



Department of
Industry and Resources

GOVERNMENT OF WESTERN AUSTRALIA

DEPARTMENT OF INDUSTRY AND RESOURCES

ANNUAL REPORT **07-08**





Our Vision

Sustainable prosperity for Western Australians.

Our Mission

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

Our Values

Our values reflect the pride and ownership we have in the tasks ahead. They shape the way we lead, manage and work. They guide our behaviour, decision making processes and are visible and acknowledged in our relationships with our stakeholders and each other.

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

Availability of the Department of Industry and Resources Annual Report 2007-08:

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

The annual report is presented in PDF format. The report is available from www.doir.wa.gov.au

This publication is available in alternative formats such as compact disk, audiotape or Braille, on request from a person with a disability.

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STATEMENT OF COMPLIANCE

HON COLIN BARNETT MLA

PREMIER; MINISTER FOR STATE DEVELOPMENT

In accordance with Section 61 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament the Annual Report of the Department of Industry and Resources for the financial year ended 30 June 2008.

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



Anne Nolan

Director General
DEPARTMENT OF INDUSTRY AND RESOURCES

23 September 2008



OVERVIEW

EXECUTIVE SUMMARY

The Department of Industry and Resources is Western Australia's key state development agency with a mandate to advance the responsible development of the State's assets to benefit all Western Australians.

Much of the Department of Industry and Resources' work in 2007-08 was under the guidance of the former Director General, Jim Limerick. Jim retired in April 2008, after 15 years with the Department and 22 years in the Public Service, during which time he made a valuable contribution to the State. In recognition of his public service to Western Australia's mineral and resources industries, Jim was awarded the Public Service Medal by the Governor General. The Department wishes Jim well in his future endeavours.

Following Jim's departure, Stuart Smith acted in the role of Director General and continued in the position until 30 June 2008. During this interim period, Anne Nolan was formally appointed as Director General, and commenced with the Department in July 2008.

SIGNIFICANT ACHIEVEMENTS

In the current economic climate of ongoing high demand for Western Australia's resources, a key focus for the Department in 2007-08 was the facilitation of approvals for the establishment of major projects in the State. The Department facilitated significant new investments in the State during the year including approval of major expansions of

Rio Tinto and BHP Billiton iron ore mines and associated infrastructure in the Pilbara. Approval was also granted for the proposed expansion of Alcoa's Wagerup refinery and the establishment of new gas-fired power stations at the refinery site. The Department also worked with the proponents to secure necessary approvals for Woodside Energy's Pluto LNG Project on the Burrup Peninsula, and for the Gorgon Joint Venturers' 10 million tonne per annum LNG development on Barrow Island.

New approaches to heritage, climate change and other environmental issues have meant that the Department is now ensuring sustainability principles are incorporated into decision making and approvals processes. The Department has been working collaboratively with other State and Commonwealth government agencies and as a member of various working groups to respond to these issues.

2007-08 represented a landmark year for the Department in its role promoting the responsible development of the State's mineral and petroleum resources. Record levels of mineral and petroleum exploration expenditure were experienced, resulting in Western Australia attracting 51 per cent of all mineral exploration expenditure and

72 per cent of all petroleum exploration expenditure in Australia. There was also a 70 per cent increase in the number of mineral title applications granted compared to the previous financial year. The Department was able to successfully manage this unprecedented increase in activity while delivering a 21 per cent reduction in the mining tenement backlog. The Department recognises that these record levels of activity need to be sustainable and therefore continues to promote pre-competitive geoscience information, particularly in greenfields areas, to potential and existing investors.

In relation to infrastructure planning for the facilitation of further economic development, the Department provided detailed submissions to the Department of Treasury and Finance (DTF) in relation to the long term infrastructure needs of the State. The Department also assisted with the Infrastructure Audit requested by the Council of Australian Governments (COAG) Infrastructure Taskforce.

The Department chaired and supported the Northern Development Taskforce, an across-government initiative to identify a potential location for a Browse Basin gas development hub. The Taskforce identified 11 potential locations through an initial



EXECUTIVE SUMMARY cont'd

study to assess technical viability. In addition, the Taskforce worked with the Commonwealth Department of the Environment, Water, Heritage and the Arts to establish the Terms of Reference for a strategic environmental assessment of the Kimberley which will include an assessment of the coastal region under consideration for a shared hub facility.

During the year several major infrastructure projects were completed following significant facilitation from the Department. These included: the completion of the BHP Billiton's Ravensthorpe Nickel Project, for which the Department facilitated the final distribution of \$18 million in State Government funding for multi-user infrastructure to support the locally based workforce; and completion of Stage 1 of the Ngaanyatjarra Lands Telecommunications Project, which was a \$4 million initiative that has delivered broadband to the remote communities of Warakurna, Warburton, Wingellina, Wanarn, Blackstone and Jameson. Additionally, construction of the Australian Marine Complex (AMC) Technology Precinct Central Services Facility, which provides a function centre and meeting rooms for use by AMC tenants, was completed.

Domestic energy security emerged as a significant issue facing the State and this was highlighted by the explosion at Apache Energy's Varanus Island facility on 3 June 2008. An investigation into the incident began immediately. The Department, the National Offshore Petroleum Safety Authority (NOPSA) and Apache Energy worked together towards early and safe resumption of gas production.

During the year, the Department chaired the national Joint Working Group on Natural Gas, which was established to examine the issues relating to domestic gas availability and the growth of the LNG industry.

The working group's report and recommendations were submitted to the Ministerial Council on Energy and the Ministerial Council on Minerals and Petroleum Resources in December 2007 and were subsequently largely endorsed by the Commonwealth and other jurisdictions. Additionally, the Department is continuing to implement measures to secure Western Australia's future energy supply. These include the progress of new domestic gas projects and moves to develop alternatives such as geothermal energy, shale, tight gas, coal seam methane and clean coal.

Of particular note was the proclamation of the *Petroleum and Geothermal Energy Resources Act 1967 (WA)* which created the opportunity to advance the exploration and development of geothermal energy resources in Western Australia. The passing of this legislation enabled the first geothermal acreage release to occur, in which 495 areas were offered and 64 applications were received.

Several significant funding announcements were made during the year. These allocations further cement the Government's commitment to industry development in Western Australia and included:

- Launch of the \$5 million Emergency Connect WA and the \$9.3 million Bush Medivac WA projects, both targeted at providing enhanced communications for health and emergency service organisations;
- The Premier's commitment of \$4.17 million in funding over three years to the implementation of the Western Australian Biotechnology Industry Development Strategy;
- Funding for specific science and innovation programs, including funding of \$1.5 million to support the Centre for Food and Genomic Medicine to address the twin epidemic of obesity and diabetes;

and funding of \$3.25 million to support the Australian Synchrotron Project;

- Funding of \$9.9 million for the development of five new Centres of Excellence in the areas of Geothermal Energy; Woodland and Forest Health; Ecohydrology; 3D Mineral mapping; and Radio Astronomy;
- Funding of \$41.6 million for Scitech over five years to focus on effective science communications, with Scitech's performance being measured against its programs, strategies and outcomes; and
- Launch of the \$1.8 million Kimberley Broadband Solutions Project to deliver broadband to 16 communities across the Kimberley region.

Several new businesses of strategic importance to the State were successfully attracted to invest in Western Australia, and the Department played a lead role in facilitating these decisions. For example, Fenner Dunlop Australia made a final investment decision to establish a high performance heavy industrial conveyor belt facility in Kwinana. The \$70 million investment includes the establishment of a research and development centre and a modern training school. The investment will deliver other benefits to the State such as new export potential, productivity gains to the resources industry and a boost to local manufacturing. The Department also facilitated an investment of \$12 million by the Sri Lankan based Laugfs Holdings Limited Company to establish a new automotive LPG conversion enterprise in Perth. These investments offer a range of benefits to the State, including increased local production, retention of local skills and further growth and diversification of Western Australia's industry base.

EXECUTIVE SUMMARY cont'd



In September 2007, Mr Hu Jintao, the President of the People's Republic of China visited Western Australia. The Department played a lead role in the organisation of President Hu's visit which was a significant milestone in Western Australia-China relations. During this visit two major agreements were signed in regard to iron ore developments and LNG supply.

A major focus in 2007-08 was the \$2.45 billion international Square Kilometre Array (SKA) radio astronomy project, proposed for the Mid West region. If Australia is successful in its bid for the project, it will deliver the world's largest radio telescope and supercomputers to Western Australia. The Department facilitated a funding commitment of \$20 million to develop the International Radio Astronomy Research Centre in Western Australia as well as funding of \$2.3 million for a new Radio Astronomy and Engineering Centre of Excellence facility. A Memorandum of Understanding was also signed by the State and Federal Governments, committing them to working in partnership on the project.

As part of its focus on indigenous economic prosperity, the Department facilitated a range of indigenous employment projects throughout the State. These included the creation of 245 indigenous employment opportunities in Noongar Country (Perth Metropolitan, South West and Great Southern regions); assisting 78 indigenous plant operator training participants to graduate in the Pilbara and Mid West; and assisting with the "Pathway to Employment" project in Port Hedland which created indigenous placements in the mining, retail and hospitality industries.

The Department's functional groups were restructured in April 2008 to further improve service delivery and align organisational functions with achievement of outcomes for the State. As part of the resultant restructure, three new functional groups were established - the Industry Development Group, which consolidates the functions of the Department that concentrate on industry development; the State Development Policy Group, which provides strategic policy and direction for the sustainable economic development of the State; and the Performance Review Group which has a 12-month mandate to investigate opportunities for better alignment of resources and priorities across the Department. The functions and structures of two other Groups, the Corporate Support Group and the Resources Group, were not significantly impacted by the restructure.

The Chemistry Centre of Western Australia was established as a separate statutory authority on 1 August 2007. As part of this process, the Department assisted the Chemistry Centre to establish a range of governance, administrative and support procedures, and mechanisms to allow the Centre to operate as a separate agency.

OPERATIONAL STRUCTURE

ENABLING LEGISLATION

The Department of Industry and Resources was established under the *Public Sector Management Act 1994* on 3 February 2003. In August 2007, the Chemistry Centre of Western Australia was transferred out of the Department to operate as a separate statutory authority.

VISION AND MISSION

Vision: Sustainable prosperity for Western Australians.

Mission: To advance the responsible development of industry and resources for the benefit of Western Australia.

RESPONSIBLE MINISTERS (as at 30 June 2008)

The Department of Industry and Resources reports to the following three State Government Ministers:



THE HON ALAN J CARPENTER MLA

Premier; Minister for Federal-State Relations; Trade; Innovation; Science; Public Sector Management

The Premier is responsible for the science, technology and innovation functions which focus on pure scientific research and promoting innovation as a driver for competitiveness in new sectors of the Western Australian economy. The Premier is also responsible for international trade and investment.



THE HON ERIC S RIPPER BA DIPED MLA

Deputy Premier; Treasurer; Minister for State Development

The Deputy Premier is responsible for major resources projects, including oil and gas, alumina and iron ore developments.



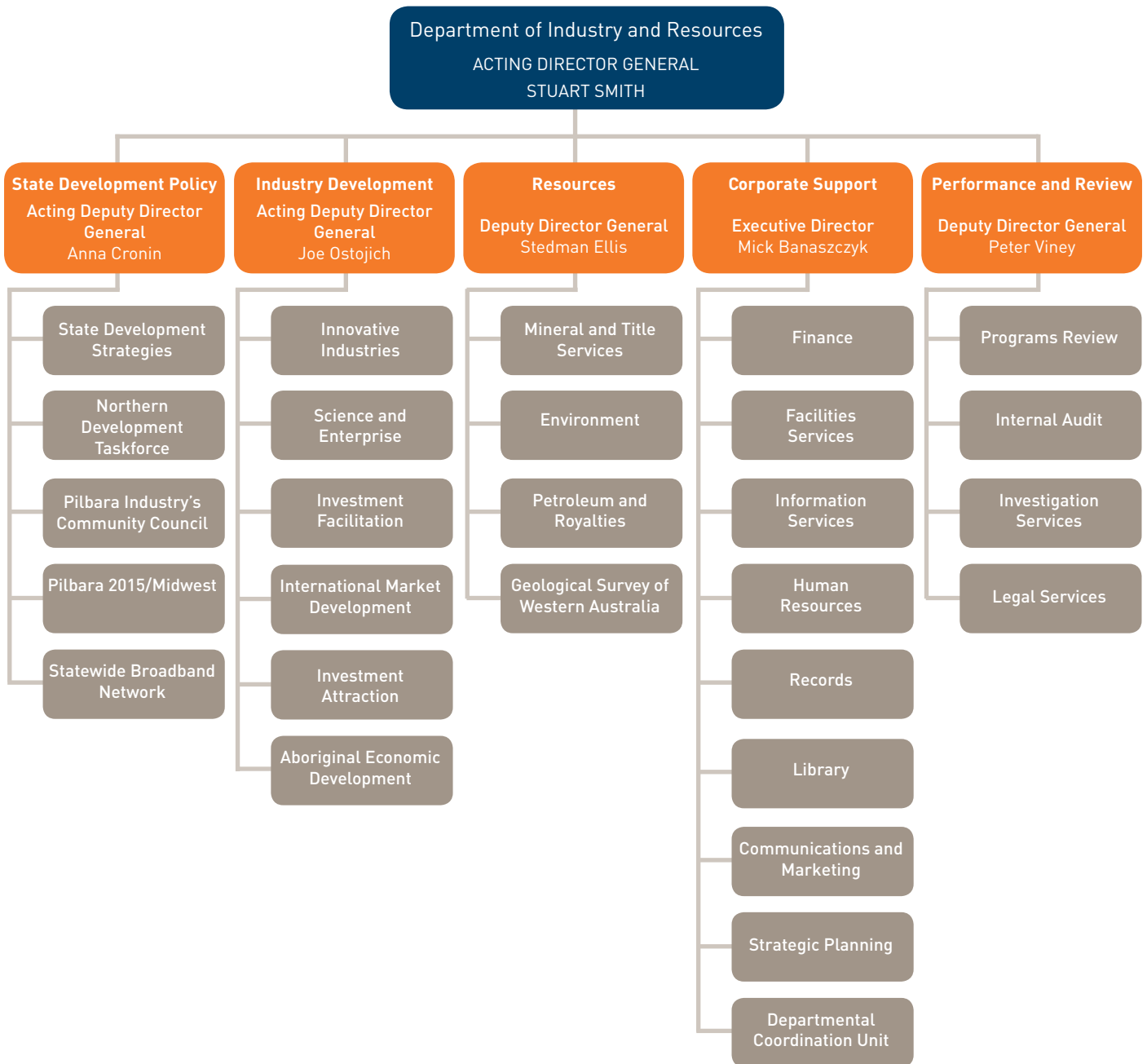
THE HON FRANCIS M LOGAN BA (HONS) MLA

Minister for Energy; Resources; Industry and Enterprise

Minister Logan is responsible for the State's resources industry including royalties and mining. Under the Industry and Enterprise portfolio Minister Logan is also responsible for developing strategies to ensure the long-term viability of the State through the development of biotechnology, information communications technology, marine and defence, and renewable energy and resources services.

OPERATIONAL STRUCTURE cont'd

ORGANISATIONAL STRUCTURE (as at 30 June 2008)



OPERATIONAL STRUCTURE cont'd

SUMMARY OF FUNCTIONAL UNITS

The Department's outcomes and services are delivered through five organisational groups - State Development Policy, Industry Development, Resources, Corporate Support and Performance and Review.

STATE DEVELOPMENT POLICY

The State Development Policy Group provides strategic advice on policy issues relating to State development. This involves work at a whole-of-department, portfolio and whole-of-government level. The Group includes the State Development Strategies Division, the Northern Development Taskforce and the Statewide Broadband Network Team.

INDUSTRY DEVELOPMENT

The role of the Industry Development Group is to ensure industry, communities and prospective investors have access to diverse investment opportunities and markets. As part of this role, the Group assists the growth of existing Western Australian businesses; initiates and supports Western Australian access to markets outside the State; promotes targeted investment opportunities in industries which are of strategic importance to the State; facilitates approvals for major resources projects; and supports research and innovation. The Group also promotes Aboriginal prosperity through leadership and innovation in indigenous economic development.

The Group comprises six Divisions - Innovative Industries, Science and Enterprise, Investment Facilitation, International Market Development, Investment Attraction and Aboriginal Economic Development.

RESOURCES

The Resources Group encourages the responsible development of the State's mineral and petroleum resources through providing quality facilitation, and regulatory and information services. The Resources Group consists of four Divisions - Mineral and Title Services, Petroleum and Royalties, Environment and the Geological Survey of Western Australia.

CORPORATE SUPPORT

The Corporate Support Group provides the direction, advice and support for staff to enable delivery of Departmental outcomes. The Group is comprised of nine branches - Finance, Facilities Services, Human Resources, Information Services, Records, Strategic Planning, Communications and Marketing, Library, and the Departmental Coordination Unit.

PERFORMANCE AND REVIEW

The Performance and Review Group is a newly established group which has a 12-month time frame to undertake a review of the Department's programs and functions in order to position the Department's resources now and into the future. The Group comprises four branches - Programs Review, Internal Audit, Investigation Services and Legal Services.

OPERATIONAL STRUCTURE cont'd

EXECUTIVE TEAM

As at 30 June 2008, the Department's Corporate Executive comprised the following members:



Stuart Smith
Acting Director General

Stuart Smith Acted in the Director General position from March 2008. This appointment followed 12 months as Deputy Director General for State Development and several years as Deputy Director General of the Resources Group. Prior to joining the Department, Stuart spent 14 years with the Australian Public Service in a range of regulatory and industry development roles. Stuart holds a Bachelor of Economics from the University of Western Australia and post-graduate qualifications in economics from the Australian National University.



Anna Cronin
*Acting Deputy Director General,
State Development Policy*

Anna Cronin was appointed as Acting Deputy Director General, State Development Policy Group in April 2008, after acting as Deputy Director General in the Office of State Development since January 2008. She started in the Department as Director, Investment Facilitation in May 2007. Anna's background is in economic policy development at both the Federal and State Government levels and as Chief Executive Officer of a national industry association. Anna graduated with a Bachelor of Economics from the Australian National University.



Stedman Ellis
Deputy Director General, Resources

Stedman Ellis was appointed to the position of Deputy Director General, Resources in August 2007. Prior to this, Stedman worked as Vice President External Affairs with BHP Billiton Iron Ore. Stedman has a broad knowledge of the resources industry, having worked for BHP Billiton for nearly 20 years in Australia, Papua New Guinea and the United States, as well as with other resources companies and associations. Stedman holds a Bachelor of Arts majoring in Anthropology from the University of Western Australia.



Joe Ostojich
*Acting Deputy Director General, Industry
Development*

Joe Ostojich commenced with the Department as Director, Research and Commercialisation in December 2006 and was appointed as Acting Deputy Director General, Industry Development in April 2008. Joe spent most of his career in the Federal Government's official export credit agency, underwriting commercial and political risk as an underlying foundation to expanding trade policy.

OPERATIONAL STRUCTURE cont'd



Mick Banaszczyk

Executive Director, Corporate Services

Mick Banaszczyk was appointed Executive Director, Corporate Services in July 2007. Prior to this appointment, Mick was General Manager, Finance and Human Resources. Mick has worked in the areas of audit, industrial relations, finance, strategic planning and policy development across a range of several public service agencies including the Water Corporation, Department of Justice and the Anti Corruption Commission. Mick holds a Bachelor of Economics and post-graduate qualifications in business, economics and finance.



Peter Viney

Deputy Director General, Performance and Review

Peter Viney commenced with the Department in August 2006 in the role of Deputy Director General, Office of Science, Technology and Innovation. In April 2008, Peter was appointed to the position of Deputy Director General, Performance and Review, following the creation of this Group. Peter has qualifications in economics and political science and has a background working in executive roles in Commonwealth agencies including AusIndustry, the Australian Telecommunications Authority, and the Textiles, Clothing and Footwear Development Authority.



Anne Seghezzi

Legal Counsel

Anne Seghezzi was appointed to the position of Legal Counsel in April 2003. Prior to commencing with the Department, Anne worked in the legal arena in both the public and private sectors. Anne holds a Bachelor of Laws from the University of Western Australia.

KEY LEGISLATION

The Department is responsible for the administration of a number of Acts. These are listed in Appendices 1 and 2. Appendix 1 outlines general Acts and Regulations, including changes to legislation that have occurred during the year. Appendix 2 lists Major Resource State Agreement Acts administered by the Department.

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

- *Disability Services Act 1993*
- *Environmental Protection Act 1986*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Auditor General Act 2006*
- *Freedom of Information Act 1992*
- *Industrial Relations Act 1979*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*

PERFORMANCE MANAGEMENT FRAMEWORK

GOVERNMENT GOALS AND AGENCY OUTCOMES

Broad, high level government goals are articulated in the State Government's *Better Planning Better Futures – a Framework for the Strategic Management of the Western Australian Public Sector* document. These goals are supported at the agency level by specific desired outcomes identified by the Department. These outcomes are underpinned by the Department's services.

The diagram alongside identifies the relationship between the Department of Industry and Resources' desired outcome and the relevant government goal. There have been no changes to the Department's desired outcome during 2007-08.



PERFORMANCE MANAGEMENT FRAMEWORK cont'd

SHARED RESPONSIBILITIES WITH OTHER AGENCIES

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

Initiative	Related Outcome	Contributing Agencies
Participation in the Environmental Protection Authority (EPA) Environmental Impact Assessment Review	The Review will provide improved clarity and certainty for DoIR industry proponents of approval processes relating to environmentally significant projects that require referral to the EPA	Environmental Protection Authority Department of Industry and Resources Department of Environment and Conservation Department for Planning and Infrastructure
Implementation of the Biofuels Taskforce Report	Development of a WA biofuels industry	Department of Agriculture and Food Department of Industry and Resources Department of Environment and Conservation Department for Planning and Infrastructure Office of Energy Department of Consumer and Employment Protection Department of Health
Participation in the Climate Change Policy Senior Officers Group	Remediation of impact of climate change on WA's economy	Department of Environment and Conservation Department of Agriculture and Food Fire and Emergency Services Authority Office of Energy Forest Products Commission Department of Indigenous Affairs Department of Consumer and Employment Protection Department of the Premier and Cabinet Department of Fisheries Department of Water Public Transport Authority Department of Sport and Recreation Department for Planning and Infrastructure Department of Education and Training Department of Treasury and Finance Department of Industry and Resources Department of Health Department of Local Government and Regional Development Department of Housing and Works Tourism Commission

PERFORMANCE MANAGEMENT FRAMEWORK cont'd

Initiative	Related Outcome	Contributing Agencies
Development of a rail haulage regime for the iron ore industry in the Pilbara	Finalisation of draft rail haulage regime for public review	Department of Treasury and Finance Department of Industry and Resources Department for Planning and Infrastructure Department of the Premier and Cabinet
Square Kilometre Array (SKA) Project	Establish radio astronomy capability in Western Australia towards securing the international SKA project for the State	Department of Industry and Resources Department of the Premier and Cabinet Office of Native Title Department for Planning and Infrastructure State Solicitor's Office (Memorandum of Understanding between State and Federal Governments)
Implementation of the Statewide Broadband Network (SBN)	Implementation of a State-wide high speed, open access broadband network. Comprehensive provision of broadband services to government agencies across the State	Department of Industry and Resources Office of e-Government (DPC) Department of Treasury and Finance Department of Education and Training Department of Health Department for Planning and Infrastructure

TABLE 1: SHARED RESPONSIBILITIES WITH OTHER STATE GOVERNMENT AGENCIES



AGENCY PERFORMANCE REPORT ON OPERATIONS

THE YEAR IN REVIEW

KEY PERFORMANCE INDICATORS

Effectiveness Indicators

STAKEHOLDER SATISFACTION RATINGS

The Department formally seeks feedback from stakeholders, Ministers and customers on its performance across a range of different services. The assessment method used is dependent on the type of stakeholder and services provided, while the results are represented as percentages or ratings depending on the type of survey tool used. For example, stakeholder satisfaction relating to the Department's contribution to resources and business development is formally assessed by an annual telephone survey conducted by an independent market research firm. Alternatively, satisfaction with the Geological Survey Division's geoscience information products and geological exploration information services is rated by formal committees on a biannual basis.

Effectiveness Indicators	2007-08 Target	2007-08 Actual
Ministers' satisfaction with the quality of the Department's policy and planning advice regarding 'Responsible development of the State's industry and resources for the benefit of Western Australians'	6	5
Readers' satisfaction with the quality of resource sector information	90%	70%
Measure of key stakeholders' satisfaction that the Department encourages a climate conducive to ongoing resources development in Western Australia	63%	68%
Measure of investors' satisfaction with the Department's resource development facilitation services, including infrastructure planning, project coordination and assistance with approvals	67%	56%
Extent to which clients agree that the Department contributes to business development within Western Australia	86%	90%
Satisfaction from scientific services client surveys	77%	Nil
Rating of geoscience information products	4.1	3.9
Rating of geological exploration information services	4	4.2

TABLE 2: SUMMARY OF STAKEHOLDER SATISFACTION INDICATORS

The significant decline in both the reader and investor satisfaction measures from the 2007-08 target is believed to be due to a combination of factors. These include a lower survey response rate than expected; some responses being negatively influenced as a result of the adverse impacts of the Varanus Island gas issue; and respondents being frustrated at being contacted by more than one agency at the same time of year for survey purposes. However, these results provide an important opportunity for the Department to focus on improving its service delivery. Additionally, in future years, the Department is planning to undertake online stakeholder surveys several times during the year to reduce the inconvenience to respondents.

In contrast, key stakeholder and client satisfaction with the Department's services were higher than forecast. This improvement reflects the Department's continued commitment to working closely with stakeholders to facilitate resources and business development in Western Australia.

THE YEAR IN REVIEW cont'd



COMPLIANCE WITH REGULATION AND POLICY

The Department is responsible for the administration of a number of Acts, Regulations and State Agreement Acts that provide some of the legislative framework for the responsible development of the State's industry, mineral and petroleum sectors. This legislation includes the *Industry and Technology Development Act 1998*; the *Mining Act 1978*; the *Petroleum and Geothermal Energy Resources Act 1967*; the *Petroleum (Submerged Lands) Act 1982*; the *Petroleum Pipelines Act 1969* as well as associated Regulations and 72 State Agreement Acts. (Appendices 1 and 2 detail all of the legislation administered by the Department).

