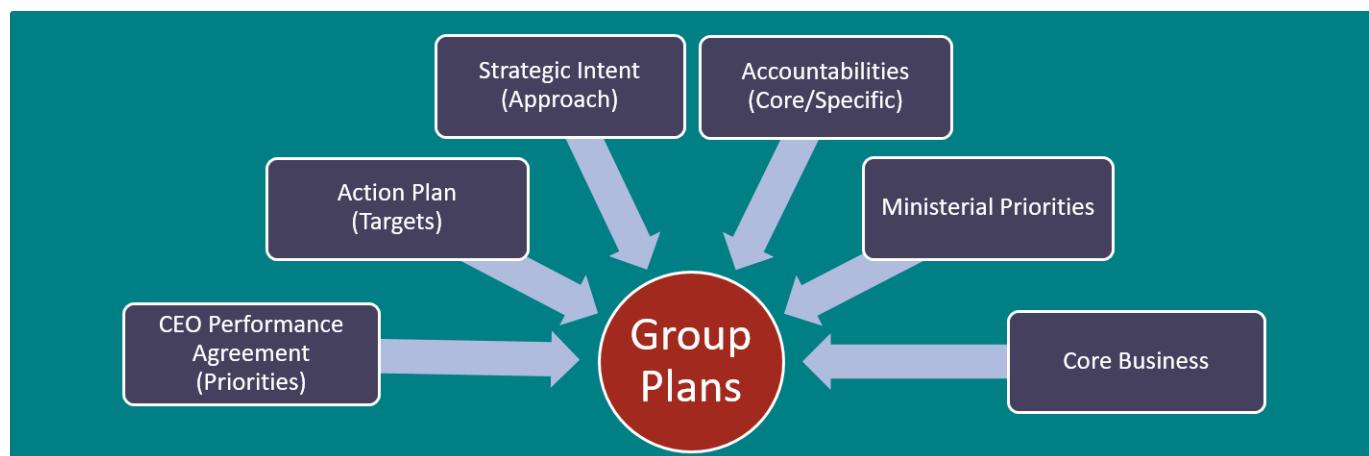


Figure 12: Cycle of Group Planning

Performance Development Plans

Organisational planning is extended to the individual level through primary performance development processes existing in the department at the time of the amalgamation. The department's process relies on completion of operational plans and is integral to ensuring both the operational objectives and an individual's learning and development, and career planning needs are captured and addressed.

This process ensures a strong alignment exists between individual activities to operational objectives, managing employee performance, developing staff capabilities and supporting the growth and advancement of individuals.

Progress reporting

Quality review and reporting mechanisms will be embedded into strategic, group and individual levels to evaluate the progress of deliverables. This will reprioritise and identify any new initiatives for the next financial year.

Communication services

Communications protocols

Since the formation of the new department in July 2017, the respective communications protocols and policies for the former departments remain current and govern the internal and external communications between staff and stakeholders. Work will commence in 2018–19 to develop new policies and protocols for the department.

Communication services included internal and external communications, media liaison, speech writing, graphic design, web management, online surveys, eNewsletters and the production of the quarterly international resources development magazine, Prospect.

Assistance was also provided to deliver a range of events in the past 12 months including the Petroleum Open Day, GSWA Open Day, the Resources Sector Awards for Excellence, the Work Safety Awards 2017, Celebrate Safety Breakfast for Safe Work October 2017 and the Western Australian Consumer Protection Awards 2018.

During the past 12 months, the communication focus has been on ensuring the community, industry and stakeholders have access to timely and high quality information. The department's Corporate Communications function has been working with all of its Groups to ensure a consistent style, approach and service.

Ministerial communications

In accordance with section 74 of the *Public Sector Management Act 1994*, the department has a Communications Protocol outlining the circumstances and manner in which communications (both written and verbal) shall be conducted between the Minister's Office and the department.

Media Communications

In 2017–18, Corporate Communications provided a wide range of professional services to the department in accordance with *Administrative Instruction 728 – Media and Public Communications*.

Corporate Policy Framework

The department has established a framework to revise all internal policies, procedures and guidelines to ensure consistent application, in response to the Machinery of Government initiatives.

Freedom of Information

The department complies with the *Freedom of Information Act 1992* and provides the public with access to documents and information promptly and at the lowest reasonable cost. Whenever possible, documents are provided outside of the Freedom of Information (FOI) process.

The department has published a new information statement on our website. The statement outlines the FOI application process, departmental procedures, and contains common terms and search criteria. The statement has been updated and refreshed to now list significant documents and keywords. In 2017–18 there were 878 FOI applications made.

ICT Strategic Framework and Digital Strategy



In March 2018, the department released its Digital Strategy, the road map to the digitisation of the department's services. The Digital Strategy, which incorporates the Information and Communications Technology (ICT) Strategic Framework, will ensure that the department has a sustainable application portfolio, ICT development is modern and customer centric in its design, and there is strong governance across ICT investment.

The Digital Strategy will:

- retire, rationalise and modernise the department's application portfolio and ensure alignment to the Office of the Government Chief Information Officer's Digital WA Strategy;
- provide strong governance on ICT investment, ensuring that decision-making is transparent and investments align with the department's Strategic Intent and Digital vision;
- deliver customer centric services that drive customers to choose to interact with the department digitally; and
- support the department's business units to achieve their strategies.

The Digital Strategy will enable the department to achieve its vision of; “delivering simple, integrated digital services to the community”. Customers will have fewer touch points, find it easier to do business with us and choose to interact digitally. By digitising our services, the department will be able to deliver better regulatory outcomes at a lower cost to the community, share intelligence with other agencies for public benefit and build public trust through our transparent and robust ICT investment decision-making. The ICT Strategic Framework, supporting the Digital Strategy, will ensure that our ICT development is business goal oriented, designed for optimal end user experience and able to run on multiple platforms and technologies. Where possible, we will use common solutions across the department’s business to streamline the number of applications managed by the department and to streamline the user experience. The department will uphold the highest level of data and information security ensuring the community is comfortable transacting digitally with us.

The ICT Digital Strategy Strategic Intent is illustrated at Figure 13.

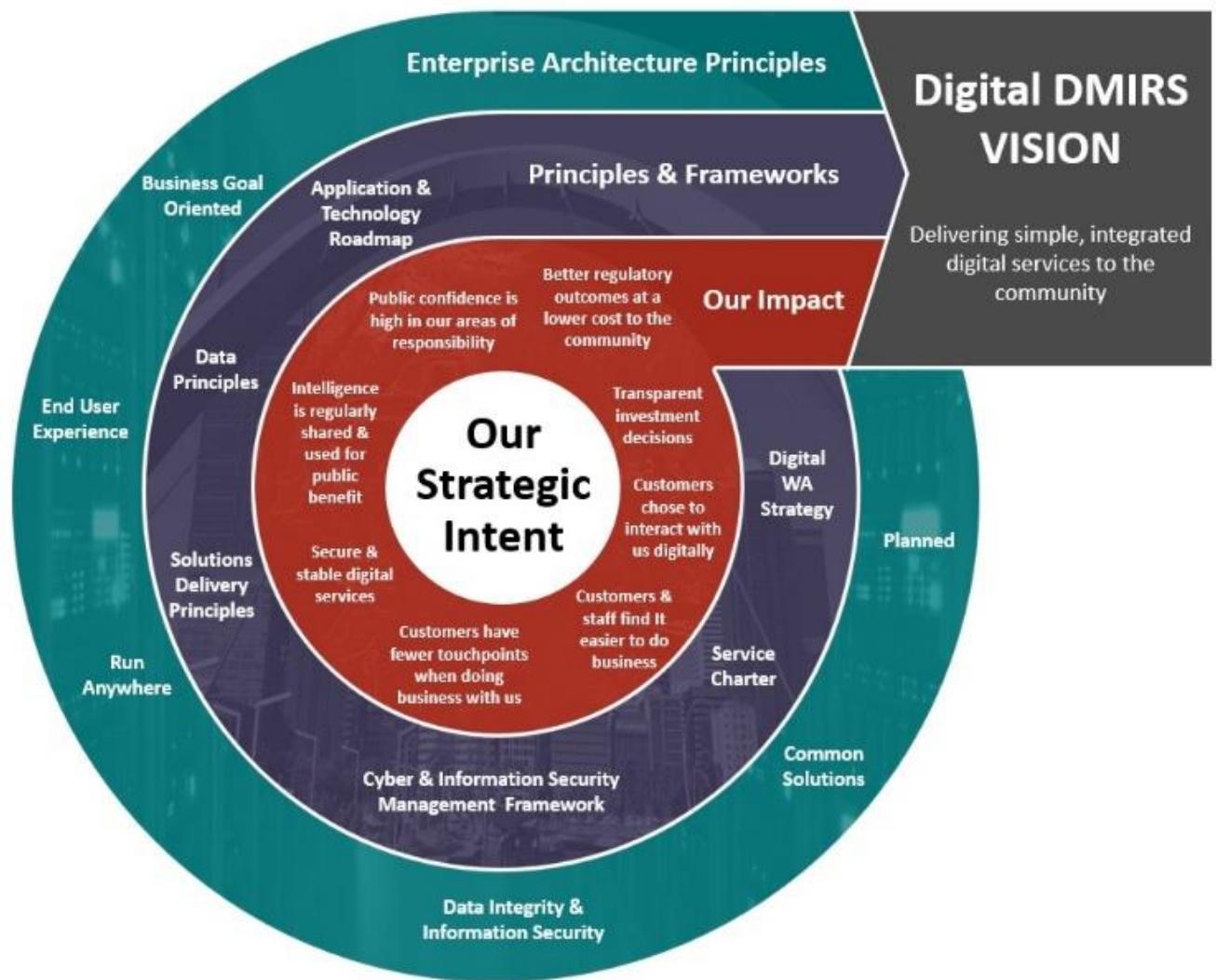


Figure 13: ICT Digital Strategy Strategic Intent

Employment and industrial relations

The department recognises that its employees are key to organisational success. During the year, there continued to be a strong focus on promoting health and wellbeing, and providing training and development, while the department's structure and systems were overhauled. The strategies ensured that the department continued to build on a skilled, diverse and longstanding workforce.

Workforce Management

The figures below summarise the department's workforce profile.

Table 10: Workforce profile

Staff Profile	2017–18
Full-time permanent FTE	1103.67
Full-time contract FTE	140.92
Part-time measured on a FTE basis	125.75
Total FTE	1370.34
Staff on secondment ⁽¹⁾	In = 7, Out = 21
Staff on traineeship ⁽¹⁾	2
Staff on Graduate Program ⁽¹⁾	9

(1) represents headcount not FTE

Workforce planning

Effective workforce planning mitigates risk and increases operational effectiveness. Work has commenced on a new workforce planning process for the department. The new process will be aligned to the operational planning process and the Leadership Development Framework while also integrated with the department's EEO and Diversity Plan. The process will ensure the department has a skilled and diverse workforce to meet the community's current and future needs.

Performance development

During the year, staff continued to use existing Work and Development Plans, Attraction and Retention Incentive Work Books or Performance Review and Development Plans for 2017–18. At the same time, progress was made towards the department's new performance development tool which will be implemented in 2018–19.

Staff Development

Staff members were provided with development opportunities in the year as part of the Leadership Development Framework. These included: accountable and ethical decision

making; conflict of interest; change readiness; and the mentoring program. Managers were also provided with training in: occupational safety, health and injury management; managing performance; recruitment and selection; and Management Accountabilities - Understanding Your Role, as part of the Management Excellence Development Program (MEDP).

Opportunities to participate in further customised in-house programs and sponsored external public sector wide programs were also available.

The department ensured women had opportunities to develop their leadership capability through programs in the Leadership Development Framework. During the year, the department also launched its Learn, Explore and Do program for women and ensured women were equally represented in the department's Management Excellence Development Program (MEDP). The department supported the participation of a number of women in the Public Sector Management Program, the Women in Mining Mentor Program and Women in Leadership conferences.

Equal Employment Opportunity and Diversity Plan

Diversity and inclusion continued to be a priority for the department. An EEO and Diversity Taskforce was established to examine the department's performance in building a diverse workforce and inclusive workplace, including opportunities to increase the representation of women in leadership positions.

The recommendations from the Taskforce are informing the development of the department's next edition of the EEO and Diversity Plan. To further strengthen the governance and accountability around the plan, an EEO and Diversity Subcommittee has been created, reporting to the Corporate Executive.

The following figure summarises the department's workforce diversity, as at 30 June 2018.

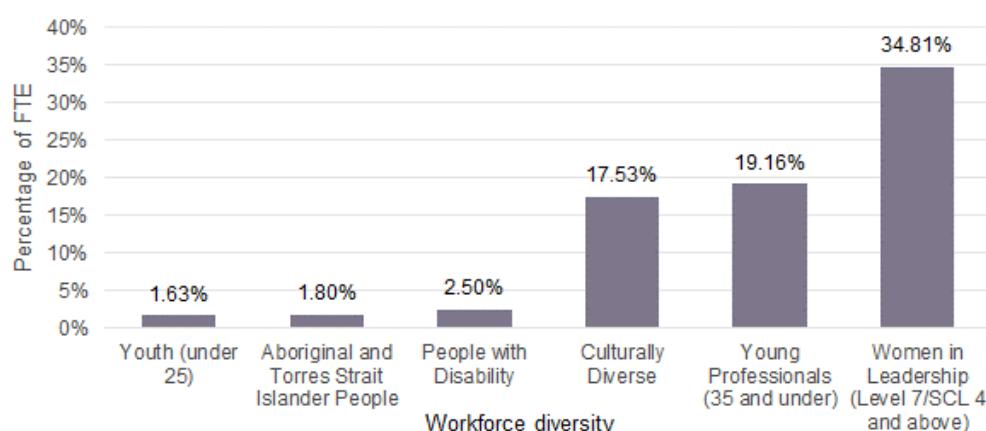


Figure 14: Workforce diversity

Employee Perception Survey

In 2018 the department participated in the Employee Perception Survey (EPS) along with other organisations impacted by the Machinery of Government changes.

The department out performed or was consistent with the sample in most areas, including key indicators of change management factors, and culture and leadership.



For change management, 59 per cent of employees agreed that the change was well managed, which was significantly higher than the public sector average (47 per cent). Employees also felt that senior leaders had kept employees informed of the changes, with 77 per cent in agreement with the public sector average (58 per cent). The department also rated above the sample average in relation to ethical behaviour.

The EPS results will be presented to all employees in the coming months and the results of the survey will be made widely available.

The department remains committed to monitoring the implementation of the organisational changes to ensure employees and managers receive continued support.

Youth employment

The department coordinates an award-winning interagency graduate program in partnership with the Department of Jobs, Tourism, Science and Innovation, and the Department of Primary Industries and Regional Development.

This 18-month program focuses on attracting talented university graduates to a career in the public sector, rotating them across multiple business areas and relevant agencies. The graduates gain experience, build networks and improve their understanding of State Government.

In 2017–18, five of the department's 2016 graduates completed the program. Graduates completing the program were offered employment with the department, with four of the graduates being offered permanent positions. In addition, the department welcomed five new graduate officers to the 2018 program.

The department also continued to participate in the Public Sector School-Based Traineeship program.

Aboriginal employment

To increase workforce representation of Aboriginal and Torres Strait Islander people, the department continued to participate in the Public Sector Commission's Aboriginal Traineeship Program and broader public sector initiatives such as the Public Sector Commission's 'Attract, appoint and advance: An employment strategy for Aboriginal people'.

A review was undertaken of all Aboriginal Employment initiatives, with an emphasis on identifying strengths and opportunities, and evaluating its impact. The result of the review was creation of a new Aboriginal Employment Strategy that focuses on attraction, retention and career development.

Reconciliation Action Plan

The department's Reconciliation Action Plan (RAP) outlines our commitment to reconciliation by:

- fostering effective relationships with Aboriginal and Torres Strait Islander organisations and community members;
- continuing to build a culture of respect through employee knowledge and understanding of Aboriginal and Torres Strait Islanders cultures and histories; and
- providing employment and development opportunities for Aboriginal and Torres Strait Islanders and supporting Aboriginal and Torres Strait Islander business.

During the year, the department hosted celebrations for NAIDOC Week and National Reconciliation Week.

Disability employment

The department is committed to maintaining an inclusive workplace where people with disability have equal access to employment and development opportunities. See the section on the Disability Access and Inclusion Plan outcomes on page 68, in particular outcome 7.

Conflict of interest

The Corporate Executive prioritised the establishment of a new Conflict of Interest framework for the department, and endorsed training to be provided to all employees. It set a target of having 50 per cent trained by 30 June 2018. This target was exceeded, with 1,020 employees (72 per cent) completing the training.

Further information on key management personnel and related party transactions can be found under Note. 9 within the financial statements.

Contracts with Senior Officers

At the date of reporting, 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 other than normal contracts of employment of service.

Unauthorised credit card expenditure

Officers of the department hold corporate credit cards where their functions warrant usage of this facility. Despite each cardholder being informed of their obligations under the department's credit card policy, 37 employees inadvertently used the corporate credit card for a personal good or service. These matters were not referred for disciplinary action as the Chief Finance Officer noted prompt advice and settlement of the personal use amount and the nature of the expenditure was immaterial and characteristic of an honest mistake.

Table 11: Unauthorised credit card expenditure 2017–18

Aggregate amount	2018 (\$)
Aggregate amount of personal use expenditure for the reporting period	\$ 1,398
Aggregate amount of personal use expenditure settled by the due date (within five working days)	\$ 1,359
Aggregate amount of personal use expenditure settled after the period (after five working days)	\$ 39
Aggregate amount of personal use expenditure outstanding at balance date	\$ -

Public Interest Disclosures

The department is committed to the objectives of the *Public Interest Disclosure Act 2003*.

The department does not tolerate corrupt or other improper conduct, and strongly supports disclosures being made by employees, contractors and community members that could stop or prevent wrongdoing. It recognises the value and importance of staff contributions to enhance administrative and management practices.

In accordance with section 23(f) of the *Public Interest Disclosure Act 2003*, the department is required to report to the Public Sector Commissioner on the number of Public Interest Disclosures received, the results and any action taken during the reporting period.

In 2017–18, there were no Public Interest Disclosures received or managed.

Corruption Prevention

The department is committed to the highest possible standards of openness, probity and accountability in all of its affairs and has zero tolerance of fraud and corruption. Suspected fraud or corruption will be reported, investigated and resolved in accordance with internal policies and procedures, and the *Corruption, Crime and Misconduct Act 2003*. All legal obligations to the principles of procedural fairness will be met.

The department has a Fraud and Corruption Control Plan outlining intended action in implementing and monitoring fraud and corruption prevention, detection and response initiatives. The plan has been developed in line with Australian Standard AS8001-2008 Fraud and Corruption Control, and forms an integral part of the department's Risk Management Framework.

Customer Feedback

The department is committed to understanding and striving to exceed our customer service standards by encouraging customer feedback to improve our services. Customers can provide feedback in a number of ways including via the internet, telephone, informing our counter service officers, or written communication to the department.



In 2017–18 there were 140 pieces of feedback received via two feedback mechanisms (customer service feedback database and the feedback and complaints manager). Of these, 24 per cent were compliments, 10 per cent were suggestions and 66 per cent were complaints.

The department aims to respond to feedback received in a timely manner and, where possible, reviewed complaints received and recurring issues, to improve service delivery and customer relations.



Government policy requirements

Substantive Equality

In accordance with the *Equal Opportunity Act 1984* and the Public Sector Commissioner's Circular 2015-01: *Implementation of the Policy Framework for Substantive Equality* the department is committed to ensuring substantive equality is reflected appropriately in divisional operations, strategies and policies.

The department recognises the diversity of the community and is committed to providing services to meet its customer needs. The department has placed emphasis on enhancing service delivery to Aboriginal and other culturally diverse client groups through the provision of specific information and education resources to ensure equal outcomes.

The department works through its Equal Employment Opportunity and Diversity Plan, and with other government departments, authorities, the community and industry, to achieve substantive equality.

Government Building Training Policy

The Government Building Training (GBT) Policy aims to increase the number of apprentices and trainees in the building and construction industry by committing contractors to a target training rate when awarding State Government building, construction and maintenance contracts.

All departmental building and construction, and maintenance contracts with an estimated value of \$2million or more are managed by Building Management and Works in the Department of Finance, which oversees general building requirements as part of the tender process and reports on performance against GBT targets. The department does not let contracts of this magnitude either for construction or maintenance in its own right.

Occupational Safety, Health and Injury Management

Commitment

The Director General and Corporate Executive has a duty of care to provide a safe and healthy work environment, and to ensure the safety and health of all employees, contractors and visitors as far as practicable. To support and demonstrate this commitment, the department's safety management system aims to not only meet, but also exceed the requirements of the *Occupational Safety and Health Act 1984*. During the year, this commitment was communicated



to staff in the Occupational Safety and Health (OSH) Policy and Procedures on the intranet, and covered in the OSH induction and OSH managers' training.

The department also continued to demonstrate its commitment to enhancing staff wellbeing through programs such as the:

- Working on Wellness Program;
- Ergonomic Program; and
- Employee Assistance Program.

Consultation

The department's OSH Committee is a consultative committee representing all employees and is accountable to the Director General through the Corporate Executive. The Committee consists of five employer representatives and all safety and health representatives who attend meetings on a rotational basis. The committee is chaired by an executive member and an employee representative on a rotational basis.

The OSH Committee continued to meet quarterly during the year, to discuss and resolve OSH issues, and review hazards and incident reports. The minutes are tabled at the next Corporate Executive meeting and made available to staff on the intranet. Safety is also a mandatory agenda item in all divisional and branch meetings to ensure safety is discussed and promoted across the department.

Injury management

The department continued to use its injury management system during the year, and managed workers' compensation claims in a fair and equitable manner in accordance with the *Workers' Compensation and Injury Management Act 1981*. This included return to work programs assisting the prompt return of officers to meaningful and productive work following work related injury, illness or disability. The injury management system is available to all staff.

There were eight workers' compensation claims lodged during 2017–18.

Further detail on the department's OSH and injury management performance has been provided on the next page.

Safety Management System

The safety management systems for both the former Department of Commerce and Department of Mines and Petroleum (DMP) were assessed against the WorkSafe Plan within the last three years. In 2017, the Department of Commerce received a WorkSafe Platinum Certificate of Achievement. This marked the first time a government agency had achieved this level of certification. In 2015, DMP received a WorkSafe Gold Certificate of Achievement.

The WorkSafe Plan Certificates of Achievement are awarded to organisations that have had an independent assessment of their workplace safety and health practices and have achieved high

ratings in each element of the WorkSafe Plan. They also recognise organisations for having rates of work-related injury and disease that are reducing, or being kept at low levels. Platinum certificates are for those organisations that achieve the highest standards, and gold certificates are for organisations demonstrating good progress toward a best practice approach to safety and health management.

All recommendations identified in both of these assessments have been actioned.

Table 12: OSH and Injury Management

Measure	Actual results for former departments ⁽¹⁾		Results ⁽²⁾	Results against target	
	2015-16	2016-17		Target	Comment on result
Number of fatalities	0	0	0	0	Target met
Lost time injury (LTI) and/or disease incidence rate	0.134 ⁽³⁾ 0.65 ⁽⁴⁾	0.25 ⁽³⁾ 0.26 ⁽⁴⁾	0.44	0 or 10% reduction ⁽³⁾ (actual target can be stated)	See note below ⁽⁵⁾
Lost time injury and/or disease severity rate	0	0	50.00	0 or 10% reduction ⁽³⁾ (actual target can be stated)	See note below ⁽⁶⁾
Percentage of injured workers returned to work:				Actual result to be stated	
(i) within 13 weeks	100%	100%	100%	Greater than or equal to 80%	Target met
(ii) within 26 weeks	100%	100%	100%	Greater than or equal to 80%	Target met
Percentage of managers trained in occupational safety, health and injury management responsibilities	100% ⁽³⁾ 97.5% ⁽⁴⁾	100% ⁽³⁾ 99.2% ⁽⁴⁾	86%	Greater than or equal to 80%	Target met

- (1) This indicator examines a three-year trend and as such the comparison base is to be two years prior to the current reporting year i.e. 2015-16 and 2016-17.
- (2) The data for the current reporting year (2017–18) is for the amalgamated department.
- (3) Results for former Department of Commerce.
- (4) Results for former Department of Mines and Petroleum.
- (5) Further information on complying with this reporting requirement, including the calculation and reporting of the performance measures, can be found at www.publicsectorsafety.wa.gov.au under ‘Reporting’.
- (6) During 2017–18, of the eight workers compensation claims lodged, six claims resulted in one day or more off work. During 2017–18, three of the six LTI workers compensation claims lodged were considered severe.

Focus on mental health and wellbeing

During 2017–18, the department focussed on mental health and wellbeing including fitness for duties. The Health and Wellbeing Policy and Fitness for Work Guideline were rolled out across department. The department has:

- introduced Managing Mental Health for Managers training and complementary Mental Health Awareness training for employees;
- recognised the 50th anniversary of Mental Health Week with a well-received presentation by Brant Garvey titled ‘No Xcuses’;

- organised mental health presentations and onsite counselling sessions by a representative of the Employee Assistant Program; and
- held the inaugural Safety and Health Representative forum, with a focus on psychological injury.

Wellness

The department has successfully amalgamated its award winning wellness programs into one Working on Wellness (WoW) program that has been rolled out across all of the department's locations. The WoW program aims to provide employees with opportunities to improve their health through developing relevant knowledge, skills and attitudes necessary for a healthy lifestyle, while positively impacting absenteeism, presentism and incident rates. Some of the events offered during the year were annual health and fitness checks, annual skin cancer screenings, influenza vaccinations, healthy cooking demonstrations, emotional intelligence, information sessions and a corporate walking challenge.

Gold Safe Way Achiever Award received



In 2017, the department was awarded a Gold Safe Way Achiever Award in the 2017 Industrial Foundation for Accident Prevention (IFAP)/CGU Safe Way Awards. The Safe Way Awards aim to motivate people in the workplace to maintain safe work practices, and recognise the implementation and continuous improvement of their organisation's safety management systems.

To nominate, the former DMP Corporate Occupational Safety and Health team provided a written submission and supporting documentation from which the department's safety management system was assessed against IFAP criteria such as:



- frequency and effectiveness of safety meetings;
- frequency of inspections and audits;
- implementation of action plans;
- use of safe work procedures and Job Safety Analysis; and
- recording and reporting of accidents.

IFAP individually reviews all submissions against criteria and conduct an in-house interview process to determine which level is achievable. Platinum certification is considered after achieving gold for at least five consecutive years.



Case study



The department wins distinguished Australasian Reporting Awards

Each year, the annual report is the primary vehicle for the department to celebrate its achievements and to provide an account of its performance to Parliament and the community.

The production of the annual report is a collaborative effort involving contributions throughout the department, including: corporate executive; project steering group; content working group; compliance working group; KPI working groups; and graphic designers.

The department was proud to receive silver and bronze for distinguished achievements in reporting at the 2018 Australasian Reporting Awards.

The Australasian Reporting Awards is an independent not-for-profit organisation run by volunteer professionals concerned with the quality of financial and business reporting.

It is an honour to be recognised alongside leaders in the business, not-for-profit and government sectors for excellent annual reporting.

In addition the department received two W.S. Lonnie awards for the former Department of Mines and Petroleum Annual Report 2016-17:

- General Award (Silver) for excellence in annual reporting (Category 2 – 101–1,000 FTE); and
- Specialist Award – CPA Australia Award for performance reporting.

These awards are a reflection of the hard work and dedication of everyone involved in recognising and reporting our achievements during the year and our commitment to good governance, transparency and accountability.



Receiving W.S. Lonnie Award
Image left to right: Edwina Piotto,
David Smith, Lonnie Judge, Cherie Wabeke, and Su Ho.

Board and committee remuneration

Please refer to the Appendix: Table 67 through to 82 for further details.

Other legal requirements

Expenditure on advertising, market research, polling and direct mail

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

Total expenditure for 2017–18 was \$500,627.16. Expenditure was incurred in the following areas (detailed in Table 13 below).

Table 13: Expenditure on advertising, market research, polling and direct mail 2017–18

Expenditure	Expenditure	Amount	Total
Advertising	Adcorp – publicity Adcorp – regulation Adcorp – recruitment Minesite Publication Annual Membership Brochure Racking 12 Months @ Fremantle Visitor Centre & Passenger Terminal Australian, Gold, Gem and Treasure Magazine - Seven Golden Rules 2017 - Australian Gold Gem & Treasure - August, 2017 Issue Derby Fitzroy Crossing – A visitors guide to the West Kimberley - Seven Golden Rules Glove Box Guide to the East Kimberley 2018 Edition – Seven Golden Rules of Prospecting September 2017 Open Day Advert August 2017 Advert – Acreage release	\$20,589.34 \$266,654.33 \$9,270.89 \$1,900.00 \$100.00 \$300.00 \$800.00 \$1,600.00 \$4,349.10 \$602.33	\$306,165.99
Market research organisations	Business Research Methods Gartner's - ICT Research, Coaching And Advisory Service - Fixed Price - (IT Executives CIO Essentials - Year 1 & Year 2) Survey Monkey Subscription Research Consultancy To Conduct Annual Resources Stakeholder Satisfaction Survey Survey Data For Ari Salary Review	\$2,775.00 \$108,300.00 \$2,004.69 \$16,100.00 \$300.00	\$129,479.69
Polling organisations	Mentimeter	\$383.16	\$383.16
Direct mail organisations	Wataway Mailchimp Campaign Monitor Vanguard Press Australia Post Farmguide	\$964.16 \$3,342.73 \$12,158.00 \$18,824.83 \$7,278.60 \$1,530.00	\$44,098.32

Continued over page

Expenditure	Expenditure	Amount	Total
Media advertising organisations	Redwave Media West Australian Geologist	\$19,500.00 \$1,000.00	\$20,500.00
Total			\$500,627.16

Disability Access and Inclusion Plan outcomes

Following the amalgamation, the new department commenced the development of a new Disability Access and Inclusion Plan 2018 – 2023 (DAIP) in accordance with section 29 of the *Disability Services Act 1993*, (DS Act) and schedule 3 of the Disability Services Regulations 2004.

During the past 12 months, the department has continued to meet its commitment to the principles and objectives of the DS Act. It achieved this by consolidating and implementing the strategies and initiatives identified in the DAIPs of the former departments to:

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

The department's progress on DAIP is reported to the Department of Communities with outcomes measured against the planned and completed strategies of the DAIP. Accordingly, the following summary outlines how the department provided access to its services, buildings and information:

Outcome 1

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

- Formed new DAIP committee comprising representatives from each business area, and includes three staff members with a disability.
- A committee member with a visual disability provided valuable feedback on website information for accessing the Mason Bird Building and Gordon Stephenson House. Similar references will be developed for all sites.
- Completed an events manual and checklist as an aid to organising accessible department-arranged or sponsored events.
- Commenced a review of the department's Disability Access and Inclusion Policy.

Outcome 2

People with disabilities have the same opportunities as other people to access the buildings and other facilities of the department.

- Maintained current physical accessibility features of all office buildings and facilities for people with disability.
- Completed refurbishments of the counter, emergency exit and office layout of the Kalgoorlie West office, and of the main entrance and access pathways of the Southern Cross office.
- Completed lift upgrades at the department's Mineral House headquarters to assist people with visual disability.
- Continued to develop Personal Emergency Evacuation Plans with the Fire Services Provider for any staff with physical, mental or sensory impairment, either temporary or permanent, that required assistance during an emergency evacuation. Trained staff with disabilities, and their buddies, on their awareness of evacuation procedures in the event of an emergency. This is to be extended to all regional office sites.

Outcome 3

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

- Continued towards compliance with the Web Content Accessibility Guidelines (WCAG 2.0) and alignment with the Government Chief Information Officer's Digital Services Policy.
- Continued to offer departmental information in alternative formats upon request and to promote this service in publications.

Outcome 4

People with disabilities receive the same level and quality of service from the staff of the department as other people receive.

- A facilitator with disability conducted disability awareness and inclusion training for staff.
- As part of the Casual Dress Day, money is donated by staff to various charity organisations and promoted via the staff intranet e.g. International Guide Dog Day and Disabled Children's Foundation Inc.

Outcome 5

People with disabilities have the same opportunities as other people to make complaints to the department.

- Published and monitored email addresses on our website that provide an avenue for people with disability to provide specific complaints about any issues encountered with our services or facilities.

Outcome 6

People with disabilities have the same opportunities as other people to participate in any public consultation by the department.

- Committed to improving opportunities for public consultation with all people in the community, including those with disability by recognising the importance of engaging people of varied backgrounds, skills, talents and perspectives in the consultation process.
- The DAIP committee met quarterly to discuss and monitor the effectiveness of strategies outlined in the current DAIP.
- Endeavoured to provide an accessible venue for all public consultation events with information available in alternative formats if required, including Australian Sign Language (Auslan) interpreters.

Outcome 7

People with disability have the same opportunities as other people to obtain and maintain employment within the department.

- Established an Equal Employment Opportunity (EEO) and Diversity Taskforce to build a diverse workforce and inclusive workplace, including a focus on increasing workforce representation of people with disability and reporting on progress.
- Worked with JobAccess to ensure departmental attraction, recruitment and retention strategies are barrier-free and best practice, including implementation of the Reasonable Adjustment Procedure.
- Successfully awarded two trainees, through the Public Sector Commission's People with Disability Traineeship Program, due to commence in the new financial year.

Compliance with public sector standards and ethical codes

The department is committed to maintaining an ethical, transparent and accountable workforce and actively encourages employees to uphold the highest standard of conduct and integrity at all times, in accordance with *Commissioner's Instructions No. 7 and No. 8*.

The development of a Code of Conduct for the new department has progressed and as at 30 June 2018, 92 per cent of employees have completed mandatory Accountable and Ethical Decision Making training.

Breach of Standard claims

Breach of Standard claims may be made for all Standards other than the Discipline Standard.

Of five claims lodged against the Employment Standard in 2017–18, no breaches were upheld when reviewed by the Public Sector Commissioner. The one breach claim lodged against the Grievance Resolution Standard was upheld when reviewed by the Public Sector Commissioner.

Record keeping plan

The Record Keeping Plan (RKP) is an essential business tool, which provides an accurate reflection of how recorded information is created, stored, managed and legally disposed of, across the department. Part 3, Division 4 of the *State Records Act 2000* states the department must review its RKP every five years or when there is any significant change to the department's functions. In order to meet this requirement, departmental legacy agencies reviewed their RKP's in 2017 and submitted their findings to the State Records Commission. A decision was made to create a new RKP for the department.

In 2018 the department created a new RKP in accordance with section 19 of the *State Records Act 2000*. The RKP and self-evaluation checklist was endorsed by the Director General and submitted to the State Records Commission for approval on 31 May 2018. Key corporate information management governance policies, procedures and guidelines have been reviewed, updated and published to support the department and its officers in complying with the RKP standards and legislation.

Evaluation of record keeping systems

The department continually monitors the performance of the Electronic Document Management Systems (EDRMS), including the data received through integration with other departmental record keeping systems. Qualitative and quantitative system checks are conducted on a regular basis to analyse data integrity, audit logs and capture actions on files and documents.

During the year, new EDRMS functional features were developed and released to enhance system users' experiences.

Record keeping training

All new employees are subject to the following mandatory information management and record keeping training:

- Record Keeping Awareness Training – an online, self-paced package covering government accountability and compliance, the benefits of good practice in record keeping, the consequences of inadequate record keeping, and the creation, access, storage and disposal of government records.
- Accountable and Ethical Decision Making (AEDM) Online - Record Keeping Module covering the legislative and policy framework for record keeping, the role of managers and supervisors, and the individual responsibilities of government employees.
- EDRMS Basics – classroom training covering the introduction to the EDRMS, and the application of foundational information management principles that guide system use and data creation.
- Employees complete an online record keeping refresher training every three years to ensure their knowledge is up to date and their record keeping is diligent.

In addition to mandatory training, employees are offered one-to-one desktop coaching sessions, with advanced EDRMS training modules regularly scheduled or arranged as required.

Corporate Information Management employees regularly attend workshops and presentations offered by the State Records Office, and Records and Information Management Professionals Australasia (RIMPA) for continuous professional development and to ensure their skills and knowledge remain current and relevant. See the table below for the range of training available and numbers of employees trained during the year:

Table 14: EDRMS Training 2017–18

Training	Employees Trained
Record Keeping Awareness Online	176
AEDM – Records Module	143
EDRMS Basics	226
EDRMS Online	172
EDRMS Advanced	80
EDRMS Refresher	78
One to one desk top coaching	134
Business folder owner	39

International Labour Organisation Convention 81: Labour inspections

Australia is a member nation of the International Labour Organisation. The International Labour Organisation is the peak international organisation responsible for setting international labour standards through the development and monitoring of International Conventions and Recommendations. The Australian Government ratified *International Labour Organisation Convention 81 - Labour inspections* on 24 June 1975. Article 21 of Convention 81 requires certain information to be published in annual reports for each of the central inspection authorities.

