



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




ANNUAL REPORT 2009 | 10

Developing a sustainable future

Availability of the Department of Mines and Petroleum's Annual Report 2009–10

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

The Annual Report is presented in PDF format.

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

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

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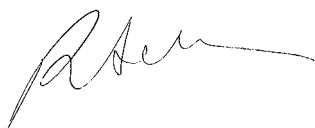
STATEMENT OF COMPLIANCE

HON NORMAN FREDERICK MOORE MLC

MINISTER FOR MINES AND PETROLEUM; FISHERIES; ELECTORAL AFFAIRS

In accordance with Section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Mines and Petroleum for the financial year ended 30 June 2010.

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



Richard Sellers
Director General
DEPARTMENT OF MINES AND PETROLEUM
14 September 2010

EXECUTIVE SUMMARY

The Department of Mines and Petroleum is the State's lead agency in attracting private investment in resources exploration and development. It achieves this through the provision of geoscientific information on mineral and energy resources, and management of equitable and secure titles systems for the mining, petroleum and geothermal industries.

The department also carries prime responsibility for regulating these extractive industries and dangerous goods in Western Australia. This includes responsibility for the collection of royalties and ensuring that safety, health and environmental standards are consistent with relevant State and Commonwealth legislation, regulations and policies.

The 2009-10 year was a very successful, if at times challenging, period for the department. A range of major reforms, projects and initiatives commenced or entered development. These largely focused on reforming resources safety, improving approvals performance and promoting exploration, to help the resources industry cope with a period of economic uncertainty.

The Western Australian resources sector has remained strong in the wake of the global financial crisis. It is valued at more than \$70 billion and a suite of new projects, technologies and exploration activity are either planned or underway.

The department contributed to this strong performance by providing three distinct services to industry and the community: responsible development of mineral and energy resources; encouragement of exploration and discovery of mineral and petroleum deposits; and ensuring the safety of the community when faced with the risks of resources operations.

In October 2009 the State Government designated the department the State's lead agency for regulating Western Australia's mining, petroleum, geothermal and carbon capture and storage activities. This was designed to increase the certainty, clarity and timeliness with which industry proposals are processed.

The new role is considered a great challenge and the increased responsibility for the department prompted significant changes to internal operations, as well as relations with other agencies and external stakeholders.

Staff members have risen to the challenge, supported by major system enhancements and integration, strengthening and consolidation of processes and procedures, development of improved guidance material and advice to proponents, and considerable individual effort. During the year 94 per cent of approvals were completed within agreed timelines, compared with 77 per cent in 2008-09.

At the same time, the department commenced the most significant overhaul of safety regulation in the Western Australian resources industry for more than a century.

A suite of improvements was introduced under the banner of Reform and Development at Resources Safety (RADARS). These included funding for more inspectors and a new approach to regulation based on evidence and risk.

RADARS will enable the department to respond to increased demands arising from community expectations and the continuing growth in the resources industry. It follows the findings of a number of independent reviews, inquiries and audits. The department introduced a new levy to help fund the reforms in the mining sector and will follow this with cost recovery mechanisms for the petroleum and dangerous goods sectors.

The department has continued to administer the \$80 million Exploration Incentive Scheme, which has been successfully integrated into its ongoing geoscience work program and reinforces Western Australia as an attractive destination for mineral and energy exploration.

The department played a significant role in the facilitation of important projects such as the \$43 billion Gorgon LNG development, which is the single biggest resources investment in the State's history.

Gorgon will include the largest carbon capture and sequestration (CCS) project in the world. The department has supported the development of this operation and of CCS technology generally. The multi-user Collie South West Hub is one of the Federal Government's CCS Flagship Programs. Projects such as these are expected to significantly lower Australia's carbon footprint and create thousands of new jobs in the coming years.

As the 2010-11 year gets underway, the department is clearly focused on its key strategies to ensure the continued growth of the resources industry and maximise the economic and social return to all Western Australians.

I wish to thank the department's staff for their knowledge and high level of commitment. Together we will ensure that this State remains the destination of choice for responsible resource exploration and development.



Richard Sellers
Director General
Department of Mines and Petroleum

OPERATIONAL STRUCTURE

Our Minister



HON NORMAN FREDERICK MOORE BA Dip Ed JP MLC

Minister for Mines and Petroleum; Fisheries; Electoral Affairs

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

Our Vision, Mission and Values

Our Values

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

Our Vision

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

Our Mission

Growth of the resource sector which maximises long-term benefits to the Western Australian Community.

Executive Team

As of 30 June 2010, the department's Corporate Executive comprised the following members:



Richard Sellers

Director General

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



Stedman Ellis

Deputy Director General, Strategic Policy

Stedman Ellis has been with the department since August 2007. Stedman has a broad background in policy, government and public affairs and communications related to the resources sector. He joined the department from BHP Billiton where he held the position of Vice President External Affairs for the company's iron ore business. Stedman worked for BHP Billiton for nearly 20 years in Australia, Papua New Guinea and the United States. He is also a board member of Minerals and Energy Research Institute of Western Australia and a governing council member of the Central Institute of Technology.



Tim Griffin

Deputy Director General, Approvals

Dr Tim Griffin was confirmed in the position of Deputy Director General Approvals in July 2010. Prior to taking on this role he held the position of Executive Director, Geological Survey of Western Australia for 10 years.

Tim has more than 30 years experience in Geology and worked as a field geologist in Australia and Papua New Guinea. In recent years he has worked in senior management roles requiring close contact with leaders in the public and private resource sectors. Tim was recently awarded the Gibb Maitland Medal by the WA Division of the Geological Society of Australia for his substantial and sustained contribution to geoscience in Western Australia.



Mick Banaszczyk

Executive Director, Corporate Support

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



Malcolm Russell

Executive Director, Resources Safety

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



Bill Tinapple

Executive Director, Petroleum

Bill Tinapple has worked with the department for twelve years, during which time he has implemented several key initiatives focused on increasing oil and gas investment in Western Australia and sustained production. Before moving to Western Australia, he worked in the Northern Territory in similar positions.

In addition to 20 years in the public sector, Bill has a wide range of upstream petroleum industry experience, working in several countries.



Ivor Roberts

Executive Director, Mineral Titles

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



Rick Rogerson

A/Executive Director, Geological Survey

Rick Rogerson joined the department in late 1995 and was appointed Assistant Director of Geological Survey Division in 1998. Before returning to Australia in 1995, Rick held executive positions in the PNG Department of Mines and Petroleum. He has more than 25 years experience in geoscience, mineral policy advice and management, including consultancy work providing technical assistance, mainly in mineral policy and strategic management, to developing countries.



Phil Gorey

Director, Environment

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



Simon Skevington

Project Director, Safety Reform

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



Anne Seghezzi

Legal Counsel

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



Angela Boland

Manager, Office of Director General

Angela Boland was appointed to the position of Manager Office of the Director General in January 2010. She has been employed in the Western Australian Public Service since June 1989 and joined the department following her role as Manager of Ministerial Business at the Department of Agriculture and Food. She has also previously worked in the planning, environment and water portfolios.

Summary of Functional Units

The department has seven organisational divisions through which outcomes and services are delivered. These are the Petroleum, Environment, Mineral Titles (which make up Approvals group), Strategic Policy, Resources Safety, Geological Survey, and Corporate Support Divisions. During the year, the department established a Safety Reform project team for the duration of the reform process.

Petroleum

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

Environment

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

Mineral Titles

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

Strategic Policy

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

Resources Safety

The Resources Safety Division promotes safety in the mining, dangerous goods and onshore petroleum industries through education, enforcement and specialist advice. The Division administers the *Mines Safety and Inspection Act 1994*, which promotes occupational safety and health for people involved in the exploration, mining, extraction and processing of resources. Onshore occupational health and safety is regulated under the State's petroleum and geothermal energy statutes. The Resources Safety Division also administers the *Dangerous Goods Safety Act 2004*, which applies to the manufacture, storage, handling, transport and use of dangerous goods, including the operation of major hazard facilities in Western Australia, and manages the State's Explosive Reserves.

Geological Survey

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

Corporate Support

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

Safety Reform

The Safety Reform project team works with the Resources Safety Division, industry and unions to create an environment where companies, workers and the wider community are confident industry is operating as safely as possible. This includes ensuring that the right legislation, capacity and competency is in place to deliver best practice safety regulation. The project team is also managing the staged introduction of cost recovery which is the process agreed by government to fund the reform process.

ORGANISATIONAL CHART

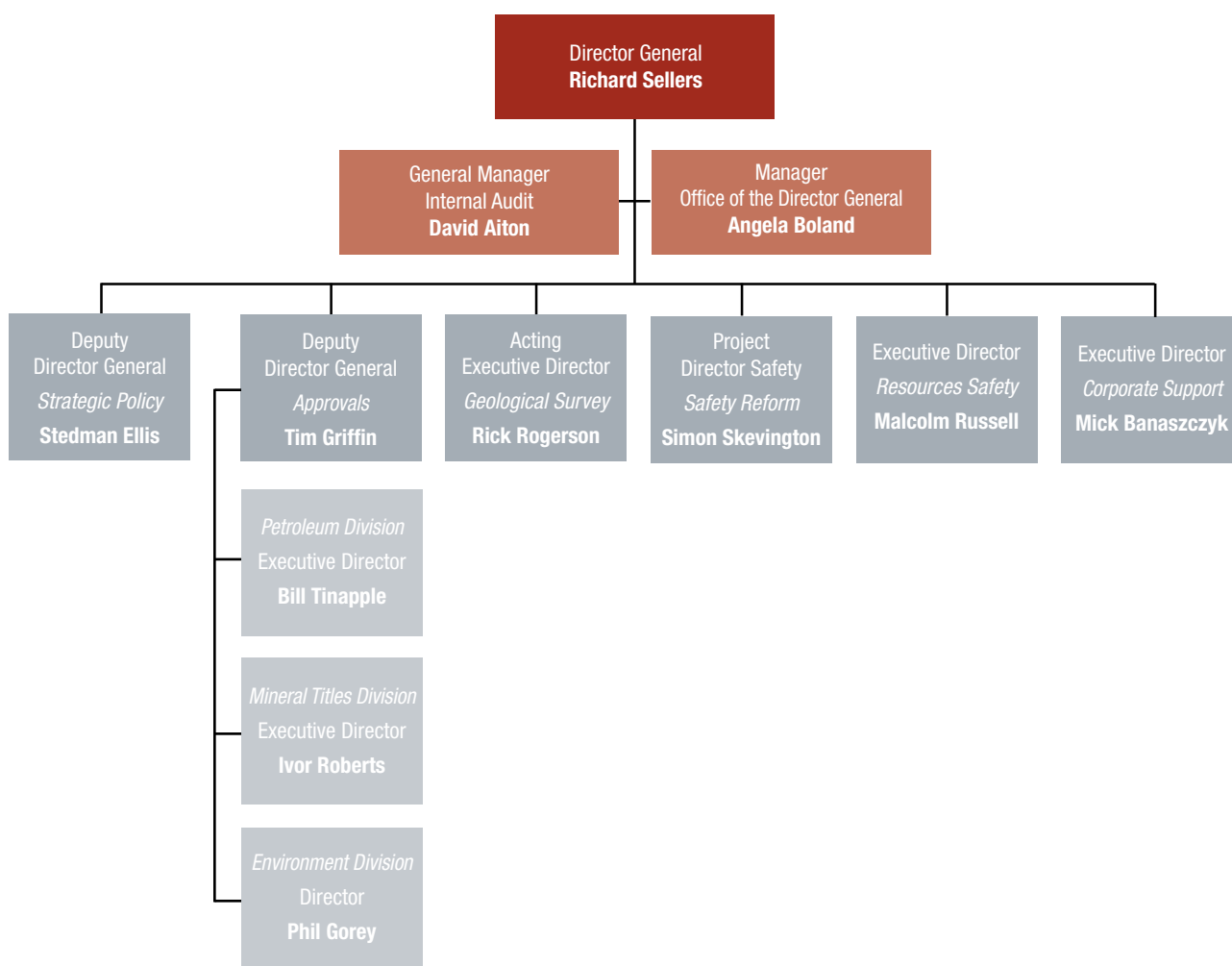


Figure 1: Organisational Chart for the Department of Mines and Petroleum as at 30 June 2010.