To ensure the Department is conducting these assessment and compliance activities in a satisfactory manner, a number of indicators are used to measure the Department's performance. For example, the 'Minerals Industry Environmental Management Assessment scores – Environmental compliance index' is used as an indicator of how well mine operators are addressing environmental issues. This measure is calculated on completion of the Annual Environmental Review for each mine site, where scores are allocated in a number of categories to reflect the operator's performance. The trend in the overall annual average of these scores for the industry is then presented as an index, with 1998-99 as the base year.

Effectiveness Indicators	2007-08 Target	2007-08 Actual
Level of compliance with expenditure conditions (Form 5) in mineral titles	93%	99%
Percentage of total royalties collected during the period as compared to the total proportion of royalties due according to government policy	100%	100%
Minerals Industry Environmental Management assessment scores - Environmental compliance index (Base year: 1998-99 = 100)	105	89
Petroleum Industry Environmental Management - the performance of the industry as the percentage of audited projects which had zero major corrective actions reports	95%	92%

TABLE 3: SUMMARY OF INDICATORS OF COMPLIANCE WITH REGULATION AND POLICY

Companies must comply with the provisions of the *Mining Act 1978* in order to retain their titles. Hence, in the context of the current commodity boom, the increase in the 'Level of compliance with expenditure conditions (Form 5) in mineral titles' over the 2007-08 Target reflects the desire for companies to retain their titles.

A new risk-based approach to site inspections was introduced in the period which resulted in a 15 per cent variance in performance in the Minerals Industry Environmental Management assessment scores, as companies adjusted to the new approach.

THE YEAR IN REVIEW cont'd



STATE DEVELOPMENT PERFORMANCE

The Department uses a number of measures as indicators to determine whether the various services positively impact and strengthen the State's development. In the main, this data is sourced from the Australian Bureau of Statistics (ABS) and other external sources and provides a lagging indicator of performance. For example, the 'Level of Australian mineral exploration expenditure in Western Australia' reflects the attractiveness for the mining industry, within the current economic climate, to undertake exploration activities in the State. Data for this measure is sourced from the ABS and the Department plays a key role in facilitating the investment in exploration. Alternatively, the 'Index of funding leverage obtained for Western Australia from 'Centres of Excellence' grants' is a leading indicator that reports the ratio of dollars provided by the Commonwealth and other sources for every dollar provided by the State.

2007-08 Effectiveness Indicators	2007-08 Target	2007-08 Actual
Percentage of international non-ferrous mineral exploration expenditure expended in Western Australia.	6%	5%
Western Australia's rating on the Fraser Institute Investment Attractiveness index (composite policy and mineral potential rating)	10th	8th
Level of Australian mineral exploration expenditure in Western Australia	47%	51%
Level of Australian petroleum exploration expenditure in Western Australia	56%	72%
Area of Western Australia under mineral exploration title (km ²)	395,000	526,106
Area of Western Australia under petroleum exploration title (km ²)	560,000	699,816
Index of funding leverage obtained for Western Australia from 'Centres of Excellence' grants	6.1:1	6.1:1

TABLE 4: SUMMARY OF INDICATORS OF STATE DEVELOPMENT PERFORMANCE

The commodity boom continued to drive activity in the resources industry during the year and this has resulted in increased mineral and petroleum expenditure in Western Australia and the area of the State under exploration title. This has therefore delivered higher results against the performance indicators than forecast for 2007-08. Although Western Australia's rating on the Fraser Institute Investment Attractiveness index is above the target, it is well below the 2006-07 rating of third. These comparative figures are provided in the Audited Key Performance Indicators section.

THE YEAR IN REVIEW cont'd

Efficiency Indicators

PROJECTS, PROGRAMS AND POLICY DEVELOPMENT

As part of its service delivery, the Department undertakes various projects and programs to support responsible economic development of the State. These include programs to create indigenous employment opportunities, facilitating major resource projects, delivering trade advice services and administering research and innovation grants.



2007-08 Efficiency Indicators	2007-08 Target	2007-08 Actual
Average cost of Aboriginal economic development projects facilitated	\$746,660	\$1,012,152
Average cost of industry infrastructure projects	\$181,238	\$362,241
Average cost of resource development projects	\$34,929	\$11,743
Average cost of industry projects facilitated	\$1,105,234	\$1,302,094
Average cost of technology infrastructure projects facilitated	\$788,490	\$249,872
Average cost per resource sector investment attraction program delivered	\$38,841	\$24,213
Average cost per major resource project facilitated	\$120,474	\$145,397
Average cost per major trade program facilitated	\$955,115	\$1,533,123
Average cost per FTE for support provided to the Science Council, science policy development and advice	\$133,120	\$174,198
Average cost per research capability and infrastructure grant administered	\$66,297	\$35,893
Average cost per science and innovation program and project managed	\$51,255	\$148,686

TABLE 5: SUMMARY OF PROJECT, PROGRAMS AND POLICY DEVELOPMENT INDICATORS

Several significant funding increases during the year that were not factored into the 2007-08 targets have resulted in higher than targeted results for many of the efficiency indicators. For example, actual expenditure on indigenous economic development increased by almost \$2 million due to the commencement of a 3 year program of financial assistance for Goolari Media and an additional allocation by the Government to accelerate action plans to deliver indigenous economic development outcomes. Additionally, the substantial increase in the average cost per industry infrastructure project is largely due to funding of almost \$9 million for the Northern Development Taskforce.

Conversely, the average cost of resource development projects decreased significantly against the target, which was primarily due to an increase in the number of resource development projects. Comprehensive details of all variances are provided in the Audited Key Performance Indicators section.

THE YEAR IN REVIEW cont'd

TRANSACTIONAL RELATED SERVICES

The legislative responsibilities of the Department provide the context for the majority of transactional activities undertaken. For example, processing petroleum title operation and resources services, processing mineral title applications and environmental audits and assessments are all functions undertaken by the Department as a direct consequence of the legislation it is responsible for administering. Although generally less complex than program and project work, measuring the efficiency of these services through appropriate efficiency indicators is important.



2007-08 Efficiency Indicators	2007-08 Target	2007-08 Actual
Average cost per mineral title service	\$568	\$442
Average cost per petroleum title operation and resource service	\$684	\$1,007
Average cost per royalty returns verified and audited	\$2,403	\$1,630
Average cost per environmental regulatory weighted service provided to the minerals industry	\$1,405	\$1,420
Average cost per petroleum environmental audit and assessment	\$1,205	\$1,203
Average cost per weighted total published product	\$219,274	\$254,625
Average cost per weighted data transaction unit	\$25	\$37
Average cost per chargeable hour of providing service	\$134	\$137

TABLE 6: SUMMARY OF TRANSACTIONAL INDICATORS

The substantial reduction in the average cost per mineral title service against the target was primarily due to a significantly higher than expected number of mineral titles processed during 2007-08. The target was originally established on expectations of a slowing down of the commodity boom and reduced applications following amendments to the *Mining Act 1978*. Neither of these expectations were realised and the result was almost 36,000 new titles being issued in 2007-08.

The continuing demand for Western Australia's resources combined with higher than budgeted costs resulted in higher than anticipated results against several of the other efficiency indicators. For example, the increase in average cost per 'petroleum title operation and resource service' was due to a higher than expected number of titles processed during the year. Similarly, the increased activity in the mining sector resulted in more projects submitting royalty returns, which impacted on the average cost per royalty return verified and audited.

Comprehensive details of all performance indicator results and explanations for variance are provided in the Audited Key Performance Indicators section.

THE YEAR IN REVIEW cont'd

FINANCIAL PERFORMANCE

Table 7 below compares results with the financial targets, which were published in the budget statements, for the 2007-08 year. Further details are in the Financial Statements section.

Financial Targets	2007-08 Target \$'000	2007-08 Actual \$'000	Variation \$'000
Total Cost of Services (i.e. Endorsed Expense Limit)	201,870	174,413	(27,457)
Actual total cost of services was lower than estimated mainly due to repositioning of grant expenditures to the outyears for Science and Innovation, Promotion and Support and the transfer of the Scientific Services function to the WA Chemistry Centre which was established as a Statutory Authority on 1 August 2007. This reduction in service expenditure was partly offset by post budget expenditure additions for the Northern Development Taskforces, Mining Tenement Applications backlog and other Government policy initiatives.			
Net Cost of Services (details in the Income Statement)	177,574	157,204	(20,370)
Reflects the additional impact of a lower level of Income as a result of the WA Chemistry Centre revenue sources transferring to the new Statutory Authority from 1 August 2007.			
Total Equity (details in the Balance Sheet)	101,461	148,395	46,934
The increase in equity compared to the 2007-08 estimate is due to the following: <ul style="list-style-type: none"> • Decrease in equity contributions resulting from the transfer of the WA Chemistry Centre assets to a Statutory Authority on 1 August 2007; • Increase in asset valuation reserves due to higher valuations for land and buildings and other fixed assets; and • Increase in accumulated surplus for the year due to lower than budgeted expenditure, mainly on general science grants compared to appropriation funds drawn down. 			
Net increase/ (decrease) in cash held (details in the Cash Flow Statement)	(4,534)	2,449	6,983
The net increase in cash held is higher than estimate mainly due to capital expenditure being lower than expected on major capital works. This is a consequence of delays compared to capital appropriation funds drawn down, combined with a higher than expected operating surplus resulting from the deferral of science grants expenditure.			
Approved Full Time Equivalent (FTE) staff level	932	855	77
The approved FTE limit for the Department was impacted by the transfer of FTEs to the WA Chemistry Centre. This was established as a Statutory Authority on 1 August 2007. The FTE limit was also impacted by the approval of additional FTEs during the year to reduce the Mining Tenement Applications Backlog and the need to supplement resources in other critical service delivery areas.			

TABLE 7: SUMMARY OF ACTUAL FINANCIAL PERFORMANCE AGAINST BUDGET TARGETS

PRODUCTS AND SERVICES

SERVICE 1: RESOURCE SERVICES

OVERVIEW

Resource Services provide benefits to the community through the administration of efficient regulatory frameworks, which underpin responsible resources development in the State. Functions within this service include the application of transparent information, administrative and audit processes and infrastructure to support current and future resources and other industry development opportunities in Western Australia. By promoting indigenous economic development to generate vibrancy in communities, this service also provides opportunities for all Western Australians to share the economic wealth of the State. Principal activities undertaken within this service to deliver community benefits include:

- application of a world-class mineral and petroleum titles management system;
- collection of royalties on mineral and petroleum development activities;
- conducting environmental assessments of mineral and petroleum activities and monitoring compliance of the resources industry to achieve environmental outcomes to meet community expectations;
- facilitating the identification and development of industrial and social infrastructure and support services to accommodate the continued expansion of established and new resource and regional developments in Western Australia; and
- fostering indigenous prosperity through leadership and innovation in indigenous economic development with key activities targeted toward creating business and employment opportunities for indigenous people, organisations and communities.

OUTCOMES

As the key agency responsible for regulation of the resources industry, the Department ensures the legislation remains relevant, practicable and is administered appropriately. A major project in this area was the implementation of changes associated with the finalisation of petroleum legislation (including amendments to allow exploration and production of geothermal energy) and associated regulations. This included drafting of and consultation on the *Petroleum Amendment Bill 2007*, onshore safety regulations, petroleum pipelines and occupational safety and health amendments.

In the environmental compliance context, a Native Vegetation Reform Reference Group was established to consider future legislative amendments to the *Environmental Protection Act 1986* and opportunities to improve the clearing permit approval process. The Department also maintained the State's environmental interests in its facilitation of future resources and other industry development opportunities. For example, the Department facilitated the signing of a Statement of Intent to develop an environmental approvals bilateral agreement between the State and the Commonwealth in relation to the protection of the Dampier Archipelago. Negotiations were also continued to secure the passage through Parliament of variations, which incorporate the 2002 environmental approval, to the *Cement Works (Cockburn Cement Limited) Agreement Act 1971*. Additionally, the Department coordinated the State's response on the heritage listing of a number of areas of economic interest such as Ningaloo, Ravensthorpe, Beekeepers and almost 379 square kilometres of the Dampier Archipelago, Burrup Peninsula and adjacent mainland.

Facilitation of major infrastructure projects within Western Australia is a key focus for the Department and of particular significance was the official

opening of the Ravensthorpe Nickel Project in May 2008. The Department facilitated the final distribution of \$18 million in State Government funding for this project, which has delivered multi-user infrastructure to support the locally based workforce. Progress was also made on implementation of the final stages of the agreed community infrastructure package for the Shire of Ravensthorpe.

The Department also collaborated with the Departments of Treasury and Finance, Planning and Infrastructure, and Premier and Cabinet to develop a rail haulage regime for the Pilbara iron ore industry. A draft regime was presented to key stakeholders and released for public comment on 9 June 2008.

Domestic energy security emerged as a significant issue facing the State and this was highlighted by the explosion at Apache Energy's Varanus Island facility on 3 June 2008. In addition to addressing the immediate impacts of this incident, the Department is continuing to implement measures to secure Western Australia's future energy supply. During the year, the Department chaired the national Joint Working Group on Natural Gas, which was established to examine the issues relating to domestic gas availability and the growth of the LNG industry. The working group's report and recommendations were submitted to the Ministerial Council on Energy and the Ministerial Council on Minerals and Petroleum Resources in December 2007 and were subsequently largely endorsed by the Commonwealth and other jurisdictions.

As part of its focus on indigenous economic prosperity, the Department facilitated a range of indigenous employment projects. This included assisting 78 indigenous plant operator training participants to graduate from their courses in the Pilbara and Mid West; assisting in the creation of 245 indigenous employment opportunities through employment projects in Noongar Country (Perth Metropolitan, South West and Great

PRODUCTS AND SERVICES cont'd

Southern regions); and assisting with the Pathway to Employment project in Port Hedland which delivered 142 indigenous placements in the mining, retail and hospitality industries.

A Kimberley Arts Marketing Strategy was also developed and will be implemented over the next two years to increase commercialisation of indigenous art internationally. The Department also contributed to the delivery of the Australian Indigenous Tourism Conference in Broome in October 2007, to promote the indigenous tourism market, build business capacity of indigenous tourism operators in Western Australia and integrate indigenous tourism with the State's broader tourism industry.

The Department continued to receive numerous new tenement applications during 2007-08 as a result of the ongoing resources boom. Due to the combined factors of increasing application numbers and the Department's efforts to reduce the backlog of outstanding applications, there was a 70 per cent increase in the number of mineral title applications granted from 2006-07 to 2007-08. By the end of June, 14,726 applications were outstanding, representing a 21 per cent reduction of the backlog. (Table 8 details the statistics of mining tenement applications processed during 2007-08).



	TENEMENT APPLICATIONS		TENEMENTS GRANTED		TENEMENTS IN FORCE	
	Number	Area (hectares)	Number	Area (hectares)	Number	Area (hectares)
Prospecting Licences	1319	163,027	2549	324,542	6260	799,504
Exploration Licences	2426	31,375,960	1515	19,881,400	5427	51,789,832
Mining Leases	85	95,850	511	240,342	5475	2,035,621
Other	311	1,474,040	101	700,358	3678	4,119,045
<i>Mining Act 1904 Mineral Claims and Others</i>					186	21,253
TOTALS	4141	33,108,877	4676	21,146,642	21,026	58,765,255

TABLE 8: MINING TENEMENT APPLICATIONS PROCESSED TO 30 JUNE 2008

In addition to the major outcomes identified previously, in 2007-08 the Department also:

- Commenced the first stage of upgrading its Electronic Petroleum Register;
- Assisted the Ngaanyatjarra Council to develop a capacity building strategy for regional participation in the Ngaanyatjarra Lands nickel mining province;
- Contributed to the development of the Mid West port and rail infrastructure procurement framework in conjunction with the Department for Planning and Infrastructure;
- Completed a comprehensive review of "Mining Securities in WA", which considered the adequacy of existing mining securities policy and the suitability of a range of financial assurance instruments;
- Jointly funded, in association with BHP Billiton and LandCorp, the Hopetoun Alternative Sustainable Infrastructure Study which is exploring alternative solutions in energy, water and wastewater management in Hopetoun;
- Developed an initiative to promote the profile of alternative energy resources such as geothermal, shale, tight gas and coal seam methane as part of the Department's Domestic Gas (Domgas) upstream security strategy;
- Received ISO 9000 accreditation, which recognises quality management systems in accordance with AS/NZS ISO 9001:2000, for the Environment Division's mineral and native vegetation assessment processes and the provision of policy advice;
- Represented Western Australia in the Ministerial Council for Mining, Petroleum and Resources Working Group for water reform; and
- Continued close involvement in water planning and management reforms being drafted by the Western Australian State Government in relation to the State Water Plan, State Water Blueprint and implementation of the National Water Initiative.

PRODUCTS AND SERVICES cont'd

SERVICE 2: INDUSTRY DEVELOPMENT SERVICES

OVERVIEW

The Department is committed to promoting and developing manufacturing, service and technology industries in Western Australia. This is achieved through actively supporting and working with key industries to build on established strengths, as well as through constantly identifying and encouraging expansion into new growth areas. Specific functions of this service include:

- facilitation of industry development projects; and
- development and facilitation of Technology Parks and Precincts.

OUTCOMES

A key industry development focus for the Department is the enhancement of telecommunications infrastructure and services within Western Australia. Consistent with this focus, the Department prepared a submission to the Commonwealth's Regional Telecommunications Inquiry on the need to expand the quality and availability of telecommunications throughout Western Australia.

Stage 1 of the Ngaanyatjarra Lands Telecommunications Project was completed in April 2008. This initiative provides broadband to the remote communities of Warakurna, Warburton, Wingellina, Wanarn, Blackstone and Jameson. Stage 2 of the project commenced with the signing of a Financial Assistance Agreement for \$359,000 by Minister Logan and the Ngaanyatjarra Council. Stage 2 will provide broadband to the communities of Cosmo Newberry, Kanpa, Patjarr, Kiwirrkurna, Tjukurla and Tjekarli.

The \$1.8 million Kimberley Broadband Solutions Project was launched and is scheduled for completion later in 2008. This project will provide broadband to 16 communities across the Kimberley region.

The Department also facilitated the launch of initiatives targeted at providing enhanced communications to health and emergency service organisations. These include the \$5 million Emergency Connect WA project and the \$9.3 million Bush Medivac WA project. Both initiatives were launched by Minister Logan and are scheduled for completion by 2010.

The Department is building and supporting the Information and Communication Technology (ICT) sector in Western Australia. For example, the Department assisted in the development of a Master Plan to create an ICT cluster at the Bentley Technology Park site. The Technology Park is expected to expand to eight times its current size, with over 50 per cent of the companies anticipated to engage in ICT. Other initiatives in this area include the launch of the ICT Industry Capability Directory, a comprehensive guide that showcases more than 150 Western Australian ICT companies, and the development of the ICT Skills Leadership Group to examine and address issues related to the nationwide ICT skills shortage.

Building Western Australia's biotechnology industry continues to be a major priority for the State, and this is evidenced by the development of the Western Australian Biotechnology Industry Development Strategy. The strategy focuses on infrastructure, research, promoting Western Australia's capabilities, and encouraging greater understanding of biotechnology by the broader community. The Premier has committed \$4.17 million funding over three years for the implementation of this Strategy.

The Department supported and promoted the State's biotechnology industry through programs such as the Bio Innovation Seminar Series, the Investor Ready Program – Biotechnology, and the Biotech "Out of the Box" Pilot Program. It also participated in key national and international biotechnology forums including AusBiotech and Bio 2008 (USA). It also secured Western Australia's position as the first region outside North America to participate in the sanofi-aventis International BioGENEius Challenge, an annual international competition for high school students undertaking outstanding research in biotechnology.

The Department supported innovation and commercialisation in Western Australia through a number of programs, such as the launch of the Inventor Plus program, which included a series of six commercialisation skills development workshops, the launch of the Innovation Gateway website and the production of the 2008 Innovation Services directory. It also launched the Investment Ready Program to provide vital advice to help the development of technology-based firms. The program will help firms in the ICT, biotechnology, marine and defence, and renewable energy sectors commercialise products and services, and access private investment.

Construction of the Australian Marine Complex (AMC) Technology Precinct Central Services Facility was completed during the year. This will provide a function centre and meeting rooms for use by AMC tenants. An infrastructure upgrade was also completed at the AMC, including an extension of the Eastern Wharf, dredging, blasting and civil works and electricity upgrade, while the associated AMC Technology Precinct and Department of Agriculture land were gazetted as Technology Parks.

PRODUCTS AND SERVICES cont'd

In addition to the major outcomes identified previously, in 2007-08 the Department also:

- won the Premier's Award for Excellence in Public Sector Management in the Jobs and Economic Development category for coordinating WA Inventor of the Year Awards, which attracted 120 business entries across three categories in 2007;
- presented a range of policy options to the State Government to refine the "Building Local Content Industry Policy" to reflect changes to the procurement marketplace;
- finalised the Government Management of Intellectual Property toolkit, a guide for Government Intellectual Property officers on identifying, assessing and developing intellectual property generated by agencies;
- facilitated Western Australia's participation as a Founding Member of the Medical Research Commercialisation Fund;
- promoted digital content expansion within Western Australia through supporting initiatives such as the GO3 Conference and the Byte Me Festival;
- conducted a campaign to promote the new TradeStart contract for the resources equipment and services sector;
- collaborated with the Coal Futures Group to progress a major coal gasification research project;
- contributed to the Government's Biofuels Taskforce and implemented key recommendations from the Taskforce;
- developed measures to remediate the adverse impacts of climate change initiatives on the viability of Western Australian industry (as a member of the Climate Change Policy Senior Officers Group);
- completed a 20-year forward plan for the State's industrial and social infrastructure needs to support industry and submitted these projections as the Department's input to the State Infrastructure Strategy;
- participated in the WA Emissions Trading Committee which is working with the State's industry to assist the Commonwealth Government in developing a National Emissions Trading Scheme; and
- prepared a submission to the Parliamentary Public Accounts Committee inquiry "Funding of Infrastructure Projects in WA".



PRODUCTS AND SERVICES cont'd

SERVICE 3: INVESTMENT AND TRADE SERVICES

OVERVIEW

Through investment and trade services, the Department facilitates private sector investment in the State, promotes Western Australia as a source of internationally competitive products and services and facilitates diversification of the State's economy.

Principal functions undertaken within the investment and trade services include:

- providing project facilitation, infrastructure coordination and management services to developers of major projects and proponents of existing major resources developments;
- providing links between the Government and companies seeking to establish major projects in the State - achieved through facilitating appropriate approvals, resolving issues to minimise project start-up delays and facilitating the investor's interface with relevant levels of government and key stakeholders;
- managing negotiations and coordinating drafting of State Agreements which are binding contracts between the State and project developers, ratified by Parliament, prescribing the rights and obligations of each party and providing a framework for the development and ongoing operation of large, complex and strategic resource projects;
- managing approximately 100 significant projects, covering a range of commodities;
- promoting targeted investment opportunities in industries of strategic importance to Western Australia, based on the State's sustainable competitive strengths;

- encouraging foreign investment in Western Australia's economy and enhancing trade with international markets;
- managing the Western Australian Government Overseas Network (WAGON) comprised of 15 trade offices located in strategic marketplaces around the world as well as the Perth central hub;
- providing business matching services to local companies looking to enter foreign markets and assisting overseas businesses seeking local business partners; and
- overseeing the State's relations with foreign governments through coordinating cultural and economic exchanges and managing the State's four Sister State agreements which are a key driver for economic cooperation in the respective countries.

OUTCOMES

In the current economic climate of ongoing high demand for Western Australia's resources, a key focus for the Department in 2007-08 was the facilitation of approvals for the establishment of major projects in the State. Specifically, proposals under the respective State Agreements were approved for major expansions of Rio Tinto and BHP Billiton iron ore mines and associated infrastructure in the Pilbara. Variations to Alcoa's State Agreements were also secured to facilitate the proposed Wagerup refinery expansion and the establishment by Alinta of new gas-fired power stations at the refinery site. Additionally, the Department facilitated Cabinet approval to re-negotiate the *Iron Ore Processing (Mineralogy Pty Ltd) Agreement 2002*, to better align the Agreement with the project aspirations of the Mineralogy co-proponent, Sino Iron.

The Department chaired and coordinated the Northern Development Taskforce, an across-government initiative to identify a potential site for Browse Basin gas project. The Taskforce worked closely with LNG proponents, Browse Joint Venture and Ichthys Joint Venture to identify technically viable potential locations on the Kimberley coast. The Taskforce identified 11 potential locations that required further evaluation and collaborated with the Commonwealth Department of the Environment, Water, Heritage and the Arts on a strategic environmental assessment of the Kimberley region, as well as undertaking an extensive stakeholder consultation program.

Environmental and other necessary approvals for several projects were also facilitated in conjunction with the proponents. These included Woodside Energy's Pluto LNG Project on the Burrup Peninsula, the Gorgon Joint Venturers' 10 million tonnes per annum LNG development on Barrow Island and Worsley Alumina's major refinery expansion.

The Department targets private sector investment in the State as a means of diversifying the economy. In this respect, the Department successfully facilitated and attracted several businesses to invest in Western Australia. These investments offer a range of benefits to the State, including increased local production, retention of local talent, new export potential and growth and diversification of Western Australia's industry base. In particular, the Department played a lead role in facilitating Fenner Dunlop Australia's decision to establish a new high performance heavy industrial conveyor belt facility at Kwinana. The \$70 million investment includes the establishment of a research and development centre and a modern training school.

PRODUCTS AND SERVICES cont'd

Other major investment decisions facilitated included Sri Lanka-based Laugfs Holdings Limited investing \$12 million to establish a new automotive LPG gas conversion enterprise in Western Australia; and the establishment of new studios in Perth by three international creative digital media and games companies, Floor Pty Ltd, Giant Dice and Subversive Games.

MAJOR TRADE ACHIEVEMENTS - WESTERN AUSTRALIAN GOVERNMENT OVERSEAS NETWORK

Through the Western Australian Government Overseas Network (WAGON), the Department undertook a range of activities to promote the State as a major trading partner and a destination for business and investment. This work included organising marketing events and programs, promoting the Western Australian brand internationally and supporting a range of trade missions to Western Australia and overseas. A total of 149 inbound trade missions, 37 outbound trade missions, nine ministerial missions and 27 VIP briefings for Ambassadors, High Commissioners and delegations were coordinated during the year.

Of particular note, the Department arranged the inaugural visit to Western Australia by the President of the People's Republic of China, Mr Hu Jintao, in September 2007. During this visit, two major agreements were signed to further discussions on iron ore developments and LNG supply.

