

Executive Summary

The Department of Mines and Petroleum is Western Australia's lead agency in attracting private investment in resources exploration and development. It achieves this through the provision of geoscientific information relating to minerals and energy resources, as well as the management of equitable and secure titles systems for the mining, petroleum and geothermal industries.

The department is also responsible for regulating extractive industries including the collection of royalties and dangerous goods management. At all times, the department ensures that safety, health and environmental standards meet all relevant State and Commonwealth legislation, regulations and policies along with community expectations.

During 2010-11, the department strove to meet its vision, to make the State an attractive destination for resources development and building the economy and that this is managed responsibly. The resources sector has continued to grow beyond expectations, achieving a value of production of \$91.6 billion, recorded in December 2010, compared with \$70 billion for the same period last year.

The department contributed to this outstanding performance through the provision of two distinct services:

- Resources sector and dangerous goods regulation, to ensure responsible exploration and development of mineral and energy resources – while ensuring community expectations are met.
- Provision of geoscientific information and advice, to encourage exploration and the discovery of mineral and energy resources – while informing land and marine use planning.

This is an exciting and rewarding time for the department, as a suite of new initiatives are now underway that will enhance our service delivery across government, industry and the community.

Initiatives such as the Collie South West Hub carbon geosequestration project, position Western Australia as a leader in the safe onshore storage of carbon dioxide. The department received a major boost when this project was selected as the first participant in the Commonwealth's Carbon Capture and Storage Flagships Program during the year.

Mineral exploration expenditure in Western Australia has achieved an all-time high, with programs such as the Exploration Incentive Scheme (EIS) encouraging exploration in under-explored areas.

The department's continued provision of geoscientific information also continued to attract investment by reducing explorers' risk. In addition, new systems such as the Western Australia's Petroleum and Geothermal Information Management System (WAPIMS) and GeoMap.WA, continue to improve the State's attractiveness for investment in the global market.

Improving the mining approvals system has been a major strategic priority for the State. As such, the department continued to focus on approvals reforms and general performance, with a number of initiatives including:

- Enabling of online lodgement, payment and tracking of key approval applications such as programmes of work, mining proposals, project management plans, petroleum pipeline licences and specified Mining Act forms
- Appointing a full-time Mining Warden

- Improving approvals systems, such as the Petroleum Geothermal Register, Electronic Mineral Titles System and Future Act Native Title System.

We have continued to drive resources safety reform during the year, working closely with industry to promote a resilient safety culture. This year, a safety reform project team was formed to implement new safety strategies, leading to a number of reforms, including the introduction of a Mines Safety and Inspection Levy and the establishment of an Investigations Branch. Others included the restructure of the Mines Safety Branch; appointment of 29 new senior inspectors; and a strong focus on stakeholder consultation.

The department recognises the value of stakeholder input to achieve mutually beneficial outcomes. Community consultation is essential for the resources industry, as there is an increasing demand for greater community involvement in the decision making process. In addition to improved consultation, the department has commenced mapping out a framework for transparency and greater levels of community engagement.

We have undertaken extensive consultation in the review of the State's environmental bonds system, to ensure mining securities adequately cover rehabilitation costs. We are continuing to work with stakeholders to achieve an outcome that is fair, that

protects the State's interests and meets community expectations.

During the year, we consulted key industry stakeholders in the review of our strategic plan, which revealed that our working relationship with industry was valued. This led to an agreed position on a number of key emerging issues for the resources industry, including social licence to operate; the environment and resource exploration and development. Our strategic plan was reviewed and updated to reflect the department's renewed focus towards meeting these challenges.

Within the department, we have supported a range of initiatives to build on the already innovative and consultative culture within the department, which will result in improved services to our customers, and ensuring that our relationship with stakeholders continues to be valued.

As the 2011-12 year gets underway, the department is focused on delivering its key strategies to ensure the continued responsible growth of the resources industry and to maximise the economic and social return to all Western Australians.

The department is facing new challenges as it prepares for the likely transition of some of its functions to a new National Offshore Petroleum Titles Administrator (NOPTA) and

a new National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA). The department is working with the Commonwealth to ensure a seamless transition, without disadvantaging proponents.

I wish to thank the department's staff for their expertise, commitment and effort throughout the year. All members have helped us achieve our goals and improve our services. Together we will ensure that this State remains the destination of choice for responsible resource exploration and development.