Enabling Legislation

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

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

Acts

- *Anglo-Persian Oil Company Limited's (Private) Act 1919*;
- *Barrow Island Royalty Trust Account Act 1985*;
- *Barrow Island Royalty Variation Agreement Act 1985*;
- *British Imperial Oil Company, Limited (Private) Act 1925*;
- *Coal Industry Tribunal of Western Australia Act 1992*;
- *Coal Miners' Welfare Act 1947*;
- *Dangerous Goods Safety Act 2004*;
- *Mining Act 1978*;
- *Mining on Private Property Act 1898*;
- *Mining (Validation and Amendment) Act 1986*;
- *Miner's Phthisis Act 1922*;
- *Mines Safety and Inspection Act 1994*;
- *Offshore Minerals Act 2003*;
- *Offshore Minerals (Consequential Amendments) Act 2003*;
- *Offshore Minerals (Registration Fees) Act 2003*;
- *Petroleum Act 1936*;
- *Petroleum and Geothermal Energy Resources (Registration Fees) Act 1967*;
- *Petroleum and Geothermal Energy Resources Act 1967*;
- *Petroleum (Submerged Lands) Act 1982*;
- *Petroleum (Submerged Lands) Registration Fees Act 1982*; and
- *Petroleum Pipelines Act 1969*.

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

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

A summary of the legislative amendments progressed during the year is provided in the Report on Operations.

In addition to these Acts, the department is directly impacted by the following legislation:

Corporate

Corporations (Western Australia) Act 1990

Corruption and Crime Commission Act 2003

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

Human Resources

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

Occupational Safety and Health

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

PERFORMANCE MANAGEMENT FRAMEWORK

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

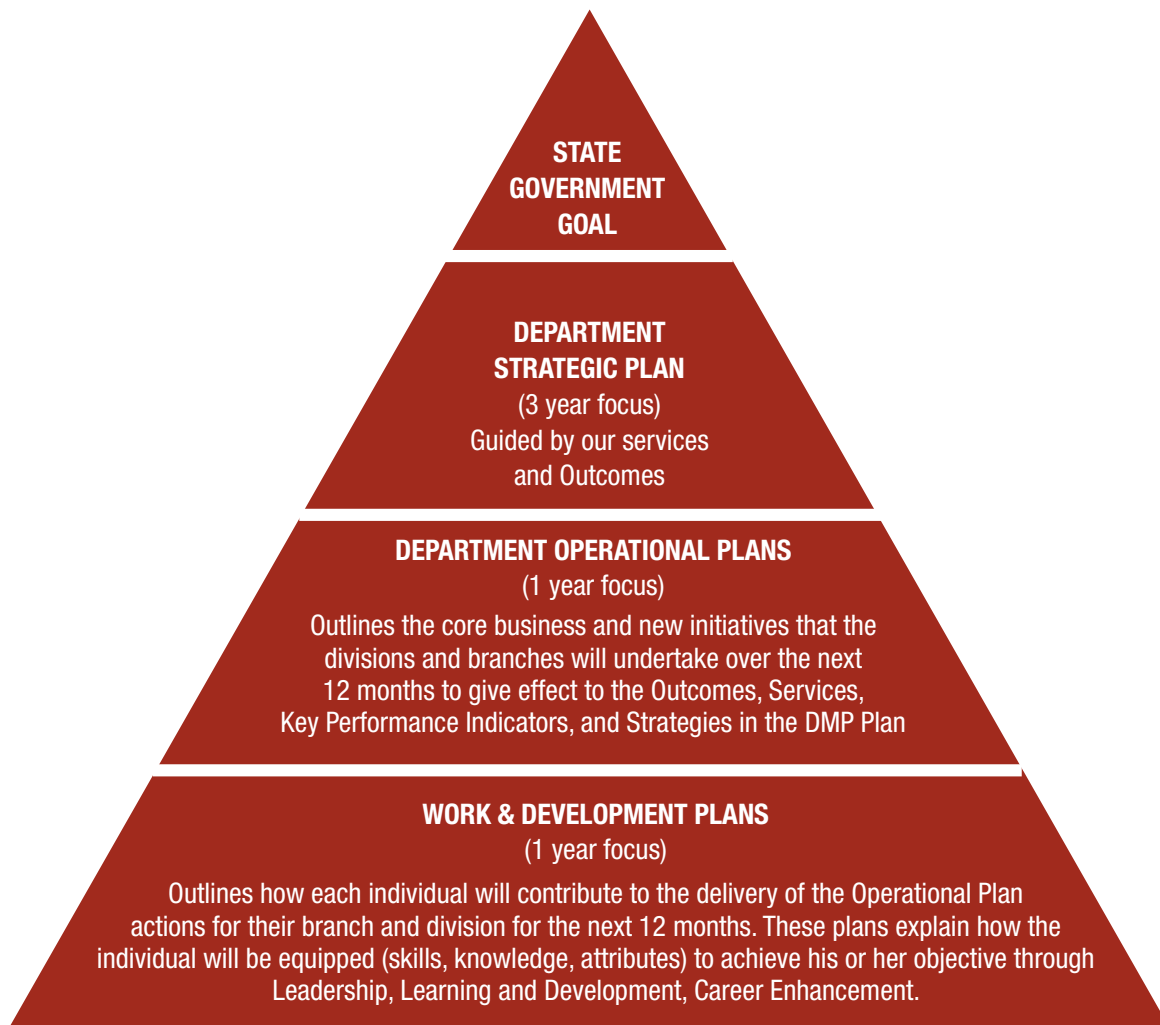



Figure 2: Integrated Planning Framework for the Department of Mines and Petroleum.

During 2009-10 the department implemented its Strategic Plan for Success to 2012. This plan captures the 10 targeted strategies, along with 16 broad strategies to give effect to the agency level outcomes and services, and is reviewed and published annually to ensure the department continues to make a significant impact in the Western Australian community. 

Detailed information about the department's performance can be found in the Key Performance Indicator and Financial Statements section of this report, however a summary of the department's performance is provided in the tables below.

Effectiveness Indicators	2009-10 Target	2009-10 Actual	Variation ⁽¹⁾ %
Service 1: Resources Regulation			
Percentage of compliance identified in completed regulatory activities	71%	89%	24%
Percentage approvals completed within agreed timeframes	77%	94%	21%
Percentage reduction in Mineral Title applications backlog	35%	54%	53%
The frequency of work-related injury and disease per million hours worked in the mining industry	N/A	2.9	N/A
The frequency of work-related injury and disease per million hours worked in the petroleum (onshore) industry	N/A	1.02	N/A
Service 2: Geoscience Information and Advice			
Extent to which stakeholders agree DMP's geoscience information encourages exploration and discovery and informs land use planning	4.10	4.05	-1.2%
Service 3: Dangerous Goods Regulation			
The number of dangerous goods storage and transport accidents	N/A	29	N/A

TABLE 1: SUMMARY OF KEY EFFECTIVENESS INDICATORS

Efficiency Indicators	2009-10 Target	2009-10 Actual	Variation ⁽¹⁾ %
Service 1: Resources Regulation			
Cost per resource regulation service	\$819	\$872	6%
Average weighted cost per safety regulatory service – minerals and energy	\$791	\$889	12%
Service 2: Geoscience Information and Advice			
Average weighted cost per published product	\$294,507	\$247,481	-16%
Service 3: Dangerous Goods Regulation			
Average weighted cost per safety regulatory service – dangerous goods	\$858	\$752	-12%

TABLE 2: SUMMARY OF KEY EFFICIENCY INDICATORS

Notes: (1) Significant explanations of variance (>5 per cent) are detailed in the Audited Key Performance Indicator Section.

Financial Targets	2009-10 Target \$'000	2009-10 Actual \$'000	Variation \$'000
Total Cost of Services (i.e. Endorsed Expense Limit)	108,220	115,034	6,814
The increase in the total cost of services is principally attributed to the Government's decision to implement a new regulatory framework for resources safety.			
Net Cost of Services	87,550	86,733	(817)
(details in the Income Statement)			
The small decrease is principally attributed to the introduction of whole of Government savings measures.			
Total Equity	102,806	125,388	22,582
(details in the Balance Sheet)			
The increase in equity is mainly attributed to land at Baldvis being brought to account for the first time based upon advice received from Landgate.			
Net increase/ (decrease) in cash held	(1,194)	901	2,095
(details in the Cash Flow Statement)			
The increase in cash held is principally attributed to an increased demand for petroleum, mining, exploration & prospecting licences and permits.			
Approved Full Time Equivalent (FTE) staff level	808	732	(77)
The variance is largely due to an approved increase in FTEs for Resources Safety Reform requiring recruitment activities to engage additional FTEs.			

TABLE 3: SUMMARY OF ACTUAL FINANCIAL PERFORMANCE AGAINST BUDGET TARGETS

SIGNIFICANT ISSUES IMPACTING THE DEPARTMENT

In 2009-10 the value of Western Australia's resources industry reached just over \$70 billion, marginally short of the all-time record achieved in 2008-09 (\$71.3 billion). This remarkable result was achieved due to the majority of commodity prices rebounding from the lows reached in early 2009 and greater demand for the State's resources.

While the quantity of resources sold actually increased, the value was adversely impacted by an 18 per cent strengthening of the Australian dollar against the US dollar in comparison to the previous financial year. The value of iron ore (\$33.7 billion), petroleum (\$18.8 billion) and gold (\$6.6 billion) together accounted for 84 per cent of the total value of the resources sector.

As the economies of key export markets in Asia continue to improve, the demand for resources is being maintained at high levels, resulting in the long-term outlook for the State's resources sector remaining very positive. The value of iron ore and LNG projects alone currently committed or under construction is around \$75 billion.

The recovery of the resources sector was demonstrated by the continued high level of exploration activity through the year, particularly in relation to minerals, with expenditure increasing by 5.7 per cent between the March 2009 and 2010 quarters. This was also reflected in the number of applications for environmental approval to commence exploration activity received by the department reaching an all-time high of 585 in the second quarter 2010.

This turnaround in exploration activity, following a significant decrease at the time of the global financial crisis, was also assisted by the State Government's \$80 million Exploration Incentive Scheme (EIS) administered by the department. A key component of this Scheme is a co-funded drilling program focused on under-explored areas which produced a number of promising discoveries during 2009-10.

A major focus of the department has been making the approvals system for the State's resources sector more efficient and transparent. Improving the approvals process is important to ensure the industry is in a position to capitalise on investment opportunities as economic conditions improve. The department is currently working with the department of the Premier and Cabinet and other key approvals agencies to implement the State Government's lead agency framework. The department's activities include:

- publishing quarterly approvals performance reports;
- continuing to progress development of advanced Information Technology (IT) systems, which have enabled the introduction of tracking systems and online lodgement capabilities;
- liaising with other government agencies to improve approval outcomes via administrative agreements;
- improving guidance material and training for proponents;
- progressing legislative amendments designed to streamline approval processes; and
- providing a dedicated project coordinator for the emerging uranium sector.

A new regulatory framework for resources safety was announced in September 2009. These reforms signal the State Government's commitment for the department to become a best practice safety regulator and to secure the safety and health of the industry's workforce. Key components of the plan, to be funded, in part, through cost recovery, include:

- significant additional resources for the department's Resources Safety Division, including an additional 72 positions; and
- a new approach to safety management based on evidence and risk, and focused on reducing the likelihood of serious incidents.

A phased approach to introduce the necessary legislative, capacity and competency changes has already commenced.

The regulatory framework for offshore petroleum operations is also currently being reviewed, following the release of the Review of the Regulatory Burden on the Upstream Petroleum (Oil and Gas) Sector by the Productivity Commission in April 2009. The department is working with the Commonwealth Government through the Ministerial Council on Mineral and Petroleum Resources to agree on future regulatory arrangements that meet Western Australia's requirements.

The department is developing a number of strategies to assist the State in meeting the challenge of maintaining economic growth in a carbon constrained environment. Specific activities include:

- involvement in national programs to identify suitable sites for geological storage and promote greenhouse capture from industry;
- promotion of tight gas and geothermal energy; and
- the development of legislation to enable carbon storage.

Continued expansion of the conservation estate in both marine and terrestrial environments and in national heritage listing can pose land access issues that impact on mineral and petroleum exploration and production. The department continues to ensure that it is in a strong position to respond to State and Commonwealth initiatives to expand the conservation estate and evaluate other land access issues. The department aims to ensure that Western Australia's undeveloped resources are recognised to achieve a balanced approach between the future development of the State and the need to protect the State's environment.