In Western Australia, the department is the ‘central authority’ responsible for conducting labour inspections for workplace safety, and wages and conditions of employment. The reporting in this section relates to the inspection services delivered by Labour Relations and WorkSafe for 2017–18.

Article 21 of Convention 81 requires the department to report on a number of matters namely:

- (a) Laws and regulations relevant to the work of the inspection service

Legislation administered by the department and changes to written laws during 2017–18, relevant to the work of the inspection service, are provided in the responsibilities section and in Appendix 1 of this report. The operations and performance section of this report also provides information on issues and trends impacting the department and the inspection environment.



(b) Staff of the labour inspection service

In 2017–18, the department employed the full-time equivalent of 7.75 industrial inspectors in Private Sector Labour Relations. The Safety Regulation Group has a full time equivalent complement of 93 inspectorate staff appointed under the *Occupational Safety and Health Act 1984*.

(c) Statistics of workplaces liable to inspection and the number of workers employed

There were a total of 228,527 businesses operating in Western Australia as at June 2017 (Australian Bureau of Statistics, Counts of Australian Businesses, including Entries and Exits, Jun 2013 to Jun 2017). A total of 1,340,000 people were employed in Western Australia (Australian Bureau of Statistics, Labour Force, Australia, May 2018).

It should be noted that the Western Australian industrial relations system applies only to unincorporated businesses and the state public sector. The department estimates that between one third and one fifth of Western Australian employees are covered by the State system.

(d) Statistics of inspections visits

During 2017–18, Private Sector Labour Relations conducted inspection activities of 363 employers. The Safety Regulation Group inspectors appointed under the *Occupational Safety and Health Act 1984* conducted 6,893 physical workplace visits including repeat visits.

(e) Statistics of violations and penalties imposed

Information on the number of prosecutions and penalties imposed is provided in the prosecutions section of this report. Private Sector Labour Relations found that of the 363 employers inspected, 104 separate breaches of awards, agreements or legislation were identified and three prosecutions were undertaken with one penalty imposed.

(f) Statistics of industrial accidents and occupational diseases

The lost time injury and disease (LTI/D) frequency and incidence rate are the principal measure of safety performance in Western Australia, and are also used to monitor performance against national targets. The frequency rate is calculated against the formula: Number of LTI/D divided by the number of total hours worked multiplied by 1,000,000. The incidence rate is calculated against the formula: Number of LTI/D divided by the number of employees multiplied by 100. A lost time work-related injury or disease is counted where there is at least one complete day or shift off work.

The operations and performance section of this report provides information on work-related injury and disease frequency and incidence rates for Western Australia. Information on disease groups that are being monitored at a national level can be accessed on the Safe Work Australia website (www.safeworkaustralia.gov.au).

Department specific reporting

Some of the legislation administered by the department requires specified information to be published in the Annual Report. In most cases this is in relation to the “number, nature and outcome” of complaints or investigations and also which matters were referred to the State Administrative Tribunal. Other legislation administered by the department requires specific reporting, in accordance with the relevant act, for referral to the Minister separately.

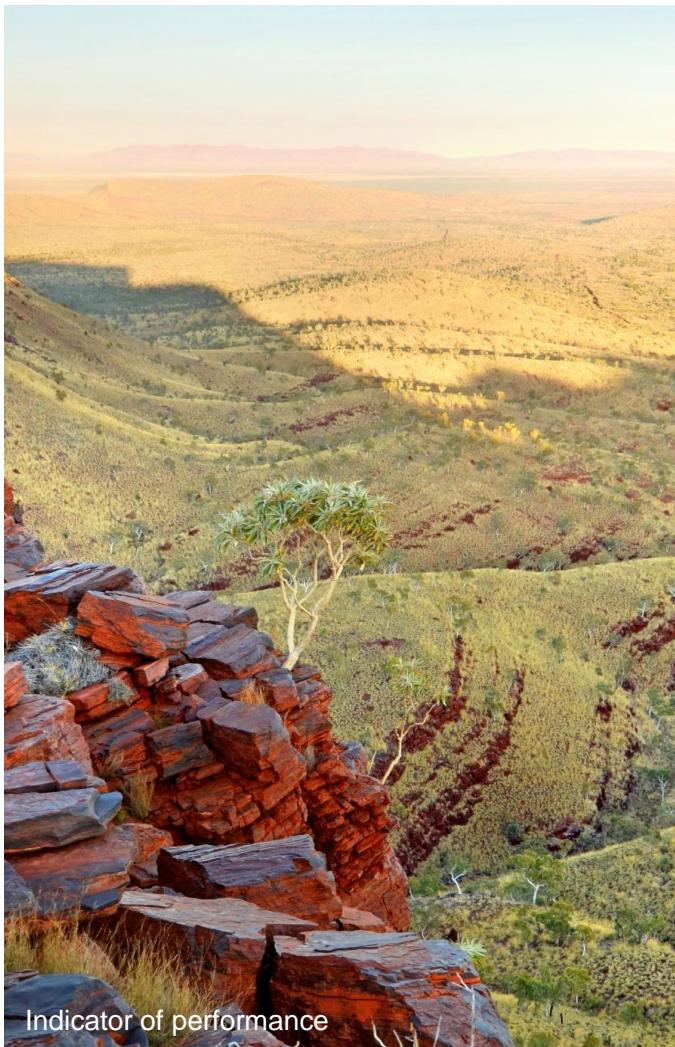
Please refer to the Appendices: pages 193 through to 213 for further details.

Table 15: Administered legislation requiring specific reporting in the annual report 2017–18

Section	Legislation
s.60(2)	<i>Credit (Administration) Act 1984</i>
s.12A	<i>Debt Collectors Licensing Act 1964</i>
s.33	<i>Electricity Act 1945</i>
s.10A(2)	<i>Employment Agents Act 1976</i>
s.13CA	<i>Gas Standards Act 1972</i>
s.31(1a)	<i>Land Valuers Licensing Act 1978</i>
s.51	<i>Motor Vehicle Dealers Act 1973</i>
s.59H(2)	<i>Plumbers Licensing Act 1995</i>
s.135	<i>Real Estate and Business Agents Act 1978</i>
s.112	<i>Settlement Agents Act 1981</i>

Variation in ongoing figures: reported figures relating to ongoing complaints, investigations or inquiries for the start of the 2017–18 financial year differ slightly to the ongoing figures for the end of the 2016-17 financial year provided in the Department of Commerce’s Final Report 2016-17. This is due to the dynamic nature of the Complaints and Licensing System (CALS) used by the department. i.e. details and classifications of certain types of complaints, investigations or inquiries may be changed as the department obtains further information regarding the matter. Any reclassification impacts the ‘ongoing’ figures.

Section 4: Key Performance Indicators



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Certification of Key Performance Indicators

Certification of key performance indicators

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Mines, Industry Regulation and Safety's performance, and fairly represent the performance of the Department of Mines, Industry Regulation and Safety for the financial year ended 30 June 2018.



David Smith
Department of Mines, Industry Regulation and Safety
30 August 2018



Outcome Based Management (OBM) Framework

The department's Outcome Based Management (OBM) structure was revised to reflect the amalgamation of the two former departments' OBMs and aligned to the new government goals. The integrated approach was considered better practice during a period of change. The merged OBM was implemented for the first time as part of the 2017–18 Budget Papers process.

Results show for the 2016–17 reporting year are as published in the 2016–17 Annual Report for the former Department of Mines and Petroleum and the Final Report for the Department of Commerce.

Key effectiveness indicators

Key effectiveness indicators provide information on the extent to which agency level government desired outcomes have been achieved.

There are 10 key effectiveness indicators for the department, which measure the extent to which its six outcomes are achieved.

Key efficiency indicators

Key efficiency indicators relate services to the level of resource inputs required to deliver them. All efficiency indicators illustrate the average cost per program. They reflect the cost, including overheads, of conducting the department's operational activities. The cost of the program is then divided by the quantity of activities achieved. These indicators exclude grants paid to external parties, costs associated with the implementation of the Agency Expenditure Review (AER) and the cost of non-operational activities.

The department has 19 indicators to measure service delivery across eight service areas.



Key Performance Indicators

The linkage between the government goal, agency outcome and service to the community is demonstrated in Table 1:

Table 16: Relationship to the Government's goals for 2017–18

Government Goals	Outcomes	Services
<i>Strong Communities: Safe communities and supported families</i>	<p>O.1 A fair trading environment that protects consumers and traders in Western Australia.</p> <ul style="list-style-type: none"> • O1.1: The extent to which traders comply with regulatory requirements. 	<p>S.1 The provision of consumer protection advice, information, education and business regulation services to the Western Australian community. (Consumer Protection)</p> <ul style="list-style-type: none"> • S1.1: Average cost per client contact to provide information and advice. • S1.2: Average cost per policy project. • S1.3: Average cost per inspection or investigation. • S1.4: Average cost per registration or licence.
	<p>O.2 Community in which the use of electricity and gas is regulated and safe.</p> <ul style="list-style-type: none"> • O2.1: Number of electricity-related serious injuries and fatalities per million population. • O2.2: Number of gas-related serious injuries and fatalities per million population. 	<p>S.2 The provision of regulatory services to the Western Australian community through licensing and compliance activities in the area of energy safety. (Energy Safety)</p> <ul style="list-style-type: none"> • S2.1: Average cost of regulatory services. • S2.2: Average cost or provision of licensing services.
	<p>O.3 A workplace operated in a safe and healthy manner.</p> <ul style="list-style-type: none"> • O3.1: The extent to which workplaces meet occupational safety and health criteria in priority areas. 	<p>S.3 The provision of advice, information, education, licensing and enforcement services to the Western Australian community in the area of occupational safety and health. (WorkSafe)</p> <ul style="list-style-type: none"> • S3.1: Average cost per client contact to provide information and advice. • S3.2: Average cost per inspection or investigation. • S3.3: Average cost per registration or licence.

Government Goals	Outcomes	Services
<i>Better Places: A quality environment with liveable and affordable communities and vibrant regions.</i>	<p>O.4 Buildings and plumbing installations that are safe, sustainable and respond to community needs.</p> <ul style="list-style-type: none"> • O4.1: The extent to which building service providers comply with regulatory requirements. 	<p>S.4 The provision of government administration, licensing, regulatory and dispute resolution services that enable the building and plumbing industries, to efficiently deliver buildings and plumbing installations, that are safe, sustainable and respond to community needs. (Building Commission)</p> <ul style="list-style-type: none"> • S4.1: Average cost per inspection. • S4.2: Average cost per registration or licence administered. • S4.3: Average cost per building services and home building work contract dispute resolved. • S4.4: Average cost per policy project managed
	<p>O.5 Contribute to making WA the destination of choice for responsible resource exploration, development and operations.</p> <ul style="list-style-type: none"> • O5.1: Percentage of applications determined within agreed timelines. • O5.2: Percentage of compliance with regulated resource exploration and development conditions. • O5.3: Percentage of compliance activities completed as planned. • O5.4: Stakeholder satisfaction with the effectiveness of the department as regulator of the resource sector. 	<p>S.5 Providing resource sector information and advice to industry, community and government. (Resources)</p> <ul style="list-style-type: none"> • S5.1: Average weighted cost of information and product services. <p>S.6 Managing land access for resource related activity. (Resources)</p> <ul style="list-style-type: none"> • S6.1: Average weighted cost of application determination services. <p>S.7 Regulating resource sector development for health and safety, social responsibility, environment and dangerous goods. (Resources)</p> <ul style="list-style-type: none"> • S7.1: Average weighted cost of regulatory and compliance services.
<i>Future Jobs and Skills: Grow and diversify the economy, create jobs and support skills development.</i>	<p>O.6 Shape and influence industrial relations systems in Western Australia.</p> <ul style="list-style-type: none"> • O6.1: The extent to which employers comply with the requirements of labour relations laws. 	<p>S.8 To assist private and public sector workplaces to be economically sustainable and fair by providing our stakeholders and clients with expert labour relations advice, education and regulation. (Private Sector Labour Relations and Public Sector Labour Relations)</p> <ul style="list-style-type: none"> • S8.1: Average cost per hour of policy advice. • S8.2: Average cost per client contact to provide information and advice. • S8.3: Average cost per inspection or investigation

Table key: O=Outcome, S=Service

Summary of results

A summary of KPI results is shown below. The summary reflects where KPIs contribute to the department's Strategic Intent approach and impact as a Regulator, Service Provider, and Policy Maker. The results show the status of the KPI in relation to where targets were met¹ (–), exceeded (👉) or not met (👈).

Detailed explanations of the results for the KPI can be found on the corresponding page.

Table 17: Summary of 2017–18 performance compared to 2016–17 and target: Effectiveness indicators

	2016-17	2017-18	Target	± 2016-17	± Target		Page
Outcome 1: A fair trading environment that protects consumers and traders in Western Australia.							
 O1.1 The extent to which traders comply with regulatory requirements	95%	96%	95%	1%	1%	–	83
Outcome 2: Community in which the use of electricity and gas is regulated and safe.							
 O2.1: Number of electricity-related serious injuries and fatalities per million population.	7	6	0	-14%		84	
 O2.2: Number of gas-related serious injuries and fatalities per million population.	5	3	0	- 40%		85	
Outcome 3: A workplace operated in a safe and healthy manner.							
 O3.1: The extent to which workplaces meet occupational safety and health criteria in priority areas.	72%	76%	75%	4%	1%	–	86
Outcome 4: Buildings and plumbing installations that are safe, sustainable and respond to community needs.							
 O4.1: The extent to which building service providers comply with regulatory requirements	77%	78%	85%	1%	-7%	–	87
Outcome 5: Contribute to making Western Australia the destination of choice for responsible resource exploration development and operations.							
 O5.1: Percentage of applications determined within agreed timelines.	98%	95%	95%	-3%	0%	–	89
 O5.2: Percentage of compliance with regulated resource exploration and development conditions.	96%	95%	95%	-1%	0%	–	90
 O5.3: Percentage of compliance activities completed as planned.	105%	99%	100%	-6%	-1%	–	91
 O5.4: Stakeholder satisfaction with effectiveness of DMIRS as a resource sector regulator	84%	83%	85%	-1%	-2%	–	92
Outcome 6: Shape and influence industrial relations systems in Western Australia.							
 O6.1: The extent to which employers comply with the requirements of labour relations laws	52%	56%	65%	4%	-9%	–	94

¹ Target is considered to be met if variance is within +/- 10 per cent.

Table 18: Summary of 2017–18 performance compared to 2016–17 and target: Efficiency indicators

	2016-17	2017-18	Target	± 2016-17	± Target		Page
Service 1: Consumer Protection							
 S1.1: Average cost per client contact to provide information and advice.	\$1.46	\$1.14	\$1.51	-22%	-25%		96
 S1.2: Average cost per policy project.	\$151,197	\$129,639	\$310,308	-14%	-58%		97
 S1.3: Average cost per inspection or investigation.	\$331.24	\$390.77	\$436.04	18%	-10%		99
 S1.4: Average cost per registration or licence.	\$11.47	\$11.25	\$12.66	-2%	-11%		100
Service 2: EnergySafety							
 S2.1: Average cost of regulatory services.	\$2,059	\$2,763	\$2,663	34%	4%		101
 S2.2: Average cost of provision of licensing services.	\$32.10	\$32.14	\$36.12	0%	-11%		102
Service 3: WorkSafe							
 S3.1: Average cost per client contact to provide information and advice.	\$3.04	\$3.54	\$3.05	16%	16%		103
 S3.2: Average cost per inspection or investigation.	\$2,111	\$2,323	\$1,929	10%	20%		105
 S3.3: Average cost per registration or licence	\$90.05	\$63.38	\$82.29	-30%	-23%		106
Service 4: Building Commission							
 S4.1: Average cost per inspection.	\$888.81	\$1,348.84	\$854.63	52%	58%		107
 S4.2: Average cost per registration or licence administered.	\$425.98	\$370.47	\$397.70	-13%	-7%		108
 S4.3: Average cost per building services and home building work contract dispute resolved.	\$6,652	\$7,353	\$7,071	11%	4%		109
 S4.4: Average cost per policy project managed	\$154,717	\$268,195	\$164,816	73%	63%		110
Service 5: Providing Resource Sector Information and Advice to Industry, Community and Government							
 S5.1: Average weighted cost of information and product services.	\$1,096	\$893	\$914	-19%	-2%		111
Service 6: Managing Land Access for Resource-related Activity							
 S6.1: Average weighted cost of application determination services.	\$1,092	\$1,202	\$1,057	10%	14%		112
Service 7: Regulating Resource Sector Development for Health and Safety, Social Responsibility, Environment and Dangerous Goods							
 S7.1: Average weighted cost of regulatory and compliance services.	\$1,158	\$1,070	\$1,295	-8%	-17%		114



	2016-17	2017-18	Target	\pm 2016-17	\pm Target		Page
Service 8: Labour Relations							
	S8.1: Average cost per hour of policy advice.	\$254.11	\$248.86	\$351.71	-2%	-29%	
	S8.2: Average cost per client contact to provide information and advice.	\$2.61	\$2.38	\$2.71	-9%	-12%	
	S8.3: Average cost per inspection or investigation	\$9,124	\$3,036	\$8,300	-67%	-63%	

Key: — Target met

Target exceeded

Target not met

The diagram below illustrates the department's performance against targets by the three approaches – regulator, service provider and policy maker. Overall, the majority of targets were met or exceeded for all three approaches.

Summary of performance by approach

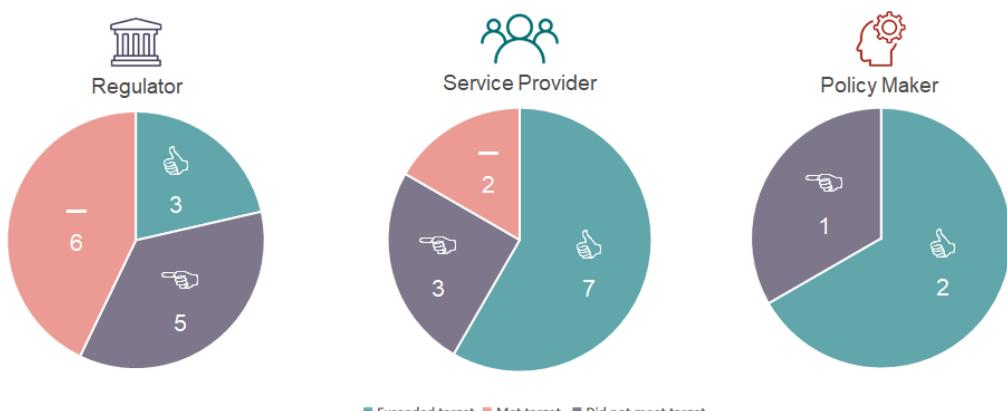


Figure 15: Summary of outcomes for each of the departments group

Effectiveness Indicators

Outcome 1: A fair trading environment that protects consumers and traders in Western Australia.

Key effectiveness indicator O1.1: The extent to which traders comply with regulatory requirements

What we measure:

This effectiveness indicator demonstrates the extent to which consumers are protected and businesses operate fairly, as represented by the proportion of traders that comply with regulatory requirements. The basis for monitoring and reporting compliance is the extent to which breaches of a significant nature are identified.

How we measure:

Compliance is determined by assessing businesses against criteria established by the department, with priority given to compliance with consumer protection legislation. During the course of inspections, inspectors verify traders' compliance against a list of regulatory requirements. Only those areas for which Consumer Protection is directly responsible are used to establish the extent of compliance within the community.

Our performance:

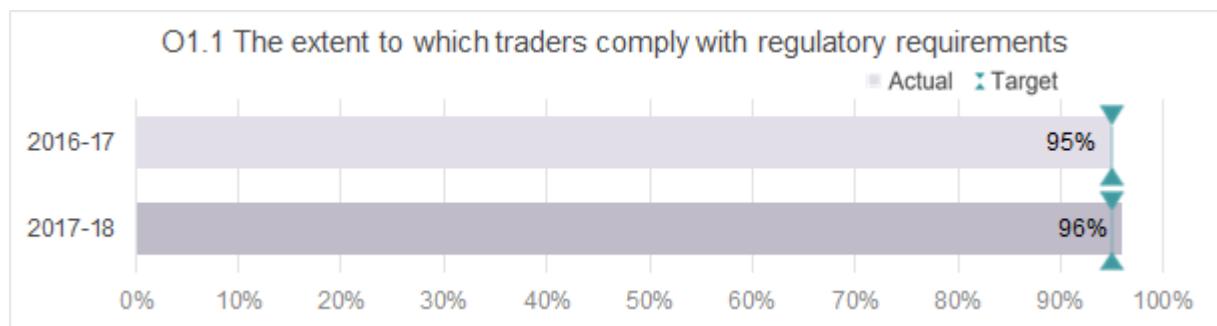


Figure 16: Comparison with previous year – key effectiveness indicator O1.1

During 2017–18, a total of 32,597 routine and proactive consumer protection inspections were undertaken, compared with 34,859 in 2016–17.

Of these inspections, 96 per cent of traders were found to be compliant with the regulatory requirements, which is one percent higher than the 2016–17 result and the 2017–18 target.

Table 19: Key effectiveness indicator O1.1: The extent to which traders comply with regulatory requirements

	2016-17	2017-18	Target	± 2016-17	± Target	
	95%	96%	95%	1%	1%	-

Results in detail:

- Automotive, Marine and Trading Hours conducted 27,548 inspections, of which 97 per cent were compliant.
- Associations and Charities undertook 1,237 audits of which all were compliant.
- Registration and Monitoring conducted 3,223 audits, of which 84 per cent were compliant.
- Property Industries undertook 497 inspections, of which 96 per cent were compliant.

Outcome 2: Community in which the use of electricity and gas is regulated and safe.

Key effectiveness indicator O2.1: The number of electricity-related serious injuries and fatalities per million population

What we measure:

This indicator measures the effectiveness of the electricity-related regulatory regime, and subsequently the safety of the community. It demonstrates the department's effectiveness in achieving a community in which the use of electricity is regulated and safe. This measure provides meaningful performance information as the primary purpose of the legislation administered by Energy Safety is to reduce or eliminate such incidents.

How we measure:

The raw number of electricity-related serious injuries (SIs) and fatalities and the WA population (sourced from ABS population estimates) are used to determine a rate per million population.

The WA population is determined at 30 June of the reporting year.

Our performance:

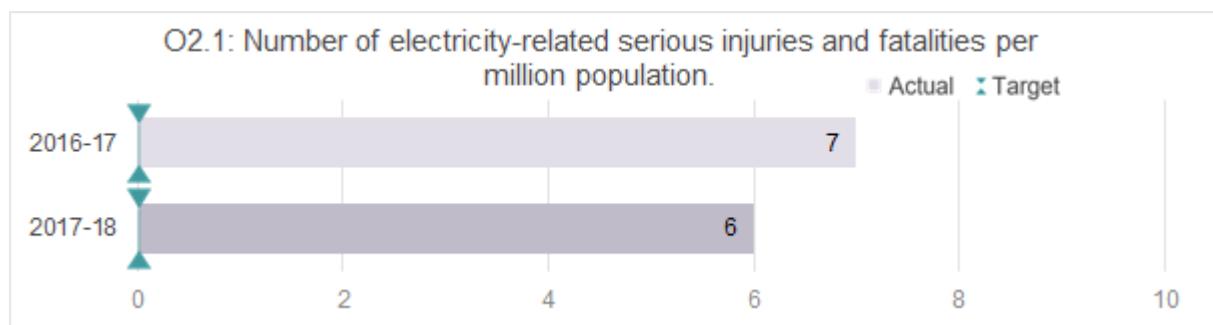


Figure 17: Comparison with previous year – key effectiveness indicator O2.1

In 2017–18 the rate of electricity-related serious injuries and fatalities was 6 per million population. This is slightly lower than the 2016–17 rate, which was 7 per million population. The 14 per cent reduction from 2016–17 can be attributed to two fewer serious electrical accidents. However there was one fatality in 2017–18 compared with zero in 2016–17.

The target is set at zero as the desired outcome is to have no serious injuries and fatalities in both the electricity and gas energy areas.

Table 20: Key effectiveness indicator O2.1: Number of electricity-related serious injuries and fatalities per million population

	2016-17	2017-18	Target	± 2016-17	± Target
	7	6	0	-14%	- 

Results in detail:

- In 2017–18 there were 15 serious electrical accidents which included three incidents of hospitalisation, 11 incidents with medical treatment and one fatality.
- By comparison, in 2016–17 there were 17 serious electrical accidents which included five incidents of hospitalisation, 12 incidents with medical treatment and no fatalities.

Key effectiveness indicator O2.2: The number of gas-related serious injuries and fatalities per million population

What we measure:

This indicator measures how effective the gas-related regulatory regime is, and subsequently the safety of the community. It provides information on the department's effectiveness in achieving a community in which the use of gas is regulated and safe.

How we measure:

The raw number of gas-related serious injuries (SIs) and fatalities and the WA population (sourced from ABS population estimates) are used to determine a rate per million population.

The WA population is determined at 30 June of the reporting year.

Our performance:

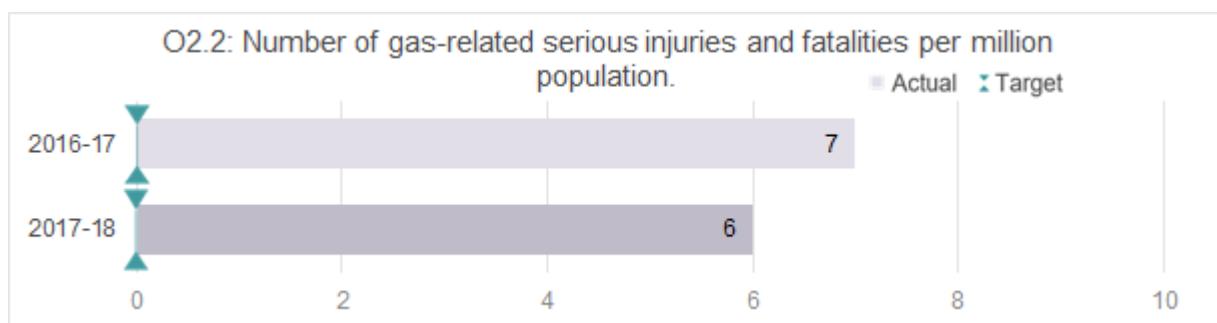


Figure 18: Comparison with previous year – key effectiveness indicator O2.2

In 2017–18 the rate of gas-related serious injuries and fatalities was 3 per million population, an improvement on the 2016–17 rates of 5 per million population. The 40 per cent reduction from 2016–17 can be attributed to three fewer serious gas accidents. There were no gas-related fatalities in 2017–18 compared with one in 2016–17.

Targets are set at zero as the desired outcome is to have no serious injuries and fatalities in both the electricity and gas energy areas.

Table 21: Key effectiveness indicator O2. 2: Number of gas-related serious injuries and fatalities per million population

	2016-17	2017-18	Target	\pm 2016-17	\pm Target
	5	3	0	-40%	

Results in detail:

- In 2017–18 there were eight serious gas accidents which included four incidents of hospitalisation and four incidents with medical treatment. There were no gas-related fatalities in 2017–18.
- By comparison, in 2016–17 there were 11 serious gas accidents, which included three incidents of hospitalisation, seven incidents with medical treatment and one fatality.

Outcome 3: A workplace operated in a safe and healthy manner

Key effectiveness indicator O3.1: The extent to which workplaces meet occupational safety and health criteria in priority areas

What we measure:

This measure examines the department's effectiveness in ensuring workplaces operate in a safe and healthy manner. This is assessed in terms of the extent to which workplaces meet occupational safety and health criteria in priority areas. Priority areas include Electricity, Falls from Heights, Fatigue Management, Hazardous Substances, Manual Handling (Lifting), Machine Guarding, Mobile Plant, and Slips, Trips and Falls.

How we measure:

This measure is calculated as a percentage of total compliant Priority Inspection Reports (PIRs) out of the total number of inspections carried out.

Our performance:

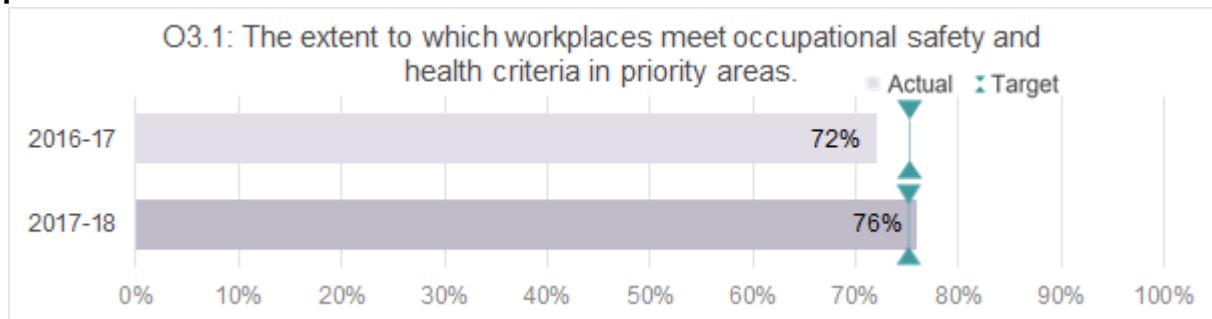


Figure 19: Comparison with previous year – key effectiveness indicator O3.1

During 2017–18, a total of 18,368 PIRs were undertaken as compared to 18,896² in 2016–17. Of these, 76 per cent were found to be compliant, which was one per cent higher than the target of 75 per cent and four per cent higher than the 2016–17 result of 72 per cent.

Table 22: Key effectiveness indicator O3.1: The extent to which workplaces meet occupational safety and health criteria in priority areas

	2016-17	2017-18	Target	\pm 2016-17	\pm Target	
	72%	76%	75%	4%	1%	—

Results in detail:

Compliance with each priority area was:

- Compliance with Electricity inspections was 67 per cent.
- Compliance with Falls From Heights inspections was 72 per cent.
- Compliance with Fatigue Management inspections was 76 per cent.
- Compliance with Hazardous Substances inspections was 68 per cent.
- Compliance with Manual Handling (Lifting) inspections was 88 per cent.
- Compliance with Machine Guarding inspections was 85 per cent.
- Compliance with Mobile Plant inspections was 79 per cent.
- Compliance with Slips, Trips & Falls inspections was 78 per cent.

Outcome 4: Buildings and plumbing installations that are safe, sustainable and respond to community needs

Key effectiveness indicator O4.1: The extent to which building service providers comply with regulatory requirements

What we measure:

This measure demonstrates the department's effectiveness in achieving buildings and plumbing installations that are safe, sustainable and respond to community needs.

The Building Commission is responsible for auditing regulated occupations including registered building contractors, licensed plumbing contractors, registered painters, registered building surveyors and non-registered building service providers i.e owner-builders. This measure reflects the impact of the regulatory activity undertaken to improve safety standards for building and plumbing.

² This figure is the revised number of PIRs at 8 August 2018. The figure published in the final Commerce Annual report (18,857) was correct at June 30 2017. The compliance rate for 2016–17 remains unchanged at 72%.

How we measure:

This measure is calculated as a percentage of total elements found to be compliant out of the total number of elements inspected.

Our performance:

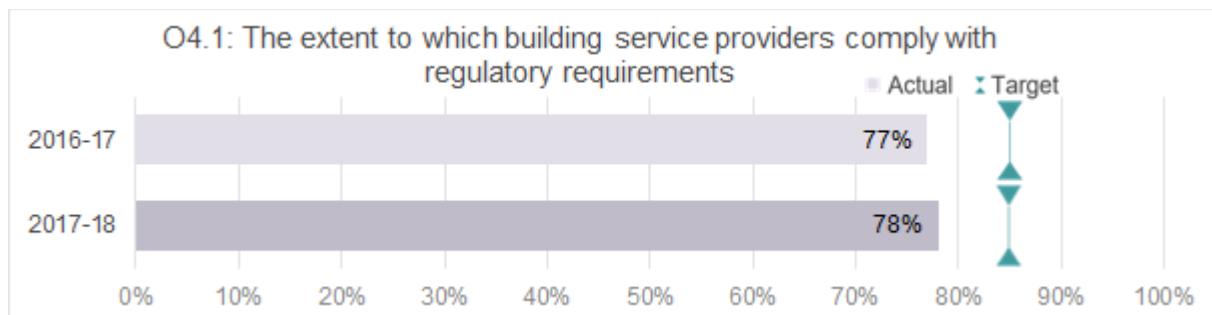


Figure 20: Comparison with previous year – key effectiveness indicator O4.1

In 2017–18, a total of 78 per cent of registered building service providers were found to be compliant with regulatory requirements, which is one per cent higher than the 2016–17 result of 77 per cent and seven per cent lower than the target. The target of 85 per cent was set as an aspirational target to achieve a higher level of compliance within the building service provider industries.

Table 23: Key effectiveness indicator O4.1: The extent to which building service providers comply with regulatory requirements

	2016-17	2017-18	Target	± 2016-17	± Target
	77%	78%	85%	1%	-7%

Results in detail:

- During 2017–18, a total of 14,061 elements were inspected, of which 11,005 were compliant.
- For registered building contractors, 4766 elements were inspected in 2018–18.
- For registered building surveyors, 3928 elements were inspected in 2018–18.
- For licensed plumbing contractors 5,019 elements were inspected in 2018–18.
- For registered painting contractors, 348 elements were inspected in 2018–18.

Outcome 5: Contribute to making Western Australia the destination of choice for responsible resource exploration, development and operations

Key effectiveness indicator O5.1: Percentage of applications determined within agreed timeframes.

What we measure:

The department is responsible for administering mineral and energy resources legislation with an emphasis on the timely determination and management of applications.

The department, as a designated Lead Agency, under the Lead Agency Framework, considers managing determinations within agreed times as key to responsibly developing resources across the State. Lack of certainty and time delays have major financial implications for stakeholders and reputational repercussions for the State.

How we measure:

This measure is calculated by dividing applications determined within target timelines by overall applications determined. Applications determined are those approved, refused, lapsed, rejected or withdrawn. The department publishes its target timelines on its website.

Our performance:

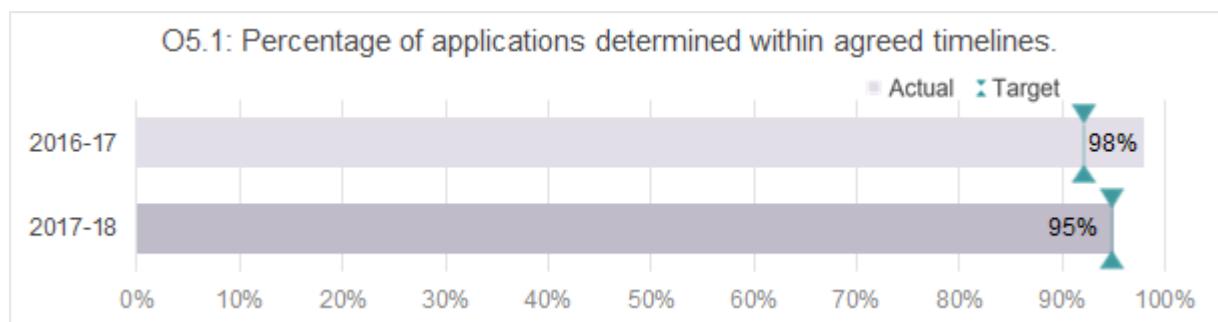


Figure 21: Comparison with previous year – key effectiveness indicator O5.1

In 2017–18, 95 per cent of applications were determined within the agreed timeline. This is equal to the target set, although three percent lower than the 2016–17 result.

Table 24: Key effectiveness indicator O5.1: Percentage of applications determined within agreed timelines

	2016-17	2017-18	Target	± 2016-17	± Target
	98%	95%	95%	-3%	0%

Results in detail:

- 97 per cent of mining tenement applications determined within target timeframes.
- 94 per cent of environment applications determined within target timeframes.
- 98 per cent of mine safety applications determined within target timeframes.
- 86 per cent of petroleum and geothermal tenure and activity applications determined within target timeframes.

Key effectiveness indicator O5.2: Percentage of compliance with regulated resource exploration and development conditions.