Richard Sellers

Director General
Department of Mines and Petroleum

Operational Structure

OUR MINISTER



Hon Norman Frederick Moore
BA Dip Ed JP MLC

**Minister for Mines and Petroleum;
Fisheries; Electoral Affairs**

Minister Moore is responsible for Western Australia's mining and petroleum portfolio. The Minister's roles and responsibilities are prescribed in legislation including the *Mining Act 1978*, the *Petroleum and Geothermal Energy Resources Act 1967* and the *Mines Safety and Inspection Act 1994*.

OUR VISION

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

OUR MISSION

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

OUR VALUES

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

EXECUTIVE STRUCTURE

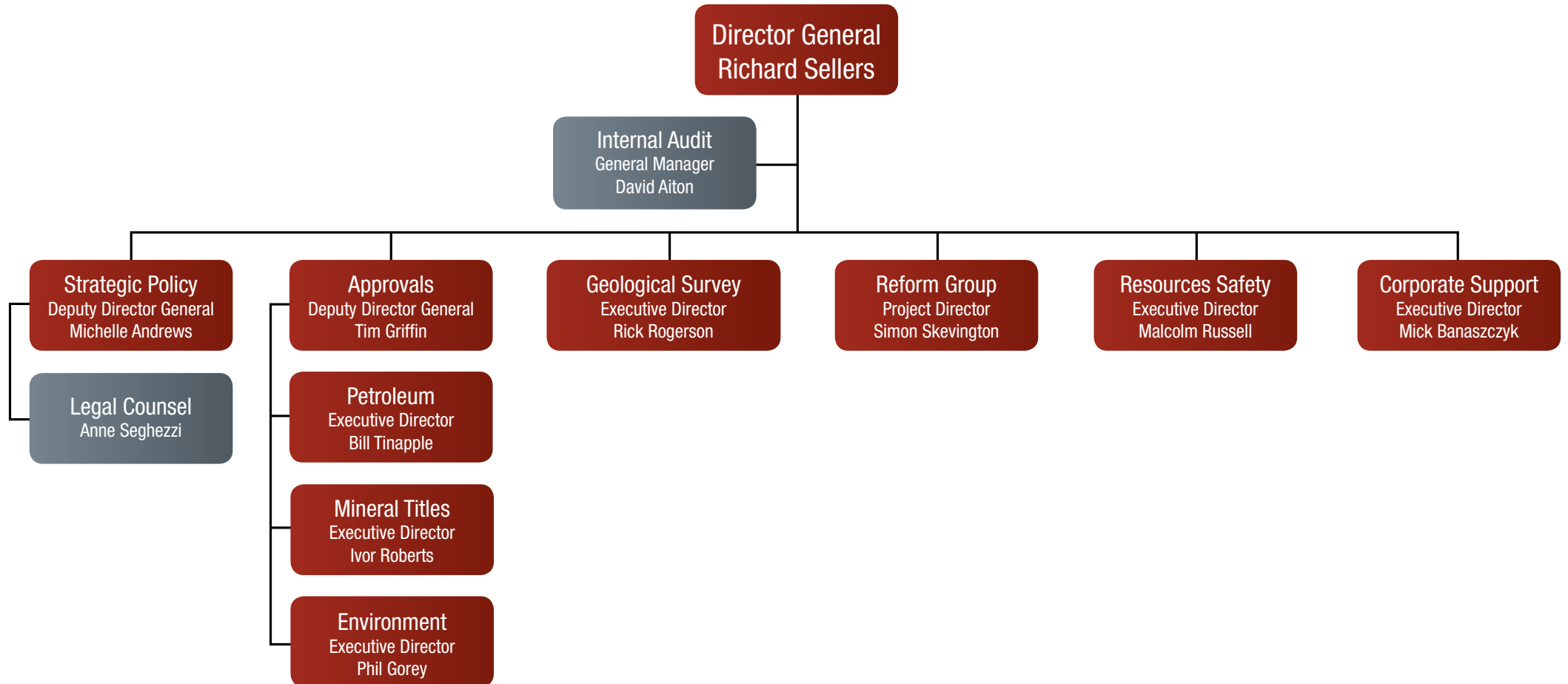


Figure 1: Executive Structure

OUR EXECUTIVE TEAM

As of 30 June 2011, the department's Corporate Executive comprised the following members:



Richard Sellers
Director General

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



Michelle Andrews
Deputy Director General, Strategic Policy

Michelle Andrews commenced in the position of Deputy Director General, Strategic Policy during 2011. Prior to taking on this role, she held the position of Executive Director, Browse LNG Precinct at the Department of State Development. Michelle has more than 20 years experience in the public sector contributing to major project approvals and has also worked on the State Government's approval process reforms, including establishing the new Office of the Environmental Protection Authority (EPA).