The Western Australian economy is expected to continue to experience high levels of demand for its resources for the foreseeable future. This is likely to result in a return to skills shortages, in the short to medium term, experienced at the height of activity in the sector that occurred in 2008, and is also expected to place increased pressure on the department to attract and retain suitably qualified and experienced staff.

REPORT ON OPERATIONS

The State Government has identified five key goals for Western Australia with which agencies are encouraged to align with key outcomes and services delivered. The focus for the Department of Mines and Petroleum was on the effective and efficient delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.

In line with the department's strategic plan, the 2009-10 financial year saw a range of improvements, commencement of reforms, and approvals for major projects that provide a substantial benefit to the State. A summary of the major activities and achievements during 2009-10 is provided.

Lead Agency Model


The department has been designated Western Australia's lead agency for the regulation of mining, petroleum, uranium, geothermal and carbon capture and storage proposals under the State Government's implementation of a Lead Agency Framework, announced by the Premier on 16 October 2009.


Within this framework, the department is taking a more proactive role in assisting proponents through the entire approvals process for specifically designated projects. For these projects, it is responsible for overseeing the whole application approval process and will liaise with other agencies where required.

It will provide a customised level of service for proponents according to application size, scale and complexity.

This is achieved through:

- application tracking and approval management systems to monitor the whole approvals process;
- "case management" services for more complex proposals; and
- continued improvement of its processes and systems upgrades to provide for online lodgement and enhanced online tracking services, as well as improving checklists and guidance materials.

Improvements to current processes are designed to benefit all exploration and development applications and proposals lodged with the department. 

Within the government's new framework, the department has developed memoranda of understanding (MOU) with a number of key agencies during 2009-10. This will ensure cross agency accountability for approvals to further develop the upstream petroleum industry and resources sector. This included work with the Department for Indigenous Affairs with respect to heritage issues, and the Environmental Protection Authority for assessment of those mineral, petroleum and geothermal proposals likely to have a significant impact on the environment. 


Streamlining Approvals

The mining and petroleum resources sector is the key economic driver for the Western Australian, and Australian, economies. As such, the State Government, through the development of the Lead Agency Framework, has mandated that the approvals system must provide a balance of social, economic and environmental needs which are in the best interests of Western Australia.

In support of this, the department has commenced a range of activities to integrate and improve approvals systems and processes across the department. This includes online lodgements, systems integration and reduced regulatory burden to encourage and increase exploration and development within the State. Processes have also been enhanced to ensure transparency and accountability in decision making. Improvements to current processes are designed to benefit all exploration and development applications and proposals lodged with the department.

Activities to streamline the approvals process during 2009-10 have already resulted in significant improvement in the department's approval performance over the year. Details of the improvements are provided below. Additional information about approvals performance is available in the Key Performance Indicators section of this report.


Quality Management for Approvals

In 2009-10, the Petroleum, Mineral Titles and Environment Approvals divisions achieved the AS/NZS ISO9001:2008 certification which provides confidence to industry that the department maintains robust processes and procedures that ensure consistency and transparency in decision making. 

Risk based assessment methodology introduced

A risk based assessment methodology introduced during the year recognises threshold levels of environmental risk, based on the likelihood and consequence of an environmental impact resulting from native vegetation clearing activities. Consequently, higher risk activities require a more rigorous environmental assessment than those identified as lower risk. This supports more timely and transparent decisions on applications, and an unprecedented level of compliance by industry in regard to environmental approval standards. Further information about environmental performance is available in the Key Performance Indicators section of this report.


Development of guidance notes and policies, enforcement and compliance guidelines

A comprehensive review of the practices and procedures surrounding the enforcement provisions of the Mining Act and petroleum legislation was undertaken. The review incorporated the update and expansion of policies and procedures enabling the department to respond to identified non-compliance by industry. This provided clarity for government and industry on the implications and penalties for failing to meet the requirements stipulated for mining and petroleum activities. 


Enabling the introduction of electronic lodgement of applications

Mining Act Amendments were passed during the year to facilitate the lodgement of mineral title applications and other Mining Act forms, electronically or at any of the department's offices within the State. These changes will provide greater expediency and convenience to applicants. Online lodgement of Programmes of Work and Mining Proposals for environmental approvals was trialed, and this facility is expected to be available in late 2010.

Approvals tracking for tenement applications


Online approvals tracking was introduced during the year, to enable authorised tenement applicants, or their agents, to monitor their tenement application through the approvals process. This enhancement provides transparency for the application process, and keeps applicants informed of all critical developments that may affect the granting of their tenement. 

Improving Approvals performance

There has been a strong drive within the department to improve the agency's performance with respect to approvals. Overall improvements in meeting approvals timeframes across petroleum, mineral titles and environmental activities have been the result of enhancements to systems and streamlining of procedures in conjunction with improved allocation of resources. Confidence within industry, government and the community has been promoted through regular public reporting of closely monitored performance statistics of all applications. 

Despite a higher level of lodgement of new applications than was forecast for 2009-10, the department achieved its commitment to significantly reduce the number of outstanding mineral title applications. In 2007-08, the department experienced a backlog of approximately 18,700 applications, and committed to reduce the number to 5,000 by July 2010. The department exceeded its target, reducing the backlog that existed at 1 July 2009 to 4,133 outstanding applications as at 30 June 2010. Maintaining the backlog at a serviceable level, the department is able to continue its focus on improving approvals performance across the agency.

Enhancements to the Petroleum and Geothermal Register

In May 2010, improvements to the register were launched. These included phase 2 of the pipelines module, online lodgement and payment of pipeline licences, pipeline licence renewals and pipeline variation applications, monitoring and tracking of the approvals process, storage of technical specifications and the electronic storage of documentation. 

Major projects and new industries

During 2009-10, the department provided regulatory services for the most important resource projects in the State and also facilitated the introduction of important new technologies that provide a significant economic, environmental and social benefit to the State in a carbon constrained environment.

Gorgon LNG project


The \$43 billion Gorgon project is the single biggest resource investment in the State's history and will be one of the biggest LNG projects in the world, creating thousands of jobs for the Western Australian economy. The department is working closely with the Department of State Development, who is the lead agency for this project.

The Gorgon LNG Project in Western Australia's North West, is not only significant in economic terms but also in its application of new technology designed to decrease carbon dioxide emissions on a scale unmatched anywhere else in the world.


The Gorgon project will be the first project in Western Australia to geosequester carbon dioxide emissions. The development of legislation regulating onshore geological storage of greenhouse gas projects is underway. This legislation will cover greenhouse gas injection and storage in the State, as well as provide for transportation of greenhouse gases.

The department is focused on developing a robust regulatory framework to monitor this project and any future project that uses this technology. The close monitoring of this project assures the community that the Gorgon CO₂ sequestration project is appropriately designed and rigorously regulated. [Click here for more information about the Gorgon LNG Project.](#) 

Collie – South West Geosequestration Hub

The Collie Hub project will test the potential for commercial carbon capture and storage in the South West of Western Australia, and the department is the lead agency for this project. The strategy involves a process of mapping, assessing, testing and monitoring to make sure the selected technologies are safe, effective and economic before the plan goes ahead commercially. A business case was submitted to the Commonwealth Government during 2009-10 as part of the Carbon Capture and Storage Flagship project. The department is awaiting Commonwealth approval and if successful, the project investment is expected to be in excess of \$1 billion. [Click here for more information about Carbon Capture and Storage Projects in Western Australia.](#) 

Shotts Industrial Park, Collie


The department has worked in partnership with the Department of State Development (lead agency) to establish an industrial park on land currently owned by the Conservation Commission and Wesfarmers Premier Coal, and was approved by Cabinet in 2009. The site, which has close access to the Collie Coalfields and road, power and rail infrastructure, was selected by Perdaman Chemicals and Fertilisers for a \$3.5 billion urea plant. The facility will use coal as a feedstock, and will apply environmentally friendly, world-leading gasification technology to produce urea for local and international use. The process is expected to reduce greenhouse gas emissions by extracting carbon dioxide and using it to produce urea, used in fertilisers. Funding of \$1.5 million was provided through the Coal Industry Development budget to facilitate this project. The US\$2.5 billion Collie Urea plant is expected to generate about 1,500 jobs during the three year construction phase, and 200 permanent jobs during plant operations. [Click here for more information about the Shotts Industrial Park project \(or refer to Page 14 of Prospect Magazine June-August 2009\).](#) 

Progress towards Uranium mining

Western Australia is home to the nation's second biggest uranium deposit, the Yeelirrie project, which is located about 80km south west of Wiluna. The deposit contains an estimated 52,500 tonnes resource of uranium oxide. In total, the State has an estimated resource of about 201,000 tonnes of uranium oxide in 27 projects.

The department undertook a range of activities during 2009-10 to facilitate the introduction of uranium mining in Western Australia. These included further improvements to guidelines, codes, and standards and the development of approvals process and safety systems for the developing industry.

The department has continued to work closely with industry, stakeholders and the community has provided information on uranium exploration and mining to dispel commonly held misconceptions.

While the first uranium mine is expected to be in production by 2012, exploration activity has also increased and significant mineralisation has been discovered. 

First whole of State geothermal acreage release

The latest geothermal acreage release in Western Australia is a whole of State release, enabling geothermal explorers to access acreage close to infrastructure and populated areas. Geothermal energy has the potential to contribute greatly to the supply of energy in Western Australia, and the department is committed to encouraging the development of this industry. 

Grant of first geothermal exploration permits

The first geothermal exploration permit was granted on 30 July 2009. Since that time, there have been 41 geothermal exploration permits granted in Western Australia. [Click here for more information about geothermal exploration.](#) 

First geothermal survey conducted

The first geothermal survey was approved on 15 April 2010 on exploration permit GEP 10. Located in the Collie region, the title operator is Green Rock Energy. This first geothermal survey approval marks an important milestone in the development of the geothermal industry.

First shale gas well drilled

The State's first shale gas well, Woodada Deep-1 located in the onshore Perth Basin, was drilled by AWE Limited in March 2010. The shale gas industry has the potential to be a significant supplier of gas for the State's domestic gas market. Unconventional gas industries, such as shale, are in their infancy, however the outlook is promising. The possibility of shale gas in onshore acreage in the Perth Basin is also being explored by Norwest Energy and New Standard Energy.

Petroleum Licence and Lease approvals

A number of major project licences and leases which will enable projects to progress toward final investment decision was approved by the department during 2009-10. These included:

- Gorgon production licences; pipeline licences and Greater Gorgon retention leases.
- Browse Basin project retention leases.
- Wheatstone project retention leases.
- Devil Creek development project pipeline approvals.

Analysis of upstream domestic gas industry for the Strategic Energy Initiative

An analysis of Western Australia's upstream energy outlook, coupled with review of policy options to increase the supply of gas was undertaken by the department during the year. The analysis will form a key part of the Western Australian Government's Strategic Energy Initiative, which is due for release by the Office of Energy in January 2011.


Protection of the community and environment

A key element in the responsible development of the resources sector is that the community and environment is protected from the associated risks. The department has continued its strong focus on safety and promoting best environmental management practices throughout 2009-10. A summary of the key activities associated are provided.

Safety Inspections for mining, petroleum and dangerous goods

In response to reported serious incidents and accidents, the department undertook 178 safety investigations throughout the year to determine causal factors and recommend remedial actions. An improved level of compliance with safety requirements was achieved for mining, petroleum and dangerous goods as a result of investigation, monitoring of remedial actions and consultation with operators.


Dangerous Goods safety legislation

Amendments to the General, Road and Rail Transport of Non-explosives and Major Hazard Facilities regulations came into effect on 30 June 2010. These amendments reduce the regulatory burden and streamline administrative processes associated with the dangerous goods safety legislation. 


Management of the State's Explosive Reserves

During the year, the department continued to manage the State's explosive reserves and oversaw security and safety at these facilities. Considerable progress was made during the year in resolving leasing and security issues to improve community and worker safety.


Mining Industry Advisory Committee

The Mining Industry Advisory Committee is a statutory advisory body on matters relating to occupational safety and health in the mining industry. The department contributed to the important work of the Mining Industry Advisory Committee through the chairmanship of Mr Malcolm Russell, Executive Director Resources Safety. During the year, the committee considered and provided comment to the Minister with regard to the 119 recommendations arising from Commissioner Kenner's statutory review of the *Mines Safety and Inspection Act*, as well as securing Ministerial approval of three codes of practice which were then released by the department (refer below). 