What we measure:

The department ensures the State's resource sector's safety, health and environmental standards are world best practice and consistent with relevant State and Commonwealth legislation, regulations and policies. Improving the safety, health and environmental performance of the mineral and energy resources sector is a priority of the Government.

Environment and safety audits, inspections and investigations are regulatory activities of the department. This measure demonstrates the department's capacity to effectively administer and enforce the regulated environment and safety conditions as per the respective legislation.

Planned site selection for safety and environment regulatory activities is based on a risk framework. Regulatory activities are also undertaken on sites following an environmental or occupational safety and health incident; or notification of such incidents; or complaints by stakeholders including the general public.

The regulatory responsibility of the department includes the collection of royalties from resources development on behalf of the State. The department measures the compliance of returns, payments and production lodged by mineral and petroleum producers in line with relevant Acts and Regulations.

How we measure:

This measure is calculated by dividing the number of compliant activities by the total number of compliance activities.

Compliant activities are those that met all regulatory requirements and no non-compliance action was necessary or issued. Non-compliance actions are those with an enforceable consequence or repercussion for non-compliance, further than providing administrative persuasive notice for non-compliance.

Our performance:

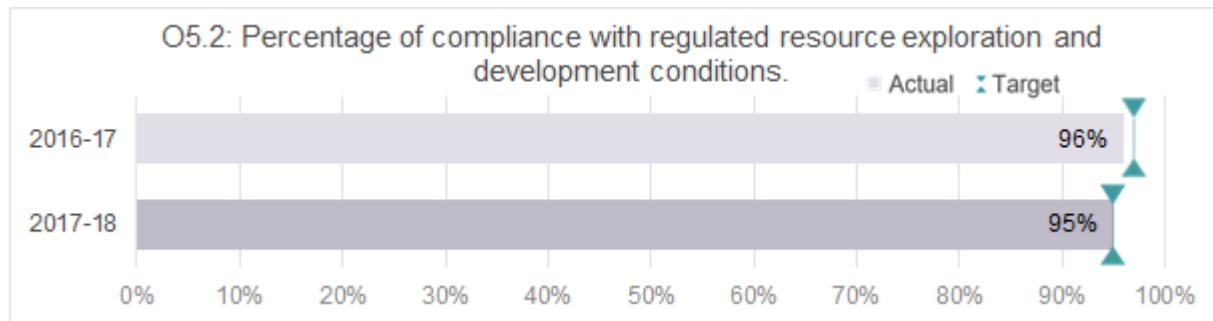


Figure 22: Comparison with previous year – key effectiveness indicator O5.2

In 2017–18, 95 per cent of compliance activities met the required conditions. This result is consistent with the 2016–17 result and the target set.

Table 25: Key effectiveness indicator O5.2: Percentage of compliance with regulated resource exploration and development conditions

	2016-17	2017-18	Target	\pm 2016-17	\pm Target	
	96%	95%	95%	-1%	0%	—

Results in detail:

- 96 per cent of resource safety compliance activities were compliant.
- 96 per cent of environment compliance activities were compliant.
- 93 per cent of royalties compliance activities were compliant.

Key effectiveness indicator O5.3: Percentage of compliance activities completed as planned.

What we measure:

The department ensures the State's resource sector's safety, health and environmental standards are world best practice and consistent with relevant State and Commonwealth legislation, regulations and policies. Environment and safety audits, inspections and investigations are regulatory activities of the department. This measure demonstrates the department's capacity to effectively administer and enforce the regulated environment and safety conditions as per the respective legislation.

Planned site selection for safety and environment regulatory activities is based on a risk framework. Regulatory activities are also undertaken on sites following an environment or occupational safety and health incident; or notification of such incidents; or complaints by stakeholders including the general public.

How we measure:

This measure is calculated by dividing the total number of completed inspections and audits by the total number of planned inspections and audits. The total planned compliance activities include those activities that are expected, scheduled and pre-arranged to be completed, plus an estimate of reactive, additional and unplanned activities that are anticipated to be conducted during the year.

Our performance:

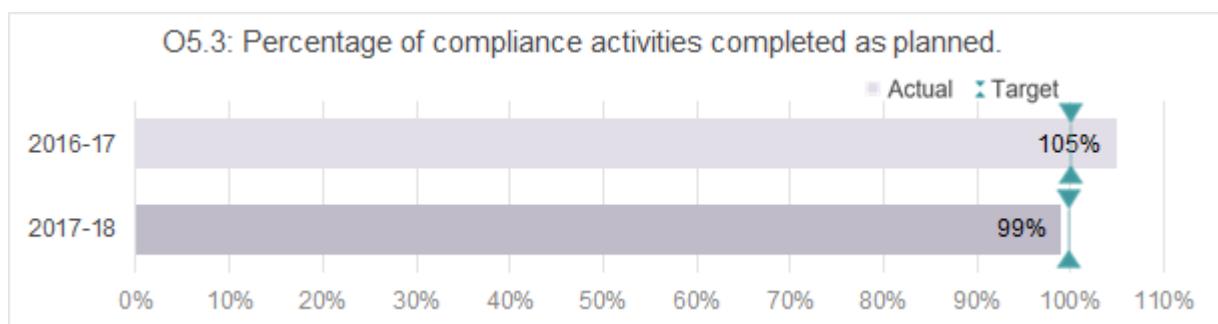


Figure 23: Comparison with previous year – key effectiveness indicator O5.3

In 2017–18, overall 99 per cent of compliance activities were completed as planned. This is six per cent lower than 2016–17 and one per cent the expected target.

A large volume of environmental compliance activities were completed as planned. However, there was a reduction in petroleum compliance activities completed as planned due to a downturn in exploration. As a result fewer annual Environmental Reports were available for review.

Table 26: Key effectiveness indicator O5.3: Percentage of compliance activities completed as planned

	2016-17	2017-18	Target	± 2016-17	± Target
	105%	99%	100%	-6%	-1%

Results in detail:

- 101 per cent of planned Resource Safety compliance activities were completed as planned.
- 89 per cent of planned Environment (Petroleum and Minerals) compliance activities were completed as planned.

Key effectiveness indicator O5.4: Stakeholder satisfaction with the effectiveness of DMIRS as a resources sector regulator

What we measure:

Stakeholder satisfaction of the department's regulatory role in the resources sector is measured by undertaking an annual online survey. The survey was sent to stakeholders who engaged with the department in the previous 12 months, and included representatives from government departments, local government bodies, community members, industry, non-government organisations and regional community groups.

Insight into stakeholder satisfaction with the department as a resources sector regulator can inform future efficiencies and reduce public sector red tape by understanding where issues arise.

How we measure:

Overall satisfaction is captured through an online quantitative survey. A single measure is used, asking the question:

“Overall how satisfied are you with the performance of DMIRS as an effective resources sector regulator”.

The same question is asked each year to ensure consistency.

Satisfaction is calculated as the proportion of respondents who give a rating between six and ten, on a ten point scale.

Our performance:

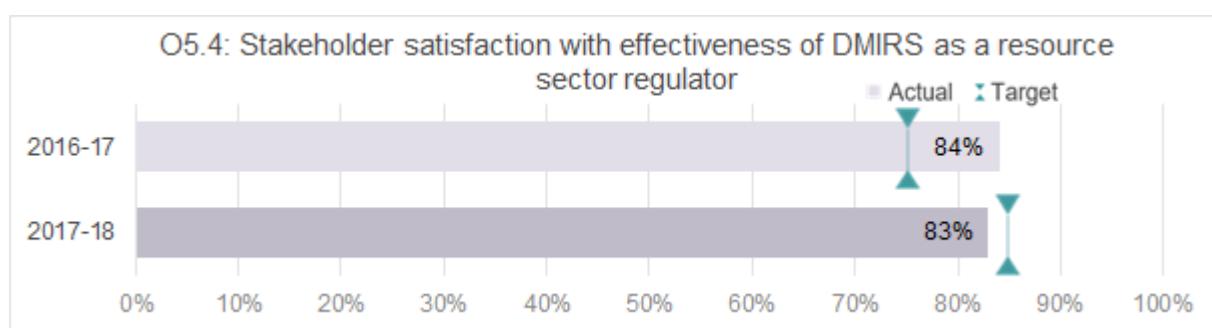


Figure 24: Comparison with previous year – key effectiveness indicator O5.4

The results show that satisfaction with the department as a resources sector regulator remains consistently high, with 83 per cent of respondents rating the department at six or higher out of ten. This result is slightly lower than 2016–17 and the 2017–18 target.

There were 1,033 respondents to the 2017–18 survey (7.9 per cent response rate), compared with 940 respondents for the 2016–17 survey (7.2 per cent response rate). Representation across the organisation was comparable between the two surveys.

Respondents performing tasks such as paying royalties, subscribing to publications or seeking guidance on resources regulations or policies had the highest satisfaction. Conversely, those who queried a ruling or decision, checked upcoming notices or deadlines for obligations, or responded to incidents or accidents reported the lowest satisfaction levels.

The survey found that stakeholder satisfaction is mainly driven by DMIRS' ability to provide sufficient information for their needs. DMIRS presented strong performance across all staff measures. Nearly all respondents agreed/agree strongly staff are courteous and pleasant and believe staff are genuinely trying to help.

An area for focus going forward was the adequate management of the economic liabilities of abandoned mines.

Table 27: Key effectiveness indicator O5.4: Stakeholder satisfaction with effectiveness of DMIRS as a resource sector regulator

	2016-17	2017-18	Target	± 2016-17	± Target
	84%	83%	85%	-1%	-2%

Results in detail:

- Amongst Royalties stakeholders, overall satisfaction was 88%.
- Amongst Dangerous Goods stakeholders, overall satisfaction was 86%.
- Amongst Geological Survey stakeholders, overall satisfaction was 83%.
- Amongst Resources Safety stakeholders, overall satisfaction was 82%.
- Amongst Mineral Titles stakeholders, overall satisfaction was 81%.
- Amongst Petroleum stakeholders, overall satisfaction was 76%.
- Amongst Environment stakeholders, overall satisfaction was 76%.
- Amongst Corporate Services and Strategic Policy stakeholders, overall satisfaction was 75%.

Outcome 6: Shape and influence industrial relations systems in Western Australia

Key effectiveness indicator O6.1: The extent to which employers comply with the requirements of Labour Relations laws

What we measure:

This measure relates to the department's effectiveness in influencing the extent to which employers comply with the requirements of State industrial laws. This is assessed in terms of the degree to which workplaces meet set criteria for labour relations priority areas. The five key effectiveness measures (KEMs) assessed are: payment of appropriate ordinary time rates of pay; providing employees with annual leave and sick leave entitlements; recording start and finishing times; recording total hours worked; and recording employment under correct status.

Some employers have multiple complaints brought against them during the reporting period and therefore have several investigations undertaken. Hence the difference between the reported number of formal investigations and the number of employers investigated.

How we measure:

Industrial inspectors assess employer time and wage records against all or part of the five KEMs, resulting in a total number of elements being reported. The total number of elements inspected is divided by the number of compliant elements to determine the overall percent of compliance.

Our performance:

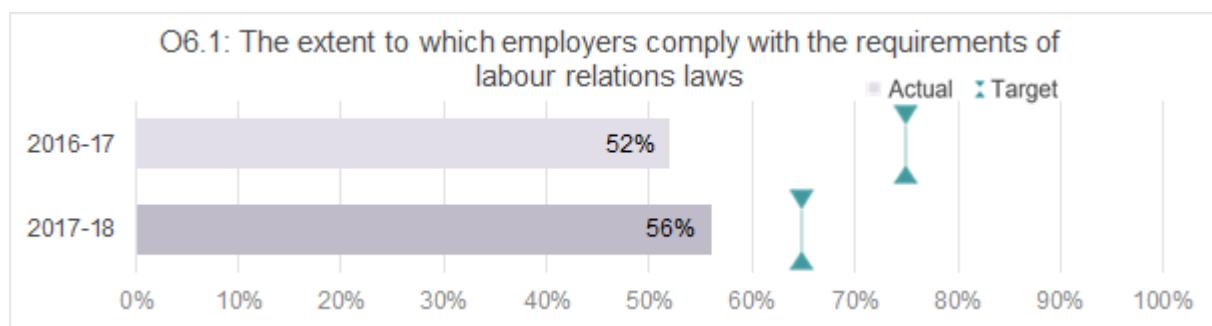


Figure 25: Comparison with previous year – key effectiveness indicator O6.1

During 2017–18 the department reviewed 50 employers' time and wage records during 53 formal investigations against all or part of the five key elements during the formal investigation phase.

In 2017–18, a total of 173 elements were assessed, with 97 (56 per cent) being found to be compliant. This is four per cent higher than 2016–17 and nine per cent lower than the target.

Data for this measure has been based on employers who have had complaints made against them and are therefore more likely to have breached industrial laws, hence the relatively low compliance rates compared with other areas of the business.

Table 28: Key effectiveness indicator O6.1: The extent to which employers comply with the requirements of labour relations laws

	2016-17	2017-18	Target	± 2016-17	± Target
	52%	56%	65%	4%	-9%

Results in detail:

- Compliance with employment under correct status was 79%.
- Compliance with keeping of total hours worked per day was 66%.
- Compliance with keeping of start and finish times was 39%.
- Compliance with payment of ordinary time rates of pay was 41%.
- Compliance with provision of annual leave and sick leave was 48%.

Efficiency Indicators

Service 1: Consumer Protection

Key efficiency indicator S1.1: Average cost per client contact to provide information and advice

What we measure:

Consumer Protection responds to enquiries from members of the public and provides them with customised information or education. A key element of the Consumer Protection role is to provide tailored advice and assistance to the community in relation to specific matters, typically on a one-to-one basis and of a short duration. The response can be a result of telephone, front counter, email or letter enquiry.

Consumer Protection delivers non-customised and mass-produced services that provide members of the public with information and raises awareness within the community. Many of these activities are automated and include online visitors to the department's websites (including FuelWatch and ScamNet) and the delivery of mass-produced services, including publication distribution and visitor attendance at shows, expos or seminars.

How we measure:

Client contacts are recorded in three separate areas of the department:

- client contacts that occur through the Perth and Cannington offices;
- a proportion of all regional enquiries; and
- online contact relating to Consumer Protection.

The number of client contacts in each category is added together to calculate the total number of client contacts. The total cost of service is divided by the total number of client contacts to give an average cost per client contact.

Our performance:



Figure 26: Comparison with previous year – key efficiency indicator S1.1

In 2017–18 the department undertook 13,011,224 activities to provide information and advice services, compared with 11,751,733 undertaken in 2016–17. As a result, the average cost per unit to provide information and advice was \$1.14, which is 22 per cent lower than the 2016–17 figure of \$1.46 and 25 per cent lower than the 2017–18 target of \$1.51. The variance can be attributed to a large increase in the number of visits to the FuelWatch website (approximately 1.7million more hits than in 2016–17). This is due to increased volatility in fuel prices in the past 12 months.

Table 29: Key efficiency indicator S1.1: Average cost per client contact to provide information and advice

	2016-17	2017-18	Target	\pm 2016-17	\pm Target	
	\$1.46	\$1.14	\$1.51	-22%	-25%	

Results in detail:

- 9,706 consumer conciliation services were undertaken in 2017–18.
- In 2017–18 there were 11,554,006 online visitors to FuelWatch.
- In 2017–18, 27,391 functional telephone calls were answered.
- There were 152 media releases in 2017–18.
- 18,964 contacts were made at shows and expos.

Key efficiency indicator S1.2: Average cost per policy project

What we measure:

Major policy projects are aimed at enhancing the regulatory environment and usually involve significant duration, complexity and public consultation. Major policy projects include:

- Cabinet submissions to print a new Bill;
- the introduction of new mandatory codes;
- amendments to an existing Act or mandatory code to implement a government policy change that requires consultation with parties external to the agency; or
- new government policy that requires extensive consultation with parties external to the agency.

Other policy projects of notable duration, moderate complexity and aimed at enhancing the regulatory environment or developing a new policy position are also included. These policy projects produce new or amended subsidiary legislation (such as a Regulation or Order); voluntary codes, guidance notes or equivalent; briefing notes or policy submissions to a Minister or other external bodies; Cabinet submissions; or new or significant amendments to government policy.

How we measure:

This measure counts key milestones for policy projects. Four milestones are assigned to each project (each representing 25 per cent of project completion). The key milestones are – seeking approval, consulting, drafting final documents and obtaining endorsement.

Milestones are summed to give a total count of policy project activities. The total cost of service is divided by this figure to give a cost per unit results.

Our performance:

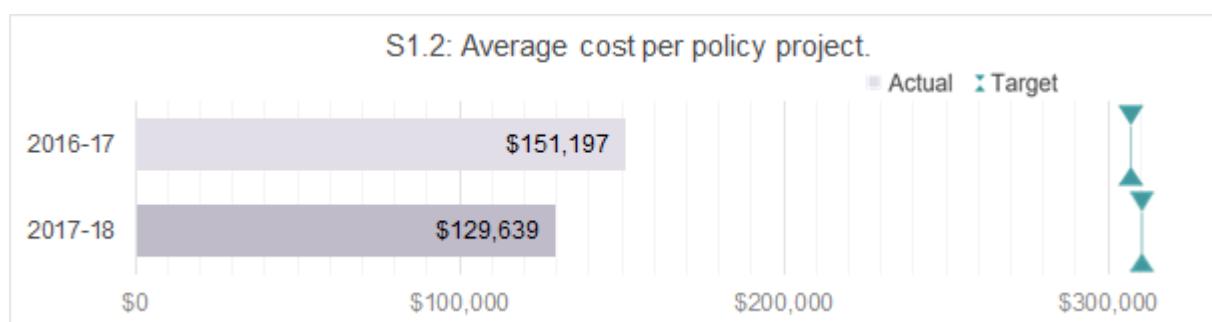


Figure 27: Comparison with previous year – key efficiency indicator S1.2

In 2017–18 the department undertook 30 policy projects, which was greater than the anticipated target of 14 and the 26 undertaken in 2016–17. As a result, the average cost per policy project was \$129,639, which is 14 per cent lower than the 2016–17 figure of \$151,197 and 58 per cent lower than the 2017–18 target of \$310,308.

In both 2016–17 and 2017–18 much higher levels of policy project activity occurred than in previous years, and therefore lower unit costs. In 2016–17 there was an unexpected increase in minor legislative and other policy projects (for example the implementation of multiple sets of individual amendment regulations in support of red tape amendments passed by the Parliament in November 2016; the implementation of product safety standards; and appointments to committees). Whilst it was expected that outputs would return to previous levels in 2017–18, the implementation of multiple sets of individual amendment regulations; implementation of product safety standards; and appointments to committees has seen the work levels remain high.

Table 30: Key efficiency indicator S1.2: Average cost per policy project

	2016-17	2017-18	Target	± 2016-17	± Target	
	\$151,197	\$129,639	\$310,308	-14%	-58%	

Results in detail:

- In 2017–18, four major and 26 standard policy project milestones were achieved.
- In 2016–17, four major and 22 standard policy project milestones were achieved.

Key efficiency indicator S1.3: Average cost per inspection or investigation

What we measure:

This measure includes both inspections and investigations. Inspections and audit services are usually one-to-one transactions such as an inspector undertaking an assessment regarding a trader or employer meeting specified criteria. The provision of service often requires a visit by a Consumer Protection inspector to the premises of the trader, however desktop audits are also carried out.

How we measure:

Data is collected each quarter and totalled to determine the end of year figure. The total cost of service is divided by the end of year figure to determine a cost per unit.

Our performance:



Figure 28: Comparison with previous year – key efficiency indicator S1.3

In 2017–18, a total of 35,721 inspections and investigations were completed, compared with 37,651 in 2016–17. The average cost per inspection or investigation was \$390.77 which is 18 per cent higher than 2016–17 and 10 per cent lower than the target.

In 2016–17 investigations were higher than historical levels, resulting in an unusually low cost per unit. In 2017–18 the number of investigations has started to decrease but is not yet back to expected levels.

Table 31: Key efficiency indicator S1.3: Average cost per inspection or investigation

2016-17	2017-18	Target	± 2016-17	± Target	
	\$331.24	\$390.77	\$436.04	18%	-10%

Results in detail:

- In 2017–18 there were fewer audit reports completed (4,460 compared with 4,695), compliance inspections (28,137 compared with 30,164), and traders named (51 compared with 64).
- Conversely, in 2017–18 there were more fidelity fund investigations (46 compared with 19), investigations (2,936 compared with 2,626), and civil actions concluded (3 compared with 1).
- Prosecutions remained steady at 23 for both years.

Key efficiency indicator S1.4: Average cost per registration or licence

What we measure:

Under the laws administered by the department, Consumer Protection is required to maintain public registers that record specific information regarding incorporated associations, residential tenancy bonds, cooperative companies, limited partnerships and fuel price changes from retailers. Consumer Protection administers and processes applications, which authorise individuals or traders for certain occupations or purposes. Generally, the process of administering an occupational licence involves the customer being provided with a licence, being issued with a renewed licence, or having their licence cancelled or details updated.

How we measure:

The average cost per registration or licence is calculated as the total cost of service divided by the number of licenses administered during the reporting period.

Our performance:

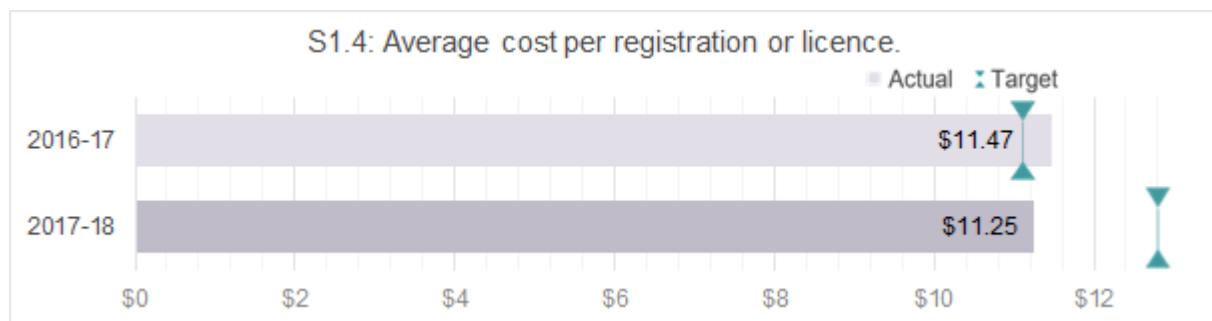


Figure 29: Comparison with previous year – key efficiency indicator S1.4

In 2017–18 there were 918,645 registrations and licences administered, which was greater than last year's figure of 879,125 and also higher than the anticipated 877,533. The average cost per registration or licence of \$11.25 in 2017–18 was two per cent lower than the 2016–17 result of \$11.47 and 11 per cent lower than the target of \$12.66. There were two main influences on this result – increased volatility of fuel prices resulted in an increase in the number of fuel price changes registered by retailers, and an increase in the number of fuel retailers this financial year.

Table 32: Key efficiency indicator S1.4: Average cost per registration or licence

	2016-17	2017-18	Target	± 2016-17	± Target	
	\$11.47	\$11.25	\$12.66	-2%	-11%	

Results in detail:

- In 2017–18, a total of 621,863 fuel price changes were received from retailers, compared with 575,584 in 2016–17.
- There were fewer tenancy bond transactions in 2017–18 (223,456) compared with 2016–17 (232,306).

Service 2: EnergySafety

Key efficiency indicator S2.1: Average cost of regulatory services

What we measure:

EnergySafety is responsible for the technical and safety regulation of all the electrical and most of the gas industry in Western Australia.

Regulatory services for EnergySafety include investigations and compliance inspections. Investigations are a systematic enquiry to determine compliance or a breach and may result in a decision ranging from taking no further action to the pursuit of legal action. Compliance inspections are inspections that are not undertaken in relation to any ongoing investigation and may result in a decision ranging from taking no further action to the pursuit of legal action. Inspections and investigations ensure compliance with legislative requirements to provide a safe environment for workers and the public.

How we measure:

Inspections and investigation data is collected monthly and totalled to determine the end of year figure. The total cost of service is divided by the number of inspections and investigations to determine the unit cost.

Our performance:

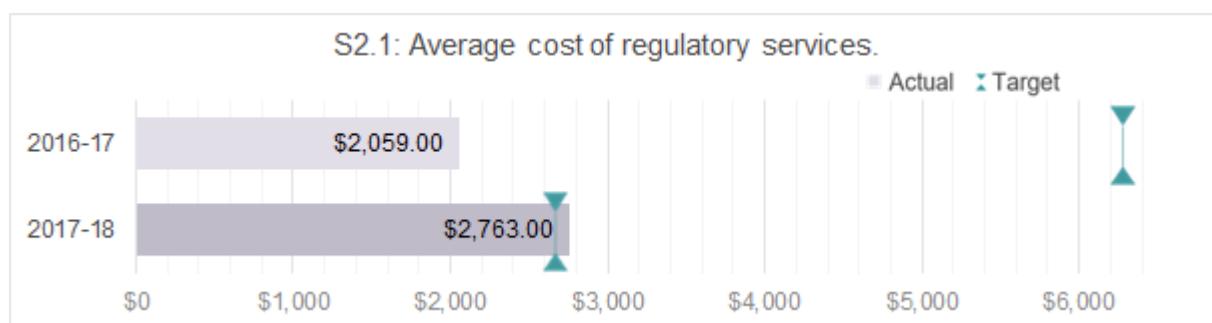


Figure 30: Comparison with previous year – key efficiency indicator S2.1

The department conducted 4,503 inspections or investigations during 2017–18, which was slightly below target (4,900) and substantially lower than last year's figure of 6,054. The decrease in the number of compliance inspections can be attributed to reduced availability of resources to conduct electricity compliance inspections and investigations. There was also a decrease in gas compliance inspections which was due to inspection resources being reallocated (from compliance inspections) to attend to an increased number of enquiries and breach investigations.

This has led to the average cost of regulatory services in 2017–18 of \$2,763 being 34 per cent higher than the 2016–17 result of \$2,059 and four per cent higher than the target of \$2,663.

Table 33: Key efficiency indicator S2. 1: Average cost of regulatory services

	2016-17	2017-18	Target	± 2016-17	± Target
	\$2,059	\$2,763	\$2,663	34%	4%

Results in detail:

- In 2017–18, compliance inspections decreased from 4,692 in 2016–17 to 3,182.
- In 2017–18, investigations were also slightly lower (1,321) than in 2016–17 (1,362).

Key efficiency indicator S2.2: Average cost of provision of licensing service

What we measure:

Licensing services are transactions related to electricity and gas licences that may include involvement of a regulatory board and follow up by technical staff to ensure that the pre-requisites to issue a licence are met. Transactions can be in person, by written correspondence or online, and require the processing of forms, checking of documentation for accuracy, and maintaining or updating of the licence database. Licensing services also include, but are not limited to, amendments to licence categories, replacing or adding nominees, renewals and restoration of licences. The number of licences administered is the total number of licences at the end of the financial year.

How we measure:

For this measure, the total cost of service is divided by the number of licences current at the end of the reporting period (30 June) to achieve a unit cost.

Our performance:

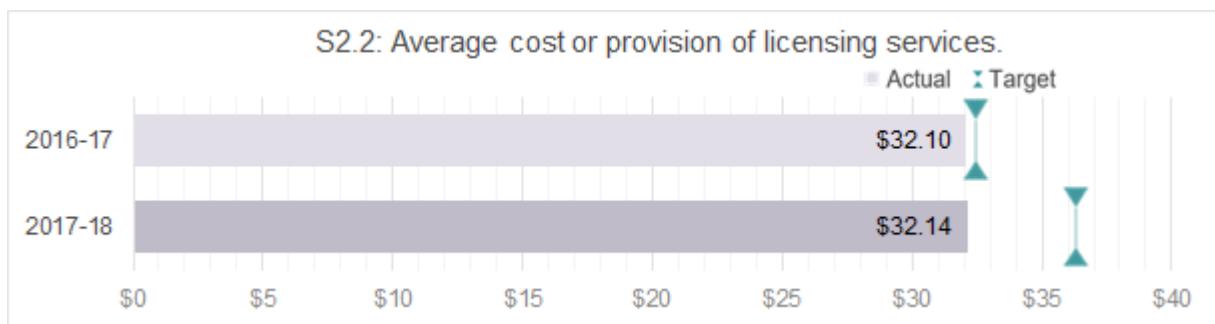


Figure 31: Comparison with previous year – key efficiency indicator S2.2

The department administered 60,759 registrations and licences in 2017–18, which is comparable to last year's figure of 63,669 and slightly higher than the anticipated 63,550. The average cost of provision of licensing service of \$32.14 in 2017–18 is similar to the 2016–17 result of \$32.10 and 11 per cent lower than the target of \$36.12. The variation from target is due to processing a higher volume of licences that was expected during 2017–18.

Table 34: Key efficiency indicator S2. 2: Average cost of provision of licensing services

	2016-17	2017-18	Target	± 2016-17	± Target	
	\$32.10	\$32.14	\$36.12	0%	-11%	

Results in detail:

- At 30 June 2018 there were 37,581 electrician's licences administered. This comprised 62 per cent of licences under the authority of EnergySafety.
- A further 12 per cent of licences (7,034) were gas fitting permits and 10 per cent (5,836) were electrical contractor licences.
- Electrician's training licences accounted for seven per cent (4,090) and seven per cent (4,295) were restricted electrical licenses (NR and RE).

Service 3: WorkSafe

Key efficiency indicator S3.1: Average cost per client contact to provide information and advice

What we measure:

The department responds to enquiries from members of the public and provides them with customised information or education. A key element of the department's role is to provide tailored advice and assistance to the community in relation to specific matters, typically on a one-to-one basis and of a short duration. The response can be a result of telephone, front counter, email or letter enquiry. Other activities are automated such as online visitors to the website or include the delivery of services such as the Work Safety Awards event or Safe Work October campaigns.

This measure includes activities in the areas of occupational safety and health, relating to the provision of information and education to members of the community to encourage, influence and promote safer and healthier workplaces for all.

How we measure:

Client contacts are recorded in three separate areas of the department:

- client contacts that occur through the Perth head office;
- a proportion of all regional enquiries; and
- online contact relating to WorkSafe.
- The total cost of service is divided by the total number of client contacts to produce a unit cost.

Our performance:



Figure 32: Comparison with previous year – key efficiency indicator S3.1

The department undertook 1,140,546 activities in 2017–18 to provide information and advice services, which is similar to the 1,144,273 undertaken in 2016–17.

The average cost per client contact to provide information and advice in 2017–18 of \$3.54 was 16 per cent higher than the 2016–17 figure of \$3.04 and the target of \$3.05.

This is explained by resources being diverted to a higher volume of non-routine project work than usual which diverted resources away from conducting standard information sessions. Additionally, the Customer Help Centre had a lower level of resourcing available during a period of reform.

Table 35: Key efficiency indicator S3.1: Average cost per client contact to provide information and advice

	2016-17	2017-18	Target	± 2016-17	± Target	
	\$3.04	\$3.54	\$3.05	16%	16%	

Results in detail:

- The 2017–18 results demonstrate a change in customer communication preference, with an increase in emails occurring, concurrently with a decrease in calls. Email contacts surpassed expectations in 2016–17 and, although they did not reach target in 2017–18, they remain similar to 2016–17 levels.
- Fewer presentations, events and campaigns were delivered in 2017–18 (145) compared with 2016–17 (197) and the target (200).

Key efficiency indicator S3.2: Average cost per inspection or investigation

What we measure:

Key elements of the department's regulatory enforcement regime are inspections, investigations and compliance activities. The aim of departmental staff is to determine if a breach of the law has occurred, or is occurring, and to correct these by means of education or enforcement.

Inspections and investigations are usually one-to-one transactions, such as an inspector entering a workplace to ensure compliance against occupational safety and health requirements. These services may require several occasions of contact or supplementary tasks. The provision of these services usually requires a site visit by an inspector.

This efficiency indicator includes the number of investigations reported via the case management system, and includes audits carried out by inspectors on registered assessors and licence holders, inspections on workplace premises and investigations of businesses or employer.

How we measure:

The total cost of service is divided by the number of inspections and investigations in the reporting period to produce an average cost per inspection or investigation.

Our performance:

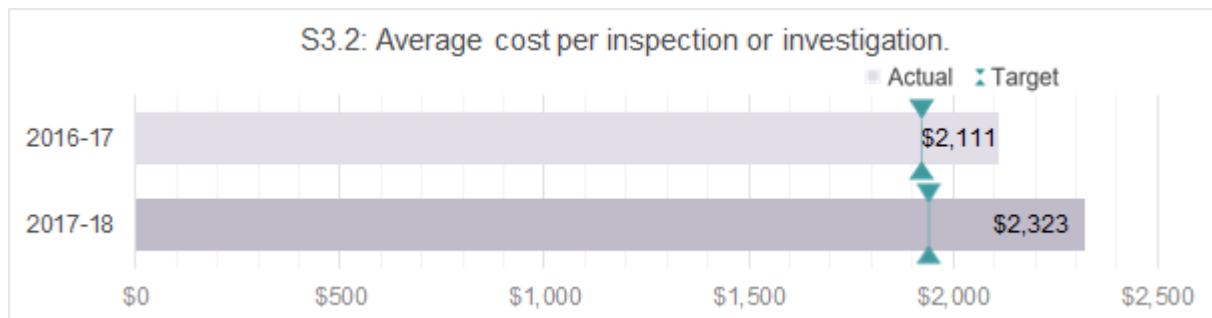


Figure 33: Comparison with previous year – key efficiency indicator S3.2

The department conducted 7,139 inspections and investigations in 2017–18 which is lower than the 2016–17 figure of 7,540 and the target (8,406). This is due to increased volume, complexity and scope of serious injury and fatality investigations, which has reduced the number of available inspector resources to conduct other investigations and inspections.

The average cost per inspection or investigation in 2017–18 of \$2,323 was therefore 10 per cent higher than the 2016–17 result of \$2,111 and 20 per cent higher than the target of \$1,929.

Table 36: Key efficiency indicator 3.2: Average cost per inspection or investigation

	2016-17	2017-18	Target	± 2016-17	± Target	
	\$2,111	\$2,323	\$1,929	10%	20%	

Results in detail:

- In 2017–18, a total of 3,858 proactive and 3,281 reactive investigations were conducted.

Key efficiency indicator S3.3: Average cost per registration or licence

What we measure:

An important part of WorkSafe's business is to ensure that employees who are exposed to high-risk materials or situations are appropriately trained to do so. To this end WorkSafe issues and administers Asbestos Removal Licences, Demolition Licences, High Risk Work Licence (HRWL) per class issues and the renewal of HRWL, Assessor Registrations, Plant Design Registrations and Plant Registrations.

How we measure:

For this measure, the total cost of service is divided by the total number of licences issued over the reporting period to calculate an average cost per licence.

Our performance:



Figure 34: Comparison with previous year – key efficiency indicator S3.3

In 2017–18, a total of 73,573 registrations and licences were issued by the department, which was higher than the 65,951 in 2016–17, and similar to the target (73,937).

The average cost per registration or licence in 2017–18 of \$63.38 was 30 per cent lower than the 2016–17 result of \$90.05 and 23 per cent lower than the target of \$82.29. This was primarily driven by a large increase in the number of high risk work licence renewals.

Table 37: Key efficiency indicator S3.3: Average cost per registration or licence

	2016-17	2017-18	Target	± 2016-17	± Target	
	\$90.05	\$63.38	\$82.29	-30%	-23%	

Results in detail:

- In 2017–18, 32,530 high risk work licence classes were issued, compared with 30,488 in 2016–17.
- Similarly, in 2017–18 there were 36,646 renewals of high risk work licences, compared with 30,646 in 2016–17.

- Plant design registrations were also slightly higher in 2017–18 (391 compared with 376 in 2016–17), as were demolition licences (73 compared with 63 in 2016–17).
- Categories with fewer licences administered in 2017–18 than in 2016–17 included asbestos removal license (313 compared with 473), assessor registrations (140 compared with 211) and plant registrations (3,493 compared with 4,284).

Service 4: Building Commission

Key efficiency indicator S4.1: Average cost per inspection

What we measure:

A key element of this department's regulatory enforcement regime is to perform inspections of building services work to ensure compliance with building standards or the approved plans and specifications. Inspections of building services work, including that of builders, painters, plumbers and building surveyors, may be undertaken. Inspections performed fall under three categories: General inspections, compliance audit inspections, and investigations.

General inspections are proactive inspections designed to determine how building services have been carried out and how building standards have been applied. Compliance audit inspections are inspections undertaken of the work of a building services provider as part of a compliance audit. Investigations are inspections undertaken as part of an investigation into an alleged disciplinary matter or statutory offence.