The Department also coordinated the Deputy Premier's visit to China, Japan and Korea in October 2007, during which he highlighted investment opportunities in Western Australia with key stakeholders and government officials. During the visit to Korea, a Letter of Intent was signed to promote economic cooperation and cultural exchange

between Gyeongsangbuk-do Province of Korea and Western Australia. This trip was followed up by Minister Logan's visit to Japan in May 2008 to strengthen Western Australia's relationships with key stakeholders and promote further investment in the State.

Western Australia's Sister State Agreements are fundamental to maintaining the State's relationship and economic cooperation with foreign governments and they were further enhanced during 2007-08.

In particular, the Western Australia-East Java Sister State agreement was re-signed in September 2007, extending the agreement for another five years. Additionally, during the President of Tuscany's visit to Western Australia, he and the Premier committed to re-signing the Western Australia – Tuscany Sister State agreement in 2009.

In addition to the major trade missions and activities identified above, the Department coordinated:

- the Premier's visit to France and Russia, during which the Premier attended historic ANZAC Day commemorations in France, led a high profile Western Australian business and science delegation to Russia and signed a Memorandum of Understanding between the State and Tomsk Oblast;
- Minister Logan and a delegation's visit to the Middle East to assess opportunities for WA companies in LNG exploration and the marine sector;
- Britain's Minister of State for Trade and Investment Lord Digby Jones' visit to Western Australia, during which the Premier and Minister Logan agreed to develop closer ties between Western Australia and Britain in several sectors of mutual interest;

- Minister Logan's attendance at Offshore Europe in Aberdeen, Europe's pre-eminent oil and gas and subsea industry's exhibition and conference;
- a meeting between the Premier and a delegation of Indian journalists who visited Perth, in order to promote the State's mining sector and generate exposure of investment opportunities in Western Australia through the Indian media; and
- the Indonesian Ministry of Marine Affairs and Fisheries delegation's visit to Western Australia, during which Western Australia was promoted as an ideal location to build 60 new patrol boats they planned to add to their fleet.

A revised key performance indicator (KPI) reporting system for WAGON was implemented in late 2007 to measure the contribution of the WAGON offices to the State. This reporting system comprises three new KPIs as follows:

- Number of events and activities undertaken – Ministerial programs, missions, trade exhibitions and cultural programs;
- Business matches completed – introductions, partnerships and negotiations facilitated; and
- Inbound investment facilitated – identification of investment opportunities in Western Australia and successful investment decisions negotiated.

The results against these indicators are provided in Table 9.

PRODUCTS AND SERVICES cont'd



	Indicator 1: Events and activities undertaken	Indicator 2: Business matches completed	Indicator 3: Inbound investment facilitated
WAGON OFFICES	840	744	278

TABLE 9: WAGON KEY PERFORMANCE INDICATORS

Through WAGON, several trade negotiations, investments and commercial arrangements were facilitated. These include:

- Facilitating a \$45 billion gas negotiation between Woodside and CPC Corporation to supply 2-3 million tonnes of LNG per annum from Browse basin for 15 to 20 years beginning 2013-2015.
- Securing the extension of the Channar Joint Venture Agreement between Rio Tinto and Sinosteel.
- Assisting in the finalisation of a Heads of Agreement between PetroChina and Shell to continue negotiations for the supply of LNG from the Gorgon project.
- Assisting local companies Y-Not Natural and Agri-BIOTECH to secure deals with Asian companies through the "Discover West" business promotion program.
- Assisting with negotiations pivotal to Western Australia's sugar industry, enabling Ord River Cane Growers to purchase the State's mill from the Korean CJ Corporation.
- Assisting local company WD Moore and Company to sell its windmill technology in Indonesia.
- Attracting major Japanese engineering firm and LNG plan specialist Chiyoda Corporation to Perth, where it had its official office opening in April 2008.
- Assisting with establishing in India a successful business venture between local company JV Global International and Shapoorji Pallonji Group.

The combination of results against the key performance indicators and facilitation of specific commercial outcomes collectively reflect the extent to which WAGON is meeting its desired outcome of stimulating economic growth by facilitating exports, investment, relationships and promoting Western Australia internationally.

PRODUCTS AND SERVICES cont'd



SERVICE 4: GEOLOGICAL SERVICES

OVERVIEW

Geological Services benefit the Western Australian community by encouraging exploration and hence the discovery of mineral and petroleum deposits to sustain the resources industry. The discovery of new deposits replaces the large volume of resources that are produced in Western Australia every year. Exploration and production of resources employs directly and indirectly approximately 20 per cent of the State's workforce and royalties paid by mineral and energy producers are a major contributor to State revenue.

Activities that contribute to delivering benefits to the community include:

- Undertaking geoscience mapping of the surface and subsurface of Western Australia in order to enhance and promote mineral and petroleum potential to new and existing investors. This includes new pre-competitive geoscience information on greenfields areas where larger discoveries may be made. A variety of techniques are applied to gather new geoscience information including field-based surveys, airborne geophysical surveys, previous geoscience studies, and company exploration programs.
- Archiving exploration information and samples gathered by mineral and petroleum tenement holders. These are made available to the public after five years via user-friendly online systems and the Department's core library facilities at Perth and Kalgoorlie.
- Provision of geoscience advice to support informed land use decisions by government and policy formulation.

- Fostering community understanding of the links between the State's geology, landscape, past climates, resources and the standard of living.

OUTCOMES

In 2007-08, the Department maintained its focus on encouraging mineral and petroleum exploration by providing new geological and resources information to potential resources investors. Other areas of focus included maintaining and adding value to the vast archive of exploration information held by the Department; and providing geoscience and potential resources advice to other government agencies considering approvals for new land uses that may impact on resources production.

Specific achievements during the year included:

- Soil geochemistry information over the West Arunta area was collected and released. Data from aerial geophysical surveys over the southern Kimberley region, North West Yilgarn and South West Yilgarn, and a ground gravity survey over the West Musgrave region, were also collected. In total, 263,000 line-km of airborne magnetics and radiometrics data were released.
- Data releases were made from geoscience field mapping programs conducted in the Central Yilgarn, Murchison, West Musgrave, West Tanami, Bangemall, Gascoyne, East Pilbara and West Arunta regions.
- The Geological Survey published 19 geological maps; 35 geoscientific Bulletins, Reports, Explanatory Notes, Records and other papers, and 19 digital datasets.
- More than 10,833 previously confidential reports from exploration companies were released. More than 18,148 reports have been released over the past three years.

PRODUCTS AND SERVICES cont'd

SERVICE 5: SCIENCE AND INNOVATION, PROMOTION AND SUPPORT SERVICES

OVERVIEW

Through science and innovation promotion and support services, the Department encourages strategic science and innovation advances that enhance the State's economic sustainability and prosperity.

Functions undertaken as part of these Services include:

- supporting the Premier's Science and Innovation Council, which provides policy advice to the Premier on the State's science priorities, with executive and policy services;
- administering research capability and infrastructure grants; and
- administering science and innovation programs and projects.

OUTCOMES

A key focus in 2007-08 was the Square Kilometre Array (SKA) radio astronomy project. Australia is competing with Southern Africa to attract the \$2.45 billion international SKA project to the Mid West region of Western Australia. If Australia is successful, the project will deliver the world's largest radio telescope and supercomputers to Western Australia. To underpin Australia's bid to have the SKA project located in Western Australia, the State and Federal Governments signed a Memorandum of Understanding committing them to working in partnership on the project, and in the future, together with other State and Territory Governments.

Specific initiatives undertaken as part of the Department's SKA work included facilitating a funding commitment of \$20 million to develop the International

Radio Astronomy Research Centre in Western Australia; facilitating funding of \$2.3 million for a new Radio Astronomy and Engineering Centre of Excellence facility; and providing a temporary licence to CSIRO to enable the deployment of low-impact radio astronomy projects to the Murchison Radioastronomy Observatory, further site assessment and infrastructure development. The Department also developed and funded the launch of the Australian SKA Industry Capability Directory, which showcases the knowledge and expertise of more than 330 Australian capabilities relevant to the SKA project and the Australian SKA Pathfinder.

During the year, the Department also focused on supporting a set of science priorities announced by the Premier. The priorities include minerals and mining technologies; making energy cleaner; adapting agriculture and protecting biodiversity. As part of the Department's efforts in these areas, funding for specific science and innovation programs was facilitated and secured. This included funding of \$1.5 million to support the Centre for Food and Genomic Medicine that will address the twin epidemics of obesity and diabetes; funding of \$3.25 million to support the Australian Synchrotron Project; and funding of \$41.6 million over five years to Scitech for effective science communications.

Additionally, two new Centres of Excellence were allocated initial funding in 2007-08- the Cooperative Research Centre for Contamination Assessment and Remediation of the Environment; and the Centre for Research into Energy for Sustainable Transport. Funding was also approved for the development of four new Centres of Excellence in areas including Geothermal Energy; Woodland and Forest health; Ecohydrology; and 3D mineral mapping. The Department is also working with the Commonwealth

to establish a National Centre of Excellence in Water Desalination in Perth.

In addition to the major outcomes identified above, in 2007-08 the Department also:

- Managed the State Government's co-investment of \$4.4 million towards the National Collaborative Research Infrastructure Strategy facilities in Western Australia, which included assisting in the establishment of Western Australian nodes of Genomics and Metabolomics.
- Contributed to a cross government effort to facilitate clean energy technology, alternative transport fuel capability and renewable energy innovation and capacity expansion;
- Launched a new round of Premier's Research Fellowships in order to attract world-class researchers to Western Australia.
- Administered the Premier's Science Awards Program, including the establishment of the Western Australian Science Hall of Fame.
- Published resources to support the State's science and innovation sector, including a directory of Science Research in the Western Australian Government and the quarterly "State of the Future" magazine; and
- Made a submission to the Commonwealth's Review of the National Innovation System, presenting Western Australia's views on the gaps, constraints, challenges and opportunities for innovation in this State.

PRODUCTS AND SERVICES cont'd

SERVICE 6: SCIENTIFIC SERVICES

OVERVIEW

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

Products and services include:

- scientific and research support in the areas of public and occupational health, conservation and the environment, industrial development, food and agriculture;
- emergency and crisis response services to government agencies and industry for chemical spills and related incidents and crisis situations;
- contributing to the development of national chemical conformance standards and guidelines; and
- forensic scientific services support to the Western Australian Police, State Coroner and the racing industry.



MAJOR ACHIEVEMENTS

The Chemistry Centre of Western Australia formally commenced operations as a statutory authority on 1 August 2007. To facilitate this transition, a range of governance, administrative and support procedures and mechanisms were put into place. Comprehensive details of achievements and financial reports will be reported by the Chemistry Centre of Western Australia in its Annual Report for the 2007-08 year.



SIGNIFICANT ISSUES AND TRENDS

CURRENT AND EMERGING ISSUES AND TRENDS



The Western Australian economy has continued to grow strongly on the back of a robust resources industry buoyed by strong commodity prices. Manufacturing growth in China continues to strengthen which has resulted in sustained strong demand for Western Australia's resources. In addition, the massive push to urbanise China's population is resulting in high levels of infrastructure spending that could offset any decrease in demand resulting from the effects of the sub-prime crisis on the United States' economy and the subsequent tightening of global financial markets. This strong economic activity has led to significant pressures within the State with respect to the provision of infrastructure, labour market shortages, domestic energy security, the provision of water, and the provision of social infrastructure to the regions.

A key focus for the Department during the year was facilitation of approvals for a range of major mineral and energy resource projects in Western Australia which are seeking to establish or to expand to take advantage of the mainly China-led boom for raw materials. Vying for top spot in this context are demand for iron ore to supply an almost insatiable need for steel, and the provision of LNG as an energy source to replace less environmentally friendly fuels.

Concurrently, there has been a marked rise in Chinese interest in acquiring equity positions in emerging resource companies, as well as a trend to takeovers and strategic positioning to secure longer term supplies and to diversify the supplier base in critical commodities. These circumstances have coincided with the Department's loss of many experienced officers to retirement or the private sector, which has placed significant stress on the remaining human resources of the Department, a situation which is likely to persist for some time yet.

Further, strong activity in the resources industry has contributed to a significant appreciation of the Australian dollar, making it difficult for price sensitive Western Australian manufacturing industries to compete on international markets or to compete with imported goods in the local market. These pose significant challenges for the development of appropriate programs and services to support local industry development.

The Department is working with industry to ensure greater local content participation in major private sector projects. Changes in project construction, technology and the outsourcing of project design, procurement and contract management have led to a trend to source significant work components globally.

The sustained growth in resources demand has fuelled rapid and substantial growth in the number of mineral and petroleum exploration works applications submitted to the Department. The Department's ability to assess these applications within the environmental approvals framework in a timely manner is coming under increasing and continued pressure. For example, the number of mineral exploration works applications increased four-fold from 500 in 2002 to 2100 in 2007. It is estimated that there will be 2400 applications in 2008-09. This growth signals that Western Australia's known resource base is being rapidly depleted and that greater exploration and development of greenfields areas will be required.

CURRENT AND EMERGING ISSUES AND TRENDS cont'd

In recent years, heritage, climate change and other environmental issues have made decision making and approvals processes more complex and required increased resources to ensure that social, environmental and economical factors are appropriately considered and assessed.

In response to climate change, the Department is working collaboratively with other State Government agencies and through the Council of Australian Governments (COAG) process, to assess and provide advice to Government on the likely impacts of climate change on the Western Australian economy. The Department is also providing input into measures to remediate the adverse impacts of climate change initiatives on the viability of the State's industries. While climate change presents a range of policy challenges, it also provides opportunities to foster innovation to provide international markets with greenhouse gas abatement and renewable energy technologies and products.

Carbon dioxide capture and storage (CCS) has attracted emerging interest as an initiative to reduce the State's greenhouse gas emissions. The Coal Futures Group and Aviva have commenced CCS investigations to locate suitable sites in the Perth Basin. The Department accesses current geophysical and engineering information on CSS through its membership of the Cooperative Research Centre for Greenhouse Technologies and is involved in the development of policy and legislation through membership of the Ministerial Council on Mineral and Petroleum CCS Working Group.

The explosion at Apache Energy's Varanus Island facility on 3 June 2008 created a shortage in the State's gas supply and reinforced the importance of Western Australia's domestic energy security. An investigation into the incident began immediately.

The Department also worked with NOPSA and Apache Energy to resume gas and liquids production.

Meeting Western Australia's energy requirements and specifically domestic gas availability, is of critical importance. Western Australia still faces the prospect of a shortfall in gas supply in relation to projected demand so the Government's Domestic Gas Reservation Policy is being implemented and a range of solutions are being explored.

The challenge of providing modern infrastructure for Western Australia in the form of high speed broadband telecommunications across Western Australia is being addressed in a State-wide broadband network strategy. The strategy is expected to complement the Commonwealth Government's intention to provide a national broadband network.

The Department has responded to the Government's goal of creating a strong and diversified economic base through a stronger focus on science and innovation. This is reflected in the increased support for knowledge intensive sectors which build on and complement the underlying competitive strengths of the State's economy. The intent is to use these strengths as a platform for further growth and so, there is a focus on certain sectors including biotechnology, information and communications technology, marine, defence and renewable energy.

Stronger collaboration can be expected between the Federal and State Governments in terms of addressing indigenous economic disadvantage. Western Australia's strong economic growth presents opportunities for indigenous participation in business, employment and asset creation.



THE YEAR AHEAD

The 2008-09 financial year presents many challenges and opportunities for the Department. To guide the Department's efforts, Anne Nolan was formally appointed as Director General and commenced in July 2008.

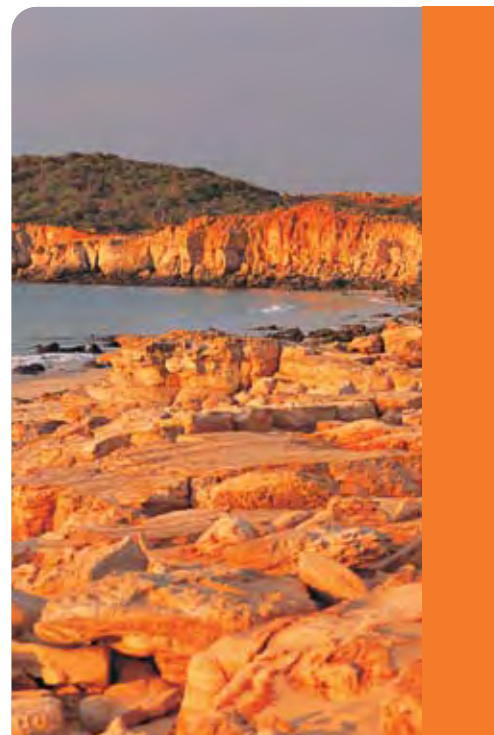
Ms Nolan's extensive experience in leading and developing public sector agencies will enable the Department to continue to lead the responsible development of the State's industry and resources.

Specific initiatives for the Department over the coming year include:

- Reduce the backlog of Mining Tenement applications to 8200 by June 2009.
- Increase the resources for Native Title negotiation to accommodate the new geothermal title applications.
- Finalise the replacement of the Electronic Petroleum Register with the Petroleum Geothermal Titles system, which will include better reporting, approvals tracking and electronic lodgement of fees.
- Complete implementation of the Environmental Approvals Regulatory System program to achieve a significant improvement in the control and management of approvals processes.
- Environmental inspections and compliance auditing will be re-focused to target 100 per cent of higher risk mineral exploration, 'Programs of Work' and 100 per cent of approved higher risk mining proposals.
- Further collection and release of data from aerial geophysical surveys over the southern Kimberley region and South East Yilgarn margin; a ground gravity survey in the southern Murchison; and a soil geochemistry survey in the south eastern Yilgarn.
- Major programs of geoscience field mapping and corresponding data releases in the Murchison, East Yilgarn, West Musgrave, and Bangemall and Gascoyne regions will be continued.
- Identify a suitable site for a common user LNG hub in the West Kimberley.
- Monitor the Dampier Archipelago rock art, consistent with the recommendations of the Burrup Rock Art Monitoring Management Committee.
- Continue to implement the State's commitments under the Burrup and Maitland Industrial Estates Agreement Additional Deed, which are to ensure heritage surveys are completed on land zoned for future industrial development in the Dampier Archipelago.
- Consider the broader socio-economic, planning and infrastructure implications associated with ongoing expansion of activities in the Pilbara over the next 7-10 years and the development of an appropriate policy response through a Pilbara 2015 Strategy.
- Develop options for expanded port facilities in the Pilbara.
- Finalise policy input and a strategy for implementation of the haulage regime by the Pilbara Rail Access Inter-Departmental Committee. A draft haulage regime was submitted for public review on 9 June 2008.
- Finalise variations to State Agreements to support significant iron ore expansions in the Pilbara.
- Secure environmental and State Agreement approvals for commencement of preliminary site works and construction of the Harriet Point iron ore export facilities of BHP Billiton and an approved plan for a new outer harbour development at Finucane Island.
- Facilitate approvals under the *Iron Ore (FMG Chichester Pty Ltd) Agreement Act 2006*, for optimisation of the Cloud Break mine and development of the new mine at Christmas Creek.
- Assess and develop policies in relation to an audit of the State's industrial infrastructure needs for the COAG Infrastructure Taskforce.
- Continue to progress the development of the State's broadband infrastructure.
- Finalise the implementation of the community multi-user infrastructure packages for Ravensthorpe and Boddington where major resource projects have begun.
- Finalise the arrangements for construction of the \$11.2 billion Pluto project.
- Facilitate the development of the Gorgon Joint Venture.
- Facilitate North West Chemicals and Fertilisers Pty Ltd's proposed \$2.2 billion coal-to-urea production and export project at Collie.
- Develop an energy policy issues paper in partnership with other relevant government departments. It will result in a coherent internal policy and position on energy and its impact on state development.
- Finalise a Renewable Energy Industry Development Strategy to accelerate the growth of the industry and the contribution that alternative energy sources including wind, wave, solar, biomass and geothermal can make to meet the State's energy needs.
- Continue to implement measures to secure Western Australia's future energy supplies, including: implementation of the Domgas Upstream Security initiatives; and increasing the profile of alternate energy resources within Western Australia.

THE YEAR AHEAD cont'd

- Finalise the legislative packages associated with the *Petroleum Amendment Bill 2007*. Also finalise the occupational safety and health regulations for the *Petroleum and Geothermal Energy Resources Act 1967* and *Petroleum Pipelines Act 1969*.
- Use the Western Australian Government Overseas Network to support Western Australian companies to develop export markets.
- Facilitate the Australia Japan Joint Business Conference in Perth that will bring key decision makers of Australian and Japanese companies to Perth.
- Develop a comprehensive Investment Attraction Strategy in consultation with major stakeholders. The strategy will identify priority sectors and opportunities where Western Australia has a sustainable competitive advantage.
- Promote further investment in, and development of, specific industries in Western Australia, including digital media, information and communications technology, biotechnology and titanium.
- Implement the Brilliant West Week initiative to support and showcase innovative activities in Western Australia.
- Contribute to the Pre-Employment Training program, a joint State Commonwealth collaboration, targeted at placing 600 indigenous participants into jobs over two years, including 300 placements by Rio Tinto under its Memorandum of Understanding with the Department.
- Pilot an indigenous apprenticeship housing program in Geraldton, Albany and the Perth metropolitan area to address the lack of adequate indigenous apprenticeship housing, which has been identified as a significant barrier to indigenous employment.
- Assist Native Title groups in the Ngaanyatjarra Lands and the Goldfields-Esperance region to optimise delivery of sustainable economic benefits from land use agreements.
- Work proactively and collaboratively with the State's Small Business Development Corporation to provide a 'seamless' continuum of business support to indigenous organisations.
- Implement a State-wide Indigenous Arts Commercialisation Strategy in partnership with the Commonwealth Department of Environment, Water, Heritage and the Arts and Western Australia's Department of Culture and the Arts to attain art centre self-sufficiency.
- Support the establishment of the International Radio Astronomy Research Centre in Western Australia which will involve the University of Western Australia, Curtin University of Technology, Edith Cowan University, CSIRO and industry.
- Support the development of five new Centres of Excellence, which include – Geothermal Energy; Woodland and Forest Health; Ecohydrology; 3D Mineral Mapping and Radio Astronomy.
- Further develop the state development framework focused on implementing the Government's vision for sustainable development of the State's economy.





DISCLOSURES AND LEGAL COMPLIANCE



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF INDUSTRY AND RESOURCES FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2008

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

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

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

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

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>". An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Department of Industry and Resources at 30 June 2008 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Department provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Department are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended 30 June 2008.

COLIN MURPHY
AUDITOR GENERAL
19 September 2008

FINANCIAL STATEMENTS

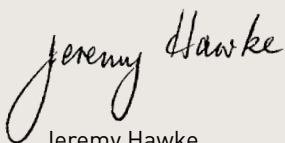
DEPARTMENT OF INDUSTRY AND RESOURCES

CERTIFICATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

The accompanying financial statements of the Department of Industry and Resources have been prepared in compliance with the provisions of the Financial Management Act 2006, from the proper accounts and records, to present fairly, the financial transactions for the year ending 30 June 2008 and the financial position as at 30 June 2008.

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



Jeremy Hawke
Chief Finance Officer
Date: 11 September 2008



Anne Nolan
Director General
Date: 11 September 2008

**DEPARTMENT OF INDUSTRY AND RESOURCES
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 (\$'000)	2007 (\$'000)
COST OF SERVICES			
Expenses			
Employee benefits expense	7	68 628	75 261
Supplies and services	8	40 766	35 599
Depreciation, amortisation and impairment losses	9	2 386	3 325
Finance costs	10	110	337
Accommodation expenses	11	6 522	7 013
Grants and subsidies	12	55 922	40 534
Capital user charge	13	-	7 308
Other expenses	14	79	91
Total cost of services		174 413	169 468
Income			
Revenue			
User charges and fees	15	13 969	22 160
Grants received	16	1 198	2 598
Other revenue	17	2 031	2 214
Total revenue		17 198	26 972
Gains			
Gain on disposal of non-current assets	18	11	188
Total Gains		11	188
Total income other than income from State Government		17 209	27 160
NET COST OF SERVICES		157 204	142 308
INCOME FROM STATE GOVERNMENT			
Service appropriation	19	158 687	146 923
Liabilities assumed by the Treasurer		-	6 044
Assets assumed		109	-
Resources received free of charge		2 535	1 801
Total income from State Government		161 331	154 768
SURPLUS FOR THE PERIOD		4 127	12 460

See also the 'Schedule of Income and Expenses by Service' at page 46

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

**DEPARTMENT OF INDUSTRY AND RESOURCES
BALANCE SHEET
AS AT 30 JUNE 2008**

	Note	2008 (\$'000)	2007 (\$'000)
ASSETS			
Current Assets			
Cash and cash equivalents	37	23 566	22 183
Restricted cash and cash equivalents	20	2 478	1 588
Inventories	21	-	71
Receivables	23	5 437	3 394
Amounts receivable for services	24	1 495	1 851
Other current assets	25	1 983	1 079
Non-current assets classified as held for sale	22	10 307	10 307
Total Current Assets		<u>45 266</u>	<u>40 473</u>
Non-Current Assets			
Restricted cash and cash equivalents	20	680	504
Receivables	23	13 758	13 221
Amounts receivable for services	24	8 879	8 161
Property, plant, equipment and vehicles	26	96 750	80 382
Intangible assets	27	1 498	36
Land under development	29	8 567	-
Total Non-Current Assets		<u>130 132</u>	<u>102 304</u>
TOTAL ASSETS		<u>175 398</u>	<u>142 777</u>
LIABILITIES			
Current Liabilities			
Payables	31	8 868	5 428
Borrowings	32	163	4 040
Other current liabilities	33	738	509
Revenue received in advance	34	-	750
Provisions	35	11 913	11 798
Total current liabilities		<u>21 682</u>	<u>22 525</u>
Non-Current Liabilities			
Borrowings	32	771	934
Provisions	35	4 550	5 119
Total Non-Current Liabilities		<u>5 321</u>	<u>6 053</u>
TOTAL LIABILITIES		<u>27 003</u>	<u>28 578</u>
Net Assets		148 395	114 199
EQUITY			
Contributed equity	36	70 311	60 864
Reserves		74 696	54 074
Accumulated surplus/(deficiency)		3 388	(739)
Total Equity		<u>148 395</u>	<u>114 199</u>
TOTAL LIABILITIES AND EQUITY		<u>175 398</u>	<u>142 777</u>

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

**DEPARTMENT OF INDUSTRY AND RESOURCES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008	2007
		(\$'000)	(\$'000)
Balance of equity at start of period		114 199	90 247
CONTRIBUTED EQUITY	36		
Balance at start of period		60 864	58 908
Capital contribution		12 104	1 945
Other contributions by owners		-	11
Distributions to owners		(2 657)	-
Balance at end of period		<u>70 311</u>	<u>60 864</u>
RESERVES	36		
Asset Revaluation Reserve			
Balance at start of period		54 074	44 538
Gains from asset revaluation		20 622	9 536
Balance at end of period		<u>74 696</u>	<u>54 074</u>
ACCUMULATED SURPLUS/(DEFICIENCY)	36		
Balance at start of period		(739)	(13 199)
Surplus for the period		4 127	12 460
Balance at end of period		<u>3 388</u>	<u>(739)</u>
Balance of equity at end of period		<u><u>148 395</u></u>	<u><u>114 199</u></u>
Total income and expense for the period ^(a)		<u>24 749</u>	<u>21 996</u>

(a) The aggregate net amount attributable to each category of equity is: 2008 surplus of \$4.127m plus gains of \$20.622m (2007 surplus of \$12.460m plus gains of \$9.536m).