Release of safety codes of practice

Codes of practice promoting comprehensive and practical preventative strategies to improve the working environment in mining workplaces were released by the department this year. The publications discuss consultation, safe design of buildings and structures, and safeguarding of machinery and plant. 


Training package for manual tasks

A new online industry training package promoting comprehensive and practical strategies to prevent injuries in mining workplaces was released in April 2010. Targeting the prevention of musculoskeletal disorders caused by manual tasks in mining workplaces, the online package enables access from anywhere in the State. 

Information for bereaved families

Information for bereaved families of mining fatality victims was revised this year following consultation and advice from the State Coroner's office. The material provides accurate and accessible information on what happens after a mining fatality, specifically outlining the roles of the mines inspectorate. 


Review of the mines safety audit system

The department's mines safety audit system was reviewed and updated during the year to ensure that the system remains relevant and effective and to promote confidence within industry and the community that incidents and accidents are properly investigated and that suitable remedial actions are taken. 

Amendments to petroleum environmental legislation

The department contributed to changes to the Commonwealth Offshore Petroleum and Greenhouse Gas Storage (Environment) Regulations 2009 during a review this year. The requested amendments now include Greenhouse Gas storage as an activity within the scope of the regulations and address issues such as oil spill contingency planning, the frequency of oil spill exercises, environment plan revisions. The amendments assist regulators and industry to achieve continual improvement and provide clarity to the approvals process. Those improvements achieved in the Commonwealth legislation are expected to be mirrored in the development of State legislation.

Annual Environment Reporting Guidelines


A clearer reporting process for mine site environmental management issues is the result of a review of the Annual Environmental Reporting Guidelines by the Environment Division. Designed to show operators how to report their environmental performance, the guidelines now also reflect advancements in environmental management of mine sites. [Click here for more information about the Annual Environment Reporting Guidelines.](#) 

Developing mine closure guidelines

Reducing the risks associated with abandoned mines was the focus of a project undertaken by the department to develop mine closure guidelines. The guidelines support the recent amendment to the Mining Act by requiring submission of mine closure planning and rehabilitation outcomes. They are designed to provide concise information to the mining industry on how to prepare a mine closure plan at different stages of a mine project.

Resources Safety Reform

The Western Australian Government has committed to overhauling the way safety and health in the resources industry is regulated. This commitment responds to increased demands brought on by community expectations of improved safety outcomes, growth of the resources industry, and the findings of a number of independent reviews, inquiries and audits.

In response to this, the department has adopted the Reform and Development at Resources Safety (RADARS) program, which addresses how the department, as the regulator, will work with the Western Australian resources industry to reduce serious accidents across the three sectors it administers – mining, petroleum and dangerous goods. 

Contribution to the national reform agenda

In addition to the State Government commitment to resources safety reform, the Council of Australian Governments (COAG) has also initiated a national reform agenda, with a focus on harmonisation of occupational safety and health legislation across States. The department is working with the Commonwealth to progress the streamlining of occupational safety and health legislation, establish a national trade licensing system and achieve a harmonised system of national chemicals and plastics regulation across Australia.


Building up the inspectorate

In order to achieve ‘best practice regulation’ in the resources industry, the department must be open, transparent, consistent and professional in the way it conducts business, and staff must be competent to do their tasks.

To achieve this a competency-based training and development program has been implemented specifically within the Resources Safety division. For current and new inspectors, the program includes a mechanism to formally recognise the attainment of key competencies and specialist skills at different stages of an inspector’s career.

This program ensures that inspectors have appropriate and contemporary technical, audit and communications skills and the knowledge needed to oversee industry sectors adopting a systems-based, risk management model for safety. 

Mines Safety and Inspection Levy

The new Mines Safety and Inspection Levy Regulations, which enable full cost recovery for the delivery of safety and health regulatory services to the mining industry, were implemented during the year. The revenue generated by the levy will be applied solely to the administration of the *Mines Safety and Inspection Act 1994*. 

Protecting the economic interests of the State


Assessment and collection of petroleum and mineral royalties

The department collected more than \$3 billion in royalties from mineral and petroleum projects this year. Royalties are a return to the community of Western Australia for the loss of its non-renewable resources. 

Removal of Iron Ore concessions

Iron ore royalty concessions on various Agreement Acts held by BHP Billiton and Rio Tinto Ltd were removed this year following successful negotiations. As a direct result of this, royalty concessions in the order of \$350 million per annum are to be removed, effecting an expected increase in revenues to the State by the same amount from 1 July 2010.


Mineral and petroleum statistical reports published


The department has continued this year to publish key statistical information and editorial on the Western Australian resource sector through its Statistics Digest. The digest provides a comprehensive coverage on the composition, magnitude and performance of the Western Australian mineral and petroleum industry. This includes mineral and petroleum quantity and values, selected major commodity analyses, commodity price trends, Western Australia’s position as a resources exporter, principal producers and royalty receipts. 

New regulatory responsibilities

Varanus, Thevenard, and Airlie Islands

The Commonwealth Government and the National Offshore Petroleum Safety Authority (NOPSA) ceased provision of safety regulatory services in relation to the Varanus, Thevenard and Airlie islands. With the exception of facilities in State waters, industry now deals with the department on all safety matters related to State petroleum facilities covered by Western Australian petroleum legislation.

The result of this is that the department has become a “one stop shop” for regulation of petroleum facilities covered by the State’s onshore petroleum legislation and provides the Government with greater management over how such a vital industry is regulated. In addition to enabling a wider and more flexible skill base to be made available for the State’s safety regulator, this ensures continuity and consistency with the regulation of the land-based facilities which are often an integral part of an island facility. 

The department has continued to participate in the prosecution relating to the Varanus Island incident during 2009-10. 

Encouraging exploration and discovery of mineral deposits


The Exploration Incentive Scheme (EIS) is a State Government initiative that aims to encourage exploration in Western Australia for the long-term sustainability of the State’s resources sector. Integrated with the ongoing geoscience work program, the EIS will help reinforce the image of Western Australia as an attractive destination for mineral and energy exploration investment.


This \$80 million initiative, funded by the Royalties for Regions program over five years, will stimulate increased private sector resource exploration and ultimately lead to new mineral and energy discoveries.

One of the key ways government helps increase resource exploration expenditure by companies is through the provision of new, high-quality geoscience information in greenfield areas. The EIS aims to gather an increased amount of geoscientific information in Western Australia, particularly at depth.

Most of the activities in the EIS are focused in under-explored, greenfield regions. New mineral and energy discoveries in these areas significantly increase knowledge of the State’s geology and resources, and will help increase employment opportunities if production projects commence.

First full year program of work for the Exploration Incentive Scheme

A total of 907,783 line-kilometres of data from nine airborne geophysical surveys were completed in the Canning and Eucla Basins and released this year. Data were also released from a total of 19,973 new gravity stations from surveys in the Cunderdin area and southern Yilgarn. A multi-element geochemistry survey collected 900 soil samples from the eastern Yilgarn Craton margin and 1,276 kilometres of deep seismic data were collected from the Capricorn and Youanmi surveys. A 250 kilometre long magnetotelluric profile was acquired. 

Twenty nine projects were completed under the 2009-10 Co-funded Exploration Drilling Program. Sixty-two grants were offered for projects to be undertaken in the 2010-11 round of the program. 

By reducing the risk to explorers, the EIS will increase greenfields exploration and encourage new mineral discoveries in Western Australia’s more remote and regional areas.

It is sending a clear signal to resource investors around the world, that Western Australia is serious about attracting exploration investment.

In the medium to longer term, this will result in an improvement in the State’s proportion of exploration expenditure relative to other States and more positive attitudes to Western Australia’s investment climate.

Stakeholder engagement

The department is committed to engaging directly with stakeholders in the development of its key strategies, and in the responsible development of the resource sector in Western Australia. Over its normal course of business, the department engages with stakeholders locally, nationally and internationally. These include representatives from industry, government and educational institutions.

The department participates in these discussions through various forums, conferences and workshops, including the Mining Industry Liaison Committee, the Mining Industry Advisory Committee, the Ministerial Advisory Panel for safety reform and the Geological Survey of Western Australia Liaison Committee.

In addition to these Committees, the department also provided or supported the following forums over the past 12 months:

Ministerial Council on Mineral and Petroleum Resources

At the national level, in 2009-10 the department committed significant resources to a review of the Ministerial Council on Mineral and Petroleum Resources, to ensure that the Council's priorities remained relevant and focused on priorities for the minerals and energy sectors. In 2010, Western Australia took over Chair of the Council until mid-2011.

Promotion of Policy Dialogue

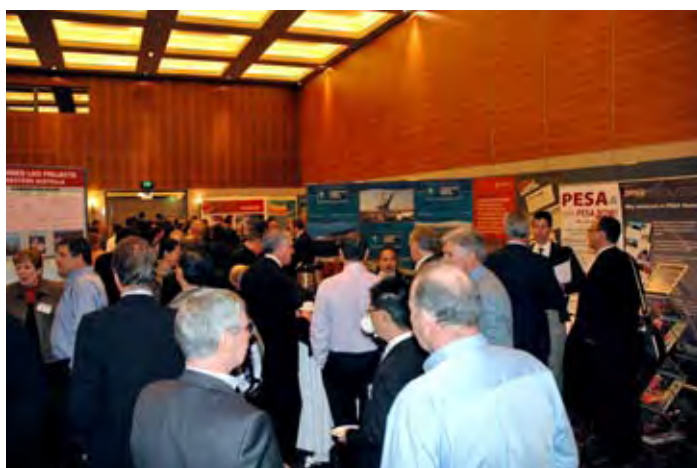
Over the past year the department took part in ongoing discussions with peak industry associations to exchange ideas and insights, develop policy frameworks and increase transparency. It is anticipated that these discussions will incorporate a wider range of stakeholders in the future.

Unconventional Gas and Geothermal

Key stakeholders were invited to actively participate in defining the State's energy future at a geothermal and unconventional gas workshop in June 2010. These developments are key pillars of the State's energy portfolio, and will contribute to its overall energy security. With many major resource projects anticipated to come online within the next few years, these resources will assist with meeting potential energy requirements.

Petroleum Open Day 2009

Topical subjects such as the Gorgon Project, geothermal and tight gas were discussed at annual Petroleum Open Day which was attended by more than 250 delegates in September 2009. The Open Day remains an important mechanism to promote the department, communicate with stakeholders and obtain industry feedback.



Petroleum Open Day 2009

DISCLOSURES AND LEGAL COMPLIANCE



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF MINES AND PETROLEUM FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2010

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

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes, including Administered transactions and balances.

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 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. This document is available on the OAG website under "How We Audit".

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

Department of Mines and Petroleum
Financial Statements and Key Performance Indicators for the year ended 30 June 2010

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Department of Mines and Petroleum at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards 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 2010.




COLIN MURPHY
AUDITOR GENERAL
17 September 2010

KEY PERFORMANCE INDICATORS CERTIFICATION

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

Certification of Performance Indicator

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Mines and Petroleum's performance and fairly represent the performance of the Department of Mines and Petroleum for the financial year ending 30 June 2010.



Richard Sellers
Director General
14 September 2010

PART 1 – Key Performance Indicators

Relationship to Government Goals

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

Government Goal	Outcomes	Services
Financial and Economic Responsibility Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.	Responsible development of mineral and energy resources.	1. Resources Regulation Effective regulation of the resources sector, through: <ul style="list-style-type: none"> • application of a world-class mineral and petroleum titles management system; • collection of royalties on mineral and petroleum development activities; • conducting environmental assessments and monitoring environmental compliance of mineral and petroleum activities; • administration of the <i>Mines Safety and Inspection Act 1994</i>; and • promotion of occupational safety and health in the mining and petroleum (onshore) sectors.
	Encouragement of exploration and discovery of mineral and petroleum deposits and informed land use planning.	2. Geoscience Information and Advice Up-to-date geological archive of the State and its mineral and petroleum resources, with products and services including: <ul style="list-style-type: none"> • acquiring new geoscience and mineral and energy resource information; • providing access to a developing archive of geoscientific and resource exploration information; • assessment of mineral and petroleum resources and resource potential as a basis for decision making by government; and • assistance and advice on land use matters.
	Safety and protection of the community from the risk of dangerous goods.	3. Dangerous Goods Regulation Administration of the <i>Dangerous Goods Safety Act 2004</i> , covering the manufacture, storage, handling, transport and use of dangerous goods, including the operation of major hazard facilities.