How we measure:

Quarterly data is collated to determine the annual result. The total cost of service is divided by the total number of investigations for the year to determine the unit cost.

Our performance:



Figure 35: Comparison with previous year – key efficiency indicator S4.1

During 2017–18, the department conducted 5,584 inspections, which is slightly lower than the 2016–17 figure of 5,606, and substantially lower than the anticipated 6,860.

Average cost per inspection is 52 per cent higher than 2016–17 and 58 per cent higher than target. This is due to reduced resources and the scope of the ongoing audit of the Perth Children's Hospital and the State-wide cladding audit which diverted resources away from other inspections.

Table 38: Key efficiency indicator S4.1: Average cost per inspection

	2016-17	2017-18	Target	± 2016-17	± Target	
	\$888.81	\$1,348.84	\$854.63	52%	58%	

Results in detail:

- In 2017–18 a total of 5,421 proactive and 163 reactive inspections were undertaken.

Key efficiency indicator S4.2: Average cost per registration or licence administered

What we measure

Registration and licencing services transactions can be received in person or by written correspondence and require the assessment of the applicant's information and the processing of forms. Transactions may include involvement of a regulatory board and follow-up by staff to ensure all required documentation is received.

This measure is an administered figure – a point in time measure, representing the sum of all current registrations or licences at the end of the financial year.

How we measure:

For this measure, the total cost of service is divided by the number of licences current at the end of the reporting period (30 June) to achieve a unit cost.

Our performance:



Figure 36: Comparison with previous year – key efficiency indicator S4.2

During 2017–18, the department administered 23,398 registrations and licences, which was slightly lower than the 24,110 in 2016–17, and the anticipated 24,747. The average cost per registration or licence administered in 2017–18 of \$370.47 was 13 per cent lower than the 2016–17 result of \$425.98.

The decrease in average cost per registration or licence, despite lower numbers of licences administered is attributed to cost efficiencies, such as a reduction in staff numbers.

Table 39: Key efficiency indicator S4.2: Average cost per registration or licence administered

	2016-17	2017-18	Target	± 2016-17	± Target	
	\$425.98	\$370.47	\$397.70	-13%	-7%	

Results in detail:

- In 2017–18, 23 per cent of licences administered by the Commission were for registered building practitioners and a further 21 per cent were for registered building contractors.
- Plumbing contractors and tradesperson plumbers were 15 per cent of licences each.
- Registered painting contractors and registered painting practitioners accounted for 11 per cent each.

Key efficiency indicator S4.3: Average cost per building services and home building work contract dispute resolved

What we measure:

This measure measures the efficiency of the department to finalise complaints it receives demonstrating the impact of its dispute resolution service. For the purpose of this measure, the finalisation of a complaint includes complaints that may be: dismissed; refused; referred to the State Administrative Tribunal; or subject to orders issued by the Building Commissioner.

How we measure:

Monthly data is totalled to obtain a full year count of disputes finalised. The total cost of service is divided by the number of disputes finalised to determine the average cost.

Our performance:



Figure 37: Comparison with previous year – key efficiency indicator S4.3

During 2017–18, 830 building services and home building work contract disputes were finalised. This was fewer than the 897 finalised in 2016-17 and the anticipated 900. The average cost per building services and home building work contract dispute finalised in 2017–18 of \$7,353 was higher than the target of \$7,071 (4 per cent), and also the 2016-17 actual of \$6,652 (11 per cent).

The reduction in the number of disputes finalised is largely linked to the number of disputes received, which is beyond control. Therefore fewer disputes being finalised this year was due to a reduction in the number being received.

Table 40: Key efficiency indicator S4.3: Average cost per building services and home building work contract dispute resolved

	2016-17	2017-18	Target	\pm 2016-17	\pm Target	
	\$6,652	\$7,353	\$7,071	11%	4%	

Results in detail:

- In 33% of finalised disputes, a Building Services Remedy Order was issued.
- In 25% of cases the complaint was withdrawn or lapsed.
- Nineteen per cent of disputes finalised were referred to the State Administrative Tribunal (SAT).

Key efficiency indicator S4.4: Average cost per policy project managed

What we measure:

This measure measures the efficiency of the department in providing policy advice and administrative support to government through legislative policy projects, administration of the home indemnity insurance scheme, administration of the adjudication system established under construction contracts legislation, as well as coordinating appointments to the Architects Board, the Building Services Board and the Plumbers Licensing Board.

How we measure:

This measure represents a count of policy projects that were active during the reporting period. The total cost of service is divided by the number of policy projects to determine the average cost per policy project.

Our performance:

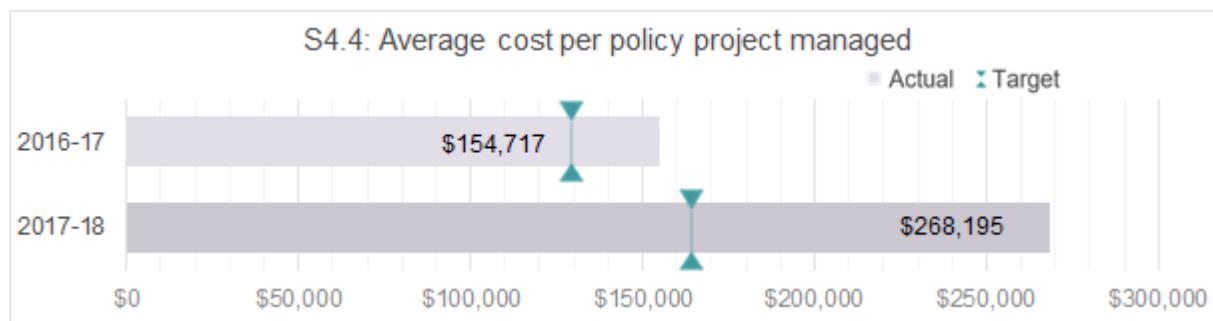


Figure 38: Comparison with previous year – key efficiency indicator S4.4

The department undertook 22 policy projects during the 2017–18 reporting period, which was lower than the anticipated target of 37 and the 38 undertaken in 2016–17.

The average cost per policy project managed is 73 per cent higher than in 2016–17 and 63 per cent higher than the target. This is explained by several large-scope policy projects that have used resources that would have otherwise been allocated to smaller projects.

Table 41: Key efficiency indicator 4.4: Average cost per policy project managed

	2016-17	2017-18	Target	± 2016-17	± Target
	\$154,717	\$268,195	\$164,816	73%	63% 

Results in detail:

- The largest policy project during 2017–18 was the security of payments for subcontractors project.
- The building approvals project has also continued to expand significantly, particularly following the release of the report '*Building Confidence – Improving the effectiveness of compliance and enforcement systems for the building and construction industry across Australia*' by Professor Peter Shergold and Ms Bronwyn Weir in April 2018. This report was commissioned by the national Building Ministers' Forum in 2017 following the tragic Grenfell Tower Fire in London and has made 24 recommendations with major implications for building regulation and control in WA.
- Two other large projects in 2017–18 are the review of the Building Services Acts and reform of the Home indemnity insurance scheme in WA.

Service 5: Providing resource sector information and advice to industry, community and government

Key efficiency indicator S5.1: Average weighted cost of information and product services

What we measure:

The department provides key information and advice to industry, community and government in a way that is consistent, transparent and timely. This service includes provision of accessible data and information, targeted stakeholder engagement and inclusive, relevant and responsive customer service.

The efficiency measure demonstrates financial stewardship with an indication of the costs with producing the department's information and products.

How we measure:

This measure is calculated as the total cost of key departmental information and product services divided by the total number of weighted key information and product services. Weighted key information and product services include those released or published for use by industry, community or government agencies.

Our performance:

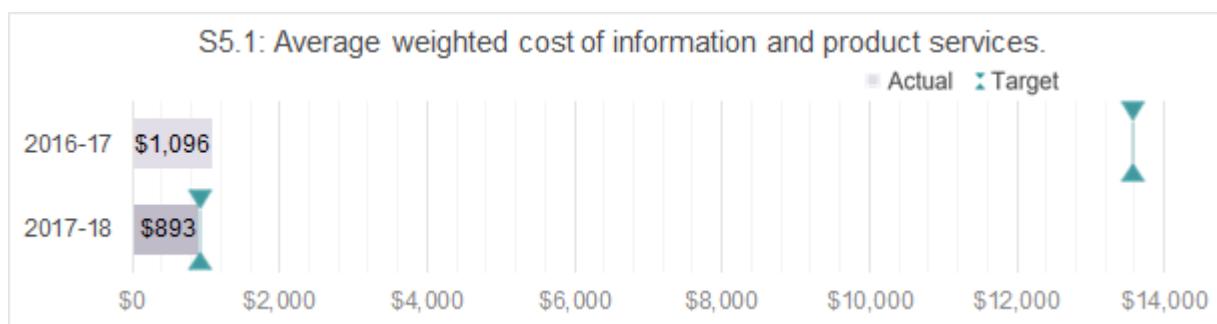


Figure 39: Comparison with previous year – key efficiency indicator S5.1

In 2017–18, 38,849 weighted information and product services were delivered. This result is higher than both the 2016–17 actual (32,284) and the target (37,265). The average weighted cost of information and product services was two per cent lower than the target and 19 per cent lower than 2016–17. This was due to an increased volume of information and product delivered in the current financial year.

Table 42: Key efficiency indicator S5.1: Average weighted cost of information and product services

2016-17	2017-18	Target	± 2016-17	± Target	
	\$1,096	\$893	\$914	-19%	-2%

Results in detail:

- 80 per cent of the total result are Geological Survey information and product services.
- 15 per cent of the total result are Resource Safety information and product services.
- Four per cent of the total result are Petroleum information and product services.

Service 6: Managing land access for resource-related activity

Key efficiency indicator S6.1: Average weighted cost of application determination services.

What we measure:

As the designated Lead Agency under the Lead Agency Framework, the department is responsible for the management of application approvals within agreed timelines. The department fulfils this responsibility through facilitating and managing access to mineral and petroleum deposits by providing a consistent, equitable and secure titles system.

The measure demonstrates financial stewardship in application determination services in relation to economic demand. Increased demand impacts on the average weighted cost of services by identifying potential efficiencies and reducing public sector red tape.

How we measure:

This measure is calculated as the total cost of all determinations for facilitating and managing access to mineral and petroleum deposits across the department divided by the total number of weighted determinations for facilitating and managing access to mineral and petroleum deposits.

Our performance:

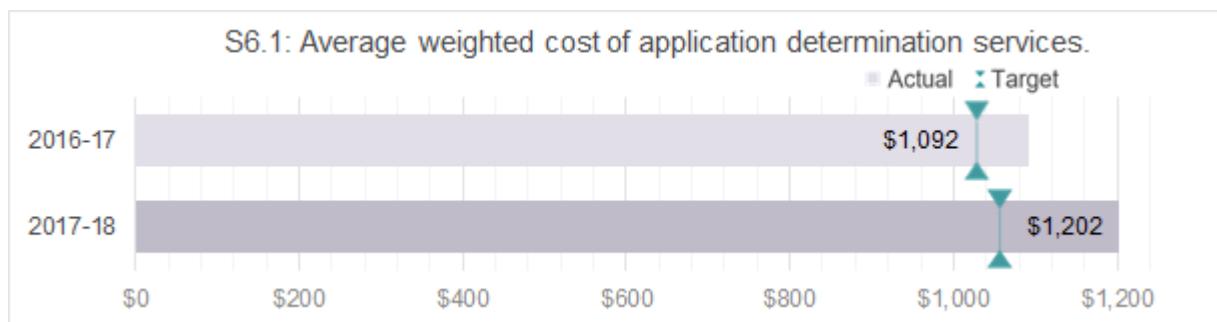


Figure 40: Comparison with previous year – key efficiency indicator S6.1

In 2017–18, 42,383 weighted determination services were undertaken by the department. This is substantially higher than in 2016–17 and slightly lower than the target.

The average weighted cost of application determination services is 10 per cent higher than 2016–17 and 14 per cent higher than the target. This is due largely to fluctuations in demand. The workload in 2017–18 was for lower numbers of relatively higher-weighted assessments such as indicative assessments, Native Title (Future Act) applications and State acreage releases. Conversely, volume of relatively lower weighted activities was higher than forecast, including Environment Program of Works and Environment Plans.

Table 43: Key efficiency indicator S6.1: Average weighted cost of application determination services

2016-17	2017-18	Target	± 2016-17	± Target	
	\$1,092	\$1,202	\$1,057	10%	

Results in detail:

- 74 per cent of the total result are Mineral Title application services.
- 16 per cent of the total result are Petroleum application services.
- Seven per cent of the total result are Environment application services.
- Two per cent of the total result are Geological Survey application services.

Service 7: Regulating resource sector development for health and safety social responsibility, environment and dangerous goods

Key efficiency indicator S7.1: Average weighted cost of regulatory and compliance services.

What we measure:

Through an adaptive, risk-based approach to regulation and compliance, the department ensures responsible resource exploration, development and rehabilitation activities throughout the life cycle of any development, while maximising economic return to the state.

The department also manages the regulation of the manufacture, storage, handling, transport and use of dangerous goods, including the operation of major hazard facilities.

This measure monitors how efficiently the department delivers regulatory and compliance services relating to health, safety and social responsibility, environment and dangerous goods to ensure resources are optimised.

How we measure:

This measure is calculated as the total cost of regulatory and compliance services divided by the number of weighted regulatory and compliance services.

Our performance:



Figure 41: Comparison with previous year – key efficiency indicator S7.1

In 2017–18, a total of 59,607 weighted regulatory and compliance activities were undertaken. This is comparable to 2016–17 (59,661) and slightly higher than the target (57,487).

The average weighted cost of regulatory and compliance services was eight per cent lower than 2016–17 and 17 per cent lower than the target. This is due, in part, to savings measures initiated by the government and the department. The department initiated savings measures in response to a shortfall in cash as revenue streams are volatile and reflect the upturns and downturns experienced by the resources sector.

Table 44: Key efficiency indicator S7.1: Average weighted cost of regulatory and compliance services

	2016-17	2017-18	Target	± 2016-17	± Target
	\$1,158	\$1,070	\$1,295	-8%	-17% 

Results in detail:

- 82 per cent of the total result are Resource Safety regulatory and compliance services.
- 10 per cent of the total result are Mineral Titles regulatory and compliance services.
- Three per cent of the total result are Environment regulatory and compliance services.
- Two per cent of the total result are Petroleum regulatory and compliance services.
- Two per cent of the total result are Royalties regulatory and compliance services.

Service 8: Labour relations

Key efficiency indicator S8.1: Average cost per hour of policy advice.

What we measure:

This measure reflects the policy, legal and legislative advice provided to government and other stakeholders through the Public Sector Labour Relations and Private Sector Labour Relations divisions. It includes the research, preparation and delivery of policy advice and support to the Minister; submissions on behalf of the Minister and Government at tribunals, inquiries or reviews; legislative and regulatory amendments; and statutory appointments and proclamations.

How we measure:

Private Sector Labour Relations and Public Sector Labour Relations staff collect three weeks of timesheet data as a representative snapshot for each quarter. Quarterly data is multiplied by 4.3333 to extrapolate a full year result. These figures are then combined to create a full year estimate of policy advice hours.

The total cost of service is divided by the full year estimate of hours to produce an average cost per hour of policy advice.

Our performance:

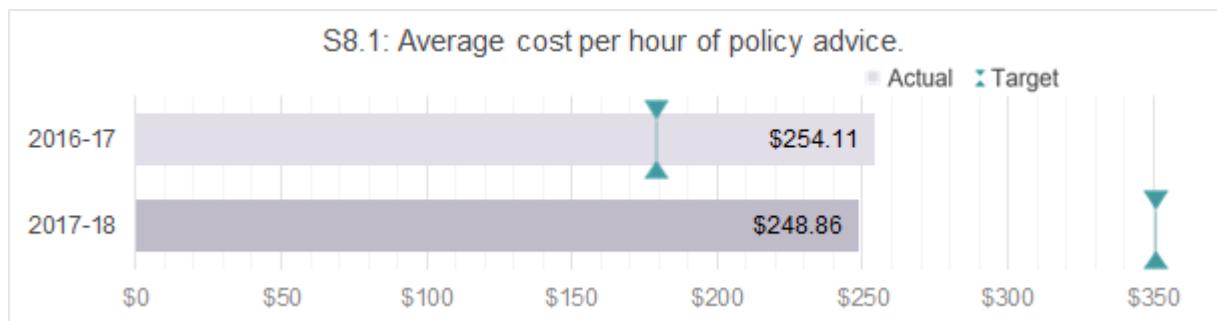


Figure 42: Comparison with previous year – key efficiency indicator S8.1

The department undertook 14,457 hours of policy advice in 2017–18, which was significantly higher than the result of 8,946 in 2016–17 and the target of 11,200.

The average cost per hour of policy advice in 2017–18 was \$248.86 compared with the 2016–17 actual result of \$254.11, and the target of \$351.71.

The average cost per hour of policy advice is 29 per cent lower than target. This is due to Private Sector Labour Relations providing the secretariat for the Ministerial Review of the State Industrial Relations System, which was a significant policy project between September 2017 and June 2018.

Table 45: Key efficiency indicator S8.1: Average cost per hour of policy advice

2016-17	2017-18	Target	± 2016-17	± Target	
	\$254.11	\$248.86	\$351.71	-2%	-29% 

Results in detail:

Private Sector Labour Relations provided extensive research and executive support to the Ministerial Review of the State Industrial Relations System which contributed to the increase in hours of policy advice this year.

Key efficiency indicator S8.2: Average cost per client contact to provide information and advice.

What we measure:

This measure reflects the information and advice activities delivered to clients for activities relating to the implementation and application of the Public Sector Wages Policy Statement 2016, the provision of labour relations services to and on behalf of government and public sector employers, and provision of information and education services to private sector employees and employers on their employment rights and obligations to assist with compliance with state employment laws.

How we measure:

Private Sector Labour Relations and Public Sector Labour Relations staff collect three weeks of timesheet data as a representative snapshot for each quarter. Quarterly data is multiplied by 4.3333 to extrapolate a full year result. These figures are then combined to create a full year estimate of client contact hours.

In addition, regional contacts are calculated as a proportion of all regional enquiries. Similarly, the proportion of online contact relating to Labour Relations is also calculated and added to the total client contacts.

The total cost of service is divided by the total number of client contacts to achieve an average cost per client contact.

Our performance:



Figure 43: Comparison with previous year – key efficiency indicator S8.2

The department undertook 1,247,938 information and advice activities; which is lower than both the 2016–17 result of 1,442,051 and the estimated 1,385,152. As a result, the cost per unit of information and advice for 2017–18 of \$2.38 was nine per cent less than the 2016–17 figure of \$2.61 and 12 per cent less than the target of \$2.71.

The decrease in average cost per client contact was due to an increased focus on provision of information online during 2017–18 which has resulted in an increase in website visits.

Table 46: Key efficiency indicator 8.2: Average cost per client contact to provide information and advice

	2016-17	2017-18	Target	± 2016-17	± Target	
	\$2.61	\$2.38	\$2.71	-9%	-12%	

Results in detail:

- In 2017–18 the number of enquiries answered by Wageline from private sector clients was 16,245.
- In 2017–18 the number of electronic information units (Wageline Newsletter emails) delivered by Wageline to private sector clients was 37,822.

Key efficiency indicator S8.3: Average cost per inspection or investigation.

What we measure:

This measure reflects the regulatory enforcement of State awards, agreements and industrial laws through Private Sector Labour Relations. It includes the investigation of complaints from employees alleging that an employer has failed to pay appropriate entitlements.

How we measure:

For this measure the number of conciliations, investigations, prosecutions, and compliance inspections are tallied for Private and Sector Labour Relations.

The total cost of service is divided by the total number of conciliations, investigations, prosecutions and inspections to achieve an average unit cost.

Our performance:



Figure 44: Comparison with previous year – key efficiency indicator S8.3

Through Private Sector Labour Relations, the department conducted 554 conciliations, investigations and prosecutions in 2017–18, which was more than the 252 in 2016–17 and the target of 336.

The average cost per inspection or investigation of \$3,036 is 67 per cent lower than 2016–17 (\$9,124) and 63 per cent lower than the target (\$8,300). This year, the amount of proactive compliance inspections undertaken has increased and there has been a focus on resolving complaints at the conciliation stage. This has significantly reduced the number of complaints proceeding to the formal investigation stage, assisted in increasing the number of conciliations/investigations finalised and enabled staffing resources to be directed towards proactive compliance inspections.

Table 47: Key efficiency indicators 8.3: Average cost per inspection or investigation

	2016-17	2017-18	Target	± 2016-17	± Target	
	\$9,124	\$3,036	\$8,300	-67%	-63%	

Results in detail:

- In 2017–18, there were 185 compliance inspections completed, compared with 21 in the previous year.
- In 2017–18 a total of 368 conciliations and investigations were completed, compared with 227 in the previous year



Perth skyline



WorkSafe Inspectors

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INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF MINES, INDUSTRY REGULATION AND SAFETY

Report on the Financial Statements

Opinion

I have audited the financial statements of the Department of Mines, Industry Regulation and Safety which comprise the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Department of Mines, Industry Regulation and Safety for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Department in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Director General for the Financial Statements

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Director General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director General is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Department.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director General.
- Conclude on the appropriateness of the Director General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Director General regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Department of Mines, Industry Regulation and Safety. The controls exercised by the Department are those policies and procedures established by the Director General to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Department of Mines, Industry Regulation and Safety are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2018.

The Director General's Responsibilities

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

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Department of Mines, Industry Regulation and Safety for the year ended 30 June 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Department of Mines, Industry Regulation and Safety are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2018.

The Director General's Responsibility for the Key Performance Indicators

The Director General is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Director General determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Director General is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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

This auditor's report relates to the financial statements and key performance indicators of the Department of Mines, Industry Regulation and Safety for the year ended 30 June 2018 included on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
31 August 2018

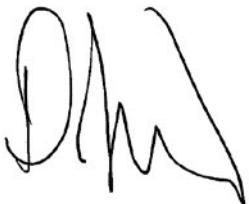


Certification of financial statements

Certification of Financial Statements for the year ended 30 June 2018

The accompanying financial statements of the Department of Mines, Industry Regulation and Safety have been prepared in compliance with the provisions of the [Financial Management Act 2006](#) from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2018 and the financial position as at 30 June 2018.

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



David Smith
Director General
30 August 2018



Clint Mitchell
A/Chief Finance Officer
30 August 2018

Statement of Comprehensive Income

For the year ended 30 June 2018

	Note	2018 \$000	2017 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1(a)	178,576	92,985
Supplies and services	3.3	60,157	43,112
Depreciation and amortisation expense	5.1.1, 5.2.1	6,304	3,112
Accommodation expenses	3.3	12,107	5,537
Grants and subsidies	3.2	15,764	9,136
Impairment expenses	5.2.1	3,323	-
Other expenses	3.3	4,071	1,299
Total cost of services		280,302	155,181
Income			
<i>Revenue</i>			
User charges and fees	4.2	156,923	74,526
Sales	4.2	126	-
Interest revenue	4.3	5,343	1,733
Commonwealth grants and contributions	4.4	383	-
Other revenue	4.5	4,672	2,988
Total Revenue		167,447	79,247
<i>Gains</i>			
Gain on disposal of non-current assets	4.6	23	20
Total Gains		23	20
Total income other than income from State Government		167,470	79,267
NET COST OF SERVICES		112,832	75,914
Income from State Government			
Service appropriation	4.1	138,710	83,955
Services received free of charge	4.1	3,098	1,724
State grants and subsidies	4.1	100	100
Royalties for Regions Fund	4.1	10,822	80
Total income from State Government		152,730	85,859
SURPLUS/(DEFICIT) FOR THE PERIOD		39,898	9,945
OTHER COMPREHENSIVE INCOME			
<i>Items not reclassified subsequently to profit or loss</i>			
Changes in asset revaluation surplus		(5,492)	(303)
Total other comprehensive income		(5,492)	(303)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		34,406	9,642

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

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

Statement of Financial Position

As at 30 June 2018

	Note	2018 \$000	2017 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	7.1	2,527	2,391
Restricted cash and cash equivalents	7.1	326,486	76,024
Receivables	6.1	23,743	10,674
Amounts receivable for services	6.2	3,010	480
Other current assets	6.3	1,979	1,065
Total Current Assets		357,745	90,634
Non-Current Assets			
Restricted cash and cash equivalents	7.1	1,072	316
Amounts receivable for services	6.2	31,222	17,720
Property, plant and equipment	5.1	131,444	136,762
Intangible assets	5.2	5,898	373
Total Non-Current Assets		169,636	155,171
TOTAL ASSETS		527,381	245,805
LIABILITIES			
Current Liabilities			
Payables	6.4	12,165	9,192
Amounts due to the Treasurer	6.5	25,330	-
Revenue received in advance	6.6	12,939	2,023
Provisions	3.1.b	34,607	18,811
Other current liabilities	6.8	1,199	1,181
Total Current Liabilities		86,240	31,207
Non-Current Liabilities			
Payables	6.4	550	-
Amounts due to the Treasurer	6.5	-	5,330
Revenue received in advance	6.6	10,845	-
Provisions	3.1.b	6,162	3,816
Other non-current liabilities	6.8	611	320
Total Non-Current Liabilities		18,168	9,466
TOTAL LIABILITIES		104,408	40,673
NET ASSETS		422,973	205,132
EQUITY	9.10		
Contributed equity		233,971	50,536
Reserves		108,242	113,734
Accumulated surplus/(deficit)		80,760	40,862
TOTAL EQUITY		422,973	205,132

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

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

Statement of Changes In Equity

For the year ended 30 June 2018

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total equity \$000
Balance at 1 July 2016	9.10	43,287	114,037	30,917	188,241
Surplus/(deficit)		-	-	9,945	9,945
Other comprehensive income		-	(303)	-	(303)
Total comprehensive income for the period		-	(303)	9,945	9,642
Transactions with owners in their capacity as owners:					
Capital appropriations		7,249	-	-	7,249
Total		7,249	-	-	7,249
Balance at 30 June 2017		50,536	113,734	40,862	205,132
Balance at 1 July 2017	9.10	50,536	113,734	40,862	205,132
Balance transferred from Department of Commerce		182,314	-	-	182,314
Restated balance at 1 July		232,850	113,734	40,862	387,446
Surplus/(deficit)		-	-	39,898	39,898
Other comprehensive income		-	(5,492)	-	(5,492)
Total comprehensive income for the period		-	(5,492)	39,898	34,406
Transactions with owners in their capacity as owners:					
Capital appropriations		350	-	-	350
Other contributions by owners		865	-	-	865
Distributions to owners		(94)	-	-	(94)
Total		1,121	-	-	1,121
Balance at 30 June 2018		233,971	108,242	80,760	422,973

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

Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018 \$000	2017 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		133,508	79,991
Capital appropriations		350	7,714
Holding account drawdown		5,202	962
Royalties for Regions Fund		10,822	80
Net cash provided by State Government		149,882	88,747
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(184,153)	(94,864)
Supplies and services		(57,678)	(32,936)
Accommodation		(14,462)	(8,076)
Grants and subsidies		(15,222)	(9,136)
Other payments		(2,705)	(1,626)
GST payments on purchases		(7,362)	(4,516)
Receipts			
Sale of goods and services		281	-
User charges and fees		153,955	77,194
Grants and contributions		511	100
GST receipts on user charges and fees		489	527
GST receipts from taxation authority		8,072	4,167
Other receipts		7,008	2,980
Net cash (used in) operating activities	7.1.2	(111,266)	(66,186)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		(2,398)	(5,148)
Receipts			
Proceeds from sale of non-current assets		25	20
Net cash (used in) investing activities		(2,373)	(5,128)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings		20,000	-
Net cash provided by financing activities		20,000	-
Net increase in cash and cash equivalents		56,243	17,433
Cash balances transferred in		197,775	-
Cash balances transferred out		(2,664)	-
Cash and cash equivalents at the beginning of the period		78,731	61,298
CASH AND CASH EQUIVALENTS AT THE END THE PERIOD	7.1.2	330,085	78,731

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

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2018

	2018 Estimate \$000	2018 Actual \$000	Variance \$000	2018 Actual \$000	2017 Actual \$000	Variance \$000
<u>Delivery of Services</u>						
Item 86 Net amount appropriated to deliver services	120,625	136,883	16,258	136,883	83,056	53,827
Service appropriation - Service to industry	5,650	-	(5,650)	-	-	-
Section 25 transfer of service appropriation						
- From Department of Commerce	-	-	-	-	-	-
- From Department of Treasury and Finance	-	-	-	-	-	-
Amount authorised by Other Statutes						
- Salaries and Allowances Act 1975	2,160	1,827	(333)	1,827	899	928
Total appropriations provided to deliver services	128,435	138,710	10,275	138,710	83,955	54,755
<u>Capital</u>						
Capital appropriations	350	350	-	350	7,249	(6,899)
<u>Administered Transactions</u>						
Item 87 Administered grants, subsidies and other transfer payments	49,801	63,301	13,500	63,301	29,290	34,011
Amount authorised by other statutes						
- Petroleum (Submerged Lands) Act 1982	52	457	405	457	421	36
Total administered transactions	49,853	63,758	13,905	63,758	29,711	34,047
GRAND TOTAL	178,288	202,468	24,180	202,468	113,666	88,802
<u>Details of Expenses by Service</u>						
Consumer Protection	54,903	53,128	(1,775)	53,128	-	53,128
Energy Safety	15,345	14,352	(993)	14,352	-	14,352
Worksafe	26,017	25,909	(108)	25,909	-	25,909
Building Commission	32,106	28,220	(3,886)	28,220	-	28,220
Providing resource sector information and advice to the industry, community and government	34,068	34,688	620	34,688	35,095	(407)
Managing land access for resource related activities	51,181	50,960	(221)	50,960	50,993	(33)
Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods	74,434	63,794	(10,640)	63,794	69,093	(5,299)
Labour Relations	10,701	9,252	(1,449)	9,252	-	9,252
Total Cost of Services	298,755	280,302	(18,453)	280,302	155,181	125,121
Less Total Income	168,794	167,470	(1,324)	167,470	79,267	88,203
Net Cost of Services	129,961	112,832	(17,129)	112,832	75,914	36,918
Adjustments ^(a)	(1,526)	25,878	27,404	25,878	8,041	17,837
Total appropriations provided to deliver services	128,435	138,710	10,275	138,710	83,955	54,755
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	-	-	-	-	-	-
Repayment of borrowings	-	-	-	-	-	-
Adjustment for other funding sources	350	350	-	350	7,249	(6,899)
Capital appropriations	350	350	-	350	7,249	(6,899)

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

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2018

	2018 Estimate \$000	2018 Actual \$000	Variance \$000	2018 Actual \$000	2017 Actual \$000	Variance \$000
<u>Details of Income Estimates</u>						
Income disclosed as Administered Income						
Commonwealth Grants						
South West Hub	-	-	-	-	439	(439)
Royalties						
Petroleum - State	3,952	7,032	3,080	7,032	3,578	3,454
Iron Ore	4,583,577	4,503,856	(79,721)	4,503,856	4,708,473	(204,617)
Alumina	89,636	108,625	18,989	108,625	12,972	95,653
Lithium	-	93,915	93,915	93,915	83,720	10,195
Copper	-	63,991	63,991	63,991	24,196	39,795
Diamonds	16,366	10,503	(5,863)	10,503	53,778	(43,275)
Mineral sands	11,823	12,724	901	12,724	13,416	(692)
Nickel	60,876	63,796	2,920	63,796	42,907	20,889
Gold	302,951	278,695	(24,256)	278,695	266,791	11,904
Other	142,021	87,411	(54,610)	87,411	62,542	24,869
Lease rentals	98,251	105,320	7,069	105,320	99,091	6,229
Total Royalties	5,309,453	5,335,868	26,416	5,335,868	5,371,464	(35,596)
Regulatory Fees						
Regulatory Fees and Fines	254	245	(9)	245	208	37
	254	245	(9)	245	208	37
Special Purpose Accounts						
Home Indemnity Insurance	26,754	25,791	(963)	25,791	-	25,791
Rental Accommodation Account	6,353	-	(6,353)	-	-	-
	33,107	25,791	(7,316)	25,791	-	25,791
Other						
Appropriations	49,853	63,758	13,905	63,758	29,711	34,047
Regulatory Fees and Fines	-	266	266	266	-	266
Other Revenue	368	8,262	7,894	8,262	746	7,516
GRAND TOTAL	5,393,035	5,434,190	41,156	5,434,190	5,402,568	31,622

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

Note 10.1 'Disclosure of administered income and expenses by service' and Note 10.2 'Explanatory statement for Administered Items' provides details of any significant variations between estimates and actual results for 2018 and between the actual results for 2018 and 2017.



NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements

1. Basis of Preparation

The department is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The department is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Director General of the department on 30 August 2018.

As of 1 July 2017, the former Department of Commerce was redesignated with the former Department of Mines and Petroleum to form the new Department of Mines, Industry Regulation and Safety. As such comparative data for the 2017 financial year is for the former Department of Mines and Petroleum only.

Statement of Compliance

These general purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006 (FMA)*
- 2) The Treasurer's Instructions (**the Instructions or TI's**)
- 3) Australian Accounting Standards (**AAS**) including applicable interpretations
- 4) Where appropriate, those **AAS** paragraphs applicable for not-for-profit entities have been applied

The *Financial Management Act 2006* and the Treasurer's Instructions take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Judgement and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed Equity

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

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



NOTES TO THE FINANCIAL STATEMENTS

2. Agency outputs

How the department operates

This section includes information regarding the nature of funding the department receives and how this funding is utilised to achieve the department's objectives. This note also provides the distinction between controlled funding and administered funding.

	Note
Department objectives	2.1
Schedule of Income and Expenses by Service	2.2
Schedule of Assets and Liabilities by Service	2.3

2.1 Agency objectives

Mission

The department's mission is to support a safe, fair and responsible future for the Western Australian community, industry and resource sector.

The department is predominantly funded by Parliamentary appropriations. A net appropriation agreement between the Treasurer and the Accountable Authority is in place to allow the department to retain its operating revenue.

Services

The department provides the following services:

Service 1: Consumer Protection

The provision of consumer protection advice, information, education and business regulation services to the Western Australian community.

Service 2: Energy Safety

The provision of regulatory services to the Western Australian community through licensing and compliance activities in the area of energy safety.

Service 3: Worksafe

The provision of advice, information, education, licensing and enforcement services to the Western Australian community in the area of occupational safety and health.

Service 4: Building Commission

The provision of reform, regulatory and dispute resolution services that enable the building and plumbing industries to efficiently deliver buildings that are safe, sustainable and respond to community needs.

Service 5: Providing resource sector information and advice to industry, community and government

The department is charged with ensuring that the resources industry conducts its business in a responsible manner and that the community receives a fair return for its resources. The department contributes to responsible development through effective regulation of the resources sector, including the timely processing of applications, and mining and petroleum safety regulation. It also facilitates and manages access to land and offshore areas for the exploration and development of mineral and energy deposits.



NOTES TO THE FINANCIAL STATEMENTS

Service 6: Managing land access for resource related activities

The department is committed to protecting employees and the community. The services provided by Resource Safety are aimed at promoting best practice in the areas of occupational safety and health with companies (and their employees) involved in the dangerous goods, mining and onshore petroleum industries.

The department administers the *Dangerous Goods Safety Act 2004*, covering the manufacture, storage, handling, transport and use of dangerous goods, including the operations of major hazard facilities.

Service 7: Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods

The department provides benefits to the Western Australian community through the provision of public geological information to encourage exploration, and the promotion of opportunities for high risk private sector investment in mineral and energy exploration and development, thereby sustaining investment in the industry for future generations.

Service 8: Labour Relations

To assist private and public sector workplaces to be economically sustainable and fair by providing our stakeholders and clients with expert labour relations advice, education and regulation.

The department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to, the function of the department. These administered balances and transactions are not recognised in the principal financial statements of the department but schedules are prepared using the same basis as the financial statements and are presented at Note 10.1 Disclosure of administered income and expenses by service and Note 10.3 Administered assets and liabilities.