Tim Griffin
Deputy Director General, Approvals

Tim Griffin has extensive experience in the resources sector, with over 15 years in senior management roles involving close contact with leaders in the public and private sectors. Prior to taking on this role he held the position of Executive Director, Geological Survey of Western Australia for 10 years. Tim has more than 30 years experience in geology and worked as a field geologist in Australia and Papua New Guinea. In addition to his strong technical background, Tim has a thorough understanding of Western Australian policy and legislation relating to the mineral and energy sectors.

OUR EXECUTIVE TEAM



Mick Banaszczyk

Executive Director, Corporate Support

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



Malcolm Russell

Executive Director, Resources Safety

Malcolm Russell has been Executive Director of the Resources Safety Division since 2001. He has an engineering background and extensive international management experience in the private and public sectors, including three different jurisdictions in Australia. Malcolm is a member of the Commission for Occupational Safety and Health and is appointed Chief Dangerous Goods Officer under the *Dangerous Goods Safety Act 2004*.



Bill Tinapple

Executive Director, Petroleum

Bill Tinapple has worked with the department for 13 years, during which time he has implemented several key initiatives focused on increasing oil and gas investment in Western Australia and sustained production. Before moving to the Western Australia, he worked in the Northern Territory in similar positions. In addition to 26 years in the public sector, Bill has a wide range of upstream petroleum industry experience, working in several countries.

OUR EXECUTIVE TEAM



Ivor Roberts

Executive Director, Mineral Titles

Ivor Roberts was appointed Executive Director of Mineral Titles in May 2010. Prior to this he was the Manager Mineral Resources in the Geological Survey Division where he gained extensive exposure to the activities of the mineral industry and high levels of government. Ivor joined the Department in 1997, initially in the position of Regional Manager (Geological Survey) in Kalgoorlie. Prior to this, he held academic and research positions at several universities, including the University of New South Wales and the Western Australian School of Mines.



Rick Rogerson

Executive Director, Geological Survey

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



Phil Gorey

Executive Director, Environment

Phil Gorey was appointed to lead the Environment Division in April 2009. Phil has more than 15 years experience in environmental assessment and regulation of mining and heavy industry. He also has experience in delivering contentious policy reform programs in areas such as water allocation and native forestry. He has worked in State Government departments in Victoria and South Australia, and prior to joining the department was a principal in a private sector consultancy.

OUR EXECUTIVE TEAM



Simon Skevington

Project Director, Reform Group

Simon Skevington was appointed Project Director in May 2010 to implement the best practice safety reform process. He is a mechanical engineer with nearly 30 years in government and over the last 15 years led the development of major infrastructure projects, including the Australian Marine Complex at Henderson, the Australian Resources Research Centre at Bentley and the Oakajee project. He also has experience leading the approvals facilitation for major resource projects and has been involved in State-wide strategic planning as a member of a number of high level planning committees.



Anne Seghezzi

Legal Counsel

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



KEY FUNCTIONAL UNITS

The department has eight key functional areas through which outcomes and services are delivered. These are the Petroleum, Environment, Mineral Titles (which make up the Approvals group), Strategic Policy, Resources Safety, Geological Survey, Reform Group, and Corporate Support Divisions.

Petroleum

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

Environment

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

Mineral Titles

The Mineral Titles Division is responsible for the management of mining legislation and a mineral titles system that provides information on land availability for mineral exploration and mining. This encourages exploration on mineral titles and the systems and compliance with *Native Title Act 1993* procedures. The Division also monitors tenement holder compliance with the expenditure and reporting provisions of the *Mining Act 1978* and provides policy advice related to exploration and mining.