TABLE 4: 2009–10 DEPARTMENT OF MINES AND PETROLEUM OBM FRAMEWORK RELATIONSHIPS BETWEEN GOVERNMENT GOAL, DESIRED OUTCOMES AND SERVICES

For future reporting periods, some adjustments have been endorsed by the Department of Treasury and Finance for the 2010-11 financial year, which consolidates Services 1 and 3. Consequently, some revision of key performance indicators was undertaken and will take effect for the 2010-11 reporting period.

Audited Key Effectiveness Indicators

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

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

TABLE 5: 2009–10 Department of Mines and Petroleum Key Effectiveness Indicators

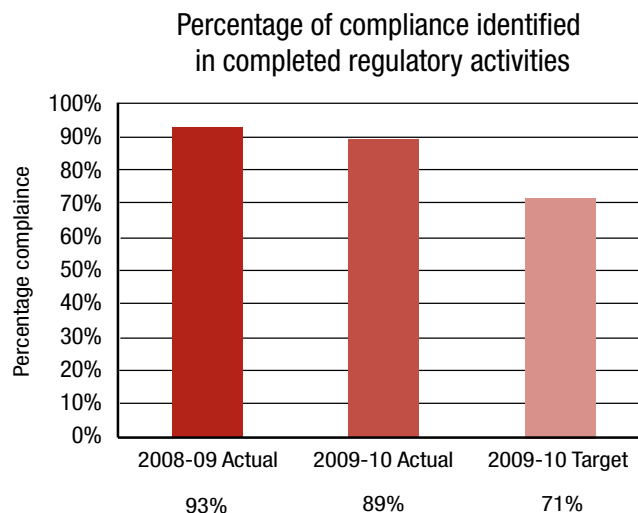
Outcome One – Responsible development of mineral and energy resources

Service 1: Resources Regulation

	2008–09 Actual	2009–10 Target	2009-10 Actual
1. Percentage of compliance identified in completed regulatory activities -	93%	71%	89%

This Key Performance Indicator is a measure of regulatory activities relating specifically to environmental compliance investigations. It is calculated as the number of environmentally compliant sites divided by the total number of environmental inspections undertaken. When compliant, no action is initiated. Actions taken to address major non-compliance include directions to modify, stop work orders and fines in lieu of forfeiture which are all enforceable under the *Mining Act 1978*. Written instructions can also be provided to improve a site within a set timeframe.

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



The level of compliance achieved during 2009-10 was significantly greater than the target which is attributable to the implementation of a risk based approach to inspections. The adoption of this approach has resulted in the department focussing its efforts on high risk sites and targeting areas of concern to achieve a higher level of compliance by operators than was forecast.

	2008–09 Actual	2009–10 Target	2009-10 Actual
2. Percentage approvals completed within agreed timeframes -	77%	78%	94%

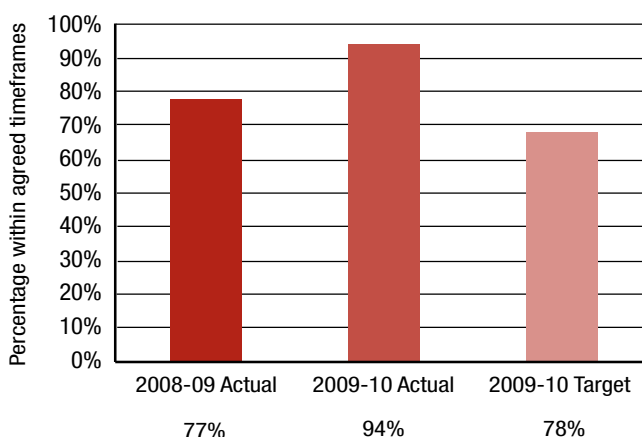
The department is specifically targeting the timely management of approvals. These approvals are processed as part of the department's role in administering mineral and petroleum resources legislation. The department considers addressing approvals in a timely manner translates to responsible development of mineral and petroleum resources.

This indicator comprises:

- mining titles completed within 65 nett business days;
- environment mining proposals and programmes of work approved within 30 business days;
- environment petroleum proposals approved within 30 business days; and
- petroleum approvals (including well applications, survey applications, Special Prospecting Authority applications and Access Authority applications) processed within 40 business days.

The positive variance between the 2009–10 target and the actual has occurred through the department’s focus on improving the overall approvals performance within the Lead Agency Framework, through streamlining approvals processes and systems, and initiatives such as the introduction of online lodgement of applications and system integrations. The result of these efforts demonstrates a significant improvement in timeliness of processing approvals.

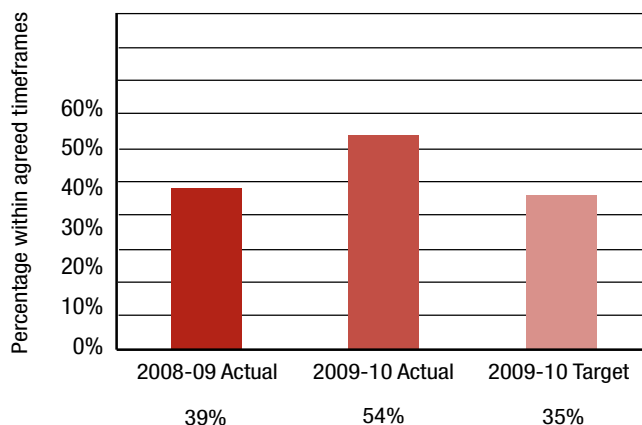
Percentage of approvals within agreed timeframes



	2008–09 Actual	2009–10 Target	2009-10 Actual
3. Percentage reduction in Mineral Title applications backlog -	39%	35%	54%

The reduction in the Mineral Titles application backlog was an initiative commenced (and separately funded) in 2007–08 to address the 18,700 strong backlog. A three-year program to reduce this backlog to 5,000 by July 2010 has been achieved.

Percentage reduction in Mineral Title applications backlog



A strong focus on improvements in approvals processes, systems and resourcing over the year has resulted in a significantly greater reduction in the Mineral Titles application backlog than was forecast. The department has exceeded its objective by reducing the backlog to 4,133 applications as at 30 June 2010, despite a higher level of lodgement of new applications during 2009-10 than forecast.

	2008-09 Actual	2009-10 Actual
4. The frequency of work-related injury and disease per million hours in the mining industry -	2.80	2.90

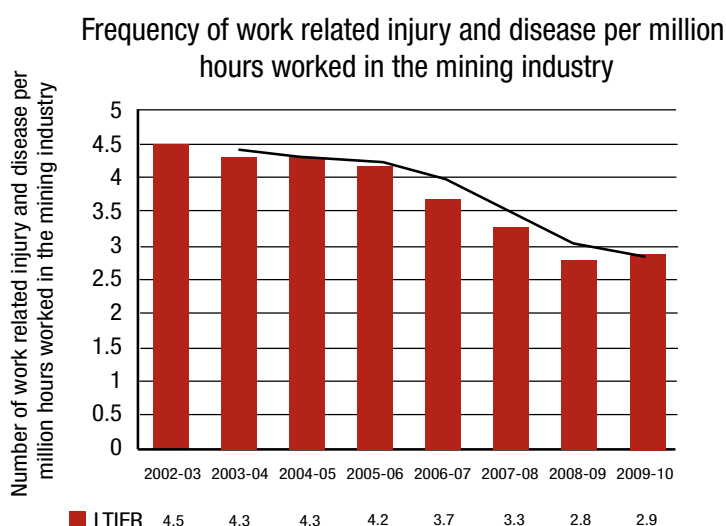
Under the *Mines Safety and Inspection Act 1994*, there are specific reporting requirements for accidents involving injury to persons and occurrences (also referred to as incidents). This industry data, collected in the AXTAT database by the department's Resources Safety Division, provides the department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

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

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

Although targets cannot be set by the department to assess industry safety performance, this is an important indicator for determining the level of education and enforcement activity required.

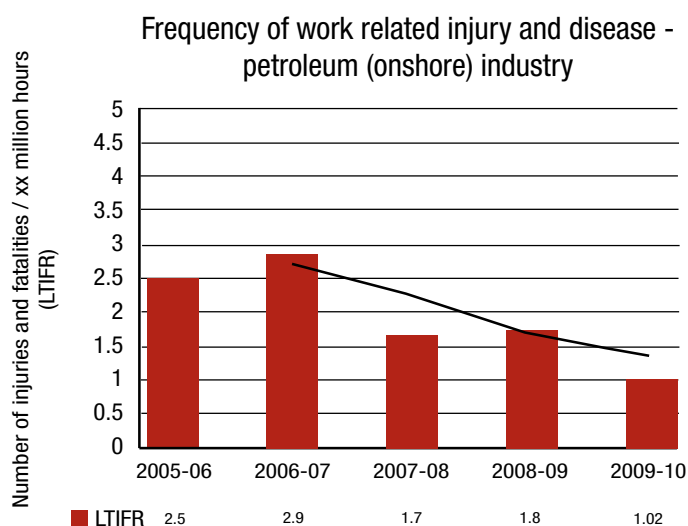
The frequency of work-related lost time injury and disease per million hours worked has been improving over the last eight years, during a period of unprecedented industry expansion. Although industry has ultimate control and responsibility for ensuring safety on sites, the department contributes to safety through its regulatory activities within the Resources Safety Division, which influences this measure through its education programs and licensing service as well as investigations and technical assessments.



	2008-09 Actual	2009-10 Actual
5. The frequency of work-related injury and disease per million hours in the petroleum industry (onshore)	1.80	1.02

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

Data is available for onshore petroleum safety since the 2005-06 financial year. Although, this data is insufficient to determine long-term trends, it does demonstrate that the frequency of workplace injury and disease in the petroleum (onshore) industry is at its lowest since that time. While industry has control and responsibility for ensuring safety on sites, the department contributes to safety through its regulatory activities within the Resources Safety Division. It influences this measure through its education programs and licensing services, as well as investigations and technical assessments.



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

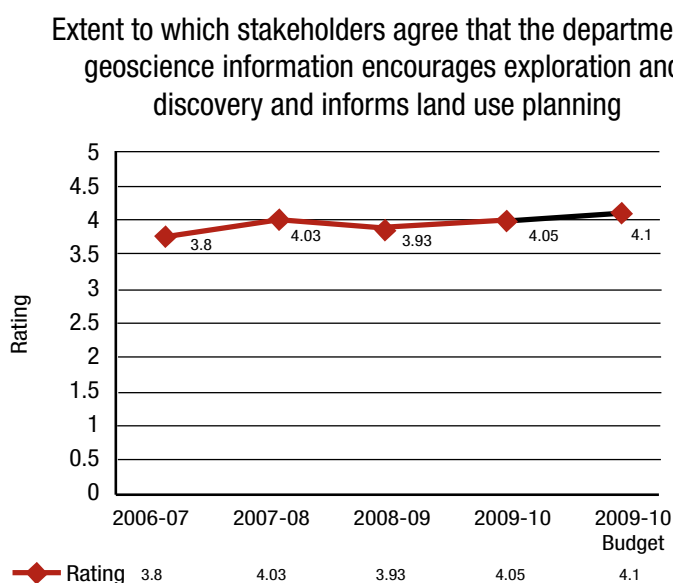
Service 2: Geoscience Information and Advice

	2008-09 Actual	2009-10 Target	2009-10 Actual
6. Extent to which stakeholders agree the Department's geoscience information encourages exploration and discovery and informs land use planning -	3.93	4.10	4.05

This Key Performance Indicator is a weighted average customer rating given by industry-based mineral and petroleum technical advisory subcommittees tabled through the Geological Survey Liaison Committee (GSLC). This Committee comprises industry representatives nominated by the Australian Petroleum Production and Exploration Association, the Chamber of Minerals and Energy of Western Australia, the Association of Mining and Exploration Companies, and other geoscience customers, including Geoscience Australia, the Australian Commonwealth Scientific and Research Organisation and Western Australian universities.

The GSLC meets twice a year to consider reports by its Technical Advisory Subcommittees and to provide guidance for future programs and feedback on past performance of the Geological Survey Division of the department. In particular, this indicator looks at geoscience products and exploration information services which are rated against a five point scale by the subcommittees.