2.2 Schedule of income and expenses by service

For the year ended 30 June 2018

	Providing resource sector information and advice to the industry, community and government		Managing land access for resource related activities		Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods		Consumer Protection		Energy Safety		Labour Relations		Worksafe		Building Commission		Total		
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000		
COST OF SERVICES																			
Employee benefits expense	14,911	14,420	32,191	32,197	44,003	46,368	34,407	-	9,801	-	6,918	-	18,142	-	18,202	-	178,576	92,985	
Supplies and services	11,838	12,446	13,805	14,205	14,250	16,461	4,859	-	3,040	-	1,134	-	4,805	-	6,326	-	60,157	43,112	
Depreciation and amortisation expense	689	631	1,180	1,358	865	1,516	640	-	228	-	760	-	427	-	6,304	-	6,304	6,304	
Accommodation expenses	558	460	1,307	1,259	3,370	3,818	3,011	-	577	-	455	-	1,404	-	1,425	-	12,107	5,537	
Grants and subsidies	6,456	6,922	1,279	1,488	26	726	6,809	-	6	-	330	-	170	-	689	-	15,784	9,136	
Finance Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Revaluation decrement	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Impairment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Loss on disposal of other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenses	236	216	1,198	486	1,281	597	1,187	-	49	-	(3)	-	43	-	80	-	4,071	1,299	
Total cost of services	34,688	35,095	50,960	50,983	63,794	69,093	53,128	-	14,352	-	9,252	-	26,909	-	28,220	-	280,302	155,181	
Income																			
User charges and fees	584	533	23,336	21,554	64,500	52,439	21,120	-	15,273	-	1	-	6,125	-	25,983	-	156,923	74,526	
Sales	37	-	14	-	-	-	-	-	13	-	-	-	62	-	-	-	126	-	
Interest Revenue	-	-	1,111	867	1,112	866	3,120	-	-	-	-	-	-	-	-	-	5,343	1,733	
Commonwealth grants and contributions	-	-	-	-	-	-	-	-	73	-	1	-	63	-	25	-	383	-	
Gain on disposal of non-current assets	7	3	6	8	10	9	-	-	-	-	-	-	-	-	-	-	23	20	
Other revenue	885	1,167	1,154	1,350	193	471	573	-	134	-	103	-	264	-	1,365	-	4,672	2,988	
Total income other than income from State	1,513	1,703	28,621	23,779	65,816	53,785	25,034	-	15,894	-	106	-	6,514	-	27,373	-	167,470	79,267	
NET COST OF SERVICES	33,175	33,392	25,339	27,214	-	2,021	15,308	28,094	-	1,142	-	9,146	-	19,395	-	847	-	112,932	76,914
INCOME FROM STATE GOVERNMENT																			
Service appropriation	28,389	39,117	37,782	36,189	12,459	8,649	28,338	-	-	-	8,225	-	23,031	-	487	-	138,770	83,956	
Resources received free of charge	31	183	809	504	1,101	1,037	269	-	120	-	154	-	386	-	229	-	3,098	1,724	
Royalties for Regions Fund	7,304	5	2,743	46	28	29	285	-	53	-	140	-	137	-	133	-	10,822	80	
State Grants and Subsidies	10	10	50	50	40	40	-	-	-	-	-	-	-	-	-	-	100	100	
Total income from State Government	35,734	39,316	41,384	36,789	13,628	9,755	28,892	-	172	-	8,518	-	23,553	-	848	-	152,730	85,859	
SURPLUS/DEFICIT FOR THE PERIOD	2,659	5,923	16,045	9,575	15,649	-	5,553	798	-	1,314	-	(628)	-	4,158	-	1	-	33,988	9,945

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

2.3 Schedule of assets and liabilities by service

For the year ended 30 June 2018

		Providing resource sector information and advice to the industry, community and government		Managing land access for resource related activities		Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods		Consumer Protection		Energy Safety		Labour Relations		Worksafe		Building Commission		Total	
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	
Assets																			
Current assets		3 446	2 704	67 476	43 658	71 025	44 272	176 894	-	13 520	-	1 068	-	4 815	-	19 501	-	357 745	90 634
Non-current assets		40 809	37 769	61 988	62 489	46 407	56 913	7 716	-	3 333	-	1 465	-	3 507	-	4 411	-	169 336	155 171
Total assets		44 255	40 473	129 464	106 147	117 432	99 185	184 610	-	16 053	-	2 553	-	8 322	-	23 912	-	527 381	245 805
Liabilities																			
Current liabilities		5 531	4 954	11 225	10 817	35 796	15 437	12 014	-	4 723	-	1 966	-	5 447	-	9 538	-	86 240	31 207
Non-current liabilities		638	513	1 224	3 841	1 706	5 112	4 606	-	4 403	-	310	-	845	-	4 417	-	18 168	9 466
Total liabilities		6 189	5 467	12 449	14 658	37 502	20 349	16 620	-	9 127	-	2 276	-	6 281	-	13 955	-	104 408	40 673
NET ASSETS		38 066	35 006	117 015	91 489	79 930	76 636	167 990	-	7 726	-	258	-	2 030	-	9 958	-	422 973	205 132

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

3. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the department's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the department in achieving its objectives and the relevant notes are:

	Notes	2018 \$000	2017 \$000
Employee benefits expenses	3.1 (a)	178,576	92,985
Employee benefits provisions	3.1 (b)	40,769	22,627
Grants and subsidies	3.2	15,764	9,136
Other expenditure	3.3	76,335	49,948

3.1(a) Employee benefits expenses

Wages and salaries (a)	159,840	84,665
Termination benefits	3,709	-
Superannuation - defined contribution plans(a)	15,027	8,320
Total employee benefits expenses	178,576	92,985

(a) Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employees Superannuation Board Schemes (GESBs) and other eligible funds.

Wages and salaries: Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and Workcover premiums.

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the agency is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds. The employer contribution paid to the Government Employees Superannuation Board (GESB) in respect of the GSS is paid back into the Consolidated Account by the GESB.

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole-of-government reporting. It is however a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the agency to GESB extinguishes the agency's obligations to the related superannuation liability.

The department does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. The Liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the agency to the GESB.

The GESB and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

NOTES TO THE FINANCIAL STATEMENTS

3.1(b) Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are delivered.

	2018 \$000	2017 \$000
Current		
<u>Employee benefits provisions</u>		
Annual leave ^(a)	12,671	7,282
Long service leave ^(b)	21,371	11,369
Deferred salary scheme ^(c)	279	34
Purchased leave ^(d)	161	-
	34,482	18,685
<u>Other provisions</u>		
Employment on-costs ^(e)	125	126
Total current employee benefits provisions	34,607	18,811
Non-current		
<u>Employee benefits provisions</u>		
Long service leave ^(b)	6,140	3,791
Deferred salary scheme ^(c)	-	-
<u>Other provisions</u>		
Employment on-costs ^(e)	22	25
Total non-current employee benefits provisions	6,162	3,816
Total employee benefits provisions	40,769	22,627

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

	2018 \$000	2017 \$000
Within 12 months of the end of the reporting period	9,086	5,325
More than 12 months after the end of the reporting period	3,586	1,957
	12,672	7,282

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

(b) Long service leave liabilities: Unconditional long service leave provisions are classified as current liabilities as the agency does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as **non-current** liabilities because the agency has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018 \$000	2017 \$000
Within 12 months of the end of the reporting period	8,284	4,367
More than 12 months after the end of the reporting period	19,227	10,793
	27,511	15,160

NOTES TO THE FINANCIAL STATEMENTS

The components of provisions for the long service leave liabilities are calculated at present value as the department does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(c) Deferred salary scheme liabilities: Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

	2018 \$000	2017 \$000
Within 12 months of the end of the reporting period	-	34
More than 12 months after the end of the reporting period	279	-
	279	34

(d) Purchased leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

	2018 \$000	2017 \$000
Within 12 months of the end of the reporting period	161	-
More than 12 months after the end of the reporting period	-	-
	161	-

(e) Employment on-costs: The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses, Note 3.3 (*apart from the unwinding of the discount (finance cost)*) and are not included as part of the departments 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2018 \$000	2017 \$000
Employment on-costs provision		
Carrying amount at the start of period	151	155
Balance transferred in	92	-
Additional/(reversals of) provisions recognised	257	155
Payments /other sacrifices of economic benefits	(353)	(159)
Carrying amount at end of period	147	151

Key sources of estimation uncertainty – long service leave

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

Several estimates and assumptions are used in calculating the agency's long service leave provision. These include:

- Expected future salary rates
- Discount rates
- Employee retention rates; and
- Expected future payments

NOTES TO THE FINANCIAL STATEMENTS

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

3.2 Grants and subsidies

	2018 \$000	2017 \$000
Recurrent		
Co-Funded Drilling Scheme (Exploration Incentive Scheme)	4,287	4,274
Mineral Research Institute of WA (MRIWA)	3,000	4,162
Farmsafe WA	70	-
Asbestos Diseases Society	100	-
Employment Law Centre Western Australia	330	-
Industry and Innovation	-	-
Royalties for Regions - Regional Mobile Telecommunications Project - Stage 2	-	-
Property Industry Grants	6,659	-
Australian Building Codes Board	580	-
Building Commission	100	-
Council on the Aging WA Inc.	26	-
Other Miscellaneous Grants - contributions to Commonwealth & others	612	700
Total grants and subsidies	15,764	9,136
Grants and subsidies		

Transactions in which the department provides goods, services, assets or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

3.3 Other expenditure

	2018 \$000	2017 \$000
Supplies and services		
Consultants and contractors	41,195	31,022
Advertising and promotion	660	666
Travel	1,940	1,649
Communication	1,291	396
Consumables	2,045	895
Maintenance	1,277	1,589
Insurance	829	519
Lease rent & hire costs	2,688	1,994
Utilities	1,290	871
Other	6,942	3,511
Total supplies and services expenses	60,157	43,112
Accommodation expenses		
Lease rentals	9,645	3,543
Repairs and maintenance	1,599	1,316
Cleaning	863	678
Total accommodation expenses	12,107	5,537

NOTES TO THE FINANCIAL STATEMENTS

Other expenses

Audit Fees	320	243
Doubtful debts expense	238	69
Employment On Costs	(93)	(4)
Industry fidelity claims	1,153	-
Minor Plant & Equipment	859	966
Refunds of prior years revenues	66	11
Other expenses	1,528	14
Total other expenses	4,071	1,299
Total other expenditure	76,335	49,948

Supplies and services:

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Accommodation expenses:

Operating lease payments are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. [AASB 117.33]

Repairs, maintenance and cleaning costs are recognised as expenses as incurred.

Other:

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

Audit Fees: an expense is recognised for external audit services received during the 2017-18 reporting period.

Doubtful debt expense is recognised as the movement in the provision for doubtful debt. Please refer to note 6.1.1 Movement of the allowance for impairment of receivables.

Employee on-cost includes workers' compensation insurance and other employment on-costs. The on costs liability associated with the recognition of annual and long service leave liabilities is included at *Note 3.1(b) Employee benefit provision*. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Industry Fidelity Claims are paid as a reimbursement to people who suffer pecuniary or property loss through defalcation by a licensee or employee of a real estate agent or settlement agent.

Minor Plant & Equipment: items identified as portable and attractable that do not meet the criteria of an asset are expensed in the year the item is acquired.

NOTES TO THE FINANCIAL STATEMENTS

4. Our funding sources

How we obtain our funding

This section provides additional information about how the agency obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the department and the relevant notes are:

	Notes	2018 \$000	2017 \$000
Income from State Government	4.1	152 730	85 859
User charges and fees	4.2	157 049	74 526
Interest revenue	4.3	5 343	1 733
Commonwealth grants and contributions	4.4	383	-
Other revenue	4.5	4 672	2 988
Gains	4.6	23	20

4.1 Income from State Government

	2018 \$000	2017 \$000
Appropriation received during the period:		
Service appropriation ^(a)	138,710	83,955

Services received free of charge from other State government agencies during the period:

State Solicitors Office		
- legal services	2,276	1,435
Department of Treasury and Finance		
- procurement and accommodation services	621	47
- building Management & works	-	-
Landgate		
- land dealings, land information, valuation services and products	201	242
Department of Water		
- land dealings and provision of data services and products	-	-
Total services received	3,098	1,724

State grants and subsidies - Specific Purpose	100	100
	100	100

Royalties for Regions Fund:		
District allowance	76	80
Royalties for Regions funding agreement	10,000	-
Regional Community Services Account	123	-
Regional Infrastructure and Headworks Account	623	-
Total Royalties for Regions Fund	10,822	80
Total Income from State Government	152,730	85,859

(a) **Service Appropriations** are recognised as revenues at fair value in the period in which the agency gains control of the appropriated funds. The agency gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Service appropriations fund the net cost of services delivered (as set out in note 2.2). Appropriation revenue comprises the following:

- Cash component; and
- A receivable (asset).

The receivable (holding account – note 6.2) comprises the following:

- The budgeted depreciation expense for the year; and
- Any agreed increase in leave liabilities during the year.

NOTES TO THE FINANCIAL STATEMENTS

(b) The **Regional Infrastructure and Headworks Account**, **funding agreement and, Regional Community Services Accounts** are sub-funds within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas and are recognised as revenue when the agency gains control on receipt of the funds.

4.2 User fees and charges and Sales

	2018 \$000	2017 \$000
User fees and charges		
Petroleum annual licenses	4,246	4,781
Mining, prospecting and exploration licenses	6,792	5,764
Explosives and dangerous goods licenses and fees	6,095	6,602
Mining Safety Levy	36,255	24,994
Petroleum Safety	4,279	4,126
Mining Rehabilitation Fund	29,036	27,555
WorkSafe	6,107	-
EnergySafety	15,272	-
Motor Vehicle Dealers and Repairers	2,316	-
Consumer Protection	12,969	-
Building Commission	25,976	-
Rental Accommodation Account	5,813	-
Other fees	1,767	704
Total User Fees and Charges	156,923	74,526
Sales		
General Sales	126	-
Total Sales	126	-
Total User fees and charges and Sales	157,049	74,526

User fees and charges

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

Revenue is recognised by reference to the stage of completion of the transaction [for relevant services].

Sales

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

4.3 Interest revenue

	2018 \$000	2017 \$000
Mining Rehabilitation Fund Interest	2,223	1,733
Other Interest Revenue	3,120	-
Total interest revenue	5,343	1,733

4.4 Commonwealth grants and contributions

	2018 \$000	2017 \$000
Other funding contributions	383	-

4.5 Other Revenue

	2018 \$000	2017 \$000
Miscellaneous revenue	2,490	561
Other Revenue - Recoups	2,182	2,427
Total Other Revenue	4,672	2,988

NOTES TO THE FINANCIAL STATEMENTS

4.6 Gains

	2018 \$'000	2017 \$'000
Net proceeds from disposal of non-current assets	23	20

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal of the carrying amount of the asset and related selling expenses. Gains and losses are recognised in the profit or loss in the statement of comprehensive income.

5. Key Assets

Assets the Department utilises for economic benefit or service potential

This section includes information regarding the key assets the department utilises to gain economic benefits or provide service potential. This section sets out both the key accounting policies and financial information about the performance of these assets:

	2018 \$'000	2017 \$'000
Notes		
Property, plant and equipment	5.1	131,444
Intangibles	5.2	5,898
Total key assets	137,342	137,135

5.1 Property, plant and equipment

Year ended 30 June 2017	Furniture, plant, equipment and vehicles								Total \$000
	Land \$000	Buildings \$000	Leasehold Improvements \$000			Computer hardware and software \$000	Scientific equipment \$000	Works in Progress \$000	
1 July 2016									
Gross Carrying Amount	70,211	54,934	-	7,701	6,343	289	4,300	143,778	
Accumulated Depreciation	-	-	-	(3,931)	(4,995)	(121)	-	(9,047)	
Accumulated Impairment Loss	-	-	-	-	-	-	-	-	
Carrying amount at start of period	70,211	54,934	-	3,770	1,348	168	4,300	134,731	
Additions	-	-	-	118	1,053	134	3,878	5,183	
Transfers ^(a)	-	-	-	-	-	-	-	-	
Revaluation increments/(decrements)	(626)	323	-	-	-	-	-	-	(303)
Transfers from work in progress	-	4,660	730	-	-	-	-	(5,390)	-
Other Disposals	-	-	-	-	-	-	-	-	
Reclassification	-	-	-	-	-	-	-	-	
Depreciation	-	(1,126)	(67)	(419)	(1,199)	(38)	-	-	(2,849)
Carrying amount at 30 June 2017	69,585	58,791	663	3,469	1,202	264	2,788	136,762	

- (a) The Department of Planning, Lands and Heritage (DPLH) is the only agency with the power to sell Crown land. The land is transferred to DPLH for sale and the agency accounts for the transfer as a distribution to owner.
- (b) Impairment losses are recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written-down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.
- Information on fair value measurements is provided in Note 8.3 .

5.1 Property, plant and equipment (cont.)

Year ended 30 June 2018	Furniture, plant, equipment and vehicles								Total \$000
	Land \$000	Buildings \$000	Leasehold Improvements \$000			Computer hardware and software \$000	Scientific equipment \$000	Works in Progress \$000	
1 July 2017									
Gross Carrying Amount	69,585	58,791	730	7,818	6,952	423	2,788	193,932	
Accumulated Depreciation	-	-	(67)	(4,349)	(5,750)	(159)	-	(15,801)	
Accumulated Impairment Loss	-	-	-	-	-	-	-	-	
Carrying amount at start of period	69,585	58,791	663	3,469	1,202	264	2,788	136,762	
Balance transferred in	-	-	354	1,025	1,105	-	-	-	2,484
Additions	-	15	-	2,182	513	14	-	-	2,724
Transfers ^(a)	865	-	-	-	-	-	-	-	865
Revaluation increments/(decrements)	(3,958)	(1,534)	-	-	-	-	-	-	(5,492)
Transfers from work in progress	-	-	-	970	-	-	-	(970)	-
Other Disposals	(94)	-	-	(393)	(347)	-	-	-	(834)
Reclassification	-	-	-	-	-	-	-	(1,379)	(1,379)
Depreciation	-	(1,216)	(156)	(829)	(1,431)	(54)	-	-	(3,686)
Carrying amount at 30 June 2018	66,398	56,056	862	6,424	1,042	224	439	131,444	

- (a) The Department of Planning, Lands and Heritage (DPLH) is the only agency with the power to sell Crown land. The land is transferred to DPLH for sale and the agency accounts for the transfer as a distribution to owner.
- (b) Impairment losses are recognised in the Statement of Comprehensive Income. Where an asset measured at cost is written-down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income.
- Information on fair value measurements is provided in Note 8.3 .

Initial recognition

Items of property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Assets transferred as part of a machinery of government change are transferred at their fair value.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

- land, and
- buildings

Land is carried at fair value.

Buildings are carried at fair value less accumulated depreciation and accumulated impairment losses.

All other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuations and Property Analytics) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Land and buildings were revalued as at 1 July 2017 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2018 and recognised at 30 June 2018. In undertaking the revaluation, fair value was determined by reference to market values for land: \$31,585,000 (2017: \$33,725,000) and buildings: \$36,895,000 (2017: \$38,816,000). For the remaining balance, fair value of buildings was determined on the basis of current replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land).

Revaluation model:

1. Fair Value where market-based evidence is available:

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

2. Fair value in the absence of market-based evidence:

Buildings are specialised or where land is restricted: Fair value of land and buildings is determined on the basis of existing use.

Existing use buildings: Fair value is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the current replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately with the change in the carrying amount of the asset.

Restricted use land: Fair value is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

Significant assumptions and judgements: The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

NOTES TO THE FINANCIAL STATEMENTS

5.1.1 Depreciation and impairment

Charge for the period

		2018 \$000	2017 \$000
<u>Depreciation</u>			
Buildings	Depreciation -	1,216	1,126
Leasehold Improvements	Depreciation -	156	67
Furniture, plant, equipment and vehicles	Accumulated	829	419
Computer hardware and software	Depreciation -	1,431	1,199
Scientific equipment	Depreciation -	54	38
Total depreciation for the period		3,686	2,849

As of 30 June 2018 there were no indications of impairment to property, plant and equipment.

All surplus assets at 30 June 2018 have either been classified as assets held for sale or have been written-off.

Please refer to note 5.2 for guidance in relation to the impairment assessment that has been performed for intangible assets.

Finite useful lives

All property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exceptions to this rule include items under operating leases and land.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful Life: years
Buildings	33 to 50 years
Lease Improvements	10 years
Furniture	5 to 10 years
Office Equipment	3 to 5 years
Computer Servers	3 years
Software ^(a)	3 to 5 years
Scientific Equipment	7 years
Motor Vehicles	3 to 5 years
Plant and Equipment	5 to 25 years

(a) Software that is integral to the operation of related hardware.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Land, which is considered to have an indefinite life, is not depreciated. Depreciation is not recognised in respect of these assets because their service potential has not, in any material sense, been consumed during the reporting period.



NOTES TO THE FINANCIAL STATEMENTS

Impairment

Non-financial assets, including items of property, plant and equipment and intangibles are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the department is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

NOTES TO THE FINANCIAL STATEMENTS

5.2 Intangible assets

Year ended 30 June 2017	Software in Progress \$000	Licences \$000	Computer Software \$000	Total \$000
1 July 2016				
Gross carrying amount	-	-	4,144	4,144
Accumulated amortisation	-	-	(3,508)	(3,508)
Carrying amount at start of period	-	-	636	636
Additions	-	-	-	-
Transfer completed software	-	-	-	-
Reclassification	-	-	-	-
Impairment losses	-	-	-	-
Amortisation expense	-	-	(263)	(263)
Asset write down	-	-	-	-
Carrying amount at 30 June 2017	-	-	373	373
Year ended 30 June 2018				
1 July 2017				
Gross carrying amount	-	-	4,144	4,144
Accumulated amortisation	-	-	(3,771)	(3,771)
Carrying amount at start of period	-	-	373	373
Balance transferred in	3,279	12	7,027	10,318
Additions	1,153	-	8	1,161
Transfer completed software	(976)	-	976	-
Reclassification	(13)	-	-	(13)
Impairment losses	(3,065)	-	(258)	(3,323)
Asset write down	-	-	-	-
Amortisation expense	-	(12)	(2,606)	(2,618)
Carrying amount at 30 June 2018	378	-	5,520	5,898

Initial recognition

Acquisition of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$200,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- (a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) An intention to complete the intangible asset and use or sell it;
- (c) The ability to use or sell the intangible asset;
- (d) The intangible asset will generate probable future economic benefit;
- (e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- (f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Costs incurred in the research phase of a project are immediately expensed.

NOTES TO THE FINANCIAL STATEMENTS

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

5.2.1 Amortisation and impairment

Charge for the period

	2018 \$000	2017 \$000
Licences	12	-
Computer Software	2,606	263
Total amortisation for the period	2,618	263

As at 30 June 2018, other than as noted below there were indications of impairment to intangible assets. The below note provides further explanation.

The department held no goodwill or intangible assets with an indefinite useful life during the reporting period. At the end of the reporting period there were no intangible assets not yet available for use.

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the department have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Asset	Useful Life: years
Computer Software	3 years
Licences	3 years

(a) Software that is not integral to the operation of any related hardware.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in note 5.1.1

	2018 \$000	2017 \$000
Software in progress	3,065	-
Computer software	258	-
Total impairment for the period	3,323	-

Licences

Licences have a finite useful life and are carried at cost less accumulated amortisation and accumulated impairment losses.

Development Costs

Research costs are expensed as incurred. Development costs incurred for an individual project are carried forward when the future economic benefits can be reasonably regarded as assured and the total project costs are likely to exceed \$200,000. Other development costs are expensed as incurred.

Computer Software

Software that is an integral part of the related hardware is recognised as part of the tangible asset. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

NOTES TO THE FINANCIAL STATEMENTS

6. Other assets and liabilities

This section sets out those assets and liabilities that arose from the departments controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2018 \$000	2017 \$000
Receivables	6.1	23,743	10,674
Amounts receivable for service	6.2	34,232	18,200
Other assets	6.3	1,979	1,065
Payables	6.4	12,715	9,192
Amounts due to the Treasurer	6.5	25,330	5,330
Revenue received in advance	6.6	23,784	2,023
Borrowings	6.7	-	-
Other liabilities	6.8	1,810	1,501

6.1 Receivables

	2018 \$000	2017 \$000
Current		
Receivables	13,585	10,300
Allowance for impairment of receivables	(975)	(820)
Accrued interest revenue	1,463	439
GST receivable	1,063	755
Loans and advances ^(a)	-	-
Accrued Revenue	8,607	-
Total current	23,743	10,674
Non-current		
Loans and advances ^(a)	-	-
Total non-current	-	-
Total receivables	23,743	10,674

The department does not hold any collateral or other credit enhancements as security for receivables. Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

6.1.1 Movement of the allowance for impairment of receivables

	2018 \$000	2017 \$000
Reconciliation of changes in the allowance for impairment of receivables		
Balance at start of period	820	751
Balance transferred in	3	-
Doubtful debts expense	238	69
Amounts written off during the period	(86)	-
Amounts recovered during the year	-	-
Balance at end of period	975	820

The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the agency will not be able to collect the debts.

NOTES TO THE FINANCIAL STATEMENTS

6.2 Amounts receivable for services (Holding Account)

	2018 \$000	2017 \$000
Current	3,010	480
Non-current	31,222	17,720
Balance at end of period	34,232	18,200

Amounts receivable for services represent 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.

The department receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

6.3 Other assets

	2018 \$000	2017 \$000
Current		
Prepayments	1,951	1,065
Miscellaneous assets (includes credit card and travel clearing accounts)	28	-
Total current	1,979	1,065
Balance at end of period	1,979	1,065

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

6.4 Payables

	2018 \$000	2017 \$000
Current		
Trade payables	8,686	6,395
Other payables	2,171	2,381
Accrued salaries	1,042	416
GST Payable	-	-
Accrued expenses	266	-
Total current	12,165	9,192
Non-current		
Trust accounts		
Consumer Credit Act (WA)	103	-
Departmental Receipts in Suspense	2	-
Building Services Trust Dispute Remedies Account	-	-
Real Estate and Business Agents Supervisory Board	434	-
Co-operatives - Companies Liquidation Account	11	-
Total non-current	550	-
Balance at end of period	12,715	9,192

Payables are recognised at the amounts payable when the department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The agency considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (See Note 7.5.1 'Restricted cash and cash equivalents') consists of amounts paid annually, from department appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting.

NOTES TO THE FINANCIAL STATEMENTS

6.5 Amounts due to the Treasurer

	2018 \$000	2017 \$000
Current		
Mining Rehabilitation Fund	5,330	-
Mining Safety Levy	18,000	-
Petroleum and Geothermal Safety Levy	2,000	-
Total Current	25,330	-
Non Current		
Mining Rehabilitation Fund	-	5,330
Total Non Current	-	5,330
Total amounts due to the Treasurer	25,330	5,330

The **amount due to the Treasurer** is in respect of a Treasurer's Advance. This amount is payable within 12 months after the reporting period. Although no interest is charged on the outstanding amount, the carrying amount is equivalent to fair value.

6.6 Revenue received in advance

	2018 \$000	2017 \$000
Current		
Licences and fees	12,939	2,023
Total Current	12,939	2,023
Non Current		
Licences and fees	10,845	-
Total Non Current	10,845	-
Total revenue received in advance	23,784	2,023

(a) Unearned revenues are revenue received in advance for multiple year licences for EnergySafety, Motor Vehicle Repairers, Plumbers, Real Estate, Settlement Agents, Painters, Builders and Building Surveyors. This revenue will be recognised from 2018-19 and subsequent years.

6.7 Borrowings

	2018 \$000	2017 \$000
Non Current	-	-

6.8 Other liabilities

	2018 \$000	2017 \$000
Current		
Unclaimed monies	1,199	1,181
Total Current	1,199	1,181
Non Current		
Lease provision	611	320
Total Non Current	611	320
Total other liabilities	1,810	1,501

NOTES TO THE FINANCIAL STATEMENTS

7. Financing

This section sets out the material balances and disclosures associated with the financing and cashflows of the agency.

	Notes
Cash and cash equivalents	7.1
Reconciliation of cash	7.1.1
Reconciliation of operating activities	7.1.2
Commitments	7.2
Non-cancellable operating lease commitments	7.2.1
Capital commitments	7.2.2
Other expenditure commitments	7.2.3

7.1 Cash and cash equivalents

7.1.1 Reconciliation of cash

	Notes	2018 \$000	2017 \$000
Current			
Cash on hand		14	5
Cash and cash equivalents		2,513	2,386
Total cash and cash equivalents		2,527	2,391
Restricted cash and cash equivalents	8.1		
Current			
Building Services Account		16,986	-
Consumer Credit Act		103	-
Co-operatives Companies Liquidation Account		11	-
Departmental Receipts in Suspense		2	-
EnergySafe Account		14,903	-
Mines Safety Levy ^(a)		10,531	(14,773)
Mining Rehabilitation Fund ^(b)		122,616	92,400
Motor Vehicle Repair (MVR) Industry Compensation Account		138	-
Motor Vehicle Repair (MVR) Industry Education and Research Account		147	-
Petroleum and Geothermal Energy Safety Levy ^(a)		1,588	(1,603)
Real Estate - Education and General Purpose Account		22,734	-
Real Estate - Fidelity Guarantee Account		46,426	-
Real Estate - Home Buyers Assistance Account		13,865	-
Real Estate and Business Agents Supervisory Board Trust Account		432	-
Settlement Agents - Education and General Purpose Account		27,649	-
Settlement Agents - Fidelity Guarantee Account		47,595	-
State Trading Concerns		1,173	-
Indian Ocean Territories - Commonwealth Government		31	-
Royalties for Regions		(444)	-
Total Current restricted cash and cash equivalents		326,486	76,024
Non current			
Accrued salaries suspense account ^(c)		1,072	316
Total non current restricted cash and cash equivalents		1,072	316
Balance at end of period		330,085	78,731

- (a) The recoup of the costs of administering the Safety reforms cannot be invoiced until after the end of the financial year. During the financial year funding a Treasurers Advance was received to remove the deficit balance. See Note 9.8 for further information.

NOTES TO THE FINANCIAL STATEMENTS

- (b) These funds are applied for regulatory services under the Mining Rehabilitation Fund Act 2012. See Note 9.8 for further information.
- (c) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current for 10 out of 11 years.

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

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

	Notes	2018 \$000	2017 \$000
Net cost of services		(112,832)	(75,914)
Non-cash items			
Depreciation and amortisation expense	5.1	6,304	3,112
Doubtful debts expense	3.3	238	-
Services received free of charge	4.1	3,098	1,724
Reclassification of assets		13	-
Net (gain)/loss on disposal of property, plant and equipment		(23)	(20)
Impairment loss		3,323	-
(Increase)/decrease in assets			
Current receivables ^(a)		(9,083)	(1,151)
Other current assets		1,186	505
Increase/(decrease) in liabilities			
Current payables ^(a)		(1,930)	5,102
Current provisions		(2,850)	(651)
Current Revenue received in advance		1,093	(62)
Other current liabilities		(335)	(618)
Non-current payables		50	-
Non-current provisions		(1,295)	-
Non-current Revenue received in advance		1,244	-
Other non-current liabilities		(291)	320
Net GST receipts/(payments) ^(b)		710	1,155
Change in GST in receivables/payables ^(c)		114	312
Net cash (used in) operating activities		(111,266)	(66,186)

- (a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.
- (b) This is the net GST paid/received i.e. cash transactions.
- (c) This reverses out the GST in receivables and payables.

7.2 Commitments

7.2.1 Non-cancellable operating lease commitments

	2018 \$000	2017 \$000
Commitments for minimum lease payments are payable as follows:		
Within 1 year	15,673	3,560
Later than 1 year and not later than 5 years	75,786	13,053
Later than 5 years	42,421	13,309
Balance at end of period	133,880	29,922

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

NOTES TO THE FINANCIAL STATEMENTS

7.2.2 Capital commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

	2018 \$000	2017 \$000
Within 1 year	4,916	914
Later than 1 year and not later than 5 years	6,268	2,742
Balance at end of period	11,184	3,656

The totals presented for capital commitments are GST inclusive.

7.2.3 Other expenditure commitments

Other expenditure commitments for day to day operations contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:

	2018 \$000	2017 \$000
Within 1 year	3,388	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
3,388	-	-

The totals presented for other expenditure commitments are GST inclusive.

Judgements made by management in applying accounting policies - operating lease commitments

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

8. Risks and contingencies

This note set out the key risk management policies and measurement techniques of the department.

	Note
Financial risk management	8.1
Contingent assets	8.2.1
Contingent liabilities	8.2.2
Fair value measurements	8.3

8.1 Financial risk management

Financial instruments held by the department are cash and cash equivalents, restricted cash and cash equivalents, loans and receivables, payables, WATC/Bank borrowings, finance leases and Treasurer's advances. The department has limited exposure to financial risks. The department's overall risk management program focuses on managing the risks identified below.

(a) Summary of risks and risk management

Credit Risk

Credit risk arises when there is the possibility of the department's receivables defaulting on their contractual obligations resulting in financial loss to the department.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment, as shown in the table at Note 8.1(c) 'Financial instruments disclosures' and Note 6.1 'Receivables'.

Credit risk associated with the department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account) and Safety Levies. For receivables other than government, the department trades only with recognised, creditworthy third parties. The department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the department's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

NOTES TO THE FINANCIAL STATEMENTS

Liquidity risk

Liquidity risk arises when the department is unable to meet its financial obligations as they fall due.

The department is exposed to liquidity risk through its trading in the normal course of business.

The department has appropriate procedures to manage cash flows including drawdown of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the departments income or the value of its holdings of financial instruments. The department does not trade in foreign currency and is not materially exposed to other price risks [for example, equity securities or commodity prices changes]. The departments exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations.

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2018 \$000	2017 \$000
Financial assets		
Cash and cash equivalents	2,527	2,391
Restricted cash and cash equivalents	327,558	76,340
Receivables ^(a)	22,680	28,119
Loans	-	-
Amounts receivable for services	34,232	-
Total financial assets	386,997	106,850
 Financial liabilities		
Financial liabilities measured at amortised cost	39,244	15,703
Total financial liability	39,244	15,703

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

NOTES TO THE FINANCIAL STATEMENTS

(c) Ageing analysis of financial assets

	Past due but not impaired							
	Not past due		3			Impaired		
	Carrying Amount	and not impaired	up to 1 month	1-3 months	months to 1 year	1-5 years	More than 5 years	financial assets
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2018								
Cash and cash equivalents	2,527	2,527	-	-	-	-	-	-
Restricted cash and cash equivalents	327,558	327,558	-	-	-	-	-	-
Receivables	22,680	21,705	-	-	-	-	-	975
Loans Receivable	-	-	-	-	-	-	-	-
Amounts receivable for services	34,232	34,232	-	-	-	-	-	-
	386,997	386,022	-	-	-	-	-	975
2017								
Cash and cash equivalents	2,391	2,391	-	-	-	-	-	-
Restricted cash and cash equivalents	76,340	76,340	-	-	-	-	-	-
Receivables	28,119	26,118	35	32	487	627	-	820
Loans Receivable	-	-	-	-	-	-	-	-
Amounts receivable for services	-	-	-	-	-	-	-	-
	106,850	104,849	35	32	487	627	-	820

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

^(b) 14 debtors are under administration and it is unknown if any of the amounts owing will be recovered as of 30 June 2018. The carrying amount of the receivables before deducting the impairment loss was \$975,000.

(d) Liquidity risk and interest rate exposure

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

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

	Weighted Average Effective Interest % 2018	Interest rate exposure				Maturity dates				
		Carrying Amount \$000	Fixed interest rate %	Variable Interest Rate %	Non- interest bearing \$000	Nominal Amount \$000	up to 1 month \$000	1-3 months to 1 year \$000	3 years \$000	1-5 years \$000
Financial Assets										
Cash and cash equivalents	-	2,527	-	-	2,527	2,527	-	-	-	-
Restricted cash and cash equivalents	1.98	327,558	-	280,359	47,200	327,558	326,486	-	-	1,072
Receivables ^(e)	-	22,680	-	-	22,680	22,680	21,424	65	175	1,016
Loans receivable	-	-	-	-	-	-	-	-	-	-
Amounts receivable for services	-	34,232	-	-	34,232	34,232	2,096	-	914	31,222
	386,997	-	280,359	106,639	386,997	352,533	65	1,089	32,238	1,072
Financial Liabilities										
Payables	-	12,715	-	-	12,715	12,715	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-
Unclaimed monies	-	1,199	-	-	1,199	1,199	-	-	-	-
Amounts due to the Treasurer	-	25,330	-	-	25,330	25,330	-	-	25,330	-
	39,244	-	-	39,244	39,244	13,914	-	25,330	-	-

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



NOTES TO THE FINANCIAL STATEMENTS

Interest rate exposure and maturity analysis of financial assets and financial liabilities (a)						Maturity dates			
Weighted Average Effective Interest % 2017	Carrying Amount \$000	Interest rate exposure			Nominal Amount \$000	up to 1 month \$000	1-3 months months to 1 year \$000	3 1-5 years \$000	More than 5 years \$000
		Fixed Interest rate \$000	Variable Interest Rate \$000	Non- interest bearing \$000					
Financial Assets									
Cash and cash equivalents	-	2,391	-	-	2,391	2,391	-	-	-
Restricted cash and cash equivalents	1.98	76,340	-	92,400	(16,060)	76,340	-	-	-
Receivables ^(a)	-	9,919	-	-	9,919	8,741	68	487	623
Loans receivable	-	-	-	-	-	-	-	-	-
Amounts receivable for services	-	18,200	-	-	18,200	-	-	480	17,720
	106,850	-	92,400	14,450	106,850	87,472	68	967	18,343
Financial Liabilities									
Payables	-	9,192	-	-	9,192	9,192	-	-	-
Borrowings	2.79	-	-	-	-	-	-	-	-
Unclaimed monies	-	1,181	-	-	1,181	1,181	-	-	-
Amounts due to the Treasurer	-	5,330	-	-	5,330	5,330	-	-	5,330
	15,703	-	15,703	15,703	10,373	-	-	5,330	-

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

NOTES TO THE FINANCIAL STATEMENTS

(e) Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Department's financial assets and liabilities at the end of the reporting period on the surplus for the period and for a 1% change in interest rate. It is assumed that the interest rate is held constant throughout the reporting period.