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

**DEPARTMENT OF INDUSTRY AND RESOURCES
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2008**

	Note	2008 (\$'000)	2007 (\$'000)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		156 421	144 302
Capital contributions		12 104	1 945
Holding account drawdowns		1 547	1 851
Cash transfer to other State Government agencies		(312)	-
Net cash provided by State Government		169 760	148 098
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(67 266)	(69 399)
Supplies and services		(37 514)	(34 832)
Accommodation		(6 459)	(6 794)
Grants and subsidies		(55 926)	(40 534)
Capital user charge		-	(7 308)
Finance costs		(176)	(341)
Other payments		(77)	(48)
GST payments on purchases		(12 622)	(9 296)
Receipts			
User charges and fees		13 920	23 629
Grants and contributions		913	2 598
GST receipts on sales		911	1 687
GST receipts from taxation authority		9 513	7 475
Other receipts		1 201	1 381
Net cash used in operating activities	37	(153 582)	(131 782)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(10 039)	(6 261)
Proceeds from sale of non-current assets		64	355
Repayments of loans/advances		236	150
Net cash used in investing activities		(9 739)	(5 756)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(3 990)	(1 795)
Net cash used in financing activities		(3 990)	(1 795)
Net increase in cash and cash equivalents		2 449	8 765
Cash and cash equivalents at the beginning of the period		24 275	15 510
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	37	26 724	24 275

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

**DEPARTMENT OF INDUSTRY AND RESOURCES
SCHEDULE OF INCOME AND EXPENSES BY SERVICE
FOR THE YEAR ENDED 30 JUNE 2008**

	Resource Services		Industry Development Services		Investment and Trade Services		Geological Services	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
COST OF SERVICES								
Expenses								
Employee benefits expenses	30 220	29 851	8 038	9 470	12 827	12 624	12 766	12 425
Supplies and services	16 340	10 859	6 024	5 201	7 613	7 558	7 912	7 530
Depreciation and amortisation expense	778	918	413	405	416	484	538	522
Finance costs	20	44	90	293	-	-	-	-
Accommodation expenses	2 273	2 311	1 517	1 391	1 747	1 895	734	810
Grants and subsidies	11 240	3 897	1 955	3 191	750	990	5	5
Capital user charge	-	2 365	-	1 446	-	1 189	-	556
Other expenses	7	18	2	9	64	32	2	5
Total cost of services	60 878	50 263	18 039	21 406	23 417	24 772	21 957	21 853
Income								
User fees and charges	12 811	13 302	220	1 003	70	168	72	69
Grants received	73	1 473	-	-	1 125	1 125	-	-
Other revenue	595	782	1 320	1 269	27	65	89	98
Total Revenue	13 479	15 557	1 540	2 272	1 222	1 358	161	167
Gains								
Gain on disposal of non-current assets	(11)	77	(3)	27	30	47	(5)	27
Total gains	(11)	77	(3)	27	30	47	(5)	27
Total income other than income from State Government	13 468	15 634	1 537	2 299	1 252	1 405	156	194
NET COST OF SERVICES	47 410	34 629	16 502	19 107	22 165	23 367	21 801	21 659
INCOME FROM STATE GOVERNMENT								
Service appropriation	48 010	58 371	16 395	20 112	25 045	35 939	19 999	20 431
Liabilities assumed by the Treasurer	-	2 455	-	846	-	1 465	-	860
Assets assumed	36	-	22	-	18	-	9	-
Resources received free of charge	1 047	744	361	256	624	444	366	260
Total income from State Government	49 093	61 570	16 778	21 214	25 687	37 848	20 374	21 551
Surplus/(deficit) for the period	1 683	26 941	276	2 107	3 522	14 481	(1 427)	(108)

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

**DEPARTMENT OF INDUSTRY AND RESOURCES
SCHEDULE OF INCOME AND EXPENSES BY SERVICE
FOR THE YEAR ENDED 30 JUNE 2008**

	Science and Innovation Promotion and Support		Scientific Services		TOTAL	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
COST OF SERVICES						
Expenses from ordinary activities						
Employee benefits expenses	4 115	4 047	662	6 844	68 628	75 261
Supplies and services	2 706	1 619	171	2 832	40 766	35 599
Depreciation and amortisation expense	170	183	71	813	2 386	3 325
Finance costs	-	-	-	-	110	337
Accommodation expenses	235	260	16	346	6 522	7 013
Grants and subsidies	41 972	32 377	-	74	55 922	40 534
Capital user charge	-	1 537	-	215	-	7 308
Other expenses	3	8	1	19	79	91
Total cost of services	<u>49 201</u>	<u>40 031</u>	<u>921</u>	<u>11 143</u>	<u>174 413</u>	<u>169 468</u>
Income						
User fees and charges	39	85	757	7 533	13 969	22 160
Grants received	-	-	-	-	1 198	2 598
Other revenue	-	-	-	-	2 031	2 214
	<u>39</u>	<u>85</u>	<u>757</u>	<u>7 533</u>	<u>17 198</u>	<u>26 972</u>
Gains						
Gain on disposal of non-current assets	-	10	-	-	11	188
Total gains	<u>-</u>	<u>10</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>188</u>
Total income other than income from State Government	<u>39</u>	<u>95</u>	<u>757</u>	<u>7 533</u>	<u>17 209</u>	<u>27 160</u>
NET COST OF SERVICES	<u>49 162</u>	<u>39 936</u>	<u>164</u>	<u>3 610</u>	<u>157 204</u>	<u>142 308</u>
INCOME FROM STATE GOVERNMENT						
Service appropriation	48 988	7 627	250	4 443	158 687	146 923
Liabilities assumed by the Treasurer	-	321	-	97	-	6 044
Assets assumed	24	-	-	-	109	-
Resources received free of charge	137	97	-	-	2 535	1 801
Total income from State Government	<u>49 149</u>	<u>8 045</u>	<u>250</u>	<u>4 540</u>	<u>161 331</u>	<u>154 768</u>
Surplus/(deficit) for the period	<u>(13)</u>	<u>(31 891)</u>	<u>86</u>	<u>930</u>	<u>4 127</u>	<u>12 460</u>

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

DEPARTMENT OF INDUSTRY AND RESOURCES
SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2008

		2008 Estimate \$'000	2008 Actual \$'000	Variance \$'000	2008 Actual \$'000	2007 Actual \$'000	Variance \$'000
DELIVERY OF SERVICES							
Item 42	Net amount appropriated to deliver services	168 013	160 760	(7 253)	160 760	146 888	13 872
	Section 25 transfer of service appropriation						
	- Chemistry Centre established as Statutory Authority on 1st August 2007		(2 735)	(2 735)	(2 735)	-	(2 735)
	- Project Approvals Co-ordination Unit to Department of Premier and Cabinet	-	-	-	-	(601)	601
	Amount authorised by Other Statutes						
	- Salaries and Allowances Act 1975	653	653	-	653	560	93
	- Salary & Allowances Tribunal Determinations	-	9	9	9	76	(67)
	Total appropriations provided to deliver services	168 666	158 687	(9 979)	158 687	146 923	11 764
CAPITAL							
Item 141	Capital Contribution	15 313	12 104	(3 209)	12 104	1 945	10 159
ADMINISTERED TRANSACTIONS							
Item 43	Administered grants, subsidies and other transfer payments	54 929	57 158	2 229	57 158	57 228	(70)
	Amount authorised by other statutes						
	- Petroleum Submerged Lands Act 1982	12 645	13 402	757	13 402	14 573	(1 171)
Item 142	Administered capital contribution	2 700	1 700	(1 000)	1 700	1 000	700
	Total administered transactions	70 274	72 260	1 986	72 260	72 801	(541)
	GRAND TOTAL	254 253	243 051	(11 202)	243 051	221 669	21 382

DEPARTMENT OF INDUSTRY AND RESOURCES
SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2008

	2008 Estimate \$'000	2008 Actual \$'000	Variance \$'000	2008 Actual \$'000	2007 Actual \$'000	Variance \$'000
Details of Expenditure by Service						
Resource Services	49 606	60 878	11 272	60 878	50 263	10 615
Industry Development Services	17 522	18 039	517	18 039	21 406	(3 367)
Investment and Trade Services	25 570	23 417	(2 153)	23 417	24 772	(1 355)
Geological Services	20 635	21 957	1 322	21 957	21 853	104
Science and Innovation Promotion and Support	72 611	49 201	(23 410)	49 201	40 031	9 170
Scientific Services	15 926	921	(15 005)	921	11 143	(10 222)
Total Cost of Services	201 870	174 413	(27 457)	174 413	169 468	4 945
Less total income	24 296	17 209	(7 087)	17 209	27 160	(9 951)
Net Cost of Services	177 574	157 204	(20 370)	157 204	142 308	14 896
Adjustment for movement in cash balances and other accrual items (i)	(8 908)	1 483	10 391	1 483	4 615	(3 132)
Total appropriations provided to deliver services	168 666	158 687	(9 979)	158 687	146 923	11 764
Capital Expenditure						
Purchase of non-current physical assets	16 743	10 039	(6 704)	10 039	6 261	3 778
Other payments for financing activities	1 064	-	(1 064)	-	-	-
Repayment of borrowings	4 204	3 990	(214)	3 990	1 795	2 195
Adjustment for movement in cash balances and other funding sources (i)	(6 698)	(1 925)	4 773	(1 925)	(6 111)	4 186
Capital Contribution (appropriation)	15 313	12 104	(3 209)	12 104	1 945	10 159

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

Note 44 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2008 and between the actual results for 2007 and 2008.

DEPARTMENT OF INDUSTRY AND RESOURCES
SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2008

	2008 Estimate \$'000	2008 Actual \$'000	Variance \$'000	2008 Actual \$'000	2007 Actual \$'000	Variance \$'000
DETAILS OF INCOME ESTIMATES						
Income disclosed as Administered Income						
Territorial						
Royalties: Petroleum - Commonwealth	699 200	798 426	99 226	798 426	656 833	141 593
Petroleum - State	59 300	51 809	(7 491)	51 809	53 682	(1 873)
Iron Ore	1 144 000	1 130 621	(13 379)	1 130 621	868 292	262 329
Diamonds	26 500	39 908	13 408	39 908	25 678	14 230
Alumina	72 900	79 252	6 352	79 252	84 189	(4 937)
Mineral sands	29 400	21 371	(8 029)	21 371	31 562	(10 191)
Nickel	262 500	129 968	(132 532)	129 968	206 525	(76 557)
Gold	123 700	98 978	(24 722)	98 978	104 586	(5 608)
Other	111 500	127 716	16 216	127 716	109 674	18 042
Lease rentals	42 500	64 995	22 495	64 995	63 065	1 930
Total Territorial	2 571 500	2 543 044	(28 456)	2 543 044	2 204 086	338 958
Regulatory Fees						
Regulatory Fees	-	14 963	14 963	14 963	9 798	5 165
	-	14 963	14 963	14 963	9 798	5 165
Other						
Grants and Subsidies	790	15 473	14 683	15 473	500	14 973
Appropriations	67 574	70 560	2 986	70 560	71 801	(1 241)
Other Revenue	187	3 261	3 074	3 261	2 439	822
GRAND TOTAL	2 640 051	2 647 301	7 250	2 647 301	2 288 624	358 677

Note 44 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2008 and between the actual results for 2007 and 2008.

DEPARTMENT OF INDUSTRY AND RESOURCES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2008

1 Departmental mission and funding

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

The Department is predominantly funded by Parliamentary appropriation. A net appropriation agreement between the Treasurer and the Accountable Authority is in place to allow the Department to retain its operating revenue. Details of expenditure and revenues retained as per the agreement are disclosed in note 3(e).

2 Australian equivalents to International Financial Reporting Standards

General

The Department's financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

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

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation, unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective, have been early adopted by the Department for the annual reporting period ended 30 June 2008.

3 Summary of significant accounting policies

(a) General statement

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

The Financial Management Act 2006 and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared in accordance with Accounting Standard AAS29 'Financial Reporting by Government Departments' on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land and buildings which has been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

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

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

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

(c) Reporting Entity

The reporting entity comprises the Department.

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to the function of the Department. These administered balances and transactions are not recognised in the principal financial statements of the Department but schedules are prepared using the same basis as the financial statements and are presented at note 50 'Administered expenses and income' and note 51 'Administered assets and liabilities'.

(d) Contributed Equity

UIG interpretation 1038 'Contribution by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by Treasurer's Instruction (TI) 955 'Contributions by Owners to Wholly-Owned 'Public Sector Entities' and have been credited directly to Contributed Equity.

Transfers of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 36 'Equity'.

(e) Income

Revenue recognition

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

Sale of goods

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

Rendering of services

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

Interest

Revenue is recognised as the interest accrues.

Service Appropriation

Service Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at the Department of Treasury and Finance. See note 19 'Income from State Government' for further details.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination specified in the 2007-08 Budget Statements, the Department retained \$17.198 million in 2008 (\$26.972 million in 2007) from the following:

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

Grants and other non-reciprocal contributions

Revenue is recognised at fair value when the Department obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Other non-reciprocal contributions that are not contributions by owners are recognised at fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the balance sheet date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

Administered Revenue Recognition

Royalties

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

Royalties include:

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

Mining Leases and Licenses

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

Grants

Commonwealth contributions are recognised at the time of being invoiced.

Gains

Gains may be realised or unrealised and are usually recognised on a net basis. This includes gains arising on the disposal of non-current assets.

(f) Loans converted to grants

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

(g) Translation of foreign currency transactions

Foreign currency transactions are translated at the exchange rate applicable on the date the transactions occur. Exchange gains and losses are brought to account in determining the result for the year.

(h) Property, Plant and Equipment

Capitalisation/Expensing of assets

Items of property, plant and equipment costing \$5,000 or more except for computer equipment costing \$1,000 or more are recognised as assets and the cost of utilising assets are expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 and computer equipment less than \$1,000 are immediately expensed directly to the Income Statement (other than where items form part of a group of similar items which are significant in total).

For the 2008/09 year, the capitalisation threshold for all property, plant and equipment including computer equipment will be increased to \$5,000 in accordance with Treasurers Instruction 1101 (14) (ii).

Initial recognition and measurement

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

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

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Subsequent measurement

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

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

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

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

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Derecognition

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

Depreciation

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

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

Buildings	50 years	Straight line
Furniture	5 years	Straight line
Office equipment	3-5 years	Straight line
Computer desktop laptops	3 years	Straight line
Computer servers	5 years	Straight line
Computer software (a)	3-5 years	Straight line
Scientific equipment	7 years	Straight line
Motor vehicles	3-5 years	Straight line
Plant and equipment	5-25 years	Straight line

(a) Software that is integral to the operation of related hardware.

(i) Intangible Assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets over \$200,000 or more and internally generated intangible assets costing \$200,000 or more are capitalised and recognised at cost. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below this threshold is immediately expensed directly into the Income Statement.

All acquired and internally developed intangible assets are initially recognised at cost.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Department have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software	3 to 5 years
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Proprietary computer software is not capitalised as it is not owned by the Department. The Department merely pays for a licence to use it. However, in-house developed software is capitalised and hence amortised over a period of three to five years (depending on the assessed useful life) once full costs have been determined.

Computer Software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$1,000 is expensed in the year of acquisition.

(j) Impairment of Assets

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

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

See note 28 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 3(r) 'Receivables' and note 23 'Receivables' for impairment of receivables.

(k) Non-Current Assets (or Disposal Groups) Classified as Held for Sale

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately in the Balance Sheet. Assets classified as held for sale are not depreciated or amortised. See note 22 'Non current assets held for sale'.

Except for land held by the Minister and managed by the Department under the Industry Technology Development Act, all land holdings of the Department are classified as Crown land. The Department for Planning and Infrastructure (DPI) is the only agency with the power to sell that land. The Department will transfer the Crown land to DPI when the land becomes available for sale.

(l) Leases

The Department has entered into a number of operating lease arrangements for the rent of office buildings. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

(m) Financial Instruments

In addition to cash, the Department has two categories of financial instrument:

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

These have been disaggregated into the following classes:

Financial Assets

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

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

Financial Liabilities

- Payables
- WATC borrowings
- Other borrowings

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(n) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These are comprised of cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value. Also includes non-current cash refer note 20 (d).

(o) Amounts Receivable for Services (Holding Account)

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

See also note 19 'Income from State Government' and note 24 'Amounts receivable for services'.

(p) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. See note 35 'Provisions'.

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

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

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

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

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Deferred Leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. Deferred leave is reported as a non-current provision until the fifth year.

DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes:

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

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

(ii) Provisions - Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other Expenses' and are not included as part of the Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. See note 14 'Other Expenses' and note 35 'Provisions'.

(q) Superannuation Expense

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

- (a) Defined benefit plans - Change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and
- (b) Defined contribution plans - Employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

Defined benefit plans - in order to reflect the true cost of services, the movements (i.e. current service cost and, actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS transfer benefits are recognised as expenses in the Income Statement. As these liabilities are assumed by the Treasurer (refer note 3(p)(i)), a revenue titled 'Liabilities assumed by the Treasurer' equivalent to the expense is recognised under Income from State Government in the Income Statement. See note 19 'Income from State Government'.

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

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

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

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

(r) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 3(m) 'Financial Instruments' and note 23 'Receivables'.

(s) Accrued salaries

The accrued salaries suspense account (refer note 20 'Restricted cash') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each 11th year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 31) represent the amount due to staff but unpaid at the end of the financial year as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(t) Payables

Payables are recognised when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as they are generally settled within 30 days.

(u) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on an average cost basis.

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value.

(v) Land under development

Development land at Technology Park Bentley is carried at fair value. The amount includes development costs which are estimated to be equivalent to fair value. Amounts will be disclosed as current where it is anticipated that land will be developed ready for sale within twelve months of the reporting date. See note 29 'Land under development'.

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

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

(x) Comparative figures

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

(y) Rounding

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

4 Judgements made by management in applying accounting policy

There were no judgements made in the process of applying accounting policies that could have a significant effect for the 2007/08 financial year.

5 Key sources of estimation uncertainty

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

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

6 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2007:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Department's exposure to risks, including enhanced disclosure regarding components of the Department's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

Future impact of Australian Accounting Standards not yet operative

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

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from nonowner changes in equity. The Department does not expect any financial impact when the Standard is first applied.	1 January 2009
Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:	
AASB 1004 'Contributions' (December 2007).	1 July 2008
AASB 1050 'Administered Items' (December 2007).	1 July 2008
AASB 1051 'Land Under Roads' (December 2007).	1 July 2008
AASB 1052 'Disaggregated Disclosures' (December 2007).	1 July 2008
AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137] (December 2007).	1 July 2008
Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities (revised) (December 2007).	1 July 2008

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and existing topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 only apply to government departments. The other Standards and Interpretation make some modifications to disclosures, otherwise, there will be no financial impact.

DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
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	2008 (\$'000)	2007 (\$'000)
7 Employee benefits expense		
Wages and salaries ^(a)	53 307	54 888
Superannuation - defined contribution plans ^(b)	7 294	5 944
Superannuation - defined benefit plans ^{(c) (d)}	-	6 044
Long service leave ^(e)	2 151	2 310
Annual leave ^(e)	5 876	6 075
	68 628	75 261
<p>(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.</p> <p>(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).</p> <p>(c) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit). In accordance with T11101A, a nil amount has been included for 2007/08. There was a decrease in the liability of \$3.521m.</p> <p>(d) An equivalent notional income is also recognised (see note 19 'income from State government').</p> <p>(e) Includes a superannuation component.</p> <p>Employment on-costs such as workers' compensation insurance are included at note 14 'Other Expenses'. The employment on-costs liability is included at note 35 'Provisions'.</p>		
8 Supplies and services		
Consultants and contractors	25 766	20 339
Advertising and promotion	2 030	1 912
Travel	2 374	2 061
Communication	1 164	1 353
Consumables	2 609	3 598
Maintenance	1 557	1 893
Lease payments	72	96
Insurance	59	193
Printing	700	578
Other staff costs	2 230	2 187
Other	2 205	1 389
	40 766	35 599
9 Depreciation and Amortisation		
<u>Depreciation</u>		
Buildings	728	704
Furniture, plant and equipment	187	184
Computer hardware and software	1 359	1 644
Scientific equipment	60	651
Vehicles	46	51
Total Depreciation	2 380	3 234
<u>Amortisation</u>		
Intangible Software	6	91
Total Amortisation	6	91
Total Depreciation and Amortisation	2 386	3 325
10 Finance costs		
Interest	110	337
	110	337

DEPARTMENT OF INDUSTRY AND RESOURCES
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	2008 (\$'000)	2007 (\$'000)
11 Accommodation expenses		
Lease rentals	3 180	2 857
Repairs and maintenance	688	837
Cleaning	514	348
Electricity	662	449
Other accommodation expenses	1 478	2 522
	<u>6 522</u>	<u>7 013</u>
12 Grants and subsidies		
Industry Development Incentives	2 704	5 622
ASI Groyne Buyback Agreement Rental Subsidy	561	539
Resource Projects	200	117
Indigenous Economic Development Strategy	2 149	1 168
Indigenous Economic Support Scheme	973	1 116
Project Approvals	-	518
Office of Science and Innovation - Grant Programs	41 875	30 864
Northern Development Taskforce	7 182	-
Other	278	590
	<u>55 922</u>	<u>40 534</u>
13 Capital user charge		
Capital user charge	-	7 308
	<u>-</u>	<u>7 308</u>
<p>The charge was a levy applied by Government for the use of its capital. The final charge was levied in 2006-07.</p>		
14 Other expenses		
Doubtful debts expense	4	66
Net loss on currency exchange	63	19
Employment on-costs ^(a)	12	6
	<u>79</u>	<u>91</u>
<p>(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 35 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.</p>		
15 User charges and fees		
Petroleum annual licenses	6 208	6 161
Mining, prospecting and exploration licenses	6 444	6 915
Chemistry Centre - scientific analysis fees Private sector ^(a)	465	4 162
Chemistry Centre - scientific analysis fees Government sector ^(a)	292	3 371
Other fees	560	1 551
	<u>13 969</u>	<u>22 160</u>
<p>(a) The Chemistry Centre (WA) became a Statutory Authority on 1 August 2007. The 2008 figures only represent one month.</p>		
16 Grants and contributions		
Grants received	1 198	2 598
	<u>1 198</u>	<u>2 598</u>
<p>Mainly represents funding received for the Australia China Natural Gas Technology Partnership Trust Fund. See note 48.</p>		
17 Other revenues		
Property revenue	1 128	1 281
Loan discount unwound	775	834
Miscellaneous revenue	128	99
	<u>2 031</u>	<u>2 214</u>

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	2008 (\$'000)	2007 (\$'000)
18 Net gain on disposal of non-current assets		
<u>Costs of Disposal of Non-Current Assets</u>		
Plant equipment and vehicles	53	167
<u>Proceeds from Disposal of Non-Current Assets</u>		
Plant equipment and vehicles	64	355
Net gain on disposal	11	188
19 Income from State Government		
Appropriation received during the year:		
Service appropriations ^(a)	158 687	146 923
	158 687	146 923
The following liabilities have been assumed by the Treasurer during the financial year.		
Superannuation ^(b)	-	6 044
Total liabilities assumed by the Treasurer	-	6 044
The following net assets have been assumed from/(transferred) to other state government agencies during the financial year ^{(c) & (d)}		
Land and Buildings ^(e)	109	-
Total net assets assumed/(transferred)	109	-
Resources received free of charge has been determined on the basis of the following estimates provided by agencies ^(d) .		
State Solicitors Office		
- legal services	1 215	832
Department of Treasury and Finance		
- procurement services	346	336
Landgate		
- land dealings, land information, valuation services and products	974	633
	2 535	1 801
	161 331	154 768

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

(b) The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State Scheme. In 2008 there was a decrease in the liability of \$3.521m and in accordance with T11101A, a nil amount has been included.

(c) Where the Treasurer or other entity has assumed a liability, the Department recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability. From 1 July 2002 non-discretionary non-reciprocal transfers of net assets (i.e. restructuring of administrative arrangements) have been classified as Contributions by Owners (CBOs) under TI 955 and are taken directly to equity. Discretionary transfers of assets between State Government agencies are reported as assets assumed/(transferred) under Income from State Government.

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

- | | 2008
(\$'000) | 2007
(\$'000) |
|---|------------------|------------------|
| (d) Where assets or services have been received free of charge or for nominal cost, the Department recognises revenues equivalent to the fair value of the assets and/or fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable. The exception occurs where the contribution of assets or services are in the nature of contributions by owners, in which case the Department makes the adjustment direct to equity. | | |
| (e) Land and buildings at Marble Bar and Leonora were transferred into the Department, and land and buildings at Mindarie and Coolgardie were transferred out, as advised to the Valuer General. | | |

20 Restricted cash and cash equivalents

<u>Current</u>		
Suspense account ^(a)	43	50
Forest Residue Utilisation Levy Trust Fund ^(b)	56	56
Australia China Natural Gas Technology Partnership Trust Fund ^(c)	2 379	1 482
	2 478	1 588
<u>Non-current</u>		
Accrued salaries suspense account ^(d)	680	504
	680	504

- (a) The balance in the suspense account represents funds received close to end of year, but not transferred to Treasury until after year end.
- (b) The account is used for the purpose of funding studies and programs which add value to forest residue.
- (c) The trust is to hold funds for the purpose of training Chinese managers from the natural gas industry in China, as well as joint Australia/China research programs. Training will be conducted in both countries.
- (d) The amount held in this suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

21 Inventories

<u>Current</u>		
Inventories held for resale:		
Chemistry Centre supplies (at cost)	-	71
	-	71

22 Non-current assets classified as held for sale

<u>Opening balance</u>		
Land	4 212	-
Buildings	6 095	-
	10 307	-
<u>Assets reclassified as held for sale</u>		
Land ^(a)	-	4 212
Buildings	-	6 095
	-	10 307

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	2008 (\$'000)	2007 (\$'000)
Land	4 212	4 212
Buildings	6 095	6 095
	10 307	10 307

- (a) Land and buildings held by the Department at Waterford are subject to negotiations for sale, which is expected to occur within the next 12 months. The valuations reported represent the valuation undertaken during sale negotiations in July 2006.