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



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

Service 3: Dangerous Goods Regulation

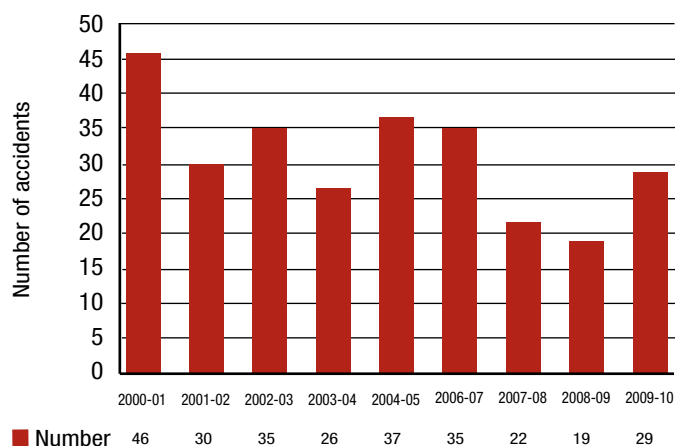
	2008–09 Actual	2009-10 Actual
7. The number of reported dangerous goods storage and transport accidents -	19	29

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

Targets are not set for this indicator as it is primarily an industry safety performance measure. However, it enables the department to identify trends in reported accidents and target activities accordingly.

The number of reported accidents involving the storage and handling or transport of dangerous goods from year to year is variable. A higher number of accidents were reported in 2009-10 as compared to 2008-09, while at the same time, 1,177 (or 11%) more licensing services were provided during 2009-10. When compared to the prior year, it may suggest a higher rate of accident reporting due to either heightened awareness and diligence in reporting or more dangerous goods being stored, handled or transported.

Number of Dangerous Goods storage and transport accidents



Audited Key Efficiency Measures

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

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

TABLE 6: 2009–10 Department of Mines and Petroleum Key Efficiency Indicators

Outcome One – Responsible development of mineral and energy resources

Service 1: Resources Regulation

	2008–09 Actual	2009–10 Target	2009-10 Actual
8. Cost per resource regulation service	\$778	\$819	\$872

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

The minor negative variance between the 2009-10 target and the actual is attributable to approvals system enhancements, which has improved the department's effectiveness in the timely approval of exploration, mining and petroleum applications, and activities related to the introduction of uranium mining in Western Australia.

	2008–09 Actual	2009–10 Target	2009-10 Actual
9. Average weighted cost per safety regulatory service – minerals and energy	\$582	\$791	\$891

This measure is calculated as the total cost of mines safety services divided by the total number of services delivered in the 2009–10 year. These activities encompass units of information and education (seminars/presentations and publications), licensing services, and investigations and technical assessments undertaken by the Resources Safety Division. Weightings are then applied to individual components according to the staff resources allocated to each activity.

The variance between the 2009-10 target and the actual is attributed to increased resource levels associated with resources safety reform program, including the legislative reform and activities associated with the introduction of the new mines safety levy.

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

Service 2: Geoscience Information and Advice

	2008–09 Actual	2009–10 Target	2009-10 Actual
10. Average weighted cost per published product -	\$248,791	\$294,507	\$247,481

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

There was a significant expenditure during 2009-10 on seismic and gravity surveys for which WTPP units have not been claimed because the product is still to be processed for release in 2010-11. These units will be counted in the subsequent reporting period.

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

Service 3: Dangerous Goods Regulation

	2008–09 Actual	2008–09 Target	2009-10 Actual
11. Average weighted cost per safety regulatory service – dangerous goods	\$899	\$858	\$752

This measure is calculated as the total cost of Dangerous Goods Safety services divided by the total number of transactions actually delivered in the 2009–10 year. These services encompass units of information and education (seminars/presentations and publications), licensing services, and investigations and technical assessments undertaken by the Resources Safety Division.

The positive variance shown is attributable to a significantly higher number of licensing services, investigations and technical assessments undertaken during 2009-10 than was forecast.

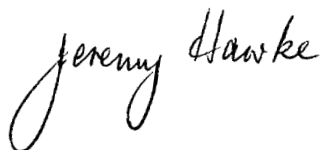
Financial Statements

**Department of Mines and Petroleum
Disclosure and Legal Compliance
For the Year Ended 30 June 2010**

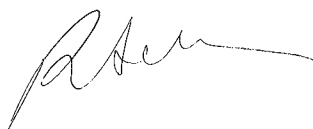
Certification of Financial Statements

The accompanying financial statements of the Department of Mines and Petroleum have been prepared in compliance with the provisions of the *Financial Management Act 2006*, from proper accounts and records, to present fairly, the financial transactions for the financial year ended 30 June 2010 and the financial position as at 30 June 2010.

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
14 September 2010



Richard Sellers
Accountable Authority
14 September 2010

**DEPARTMENT OF MINES AND PETROLEUM
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$000	2009 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	69 196	70 272
Supplies and services	7	35 777	36 181
Depreciation and amortisation	8	2 902	2 571
Finance costs	9	-	25
Accommodation expenses	10	4 114	4 890
Grants and subsidies	11	2 757	21 036
Other expenses	12	288	83
Loss on disposal of non current assets	15	-	21
Total cost of services		115 034	135 079
Income			
<i>Revenue</i>			
User charges and fees	13	28 019	13 117
Other revenue	14	282	1 039
Total revenue		28 301	14 156
Total income other than income from State Government		28 301	14 156
NET COST OF SERVICES		86 733	120 923
Income from State Government	16		
Service appropriation		71 057	109 423
Resources received free of charge		1 641	2 930
Royalties for Regions Fund		17 280	1 900
Total income from State Government		89 978	114 253
SURPLUS/(DEFICIT) FOR THE PERIOD		3 245	(6 670)
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus	28	(6 548)	3 977
Gains recognised directly in equity		986	25 130
Total other comprehensive income		(5 562)	29 107
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(2 317)	22 437

Refer to the 'Schedule of Income and Expenses by Service'.

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

**DEPARTMENT OF MINES AND PETROLEUM
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Note	2010 \$000	2009 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	29	19 304	14 149
Restricted cash and cash equivalents	17	(4 489)	65
Receivables	18	10 483	1 667
Amounts receivable for services	19	867	837
Other current assets	20	912	988
Total Current Assets		27 077	17 706
Non-Current Assets			
Restricted cash and cash equivalents	17	1 300	1 000
Amounts receivable for services	19	11 342	10 458
Property, plant and equipment	21	111 728	118 997
Intangible assets	22	3 114	3 682
Total Non-Current Assets		127 484	134 137
TOTAL ASSETS		154 561	151 843
LIABILITIES			
Current Liabilities			
Payables	24	5 649	3 202
Other current liabilities	25	1 945	1 412
Revenue received in advance	26	3 210	3 738
Provisions	27	13 328	11 244
Total Current Liabilities		24 132	19 596
Non-Current Liabilities			
Provisions	27	5 041	4 672
Total Non-Current Liabilities		5 041	4 672
TOTAL LIABILITIES		29 173	24 268
NET ASSETS		125 388	127 575
EQUITY			
Contributed equity	28	54 571	53 455
Reserves		72 125	78 673
Accumulated deficiency		(1 308)	(4 553)
TOTAL EQUITY		125 388	127 575

Refer to the 'Schedule of Assets and Liabilities by Service'.

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

**DEPARTMENT OF MINES AND PETROLEUM
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total equity \$000
Balance at 1 July 2008	28	70 311	74 696	3 388	148 395
Changes in accounting policy or correction of prior period errors		-	-	(1 271)	(1 271)
Restated balance at 1 July 2008		70 311	74 696	2 117	147 124
Total comprehensive income for the year		-	3 977	(6 670)	(2 693)
Transactions with owners in their capacity as owners:					
Capital appropriations		1 050	-	-	1 050
Other contributions by owners		43 335	-	-	43 335
Distributions to owners		(61 241)	-	-	(61 241)
Total		(16 856)	-	-	(16 856)
Balance at 30 June 2009		53 455	78 673	(4 553)	127 575
Balance at 1 July 2009	28	53 455	78 673	(4 553)	127 575
Total comprehensive income for the year			(6 548)	3 245	(3 303)
Transactions with their owners in their capacity as owners:					
Capital appropriations		130	-	-	130
Other contributions by owners		986	-	-	986
Distributions to owners		-	-	-	-
Total		1 116	-	-	1 116
Balance at 30 June 2010		54 571	72 125	(1 308)	125 388

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

**DEPARTMENT OF MINES AND PETROLEUM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$000	2009 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		69 306	107 007
Capital contributions		130	1 050
Holding account drawdowns		837	1 495
Transfer of cash to Treasury		-	(56)
Cash transfer to other State Government agencies		-	(6 644)
Royalties for Regions Fund		17 280	1 900
Net cash provided by State Government		87 553	104 752
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(65 730)	(67 107)
Supplies and services		(33 170)	(34 184)
Accommodation		(3 940)	(4 681)
Grants and subsidies		(2 450)	(22 202)
Finance costs		-	(25)
Other payments		(39)	(1 206)
GST payments on purchases		(4 090)	(6 938)
Receipts			
User charges and fees		18 461	13 019
Grants and contributions		98	285
GST receipts on user charges and fees		1 419	641
GST receipts from taxation authority		3 156	9 470
Other receipts		255	2 073
Net cash provided by/(used in) operating activities	29	(86 030)	(110 855)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(622)	(5 381)
Repayments of loans/advances			137
Net cash provided by/(used in) investing activities		(622)	(5 244)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(163)
Net cash provided by/(used in) financing activities		-	(163)
Net increase in cash and cash equivalents		901	(11 510)
Cash and cash equivalents at the beginning of the period		15 214	26 724
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	29	16 115	15 214

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

**DEPARTMENT OF MINES AND PETROLEUM
SCHEDULE OF INCOME AND EXPENSES BY SERVICE
FOR THE YEAR ENDED 30 JUNE 2010**

	Resource Regulation		Geoscience Information and Advice		Dangerous Goods Regulations		Services transferred ^(a)		Total	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
COST OF SERVICES										
<u>Expenses</u>										
Employee benefits expenses	45 249	32 403	16 594	15 091	7 353	4 138	-	18 640	69 196	70 272
Supplies and services	12 479	10 257	21 193	11 112	2 105	768	-	14 044	35 777	36 181
Depreciation and amortisation expense	1 804	1 162	700	599	398	114	-	696	2 902	2 571
Finance costs	-	-	-	-	-	-	-	25	-	25
Accommodation expenses	2 594	1 608	1 005	821	515	228	-	2 233	4 114	4 890
Grants and subsidies	151	53	2 593	-	13	2	-	20 981	2 757	21 036
Other expenses	172	26	57	5	59	14	-	38	288	83
Loss on disposal of other assets	-	8	-	4	-	-	-	9	-	21
Total cost of services	62 449	45 517	42 142	27 632	10 443	5 264	-	56 666	115 034	135 079
<u>Income</u>										
User charges and fees	25 255	12 270	119	66	2 645	509	-	272	28 019	13 117
Other revenue	170	41	110	64	2	-	-	934	282	1 039
Total income other than income from State Government	25 425	12 311	229	130	2 647	509	-	1 206	28 301	14 156
NET COST OF SERVICES	37 024	33 206	41 913	27 502	7 796	4 755	-	55 460	86 733	120 923
<u>Income from State Government</u>										
Service appropriation	39 936	25 649	24 555	24 215	6 566	2 188	-	57 371	71 057	109 423
Resources received free of charge	1 054	1 029	418	901	169	29	-	971	1 641	2 930
Royalties for Regions Fund	-	-	17 280	1 900	-	-	-	-	17 280	1 900
Total income from State Government	40 990	26 678	42 253	27 016	6 735	2 217	-	58 342	89 978	114 253
SURPLUS/DEFICIT FOR THE PERIOD	3 966	(6 528)	340	(486)	(1 061)	(2 538)	-	2 882	3 245	(6 670)

^(a) Represents Services transferred to the Departments of State Development and Commerce for the 6 month period 01/07/2008 to 31/12/2008.