Strategic Policy

The Strategic Policy Division has a lead role in working across the department and with other agencies and stakeholders on a broad range of policy activities to promote the responsible development of the State's mineral and petroleum resources. It provides advice to the Minister and Director General and liaises with other State Government departments and Commonwealth agencies. It supports operational areas to deal with strategic issues through access to specialist services including strategic planning, legal, communications and marketing and economic analysis. It administers royalties legislation and coal-related carbon capture and storage initiatives.

Resources Safety

The Resources Safety Division promotes safety in the mining, dangerous goods and onshore petroleum industries through education, enforcement and specialist advice. The Division administers the *Mines Safety and Inspection Act 1994*, which promotes

occupational safety and health for people involved in the exploration, mining, extraction and processing of resources. Onshore occupational health and safety is regulated under the State's petroleum and geothermal energy statutes. The Resources Safety Division also administers the *Dangerous Goods Safety Act 2004*, which applies to the manufacture, storage, handling, transport and use of dangerous goods, including the operation of major hazard facilities in Western Australia, and manages the State's Explosive Reserves.

Geological Survey

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

Corporate Support

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

Reform Group

The Reform Group works with internal and external stakeholders, including the industry, unions and the Commonwealth Government on major reform projects`.



ENABLING LEGISLATION

The Department of Mines and Petroleum was established under the *Public Sector Management Act 1994*.

The department is responsible for administering the following Acts of State Parliament.

Acts

- *Anglo-Persian Oil Company Limited's (Private) Act 1919*
- *Barrow Island Royalty Trust Account Act 1985*
- *Barrow Island Royalty Variation Agreement Act 1985*
- *British Imperial Oil Company, Limited (Private) Act 1925*
- *Coal Industry Tribunal of Western Australia Act 1992*
- *Coal Miners' Welfare Act 1947*
- *Dangerous Goods Safety Act 2004*
- *Mining Act 1978*
- *Mining on Private Property Act 1898*
- *Mining (Validation and Amendment) Act 1986*

- *Miner's Phthisis Act 1922*
- *Mines Safety and Inspection Act 1994*
- *Offshore Minerals Act 2003*
- *Offshore Minerals (Registration Fees) Act 2003*
- *Petroleum Act 1936*
- *Petroleum and Geothermal Energy Resources (Registration Fees) Act 1967*
- *Petroleum and Geothermal Energy Resources Act 1967*
- *Petroleum (Submerged Lands) Act 1982*
- *Petroleum (Submerged Lands) Registration Fees Act 1982*
- *Petroleum Pipelines Act 1969*.

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

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

- *Offshore Minerals Act 1994*
- *Offshore Minerals (Exploration Licence Fees) Act 1981*
- *Offshore Minerals (Mining Licence Fees) Act 1981*
- *Offshore Minerals (Registration Fees) Act 1981*
- *Offshore Minerals (Retention Licence Fees) Act 1994*
- *Offshore Minerals (Royalty) Act 1981*
- *Offshore Minerals (Works Licence Fees) Act 1981*.

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

- *Mining Act 1978 (WA) (CKI)*
[CKI = Cocos Keeling Island]
- *Mining Act 1978 (WA) (CI)*
[CI = Christmas Island]

A summary of the legislative amendments progressed during the year is provided in the Changes to Legislation section.

Corporate

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

Human Resources

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

Occupational Safety and Health

Health Act 1911
Occupational Safety and Health Act 1984
 Occupational Safety and Health Regulations 1996
Workers' Compensation and Injury Management Act 1981
 Workers' Compensation and Injury Management Regulations 1982
 Workers' Compensation and Injury Management (Scales of Fees) Regulations 1998
 Workers' Compensation Code of Practice (Injury Management) 2005

Performance Management Framework

Performance management within the department is underpinned by the Integrated Planning Framework, which provides a “line of sight” from individual staff activities, through all levels of the department, to Government priorities. This allows all staff members to see how they contribute to the work of the department’s key strategies and ultimately to the State. The department’s integrated planning framework is illustrated in Figure 2.