23 Receivables

Current

Trade debtors ^(a)	506	1 688
Accrued revenue	630	75
Allowance for impairment of receivables	-	(55)
Loans and advances ^(b)	137	137
GST receivable	4 164	1 550
Total Current	5 437	3 394

Non-current

Loans and advances ^{(a) (b)}	14 324	14 633
Provision for conversion of loans to grants	(566)	(1 412)
Total Non-Current	13 758	13 221

- (a) \$211,633, a long term receivable, has been transferred from Current to Non-Current as the debt is not due until July 2009.

- (b) The carrying amount of loans receivable approximates their net fair values.

Reconciliation of changes in the allowance for impairment of receivables

Balance at start of year	(55)	(54)
Doubtful debts expense recognised in the income statement	-	(21)
Amounts written off during the year	34	1
Amount recovered during the year	4	19
Impairment provision transferred to CCWA as Equity distribution (note 36)	17	-
Balance at end of year	-	(55)

Credit Risk

Aging of receivables past due but not impaired based on the information provided to senior management, at the balance sheet date:

Not more than 3 months	116	251
More than 3 months but less than 6 months	35	114
More than 6 months but less than 1 year	-	4
More than 1 year	-	32
	151	401

Receivables individually determined as impaired at the balance sheet date:

Carrying amount, before deducting any impairment loss	-	37
Impairment loss	-	(37)
	-	-

The Department does not hold any collateral as security or other credit enhancements relating to receivables other than securities in the form of mortgages relating to loans and advances.

24 Amounts receivable for services

Current	1 495	1 851
Non-current	8 879	8 161
	10 374	10 012

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	2008 (\$'000)	2007 (\$'000)
<p>This asset represents the non-cash component of service appropriations. See note 3 (o) 'Amounts receivable for services (Holding Account)'. It is restricted in that it can only be used for asset replacement or payment of leave liability.</p>		
25 Other assets		
<u>Current</u>		
Refundable rental bonds on overseas accommodation	80	65
Prepayments	1 903	1 014
	1 983	1 079
26 Property, plant, equipment and vehicles		
Freehold land - at fair value ^(a)	51 388	39 066
Buildings - at fair value ^{(a) (b)}	32 736	26 294
Furniture, plant and equipment - at cost	3 395	3 484
Accumulated depreciation	(1 211)	(1 136)
	2 184	2 348
Computer hardware and software - at cost	9 651	9 236
Accumulated depreciation	(6 473)	(6 277)
	3 178	2 959
Scientific equipment - at cost	91	8 862
Accumulated depreciation	(7)	(6 029)
	84	2 833
Total equipment	5 446	8 140
Vehicles - at cost	290	281
Accumulated depreciation	(124)	(169)
	166	112
Works in progress ^(c)	7 014	6 770
Total of property, plant, equipment and vehicles	96 750	80 382
<p>(a) Land and buildings were revalued as at 1 July 2007 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2008 and recognised at 30 June 2008. In undertaking the revaluation, fair value was determined by reference to market values for land: \$38,008,933 and buildings: \$22,636,086. For the remaining balance, fair value of land and buildings was determined on the basis of existing use and depreciated replacement cost. See note 3(h) 'Property, Plant and Equipment'.</p>		
<p>Valuation Services, the Office of the Auditor General and the Department of Treasury and Finance assessed the valuations globally to ensure that the valuations provided (as at 1 July 2007) were compliant with fair value at 30 June 2008.</p>		
<p>(b) AASB 116 allows two alternative treatments of accumulated depreciation on revaluation of assets. The net basis was used in accordance with Treasurers Instruction 954. There was no retrospective adjustment to depreciation.</p>		
<p>(c) Works in progress</p>		
Kalgoorlie Complex Stage 2	4 815	237
Native Vegetation Clearing System (i)	-	614
EMITS Integrated Customer project	2 199	1 087
Integrated Spatial Data Infrastructure (i)	-	262
Technology Park Bentley Infrastructure Development (ii)	-	4 570
	7 014	6 770

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	2008 (\$'000)	2007 (\$'000)
<p>(i) The Native Vegetation clearing system and the Integrated Spatial Data Infrastructure software development were completed in 2007/08 and transferred to the asset register as intangible assets.</p> <p>(ii) In 2007/08 land at Technology Park was reclassified from Property, Plant and Equipment to Land Under Development as a result of the three year plan to redevelop the land in accordance with the Technology Precinct Management Plan. The land is undergoing redevelopment before it will be actively marketed for sale. See note 29 'Land Under Development'.</p>		
27 Intangible assets		
Computer software		
At cost	1 808	500
Accumulated amortisation	(310)	(464)
	1 498	36
Computer software		
Carrying amount at start of year	36	127
Additions	1 499	-
Disposals / Transfers	(31)	-
Amortisation expense	(6)	(91)
Carrying amount at end of year	1 498	36
28 Impairment of assets		
<p>There were no indications of impairment of property, plant and equipment and intangible assets at 30 June 2008</p> <p>The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.</p>		
29 Land under development		
<u>Assets reclassified as land under development</u>		
Land ^(a)	4 468	-
Capital works development costs	102	-
	4 570	-
<u>Additions</u>		
Land ^(a)	1 240	-
Capital works development costs	2 757	-
	2 757	-
<u>Closing balance</u>		
Land	5 708	-
Capital works development costs	2 859	-
	8 567	-

- (a) The 2007/08 reclassification represents land at Technology Park reclassified from Property, Plant and Equipment as a result of the three year plan to redevelop the land in accordance with the Technology Precinct Management Plan. The land is undergoing redevelopment before it will be actively marketed for sale, at which point it will be transferred to non current assets held for sale.

Development land at Technology Park Bentley is carried at fair value. The amount includes development costs which are estimated to be equivalent to fair value. Amounts will be disclosed as current where it is anticipated that land will be developed ready for sale within twelve months of the reporting date.

DEPARTMENT OF INDUSTRY AND RESOURCES
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30 Reconciliation of Property, plant, equipment and vehicles

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

As at 30 June 2008

	Land	Buildings	Furniture, plant and equipment	Computer hardware and software	Scientific equipment	Vehicles	Works In Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	39 066	26 294	2 348	2 959	2 833	112	6 770	80 382
Additions	-	-	40	1 831	65	149	6 313	8 398
Transfers ^(a)	24	85	(28)	(238)	(2 754)	-	(1 499)	(4 410)
Other Disposals	-	-	-	(4)	-	(49)	-	(53)
Classified as Land Under Development	-	-	-	-	-	-	(4 570)	(4 570)
Reclassification	-	-	11	(11)	-	-	-	-
Revaluation increments	12 298	7 085	-	-	-	-	-	19 383
Depreciation	-	(728)	(187)	(1 359)	(60)	(46)	-	(2 380)
Carrying amount at end of year	51 388	32 736	2 184	3 178	84	166	7 014	96 750

As at 30 June 2007

	Land	Buildings	Furniture, plant and equipment	Computer hardware and software	Scientific equipment	Vehicles	Works In Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	37 049	34 136	253	2 349	2 628	89	1 779	78 283
Additions	-	-	187	2 367	856	97	2 764	6 271
Other Disposals	-	-	(31)	(113)	-	(23)	-	(167)
Classified as held for sale	(4 212)	(6 095)	-	-	-	-	-	(10 307)
Reclassification	(3 555)	118	2 123	-	-	-	1 314	-
Revaluation increments	9 784	(1 161)	-	-	-	-	913	9 536
Depreciation	-	(704)	(184)	(1 644)	(651)	(51)	-	(3 234)
Carrying amount at end of year	39 066	26 294	2 348	2 959	2 833	112	6 770	80 382

(a) Includes transfer of property, plant and equipment to the Chemistry Centre WA of \$3.02 million when it became a Statutory Authority on 1st of August 2007.

DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008

	2008 (\$'000)	2007 (\$'000)
31 Payables		
<u>Current</u>		
Trade payables	6 801	3 938
Accrued Salaries	447	259
Accrued expenses	1 620	1 231
	8 868	5 428
	8 868	5 428
32 Borrowings		
<u>Current:</u>		
WA Land Corp (Groyne Buyback Agreement)	163	200
WA Treasury Corporation	-	3 840
	163	4 040
	163	4 040
<u>Non-current:</u>		
WA Land Corp (Groyne Buyback Agreement)	-	163
WA Land Corp (Enterprise Units Development Agreement)	771	771
	771	934
	771	934
 Total	 934	 4 974
	 934	 4 974
33 Other current liabilities		
Accrued interest payable	-	66
Unclaimed monies	738	443
	738	509
	738	509
34 Revenue received in advance		
Grants held in trust for research projects	-	740
Other	-	10
	-	750
	-	750
35 Provisions		
<u>Current</u>		
Employee benefits provisions		
Annual leave ^(a)	5 552	5 448
Long service leave ^(b)	6 259	6 252
	11 811	11 700
	11 811	11 700
Other provisions		
Employment on-costs Provision ^(c)	102	98
	102	98
	102	98
	11 913	11 798
	11 913	11 798
<u>Non-current</u>		
Employee benefits provisions		
Long service leave ^(b)	4 511	5 004
Deferred salary scheme	-	72
	4 511	5 076
	4 511	5 076
Other provisions		
Employment on-costs Provision ^(c)	39	43
	39	43
	39	43
	4 550	5 119
	4 550	5 119

DEPARTMENT OF INDUSTRY AND RESOURCES
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	2008 (\$'000)	2007 (\$'000)
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of balance sheet date	3 434	3 637
More than 12 months of balance sheet date	2 118	1 811
	5 552	5 448
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of balance sheet date	3 966	4 310
More than 12 months of balance sheet date	6 804	6 946
	10 770	11 256
(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and WorkCover premiums. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed at note 14 'Other expenses'.		
<u>Employment on-cost provision</u>		
Carrying amount at start of year	142	135
Additional provisions recognised	(65)	68
Payments/other sacrifices of economic benefits	64	(60)
Carrying amount at end of year	141	142

36 Equity

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

Contributed equity

Balance at the start of the year	60 864	58 908
Contributions by owners		
Capital contributions ^(a)	12 104	1 945
Transfer of net assets from other agencies ^(a)		
Land, Buildings and Equipment from DOCEP	-	11
Total contributions by owners	12 104	1 956
Distributions to owners		
Transfer of net assets to other agencies ^(b)		
Chemistry Centre became a Statutory Authority ^(d)	(2 657)	-
Total distributions to owners	(2 657)	-
Balance at end of the year	70 311	60 864

**DEPARTMENT OF INDUSTRY AND RESOURCES
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	2008 (\$'000)	2007 (\$'000)
Reserves		
Asset revaluation reserve		
Balance at the start of the year	54 074	44 538
Net revaluation increments/(decrements)		
Land	13 538	10 697
Buildings	7 084	(1 161)
Balance at the end of the year	74 696	54 074

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 3(h).

Accumulated surplus/(deficit)

Balance at the start of the year	(739)	(13 199)
Result for the year ^(c)	4 127	12 460
Balance at the end of the year	3 388	(739)
Total equity	148 395	114 199

- (a) Capital Contributions (appropriations) and non-discretionary (non-reciprocal) transfers of net assets from other State government agencies have been designated as contributions by owners in Treasurer's Instruction TI 955 and are credited directly to equity.
- (b) UIG 1038 requires that where the transferee accounts for a transfer as a contribution by owner, the transferor must account for the transfer as a distribution to owners. Consequently, non-discretionary (non-reciprocal) transfers of net assets to other State government agencies are distribution to owners and are debited directly to equity.
- (c) TI 955 requires non-reciprocal transfers of net assets to Government to be accounted for as distribution to owners.
- (d) From 1st August, 2007 the Chemistry Centre, a then division within DoIR, became a statutory authority. DoIR will continue to provide some corporate service support to the Chemistry Centre after this date.

37 Notes to the Cash Flow Statement

Reconciliation of cash

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

Cash on hand	41	42
Operating account	23 525	22 141
Cash and cash equivalents	23 566	22 183
Restricted cash assets (refer note 20)	3 158	2 092
Total cash	26 724	24 275

DEPARTMENT OF INDUSTRY AND RESOURCES
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FOR THE YEAR ENDED 30 JUNE 2008

	2008 (\$'000)	2007 (\$'000)
Reconciliation of net cost of services to net cash flows used in operating activities		
Net cost of service	(157 204)	(142 308)
Non-cash items		
Superannuation	-	6 044
Depreciation and amortisation expense	2 386	3 325
Resources received free of charge	2 535	1 801
Write-off of loan	(48)	44
Loan discount unwound	(775)	(833)
Net (gain)/loss on disposal of non-current assets	(11)	(188)
(Increase)/Decrease in assets		
Current Receivables	(504)	1170
Inventory	(15)	1
Other assets	(932)	27
Increase/(Decrease) in liabilities		
Current Payables	2 043	(1 918)
Other liabilities	590	325
Revenue received in advance	(64)	226
Provisions - Employee benefits	990	636
Net GST payments	(2 198)	(134)
Change in GST in receivables/payables	(375)	-
Net cash used in operating activities (Statement of Cash Flows)	(153 582)	(131 782)

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

38 Resources provided free of charge

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

MERIWA (Building services, parking, conferences)	32	25
--	----	----

39 Commitments for expenditure

Capital expenditure commitments

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

Within 1 year	7 835	18 095
Later than 1 year and not later than 5 years	4 773	7 369
Later than 5 years	-	-
	12 608	25 464

The capital commitments include amounts for:

Building	6 156	14 117
Computer hardware and software	5 966	8 441
Furniture, plant and equipment	486	2 906
	12 608	25 464

**DEPARTMENT OF INDUSTRY AND RESOURCES
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	2008	2007
	(\$'000)	(\$'000)
Lease commitments		
<p>The Department has a number of property leases for its operations both within the State and for overseas representative offices. The leases have various terms and conditions and expiry dates including rent reviews.</p> <p>Commitments in relation to leases contracted at the balance sheet date, but not recognised in the financial statements are payable as follows:</p>		
Within 1 year	2 676	2 764
Later than 1 year and not later than 5 years	7 473	7 547
Later than 5 years	3 249	5 006
	13 398	15 317
Representing:		
Non-cancellable operating leases	13 398	15 317

These commitments are exclusive of GST.

40 Contingent liabilities and contingent assets

Contingent liabilities:

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

Contaminated sites

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

During the year the Department identified 16 potential contaminated sites of which three are suspected sites as at the reporting date. The Department is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the Department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

Contingent assets:

There are no known contingent assets.

41 Events occurring after the balance sheet date

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

**DEPARTMENT OF INDUSTRY AND RESOURCES
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**2008
(\$'000) 2007
(\$'000)**

42 Remuneration of senior officers

Remuneration

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

	<u>2008</u>	<u>2007</u>
\$10 001 to \$20 000	-	1
\$60 001 to \$70 001	-	1
\$70 001 to \$80 000	1	-
\$90 001 to \$100 000	-	1
\$100 001 to \$110 000	1	-
\$110 001 to \$120 000	2	2
\$120 001 to \$130 000	3	10
\$130 001 to \$140 000	8	5
\$140 001 to \$150 000	2	2
\$150 001 to \$160 000	1	-
\$170 001 to \$180 000	1	2
\$190 001 to \$200 000	-	1
\$210 001 to \$220 000	1	1
\$250 001 to \$260 000	1	-
\$350 001 to \$360 000	-	1
\$370 001 to \$380 000	1	-

The total remuneration of senior officers is:

3 350 3 738

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

The CCWA senior officers are excluded from the 2007/08 figures as they became a Statutory Authority on 1st August 2007.

43 Remuneration of Auditor

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

Auditing the accounts, financial statements and performance indicators.

105 116

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
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44 Explanatory Statement

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

	2008 Estimate (\$'000)	2008 Actual (\$'000)	Variation (\$'000)
(a) Significant variances between estimates and actual for 2008:			
Delivery of Services			
Total appropriations provided to deliver services	168 666	158 687	(9 979)
The reduction in appropriation is mainly due to repositioning of grant funding to the out years for Science and Innovation, Promotion and Support (-\$23.6m) and the establishment of the WA Chemistry Centre as a Statutory Authority from 1 August 2007 (-\$2.7m) partly offset by additional funding for the activities of the Northern Development Taskforce (+\$8.9m), reducing the Mining Tenement Application backlog (+\$1m), delay in transition to Shared Services (+\$2.4m), Specified Callings Wage Agreement (+\$1.2m) and other policy adjustment initiatives (+\$2.8m).			
Capital			
Capital contribution	15 313	12 104	(3 209)
The reduction in capital contribution is mainly due to the transfer out of the Chemistry Centre function (\$0.495m), deferral of capital works program for Technology Precinct Bentley (\$1.6m) and a change in scope for the electronic archives project from capital to recurrent expenditure (\$0.8m).			
Administered Transactions			
Administered capital contribution	2 700	1 700	(1 000)
The decrease from the 2008 estimate to the actual is due to the deferral to a later year of infrastructure to be provided at the Mirambeena Timber Precinct.			
Details of Expenditure by Service			
Resource Services	49 606	60 878	11 272
The increase in the 2008 actual when compared to the 2008 estimate is mainly due to policy decisions made during the year for the Northern Development Taskforce (\$8.9m), Goolari Media Enterprises (\$1.0m) and reducing the Mining Tenement Backlogs (\$1.0m).			
Science and Innovation, Promotion and Support	72 611	49 201	(23 410)
The underspend in 2008 compared to the 2008 estimate is mainly due to the repositioning of grant funding for Innovate WA, Centres of Excellence, Radio Astronomy and Science Initiatives.			
Scientific Services	15 926	921	(15 005)
The estimate assumed 12 months expenditure by the Chemistry Centre WA as a division of the Department. The Chemistry Centre WA was established as a Statutory Authority from 1 August 2007, hence the actual expenditure is for the month it remained with the Department.			
Total Income	24 296	17 209	(7 087)
Actual income in 2008 was less than the 2008 estimate mainly due to the lower than anticipated Petroleum Annual Fees and the transfer out of the Chemistry Centre WA from DOIR to becoming a Statutory Authority on 1 August 2007.			

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	2008 Estimate (\$'000)	2008 Actual (\$'000)	Variation (\$'000)
Adjustment for movement in cash balances and other accrual items	(8 908)	1 483	10 391
<p>The higher than expected positive movement in cash balances when compared to the 2008 estimate is mainly due to an underspend of science grants (\$23.5m) being partially offset by additional resource service policy decisions (\$12m).</p>			
Capital Expenditure			
Purchase of non-current physical assets	16 743	10 039	(6 704)
<p>The underspend in 2008 Actual is mainly due to the repositioning of capital works funds to the out years for projects which include Technology Precinct Bentley (\$1.6m), and a change in scope for the electronic archives project from capital to recurrent expenditure (\$0.8m). Project delays to Technology Precinct Bentley (\$1.9m) and Kalgoorlie Complex Stage 2 (\$1.0m) have also contributed to the underspend.</p>			
Other payments for financing activities	1 064	-	(1 064)
<p>This represents an estimate of loan advances which may be given to Industry other than as grants. There were no loans advanced in 2007/08.</p>			
Details of Income Estimates			
Income disclosed as Administered Income			
Territorial Royalties	2 571 500	2 543 044	(28 456)
<p>The decrease in 2008 Actual for Territorial Royalties is mainly due to lower price and export volumes of Nickel, lower refinery deliveries and higher exchange rate for Gold, partially offset by an increase in Petroleum Commonwealth Royalties due to higher commodity prices.</p>			
Regulatory Fees	-	14 963	14 963
<p>This comprises Ad Valorem fees which occur on an ad hoc basis and cannot be estimated in the budget.</p>			
Grants and Subsidies	790	15 473	14 683
<p>The 2008 estimate included Commonwealth funding for the Ngaanyatjarra (\$0.2m) and Kimberley Broadband telecommunications projects (\$0.59m). Milestones on both of these projects were achieved earlier than expected enabling the Commonwealth to make higher contributions. Also during 2008 additional telecommunications agreements were entered into with the Commonwealth resulting in additional contributions for the Bush Medivac project (\$8.95M), Emergency Connect project (\$4.768m) and Broadband Project Manager (\$0.055m).</p>			
Other Revenue	187	3 261	3 074
<p>Actual revenue was higher than the 2008 estimate due to the funding agreements entered into with Geoscience Australia (\$0.73m), the reclassification of the Australian Resources Research Centre loan (\$0.69m), the call up of Environmental bonds for site rehabilitation (\$0.5m) and other contributions received for various projects (\$1.15m).</p>			

**DEPARTMENT OF INDUSTRY AND RESOURCES
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(b) Significant variances between actuals for 2007 and 2008:

	2008 Actual (\$'000)	2007 Actual (\$'000)	Variation (\$'000)
Delivery of Services			
Total appropriations provided to deliver services	158 687	146 923	11 764
The increase in appropriation compared to 2007 is mainly due to new funding for the activities of the Northern Development Taskforce (+\$8.9m), reducing the Mining Tenement Application backlog (+\$1m), delay in transition to Shared Services (+\$2.4m), Specified Callings Wage Agreement (+\$1.2m) and other policy adjustment initiatives (+\$2.8m) offset by the net impact of movements in grant funding under Science and Innovation initiatives and the transition of the WA Chemistry Centre to a Statutory Authority from 1st August 2007.			
Capital			
Capital contribution	12 104	1 945	10 159
The increase in capital contribution in 2008 compared to 2007 is mainly due to increase in funding for Kalgoorlie Complex Stage 2 (\$2.7m), Technology Precinct Bentley (\$4.15m) and finalisation of debt servicing obligations for Technology Precinct Bentley (\$3.2m).			
Administered Transactions			
Administered capital contribution	1 700	1 000	700
The increase from 2007 to 2008 is due to a small decrease in contributions for the Marine Industry Technology Park project (\$0.2m) as it nears completion, being offset by a new contribution for the commencement of the Mirambeena Timber Precinct project (\$0.9m).			
Details of Expenditure by Service			
Resource Services	60 878	50 263	10 615
The increase in 2008 Actual compared to 2007 Actual reflects funding in 2008 for Northern Development Taskforce (\$8.9m), Goolari Media Enterprises (\$1.0m), Indigenous Economic Development Strategy (\$1.0m) and Mining Tenement Backlogs (\$1.0m), partially offset by a shortfall in salaries expenditure due to difficulties in attracting and retaining staff.			
Industry Development Services	18 039	21 406	(3 367)
The decrease in 2008 Actual compared to 2007 Actual is mainly due to the completion of Motorola Research Centre Incentive financial assistance and one off payment of grant funding to Access 31.			
Science and Innovation, Promotion and Support	49 201	40 031	9 170
The increase is mainly due to expenditure on Science Initiatives program which include Western Australian Clinical Trials, Biotechnology, Neurotrauma Research Program and funding for the Office of Nobel Laureates.			
Scientific Services	921	11 143	(10 222)
The WA Chemistry Centre was established as a Statutory Authority from 1 August 2007 hence the 2008 actual is the expenditure for the month it remained as a division of the Department.			

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	2008 Actual (\$'000)	2007 Actual (\$'000)	Variation (\$'000)
Total income	17 209	27 160	(9 951)
The higher income for 2007 Actual includes the full year income for the Chemistry Centre WA (\$7.5m) which became a Statutory Authority on 1 August 2007 and a one off grant for Multilateral Indigenous Economic Development Framework (\$1.6m).			
Adjustment for movement in cash balances and other accrual items	1 483	4 615	(3 132)
The decrease in the movement in cash balances when compared to 2007, is largely due to the utilisation of cash balances to fund recurrent expenditure.			
Capital Expenditure			
Purchase of non-current physical assets	10 039	6 261	3 778
The increase in 2008 is mainly due to expenditure on Technology Precinct Bentley and Kalgoorlie Complex Stage 2.			
Repayment of borrowings	3 990	1 795	2 195
The higher repayment of borrowings in 2008 is mainly due to retirement of debt servicing obligations for Technology Precinct Bentley.			
Capital contribution	12 104	1 945	10 159
The increase in capital contribution in 2008 compared to 2007 is mainly due to increase in funding for Kalgoorlie Complex Stage 2 (\$2.7m), Technology Precinct Bentley (\$4.15m) and finalisation of debt servicing obligations for Technology Precinct Bentley (\$3.2m).			
Details of Income Estimates			
Income disclosed as Administered Income			
Total Territorial	2 543 044	2 204 086	338 958
The higher Territorial Revenue in 2008 is due to a higher exchange rate than estimated, higher commodity prices and increased volumes for Petroleum, higher prices and increased export volumes for Iron Ore, partially offset by decline in Nickel due to lower price and export volumes.			
Regulatory Fees	14 963	9 798	5 165
Increased Regulatory Fees for 2008 represents higher Ad-valorem fees collected in 2008.			
Grants and Subsidies	15 473	500	14 973
The 2007 Actual represented a Commonwealth contribution for the Ngaanyatjarra telecommunications project (\$0.5m). During 2008 this project was completed and the final contribution (\$0.4m) was made. Also in 2008 other telecommunications works were progressed, enabling the Commonwealth to make contributions for the Kimberley Broadband (\$1.3m), Bush Medivac (8.95m), Emergency Connect (\$4.768m) and Broadband Project Manager projects (\$0.055m).			
Other Revenue	3 261	2 439	822
The other revenue collected in 2008 was higher than 2007 mainly due to agreements entered into with Geoscience Australia for a Geochemical survey and an airborne Geophysical survey of the Dumbleyung area.			

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
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45 Financial instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Department are cash and cash equivalents, restricted cash, borrowings, loans and receivables, and payables. All of the Department's cash is held in the public bank account (non-interest bearing) apart from restricted cash held in a special purpose account. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

Credit risk

Credit risk arises when there is the possibility of the Department's receivables defaulting on their contractual obligations resulting in financial loss to the Department. The Department measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of these assets inclusive of any provisions for impairment, as shown in the table at note 45(c).

Potential credit risk exists associated with the Department's financial assets as the main receivables are in the nature of loans to third parties. For receivables other than to government, the Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products, services and loans (included in receivables on the balance sheet) 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. There are no significant concentrations of credit risk other than a receivable of \$19 million to a company, receivable in 2013.