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

**DEPARTMENT OF MINES AND PETROLEUM
SCHEDULE OF ASSETS AND LIABILITIES BY SERVICE
AS AT 30 JUNE 2010**

	Resource Regulation		Geoscience Information and Advice		Dangerous Goods Regulations		Total	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
Assets								
Current Assets	22 196	10 740	4 623	5 218	258	1 747	27 077	17 706
Non-current Assets	65 015	67 733	34 556	36 615	27 913	29 789	127 484	134 137
Total assets	87 211	78 473	39 179	41 834	28 171	31 536	154 561	151 843
Liabilities								
Current Liabilities	15 868	11 956	4 957	4 061	3 307	3 579	24 132	19 596
Total non-current Liabilities	3 260	2 780	1 252	1 396	529	497	5 041	4 672
Total liabilities	19 128	14 736	6 209	5 457	3 836	4 076	29 173	24 268
NET ASSETS	68 083	63 737	32 970	36 377	24 335	27 460	125 388	127 575

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

DEPARTMENT OF MINES AND PETROLEUM
SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2010

	2010 Estimate \$000	2010 Actual \$000	Variance \$000	2010 Actual \$000	2009 Actual \$000	Variance \$000
Delivery Services						
Item 17 Net amount appropriated to deliver services	68 187	69 079	892	69 079	104 551	(35 472)
Section 25 transfer of service appropriation				-		
From Department of Commerce to DMP from 1 January 2009 ^(a)	-	1 196	1 196	1 196	4 103	(2 907)
From Department of Treasury and Finance	-	-	-	-	44	(44)
Amount authorised by Other Statutes						
- <i>Salaries and Allowances Act 1975</i>	782	782	-	782	725	57
Total appropriations provided to deliver services	68 969	71 057	2 088	71 057	109 423	(38 366)
Capital						
Item 118 Capital appropriations	130	130	-	130	930	(800)
Section 25 transfer of Capital appropriation:						
From Department of Commerce to DMP from 1 January 2009	-	-	-	-	120	(120)
	130	130	-	130	1 050	(920)
Administered Transactions						
Item 18 Administered grants, subsidies and other transfer payments	13 816	17 661	3 845	17 661	83 499	(65 838)
Amount authorised by other statutes						
- Petroleum Submerged Lands Act 1982	6 795	6 660	(135)	6 660	4 737	1 923
Total Administered Transactions	20 611	24 321	3 710	24 321	88 236	(63 915)
GRAND TOTAL	89 710	95 508	5 798	95 508	198 709	(103 201)
Details of Expenses by Service						
Resources Regulation	56 083	62 449	6 366	62 449	45 517	16 932
Geoscience Information and Advice	42 409	42 142	(267)	42 142	27 632	14 510
Dangerous Goods Regulations	9 728	10 443	715	10 443	5 264	5 179
Services Transferred to other Agencies	-	-	-	-	56 666	(56 666)
Total Cost of Services	108 220	115 034	6 814	115 034	135 079	(20 045)
Less total income	20 670	28 301	7 631	28 301	14 156	14 145
Net Cost of Services	87 550	86 733	(817)	86 733	120 923	(34 190)
Adjustment for movement in cash balances and other accrual items (i)	(18 581)	(15 676)	2 905	(15 676)	(11 500)	(4 176)
Adjustments for transfers of appropriation from/to other agencies	-	-	-	-	4 147	(4 147)
Total appropriations provided to deliver services	68 969	71 057	2 088	71 057	109 423	(38 366)
Capital Expenditure						
Purchase of non-current physical assets	130	130	-	130	5 381	(5 251)
Repayment of borrowings	-	-	-	-	163	(163)
Adjustment for movement in cash balances and other funding sources (i)	-	-	-	-	(4 494)	4 494
Capital appropriations	130	130	-	130	1 050	(920)

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

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

DEPARTMENT OF MINES AND PETROLEUM
SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES
FOR THE YEAR ENDED 30 JUNE 2010

	2010 Estimate \$000	2010 Actual \$000	Variance \$000	2010 Actual \$000	2009 Actual \$000	Variance \$000
<u>Details of Income Estimates</u>						
Income disclosed as Administered Income						
Royalties						
Petroleum - Commonwealth	-	5 830	5 830	5 830	843 815	(837 985)
Petroleum - State	38 700	24 614	(14 086)	24 614	21 163	3 451
Iron Ore	2 061 500	1 812 615	(248 885)	1 812 615	1 932 683	(120 068)
Diamonds	16 900	14 515	(2 385)	14 515	19 525	(5 010)
Alumina	88 400	63 875	(24 525)	63 875	71 553	(7 678)
Mineral sands	25 500	24 473	(1 027)	24 473	23 709	764
Nickel	60 400	96 879	36 479	96 879	61 907	34 972
Gold	190 200	161 405	(28 795)	161 405	126 332	35 073
Other	95 300	125 218	29 918	125 218	91 343	33 875
Lease rentals	64 300	75 795	11 495	75 795	64 737	11 058
Total Royalties	2 641 200	2 405 219	(235 981)	2 405 219	3 256 767	(851 548)
Regulatory Fees						
Regulatory Fees	10 000	7 412	(2 588)	7 412	1 685	5 727
	10 000	7 412	(2 588)	7 412	1 685	5 727
Other						
Commonwealth Grants	-	-	-	-	190	(190)
Appropriations	20 611	24 321	3 710	24 321	88 236	(63 915)
Other Revenue	600	1 576	976	1 576	4 936	(3 360)
GRAND TOTAL	2 672 411	2 438 528	(233 883)	2 438 528	3 351 814	(913 286)

Note 36 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2010 and between the actual results for 2009 and 2010.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010**

Note 1. Australian Accounting Standards

General

The department's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The department has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the department for the annual reporting period ended 30 June 2010.

Note 2. Summary of significant accounting policies

(a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements 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 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 Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land and buildings which have been measured at fair value.

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

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

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010**

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 at note 3 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, 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 4 'Key sources of estimation uncertainty'.

(c) Reporting entity

The reporting entity comprises the department.

Mission

The department's mission is Growth of the resource sector which maximises long-term benefits to the Western Australian community.

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 2(e).

Services

The department provides the following services:

Service 1: Resource Regulation

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

Service 2: Geoscience Information and Advice

The department provides benefits to the Western Australian community through the provision of public geological information to encourage exploration, and the promotion of opportunities for high risk private sector investment in mineral and energy exploration and development, thereby sustaining investment in the industry for future generations. The department maintains an up-to-date geological archive of the State and its mineral and petroleum resources, with products and services including:

- Acquiring new geoscience and mineral and energy resource information;
- Providing access to a developing archive of geoscientific and resource exploration
- Assessment of mineral and petroleum resources and resource potential as a basis for decision making by Government; and
- Assistance and advice on land use matters.

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED 30 JUNE 2010**

Service 3: Dangerous Goods Regulation

The department administers the *Dangerous Goods Safety Act 2004*, covering the manufacture, storage, handling, transport and use of dangerous goods, including the operation of major hazard facilities.

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 42 'Disclosure of administered income and expenses by service' and note 43 'Administered assets and liabilities'.

(d) Contributed equity

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

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

(e) Income

Revenue recognition

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

User Charges and Fees

Revenue from licences and other regulatory fees are recognised at the time the money is received. Where a licence fee extends over multiple years then future year revenue is treated as prepaid revenue.

Levy

Mines Safety Levy revenue is recognised in the period the levy relates to.

Sale of goods

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

Provision of services

Revenue is recognised on 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.

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Service Appropriation

Service Appropriations are recognised as revenues at nominal value 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 to the bank account or credited to the 'Amounts Receivable for services' (holding account) held at Treasury.

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 2009-10 Budget Statements, the department retained \$28.3 million in 2010 (\$14.156 million in 2009) from the following:

- Proceeds from user fees and charges including Levies.
- Other departmental revenue.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when the department obtains control over the assets comprising the contributions, usually when cash is received.

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

Royalties for Regions funds are recognised as revenue at fair value in the period in which the department obtains control over the funds. The department obtains control of the funds at the time the funds are deposited into the department's bank account.

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 money is received.

Gains

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

**DEPARTMENT OF MINES AND PETROLEUM
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(f) Translation of foreign currency transactions

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

(g) Property, plant and equipment

Capitalisation/Expensing of assets

Items of property, plant and equipment and infrastructure costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income.

Initial recognition and measurement

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

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

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land, buildings and infrastructure and the cost model for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation (buildings and infrastructure only) and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based 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-based 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 determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately.

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

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.

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Derecognition

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

Asset Revaluation Surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 21 'Property, plant and equipment'.

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 benefits.

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

Buildings	50 years
Furniture	5 years
Office equipment	3-5 years
Computer servers	5 years
Software ^(a)	3-5 years
Scientific equipment	7 years
Motor vehicles	3-5 years
Plant and equipment	5-25 years

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

(h) Intangible assets

Capitalisation/Expensing of assets

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

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

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

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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 life for each class of intangible asset is:

Software	3 to 10 years
----------	---------------

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

Computer Software

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Intangible software costing less than \$200,000 is expensed in the year of acquisition.

Web site costs

Web site costs are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website, to the extent that they represent probable future economic benefits that can be reliably measured, are capitalised.

(i) Impairment of assets

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

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

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

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The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

See note 23 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 2(o) 'Receivables' and note 18 'Receivables' for impairment of receivables.

(j) Leases

Finance lease rights and obligations are initially recognised, at the commencement of the lease term, as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated over the period during which the department is expected to benefit from their use. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

The department holds operating leases for several 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.

The department has an administered finance lease receivable for the sale of a building at Waterford. Lease monies are received in accordance with a loan repayment schedule representing principal and interest finalising in 2024.

(k) Financial instruments

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

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

Financial instruments have been disaggregated into the following classes:

Financial Assets

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

Financial Liabilities

- Payables

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

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

(l) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise of cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value. Cash and cash equivalents also includes non-current cash, refer note 17(b).

(m) Accrued salaries

Accrued salaries (refer note 24 'Payables') represent the amount due to staff but unpaid at the end of the financial year, as the pay date for 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.

The accrued salaries suspense account (refer note 17 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each 11th year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(n) Amounts receivable for services (holding account)

The Department receives 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 leave entitlements and asset replacement.

See also note 16 'Income from State Government' and note 19 'Amounts receivable for services'.

(o) 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 2(k) 'Financial Instruments' and note 18 'Receivables'.

(p) Payables

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

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(q) Provisions

Provisions are liabilities of uncertain timing or 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 the end of each reporting period. See note 27 'Provisions'.

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 reporting period 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 reporting period 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 end of the reporting period.

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 end of the reporting period 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 reporting period.

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. This liability is measured on the same basis as annual leave. Deferred leave is reported as a non-current provision until the fifth year.

Superannuation

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

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.

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The department has no liabilities under the Pension or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Department to the GESB. The concurrently funded part of the GSS is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS obligations.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS 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.

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

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 12 'Other Expenses' and note 27 'Provisions'.

(r) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

The GSS is a defined scheme for the purposes of employees and whole-of-government reporting. However, 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.

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

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

Where assets or services are received from another State Government agency, these are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

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(t) Comparative figures

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

Note 3. Judgements made by management in applying accounting policies

There were no judgements made in the process of applying accounting policies that could have a significant effect for the 2009/10 financial year.

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The department evaluates these judgements regularly.

Operating lease commitments

The department has entered into a number of leases for office accommodation. Some of these leases are of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

Note 4. 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 end of the reporting period date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Long Service Leave

In calculating the department's long service leave provision, several estimations and assumptions have been made. These include expected future salary rates, salary inflation, discount rates, employee retention rates and expected future payments. Any changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Note 5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The department has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the department.

AASB 101 Presentation of Financial Statements (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised standard.

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AASB 2007-10 Further Amendments to Australian Accounting Standards arising from *AASB 101*. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this

AASB 2008-13 Amendments to Australian Accounting Standards arising from AASB Interpretation 17- Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 Non-current Assets Held for Sale and Discontinued Operation in respect of the classification, presentation and measurement of non current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Department where the Crown land is to be sold by the department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The department does not expect any financial impact when the Standard is first applied prospectively.

AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

Future impact of Australian Accounting Standards not yet operative

The department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the department has not applied early any following Australian Accounting Standards that have been issued that may impact the department. Where applicable, the department plans to apply these Standards and Interpretations from their application date:

	Operative for reporting periods beginning on/after
<i>AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].</i>	1 Jan 2013

The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The department does not expect any financial impact when the Standard is first applied. The Disclosure of categories of financial assets in the notes will change.