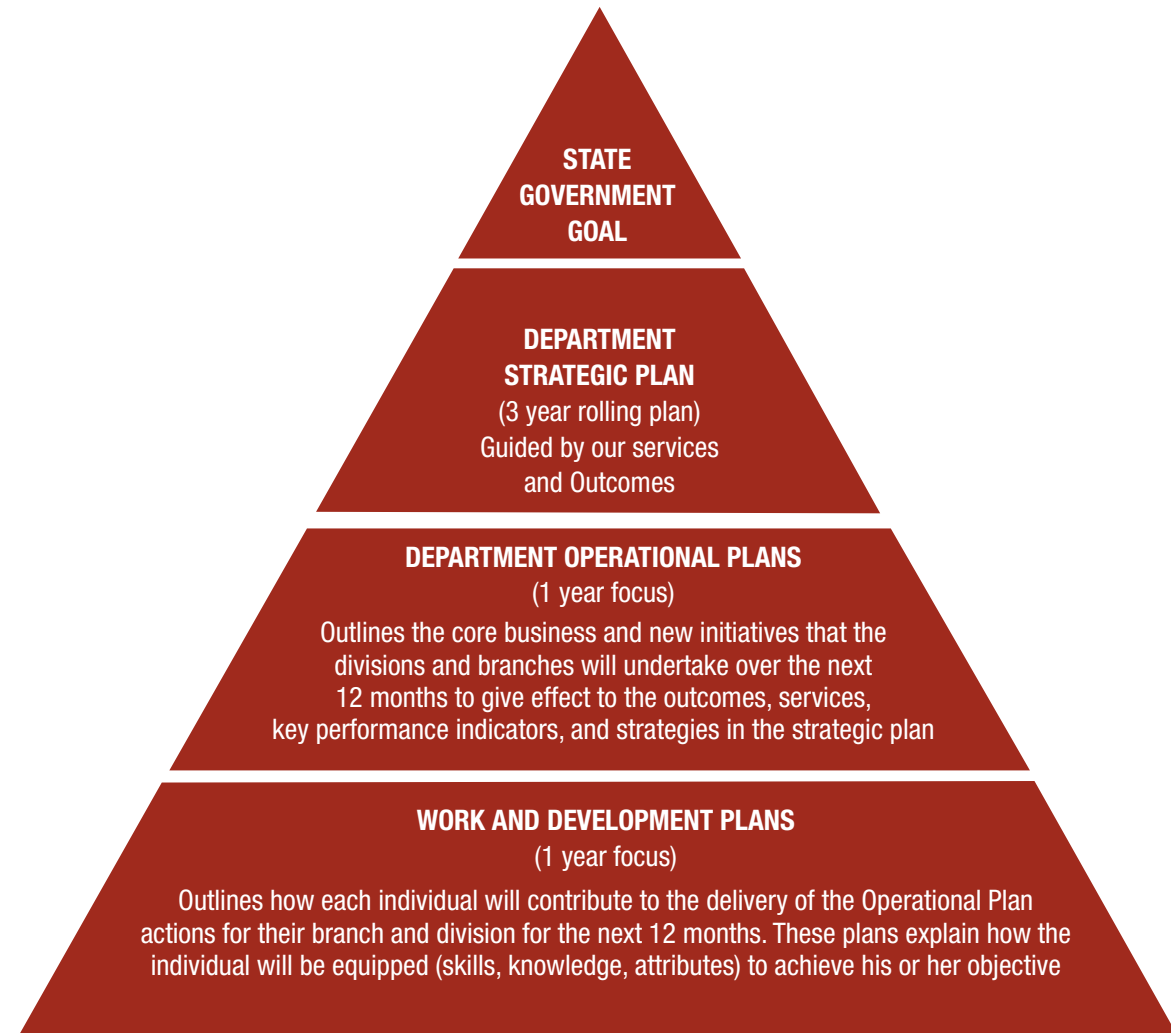


Figure 2: Integrated Planning Framework for the Department of Mines and Petroleum

OUR PLAN FOR SUCCESS

During the year, the department undertook a review of its strategic plan, taking into account progress against agreed initiatives and important feedback from its key stakeholders. The updated plan, released in May 2011, reflects the most current key strategic issues impacting the agency.

The department's strategic plan outlines specific targeted strategies that focus the operations of the department towards addressing key strategic issues across government, with industry and community, and within the department.

The department is committed to reviewing the status of the strategic plan annually to ensure that we are proactive in addressing issues and adapting to shifts in priority as the resources industry continues to flourish in Western Australia.