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 23 'Receivables'.

Liquidity risk

The Department is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due.

The Department has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

The Department does not trade in foreign currency (however it does have minimal funds held in foreign currency denominated overseas bank accounts) and is not materially exposed to other price risks through equity securities or commodity prices changes. The Department's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations. The Department's borrowings are through Landcorp (and WA Treasury Corporation in 2006/07) and have variable rates with varying maturities. Other than as detailed in the interest rate sensitivity analysis table at Note 45(c), the Department has limited exposure to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing.

(b) Categories of Financial Instruments

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

	2008	2007
	\$000	\$000
Financial Assets		
Cash and cash equivalents	23 566	22 183
Restricted cash and cash equivalents	3 158	2 092
Loans and Receivables ⁽ⁱ⁾	25 405	25 077
Financial Liabilities		
Financial liabilities measured at amortised cost ⁽ⁱ⁾	9 802	10 402

(i) Excludes GST recoverable/payable from/to the ATO (statutory receivable/payable)

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(c) Financial Instrument disclosures

Credit Risk, Liquidity Risk and Interest Rate Risk Exposures

The following table details the exposure to liquidity risk and interest rate risk as at the balance sheet date. The Department's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to Senior Management of the Department. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date. An adjustment for discounting has been made where material. The following table details the Department's exposure to interest rate risk as at the reporting date:

The Department holds collateral as security relating to some of the financial assets it holds.

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

	Weighted Average Effective Interest Rate	Variable Interest Rate	Non-interest Bearing	Contractual Maturity Dates						Adjustment for discounting	Total	
				Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years			
2008	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	
Financial Assets												
Cash and cash equivalents	-	-	23 566	-	-	-	-	-	-	-	-	23 566
Restricted cash and cash equivalents	-	-	3 158	-	-	-	-	-	-	-	-	3 158
Receivables (a)	-	-	1 136	-	-	-	-	-	-	-	-	1 136
Loans and Advances	-	-	19 348	-	-	-	-	-	-	-	(5 453)	13 895
Amounts receivable for services	-	-	10 374	-	-	-	-	-	-	-	-	10 374
			<u>57 582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>52 129</u>
Financial Liabilities												
Payables (a)	-	-	8 868	-	-	-	-	-	-	-	-	8 868
Borrowings	7.71	771	-	163	-	-	-	-	-	-	-	934
Amounts due to the Treasurer	-	-	-	-	-	-	-	-	-	-	-	-
		<u>771</u>	<u>8 868</u>	<u>163</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>		<u>9 802</u>

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	Weighted Average Effective Interest Rate	Variable Interest Rate	Non-interest Bearing	Contractual Maturity Dates						Adjustment for discounting	Total
				Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years		
2007	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets											
Cash and cash equivalents	-	-	22 183	-	-	-	-	-	-	-	22 183
Restricted cash and cash equivalents	-	-	2 092	-	-	-	-	-	-	-	2 092
Receivables (a)	-	-	1 707	-	-	-	-	-	-	-	1 707
Loans and Advances	-	-	19 587	-	-	-	-	-	-	(6 229)	13 358
Amounts receivable for services	-	-	10 012	-	-	-	-	-	-	-	10 012
			55 581	-	-	-	-	-	-	-	49 352
Financial Liabilities											
Payables (a)	-	-	5 428	-	-	-	-	-	-	-	5 428
Other borrowings	6.85	4 974	-	-	-	-	-	-	-	-	4 974
Amounts due to the Treasurer	-	-	-	-	-	-	-	-	-	-	-
		4 974	5 428	-	-	-	-	-	-	-	10 402

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

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

**DEPARTMENT OF INDUSTRY AND RESOURCES
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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 balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	-1% change			+1% change	
	Carrying Amount \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
2008					

Financial Assets

Loans and Advances	-	-	-	-	-
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Financial Liabilities

Other Borrowings	771	8	8	(8)	(8)
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	-1% change			+1% change	
	Carrying Amount \$000	Profit \$000	Equity \$000	Profit \$000	Equity \$000
2007					

Financial Assets

Restricted cash and cash equivalents	-	-	-	-	-
--------------------------------------	---	---	---	---	---

Financial Liabilities

Other borrowings	4 974	(50)	(50)	50	50
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Fair Values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

**DEPARTMENT OF INDUSTRY AND RESOURCES
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46 Related bodies

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

47 Affiliated bodies

Western Australian Technology and Industry Advisory Council (TIAC)

The Technology and Industry Advisory Council (TIAC), which was established by the Technology Development Amendment Act 1987 and continues under the Industry Technology Development Act 1988, is totally funded by the Department.

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	<u>2008</u>	<u>2007</u>
	\$'000	\$'000

48 Special Purpose Accounts

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

Survey of Leases under the Mining Act Fund

Survey fees collected under the Mining Act are paid into this account. The actual cost of surveys is charged to the Consolidated Account, and fees previously collected are transferred to the Consolidated Account. If the applicant decides not to proceed with the survey, the fee collected is refunded.

Opening balance 1 July	123	123
<u>Add</u> receipts	-	-
	-	-
<u>Less</u> payments	-	-
Refunds	-	-
	-	-
Closing balance 30 June	123	123

Barrow Island Royalty Fund

The account was created under the Barrow Island Royalty Trust Account Act 1985 which provides for royalty payments received under the Barrow Island lease to be credited to the account and subsequently apportioned between the Commonwealth and the State.

Opening balance 1 July	-	11 343
<u>Add</u> receipts		
Royalties received	54 108	35 931
	54 108	35 931
<u>Less</u> payments		
Remitted to State	13 527	11 818
Remitted to Commonwealth	40 581	35 456
	54 108	47 274
Closing balance 30 June	-	-

Departmental Receipts in Suspense Fund

This account is to hold moneys temporarily, pending identification of the purpose for which the funds were received. The balance of the account as at 30 June 2008 was \$42,868 (2007 \$50,206).

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	<u>2008</u>	<u>2007</u>
	<u>\$'000</u>	<u>\$'000</u>
Environmental Called-In Performance Bond Money Fund		
<p>The account is to hold called-in performance bond moneys received in respect to section 126 of the Mining Act (1978). Funds are to be used to provide for the rehabilitation of mining sites.</p>		
Opening balance 1 July	2 587	2 403
<u>Add</u> receipts		
Bonds, Securities	506	45
Interest	126	145
	632	190
<u>Less</u> payments		
Refunds of bonds, securities	5	-
Operational expenses	-	6
Interest transferred	366	-
	371	6
Closing balance 30 June	2 848	2 587

Special Projects Fund

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

This account includes an agreement between the Commonwealth and the Department (Indian Ocean Territories Agreement) to carry out inspection services at Christmas Island. With an opening balance of \$54,462, receipts totalled \$21,676 and payments made totalled \$10,484 giving a closing balance of \$65,654.

Opening Balance 1 July	1 927	1 005
<u>Add</u> receipts		
Contribution from Industry and Government	1 560	1 130
	1 560	1 130
<u>Less</u> payments		
Salaries	63	15
Travel	52	27
Consultants	623	121
Grants	800	-
Other	78	45
	1 616	208
Closing Balance 30 June	1 871	1 927

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	2008	2007
	\$'000	\$'000
Forest Residue Utilisation Levy Fund		
The account is to hold funds appropriated by Parliament for the purpose of funding studies and programs which add value to forest residues.		
Opening Balance 1 July	56	60
<u>Add</u> receipts	-	-
	-	-
<u>Less</u> payments	-	4
	-	4
Closing Balance 30 June	56	56
Australia China Natural Gas Technology Partnership Trust Fund		
The account is to hold funds for the purpose of training Chinese managers from the natural gas industry in China, as well as joint Australia/China research programs. Training will be conducted in both countries.		
Opening Balance 1 July	1 482	182
<u>Add</u> receipts		
Contribution from Industry and Government	1 965	2 926
	1 965	2 926
<u>Less</u> payments		
Salaries	134	109
Consultants	665	596
Accommodation	118	64
Grants - Training	-	801
Allowances	97	-
Other payments	54	56
	1 068	1 626
Closing Balance 30 June	2 379	1 482

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	2008	2007
	\$'000	\$'000
Research Funds - Chemistry Centre of WA		
The moneys are held on behalf of various institutions for which the Chemistry Centre (WA) performed various specified research projects.		
Opening Balance 1 July	740	514
<u>Add</u> receipts		
Revenue received	49	1 740
	49	1 740
<u>Less</u> payments		
Money spent on research	113	1 514
	113	1 514
<u>Less</u> transferred to Chemistry Centre (WA)	676	-
	789	1 514
Closing Balance 30 June	-	740
The receipts and payments are for the month of July 2007 only. The balance has been transferred to Chemistry Centre (WA) Statutory Authority. See note 36 'Equity'.		
Regional Headworks Development Scheme Fund		
The purpose of the account is to hold funds appropriated for the purpose of providing assistance under the Regional Headworks Development Scheme.		
Opening Balance 1 July	5 007	5 045
<u>Add</u> receipts	-	-
	-	-
<u>Less</u> payments		
Grants	-	38
	-	38
Closing Balance 30 June	5 007	5 007
Western Australian Industry and Technology Development Account		
The account is to record funds received and expenditure charged in accordance with the Industry and Technology Development Act 1998 (ITDA).		
Opening Balance 1 July	341	142
<u>Add</u> receipts		
Appropriations	39 930	23 871
Loans received	982	-
Other revenue	1 542	3 172
	42 454	27 043
<u>Less</u> payments		
Loans, grants and operational costs	41 401	26 844
	41 401	26 844
Closing Balance 30 June	1 394	341

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$'000	\$'000
49 Supplementary financial information		
<u>Losses Through Theft, Defaults and Other Causes</u>		
Losses of public moneys and public or other property through theft or default	-	-
Amount recovered	-	-
	-	-
<u>Write Offs</u>		
During the year the following amounts were written off under the authority of:		
The Accountable Authority	38	2
The Minister	-	44
Executive Council	1 465	304
	1 503	350
Analysis of losses written off		
Bad debts	1 503	350
	1 503	350
<u>Gifts of Public Property</u>		
Gifts of public property provided by the Department	-	-
	-	-

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$'000	\$'000
50 ADMINISTERED EXPENSES AND INCOME		
EXPENSES		
Finance Costs	137	131
Petroleum (Submerged Lands) Act 1982	13 274	16 041
Refunds of previous years' revenue	16 982	9 885
Services and contracts	2 310	1 536
Payments to Consolidated Account	2 377 960	2 166 726
Grants	47 892	43 982
Total administered expenses	2 458 555	2 238 301
INCOME		
Rentals and royalties	2 543 044	2 204 086
Regulatory fees	14 963	9 798
Grants	15 473	500
Interest	411	582
Revenues from Government	70 560	71 801
Other income	2 850	1 857
Total administered income	2 647 301	2 288 624
ASSETS		
<u>Current Assets</u>		
Cash and cash equivalents	19 122	7 632
Receivables	613 587	432 753
Restricted cash	9 904	9 699
Loans	1 049	2 204
Total administered current assets	643 662	452 288
Non-current assets		
Fixed assets under construction	9 835	3 993
Computing equipment	13	19
Loans	18 362	17 480
Total administered non-current assets	28 210	21 492
Total administered assets	671 872	473 780
LIABILITIES		
<u>Current Liabilities</u>		
Payments received in advance	123	123
Accounts payable	12 728	5 437
Other liabilities	158	152
Loans	96	-
GST payable	835	486
Total administered Current liabilities	13 940	6 198
<u>Non-Current Liabilities</u>		
Loans	1 993	2 089
Total administered non-current liabilities	1 993	2 089
Total administered liabilities	15 933	8 287

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$'000	\$'000
Administered income		
<u>Revenue</u>		
Royalties and Rentals		
The Department is responsible for collection of certain rentals and royalties. These are not classified as operating revenues and are paid directly to Consolidated Account.		
Royalties		
Petroleum - Commonwealth	798 426	656 833
Petroleum - State	51 809	53 682
Iron Ore	1 130 621	868 292
Diamonds	39 908	25 678
Alumina	79 252	84 189
Mineral sands	21 371	31 562
Nickel	129 968	206 525
Gold	98 978	104 586
Other	127 716	109 674
Lease rentals	64 995	63 065
Total	2 543 044	2 204 086

Administered assets

Administered current assets

Accounts receivable	613 587	432 753
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This mainly represents royalties not collected as at 30 June 2008 on production which occurred prior to balance date.

Administered Contingent Liabilities and Assets

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

Administered Contingent Liabilities

- (1) A refund of Royalties payment to a mining company will be made in 2008-09 of approximately \$17.7m. The refund is contingent on the company commencing underground mining operations by 30 June 2009 or such later date as the Minister may before that date approve. The Diamond (Argyle Diamond Mines Joint Venture) Agreement Amendment Act was assented to on 1 July 2008 reducing the royalty rate from 7.5% to 5% . The reduced royalty rate is effective from the March 2007 quarter. Appropriation revenue will be provided to meet the refund payment.
- (2) Administrators for a mining company have lodged a preferential payment claim (\$2.0m) against DoIR for royalty and rental payments made to DoIR whilst the company was insolvent. The case is currently being reviewed. The amount represents a potential refund of royalties to the company administrator's plus costs.
- (3) Approximately \$21.4 million plus costs is associated with the litigation matter between a timber company and the State of Western Australia. The matter is due to be listed for trial, however it may be settled before it proceeds to trial for less than \$8 million less \$5.3 million already paid.

**DEPARTMENT OF INDUSTRY AND RESOURCES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2008**

2008	2007
\$'000	\$'000

Administered Contingent Asset

A mining company went into administration in June 2006 with outstanding gold royalties of \$0.842m. The project was sold as a going concern in May 2007. Finalisation of transactions is expected in the next few months. Previously, with companies in similar predicaments, transfer of tenements to a new owner does not take place until outstanding royalty debt is eventually paid.

KEY PERFORMANCE INDICATORS

DEPARTMENT OF INDUSTRY AND RESOURCES

CERTIFICATION OF KEY PERFORMANCE INDICATORS

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Industry and Resources' performance and fairly represent the performance of the Department of Industry and Resources for the financial year ended 30 June 2008.



Anne Nolan
Director General
17 September 2008

KEY PERFORMANCE INDICATORS cont'd

The Department's Key Performance Indicators measure the extent to which it achieves its desired outcome: Responsible development of the State's industry and Resources for the benefit of Western Australia

AUDITED KEY EFFECTIVENESS INDICATORS

Effectiveness indicators provide information on the extent to which outcomes have been achieved through the funding and production of agreed services.

Ministers' Satisfaction Ratings

	Actual 2006-07	Target 2007-08	Actual 2007-08
A. Ministers' satisfaction with the quality of the Department's policy and planning advice regarding 'Responsible development of the State's industry and resources for the benefit of Western Australians'.			
A1. Rating by the Minister for Trade; Innovation; Science.	5	6	5
A2. Rating by the Minister for Energy; Resources, Industry and Enterprise.	4	6	5
A3. Rating by the Minister for State Development.	5	6	5

Explanatory Note:

Each portfolio Minister was provided (in June 2008) with a questionnaire and asked to rate their satisfaction with the performance of the Department's policy and planning advice in working towards the outcome of 'Responsible development of the state's industry and resources for the benefit of Western Australians'.

A 7 point scale was used for the ratings, where "7" equated to "Totally Satisfied" and "1" equated to "Totally Dissatisfied".

This is the third year in which multiple Ministers have provided ratings against this KPI.

Explanation of Variance:

Although Ministerial satisfaction with the quality of the Department's policy and planning advice was lower than expected for 2007-08, the Department's Ministers were satisfied overall (a rating of "5") with the services. This rating reflects the Department's ongoing commitment to providing high quality, timely policy advice to shape the development of the State's industry and resources. This is further demonstrated by the improvement in ratings from 2006-07 to 2007-08.

Reader's/Stakeholders Satisfaction Ratings

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
B. Readers' satisfaction with the quality of resource sector information.	96%	75%	90%	70%

Explanatory Note:

For the purposes of this KPI, "Readers" are represented by CEOs, and Managing Directors of resource companies in Western Australia. "Readers" so defined were interviewed as part of the Investors survey, which forms the basis of one of the KPIs on the next page. The Department provided a list of 139 such contacts to an independent market research company which conducted telephone interviews that included a question addressing the interviewee's satisfaction with the Department's publications. To provide 95% certainty that the survey result was within a 5% error margin, 102 interviews were required. The number of interviews conducted (87) during this period provided 95% certainty within a 6.45% error margin. The response rate was low because a considerable number of potential interviewees (24%) could not be contacted, even after multiple attempts. Additionally, several respondents declined (8%) to complete the survey. Both of these categories of respondents are included in the total sample size of 139.

Explanation of Variance:

There was a decline in Reader satisfaction both against the 2006-07 actual and the 2007-08 target. The reduced satisfaction is believed to be due to the following factors:

- Respondents adversely impacted by the Varanus Island gas issue providing greater negative ratings than expected.
- Respondents being frustrated with being contacted by more than one agency at the same time of year for survey purposes.

KEY PERFORMANCE INDICATORS cont'd

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
C. Key stakeholders' satisfaction that the Department encourages resources development in Western Australia.	81%	63%	63%	68%

Explanatory Note:

In the context of this KPI, "Stakeholders" are represented by parties, other than resources companies, which have an interest in the Department's promotion of the State's Resources industry. They include other Government departments, Local Government bodies and peak industry representative bodies. The Department provided a list of 156 such parties to an independent market research company which conducted telephone interviews. The number of interviews conducted (113) was sufficient to provide 95% certainty that the survey result is within a 5% error margin.

Explanation of Variance:

The extent to which stakeholders are satisfied that the Department encourages resources development in WA is higher than both the 2006-07 Actual and the 2007-08 Target. The increase in satisfaction reflects the Department's continued commitment to working closely with key stakeholders to promote and further develop the State's resources industry.

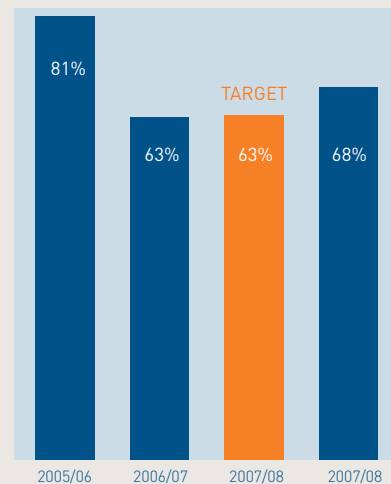


Figure 1 DoIR encourages resources development in WA

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
D. Investor's satisfaction with the Department's resource development facilitation services.	68%	60%	67%	56%

Explanatory Note:

In the context of this KPI, "Investors" are represented by CEOs, and Managing Directors of resources companies in Western Australia. The Department provided a list of 139 such contacts to an independent market research company which conducted telephone interviews that included 5 questions addressing investors' satisfaction with the Department's resources development facilitation services, including infrastructure planning, project co-ordination and assistance with approvals. To provide 95% certainty that the survey result was within a 5% error margin 102 interviews were required. The number of interviews conducted (87) during this period could only provide 95% certainty within a 6.45% error margin. The response rate was low because a considerable number of potential interviewees (24%) could not be contacted, even after multiple attempts. Additionally, several respondents declined (8%) to complete the survey. Both of these categories of respondents are included in the total sample size of 139.

Explanation of Variance:

Investor satisfaction with the Department's resources development and facilitation services was lower than both the 2006-07 Actual and the 2007-08 Target. The lower than expected result is believed to be due to the following factors:

- Respondents adversely impacted by the Varanus Island gas issue providing greater negative ratings than expected.
- Respondents being frustrated with being contacted by more than one agency at the same time of year for survey purposes.

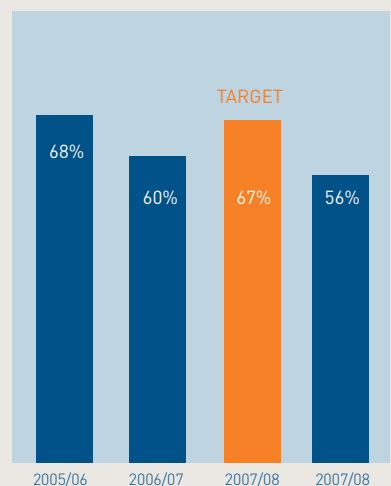


Figure 2 Investor satisfaction with DoIR's resource development facilitation services

KEY PERFORMANCE INDICATORS cont'd

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
E. Extent to which clients agree that the Department of Industry and Resources contributes to business development within Western Australia.	92%	89%	86%	90%

Explanatory Note:

The Department provided a list of 317 contacts to an independent market research company which conducted telephone interviews that included a question addressing interviewees' belief that the Department contributed to business development within Western Australia. The number of interviews (178) conducted was sufficient to provide 95% certainty that the survey result is within a 4.9% error margin.

Explanation of Variance:

The 4% variance between the 2007-08 target and 2007-08 actual was not statistically significant (<5%).

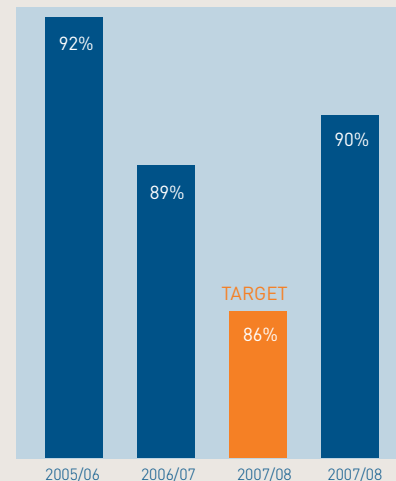


Figure 3 Extent to which DoIR contributes to business development

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
F. Satisfaction from Scientific Services client surveys.	75%	73%	77%	nil

Explanatory Note:

A client survey was not conducted by the Chemistry Centre of Western Australia in 2007-08. This was because they had commenced operations as a separate statutory authority from 1 August 2007.

Geological Stakeholder Satisfaction Ratings

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
G. Rating of geoscience information products.	4.25	3.8	4.1	3.9

Explanatory Note:

This KPI is an averaged customer rating given by industry-based mineral and petroleum Technical Advisory Subcommittees tabled through the Geological Survey Liaison Committee. The committee comprises industry representatives nominated by the Australian Petroleum Production and Exploration Association, the Chamber of Minerals and Energy of Western Australia, the Association of Mining and Exploration Companies, and other geoscience customers, such as Geoscience Australia, CSIRO and Western Australian universities. The Committee meets twice yearly to consider reports by its Technical Advisory Subcommittees and to provide guidance for future programs and feedback on past performance. Geoscience Information Products are rated twice yearly, for quality, against a five-point scale by the subcommittees.

Explanation of Variance:

The 2007-08 rating of 3.9 was not statistically significant (<5%) when compared to the 2007-08 target of 4.1.

KEY PERFORMANCE INDICATORS cont'd

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
H. Rating of geological exploration information services.	4.25	4.1	4.0	4.2

Explanatory Note:

This KPI is an averaged customer rating given by industry-based Technical Advisory Subcommittees tabled through the Geological Survey Liaison Committee (see note on previous page). Geological Exploration Information services are rated twice yearly, for quality, against a five-point scale by the subcommittees.

Explanation of Variance:

Despite receiving a better than target result of 4.2 it was not a statistically significant variance that required explanation.

Conformance with Regulation and Government Policy

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
I. Level of compliance with expenditure conditions (Form 5) in mineral titles.	99%	99%	93%	99%

Explanatory Note:

This indicator shows the percentage of "in force" mineral titles for which Form 5 reports on expenditure have been lodged. A Form 5 is a report lodged by a tenement holder outlining the activities and the amount of expenditure of each activity as required under the Mining Act 1978.

Explanation of Variance:

A large number of Form 5's were received during 2007-2008 indicating that companies are complying with the expenditure provisions of the Mining Act 1978 to ensure they retain their titles during the current commodity boom. For this reason, the 2007-08 Actual was greater than the 2007-08 Target.

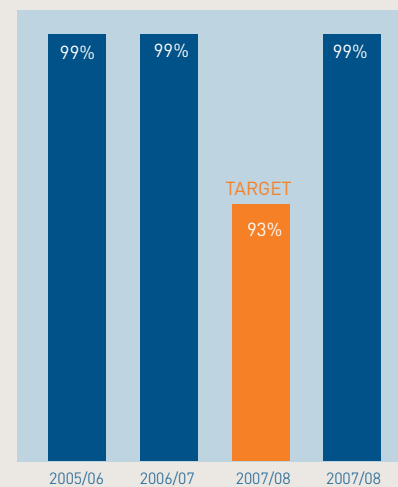


Figure 4 **Compliance with expenditure conditions in mineral titles**

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
J. Percentage of due royalties collected during the year.	100%	100%	100%	100%

Explanatory Note:

This indicator addresses exceptions to the collection of royalties as required by government policy. As in previous years, no exceptions were noted during the 2007-08 year.

Explanation of Variance:

The 2007-08 target was met and therefore does not require an explanation of variance.

KEY PERFORMANCE INDICATORS cont'd

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
K. Minerals Industry Environmental Management assessment scores.	106	94	105	89

Explanatory Note:

On completion of the Annual Environmental Review for each mine site, scores are allocated in a number of categories to reflect the operator's performance in managing environmental issues. This performance indicator measures the trend in the overall annual average of these scores for the industry and is presented as an index, with 1998-99 as the base year.

Explanation of Variance:

The 15% adverse variance is due to the implementation of a risk based approach to site inspections which has resulted in a lower level of environmental compliance.

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
L. Petroleum Industry Environmental Management - the performance of the industry as the percentage of audited projects which had zero major corrective actions reports.	100%	85%	95%	92%

Explanatory Note:

The performance of the industry as the percentage of audited projects which had zero major Corrective Actions Reports (CARs). Non-compliances are defined as:

- Specific infringements of commitments made in project environmental documentation (Environmental Management Plans);
- Specific infringements of conditions of approval; and
- Practices not in accord with the Commonwealth and State Petroleum Acts and Regulations and Schedules of Directions issued under these Acts.

Non-compliances are identified in field audits conducted on a cross-section of projects selected on a risk-assessment basis, which may introduce variability into the results between years. Non-compliances can be segregated into minor and major categories. Minor non-compliances are not considered to have a reasonable risk of significant environmental impact. A major non-compliance, however, is defined as an event where if no CAR is identified and implemented, there is a reasonable risk of significant environmental impact.