-100 basis points +100 basis points

	Amount \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2018					
<u>Financial Assets</u>					
Restricted cash and cash equivalents	280,359	(2,804)	(2,804)	2,804	2,804
<u>Financial Liabilities</u>					
Payables	-	-	-	-	-
Borrowings	-	-	-	-	-
Total increase/(decrease)	280,359	(2,804)	(2,804)	2,804	2,804

-100 basis points +100 basis points

	Amount \$000	Surplus \$000	Equity \$000	Surplus \$000	Equity \$000
2017					
<u>Financial Assets</u>					
Restricted cash and cash equivalents	92,400	(924)	(924)	924	924
<u>Financial Liabilities</u>					
Payables	-	-	-	-	-
Borrowings	-	-	-	-	-
Total increase/(decrease)	92,400	(924)	(924)	924	924



NOTES TO THE FINANCIAL STATEMENTS

8.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

8.2.1 Contingent assets

There are no known contingent assets to report for the Department at 30 June 2018.

8.2.2 Contingent liabilities

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

Home Indemnity Insurance

The contingent liability for Home Indemnity Insurance (HII) has been assessed to be the future claims liability (FCL) as at 30 June 2018. The FCL is an estimation of the future claims costs which will arise as a result of events which will occur in the future for currently in-force HII policies. In accordance with the PricewaterhouseCoopers actuarial report, the future claims liability has been assessed at an approximate value of \$20,125,000 as at 30 June 2018.

Contaminated sites

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

Three sites are still identified as known or “suspected” of being contaminated”. These three sites are still yet to be classified by the Department of Environment and Conservation (DEC) now known as Department of Water and Environmental Regulation (DWER). The department is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows.

Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the department may apply for funding from the Contaminated Sites Management Account (2015) to undertake further investigative work or to meet remediation costs that may be required.

Litigation in Progress

The department is currently involved in two (2) legal cases. Depending on the outcomes of these matters this may result in an estimated Contingent Liability for costs of \$460k.

NOTES TO THE FINANCIAL STATEMENTS

8.3 Fair value measurements

Assets measured at fair value:	Fair value at end of period		
	Level 2 \$000	Level 3 \$000	\$000
Land (note 5.1)	31,585	34,813	66,398
Buildings (Note 5.1)	36,895	14,572	51,467
	68,480	49,385	117,865

Assets measured at fair value:	Level 2	Level 3	Fair value
	\$000	\$000	\$000
Land (note 5.1)	33,725	35,860	69,585
Buildings (Note 5.1)	38,816	15,316	54,132
	72,541	51,176	123,717

There were no transfers between Levels 1, 2 or 3 during the current period.

Valuation techniques to derive Level 2 fair values

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

Fair value measurements using significant unobservable inputs (Level 3)

2018	Land	Buildings
	\$000	\$000
Fair value at start of period	35,860	15,316
Additions	865	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	(1,912)	(425)
Transfers from/(to) Level 2	-	-
Disposals	-	-
Depreciation expense	-	(319)
Fair value at end of period	34,813	14,572

2017	Land	Buildings
	\$000	\$000
Fair value at start of period	36,469	16,084
Additions	-	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	(739)	(439)
Transfers from/(to) Level 2	130	-
Disposals	-	-
Depreciation expense	-	(329)
Fair value at end of period	35,860	15,316

Valuation processes

There were no changes in valuation techniques during the period.

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



NOTES TO THE FINANCIAL STATEMENTS

Land (Level 3 fair values)

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuations and Property Analytics) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Buildings and Infrastructure (Level 3 fair values)

Fair value for existing use specialised buildings and infrastructure assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the current replacement cost. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

Valuation using depreciated current cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of asset which is estimated by the Western Australian Land Information Authority (Valuation Services). The fair value measurement is sensitive to the estimate of consumption/obsolescence, with higher values of the estimate correlating with lower estimated fair values of buildings and infrastructure.

Significant Level 3 inputs are derived and evaluated as follows:

Historical cost per square metre floor area (m²)

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

Consumed economic benefit/obsolescence of asset

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

Selection of land with restricted utility

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

Basis of valuation

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

NOTES TO THE FINANCIAL STATEMENTS

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

Description	Fair value as at 30 June 2018 (30 June 2017)	Valuation techniques	Unobservable inputs	Relationship to unobservable inputs to fair value
Land	(2017 Fair Value: \$35,860)	Selection of land with similar approximate utility	Selection of land with similar approximate utility	Higher value of similar land increases estimated fair value
	2018 Fair Value: \$34,813			
Buildings	(2017 Fair Value: \$15,316)	Depreciated Replacement Cost	Consumed economic benefit/obsolescence of asset	Greater consumption of economic benefit or increased obsolescence lowers fair value
	2018 Fair Value: \$14,572		Historical cost per square metre floor area (m ²)	Higher historical cost per m ² increases fair value

9. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	9.1
Prior period errors	9.2
Future impact of Australian standards issued not yet operative	9.3
Key management personnel	9.4
Related parties	9.5
Related bodies	9.6
Affiliated bodies	9.7
Special purpose financial statements	9.8
Remuneration of auditors	9.9
Equity	9.10
Supplementary financial information	9.11
Explanatory statements	9.12

9.1 Events occurring after the end of the reporting period

The department has not recognised any significant events that have occurred after the end of the reporting period.



NOTES TO THE FINANCIAL STATEMENTS

9.2 Prior period errors

The department has identified no prior period errors in the previous reporting period, prior to the amalgamation of the former departments Mines and Petroleum, and Commerce, on July 1, 2017.

9.3 Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from TI 1101. Where applicable, the department plans to apply the following Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	<i>Financial Instruments</i>	1 Jan 2018
	<p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The Department is currently assessing whether the recognition of expected credit loss will have an adverse impact on the departments Surplus/(Deficit) for the period.</p>	
AASB 15	<i>Revenue from Contracts with Customers</i>	1 Jan 2019
	<p>This Standard establishes the principles that the department shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The mandatory application of the Standard is currently 1 January 2019 after being amended by AASB 2016-7.</p> <p>The department's income is principally derived from appropriations which will be measured under AASB 1058 <i>Income of Not-for-Profit Entities</i> and will be unaffected by this change. However, the department has not yet determined the potential impact of the Standard on 'User charges and fees' and 'Sales' revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the department has discharged its performance obligations.</p>	

NOTES TO THE FINANCIAL STATEMENTS

		Operative for reporting periods beginning on/after
AASB 16	<i>Leases</i>	1 Jan 2019
	<p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>Whilst the impact of the AASB 16 has not yet been quantified, the entity currently has operating lease commitments for \$133.88m. The Department anticipates most of this amount will be brought onto the statement of financial position, excepting amounts pertinent to short-term or low-value leases. Interest and amortisation expense will increase and rental expense will decrease.</p>	
AASB 1058	<i>Income of Not-for-Profit Entities</i>	1 Jan 2019
	<p>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, or other performance obligation (a promise to transfer a good or service), or, a contribution by owners, related to an asset (such as cash or another asset) received by an agency. The Department anticipates that the application will not materially impact appropriation or untied grant revenues.</p>	
AASB 1059	<i>Service Concession Arrangements: Grantors</i>	1 Jan 2019
	<p>This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided. The department has not identified any public private partnerships within scope of the Standard.</p>	
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i>	1 Jan 2018
	<p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. Other than the exposures to AASB 9 noted above, the department is only insignificantly impacted by the application of this Standard.</p>	

NOTES TO THE FINANCIAL STATEMENTS

		Operative for reporting periods beginning on/after
AASB 2014-1	<i>Amendments to Australian Accounting Standards</i>	1 Jan 2018
	<p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. These changes have no impact as <i>Appendix E</i> has been superseded and the department did not early adopt AASB 9.</p>	
AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i>	1 Jan 2018
	<p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The department has not yet determined the application or the potential impact of the Standard.</p>	
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	1 Jan 2018
	<p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The department has not yet determined the application or the potential impact of the Standard.</p>	
AASB 2015-8	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	1 Jan 2018
	<p>This Standard amends the mandatory application date of AASB 15 to 1 January 2018 instead of 1 January 2017. It also defers the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this Standard.</p>	
AASB 2016-3	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	1 Jan 2018
	<p>This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The department has not yet determined the application or the potential impact when the deferred AASB 15 becomes effective from 1 January 2019.</p>	
AASB 2016-7	<i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	1 Jan 2018
	<p>This Standard defers, for not-for-profit entities, the mandatory application date of AASB 15 to 1 January 2019, and the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this Standard.</p>	

NOTES TO THE FINANCIAL STATEMENTS

Operative for reporting periods beginning on/after

AASB 2016-8 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities

1 Jan 2019

This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.

9.4 Key management personnel

The department has determined key management personnel include cabinet ministers and senior officers of the department. The department does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the Department for the reporting period are presented within the following bands:

Compensation Band \$	2018	2017
60,001 to 70,000	-	1
80,001 to 90,000	-	1
90,001 to 100,000	-	-
160,001 to 170,000	1	-
170,001 to 180,000	4	-
180,001 to 190,000	5	1
190,001 to 200,000	3	-
200,001 to 210,000	2	2
210,001 to 220,000	2	1
220,001 to 230,000	1	-
230,001 to 240,000	1	-
240,001 to 250,000	3	2
250,001 to 260,000	3	-
260,001 to 270,000	1	-
270,001 to 280,000	1	1
290,001 to 300,000	2	1
300,001 to 310,000	2	-
310,001 to 320,000	-	-
320,001 to 330,000	-	1
330,001 to 340,000	-	-
400,001 to 410,000	1	-
460,001 to 470,000	1	-
520,001 to 530,000	1	-
	\$000	\$000
Short-term employee benefits	6,664	2,105
Post-employment benefits	987	199
Other long-term benefits	253	36
Termination benefits	386	-
Total compensation of senior officers	8,290	2,340

Total compensation includes the superannuation expense incurred by the department in respect of senior officers.

NOTES TO THE FINANCIAL STATEMENTS

9.5 Related party transactions

The department is a wholly owned and controlled entity of the State of Western Australia.

Related parties of the agency include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with Government-related entities

In conducting its activities, the department is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- Income from State Government (Note 4.1);
- Services received free of charge (Note 4.1);
- Equity contributions (Note 9.10);
- Royalties for Regions Fund (Note 4.1);
- Superannuation payments to GESB (Note 3.1(a));
- Lease rental payments to the Department of Finance (Government Office Accommodation and State Fleet) and the Housing Authority (Government Regional Officer Housing) (Note 3.3) and related outstanding balances (Note 7.2.1);
- amounts due to the Treasurer (Note 6.5);
- insurance payments to the Insurance Commission and Riskcover fund (Note 3.3);
- remuneration for services provided by the Auditor General (Note 9.9).

Material transactions with other related parties

Outside of normal citizen type transactions with the agency, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

9.6 Related bodies

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

9.7 Affiliated bodies

The department has no affiliated bodies. The West Australian Technology and Industry Advisory Council (TIAC), part of the former Department of Commerce, transferred to the Department of Jobs Tourism Science and Innovation prior to the beginning of the 2018 financial year as part of Machinery of Government changes.

NOTES TO THE FINANCIAL STATEMENTS

9.8 Special Purpose Accounts

Controlled

Special Purpose Accounts section 16 of *Financial Management Act 2006*

	2018 \$000	2017 \$000
Building Services Account	16,986	-
Building Services Trust Dispute Remedies	-	-
Consumer Credit Act (WA)	103	-
Co-operatives Companies Liquidation Account	11	-
Departmental Receipts in Suspense	2	-
EnergySafety Account	14,903	-
Indian Ocean Territories - Commonwealth Government	31	-
Mines Safety Levy	10,531	(14,773)
Mining Rehabilitation Fund Levy	122,616	92,400
Motor Vehicle Repair (MVR) Industry Compensation Account	138	-
Motor Vehicle Repair (MVR) Industry Education & Research Account	147	-
Petroleum and Geothermal Energy Safety Levy	1,588	(1,603)
Real Estate - Education and General Purpose Account	22,734	-
Real Estate - Fidelity Guarantee Account	46,426	-
Real Estate - Home Buyers Assistance Account	13,865	-
Real Estate and Business Agents Supervisory Board Trust Account	432	-
Settlement Agents - Education and General Purpose Account	27,649	-
Settlement Agents - Fidelity Guarantee Account	47,595	-
Royalties for Regions	(444)	-
State Trading Concerns	1,173	-
Survey of Leases under the <i>Mining Act (1978)</i> Fund	-	-
	326,486	76,024

Administered

	2018 \$000	2017 \$000
Environmental Called-In Performance Bond Money Fund	5,093	5,063
Special Projects Fund	2,494	3,514
	7,587	8,577

Building Services Account

Holds funds used for the provision of functions and services in accordance with building services acts.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	15,166	-
<u>Add</u> Receipts	31,221	-
<u>Less</u> Payments	(29,401)	-
Balance at end of period	16,986	-

Building Services Trust Dispute Remedies

Holds money in trust in connection with orders made by the Building Commission and State Administrative Tribunal under the *Building Services (Complaint Resolution and Administration) Act 2011*.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	-	-
<u>Add</u> Receipts	-	-
<u>Less</u> Payments	-	-
Balance at end of period	-	-

NOTES TO THE FINANCIAL STATEMENTS

Consumer Credit Act (WA)

Holds funds pending distribution in accordance with the *Consumer Credit (WA) Act 1996* or court direction.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	103	-
<u>Add</u> Receipts	-	-
<u>Less</u> Payments	-	-
Balance at end of period	103	-

Co-operatives Companies Liquidation Account

Holds unclaimed funds pending redistribution in accordance with the *Companies (Co-operative) Act 1943* section 290(1).

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	12	-
<u>Add</u> Receipts	-	-
<u>Less</u> Payments	(1)	-
Balance at end of period	11	-

Departmental Receipts in Suspense

This account is to hold monies temporarily, pending identification of the purpose for which the funds were received.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	22	-
<u>Add</u> Receipts	15	-
<u>Less</u> Payments	(35)	-
Balance at end of period	2	22

Energy Safety Account

Holds funds used for the provision of functions and services in accordance with the *Energy Safety Act 2006*.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	12,062	-
<u>Add</u> Receipts	16,795	-
<u>Less</u> Payments	(13,954)	-
Balance at end of period	14,903	-

Environmental Called-In Performance Bond Money Fund

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

	2018 \$000	2017 \$000
Balance at start of period	5,063	4,748
<u>Add</u> Receipts	30	341
<u>Less</u> Payments	-	(26)
Balance at end of period	5,093	5,063

NOTES TO THE FINANCIAL STATEMENTS

Indian Ocean Territories - Commonwealth Government

The Department of Commerce has a service delivery agreement with the Commonwealth Government to undertake to provide its normal service to the Christmas and Cocos Islands.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	37	-
<u>Add Receipts</u>	276	-
<u>Less Payments</u>	(282)	-
Balance at end of period	31	-

Mines Safety Levy

This fund is to hold all levies received from mining companies and is to be applied to the cost of administering the *Mines Safety and Inspection Act 1994*.

	2018 \$000	2017 \$000
Balance at start of period	(14,773)	(9,845)
<u>Add Treasurers Advance</u>	18,000	-
<u>Add Receipts</u>	33,374	25,261
<u>Less Payments</u>	(26,070)	(30,189)
Balance at end of period	10,531	(14,773)

Mining Rehabilitation Fund Levy

This fund is to hold all levies which are applied to the cost of administering the Mining Rehabilitation Fund Levies for regulatory services under the *Mining Rehabilitation Fund Act 2012*.

	2018 \$000	2017 \$000
Balance at start of period	92,400	63,377
<u>Add Receipts</u>	30,876	30,018
<u>Less Payments</u>	(660)	(995)
Balance at end of period	122,616	92,400

Motor Vehicle Repair (MVR) Industry Compensation Account

Holds funds used for the Motor Vehicle Repairers Industry in accordance with the *Motor Vehicle Repairers Act 2003*.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	120	-
<u>Add Receipts</u>	19	-
<u>Less Payments</u>	(1)	-
Balance at end of period	138	-

Motor Vehicle Repair (MVR) Industry Education & Research Account

Holds funds used for the Motor Vehicle Repairers Industry in accordance with the *Motor Vehicle Repairers Act 2003*.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	132	-
<u>Add Receipts</u>	21	-
<u>Less Payments</u>	(6)	-
Balance at end of period	147	-

NOTES TO THE FINANCIAL STATEMENTS

Petroleum and Geothermal Energy Safety Levy

This fund is to hold all levies which are applied to the cost of administering the Petroleum and Geothermal Energy Safety Levies for regulatory services under the *Petroleum and Geothermal Energy Resource Act 1967* (PGERA67)

	2018 \$000	2017 \$000
Balance at start of period	(1,603)	(568)
<u>Add</u> Treasurer's Advance	2,000	-
<u>Add</u> Receipts	4,268	4,098
<u>Less</u> Payments	(3,077)	(5,133)
Balance at end of period	1,588	(1,603)

Real Estate - Education and General Purpose Account

Holds funds used for the operation of the Education and General Purpose Account in accordance with the *Real Estate and Business Agents Act 1978*.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	25,331	-
<u>Add</u> Receipts	6,696	-
<u>Less</u> Payments	(9,293)	-
Balance at end of period	22,734	-

Real Estate - Fidelity Guarantee Account

Holds funds used for the operation of the Fidelity Guarantee Account in accordance with the *Real Estate and Business Agents Act 1978*.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	45,579	-
<u>Add</u> Receipts	1,356	-
<u>Less</u> Payments	(509)	-
Balance at end of period	46,426	-

Real Estate - Home Buyers Assistance Account

Holds funds used for the operation of the Home Buyers Assistance Account in accordance with the *Real Estate and Business Agents Act 1978*.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	15,234	-
<u>Add</u> Receipts	3,309	-
<u>Less</u> Payments	(4,678)	-
Balance at end of period	13,865	-

Real Estate and Business Agents Supervisory Board Trust Account

Holds funds as a result of legal proceedings and liquidations of agencies in accordance with the Trust Statement.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	362	-
<u>Add</u> Receipts	78	-
<u>Less</u> Payments	(8)	-
Balance at end of period	432	-

NOTES TO THE FINANCIAL STATEMENTS

Royalties for Regions

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

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	2,061	-
<u>Add Receipts</u>	10,721	-
<u>Less Payments</u>	(13,226)	-
Balance at end of period	(444)	-

Settlement Agents - Education and General Purpose Account

Holds funds used for the operation of the Education and General Purpose Account in accordance with the *Settlement Agents Act 1981*.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	26,685	-
<u>Add Receipts</u>	1,727	-
<u>Less Payments</u>	(763)	-
Balance at end of period	27,649	-

Settlement Agents - Fidelity Guarantee Account

Holds funds used for the operation of the Fidelity Guarantee Account in accordance with the *Settlement Agents Act 1981*.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	45,790	-
<u>Add Receipts</u>	1,983	-
<u>Less Payments</u>	(178)	-
Balance at end of period	47,595	-

Special Projects Fund

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

This account includes an agreement between the Commonwealth and the department to carry out inspection services at Christmas Island. With an opening balance of \$11,569, \$141,009 receipts and \$146,204 payments, giving a closing balance of \$6,373.

	2018 \$000	2017 \$000
Balance at start of period	3,514	3,174
<u>Add Receipts</u>	266	1,004
<u>Less Payments</u>	(1,286)	(664)
Balance at end of period	2,494	3,514

State Trading Concerns

The fund was created under the *State Trading Concerns Act 1916* and controls income received in respect of the provisions of copyright materials and relevant trade mark advertising opportunities or similar arrangements.

	2018 \$000	2017 \$000
Balance at start of period	-	-
Balance transferred in	1,131	-
<u>Add Receipts</u>	61	-
<u>Less Payments</u>	(19)	-
Balance at end of period	1,173	-

NOTES TO THE FINANCIAL STATEMENTS

Survey of Leases under the *Mining Act (1978)* Fund

Survey fees collected under the *Mining Act (1978)* are paid into this account. The actual cost of surveys is charged to the Consolidated Account, and fees previously collected are transferred to the Consolidated Account. If the applicant decides not to proceed with the survey, the fee collected is refunded.

	2018 \$000	2017 \$000
Balance at start of period	-	123
<u>Add</u> Receipts	-	-
<u>Less</u> Payments	-	(123)
Balance at end of period	-	-

9.9 Remuneration of auditors

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

	2018 \$000	2017 \$000
Auditing the accounts, financial statements controls, and key performance indicators	261	155

9.10 Equity

	2018 \$000	2017 \$000
Contributed Equity		
Balance at start of period	50,536	43,287
<i>Contributions by owners</i>		
Capital appropriation	350	7,249
Other contributions by owners:		
Landgate	865	-
Balance transferred in from Department of Commerce ^(a)	182,314	-
Total contributions by owners	183,529	7,249

^(a) Balance transferred in is the result of the redesignation of the former Department of Commerce and the former Department of Mines and Petroleum to form the new Department of Mines, Industry Regulation and Safety as at July 1, 2017. The Asset Revaluation Reserve accounts were transferred to the Department of Jobs, Tourism, Science and Innovation.

	2018 \$000	2017 \$000
<i>Distributions to owners</i>		
Department of Treasury	-	-
Other Contributions	(94)	-
Total distributions to owners	(94)	-
Balance at end of period	233,971	50,536

	2018 \$000	2017 \$000
Asset revaluation surplus		
Balance at start of period	113,734	114,037
<i>Net revaluation increments/(decrements)</i>		
Land	(3,958)	(626)
Buildings	(1,534)	323
Balance at end of period	108,242	113,734

NOTES TO THE FINANCIAL STATEMENTS

	2018 \$000	2017 \$000
Accumulated Surplus		
Balance at start of period	40,862	30,917
Result for the period	39,898	9,945
Correction of prior year	-	-
Balance at the end of period	80,760	40,862
 Total equity at end of period	 422,973	 205,132

9.11 Supplementary financial information

(a) Write-offs

During the financial year, \$151,000 (2017: \$14,000) was written off the agency's asset register under the authority

	2018 \$000	2017 \$000
The Director General	151	14
151	14	

(b) Losses through theft, defaults and other causes

	2018 \$000	2017 \$000
Losses of public moneys and, public and other property through theft or default.	(1)	-
Amounts recovered.	-	-
(1)	-	

(c) Gifts of public property

	2018 \$000	2017 \$000
The department did not provide any gifts of public property	-	-

NOTES TO THE FINANCIAL STATEMENTS

9.12 Explanatory statement (Controlled Operations)

All variances between estimates (original budget) and actual results for 2018, and between the actual results for 2018 and 2017 are shown below. Narratives are provided for key major variances, which are generally greater than:

- 10% and \$10.0 million for the Statements of Comprehensive Income and Cash Flows; and,
- 10% and \$10.0 million for the Statement of Financial Position.

9.12.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2018 \$'000	Actual 2018 \$'000	Actual 2017 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2018 and 2017 \$'000
Expenses						
Employee benefits expenses	A	183,249	178,576	92,985	4,673	85,591
Supplies and services	A	56,481	60,157	43,112	(3,676)	17,045
Depreciation and amortisation expense		5,882	6,304	3,112	(422)	3,192
Accommodation expenses	1	18,832	12,107	5,537	6,725	6,570
Grants and subsidies	A	16,360	15,764	9,136	596	6,628
Other expenses	2 A	17,951	7,394	1,299	10,557	6,095
Total cost of services		298,755	280,302	155,181	18,453	125,121
Income						
Revenue						
User charges and fees	A	154,048	156,923	74,526	(2,875)	82,397
Sales		855	126	-	729	126
Commonwealth Grants received		363	383	-	(20)	383
Interest revenue		2,310	5,343	1,733	(3,033)	3,610
Other revenue		10,495	4,672	2,988	5,823	1,684
Total Revenue		168,071	167,447	79,247	624	88,200
Gains						
Gain on disposal of non-current assets		-	23	20	(23)	3
Total Gains			23	20	(23)	3
Total income other than income from State		168,071	167,470	79,267	601	88,203
NET COST OF SERVICES		(130,684)	(112,832)	(75,914)	17,852	36,918

NOTES TO THE FINANCIAL STATEMENTS

Variance Note	Estimate 2018 \$000	Actual 2018 \$000	Variance between estimate 2017 and actual \$000	Variance between actual results for 2018 and 2017 \$000
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OTHER COMPREHENSIVE INCOME

Items not reclassified subsequently to profit or loss

Changes in asset revaluation surpluses

Challiges III asset evaluation sulphur
Gains recognised directly in equity

Gains recognised directly in equity

Total other comprehensive income

TOTAL COMPREHENSIVE INCOME FOR THE PERIOD

NOTES TO THE FINANCIAL STATEMENTS

Statement of Financial Position (Controlled Operations)	Variance Note	Estimate 2018 \$000	Actual 2018 \$000	Variance between 2017 and actual \$000		Variance between actual results for 2018 and 2017 \$000
				Actual 2018 \$000	Variance between estimate and actual \$000	
				2017 \$000		
ASSETS						
Current Assets						
Cash and cash equivalents	4	21,043	2,527	2,391	18,516	136
Restricted cash and cash equivalents	5 A	252,377	326,486	76,024	(74,109)	250,462
Receivables		12,886	23,743	10,674	(10,857)	13,069
Amount receivable for services		3,058	3,010	480	48	2,530
Other current assets		11,392	1,979	1,065	9,413	914
Total Current Assets		300,756	357,745	90,634	(56,989)	267,111
Non current Assets						
Restricted cash and cash equivalents		-	1,072	316	(1,072)	756
Receivables	A	29,365	31,222	-	-	-
Amounts receivable for services	A	134,144	131,444	17,720	(1,857)	13,502
Property, plant and equipment	A	14,827	5,898	136,762	2,700	(5,318)
Intangible assets	6 A	8,330	-	373	8,929	5,525
Other non-current assets				-	8,330	
Total Non-Current Assets		186,666	169,636	155,171	17,030	14,465
TOTAL ASSETS		487,422	527,381	245,805	(39,959)	281,576

NOTES TO THE FINANCIAL STATEMENTS

Variance Note	Estimate 2018 \$000	Actual 2018 \$000	Actual 2017 \$000	Variance between estimate and actual		Variance between actual results for 2018 and 2017				
				2017 \$000	\$000					
LIABILITIES										
Current Liabilities										
Payables	7,637	12,165	9,192	(4,528)	2,973					
Other current liabilities	14,367	1,199	1,181	13,168	18					
Revenue received in advance	A 10,433	12,939	2,023	(2,506)	10,916					
Amount due to Treasurer	5,330	25,330	-	(20,000)	25,330					
Provisions	34,767	34,607	18,811	160	15,796					
Total Current Liabilities	72,534	86,240	31,207	(13,706)	55,033					
Non-Current Liabilities										
Payables	-	550	-	(550)	550					
Revenue received in advance	-	10,845	-	(10,845)	10,845					
Amounts due to the Treasurer	-	-	5,330	-	(5,330)					
Provisions	8,235	6,162	3,816	2,073	2,346					
Borrowings	-	-	-	-	-					
Other non-current liabilities	A 8,709	611	320	8,098	291					
Total Non-Current Liabilities	16,944	18,168	9,466	10,171	(2,693)					
TOTAL LIABILITIES	89,478	104,408	40,673	(3,535)	52,340					
NET ASSETS	397,944	422,973	205,132	(36,424)	229,236					
EQUITY										
Contributed equity	A 272,362	233,971	50,536	38,391	183,435					
Reserves	114,037	108,242	113,734	5,795	(5,492)					
Accumulated surplus/(deficit)	11,545	80,760	40,862	(69,215)	39,898					
TOTAL EQUITY	397,944	422,973	205,132	(25,029)	217,841					

NOTES TO THE FINANCIAL STATEMENTS

Variance Note	Estimate	Actual	Variance between estimate and actual	Variance between actual results for 2018 and 2017
	2018 \$000	2018 \$000	2017 \$000	2018 and 2017 \$000
Statement of Cash Flows				
(Controlled Operations)				
CASH FLOWS FROM STATE GOVERNMENT				
Service appropriation	3 A	123,075	133,508	79,991 (10,433) 53,517 (7,364)
Capital appropriations	A	350	350	- 4,240
Holding account drawdown	A	3,918	5,202	(1,284) (597) 10,742
Royalties for Regions Fund	A	10,225	10,822	80 -
Distribution to owners	-	-	-	-
Net cash provided by State Government		137,568	149,882	88,747 (12,314) 61,135
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Employee benefits	A	(183,497)	(184,153)	(94,864) 656 (89,289)
Supplies and services	A	(55,497)	(57,678)	(32,936) 2,181 (24,742)
Accommodation	A	(16,259)	(14,462)	(8,076) (1,797) (6,386)
Grants and subsidies	A	(16,360)	(15,222)	(9,136) (1,138) (6,086)
Other payments	9	(26,676)	(2,705)	(1,626) (23,971) (1,079) (2,846) 7,362 -
GST payments on purchases	-	-	(7,362)	(4,516) -
Finance costs	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS				
4,064	281	-	3,783	281
154,048	153,955	77,194	93	76,761
463	511	100	(48)	411
-	489	527	(489)	(38)
7,507	8,072	4,167	(565)	3,905
9,593	7,008	2,980	2,585	4,028
(122,614)		(111,266)	(66,186)	(11,348)
				(45,080)

CASH FLOWS FROM INVESTING ACTIVITIES

Payments	-	25	20	(25)	5
Proceeds from sale of non-current assets					
Receipts					
Purchase of non-current physical assets	(7,881)	(2,398)	(5,148)	(5,483)	2,750
Net cash provided by/(used in) investing activities	(7,881)	(2,373)	(5,128)	(5,508)	2,755

CASH FLOW FROM FINANCING ACTIVITIES

CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts	
Proceeds from borrowings	20,000
Rewpayments of borrowings	(1,500)
Net cash from financing activities	18,500

Variance Note	Estimate 2018 \$000	Actual 2018 \$000	Variance between actual results for 2018 and 2017		
			2017 \$000	Variance between estimate and actual \$000	\$000
7,705	56,243	17,433	(48,538)	(197,775)	38,810
-	197,775	-	-	-	197,775
-	(2,664)	-	-	2,664	(2,664)
265,715	78,731	61,298	186,984	186,984	17,433
273,420	330,085	78,731	56,665	(56,665)	251,354

Net increase/(decrease) in cash and cash equivalents

Cash balances transferred in
Cash balances transferred out

Cash and cash equivalents at the beginning of the period

CASH AND CASH EQUIVALENTS AT THE END OF THE

CASH AND CASH EQUIVALENTS AT THE END OF THE

Major Variance Narratives (Controlled Operations)

Variances between estimate and actual

- 1) Accommodation expenses are under estimate by \$6.7 million (56%) due to renegotiation of leases and associated costs with leased premises, including a component which resulted in a rent free period.
- 2) With the consolidation of former government departments, the Other Expenses category required a reclassification of expenses against the Supplies and Services category which accounts for decline in this area. On balance, reductions in employee benefits also impacted recorded departmental expenditure, recording a surplus against annual budgeted expenditure in excess of \$20 million.
- 3) Service appropriations are \$10.3 million over budget due to an increase of funding to provide for voluntary severances under the Voluntary Targeted Separation Scheme (VTS) as initiated by Government to allow for savings measures as required by Whole of Government.
- 4) Cash and cash equivalents - is under by \$18.5 million (800%) due to the down turn in the industry resulting in reduced collections of the departments unrestricted cash revenue streams, which caused the departments cash balances to be drawn upon during the year.
- 5) Restricted cash and cash equivalents - is over by \$74 million due to Treasurer's Advances received for the Mine Safety and Petroleum Safety special purpose accounts as per note 9.8. Further increases of the property industry, building services and mining rehabilitation fund account balances were realised, as outgoings from these restricted accounts were less than anticipated.
- 6) Intangible assets are \$8.9 million under budget due to recent impairments of the Online licensing and Plumbers e-Lodgement projects, and the rescheduling of the purchase and acquisition of information and communication technology capital assets under the Department's Strategic Information Plan.
- 7) Other current liabilities is \$13.2 million under budget due to the department reducing expenditure as a result of savings measures implemented by Government, and the department paying invoices as per terms.
- 8) Amounts due to the Treasurer is up significantly against estimated due to a further \$20 million Treasurer's advance being received for both the Mining and Petroleum Safety Levies to remove the earlier recorded deficit balance within those funds.
- 9) Other payments were under the original budget by \$23.98 million due to the reclassification of costs between Other Expenses to Supplies and Services. Savings measures were also initiated in response to a reduction in cash collection from the departments revenue sources as a result in the downturn in the industry. Refer to point (4) above. As a result, and as noted above in point 2, a surplus against the total expenditure budget in excess of \$20m has been recognised.



NOTES TO THE FINANCIAL STATEMENTS

Variance between actual results for 2018 and 2017

- A) The former Department of Commerce and the former Department of Mines and Petroleum were amalgamated into one department as at July 1, 2017. This was completed in accordance with Machinery of Government change requirements.
- B) Treasurer's Advance for the Mining Safety Levy and the Petroleum and Geothermal Safety levy cash was transferred to the Department during the financial year in the amounts of \$18m and \$2m respectively. For further information, please see Note 9.8 Special Purpose Accounts.



NOTES TO THE FINANCIAL STATEMENTS

10. Administered disclosures

This section sets out all of the statutory disclosures regarding the financial performance of the department.

	Note
Disclosure of administered income and expenses by service	10.1
Explanatory statement for administered items	10.2
Administered assets and liabilities	10.3

10.1 Disclosure of administered income and expenses by service

	Providing resource sector information and advice to the industry, community and government	Managing land access for resource related activities	Regulating resource sector development for Health and Safety, Social Responsibility and Dangerous Goods	Consumer Protection	Energy Safety	Building Commission	Total
	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000	2017 \$000	2018 \$000
COST OF SERVICES							
Expenses							
Petroleum (Submerged Lands) Act 1982	-	-	-	-	-	-	-
Refunds of previous years' revenue	28	3,227	3,765	59,290	42,904	-	-
Services and contracts	163	1,114	845	764	598	-	-
Receipts paid into Consolidated Account	239	89,870	75,216	5,167,291	5,188,694	130	-
Grants and subsidies	723	28	114	22	114	2,829	-
Total administered expenses	1,095	1,153	94,239	79,940	5,227,824	5,232,731	11,874
Income							
For transfer:							
Royalties and Rentals ^(a)	-	90,575	85,218	5,245,293	5,286,246	-	-
Regulatory fees and fines	-	-	169	-	39	130	-
Commonwealth Grants	39	185	115	156	112	98	-
Appropriations	759	741	8,067	24,641	54,932	4,329	-
Other revenue	99	98	319	390	115	258	-
Total administered income	897	1,024	99,076	110,574	5,300,452	5,290,970	7,859
<hr/>							
(a) Royalties							
Petroleum - State			7,032	3,578			
Iron Ore			4,503,856	4,708,473			
Diamonds			10,503	12,972			
Alumina			108,625	83,720			
Lithium			93,915	24,196			
Copper			63,991	53,778			
Mineral sands			12,724	13,416			
Nickel			63,796	42,907			
Gold			278,695	266,791			
Other			87,411	62,542			
Lease rentals			105,320	99,091			
Total	5,335,868						5,371,464
<hr/>							

NOTES TO THE FINANCIAL STATEMENTS

10.2 Explanatory Statement for Administered Items

All variances between estimates (original budget) and actual results for 2018, and between the actual results for 2018 and 2017 are shown below. Narratives are provided for key major variances, which are generally greater than 10% or \$10m.