The key targeted strategies towards **resource sector and dangerous goods regulatory services** are to:

- Administer approvals in a manner that ensures transparency, consistency and timeliness
- Facilitate the introduction of uranium mining, carbon capture and storage, unconventional gas, and geothermal industries in WA
- Implement required safety legislative reform and practices to support the Government's direction
- Implement a best practice model for each regulatory activity
- Implement funding models to enhance regulatory services
- Develop appropriate policies for mine closure and abandoned mine sites
- Map the framework for social licence to operate from Government and industry, on the role of the department in the community.

With respect to the agency service, **geosciences information and advice**, the department has adopted the following strategies:

- Promote exploration and discovery of resources in underexplored areas, particularly through the EIS and provision of geoscience information
- Contribute to the State's land and marine use planning through the provision of geoscience and environmental information and advice.

Across all of the department's services, the department has adopted strategies that aim to:

- Deliver high quality services and information to the Western Australian community and for the development of the resources sector
- Provide leadership that strengthens the resources sector in Western Australia
- Ensure that the department has effective and valued relationships with stakeholders
- Ensure that the department has the people, approach, systems and leadership to enable the department to respond to change and realise the department's vision.

Our Plan for Success to 2013 is provided at Appendix A.

SUMMARY OF EFFECTIVENESS INDICATORS

Effectiveness Indicator	2010-11 Actual	2010-11 Target
Outcome 1 – <i>Responsible development of mineral and energy resources and protection of the community from the risk of dangerous goods</i>		
Percentage compliance identified in completed environmental regulatory activities	98%	80%
Percentage approvals completed within agreed timeframes	78%	79%
Percentage compliance identified in tenure activities (petroleum) that are monitored and approved *	54%	80%
Percentage of reduction in mineral title applications backlog	49%	35%
Frequency of work related injury and disease per million hours worked in the mining industry	2.9	N/A
Frequency of work related injury and disease per million hours worked in the petroleum (onshore) industry	3.9	N/A
The number of dangerous goods storage and transport accidents	29	N/A
Outcome 2 – <i>Encouragement of exploration and discovery of mineral and petroleum deposits and informed land use planning</i>		
Extent to which stakeholders agree the department's geoscience information and advice encourages exploration and discovery, and informs land use planning	4.2	4.1

Table 1 – Summary of Effectiveness Indicators

* This is a new indicator for the 2010-11 financial year.

SUMMARY OF EFFICIENCY INDICATORS

Efficiency Indicator	Actual \$	Target \$
Service 1 – Resource sector and dangerous goods regulation		
Cost per resources regulation services	872	955
Average weighted cost per safety regulatory services – minerals and energy	1993	1234
Average weighted cost per safety regulatory services – dangerous goods	582	307
Service 2 – Geoscience information and advice		
Average weighted cost per geoscience information product and service units	221,236	203,025

Table 2 – Summary of Efficiency Indicators

SUMMARY OF ACTUAL FINANCIAL PERFORMANCE AGAINST BUDGET TARGETS

Financial Targets	2010-11 Target \$'000	2010-11 Actual \$'000	Variation \$'000
Total Cost of Services (i.e. Endorsed Expense Limit)			
The decrease is mainly attributed to an underspend in the Exploration Incentive Scheme due to adverse weather conditions and the expected sale of the former Chemistry Centre site not taking place, consequently no payment of the proceeds of the sale was made to the Consolidated Fund.	137,607	124,805	(12,802)
Net Cost of Services (details in the Income Statement)			
The decrease is largely attributed to an underspend in the Exploration Incentive Scheme due to adverse weather conditions.	92,986	83,632	(9,354)
Total Equity (details in the Balance Sheet)			
The increase in equity is mainly attributed to an increase in the land value of Mineral House in East Perth.	121,165	163,726	42,561
Net increase/ (decrease) in cash held (details in the Cash Flow Statement)			
The increase in cash held is principally attributed to funding for the Exploration Incentive Scheme not being spent due to adverse weather conditions and an increased demand for petroleum, mining, exploration and prospecting licenses and permits.	(458)	12,851	13,309
Approved Full-Time Equivalent (FTE) staff level	FTE	FTE	FTE
The variance is largely due to an increase in FTE's recruited for Resources Safety Reform being offset by increased levels of resignations within the department as staff take up private sector opportunities or retire.	849	746	(103)

Table 3 – Summary of actual financial performance against budget targets