Explanation of Variance:

The 3% variance between the 2007-08 target and 2007-08 actual was not statistically significant (<5%)

State Development Performance

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
M. Percentage of international non-ferrous mineral exploration expenditure expended in WA.	5%	4%	6%	5%

Explanatory Note:

The data is drawn from the worldwide survey by the Metals Economic Group of Canada combined with the Australian survey by the Australian Bureau of Statistics. The worldwide survey is done on a calendar year basis, hence results above are for calendar 2007. The worldwide survey is only of commercial non-ferrous mineral exploration and the percentages quoted are on this basis. Western Australia enjoyed attracting 10-12% of the worldwide non-ferrous mineral exploration expenditure from 1993 through to 2002 inclusive (and hence that had previously been adopted as the target), but the actual percentage spent locally has gradually decreased since 2004.

Explanation of Variance:

Western Australia has been losing its attractiveness to mineral explorers over the last few years through a combination of factors. These include access to land; access to capital; red tape; perceived lower prospectivity; and fewer high-profile discoveries. However, the trend has reversed this year.

KEY PERFORMANCE INDICATORS *cont'd*

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
N. Western Australia's rating on the Fraser Institute Investment Attractiveness Index.	3rd	3rd	10th	8th

Explanatory Note:

The Fraser Institute Investment Attractiveness Index is assessed by the Fraser Institute annual survey of mining companies (www.fraserinstitute.ca). The survey is of 64 jurisdictions in the world and of companies spending about one-third of the world-wide exploration budget. The internationally respected Fraser Institute ratings show Western Australia is widely recognised in terms of its 'composite policy and mineral potential'.

Explanation of Variance:

Western Australia's rating remains relatively high, but is behind Russia, Brazil, Ghana, Philippines, Papua New Guinea, Indonesia and Minnesota.

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
O. Level of Australian Mineral exploration expenditure in Western Australia.	51%	48%	47%	51%

Explanatory Note:

Data for this indicator is compiled by the Australian Bureau of Statistics. At the time of compilation of this annual report, 'Actual' data is only available for the first three quarters of 2007-08, hence the percentage shown is on an actual basis but only for the first nine months of 2007-08.

Explanation of Variance:

The current commodity boom is continuing to attract exploration expenditure to Western Australia, and this is reflected in the positive growth in Australian Mineral exploration expenditure in Western Australia.

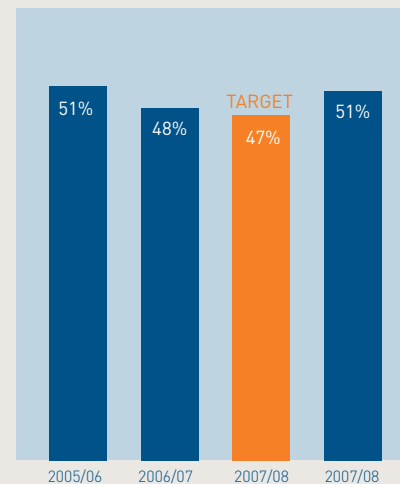


Figure 5 Mineral exploration expenditure

KEY PERFORMANCE INDICATORS cont'd

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
P. Level of Australian Petroleum exploration expenditure in Western Australia.	48%	60%	56%	72%

Explanatory Note:

Data for this indicator is compiled by the Australian Bureau of Statistics. 'Actual' data reported is for the first three quarters of 2007-08 as data for the final quarter of 2007-08 is not yet available from the ABS.

Explanation of Variance:

The current acceleration of petroleum exploration expenditure in Western Australia has outstripped the national average due to the current economic climate of high oil and gas prices and the relatively larger proportion of prospective oil and gas areas in and off the coast of Western Australia.

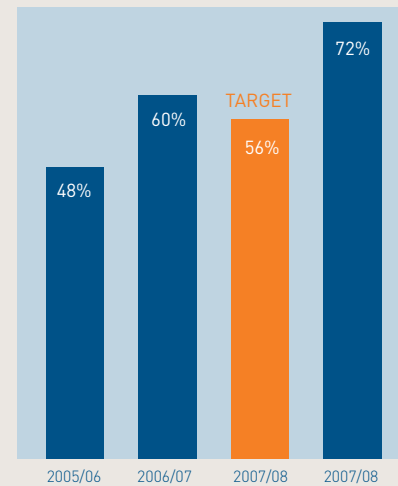


Figure 6 **Petroleum exploration expenditure**

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
Q. Area of Western Australia under mineral exploration title (sq km).	314,806	407,340	395,000	526,106

Explanatory Note:

Data for this indicator is maintained by the Department and includes Exploration Licences, prospecting licences and mineral claims.

Explanation of Variance:

The continuing commodity boom combined with the Department's efforts to reduce the backlog of mining tenement applications has led to an increase in the granting of mineral titles resulting in an increase in the area of Western Australia under mineral title.

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
R. Area of Western Australia under petroleum exploration title (sq km).	436,180	540,581	560,000	699,816

Explanatory Note:

Data for this indicator is maintained by the Department.

Explanation of Variance:

The increase in area under exploration title is due to the introduction of new Geothermal Exploration Permits consistent with the Petroleum and Geothermal Energy Resources Act 1967 which was amended and came into effect in January 2008.

KEY PERFORMANCE INDICATORS *cont'd*

	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08
S. Index of funding leverage obtained for Western Australia from "Centres of Excellence" grants	6.1:1	6.1:1	6.1:1	6.1:1

Explanatory Note:

This is a leading indicator that reports the ratio of dollars provided by the Commonwealth and other sources for every dollar provided by the State. 6.1:1 is the leverage ratio for all centres external cash income for Centres of Excellence grants paid to 30 June 2008.

Explanation of Variance:

The 2007-08 target was met and therefore does not require an explanation of variance.

KEY PERFORMANCE INDICATORS cont'd

AUDITED KEY EFFICIENCY INDICATORS

Efficiency indicators relate services to the level of resource inputs required to produce them.

Service 1: Resource Services	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08	Explanation of Variance
Average cost per mineral title service	\$566	\$520	\$568	\$442	The 2007-08 Target was developed on the expectation that 27,500 titles would be issued in 2007-08, a reduction from 32,000 in 2006-07. This assumption was based on expectations that the commodity boom would begin to slow during 2007-08 and the application rate would drop following amendments to the Mining Act 1978. These expectations were not fully realised and a higher than expected level of applications for exploration and prospecting licences was received in 2007-08. Consequently almost 36,000 titles were issued in 2007-08, a substantial increase from the assumption underlying the target, and this increase, together with the relatively fixed nature of the service costs, explains the reduction against target.
Average cost per petroleum title operation and resource service	\$745	\$1,060	\$684	\$1,007	The number of titles issued during the year was over 10% higher than the figure that was assumed when the target was set. This was due to an increase in Resources Assessment and Information Services initiatives. However there was also a substantial increase in actual costs, compared to budgeted costs (from \$3.7 million to \$6 million). The net impact of both of these factors is an increase in the average cost against the 2007-08 target.
Average cost per royalty returns verified and audited	\$2,517	\$2,248	\$2,403	\$1,630	The variance is due to increased activity in the mining sector which resulted in more projects submitting royalty returns. Also, some projects which were expected to be finished during this period have actually continued production.
Average cost per environmental regulatory weighted service provided to the minerals industry	\$1,447	\$1,447	\$1,405	\$1,420	The variance between the 2007/08 target and actual is not statistically significant, and therefore does not require an explanation.
Average cost per petroleum environmental audit and assessment	n/a	\$1,231	\$1,205	\$1,203	The variance between the 2007/08 target and actual is not statistically significant, and therefore does not require an explanation.

KEY PERFORMANCE INDICATORS cont'd

Service 1: Resource Services	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08	Explanation of Variance
Average cost of Aboriginal Economic Development projects facilitated	\$712,016	\$821,814	\$746,660	\$1,012,152	On a total cost basis, actual expenditure on indigenous economic development increased in 2007-08 from a target of \$5,226,620 to \$7,016,646 due to: <ul style="list-style-type: none"> - Financial assistance of \$1.019 million to Goolari Media to assist it in achieving financial self-sustainability in media and communication services in Broome, due to the withdrawal of the Australian Government's Community Development Employment Program. This 3 year funding program commenced in 2007-08 with tapered funding in subsequent years and - Additional allocation by the Government of \$1 million (\$5 million over 2 years, with \$1.5m in 2007-08 deferred to 2009-10) to accelerate action plans to deliver indigenous economic development outcomes principally in fostering increase in sustainable indigenous employment, business development and asset creation opportunities for Indigenous people.
Average cost of industry infrastructure projects	\$312,706	\$196,469	\$181,238	\$362,241	As part of a review of all Industry Infrastructure projects in late 2007, each project was assessed against criteria that included an analysis of whether the project was consistent with the Department's core business and strategic priorities. As a result of this review, a number of related projects were considered to be non core business, although the Department had taken carriage of the project for various reasons. Hence, these projects were referred back to other agencies where responsibility was better matched or appropriate. The result was a reduction in the number of projects to 60 (down from the target of 77 Industry Infrastructure projects for 2007-08). This reduction together with funding of almost \$9 million dollars for the Northern Development Taskforce, which was not included in the calculation of the target, explains the variance.
Average cost of resource development projects	\$87,326	\$38,304	\$34,929	\$11,743	2007-08 has seen a significant increase in demand for approvals and strong resources expansion, which has considerably increased the number of resource development projects. The number of projects has increased from 41 (30 declared in the target) to 64 while costs have halved from \$1.4 million to \$0.7 million.

KEY PERFORMANCE INDICATORS cont'd

Service 2: Industry Development Services	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08	Explanation of Variance
Average cost of industry projects facilitated	n/a	\$1,367,282	\$1,105,234	\$1,302,094	One project for reporting purposes has been moved to Service 5 - Science and Innovation Promotion and Support
Average cost of technology infrastructure projects facilitated	n/a	\$798,512	\$788,490	\$249,872	A substantial decrease in costs (from \$3 million to \$1.2 million) was experienced while the number of projects was unchanged.
Service 3 : Investment and Trade Services	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08	Explanation of Variance
Average cost per resource sector investment attraction program delivered	n/a	\$35,605	\$38,841	\$24,213	A substantial decrease in costs (from \$3.2 million to \$1.9 million) was experienced while the number of projects was unchanged.
Average cost per major resource project facilitated	n/a	\$111,509	\$120,474	\$145,397	While costs increased from \$6.5 million to \$7.5 million, the change in the number of projects was minimal.
Average cost per major trade program facilitated	n/a	\$882,842	\$955,115	\$1,533,123	The 2007-08 Target was based on the 2006-07 Actual. However, there was a reduction in the number of major trade programs from 16 for 2006-07 to only 9 for 2007-08 as part of a rationalisation of projects to better reflect an outcome-driven operational plan and to match resourcing needs. The 9 program areas relate to 6 market regions, an Annual WAGON Conference; Zhejiang Sister State activities funded by ERC and the Grow WA ERC funded project. This increase, together with the relatively fixed nature of the service costs, explains the variance against target.
Service 4 : Geological Services	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08	Explanation of Variance
Average cost per weighted total published product	\$231,451	\$197,496	\$219,274	\$254,625	The 2007-08 Target was not realised because of staffing shortages. Specifically, 16.6% staff loss was experienced during the year and recruitment of replacement staff was difficult in the current climate of skills shortages.
Average cost per weighted data transaction unit	\$38	\$32	\$25	\$37	The production of data transactions was less than originally forecast as a result of a six-month period of double-entry of data into a replacement database system and the legacy database.

KEY PERFORMANCE INDICATORS cont'd

Service 5 : Science and Innovation Promotion and Support	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08	Explanation of Variance
Average cost per FTE for support to the Science Council, science policy development and advice	\$90,349	\$123,478	\$133,120	\$174,198	The variance relates to additional costs incurred by the Premier's Science and Innovation Council and the Chief Scientist during the financial year including Missions to South Africa and Israel.
Average cost per research capability and infrastructure grant administered	\$3,752	\$56,594	\$66,297	\$35,893	The variance is a consequence of approximately 3 to 4 positions temporarily vacant during the financial year.
Average cost per science and innovation program and project managed	\$54,584	\$48,032	\$51,255	\$148,686	The variance resulted from additional projects (17 to 34 projects) approved by the Minister for Science under the Science and Initiatives Fund during the financial year.
* The 2007/08 actual figures exclude Grants totalling \$41,970,000					

Service 6 : Scientific Services	Actual 2005-06	Actual 2006-07	Target 2007-08	Actual 2007-08	Explanation of Variance
Average cost per chargeable hour of providing service	\$133	\$137	\$134	\$137	The Chemistry Centre of Western Australia commenced operations as a separate statutory authority from 1 August 2007. (Full indicator results will be reported in the Chemistry Centre's Annual Report). The result of \$137 is consistent with the 2006-07 Actual on the basis that the result is unlikely to have changed since reporting at 30 June 2007.

MINISTERIAL DIRECTIVES

During the year, the Department did not receive any Ministerial Directives applicable to the 2007-08 financial year. However, the Department continued to meet its monthly reporting requirements under a directive received from the Minister for Energy, Resources, Industry and Enterprise in February 2007. This directive required the Department to report on progress against priorities related to Technology Parks, the Biotechnology Strategy, information and communications technology, resources and strategic investment attraction.

OTHER FINANCIAL DISCLOSURES

PRICING POLICIES OF SERVICES PROVIDED

The Department's user charges and fees are reviewed annually in accordance with the Government's policy on the costing and pricing of government services. Under this policy, increases in user charges and fees are generally limited to increases in the CPI as advised by the Department of Treasury and Finance, and endeavour to recover the full cost of service delivery where possible.

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

CAPITAL PROJECTS

	Expected Year Completion	Estimated Cost to Complete \$'000	Estimated Total Cost \$'000	Estimated Total Cost Prior Financial Year \$'000	Variance from Prior Financial Year Total Cost and Estimated Total Costs \$'000
Land and Buildings					
Technology Precinct Bentley Stage 1	2008-09	2,779	8,550	8,550	Nil
Kalgoorlie Stage 2 Complex	2008-09	385	6,225	6,225	Nil
Computer Hardware and Software					
Electronic Records Archive	2008-09	30	1,294	1,264	30

TABLE 10: MAJOR CAPITAL WORKS AS AT 30 JUNE 2008

OTHER FINANCIAL DISCLOSURES cont'd

Completed Projects	Year Completion	Total Cost \$'000
Integrated Customer E-commerce Infrastructure	2007-08	3,200
Native Vegetation Clearing Systems IT	2007-08	385

TABLE 11: COMPLETED CAPITAL PROJECTS

EMPLOYMENT AND INDUSTRIAL RELATIONS

COMPARATIVE FULL TIME EQUIVALENT ALLOCATION BY CATEGORY

The Department's Full Time Equivalent (FTE) staffing numbers are detailed in Table 12 below:

	30 June 2006	30 June 2007	30 June 2008
Permanent Full Time	763	761	682
Contract Full Time	108	81	76
Part Time – Permanent and Contract	42	43	48
Seconded Out	20	20	8
Seconded In	16	3	2

TABLE 12: COMPARATIVE FTE ALLOCATIONS BY CATEGORY

INDUSTRIAL RELATIONS

The majority of departmental staff are employed under the *Public Service General Agreement 2006* with five staff (or 2.98 FTEs) employed under the *Government Services (Miscellaneous) General Agreement 2005* and one employed under the Salaries and Allowances Tribunal.

STAFFING POLICIES

All Human Resources policies and procedures were reviewed and updated as part of an Intranet review project that focused on providing employees and managers with information through a 'Toolbox' facility. The Employee's Toolbox contains a range of policies and general information on matters that focus on them as individuals while the Managers' Toolbox contains information to enable easy access to policies and procedures for assistance and compliance purposes. The HR Delegations' Framework has been updated to enable business efficiencies and effective management practices. In general, responsibilities have been delegated down to General Managers and Directors, and together with the ongoing implementation of electronic processes and systems, significant efficiencies have been realised. Initiatives include - recruitment request forms; a job description form databank for all Departmental positions; exit interview reporting capacity improvements; and electronic leave applications. Information sessions for managers and employees have been held in Perth, Kalgoorlie and Karratha.

OTHER FINANCIAL DISCLOSURES cont'd



RECRUITMENT

The Department's recruitment and selection policy and procedures have been revised to focus on Curriculum Vitae application processes to address the decline in candidates for positions due to strong competition from the resources industry. Training has been provided for panel members and employees and a measurable increase in applications has been realised, with an increase from an average of six applicants per position in 2006-07 to an average of 14.3 applicants per position since the introduction of the revised processes.

Youth employment initiatives have also continued with an in-take of four School Based Trainees and 11 Graduates in 2008. Attraction and retention strategies were also identified and implemented. These included workplace improvements, streamlined recruitment processes including an increase in pool recruitment, advertising flexible work options and payment of an Attraction and Retention Benefit allowance for Environment Officers. Additionally, Job Description Forms have been revised to include core competencies and minimise selection criteria to encourage a wider range of applicants.

STAFF DEVELOPMENT

Staff development activities during 2007-08 focused on strategically aligning four primary functions:

- leadership and management development,
- workplace conduct awareness,
- performance and accountability, and
- externally provided knowledge development.

These functions were supported by a number of Departmental programs actuated to shape the culture of the organisation. Such programs included Indigenous Cultural Awareness Training, Work and Living Wellness series and the People and Knowledge Retention system. The Performance and Accountability framework has been realigned with the integrated planning process, giving staff development a better fit with the Department's direction. Workplace Conduct Awareness training is now in its second iteration, and forms a compulsory component of training for all new and existing staff members. In regard to the Department's direction on learning and development, a workplace study and associated framework has been completed which will allow for a greater coordination and alignment of the workforce's training needs now and into the future.

GOVERNANCE DISCLOSURES

SENIOR OFFICERS

During the year, one Senior Officer held a directorship with the Scitech Discovery Centre. This interest was disclosed to the Director General at the time and the officer resigned from this Scitech position in April 2008. Other than normal contracts of employment of service, no other 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 LEGAL REQUIREMENTS

ADVERTISING

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

Advertising Agencies

\$Nil

Media Advertising Organisations

Media Decisions/Marketforce	\$340,620
	\$340,620

Market Research Organisations

Research Solutions	\$24,752
Patterson Market Research	\$10,090
Data Analysis Australia	\$15,000
Austrade	\$48,000
	\$97,842

Polling Organisations

\$Nil

Direct Mail Organisations

ACTIV Industries	\$7079
	\$7079

TOTAL EXPENDITURE	\$445,541
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OTHER LEGAL REQUIREMENTS cont'd

DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

The Department's Disability Access and Inclusion Planning Working Group comprises of a cross section of Departmental staff that includes those with personal and/or professional knowledge of disability issues. The group is responsible for overseeing the development, implementation, review and evaluation of the plan. The working group meet as required to review progress on the implementation of the strategies identified within the *DoIR 2007 – 2012 Disability Access and Inclusion Plan*.

The six desired outcomes below provide a framework for improving access and inclusion for people with disabilities.

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

The Department continues to provide for the requirements of disabled persons with access to existing facilities and premises as well as access to all relevant information. The Department also provides opportunities for people with disabilities to comment on access to services and advice provided by the Department. Contractors and events/promotional service providers of the Department are aware of their requirements under the Disability Access and Inclusion Plan.

Events coordinated by the Department that are held outside the Department's offices are organised at venues that have the requisite facilities for people with disabilities.

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

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

Disabled parking with level access is provided at the main Perth offices, with two bays available at Mineral House and three bays at 1 Adelaide Terrace. Disabled toilets are provided at Mineral House and 1 Adelaide Terrace.

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

The Department is working to improve community awareness of the availability of Departmental information in alternative formats upon request. All information presented by the Department is clear, visible and complies with required standards for people with disabilities. The wider use of interpreters to improve access to Departmental meetings for people with a hearing impairment is also being progressed.

OTHER LEGAL REQUIREMENTS cont'd

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

Ongoing staff development training within the Department is improving staff awareness of disability and access issues. Additionally, the Department is committed to its core values and all customers and stakeholders are treated equally in an open, honest and impartial manner, reflective of our core values.

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

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

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

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

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

COMPLIANCE WITH PUBLIC SECTOR STANDARDS

The Public Sector Standards and the Western Australian Code of Ethics are included as part of all staff inductions and accessible to all employees on the Intranet. Training on recruitment and selection processes has been provided on a regular and ongoing basis, via group training sessions and individually as appropriate. All panel members are required to complete training prior to undertaking recruitment processes. No breach claims were received in 2007-08 against the Recruitment, Selection and Appointment Standard.

One formal Grievance was lodged during the year; however investigations into the allegations have not yet concluded.

COMPLIANCE WITH CODES OF ETHICS AND CODES OF CONDUCT

During the year four Workplace Conduct Induction programs were conducted and 70 employees attended. Mandatory Workplace Conduct Awareness sessions were continued through a revised program entitled "Choosing the Right Path", which focused on expected behaviours and ethical decision making. A total of 360 employees attended these sessions. Both training sessions included information and examples of the practical application of a range of policies including the Code of Conduct, Gifts and Hospitality, Lobbyists Code and the Disciplinary provisions of the *Public Sector Management Act 1994*.

OTHER LEGAL REQUIREMENTS cont'd

RECORD-KEEPING PLANS

As part of the Department's *Record-keeping Plan* and in compliance with the *State Records Principles and Standards 2002* (Standard 2 Principle 6 – Record-keeping Plans), several major initiatives were undertaken in 2007-08.

- The Electronic Records Archives Project was implemented. A total of 45,000 active files were scanned, resulting in more than six million digital pages.

The objectives of this project were:

- To provide digital copies of the primary Departmental records in the event of a major disaster.
- To establish the framework for the move towards implementation of electronic record and document management in 2008-09. This approach will facilitate improved record-keeping practices and efficiency.
- Training continued with 152 new officers attending record-keeping induction training courses including record-keeping, legal and compliance requirements, and employee roles and responsibilities. An additional 100 staff received training in various aspects of record-keeping including file titling, electronic record-keeping and system usage. One to one training sessions were used to ensure best practices were understood and implemented where improvement needs had been identified. Each session was evaluated through participant feedback or later in a review of records and system data. Evaluation feedback was also considered in the further development of training sessions and a training plan. A new training program is being developed to complement the corporate priority to implement the electronic records and document management initiative during 2008-09.
- The review and evaluation of record-keeping systems and procedures continued through regular meetings of the Records Lead Group. It resulted in the following achievements:
 - the management of multiple volume files;
 - Ministerial Filing Procedures;
 - development of a Box Management Module in the Records System;
 - management of files transferred with function to another agency;
 - review of all files specific to 2007 activity;
 - review of Folio Numbering procedure;
 - implementation of Macquarie Dictionary language standard; and
 - review of the practice to create multiple files to manage single projects.

GOVERNMENT POLICY REQUIREMENTS

CORRUPTION PREVENTION

The Department has continued the program of raising awareness of the *Public Interest Disclosure Act 2003*. There are a range of options available for staff to report matters where they may consider corrupt or improper conduct has occurred. These are communicated in various forums including the staff induction program, the Department's Intranet, internal news articles, Contact Officers, management information sessions and communication from Executive Officers and the Director General. The number of trained and registered Public Interest Disclosure Officers has increased.

Two informal investigations were commenced in 2007-08 following allegations of misconduct. One case was proven, involving a breach of the Internet policy, and action was taken against several employees for a minor breach of discipline under the *Public Sector Management Act 1994*, Section 80 (c). Investigations are continuing into the remaining case on a different matter which is expected to conclude shortly.

One formal investigation into inappropriate use of the Internet has been completed with the allegations proven and appropriate disciplinary action taken against the employee. These cases have prompted the delivery of a wide range of information to all employees specifically related to the Code of Practice for email, Intranet and Internet usage. The policy has been emphasised through induction processes, manager and staff information sessions and briefings, Director General briefings and staff notices.

SUBSTANTIVE EQUALITY

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

- implementation of a corporate executive policy committing to the requirements of the *Policy Framework*;
- nomination of the Executive Director, Corporate Support to oversee the *Policy Framework* and ensure all outcomes against the Framework are achieved;
- the Strategic Planning Branch has assumed operational responsibility for implementation of the Framework reporting through the Executive Director, Corporate Support to the Director General;
- substantial completion of a Needs and Impact Assessment within the expedited process of the future acts regime, focusing on policies and procedures administered by the Tenure and Native Title Branch to ensure they are consistent with substantive equality principles; and
- negotiated that the Needs and Impact Assessment process will continue throughout the remainder of the functions administered by the Tenure and Native Title Branch after June 2008, and be completed by December 2008.

GOVERNMENT POLICY REQUIREMENTS cont'd



SUSTAINABILITY

The Department has continued its commitment to sustainability in 2007-08 by ensuring departmental processes reflect the framework outlined in the *2004 Sustainability Code of Practice for Government Agencies*, together with the original objectives set out in the Department's *Sustainability Action Plan for 2005-2007*. Outlined below are the various initiatives undertaken during the year that address the Department's three sustainability objectives:

Objective 1: To conduct planning, reporting and decision making in accordance with sustainability principles.

- The Department's strategic and business planning processes have incorporated sustainability principles consistent with the State Government's *Better Planning: Better Futures* (September 2006) and its vision of *...the best opportunities for current and future generations*. This is particularly reflected in the Department's mission – *To advance the responsible development of industry and resources for the benefit of Western Australia*, which was reviewed and confirmed by the Corporate Executive during the year.
- The Department actively encourages the consideration of sustainability principles in its policy, project and consultation processes. This includes actively working with clients to achieve sustainable economic outcomes for the State.

Objective 2: To conduct agency operations in a manner that supports sustainability.

- The Department complies with the sustainability approach as outlined in the State Supply Commission's "Buying Wisely" supply policies.
- In its commitment to reducing energy usage, the Department has remained below the energy usage baseline established by the Department of Energy. Energy saving initiatives implemented during the year included the upgrade of inefficient lighting, minimising after hours operation of air conditioning units, and continued operation of a program to switch off computer equipment automatically after hours.
- The Department introduced a trial recycling program on two floors in the Mineral House building. A two compartmental bin was provided to staff for separating green waste from recyclable items. The trial was deemed successful with the amount of rubbish going to landfill on these two floors reduced by 85 per cent. It is envisaged that the recycling program, modelled on the trial, will be implemented more broadly across the Department's offices.
- The Department went through a recent refurbishment of toilets in the south tower of the Mineral House building. Water efficient toilets were installed as part of the Department's Water Management plan and associated water saving initiatives.
- The Department's Information Services Branch implemented various initiatives under its "Green IT Strategy". For example, to reduce the Department's carbon footprint and paper usage, all printers have been set to default to duplex printing. Products and services are also sourced from IT suppliers who align with the Department's sustainability objectives.