	Variance Note	Estimate	Actual		Actual	Variance between estimate and actual	Variance between actuals for 2017 and 2016					
			2018 \$000	2018 \$000								
INCOME FROM ADMINISTERED ITEMS												
INCOME												
For transfer:												
Royalties and Rentals	1 A	5,303,803	5,335,868	5,371,464	(32,065)	(35,596)						
Regulatory fees		254	245	208	9	37						
Commonwealth Grants		-	266	439	(266)	(173)						
Appropriations	2 B	49,853	63,758	29,711	(13,905)	34,047						
Other revenue	3 C	39,125	34,053	746	5,072	33,307						
Total Administered Income		5,393,035	5,434,190	5,402,568	(41,155)	31,622						
EXPENSES												
Petroleum (Submerged Lands) Act 1982		52	457	421	(405)	36						
Refunds of previous years' revenue	4 D	48,660	62,517	46,697	(13,857)	15,820						
Services and contracts	5 E	39,721	25,901	1,606	13,820	24,295						
Receipts paid into Consolidated Account	6	5,313,059	5,257,673	5,264,149	55,386	(6,476)						
Grants and subsidies		2,207	3,644	951	(1,437)	2,693						
Total Administered Expenses		5,403,699	5,350,192	5,313,824	53,507	36,368						
NET INCOME FROM ADMINISTERED ITEMS		(10,664)	83,998	88,744	(94,662)	(4,746)						

Major estimate and actual (2018) variance narratives

- 1) Royalties and Rentals were under the original budget by \$25.01 million (1%) as a result of the increased volumes of iron ore largely offset by lower prices and the marginally higher exchange rate.
- 2) Appropriations were over the original budget by \$13.91 million (46.0%) due to the payment of Royalty rebates to Magnetite producers as a result of higher iron ore volumes, resulting in higher Royalties paid. Refer to point (4) below.
- 3) Other revenue is under the original budget by \$8.39 million (21%) due to Home Indemnity Insurance premium revenue being lower than originally expected.
- 4) Refunds of previous years revenue were over the original budget by \$13.86 million (29%) due to increased Royalty rebates paid to Magnetite producers who, as a consequence of the higher volumes of iron ore shipped, paid higher Royalties. Refer to point (2) above.
- 5) Service and contracts expense is under the original budget by \$10.79 million (27%) due to lower than expected Home Indemnity Insurance (HII) claims costs.
- 6) Receipts paid into the consolidated account were under the original budget by \$55.39 million (1%) as a result of reduced collections due to increased iron ore price volumes largely offset by lower prices and the marginally higher exchange rate. Refer to point (1) above.

Major actual (2018) and comparative data (2017) variance narratives

- A) Royalties and Rentals decreased by \$42.65 million (1%) as a result of the increased volumes of iron ore largely offset by lower prices and the marginally higher exchange rate.
- B) Appropriations were over the previous financial year by \$15.82 million (25.0%) due to increased appropriations received as a result of an increase in payments of Royalty rebates to Magnetite producers as a result of higher iron ore volumes, resulting in higher Royalties paid.
- C) The 2017-18 Balance incorporates funds from the former Department of Commerce, which were not recognised in 2016-17.
- D) Refunds of previous years revenue were under the original budget by \$15.82 million (34%) mainly due to increased Royalty rebates paid to Magnetite producers who, as a consequence of the higher volumes of iron ore shipped, paid higher Royalties. Refer to point (A) above.
- E) The 2017-18 Balance incorporates funds from the former Department of Commerce, which were not recognised in 2016-17.

NOTES TO THE FINANCIAL STATEMENTS

10.3. Administered assets and liabilities

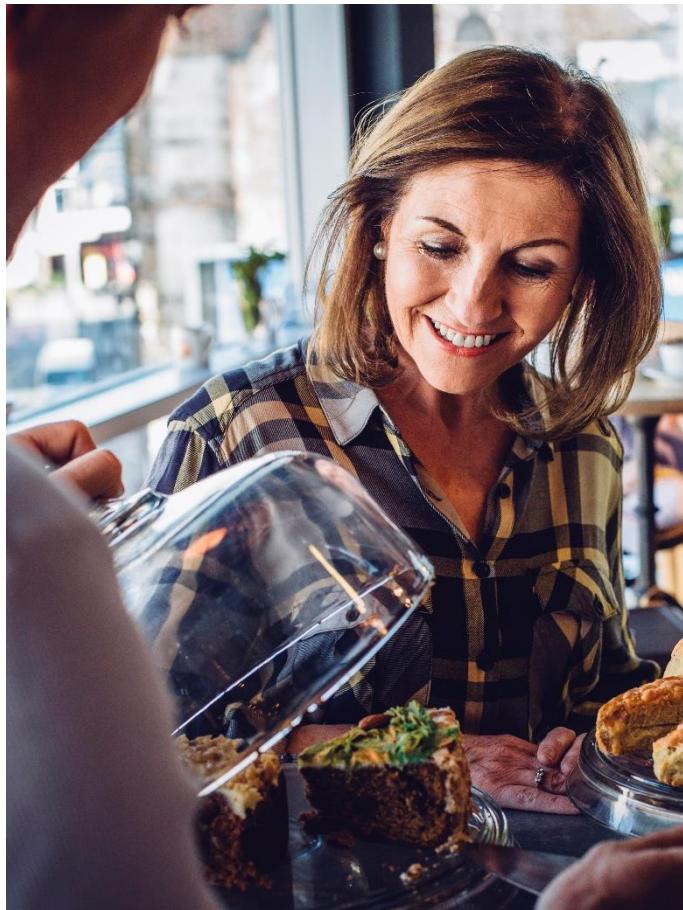
	2018 \$000	2017 \$000
Current Assets		
Cash and cash equivalents	18,097	20,019
Restricted cash and cash equivalents ^(a)	421,482	13,117
Receivables ^(b)	1,362,653	1,281,370
Finance Lease Receivable	654	617
Total Administered Current Assets	1,802,886	1,315,123
 Non-Current Assets		
Finance Lease Receivables	4,834	5,488
Total Administered Non-Current Assets	4,834	5,488
TOTAL ADMINISTERED ASSETS	1,807,720	1,320,611
 Current Liabilities		
Payables	20,896	3,739
Other liabilities	867	-
Payments received in advance	2,715	-
Other current liabilities ^(c)	386,206	-
Total Current Liabilities	410,684	3,739
TOTAL ADMINISTERED LIABILITIES	410,684	3,739

- (a) These balances reflect the result of the amalgamating into one department of the former Department of Commerce and the former Department of Mines and Petroleum as at July 1, 2017. This was completed in accordance with Machinery of Government change requirements.
- (b) This mainly represents royalties not collected as at 30 June 2018 on production which occurred prior to balance date.
- (c) These balances reflect the result of the amalgamating into one department of the former Department of Commerce and the former Department of Mines and Petroleum as at July 1, 2017. This was completed in accordance with Machinery of Government change requirements.

Other matters of uncertainty

Mining companies owing royalties of approximately \$5.596 million (2017: \$5.596 million) are currently under administration and action is being taken to recover the funds that were due in the quarter that they went into administration. In the event that these funds are not collected, a bad debt may arise.

Section 6: Appendices



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Changes to written law

New legislation

Petroleum and Geothermal Energy Resources (Hydraulic Fracturing) Regulations 2017

Effective from December 2017, the new regulations aim to prohibit the use of hydraulic fracturing in the metropolitan, Peel and South West regions of Western Australia. A moratorium on the use of hydraulic fracturing in all other regions of the state is ending on 30 June 2020.

Amendment(s) to legislation

The following legislative amendments came into effect during the reporting period and are listed in alphabetical order by Act or Regulation.

Table 48: Legislative amendments

Act/Regulation	Amendment number	Effective date of change
Associations Incorporation Amendment Regulations (No. 2) 2017	229 of 2017	9 December 2017
Building Amendment Regulations (No. 3) 2017	236 of 2017	23 December 2017 and 22 January 2018
Building Amendment Regulations 2018	34 of 2018	10 March 2018
Building Regulations Amendment Regulations 2017	157 of 2017	8 August 2017
Building Services (Registration) Amendment Regulations 2017	70 of 2017	1 April 2018 (day after date of publication in Government Gazette on 31 March 2018)
Commerce Regulations Amendment (Fees and Charges) Regulations 2017	122 of 2017	1 July 2017
Commercial Tenancy (Retail Shops) Agreements Amendment Regulations 2017	149 of 2017	22 July 2017
Competition and Consumer Amendment (Australian Consumer Law Review) Regulations 2018	103 of 2018	29 June 2018
Consumer Goods (Baby Bath Aids) Safety Standard 2017	211 of 2017	3 November 2017
Consumer Goods (Basketball Rings and Backboards) Safety Standard 2017	3 of 2018	8 January 2018
Consumer Goods (Decorative Alcohol Fuelled Devices) Safety Standard 2017	145 of 2017	14 July 2017
Consumer Goods (Elastic Luggage Straps) Safety Standard 2017	220 of 2017	24 November 2017
Consumer Goods (Motor Vehicle Recovery Straps) Safety Standard 2017	231 of 2017	13 December 2017
Consumer Goods (Motor Vehicles With Affected Takata Airbag Inflators and Specified Spare Parts) Recall Notice 2018	39 of 2018	19 March 2018

Continued over page

Act/Regulation	Amendment number	Effective date of change
Consumer Goods (Portable Ramps for Vehicles) Safety Standard 2017	231 of 2017	13 December 2017
Consumer Goods (Self-balancing Scooters) Safety Standard 2018	80 of 2018	29 May 2018
Consumer Goods (Sunglasses and Fashion Spectacles) Safety Standard 2017	211 of 2017	3 November 2017
Consumer Goods (Swimming and Flotation Aids) Safety Standard 2017	3 of 2018	8 January 2018
Consumer Goods (Trolley Jacks) Safety Standard 2017	3 of 2018	8 January 2018
Consumer Goods (Vehicle Support Stands) Safety Standard 2017	231 of 2017	13 December 2017
Country of Origin Food Labelling Amendment (Legibility) Information Standard 2017	161 of 2017	16 August 2017
Electricity (Licensing) Amendment Regulations (No. 2) 2017	216 of 2017	14 May 2018
Electricity (Licensing) Amendment Regulations (No. 3) 2018	83 of 2018	8 June 2018
Electricity (Network Safety) Amendment Regulations 2017	153 of 2017	1 November 2017
Fair Trading (Fitness Industry Interim Code) Regulations (No. 2) 2017	237 of 2017	1 January 2018
Fair Trading (Retirement Villages Interim Code) Regulations 2018	46 of 2018	1 April 2018
Gas Standards (Gasfitting and Consumer Gas Installations Amendment Regulations (No. 2) 2017	236 of 2017	23 December 2017
Limited Partnerships Amendment Regulations 2017	156 of 2017	5 August 2017
Mining Regulations 1981 ⁽¹⁾	Mining Amendment Regulations 2017	5 September 2017
Mining Regulations 1981 ⁽²⁾	2 of 2018	1 July 2018
Occupational Safety and Health Regulations 1996	Occupational Safety and Health Amendment Regulations 2017 (not numbered)	14 May 2018
Petroleum Legislation Amendment Act 2017 ⁽³⁾	Act No. 7 of 2017	Part 1 of the Act commenced by Royal Assent 14 Sep 2017.

- (1) This amendment deletes the royalty calculation formula shown under the rate section in regulation 86 for nickel and copper and cobalt when sold as nickel by-products. It inserts a new regulation 86A^{Amendment provides} that the price used to calculate the royalty value is the London Metal Exchange (LME) or Metal Bulletin price used in the contracts for the sale of the mineral.
- (2) Gold in concentrate changes to Regulation 86AA(7)(8) with gold royalty in concentrate to be based on gold content rather than gold payable.
- (3) The purpose of the Act was to amend the *Petroleum and Geothermal Energy Resources Act 1967* and the *Petroleum (Submerged Lands) Act 1982* (PSLA) to: provide for petroleum apportionment agreements to be concluded across Commonwealth and State jurisdictions. (This was a deficiency of the State petroleum legislation highlighted during the drafting of the Torosa Apportionment Agreement signed on 22 July 2015); alleviate problems with the use of the term petroleum 'pool' if at some future stage the single Torosa pool is found to have several discrete accumulations of petroleum that are separate pools; provide certainty to an agreement made in relation to recovery of petroleum from a specified part of the seabed, where a petroleum pool is partly in the title area of a Commonwealth petroleum title, and partly in a State title area; allow for any future changes to maritime boundaries between the State and the Commonwealth offshore areas; and remove references to the term Designated Authority in the PSLA which has been redundant since 2012

Act/Regulation	Amendment number	Effective date of change
		Parts 2 and 3 commenced by Proclamation 15 November 2017 after publication in the Gazette of 14 November 2017.
Petroleum Products Pricing Amendment Regulations (No. 2) 2017	236 of 2017	23 December 2017
Petroleum Products Pricing Amendment Regulations 2017	202 of 2017	18 October 2017
Petroleum Products Pricing Amendment Regulations 2018	61 of 2018	2 May 2018
Plumbers Licensing and Plumbing Standards Regulations 2000	170 of 2017	30 August 2017
Residential Tenancies Amendment Regulations (No. 2) 2017	229 of 2017	1 January 2018
Retail Trading Hours (City of Albany) Christmas and New Year Variation Order 2017	210 of 2017	4 November 2017
Retail Trading Hours (City of Albany) Public Holiday Variation Order 2017	15 of 2018	3 February 2018
Retail Trading Hours (City of Greater Geraldton) Variation Order 2017	194 of 2017	8 October 2017
Retail Trading Hours (City of Kalgoorlie-Boulder) Christmas Variation Order 2017	183 of 2017	20 September 2017
Retail Trading Hours (City of Kalgoorlie-Boulder) Race Round Variation Order 2017	183 of 2017	20 September 2017
Retail Trading Hours (City of Mandurah) Christmas Variation Order 2017	223 of 2017	2 December 2017
Retail Trading Hours (Metropolitan Area) Variation Order 2017	223 of 2017	2 December 2017
Retail Trading Hours (Perth Metropolitan Area) Public Holiday Variation Order 2018	25 of 2018	28 February 2018
Retail Trading Hours (Perth Metropolitan Area) Public Holiday Variation Order (No. 2) 2018	72 of 2018	23 May 2018
Retail Trading Hours (Shire of Collie) Christmas Variation Order 2017	229 of 2017	9 December 2017
Retail Trading Hours (Shire of Collie) Public Holiday Variation Order 2018	41 of 2018	24 March 2018
Retail Trading Hours (Shire of Esperance) Christmas Variation Order 2017	227 of 2017	6 December 2017
Retail Trading Hours (Shire of Harvey) Christmas Variation Order 2017	226 of 2017	2 December 2017
Retail Trading Hours (Shire of Katanning) Sunday Variation Order 2017	212 of 2017	8 November 2017
Retail Trading Hours (Shire of Kellerberrin) Christmas Variation Order 2017	227 of 2017	6 December 2017
Retail Trading Hours (Shire of Kojonup) Christmas Variation Order 2017	227 of 2017	6 December 2017
Retail Trading Hours (Shire of Kondinin) Christmas Variation Order 2017	223 of 2017	2 December 2017
Retail Trading Hours (Shire of Lake Grace) Christmas Variation Order 2017	223 of 2017	2 December 2017
Retail Trading Hours (Shire of Narrogin) Christmas Variation Order 2017	223 of 2017	2 December 2017
Retail Trading Hours (Shire of Pingelly) Christmas Variation Order 2017	223 of 2017	2 December 2017
Retail Trading Hours (Shire of Plantagenet) Variation Order 2017	185 of 2017	23 September 2017
Retail Trading Hours Amendment Regulations 2017	236 of 2017	23 December 2017

Repealed legislation

No legislation administered by the department was repealed during 2017–18.



Department specific reporting

The department is required by some of the Acts that it administers to report details in the annual report concerning the performance of functions under that Act. Required details include the number, nature and outcome of compliance activities conducted under the powers of the Act, and other general issues relating to administration of the Act by the responsible person or body. e.g. Commissioner for Consumer Protection or the Plumbers Licensing Board.

Please note, some figures relating to ongoing complaints, investigations or inquiries for the start of the current financial year (2017–18), differ slightly to the ongoing figures for the end of the previous financial year (2016-17) provided within the former Department of Commerce's Final Report 2016-17. This is due to the data within the Complaints and Licensing System (CALS) used by the department being dynamic in nature. Details and classifications of certain types of complaints, investigations or inquiries are updated as further information regarding these complaints, investigations or inquiries is obtained. This potential reclassification can result in different 'ongoing' figures.

Credit (Administration) Act 1984

The *Credit (Administration) Act 1984* sets out a licensing regime for individuals providing credit regulated in Western Australia by the *Credit Act 1984* or Consumer Credit (Western Australia) Code. The Commissioner for Consumer Protection was the responsible licensing authority under this Act.

On 1 July 2010 responsibility for regulation of credit was transferred to the Commonwealth Government, specifically the Australian Securities and Investments Commission (ASIC), and the department's responsibilities in relation to credit regulation ceased. All matters are now managed by the ASIC.

Debt Collectors Licensing Act 1964

The *Debt Collectors Licensing Act 1964* (the DCL Act) sets out a licensing regime for debt collectors and prescribes procedures for the handling of trust account money. The Commissioner for Consumer Protection (the Commissioner) is the responsible licensing authority under the DCL Act.

As at 30 June 2018, there were 74 licensed debt collectors operating in Western Australia. During the course of the year, eight licenses expired, one was surrendered, 70 were renewed and five were granted.

Section 12A of the DCL Act requires the Commissioner to report on a number of matters namely:

(a) *the number, nature and outcome of –*

(i) investigations and inquiries undertaken by, or at the direction of, the Commissioner for the purposes of this Act;

Allegations that indicated a breach of legislation may have occurred were categorised as investigations. During 2017–18, the department completed four investigations related to allegation of unlicensed activities.

Table 49: DCL Act – number of investigations and inquiries 2017–18

Investigation summary	Licensing issues relating directly to the DCL Act	Conduct issues	Conciliation ⁽¹⁾	Total	SAT ⁽²⁾
Ongoing as at 30 June 2017	0	0	0	0	0
Commenced during 2017–18	4	0	10	14	0
Concluded during 2017–18	4	0	10	14	0
Ongoing as at 30 June 2018	0	0	0	0	0

(1) generally concerning confirmation of whether debt owed

(2) Matters brought before the State Administrative Tribunal (SAT).

All four investigations related to alleged unlicensed dealings this financial year. There were five conciliation complaints related to the misconduct of the Debt Collector, two involved contract disputes and three related to general complaints.

During 2017–18, two investigations found that no offence was detected and two investigations and five conciliations resulted in education and advice being provided. In addition, for three conciliations the complainant was referred to other alternative dispute resolution (ADR) scheme, and one conciliation resulted in an agreement reached between parties to settle matter. There was one withdrawn conciliation matter.

(ii) matters that have been brought before the State Administrative Tribunal under this Act;

There were no Matters brought before the State Administrative Tribunal (SAT) under the DCL Act for the 2017–18 financial year.

(b) the number and nature of matters referred to in paragraph (a) that are outstanding;

There were no outstanding matters under the DCL Act for the financial year.

(c) any trends or special problems that may have emerged;

There were no trends or special problems that emerged this financial year.

(d) forecasts of the workload of the Commissioner in performing functions under this Act in the year after the year to which the report relates; and

There is no change forecast for 2018–19.

(e) any proposals for improving the performance of the Commissioner's functions under this Act.

There were no recommendations for improving the performance of the Commissioner's functions.

Electricity Act 1945

The *Electricity Act 1945* (the Electricity Act) sets out a licensing regime for the electrical trade that serves the Western Australian community, regulates electricity transmission electrical and appliances. The department administers a range of functions under the Electricity Act including the granting and renewal of licences, compliance activities and a range of education and advisory services.

The Director of Energy Safety (the Director) is the responsible authority under the Electricity Act.

Section 33 of the Electricity Act requires the Director to report on a number of matters, namely:

(a) *The number, nature, and outcome, of the –*

- (i) *investigations and inquiries undertaken under this Act by, or at the direction of, the Director; and*

The following numbers of investigations and inquiries were concluded in 2017–18.

Table 50: Electricity Act: Number of investigations and inquiries 2017–18

Number	Audits (Network Operator)	Compliance Inspections ⁽¹⁾	Investigations	Total	SAT ⁽²⁾
Outstanding as at 1 July 2017	0	1247	175	1422	0
Commenced 2017–18	3	4002	243	4248	0
Concluded 2017–18	1	2844	190	3035	0
Outstanding as at 30 June 2018 ⁽³⁾	2	2369	218	2589	0

(1) Note: Under the legislation, electrical contractors completing electrical installing work on remote installations, not connected to a network operator distribution system, must submit Notices for all notifiable work to the Director of Energy Safety. A proportion of these Notices are selected for compliance inspection.

(2) Matters brought before the State Administrative Tribunal (SAT).

(3) The figure for outstanding compliance Inspections is not an accurate reflection of the number of inspections which were due but not undertaken during 2017–18 alone. It is a cumulative figure which includes a backlog extending over a few years.

For the outcome of investigations and inquiries under this Act refer to Table 51 and for legal actions in relation to the Act refer to Table 52.

Table 51: Electricity Act: Outcome of investigations and inquiries 2017–18

Investigations outcomes ⁽¹⁾	Total ⁽²⁾
Appeal Rejected	0
Further Inspection(s)	1
Further Investigation	22
Issue Incident Report/Hazard Alert	0
Issue Inspectors Order	41
Refer to Electrical Licensing Board	1
Licensing Board - Failed Competency Assessment	0

Investigations outcomes⁽¹⁾	Total⁽²⁾
Licensing Board – Passed Competency Assessment	2
No further action	2435
Not Electricity Related	1
Not Inspected	319
Notice incorrectly submitted	252
Lapsed Prosecution	5
Proceed with prosecution	22
Prosecution - Convicted	10
Prosecution - No Conviction / Dismissed	0
Prosecution - Withdrawn	5
Infringement Issued	6
Infringement Withdrawn	1
Project Goal Delivered	95
Provide Advice	38
Referred to Network Operator	2
RCDs inadequate. Advice given	49
Stop Sale Notice	0
Verbal Warning	1
Written Warning	43

- (1) Note: Compliance actions may take more than one year to complete. Therefore, some prosecutions recorded above may relate to investigations carried out in an earlier year.
- (2) An investigation may result in multiple outcomes which may occur before the investigation is completed, therefore, the outcome total will not be consistent with the numbers of investigations undertaken.

Table 52: Electricity Act: Outcome of matters brought before the Magistrates Court 2017–18

Party 1 -v- Party 2	Legislation	Nature	Outcome	Fine	Cost
Director of Energy Safety -v- Mal Afrasiabi	r. 19(1) of the Electricity (Licensing) Regulations 1991	Carrying out electrical work without a licence or permit	Convicted	\$ 3,000	\$ 744.35
Director of Energy Safety -v- Daniel Carmignani	r. 52(3) of the Electricity (Licensing) Regulations 1991	Sending a notice of completion of notifiable work in relation to uncompleted and unsafe work	Convicted	\$ 1,500	\$ 744.35
Director of Energy Safety -v- Daniel Carmignani	r. 49(1) of the Electricity (Licensing) Regulations 1991; AS/NZS 3000:2007 cl. 5.4.1.1	Carrying out, or causing or permitting to be carried out, electrical work contrary to AS/NZS 3000:2007	Convicted	\$ 4,500	\$ 5,244.35

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Party 1 -v- Party 2	Legislation	Nature	Outcome	Fine	Cost
Director of Energy Safety -v- Calwyn Griffiths	r. 49(1) of the Electricity (Licensing) Regulations 1991; AS/NZS 3000:2007 cl. 8.3.1	Carrying out, or causing or permitting to be carried out, electrical work contrary to AS/NZS 3000:2007	Convicted	\$ 22,000	\$ 744.35
Director of Energy Safety -v- Wayne Liedermoy	r. 49(1) AS/NZS 3000:2007 cl. 5.4.1.1 of the Electricity (Licensing) Regulations 1991	Carrying out, or causing or permitting to be carried out, electrical work contrary to AS/NZS 3000:2007	Convicted	\$ 10,000-	\$ 744.35
Director of Energy Safety -v- Tachbrook Holdings Pty. Ltd.	r. 52(3) of the Electricity (Licensing) Regulations 1991	Sending a notice of completion of notifiable work in relation to uncompleted and unsafe work	Convicted	\$ 22,000	\$ 625.20
Director of Energy Safety -v- Electricity Networks Corporation trading as Western Power	r. 10(1)(c) of the Electricity (Supply Standards and System Safety) Regulations 2001	A Network Operator failing to ensure that a prescribed activity was carried out to avoid or minimise damage to property, inconvenience or other detriment	Convicted	\$ 55,000-	\$ 742.50
Director of Energy Safety -v- Electricity Networks Corporation T/As Western Power	r. 242(1)(b) of the Electricity Regulations 1947	A network operator supplied electricity to a premises and the connection of the supply of electricity to the premises caused, or is likely to cause, the consumers' electric installation to become unsafe.	Convicted	\$50,000 -	\$ 869.35
Director of Energy Safety -v- Electricity Networks Corporation T/As Western Power	r. 242(1)(b) of the Electricity Regulations 1947	A network operator supplied electricity to a premises and the connection of the supply of electricity to the premises caused, or is likely to cause, the consumers' electric installation to become unsafe.	Convicted	\$ 40,000	\$ 1,062.35
Director of Energy Safety -v- Electricity Networks Corporation T/As Western Power	r. 242(1)(b) of the Electricity Regulations 1947	A network operator supplied electricity to a premises and the connection of the supply of electricity to the premises caused, or is likely to cause, the consumers' electric installation to become unsafe.	Convicted	\$ 60,000	\$ 742.50

(1) EnergySafety is now part of the Building and Energy Division of the department.

- 
- (ii) matters that have been brought before the State Administrative Tribunal under this Act by the Director.

There were no Matters brought before the State Administrative Tribunal (SAT) under the Electricity Act for the 2017–18 financial year.

- (b) the number and nature of matters referred to in paragraph (a) that are outstanding;

Of the 2589 matters referred to in Table 50 as outstanding: there were 2 Audits (Network Operator); 2369 Compliance Inspections and; and 218 investigations under the Electricity Act.

- (c) any trends or special problems that may have emerged?

While the department has continued to prioritise its workload, some incomplete work has resulted in some investigations taking longer to complete than planned. Investigations for five cases have exceeded the two year statutory limitation period.

- (d) forecasts of the workload of the Director in performing functions under this Act in the year after the year to which the report relates; and

Current work demand trends so far show no sign of abating and appear to continue into 2018-2019. Consistent with previous years, the number of Notices for completed work to electricity network operators is expected to increase.

- (e) any proposals for improving the performance of the Director's functions under this Act

The trend for serious accidents resulting from 'live' work has shown a slight increase over recent times. This trend is expected to decline in 2018-2019 due to new legislation which prohibits such work or specifies safe practices where such work cannot be avoided.

Employment Agents Act 1976

The department administers a range of functions under the *Employment Agents Act 1976* (the EA Act) including the granting and renewal of licences, compliance activities and a range of education and advisory services.

As at 30 June 2018, there were 451 licensed employment agents operating in Western Australia. During the course of the year, 84 licenses expired, 80 were renewed and 55 were granted. No licenses were surrendered.

Section 10A of the *Employment Agents Act 1976* (EA Act) requires the Commissioner to report on a number of matters, namely:

- (a) the number, nature and outcome of –

- (i) investigations and inquiries undertaken by, or at the direction of, the Commissioner for the purposes of this Act;

Allegations that indicated a breach of legislation may have occurred were categorised as investigations. During 2017–18, the department completed two investigations related to allegation of unlicensed activities.

Table 53: EA Act – number of investigations and inquiries 2017–18

Investigations and inquiries	Investigation ⁽¹⁾	Conduct issues	Conciliations	Total	SAT ⁽²⁾
Ongoing as at 30 June 2017	0	0	0	0	0
Commenced during 2017–18	3	0	3	6	0
Concluded during 2017–18	2	0	3	5	0
Ongoing as at 30 June 2018	1	0	0	1	0

(1) Employment agent licence holder or unlicensed activity.

(2) Matters brought before the State Administrative Tribunal (SAT).

The three investigations that commenced in this financial year were related to unlicensed activity and the three conciliation matters were concerning the conduct of the Employment Agent.

During 2017–18, one investigation and two conciliations resulted in education and advice being provided; one investigation found that no offence was detected; and one trader in a conciliation matter did not respond to the department.

(ii) matters that have been brought before the State Administrative Tribunal under this Act;

No matters were brought before the State Administrative Tribunal under the EA Act for the financial year.

(b) the number and nature of matters referred to in paragraph (a) that are outstanding;

There was one outstanding matter under the EA Act for the financial year concerning alleged unlicensed activity.

(c) any trends or special problems that may have emerged;

This financial year, the main focus of complaints involved operating as an employment agent without the necessary licence.

(d) forecasts of the workload of the Commissioner in performing functions under this Act in the year after the year to which the report relates; and

There are no changes anticipated to the workload of the Commissioner in performing functions under the EA Act.

(e) any proposals for improving the performance of the Commissioner's functions under this Act.

Proposals to amend the EA Act are being considered by the Minister.

Gas Standards Act 1972

The Gas Standards Act 1972 (the Gas Act) sets out a licensing regime for the gasfitting trade that serves the Western Australian community, regulates gas supply and gas appliances. The department administers a range of functions under the Gas Act including the granting and renewal of licences, compliance activities and a range of education and advisory services.

The Director of Energy Safety (the Director) is the responsible authority under the Gas Act.

Section 13CA of the Gas Act requires the Director to report on a number of matters, namely:

(a) *the number, nature, and outcome, of the -*

(i) investigations and inquiries undertaken under this Act by, or at the direction of, the Director; and

The following investigations and inquiries were concluded in 2017–18

Table 54: Gas Act – number and nature of investigations and inquiries 2017–18

Number	Audits (Network Operator)	Compliance Inspections	Investigations	Total	SAT ⁽¹⁾
Outstanding as at 1 July 2017	20	61	140	221	0
Commenced 2017–18	39	416	1237	1692	0
Concluded 2017–18	39	326	1113	1478	0
Outstanding as at 30 June 2018	20	151	264	435	0

(1) Matters brought before the State Administrative Tribunal (SAT).

For the outcome of investigations and inquiries under this Act refer to Table 55 and for legal actions in relation to the Act refer to Table 56 below.

Table 55: Gas Act – outcome of investigations and inquiries 2017–18

Investigation outcomes	Numbers
Appeal Rejected	0
Appeal Upheld	4
Appeal Withdrawn	2
Corrective Action Request	0
Further Investigation	11
Infringement	55
Inspectors Orders Cancelled	14
Issue Inspectors Order	28
No Further Action	866
Not Gas related	10
Not Inspected	23
Not Investigated	14
Proceed with Prosecution	1
Provide Advice	13

Investigation outcomes	Numbers
Variation/Exemption Approved	23
Verbal Warning	538
Written Warning	185

Note: Compliance actions may take more than one year to complete. Therefore the outcomes recorded above may relate to investigations carried out in an earlier year. Also there can be more than one compliance action for an investigation.

Table 56: Gas Act – outcome of legal actions in relation to the Act 2017–18

Party 1 -v- Party 2	Legislation	Nature	Outcome	Fine	Cost
Director of Energy Safety -v- Stuart Gray	r. 28(2), r. 28(3) & (3a)(b) and 18(2) of the Gas Standards (Gasfitting and Consumer Gas Installations) Regulations 1999	Gas Standards (Gasfitting and Consumer Gas Installations) Regulations 1999 • Failing to attach approved badge or label to gas installation upon completion of gasfitting work. • Failing to give notice of completion to the gas supplier within 48 hours of completing gasfitting work. • Failing to ensure gas installation complies with prescribed requirements (a)(ii) Failing to ensure the gas installation was safe to use on completion of gasfitting work	Convicted	\$ 4,100	\$ 744.35

(ii) *matters that have been brought before the State Administrative Tribunal under this Act by the Director.*

There were no matters brought before SAT under the Gas Act for the financial year.

(b) *the number and nature of matters referred to in paragraph (a) that are outstanding;*

Of the 435 matters referred to in Table 54 as outstanding: there were 20 Audits (Network Operator); 151 Compliance Inspections and 264 investigations under the Electricity Act.

(c) *any trends or special problems that may have emerged;*

There were no trends or special problems that emerged during the financial year.

(d) *forecasts of the workload of the Director in performing functions under this Act in the year after the year to which the report relates; and*

There are no changes anticipated to the workload of the Director in performing functions under the Gas Act.

(e) *any proposals for improving the performance of the Director's functions under this Act.*

There are no proposed changes to the Director's functions at this point in time.

Land Valuers Licensing Act 1978

The department administers a range of functions under the *Land Valuers Licensing Act 1978* (the LV Act), including the granting and renewal of licences, compliance activities and a range of education and advisory services.

Section 31 of the LV Act requires the Chief Executive Officer of the department to report on a number of matters namely:

(a) *the number, nature and outcome of –*

- (i) *investigations and inquiries undertaken by, or at the direction of, the Commissioner for the purposes of this Act;*

The department received one complaint during the year. This complaint related to valuation practices.

Table 57: LV Act – number and nature of investigations and inquiries 2017–18

Number	Issues concerning valuation practices	Total	SAT ⁽¹⁾
Outstanding as at 1 July 2017	2	2	0
Commenced 2017–18	1	1	0
Concluded 2017–18	2	2	0
Outstanding as at 30 June 2018	1	1	0

(1) Matters brought before the State Administrative Tribunal (SAT).

- (ii) *matters that have been brought before the State Administrative Tribunal (SAT) under this Act;*

There were no matters bought before the SAT under the LV Act.

(b) *the number and nature of matters referred to in paragraph (a) that are outstanding;*

There was one outstanding matter involving valuation practices.

(c) *any trends or special problems that may have emerged;*

There were no trends or special problems identified.

(d) *forecasts of the workload of the Commissioner in performing functions under this Act in the year after the year to which the report relates; and*

There are no changes anticipated to the workload of the Commissioner in performing functions under the LV Act.

(e) *any proposals for improving the performance of the Commissioner's functions under this Act.*

There are no proposed changes to the Commissioner's functions at this point in time.

Motor Vehicle Dealers Act 1973

The department administers a range of functions under the *Motor Vehicle Dealers Act 1973* (the MVD Act) including the granting and renewal of licences, compliance activities and a range of education and advisory services.

Section 51 of the MVD Act requires the Chief Executive Officer of the department to report on a number of matters namely:

(a) *the number, nature and outcome of –*

- (i) *investigations and inquiries undertaken by, or at the direction of, the Commissioner for the purposes of this Act;*

Allegations that indicated a breach of legislation may have occurred were categorised as investigations. During 2017–18, the department completed 87 investigations related to allegations of unlicensed activities and 19 related to general breaches of legislation.

Table 58: MVD Act – number and nature of investigations and inquiries 2017–18

Number	Unlicensed activities	General	Conciliation	Total	SAT ⁽¹⁾
Outstanding as at 1 July 2017	40	14	93	147	0
Commenced 2017–18	74	7	1374	1455	1
Concluded 2017–18	87	19	1362	1468	1
Outstanding as at 30 June 2018	27	2	105	134	0

(1) Matters brought before the State Administrative Tribunal (SAT).

For the 106 general compliance and investigation matters concluded during the year, the following outcomes were recorded: 51 warning letters were issued; 28 resulted in no action being taken or no offence detected; 12 related to briefs for prosecution; and 12 could not be substantiated. The remaining three complaints resulted in other compliance outcomes.

Of the 1,362 conciliation matters concluded during the year, the following outcomes were recorded: 980 had an agreement reached between parties to settle the matter, had no case to answer or were provided with education or advice; 234 were referred to the Magistrates Court for further action; 103 lapsed or were withdrawn; and 45 were referred to an alternate agency or dispute resolution service.

- (ii) *matters that have been brought before the State Administrative Tribunal by the Commissioner;*

One matter was commenced and finalised during 2017–18. No matters are ongoing as at 30 June 2018.