Objective 3: To empower and encourage employees to embrace sustainability.

- The Department has continued to raise staff awareness with its energy awareness campaign. This has complemented the initiatives outlined above against Objective 2.

GOVERNMENT POLICY REQUIREMENTS cont'd



OCCUPATIONAL SAFETY AND HEALTH

The Department has continued to develop and is committed to improving its ongoing Occupational Safety and Health policies, procedures and processes by adopting proactive approaches to address corporate safety issues.

The objective is to establish and implement a safety culture at all levels of the organisation. As an integral element of this approach, the Department reviewed and developed policies and procedures to ensure best practice standards were incorporated into the Department's Occupational Health and Safety practices. This includes provision of information on compliance with the injury management requirements of the *Worker's Compensation and Injury Management Act 1981*. Furthermore, all the relevant information and forms are available to staff through the Department's Intranet.

During the period under review, particular attention was paid to safety issues relating to staff induction training, work place inspections, injury prevention and management, counselling services, improvements to ergonomic issues and ongoing hazard identification work.

The Corporate Occupational Safety and Health Team continued to raise staff awareness through safety alerts on a diverse range of topics on a regular basis. Under the Occupational Health and Safety program an annual flu vaccination program was continued, offering staff the opportunity to receive the influenza vaccination on site free of charge. A total of 323 staff members received the vaccination.

The Department has 12 safety and health representatives appointed under the *Occupational Safety and Health Act 1984*. In addition to this group, qualified First Aid and First Responders provide an active mechanism of consulting staff on occupational safety and health matters on a regular basis.

A variety of training and awareness programs were planned and educational material updated and made available to the staff via the Department's Intranet site. The Branch also contributed to the development of a pandemic preparedness plan with input from key internal staff.

Table 13 below outlines the Corporate Occupational Safety and Health statistics for 2007-08.

Safety and health statistics	2006-07	2007-08
No of fatalities	0	0
Loss time injuries/Lost Time injury diseases incident Rate	5	1
Loss time injury severity rate	n/a	0

TABLE 13: DEPARTMENTAL SAFETY AND HEALTH STATISTICS



APPENDIX

APPENDIX 1: LEGISLATION AND CHANGES TO LEGISLATION

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

ACTS

The primary legislation administered by the Department is:

- *Industry and Technology Development Act 1998*
- *Mining Act 1978*
- *Petroleum and Geothermal Energy Resources Act 1967*
- *Albany Freezing Works Agreement Act 1945*
- *Barrow Island Royalty Trust Account Act 1985*
- *Barrow Island Royalty Variation Agreement Act 1985*
- *Coal Miners Welfare Act 1947*
- *Environmental Protection Act 1986 – Part V, Division 2- Native Vegetation Clearing (under formal delegation)*
- *Hide and Leather Industries Act 1948*
- *Manjimup Canned Fruits and Vegetables Industry Agreement Act 1969*
- *Mining on Private Property Act 1898*
- *Mining (Validation and Amendment) Act 1986*
- *Morley Shopping Centre Redevelopment Agreement Act (1992)*
- *Nuclear Activities Regulation Act 1978*
- *Petroleum Pipelines Act 1969*
- *Petroleum (Registration Fees) Act 1967*
- *Petroleum (Submerged Lands) Act 1982*
- *Petroleum (Submerged Lands) Registration Fees Act 1982*
- *Western Australian Products Symbol Act 1972*
- *Wyndham Freezing, Canning and Meat Export Works Act 1918*
- *Year 2000 Information Disclosure Act 1999*

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

- *Offshore Minerals Act 1994*
- *Offshore Minerals (Registration Fees) Act 1981*
- *Offshore Minerals (Mining Licence Fees) Act 1981*
- *Offshore Minerals (Exploration Licence Fees) Act 1981*
- *Offshore Minerals (Retention Licence Fees) Act 1994*
- *Offshore Minerals (Works Licence Fees) Act 1981*
- *Offshore Minerals (Royalty) Act 1981*
- *Petroleum (Submerged Lands) Act 1967*
- *Petroleum (Submerged Lands) (Registration Fees) Act 1967*
- *Petroleum (Submerged Lands) (Royalty) Act 1967*
- *Petroleum (Submerged Lands) Fees Act 1994*

APPENDIX 1: LEGISLATION AND CHANGES TO LEGISLATION cont'd

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

- *Mining Act 1978 (W.A.) (C.K.I.)*
- *Mining Act 1978 (W.A.)(C.I.)*

The Department also administers various State Agreement Acts for major projects, which are detailed in Appendix 2.

CHANGES TO LEGISLATION

Acts

Mining Act 1978

- Petroleum Amendment Act 2007, (No. 35 of 2007): Assented to 21 December 2007, Section 100 commenced 19 January 2008. Consequential amendments to Sections 8 and 159 of the Mining Act 1978 to reflect the newly titled Petroleum and Geothermal Energy Resources Act 1967 [previously the Petroleum Act 1967].
- Mining Legislation Amendment and Validation Act 2008 (No. 19 of 2008): Assented to 19 May 2008, Sections 1 and 2 commenced 19 May 2008 and Section 3 and Part 2 commenced 20 May 2008. This Act does not directly amend the Mining Act 1978 but validates certain miscellaneous licences and applications and certain extension of term of exploration licences and applications. Part 3, which validates the miscellaneous licences has not yet commenced.

Petroleum and Geothermal Energy Resources Act 1967

- The Petroleum Amendment Act 2007 amended the Petroleum Act 1967 to provide for exploration and recovery of geothermal energy. These amendments commenced by proclamation on 18 January 2008 and resulted in the re-naming of the Petroleum Act 1967 as the Petroleum and Geothermal Energy Resources Act 1967.

Regulations

Mining Regulations 1981

- Mining Amendment Regulations (No. 2) 2008: Published in the Gazette on 20 June 2008 to operate from 1 July 2008. Increases rents and fees to meet budget targets set by Government for the 2008-09 financial year.

Legislation yet to come into Effect at 30 June 2008

Offshore Minerals Act 2003, Offshore Minerals (Consequential Amendments) Act 2003, Offshore Minerals (Registration Fees) Act 2003. New legislation to govern the exploration for and exploitation of minerals from the seabed within the three nautical mile Territorial Sea (this legislation is to mirror the Commonwealth's Offshore Minerals Legislation as agreed in the 1979 Offshore Constitutional Settlement). The legislation is awaiting the drafting of supporting regulations.

Petroleum Legislation Amendment and Repeal Act 2005 (No. 13 of 2005). Assented to 1 September 2005. The Act amends the *Petroleum (Submerged Lands) Act 1982*, the *Petroleum Act 1967* and the *Petroleum Pipelines Act 1969* with respect to the occupational safety and health of persons at offshore petroleum facilities, petroleum operations and petroleum pipeline operations. It also repeals the *Petroleum Safety Act 1999* and makes consequential amendments to the *Barrow Island Act 2003*, the *Industrial Relations Act 1979* and the *Occupational Safety and Health Act 1984*. Part 4 of the Act commenced 28 March 2007 when the required safety regulations for the *Petroleum (Submerged Lands) Act 1982*, came into operation.

Offshore Petroleum Act (2006). It is anticipated that, as of 1 July 2008, sections three to five of the *Offshore Petroleum Act 2006 (OPA)*, will come into effect and the *Petroleum Submerged Lands Act 1967*, will be repealed. The OPA is a rewrite of the *Petroleum Submerged Lands Act 1967*, to bring its language, style and structure up to modern standards.

APPENDIX 2: STATE AGREEMENTS ACTS (MAJOR RESOURCE PROJECTS)

The Department of Industry and Resources administers 72 State Agreement Acts on behalf of the Government of Western Australia. As part of this responsibility, the Department also negotiates new agreements, variations, terminations and repeals of State Agreement Acts as required.

AGREEMENT ACTS ADMINISTERED BY THE DEPARTMENT

Government Agreements Act 1979

Alumina

Alumina Refinery Agreement Act 1961

Alumina Refinery (Mitchell Plateau) Agreement Act 1971

Alumina Refinery (Pinjarra) Agreement Act 1969

Alumina Refinery (Wagerup) Agreement and Acts Amendment Act 1978

Alumina Refinery (Worsley) Agreement Act 1973

Charcoal Iron and Steel

Wundowie Charcoal Iron Industry Sale Agreement Act 1974

Coal

Collie Coal (Griffin) Agreement Act 1979

Collie Coal (Western Collieries) Agreement Act 1979

Copper

Western Mining Corporation Limited (Throssell Range) Agreement Act 1985

Diamonds

Diamond (Argyle Diamond Mines Joint Venture) Agreement Act 1981

Energy

Goldfields Gas Pipeline Agreement Act 1994

Pilbara Energy Project Agreement Act 1994

Ord River Hydro Energy Project Agreement Act 1994

Forest Products

Albany Hardwood Plantation Agreement Act 1993

Bunbury Treefarm Project Agreement Act 1995

Collie Hardwood Plantation Agreement Act 1995

Dardanup Pine Log Sawmill Agreement Act 1992

Paper Mill Agreement Act 1960

Wesply (Dardanup) Agreement Authorization Act 1975 (Terminated)

Wood Chipping Industry Agreement Act 1969 (Terminated)

Wood Processing (WESFI) Agreement Act 2000

Wood Processing (Wesbeam) Agreement Act 2002

Gas

North West Gas Development (Woodside) Agreement Act 1979

Barrow Island Act 2003 (which incorporates the Gorgon Gas Processing and Infrastructure Project Agreement)

APPENDIX 2: STATE AGREEMENTS ACTS (MAJOR RESOURCE PROJECTS) cont'd

Gold

Tailings Treatment (Kalgoorlie) Agreement Act 1988

Iron Ore and Steel

BHP Billiton (Termination of Agreements) Agreement Act 2006

Iron Ore (The Broken Hill Proprietary Company Limited) Agreement Act 1964 (Terminated)

Iron Ore (Channar Joint Venture) Agreement Act 1987

Iron Ore (FMG Chichester Pty Ltd) Agreement Act 2006

Iron Ore (Goldsworthy-Nimingarra) Agreement Act 1972

Iron Ore (Hamersley Range) Agreement Act 1963

Iron Ore (Hamersley Range) Agreement Act Amendment Act 1968

Iron Ore (Hope Downs) Agreement Act 1992

Iron Ore (McCamey's Monster) Agreement Authorization Act 1972

Iron Ore (Marillana Creek) Agreement Act 1991

Iron Ore (Mount Bruce) Agreement Act 1972

Iron Ore (Mount Goldsworthy) Agreement Act 1964

Iron Ore (Mount Newman) Agreement Act 1964

Iron Ore (Murchison) Agreement Authorization Act 1973

Iron Ore (Rhodes Ridge) Agreement Authorisation Act 1972

Iron Ore (Robe River) Agreement Act 1964

Iron Ore (Wittenoorn) Agreement Act 1972

Iron Ore Processing (BHP Minerals) Agreement Act 1994 (Terminated)

Iron Ore Beneficiation (BHP) Agreement Act 1996

Iron Ore Direct Reduced Iron (BHP) Agreement Act 1996

Iron Ore (Yandicoogina) Agreement Act 1996

Iron & Steel (Mid West) Agreement Act 1997 (Terminated)

Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002

Mineral Sands

Mineral Sands (Eneabba) Agreement Act 1975

Mineral Sands (Cooljarloo) Mining and Processing Agreement Act 1988

Mineral Sands (Beenup) Agreement Act 1995

Nickel

Nickel (Agnew) Agreement Act 1974

Nickel Refinery (Western Mining Corporation Limited) Agreement Act 1968 (Terminated)

Nickel Refinery (Western Mining Corporation Limited) Agreement Act Amendment Act 1970 (Terminated)

Poseidon Nickel Agreement Act 1971

Oil

Oil Refinery (Kwinana) Agreement Act 1952

APPENDIX 2: STATE AGREEMENTS ACTS (MAJOR RESOURCE PROJECTS) cont'd

Salt

Dampier Solar Salt Industry Agreement Act 1967

Evaporites (Lake MacLeod) Agreement Act 1967

Leslie Solar Salt Industry Agreement Act 1966

Onslow Solar Salt Agreement Act 1992

Shark Bay Solar Salt Industry Agreement Act 1983

Uranium

Uranium (Yeelirrie) Agreement Act 1978

Miscellaneous

Cement Works (Cockburn Cement Limited) Agreement Act 1971

Industrial Lands (CSBP & Farmers Limited) Agreement Act 1976

Industrial Lands (Kwinana) Agreement Act 1964

Pigment Factory (Australind) Agreement Act 1986

Silicon (Kemerton) Agreement Act 1987

Anglo-Persian Oil Company Limited's (Private) Act 1919

British Imperial Oil Company, Limited (Private) Act 1925

Commonwealth Oil Refineries Limited (Private) Act 1940

Texas Company (Australasia) Limited (Private) Act 1928

New Agreements Ratified

During the reporting period, no new State Agreement Acts were ratified.

Variations

Alumina Refinery (Wagerup) Agreement and Acts Amendment Act (2 separate tabled variations)

Agreements Terminated

Nickel Refinery (BHP Billiton Nickel West Pty Ltd) (Termination of Agreements) Agreement Bill 2008 - terminates the Nickel Refinery (Western Mining Corporation Limited) Agreement Act 1968 and the Nickel Refinery (Western Mining Corporation Limited) Agreement Act Amendment Act 1970

Agreement Acts Repealed

During the reporting period, no State Agreement Acts were repealed.

APPENDIX 3: SPECIAL PURPOSE OR TRUST STATEMENTS

DEPARTMENT OF INDUSTRY AND RESOURCES

SPECIAL PROJECTS

SPECIAL PURPOSE STATEMENT

Name	An account called Special Projects Account (the Account) shall be maintained as a special purpose account under section 16 (1) (d) of the <i>Financial Management Act 2006</i> by the Department of Industry and Resources
Purpose	To hold funds for the purpose of participating in significant projects with other countries and the private sector to the mutual benefit of the other participants and the State of Western Australia.
Receipts	Such moneys as are received by the Department of Industry and Resources from Industry, Commonwealth Government, Shire Councils and other agencies for the purpose of the Account, shall be placed to the credit of the Account.
Payments	The funds standing to the credit of the Account shall be applied for the purpose of the account in accordance with the funding agreements with each provider.
Administration of Account	The Account shall be administered by the Director General of the Department of Industry and Resources in accordance with the <i>Financial Management Act 2006</i> , <i>Financial Management Regulations 2007</i> and the Treasurer's Instructions.
Accounting Records	There shall be maintained a detailed record of the transactions processed through the Account, together with such other accounting records and procedures as are prescribed in the financial management manual.
Financial Statements	There shall be prepared financial statements, together with other supplementary information, in accordance with the requirements of the <i>Financial Management Act 2006</i> , <i>Financial Management Regulations 2007</i> and Treasurer's Instructions.

APPENDIX 3:
SPECIAL PURPOSE OR TRUST STATEMENTS *cont'd*

DEPARTMENT OF INDUSTRY AND RESOURCES

SPECIAL PROJECTS

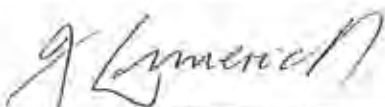
SPECIAL PURPOSE STATEMENT

**Disposal of
Funds on
Cessation**

Any balance standing to the credit of an individual Project Account shall, upon cessation of operations and after completion of all research for which the project was approved be refunded to the contributors in the same proportions as the contributions made or in accordance with the funding agreement with each provider.

I have examined and agreed
to the provisions of this
Special Purpose Statement.

Approved



DIRECTOR GENERAL
Department of Industry and Resources

Date *27 July 2007*



Date *20.09.2007.*

APPENDIX 3: SPECIAL PURPOSE OR TRUST STATEMENTS *cont'd*

DEPARTMENT OF INDUSTRY AND RESOURCES

SPECIAL PROJECTS

SPECIAL PURPOSE STATEMENT

Name	An account called Special Projects Account (the Account) shall be maintained as a special purpose account under section 16 (1) (d) of the <i>Financial Management Act 2006</i> by the Department of Industry and Resources
Purpose	To hold funds for the purpose of participating in significant projects with other countries and the private sector to the mutual benefit of the other participants and the State of Western Australia.
Receipts	Such moneys as are received by the Department of Industry and Resources from Industry, Commonwealth Government, Shire Councils and other agencies for the purpose of the Account, shall be placed to the credit of the Account.
Payments	The funds standing to the credit of the Account shall be applied for the purpose of the account in accordance with the funding agreements with each provider.
Administration of Account	The Account shall be administered by the Director General of the Department of Industry and Resources in accordance with the <i>Financial Management Act 2006</i> , <i>Financial Management Regulations 2007</i> and the Treasurer's Instructions.
Accounting Records	There shall be maintained a detailed record of the transactions processed through the Account, together with such other accounting records and procedures as are prescribed in the financial management manual.
Financial Statements	There shall be prepared financial statements, together with other supplementary information, in accordance with the requirements of the <i>Financial Management Act 2006</i> , <i>Financial Management Regulations 2007</i> and Treasurer's Instructions.

APPENDIX 3:
SPECIAL PURPOSE OR TRUST STATEMENTS *cont'd*

DEPARTMENT OF INDUSTRY AND RESOURCES

FOREST RESIDUE UTILISATION LEVY

SPECIAL PURPOSE STATEMENT

Disposal of
Funds on
Cessation

Any balance standing to the credit of the Account on
cessation of the operations for which the Account was
created shall be transferred to the Consolidated Account.

I have examined and agree
to the provisions of this
Special Purpose Statement.

Approved



DIRECTOR GENERAL
DEPARTMENT OF INDUSTRY AND RESOURCES

Date 1 August 2007



Date 20.9.07.

APPENDIX 3: SPECIAL PURPOSE OR TRUST STATEMENTS *cont'd*

DEPARTMENT OF INDUSTRY AND RESOURCES

ENVIRONMENTAL CALLED-IN PERFORMANCE BOND MONEY

TRUST STATEMENT

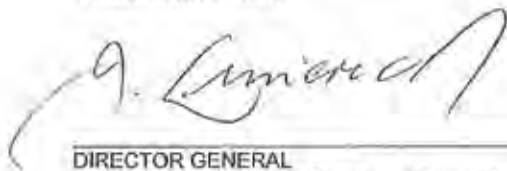
Name	An account called Environmental Called-in Performance Bond Money – Department of Industry and Resources Account (the Account) shall be maintained as a special purpose account under section 16 (1) (c) of the <i>Financial Management Act 2006</i> by the Department of Industry and Resources.
Purpose	To hold called-in performance bond money received in respect to section 126 of the <i>Mining Act 1978</i> .
Receipts	Such monies as are received for the purpose of the Account placed to the credit of the Account.
Payments	The funds in the Account shall be either <ul style="list-style-type: none"> (i) Refunded to the applicant where funds remain after rehabilitation is undertaken by the department or the rehabilitation of the mine site by the applicant has been assessed as satisfactory by the department, or (ii) Transferred to the Consolidated Account to recoup costs incurred by the department for rehabilitation of mine sites where rehabilitation was not satisfactorily performed by the applicant.
Administration of Account	The Account shall be maintained by the Director General of the Department of Industry and Resources in accordance with the: <ul style="list-style-type: none"> (i) <i>Mining Act 1978</i>; and (ii) the <i>Financial Management Act 2006</i>, <i>Financial Management Regulations 2007</i> and the Treasurer's Instructions.
Accounting Records	There shall be maintained a detailed record of transactions processed through the Account, together with such other accounting records and procedures as are prescribed in the financial management manual.
Financial Statements	There shall be prepared such financial statements, together with supplementary information in accordance with the provisions of the <i>Financial Management Act 2006</i> , <i>Financial Management Regulations 2007</i> and Treasurer's Instructions.

APPENDIX 3: SPECIAL PURPOSE OR TRUST STATEMENTS *cont'd*

Disposal of Funds on Cessation Any balance standing to the credit of the Account on cessation of the operations for which the Account was created shall be transferred to Consolidated Fund.

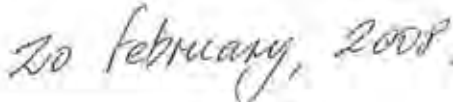
I have examined and agreed to the provisions of this Trust Statement.

-Approved-



DIRECTOR GENERAL
DEPARTMENT OF INDUSTRY and RESOURCES

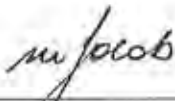
Date



Date

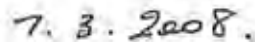
Date

Approved



Mick Jolob
Director, Financial Policy

Mick Jolob
Director, Financial Policy



Date

Date

APPENDIX 3: SPECIAL PURPOSE OR TRUST STATEMENTS *cont'd*

SURVEYS OF LEASES UNDER MINING ACT ACCOUNT

SPECIAL PURPOSE STATEMENT

Name	An account called Surveys of Leases under Mining Act Account (the Account) shall be maintained as a special purpose account under section 16(1)(d) of the <i>Financial Management Act 2006</i> by the Department of Industry and Resources
Purpose	To hold mining tenements survey fees paid by applicants pending determination of title pursuant to section 75 of the <i>Mining Act 1978</i> .
Receipts	Such monies as are received by the Department of Industry and Resources being survey fees in respect to mining tenement applications pursuant to the <i>Mining Act 1978</i> shall be paid into and placed to the credit of the Account.
Payments	The funds in the Account shall be either: (i) refunded to the applicant if the application for a mining lease is refused, or is not proceeded with, or the lease is surrendered or forfeited or expires before the survey is carried out; or (ii) paid to the Consolidated Account when the land subject to a mining lease has been surveyed.
Administration of Account	The Account shall be administered by the Director General of the Department of Industry and Resources in accordance with: (i) the <i>Mining Act 1978</i> ; and (ii) the <i>Financial Management Act 2006</i> , <i>Financial Management Regulations 2007</i> and the Treasurer's Instructions.
Accounting Records	There shall be maintained a detailed record of transactions processed through the Account, together with such other accounting records and procedures as are prescribed in the financial management manual.

APPENDIX 3:
SPECIAL PURPOSE OR TRUST STATEMENTS *cont'd*

DEPARTMENT OF INDUSTRY AND RESOURCES
SURVEYS OF LEASES UNDER MINING ACT ACCOUNT
SPECIAL PURPOSE STATEMENT

**Financial
Statements**

There shall be prepared such financial statements, together with supplementary information in accordance with the provisions of the *Financial Management Act 2006*, *Financial Management Regulations 2007* and Treasurer's Instructions.

I have examined and agree
to the provisions of this
Special Purpose Statement.

Approved



DIRECTOR GENERAL
DEPARTMENT OF INDUSTRY AND RESOURCES

Date 27 July 2007



Date 20.09.2007.

APPENDIX 3: SPECIAL PURPOSE OR TRUST STATEMENTS *cont'd*

REGIONAL HEADWORKS DEVELOPMENT SCHEME

SPECIAL PURPOSE STATEMENT

Name	An account called the Regional Headworks Development Scheme Account (the Account) shall be maintained as a special purpose account under section 16(1) (d) of the <i>Financial Management Act 2006</i> by the Department of Industry and Resources.
Purpose	To hold funds appropriated by Parliament for the purpose of providing assistance under the Regional Headworks Development Scheme.
Receipts	Such moneys as are received by the Department of Industry and Resources, being moneys appropriated by Parliament for the purpose of the Account, shall be placed to the credit of the Account.
Payments	The funds in the account shall be applied in accordance with the purpose of the Account as directed by the Minister for Industry and Enterprise.
Administration of Account	<p>The Account shall be administered by the Director General of the Department of Industry and Resources in accordance with:</p> <ul style="list-style-type: none"> (i) <i>Financial Management Act 2006, Financial Management Regulations 2007</i> and the Treasurer's Instructions; and (ii) Directions of the Minister for Resources, Industry and Enterprise.
Accounting Records	There shall be maintained a detailed record of transactions processed through the Account, together with such other accounting records and procedures as are prescribed in the financial management manual.
Financial Statements	There shall be prepared financial statements, together with other supplementary information, in accordance with the requirements of the <i>Financial Management Act 2006, Financial Management Regulations 2007</i> and Treasurer's Instructions.

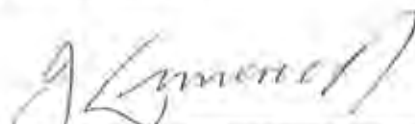
APPENDIX 3:
SPECIAL PURPOSE OR TRUST STATEMENTS *cont'd*

DEPARTMENT OF INDUSTRY AND RESOURCES
REGIONAL HEADWORKS DEVELOPMENT SCHEME
SPECIAL PURPOSE STATEMENT

Disposal of Funds on Cessation Any balance standing to the credit of the Account on cessation of the operations for which the Account was created shall be transferred to the Consolidated Account.

I have examined and agree to the provisions of this Special Purpose Statement.

Approved



DIRECTOR GENERAL
Department of Industry and Resources

Date *27 July 2007*



Approved

Date *20.09.2007*

APPENDIX 4: GLOSSARY

ABS	Australian Bureau of Statistics
AMC	Australian Marine Complex
AS/NZS	Australian Standards / New Zealand Standards
ASKAP	Australian Square Kilometre Array Pathfinder
CCC	Corruption and Crime Commission
CCS	Carbon Dioxide Capture and Storage
CoAG	Council of Australian Governments
CPI	Consumer Price Index
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAIP	Disability Access and Inclusion Plan
DoIR	Department of Industry and Resources (Western Australia)
Domgas	Domestic Gas
DPC	Department of the Premier and Cabinet (Western Australia)
DTF	Department of Treasury and Finance (Western Australia)
EFIC	Export Finance and Insurance Corporation
EPA	Environmental Protection Authority (Western Australia)
FESA	Fire and Emergency Services Authority (Western Australia)
FMA	Financial Management Act 2006
FTE	Full Time Equivalent
GSWA	Geological Survey of Western Australia
HR	Human Resources
ICT	Information and Communications Technology
IRARC	International Radio Astronomy Research Centre
ISO	International Standards Organisation
KPI	Key Performance Indicator
LNG	Liquefied Natural Gas
MLA	Member of the Legislative Assembly of Western Australia
MRCF	Medical Research Commercialisation Fund
Mt/a	Million tonnes a year
NCRIS	National Collaborative Research Infrastructure Strategy
NOPSA	National Offshore Petroleum Safety Authority
OSH	Occupational Safety and Health
PICC	Pilbara Industry's Community Council
SBN	State-wide Broadband Network
SKA	Square Kilometre Array
TI	Treasurer's Instruction
TIAC	Technology and Industry Advisory Council
VIP	Very Important Person
WA	Western Australia
WAGON	Western Australian Government Overseas Network



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