Table 59: MVD Act – matters brought before the SAT 2017–18

Party 1 -v- Party 2	Legislation	Nature	Outcome	Fine	Cost
Commissioner -v- Mazin Alkiaat	s.20(1)(b)(i) and (ii) of the <i>MVD Act</i> .	Application for disciplinary action for engaging in conduct that rendered him unfit to be the holder of an authorisation, under the <i>MVD Act</i>	Disqualified for 2 years from holding or obtaining whether solely or jointly an authorisation.	N/A	N/A

(b) the number and nature of matters referred to in paragraph (a) that are outstanding;

Most of the 105 conciliation matters that remained open as at 30 June 2018 related to unsatisfactory goods or performance, defective goods, warranties, contractual disputes and misrepresentation. Other issues included repairs and refunds, and general issues.

Of the 29 investigations that were ongoing as at 30 June 2018, 18 related to investigations of unlicensed activities. The remaining complaints concerned false and misleading advertising, undesirable practices, consignment trust account audit matters, fitness to hold a licence and accepting payment without intention to supply.

(c) any trends or special problems that may have emerged;

The department has dealt with an increasing number of complaints in relation to the manufacturer's warranty period on 'demonstrator' vehicles.

Section 41B of the *MVD Act*, pertaining to sale of demonstrator vehicles including motor homes and campervans, states the purchaser is entitled to the full time or kilometre length manufacturer's warranty from the date of purchase.

Therefore in WA, the clock has not started ticking on the manufacturer's warranty from the time the vehicle was registered by the dealer.

This provision is unique to the Western Australian legislation. In other jurisdictions throughout Australia, the manufacturer's warranty is taken to have commenced at the time the vehicle is first registered by the dealer.

During the year, staff continued to deal with a great number of disputes where the manufacturer/dealer was not honouring the manufacturer's warranty as they claimed it was outside the warranty time period.

The Commissioner for Consumer Protection issued a number of media statements and written to key industry stakeholders clarifying this requirement.

(d) forecasts of the workload of the Commissioner in the year after the year to which the report relates; and

This year has seen a significant increase in the number of conciliation complaints, up 145 to 1,374 from 1,229 for the 2017–18 financial year. The number of investigation/compliance complaints remains constant.

(e) any proposals for improving the performance of the Commissioner's functions.

A full review of the proactive Dealer Inspection Program is ongoing, with the 'Standard Operating Procedures' being revised to ensure relevance to the changing market place.

A full review of the MVD Act has now been completed with the 'Decision Regulatory Impact Statements' under Ministerial consideration.

Plumbers Licensing Act 1995

The *Plumbers Licensing Act 1995* (the PL Act) regulates the plumbing trade that serves the Western Australian community. The department administers a range of functions under the Electricity Act including the granting and renewal of licences, compliance activities and a range of education and advisory services.

Part 5A of the PL Act establishes the Plumbers Licensing Board as the responsible authority under the PL Act.

Section 59H(2) of the PL Act requires the department's Annual Report to include details of:

(a) *the number, nature, and outcome, of –*

(i) *investigations and inquiries undertaken by, or at the direction of, the Board into licensing under this Act;*

Table 60: PL Act – number and nature of investigations and inquiries 2017–18

Number	Alleged unlicensed plumbing	Other regulation breaches	Professional misconduct	Total	SAT ⁽¹⁾
Outstanding as at 1 July 2017 ⁽²⁾	2	5	4	11	0
Commenced 2017–18	18	63	7	88	0
Concluded 2017–18	18	63	5	86	0
Outstanding as at 30 June 2018	2	5	6	13	0

(1) Matters brought before the State Administrative Tribunal (SAT).

(2) Investigations excluding section 51 matters – numbers do not match those reported in the Department of Commerce Final Report 2016–17 as method of calculation has been changed.

There were also 91 audits of licensed plumbing contractors carried out across the State during 2017–18.

Table 61: PL Act – matters brought before the Plumbers Licensing Board 2017–18

Party 1 -v- Party 2	Legislation	Nature	Outcome	Fine	Cost
Plumbers Licensing Board -v- Matthew Mitchell	r.27(e) of the Plumbers Licensing and Plumbing Standards Regulations 2000	Carried out plumbing work whilst not under the general direction and control of a licensed plumbing contractor	Fined	\$ 3,000	N/A
Plumbers Licensing Board -v- Joseph Travaglini	r.27(e) of the Plumbers Licensing and Plumbing Standards Regulations 2000	Failed to submit the notifications and certifications required for plumbing work	Fined	\$ 1,000	N/A
Plumbers Licensing Board -v- Ryan Crutchley	r.27(e) of the Plumbers Licensing and Plumbing Standards Regulations 2000	Failed to submit the notifications and certifications required for plumbing work	Fined	\$ 2,000	N/A
Plumbers Licensing Board -v- Andrew William Jones	r.27(e) of the Plumbers Licensing and Plumbing Standards Regulations 2000	Failed to submit the notifications and certifications required for plumbing work	Fined	\$ 2,000	N/A
Plumbers Licensing Board -v- Lewis Darby	r.27(e) of the Plumbers Licensing and Plumbing Standards Regulations 2000	Failed to submit the notifications and certifications required for plumbing work	Fined and condition on licence	\$ 1,500	N/A
Plumbers Licensing Board -v- Ian Beckworth	r.27(e) of the Plumbers Licensing and Plumbing Standards Regulations 2000	Failed to submit the notifications and certifications required for plumbing work	Fined and condition on licence	\$ 3,000	N/A

(b) *matters that have been brought before the State Administrative Tribunal under this Act.*

There were no matters brought before the State Administrative Tribunal (SAT) under the PL Act in 2017–18.

Notice to the department of the outcome of the 2016–17 matter below was received in 2017–18.

Table 62: PLAct – matters brought before the SAT 2016–17

Party 1 -v- Party 2	Legislation	Nature	Outcome	Fine	Cost
Plumbers Licensing Board -v- Nicholas Mason	r27(1)(ii); r27(e) of the Plumbers Licensing and Plumbing Standards Regulations 2000	Failed to comply with an order of the SAT; Failed to submit the notifications and certifications required for plumbing work and failed to comply with a rectification notice	Finalised by agreement ⁽¹⁾ costs of to be paid to the Board.	N/A	\$1,000

(1) Plumbing contractor's licence suspended for a period of three months; required to undertake training through completing a PL induction.

(c) the number and nature of matters referred to in paragraph (a) that are outstanding;

Of the 23 matters referred to as outstanding: there were 10 audits; and 13 investigations under the PL Act.

(d) any trends or special problems that may have emerged

Trends and special problems which emerged during the financial year included:

- the Department of Health identified elevated levels of lead in the drinking water at the Toccata Building 88 Terrace Road East Perth. This resulted in a complex investigation by plumbing inspectors, a rectification notice to the plumber and a report to Department of Health;
- there was a significant increase in complaints from consumers during the year in relation to plumbing work and the issues identified were addressed through several media releases;
- a blitz on water heater installations was conducted during the year and multiple rectification notices were issued; and
- there were targeted regulatory audits conducted on plumbing contractors that identified 263 major compliance breaches that the department is investigating.

(e) forecasts of the workload of the Board in the year after the year to which the report relates; and

There were no forecasts of the Board's workload during 2018-19.

(f) any proposals for improving the operation of the Board.

The department released a Consultation Regulatory Impact Statement (CRIS) for public comment from 1 May to 31 July 2018 on the reforms arising from the recommendations of the 2013–14 review of plumbing regulation in Western Australia by ACIL Allen Consulting. The CRIS contains 21 proposals for change. Proposals and options outlined in the CRIS include options for:

- the organisational structure of the regulator. Four different structural model options for the plumbing regulator are detailed which, depending on the outcome of the review process, may impact the role, scope, workload and operation of the Board;
- expanding the scope of plumbing work to be regulated which, depending on the outcome of the review, may increase the types of work to be monitored by the Board; and
- expanding the scope of the PL Act to include persons or organisations other than just those who carry out plumbing work which, depending on the outcome of the review, may increase the Board's regulatory responsibilities.

Real Estate and Business Agents Act 1978

The department administers a range of functions under the *Real Estate and Business Agents Act 1978* (REBA Act) including the granting and renewal of licences, compliance activities and a range of education and advisory services. The Commissioner for Consumer Protection (the Commissioner) is the responsible licensing authority under the REBA Act.

Section 135 of the REBA Act requires the department to report on a number of matters in its annual report, namely:

(a) *the number, nature and outcome of –*

(i) *investigations and inquiries undertaken by, or at the direction of, the Commissioner;*

The department investigated a range of general and financial compliance issues during the year. The investigations examined alleged trust account breaches and related auditing matters, conduct of property managers and unlicensed or unregistered activity.

The conciliation complaints examined issues with property management, poor communication between the trader and consumer, failure to inspect by the property manager, disputes concerning the amount or type of redress and general disputes about the extent of problems that have arisen.

Table 63: REBA Act – number and nature of investigations, inquiries and conciliations 2017–18

Number	General compliance	Financial compliance	Conciliation	Total	SAT ⁽¹⁾
Outstanding as at 1 July 2017	113	63	10	186	2
Commenced 2017–18	436	432	143	1011	22
Concluded 2017–18	427	446	146	1019	24
Outstanding as at 30 June 2018	122	49	7	178	4

(1) Matters brought before the State Administrative Tribunal (SAT)

For the 427 general compliance and investigation matters concluded during the year, the following outcomes were recorded: 180 education or advice letters were sent; 115 warning letters were issued; 79 resulted in no action being taken or no offence detected; 18 were referred for further investigation; seven matters were referred to another agency; five complaints related to briefs for disciplinary proceedings before the State Administrative Tribunal (SAT); three complaints related to briefs for prosecution; and two matters were withdrawn or lapsed. The remaining 18 complaints resulted in other compliance outcomes.

The department continued its proactive compliance program that aims to assist agents in complying with legislative requirements, identifying and rectifying areas of risk and providing advice and support to agents in an effort to avert operational problems.

The program encourages high levels of industry best practice. This financial year, 364 proactive visits were completed with no major systemic issues identified.

The department administers the Real Estate and Business Agents Fidelity Guarantee Account (REBA Fidelity Account). The purpose of the REBA Fidelity Account is to

provide financial reimbursement to people who suffer pecuniary or property loss through any defalcation by a licensee who holds a triennial certificate, in the course of the business of that licensee. This also includes the actions of licensee employees.

During the financial year, consumers lodged 37 new claims against the REBA Fidelity Account and 43 claims were finalised. Of the finalised claims 19 were partially allowed, 17 were allowed, five were disallowed and two were withdrawn. The 36 claims that were allowed or partially allowed resulted in a total of \$65,446 being reimbursed. At 30 June 2018, there were 37 real estate claims outstanding, with a total provisional value of \$799,098.

Table 64: REBA Act matters before the Magistrates Court 2017–18

Party 1 -v- Party 2	Legislation	Nature	Outcome	Fine	Cost
Commissioner for Consumer Protection -v- Maxwell Bruce Comben	s.9 of the <i>Code of Conduct for Agents and Sales Representatives 2011</i> .	Application for disciplinary sanction for failing to exercise due skill, care and diligence contrary to section 9 of the Code of Conduct for Agents and Sales Representatives 2011.	Reprimanded .	\$ 3,000	\$ 600

(ii) matters that have been brought before the State Administrative Tribunal by the Commissioner;

Table 65: REBA Act matters before the State Administrative Tribunal (SAT) 2017–18

Party 1 -v- Party 2	Legislation	Nature	Outcome	Fine	Cost
Commissioner for Consumer Protection -v- Anthony Palermo	s.102(1)(a) and s.103(2)(c)(i) of the REBA Act	Application for disciplinary action for failure to comply with a special condition on his triennial certificate contrary to section 102(1)(a) and section 103(2)(c)(i) of the REBA Act.	Consent Orders. Cancellation of Real Estate and Business Agent's Licence and Triennial Certificate.	N/A	\$ 500
Commissioner for Consumer Protection -v- Bridgeline Pty Ltd trading as Harcourts Alliance and Rhonda Merle Massam	s.68(6)(d) of the REBA Act	Application for disciplinary action for failing to correctly balance the accounts at the end of each month contrary to section 68(6)(d) of the REBA Act.	Reprimanded .	\$ 3,000	\$ 750

Continued over page

Party 1 -v- Party 2	Legislation	Nature	Outcome	Fine	Cost
Commissioner for Consumer Protection -v- Bridgeline Pty Ltd trading as Harcourts Alliance and Rhonda Merle Massam	s.68(6)(d) of the REBA Act	Application for disciplinary action failing to properly supervise the agency business whilst in bona fide control of the agency business contrary to section 8(2) of the Code of Conduct for Real Estate Agents and Sales Representatives 2011.	Reprimanded .	\$ 1,000	\$ 750
Commissioner for Consumer Protection -v- Gayle Nicolette Currie	s.44(1) of the REBA Act	Application for disciplinary action for holding herself as being a licensee and acting and carrying out the functions of a real estate representative without holding a current certificate contrary to s44(1) of the REBA Act.	Permanently disqualified from being registered as a sales representative .	\$ 1,500	\$ 1,200
Commissioner for Consumer Protection -v- Olivia Loretta Anne Murray	s.44(3) of the REBA Act	Application for disciplinary action for holding herself out as being in the employment of a licensee who is the holder of a current triennial certificate when not employed by the licensee contrary to section 44(3) of the REBA Act.	Matter pending.	N/A	N/A
Commissioner for Consumer Protection -v- Sakar Pty Ltd and	s.54(1) of the REBA Act	Application for disciplinary sanction for employing a person as a sales representative who is not a licensee who holds a current triennial certificate and is not a registered sales representative contrary to section 54(1) of the REBA Act.	Reprimanded .	\$ 2,000	\$ -
Franck Teissier - v- Commissioner for Consumer Protection	s.112 of the REBA Act	Application for review of the decision of the Commissioner to disallow his claim against the Fidelity Guarantee Account pursuant to section112 of the REBA Act.	Matter pending.	N/A	N/A
Hajir Mobin -v- Commissioner for Consumer Protection	s.47 of the REBA Act	Application for review of the Commissioner's decision refusing his application for a sales representative registration under section 47 of the REBA Act.	Dismissed.	N/A	N/A

(iii) Matters that have been dealt with through the conciliation process under this Act;

The department dealt with a range of matters through the conciliation process during the year. These included: property management issues; poor communication between the trader and consumer; the property manager failing to inspect the premises; disputes



about the amount or type of redress or the extent of the problem; and general breaches of legislation or regulation.

Of the 146 conciliations concluded during the year, the following outcomes were recorded: 60 resulted in agreement between parties to settle the matter; 48 were unable to be conciliated due to a variety of reasons; 20 education and advice letters were sent; 17 complaints lapsed or were withdrawn; and one was referred to another agency or dispute resolution service. As the nature of disputes is ultimately a civil matter, where conciliation could not reach a resolution and the department felt the complainants had a reasonable case, they were advised of the option of taking their complaint to the Magistrates Court.

(b) the number and nature of matters referred to in paragraph (a) that are outstanding;

The nature of the outstanding general compliance investigations included general breaches of legislation, advertising and marketing issues, failure to disclose pertinent facts and the real estate agent having no written Authority to Act.

The nature of the outstanding financial compliance investigations included audit matters, overcharging fees, failure to deposit trust account monies, failure to perform monthly trust account reconciliation and misappropriation of trust account funds.

The outstanding conciliations related to failure to inspect by property managers and other general breaches.

(c) any trends or special problems that may have emerged;

Non-traditional property businesses are introducing new products and methodologies to the market and challenging traditional industry practices. The department is assessing these matters on a case-by-case basis to ensure compliance.

Western Australia's real estate market remains soft, which may be influencing financial and employment pressures within the industry.

(d) forecasts of the workload of the Commissioner in the year after the year to which the report relates; and

The Commissioner recognises a likely period of increased workload to support the community and industry as a result of the upcoming reforms to the *Residential Tenancies Act 1987* (RT Act), which will better support victims of family and domestic violence.

(e) any proposals for improving the performance of the Commissioner's functions.

The Commissioner will take a more risk-based approach to handling complaints and conducting proactive compliance visits to traders. This will allocate resources more efficiently and ensure better outcomes for the community.

Form 1AA of the RT Act was amended to remove the witness signature, which means leases can now be sent electronically. This has removed considerable administrative burden.

Settlement Agents Act 1981

The department administers a range of functions under the *Settlement Agents Act 1981* (SA Act) including the granting and renewal of licences, compliance activities and a range of education and advisory services.

Section 112 of the SA Act requires the Chief Executive Officer of the department to report on a number of matters namely:

(a) *the number, nature and outcome of –*

(i) *investigations and inquiries undertaken by, or at the direction of, the Commissioner and;*

The department investigated matters relating to general breaches of legislation, unlicensed activity, alleged audit and trust account breaches, general financial mismanagement and failure to act in the best interest of a principal and ascertain pertinent facts.

Table 66: SA Act – number of investigations and inquiries 2017–18

Number	General compliance	Financial compliance	Conciliations	Total	SAT ⁽¹⁾
Outstanding as at 1 July 2017	8	1	0	9	0
Commenced 2017–18	51	54	1	106	0
Concluded 2017–18	52	55	1	108	3
Outstanding as at 30 June 2018	7	0	0	7	0

(1) Matters brought before the State Administrative Tribunal (SAT)

For the 108 investigation and inquiry matters concluded during the year, the following outcomes were recorded: 64 education or advice letters were sent; 23 warning letters were issued; 13 complaints resulted in no action taken due to no offence being detected or other reasons; two complaints related to briefs for disciplinary proceedings or prosecution action; and one complaint was referred to another agency. The remaining five complaints resulted in other general outcomes.

The department administers the Settlement Agents Fidelity Guarantee Account (SA Fidelity Account). The purpose of the SA Fidelity Account is to provide financial reimbursement to people who suffer pecuniary loss or property loss through any defalcation by a licensee. This also includes the actions of the licensee's employees.

During this year, one new claim was lodged against the SA Fidelity Account and three claims were finalised. One complaint was disallowed, one was withdrawn and one was allowed with a total of \$56,000 being reimbursed. At 30 June 2018, there were six claims outstanding with a total provisional value of \$2,431,320.

(ii) *matters that have been brought before the State Administrative Tribunal under this Act.*

No matters were commenced during 2017–18, with three finalised as at 30 June 2018.

(b) *the number and nature of matters referred to in paragraph (a) that are outstanding;*



Of the matters referred to as outstanding, four involve instances of unlicensed activity; two involve a general breach of legislation, and one general outstanding matter under the SA Act.

(c) any trends or special problems that may have emerged;

A number of agents have raised concerns regarding the move to electronic conveyancing and accounting for fees. This led the department working with the industry to ensure any issues are addressed.

As cyber fraud continued to be an area requiring active protection by the industry, the department provided ongoing support to reduce risk to the industry and consumers.

(d) forecasts of the workload of the Commissioner in the year after the year to which the report relates; and

The department will continue to conduct proactive compliance visits to settlement agents and assist the industry as required.

(e) any proposals for improving the operation of the Commissioner.

There are no proposed changes to the Consumer Protection Commissioner's functions at this point in time.

Legal actions

Legal actions relating to Acts which require the outcome of investigations or inquiries be reported in the annual report have been included with the relevant Act in the Agency Specific Reporting section.

The complete 2017–18 legal actions by the department are published on the department's website: www.dmirswa.gov.au/department_reporting

Board and Committee Remuneration

The department is required to report on the individual and aggregate costs of remunerating all positions on boards and committees as defined in the *Premier's Circular 2017/08 – State Government Boards and Committees*. Tables 67 to 82 detail the remuneration received by members of the department's boards, commissions, committees, panels and working groups.

Industry Regulation and Consumer Protection Group

Table 67: Building Services Board

Position	Name	Type of remuneration	Period of membership ⁽³⁾	Gross/actual remuneration 2017–18 FY
Chair	Mr Steven Carulli	Full/half day ⁽¹⁾	12 months	\$ 8,576
Deputy Chair	Mr Helmut Schwanke	Full/half day ⁽²⁾	12 months	\$ 6,648
Member	Mr Mark Donnelly	Full/half day ⁽²⁾	10 months	\$ 3,313
Member	Mr Laurence Kruize	Full/half day ⁽²⁾	12 months	\$ 5,803
Member	Ms Serena Giudice	Full/half day ⁽²⁾	6 months	\$ 2,317
Member	Ms Faye Stewart	Full/half day ⁽²⁾	12 months	\$ 5,630
Member	Mr Jack Mast	Full/half day ⁽²⁾	12 months	\$ 6,128
Member	Ms Joanne Motteram	Full/half day ⁽²⁾	12 months	\$ 5,630
Member	Ms Genevieve Cleary	Full/half day ⁽²⁾	12 months	\$ 3,963
Member	Mr Graham Teede	Full/half day ⁽²⁾	6 months	\$ 2,317
				Total \$ 50,325

(1) The remuneration for the Chair for a full day is \$758 or half day is \$498.

(2) The remuneration for the Deputy Chair and other members for a full day is \$498 or half day is \$325.

(3) Period of membership during the 2017–18 financial/reporting year.

Table 68: Consumer Advisory Committee

Position	Name	Type of remuneration	Period of membership⁽¹⁾	Gross/actual remuneration 2017–18 FY
Chair	Mr Scott Phillips	Half day	12 months	\$ 3,040
Member	Ms Bronwyn Kitching	Half day	12 months	\$ 2,000
Member	Prof Eileen Webb	Half day	9 months	\$ 500
Member	Ms Kathryn Lawrence	Half day	12 months	\$ 1,750
Member	Dr Michelle Evans	Half day	6 months	\$ 750
Member	Ms Gemma Mitchell	Half day	12 months	\$ 1,500
Member	Ms Louise Giolitto	Half day	12 months	\$ 0
Member	Ms Linda Castle	Half day	2 months	\$ 250
Total				\$ 9,790

(1) Period of membership during the 2017–18 financial/reporting year.

Table 69: Charitable Collections Advisory Committee

Position	Name	Type of remuneration	Period of membership⁽¹⁾	Gross/actual remuneration 2017–18 FY
Chair	Mrs Annette Frazer	Per meeting	6 months	\$ 2,960
Chair	Pauline Logan	Per meeting	6 months	\$ 740
Member	Mrs Annette Frazer	Per meeting	6 months	\$ 1,000
Member	Dr Helen Grzyb	Per meeting	12 months	\$ 3,000
Member	Mr Errol James	Per meeting	6 months	\$ 1,250
Member	Mr David Craig	Per meeting	10 months	\$ 2,000
Member	Ms Rachelle Spyker	Per meeting	6 months	\$ 750
Member	Mr Henry Thong	Per meeting	6 months	\$ 1,500
Total				\$ 13,200

(1) Period of membership during the 2017–18 financial/reporting year.

Table 70: Construction Industry Long Service Leave Payments Board

Position	Name	Type of remuneration	Period of membership⁽¹⁾	Gross/actual remuneration 2017–18 FY
Chair	Ms Linda Gibbs	Annual	12 months	\$ 23,433
Member	Mr Michael Buchan	Annual	12 months	\$14,910
Member	Mr Glenn McLaren	Annual	12 months	\$14,910
Member	Ms Maria Saraceni	Annual	12 months	\$14,910
Member	Mr Michael McLean	Annual	12 months	\$14,910
Member	Mr Warren Edwardes	Annual	12 months	\$14,910
Member	Ms Amanda Bishop	Annual	12 months	\$14,910
Total				\$ 112,893

(1) Period of membership during the 2017–18 financial/reporting year.

Table 71: Electrical Licensing Board

Position	Name	Type of remuneration	Period of membership⁽³⁾	Gross/actual remuneration 2017–18 FY
Chair	Mr Kevan McGill	Full/half day ⁽¹⁾	12 months	\$ 7,950
Member	Mr James Murie	Full/half day ⁽²⁾	12 months	\$ 4,300
Member	Mr Geoff Kelly	Full/half day ⁽²⁾	12 months	\$ 3,740
Member	Mr Peter Beveridge	Full/half day ⁽²⁾	12 months	\$ 3,750
Member	Mr Pat Tierney	Full/half day ⁽²⁾	12 months	\$ 3,080
Member	Mr Momcilo Andric	Full/half day ⁽²⁾	12 months	\$ 3,300
Member	Mr Frank Hough	Full/half day ⁽²⁾	12 months	\$ 4,180
Member	Mr Sajid Abdoolakhan	ineligible	12 months	\$ 0
Total				\$ 30,300

(1) The remuneration for the Chair for a full day is \$510 or half day is \$330.

(2) The remuneration for other members for a full day is \$340 or half day is \$220.

(3) Period of membership during the 2017–18 financial/reporting year.

Table 72: Plumbers Licensing Board

Position	Name	Type of remuneration	Period of membership⁽³⁾	Gross/actual remuneration 2017–18 FY
Chair	Mr Howard Croxon	Full/half day ⁽¹⁾	12 months	\$ 8,694
Deputy Chair	Mr Richard Schwenke	Full/half day ⁽²⁾	12 months	\$ 6,339
Member	Mr Michael Wynne	Full/half day ⁽²⁾	12 months	\$ 4,059
Member	Mr Brian Bintley	Full/half day ⁽²⁾	12 months	\$ 5,141
Member	Mr Robert Goodchild	Full/half day ⁽²⁾	12 months	\$ 4,510
Member	Mr Clinton Holborn	Full/half day ⁽²⁾	4 months	\$ 1,804
Member	Ms Dianne Massara	Full/half day ⁽²⁾	8 months	\$ 3,608
Member	Ms Sonia McKeiver	Full/half day ⁽²⁾	12 months	\$ 4,808
Total				\$ 38,963

(1) The remuneration for the Chair for a full day is \$689 or half day is \$451.

(2) The remuneration for the Deputy Chair and other members for a full day is \$451 or a half day is \$298.

(3) Period of membership during the 2017–18 financial/reporting year.

Resource and Environmental Regulation Group

Table 73: Mine Manager's and Underground Supervisor's Certificate Board

Position	Name	Type of remuneration	Period of membership⁽¹⁾	Gross/actual remuneration 2017–18 FY
Chair	Mr Andrew Chaplyn	ineligible	12 months	\$ 0
Member	Mr Anil Atri	ineligible	12 months	\$ 0
Member	Mr Roger Thompson	did not apply	12 months	\$ 0
Member	Mr Russell Cole	did not apply	12 months	\$ 0
Member	Ms Holly Allday	did not apply	12 months	\$ 0
Total				\$ 0

(1) Period of membership during the 2017–18 financial/reporting year.

Table 74: Mine Survey Board

Position	Name	Type of remuneration	Period of membership⁽¹⁾	Gross/actual remuneration 2017–18 FY
Chair	Mr Andrew Chaplyn	ineligible	12 months	\$ 0
Member	Mr Anthony Snow	did not apply	12 months	\$ 0
Member	Mr Russell Haigh	did not apply	12 months	\$ 0
Member	Mr Martin Robinson	did not apply	12 months	\$ 0
Member	Mr Shane Watson	did not apply	12 months	\$ 0
Member	Mr Benjamin Ingham	did not apply	12 months	\$ 0
Total				\$ 0

(1) Period of membership during the 2017–18 financial/reporting year.

Table 75: Quarry Manager's Certificate Board

Position	Name	Type of remuneration	Period of membership⁽¹⁾	Gross/actual remuneration 2017–18 FY
Chair	Mr Andrew Chaplyn	ineligible	12 months	\$ 0
Member	Mr Anil Atri	ineligible	12 months	\$ 0
Member	Mr John Soubotian	did not apply	12 months	\$ 0
Member	Mr Andrew Haslam	did not apply	12 months	\$ 0
Member	Mr Robert Murdoch	did not apply	12 months	\$ 0
Total				\$ 0

(1) Period of membership during the 2017–18 financial/reporting year.

Table 76: Winding Engine Drivers Certificate Board

Position	Name	Type of remuneration	Period of membership⁽¹⁾	Gross/actual remuneration 2017–18 FY
Chair	Mr Andrew Chaplyn	ineligible	12 months	\$ 0
Member	Mr Jose Sanchez	ineligible	12 months	\$ 0
Total				\$ 0

(1) Period of membership during the 2017–18 financial/reporting year.

Safety Regulation Group

Table 77: Agricultural Working Group

Position	Name	Type of remuneration	Period of membership⁽¹⁾	Gross/actual remuneration 2017–18 FY
Chair	Ms Stephanie Mayman, Chairperson Commission for Occupational Safety and Health	per meeting	3 months	\$ 0
Member	Mr Ian Munns WorkSafe Western Australia Commissioner	ineligible	3 months	\$ 0
Member	Mr Owen Whittle, UnionsWA	per meeting	3 months	\$ 0
Member	Mr Antony Pearson, UnionsWA	per meeting	3 months	\$ 0
Member	Mr Doug Hall, Pastoralists and Graziers Association of Western Australia	per meeting	3 months	\$ 0
Member	Mr Darren Spencer, WA Shearing Industry Association	per meeting	3 months	\$ 0
Member	Ms Margaret Hector, Country Women's Association of Western Australia	per meeting	3 months	\$ 0
Member	Ms Melanie Jensen, Chamber of Commerce and Industry of Western Australia	per meeting	3 months	\$ 0
Member	Mr Peter Nunn, Chamber of Commerce and Industry of Western Australia	per meeting	3 months	\$ 0
Member	Mr Trent Kensett-Smith, WA Farmers	per meeting	3 months	\$ 0
Total				\$ 0

(1) Period of membership during the 2017–18 financial/reporting year.

Table 78: Commission for Occupational Safety and Health

Position	Name	Type of remuneration	Period of membership⁽¹⁾	Gross/actual remuneration 2017–18 FY
Chair	Ms Stephanie Mayman	annual ⁽²⁾	12 months	\$ 27,097.34
Deputy Chair	Ms Anne Driscoll	ineligible	6 months	\$ 0
Member	Mr Lex McCulloch	ineligible	6 months	\$ 0
Member	Mr Ian Munns	ineligible	6 months	\$ 0
Member	Mr Simon Ridge	ineligible	6 months	\$ 0
Member	Mr Andrew Chaplyn	ineligible	6 months	\$ 0
Member	Ms Andrea Roelofs	per meeting	12 months	\$ 3,702
Member	Ms Joy Barrett	ineligible	12 months	\$ 0
Member	Dr Matthew Davies	per meeting	12 months	\$ 4,224
Member	Mr Owen Whittle	ineligible	12 months	\$ 0
Member	Mr Michael Zoetbrood	ineligible	3 months	\$ 0
Member	Mr Glenn McLaren	ineligible	3 months	\$ 0
Member	Dr Barry Chesson E	per meeting	12 months	\$ 2,688
Member	Ms Nicole Roocke	per meeting	12 months	\$ 2,688
Member	Dr Michael Lucas	per meeting	12 months	\$ 3,456
Member	Dr Lin Fritschi	per meeting	2 months	\$ 384
Member	Ms Rachael Lincoln	per meeting	10 months	\$ 3,456
				Total \$45,217.34

(1) Period of membership during the 2017–18 financial/reporting year.

(2) Ms Mayman performs duties of the chair on a part time basis.

Table 79: Construction Industry Safety Advisory Committee

Position	Name	Type of remuneration	Period of membership⁽¹⁾	Gross/actual remuneration 2017–18 FY⁽²⁾
Chair	WorkSafe Western Australia Commissioner	ineligible	12 months	\$ 0
Member	Representative from WorkSafe Inspectorate	ineligible	12 months	\$ 0
Member	Representative from Construction, Forestry, Mining and Energy Union	per meeting	12 months	\$ 1,210
Member	Representative from Chamber of Commerce and Industry of Western Australia	per meeting	12 months	\$ 0
Member	Representative from Master Builders Association of Western Australia	did not apply	12 months	\$ 0
Member	Representative from Housing Industry Association	did not apply	12 months	\$ 0
Member	Representative from UnionsWA	per meeting	12 months	\$ 726
Member	Representative from Australian Manufacturing Workers Union	per meeting	12 months	\$ 1,210
Total				\$3,146

(1) Period of membership during the 2017–18 financial/reporting year.

(2) The paid amounts are the amounts that the Regulatory Support Division has on record for the 2017–18 financial year period; these payments may be subject to processing delays.

Table 80: Mining Industry Advisory Committee (MIAC)

Position	Name	Type	Period of membership⁽¹⁾	Gross/actual remuneration 2017–18 FY
Chair	Mr Simon Ridge	ineligible	6 months	\$ 0
Member/ Acting Chair	Mr Andrew Chaplyn ⁽²⁾	ineligible	12 months	\$ 0
Member	Mr Christopher Davis	did not apply	12 months	\$ 0
Member	Ms Peta Libby	did not apply	12 months	\$ 0
Member	Ms Adrienne LaBombard	did not apply	12 months	\$ 0
Member	Mr Adrian Vujcic	did not apply	7 months	\$ 0
Member	Mr Glen McLaren	did not apply	12 months	\$ 0
Member	Mr Michael Zoetbrood	did not apply	5 months	\$ 0
Member	Mr Gary Wood	did not apply	7 months	\$ 0
Member	Mr Simon Bennison	did not apply	1 months	\$ 0
Member	Mr Gregory Stagbouer	did not apply	12 months	\$ 0
Total				\$ 0

(1) Period of membership during the 2017–18 financial/reporting year.

(2) Mr Andrew Chaplyn served as Acting Chair of the Mining Industry Advisory Committee following the retirement of the Chair Mr Simon Ridge.

Table 81: Ministerial Advisory Panel

Position	Name	Type of remuneration	Period of membership⁽¹⁾	Gross/actual remuneration 2017–18 FY
Chair	Ms Stephanie Mayman	Annual ⁽²⁾	12 months	\$136,400
Member	Representative from Chamber of Commerce and Industry of Western Australia	half day	sessional	\$4,296
Member	Representative from Chamber of Minerals and Energy Western Australia	half day	sessional	\$4,296
Member	Representative from UnionsWA	half day	sessional	\$4,296
Total				\$149,288

(1) Period of membership during the 2017–18 financial/reporting year.

(2) Ms Mayman performs duties of the chair on a part time basis at 0.6 FTE.

Table 82: WorkSafe Awards Judging Panel 2017

Position	Name	Type of remuneration	Period of membership⁽¹⁾	Gross/actual remuneration 2017–18 FY
Chair	Lex McCulloch	ineligible	12 months	\$ 0
Deputy Chair	Owen Whittle, Unions WA	ineligible	12 months	\$ 0
Member	Andrea Roeloffs, Chamber of Commerce and Industry of Western Australia	ineligible	12 months	\$ 0
Member	Sharron Kerr	ineligible	12 months	\$ 0
			Total	\$ 0

(1) Period of membership during the 2017–18 financial/reporting year.

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Feedback

How did we do?

This year, the department has produced a PDF version and an accessible microsite (annual report website). We encourage you to provide feedback on these formats by completing and returning the form below, or alternatively online www.surveymonkey.com/r/AnnualReport17-18



1. How did you access the department's annual report for 2017–18?

If you accessed the report in multiple ways, please select your preferred method.

- Microsite Electronic PDF Hard copy (Incl. downloaded and printed PDF) Other

2. What was the reason you read/referred to the departments 2017–18 Annual Report?

To access information on the department's:

- Background Activities Management Performance Finances Other (please specify below)

3. Do you agree or disagree with the statements about the department's annual report for 2017–18.

	Strongly agree	Agree	Disagree	Strongly disagree	N/A
The report was easy to read and understand.	<input type="radio"/>				
The layout of the report microsite was clear and attractive.	<input type="radio"/>				
The report microsite was easy to navigate.	<input type="radio"/>				
The layout of the PDF report was clear and attractive.	<input type="radio"/>				
The PDF report was easy to navigate.	<input type="radio"/>				
The images, graphs and infographics assisted me to understand the content of the report.	<input type="radio"/>				
I have a better understanding of the department's activities after reading the report.	<input type="radio"/>				
I have a better understanding of the how the department performed during 2017–18 after reading the report.	<input type="radio"/>				
I have a better understanding of how the department plans to accomplish its goals for 2018-19 and beyond after reading the report.	<input type="radio"/>				
The report has been transparent about where the department was successful and where there are still challenges.	<input type="radio"/>				

4. What could we do better – any comments or suggestions for improvement about the content, style or format of the department's 2017–18 annual report?

5. Which category best describes you?

- Student or academic Researcher
 Public sector (State or Federal) Private sector
 MP, politician or political researcher
 Journalist Policy specialist
 Other (please specify)

Thank you for sharing your thoughts about the department's annual report for 2017–18.

Return completed form to:
Locked Bag 14, Cloisters Square WA 6850
Feedback closes 30 June 2019





Department of Mines, Industry Regulation and Safety

Mineral House, 100 Plain Street
East Perth, Western Australia 6004

Telephone: 1300 136 237
Email: online@dmirs.wa.gov.au

www.dmirswa.gov.au