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	2010 \$000	2009 \$000
Note 6. Employee benefits expense		
Wages and salaries ^(a)	54 769	54 908
Superannuation - defined contribution plans ^(b)	5 846	5 557
Long service leave ^(c)	2 702	4 008
Annual leave ^(c)	5 879	5 799
	69 196	70 272

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).

(c) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 12 'Other Expenses'. The employment on-costs liability is included at note 27 'Provisions'.

Note 7. Supplies and services

Consultants and contractors	23 421	22 484
Advertising and promotion	622	1 259
Travel	1 447	1 474
Communication	1 040	1 167
Consumables	2 610	2 865
Maintenance	2 996	2 451
Insurance	380	208
Printing	365	316
Subscriptions	311	451
Other staff costs	1 394	1 779
Other	1 191	1 727
	35 777	36 181

Note 8. Depreciation and amortisation expense

Depreciation

Buildings	1 024	997
Furniture, plant and equipment	622	361
Computer hardware and software	671	726
Scientific equipment	13	13
Vehicles	4	20
Total depreciation	2 334	2 117

Amortisation

Software	568	454
Total amortisation	568	454
Total depreciation and amortisation	2 902	2 571

Note 9. Finance costs

Interest	-	25
Finance costs expended	-	25

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	2010 \$000	2009 \$000
Note 10. Accommodation expenses		
Lease rentals	1 061	1 582
Repairs and maintenance	824	638
Cleaning	531	508
Electricity	743	548
Refurbishment	191	244
Security	239	471
Water rates	160	144
Other accommodation expenses	365	755
	4 114	4 890

Note 11. Grants and subsidies

Industry Development Incentives	-	351
Indigenous Economic Development Strategy	-	747
Indigenous Economic Support Scheme	-	180
Mineral and Petroleum Industry	175	56
Office of Science and Innovation - Grant Programs	-	19 629
Northern Development Taskforce	-	73
Co-Funded Drilling Scheme (EIS)	2 134	-
WA Regional Research Initiative (EIS)	350	-
National Mine Safety Framework Secretariat	98	-
	2 757	21 036

Note 12. Other expenses

Bad debts expense	19	17
Net loss on foreign currency exchange	-	25
Employment on-costs ^(a)	251	41
Refunds of prior years revenues	18	-
	288	83

(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 28 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Note 13. User charges and fees

Petroleum annual licenses	7 847	5 550
Mining, prospecting and exploration licenses	7 973	6 068
Explosives and dangerous goods licenses and fees ^(a)	2 659	1 065
Mining Safety Levy ^(b)	9 156	-
Other fees	384	434
	28 019	13 117

(a) The Resources Safety Division was transferred from the Department of Commerce to the Department of Mines and Petroleum on the 1st of January 2009. The explosives and dangerous goods fees and charges for 2009 only represents 6 months of revenue for the 2008-09 financial year.

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	<u>2010</u>	<u>2009</u>
	<u>\$000</u>	<u>\$000</u>
(b) A new Mine Safety Levy was introduced from 1 January 2010.		
Note 14. Other revenue		
Property revenue	53	452
Loan discount unwound	-	400
Miscellaneous revenue	229	187
	<u>282</u>	<u>1 039</u>
Note 15. Net gain/loss on disposal of non-current assets		
<u>Costs of Disposal of Non-Current Assets</u>		
Plant equipment and vehicles	-	21
<u>Proceeds from Disposal of Non-Current Assets</u>		
Plant equipment and vehicles	-	-
	<u>-</u>	<u>21</u>
Net gain	<u>-</u>	<u>21</u>
Note 16. Income from State Government		
Appropriation received during the year:		
Service appropriations ^(a)	71 057	109 423
	<u>71 057</u>	<u>109 423</u>
Resources received free of charge has been ^(b) .		
Determined on the basis of the following estimates provided by agencies:		
State Solicitors Office		
- legal services	860	1 494
Department of Treasury and Finance		
- procurement and accommodation services	283	223
Landgate		
- land dealings, land information, valuation services and products	498	1 213
	<u>1 641</u>	<u>2 930</u>
Royalties for Regions Fund:		
Exploration Incentive Scheme ^(c)	17 280	1 900
	<u>17 280</u>	<u>1 900</u>
	<u>89 978</u>	<u>114 253</u>

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

**DEPARTMENT OF MINES AND PETROLEUM
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	2010 \$000	2009 \$000
(b) Where assets or services have been received free of charge or for nominal cost, the department recognises revenues equivalent to the fair value of the assets and/or fair value of those services that can be reliably measured and which would have been purchased if they were not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the department makes the adjustment direct to equity.		
(c) This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in Western Australia regional areas.		

Note 17. Restricted cash and cash equivalents

Current

Suspense account ^(a)	56	65
Royalties for Regions Fund (Exploration Incentive Scheme) ^(b)	2 256	-
Mines Safety Levy ^(d)	(6 801)	-
	(4 489)	65

Non-current

Accrued salaries suspense account ^(c)	1 300	1 000
	1 300	1 000

- (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) These unspent funds are committed to projects and programs in Western Australia regional areas. The Exploration Incentive Scheme is a State Government initiative that aims to encourage exploration in Western Australia for the long-term sustainability of the State's resources sector.
- (c) 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.
- (d) A new Mine Safety Levy was introduced from 1 January 2010. The invoices to recoup the costs of administering the Mine Safety reforms were not collected until after the end of the financial year. Treasury approval was obtained for the overdrawn account.

Note 18. Receivables

Current

Trade debtors	10 113	1 134
Accrued revenue	91	11
Allowance for impairment of receivables	-	(2)
GST receivable	279	524
Total Current	10 483	1 667

**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
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	2010 \$000	2009 \$000
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of year	2	-
Doubtful debts expense recognised in the statement of comprehensive income	-	17
Amounts written off during the year	(2)	-
Impairment provision transferred to DOC as Equity distribution (note 28)	-	(15)
Balance at end of year	-	2

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

Note 19. Amounts receivable for services

Current	867	837
Non-current	11 342	10 458
	12 209	11 295

Represents the non-cash component of service appropriations. See note 2 (n) 'Amounts receivable for services (Holding Account)'. It is restricted in that it can only be used for asset replacement or payment of leave liability.

Note 20. Other assets

Current

Prepayments	912	988
Total current	912	988

Note 21. Property, plant and equipment

Land

At fair value ^(a)	70 204	73 436
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Buildings

At fair value ^(a)	34 281	37 635
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Furniture, plant and equipment

At cost	7 424	7 374
Accumulated depreciation	(1 938)	(1 324)
	5 486	6 050

Computer hardware and software

At cost	5 524	5 105
Accumulated depreciation	(3 990)	(3 325)
	1 534	1 780

Scientific equipment

At cost	109	91
Accumulated depreciation	(33)	(20)
	76	71

Total equipment	7 096	7 901
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**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
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	2010 \$000	2009 \$000
<u>Vehicles</u>		
At cost	66	66
Accumulated depreciation	(66)	(62)
	0	4
<u>Works in progress</u>		
At cost ^(b)	147	21
Total of property, plant, equipment and vehicles	111 728	118 997

(a) Land and buildings were revalued as at 1 July 2009 by the Western Australian Land Information Department (Valuation Services). The valuations were performed during the year ended 30 June 2010 and recognised at 30 June 2010. In undertaking the revaluation, fair value was determined by reference to market values for land: \$53,326,650 and buildings: \$15,008,500. For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement cost. See note 2(g) 'Property, Plant and Equipment'.

(b) Works in progress
Hazman - Hazard Management System enhancement

	147	21
	147	21

**DEPARTMENT OF MINES AND PETROLEUM
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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 reporting period are set out in the table below:

	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
2010								
Carrying amount at the start of year	73 436	37 635	6 050	1 780	71	4	21	118 997
Additions	986	-	58	425	18	-	126	1 613
Transfers ^(a)	-	-	-	-	-	-	-	-
Other Disposals	-	-	-	-	-	-	-	-
Reclassification ^(b)	-	-	-	-	-	-	-	-
Revaluation increments	(4 218)	(2 330)	-	-	-	-	-	(6 548)
Depreciation	-	(1 024)	(622)	(671)	(13)	(4)	-	(2 334)
Carrying amount at end of year	70 204	34 281	5 486	1 534	76	-	147	111 728

	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
2009								
Carrying amount at the start of year	51 388	32 736	2 184	3 178	84	166	7 014	96 750
Additions	-	-	11	631	-	-	2 216	2 858
Transfers ^(a)	18 705	(1 317)	4 216	(1 281)	-	(142)	-	20 181
Other Disposals	-	-	-	(22)	-	-	-	(22)
Reclassification ^(b)	-	6 579	-	-	-	-	(9 209)	(2 630)
Revaluation increments	3 343	634	-	-	-	-	-	3 977
Depreciation	-	(997)	(361)	(726)	(13)	(20)	-	(2 117)
Carrying amount at end of year	73 436	37 635	6 050	1 780	71	4	21	118 997

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

(b) Includes transfer of finished software projects into intangible assets, see note 22.

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	<u>2010</u>	<u>2009</u>
	<u>\$000</u>	<u>\$000</u>
Note 22. Intangible assets		
<u>Computer software</u>		
At cost	4 465	4 465
Accumulated amortisation	(1 351)	(783)
	<u>3 114</u>	<u>3 682</u>
 <u>Computer software</u>		
Carrying amount at start of year	3 682	1 498
Additions	-	2 630
Disposals	-	8
Amortisation expense	(568)	(454)
Carrying amount at end of year	<u>3 114</u>	<u>3 682</u>

Note 23. Impairment of assets

There were no indications of impairment to property, plant and equipment, infrastructure and intangible assets at 30 June 2010.

The department held no goodwill or intangible assets with an indefinite useful life during the reporting period and at the end of the reporting period there were no intangible assets not yet available for use.

All surplus assets at 30 June 2010 have either been classified as assets held for sale or written-off.

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	2010	2009
	\$000	\$000
Note 24. Payables		
<u>Current</u>		
Trade payables	3 945	1 928
Accrued salaries	1 009	731
Accrued expenses	695	543
	5 649	3 202
Note 25. Other current liabilities		
Unclaimed monies	1 945	1 412
	1 945	1 412
Note 26. Revenue received in advance		
Licenses and fees	3 210	3 738
	3 210	3 738
Note 27. Provisions		
<u>Current</u>		
<i>Employee benefits provisions</i>		
Annual leave ^(a)	6 345	5 430
Long service leave ^(b)	6 704	5 720
	13 049	11 150
<i>Other provisions</i>		
Employment on-costs provision ^(c)	279	94
	279	94
	13 328	11 244
<u>Non-current</u>		
<i>Employee benefits provisions</i>		
Long service leave ^(b)	4 899	4 606
Deferred salary scheme	36	27
	4 935	4 633
<i>Other provisions</i>		
Employment on-costs provision ^(c)	106	39
	106	39
	5 041	4 672

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of end of reporting period	3 768	3 251
More than 12 months after the reporting period	2 577	2 179
	6 345	5 430

(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 the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:

**DEPARTMENT OF MINES AND PETROLEUM
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	2010 \$000	2009 \$000
Within 12 months of the end of the reporting period	4 709	4 097
More than 12 months after the reporting period	6 894	6 229
	11 603	10 326

- (c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 12 'Other expenses'.

Movements in other provisions

<u>Employment on-cost provision</u>		
Carrying amount at start of year	133	141
Additional provisions recognised	316	56
Payments/other sacrifices of economic benefits	(64)	(64)
Carrying amount at end of year	385	133

Note 28. 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 surplus represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity

Balance at start of period	53 455	70 311
<u>Contributions by owners</u>		
Capital contributions ^(b)	130	1 050
<u>Other contributions by owners:</u> ^{(a) (c)}		
Transfer from DOC for Resources Safety ^(e)	-	18 205
Land transferred to DMP per Valuer General advice ^{(c) (d)}	986	25 130
Total contributions by owners	1 116	44 385

Distributions to owners

Transfer of net assets to other agencies ^{(a) (c)}		
Land and buildings for sale transferred to DPI - Waterford CSIRO	-	(10 300)
Land for sale transferred to DPI - Waterford Western Power	-	(2 445)
Transfer of net assets and liabilities to DSD ^(f)	-	(3 125)
Transfer of net assets and liabilities to DOC ^(g)	-	(45 315)
Forest Residue Utilisation Levy - balance of funds transferred to	-	(56)
Total distributions to owners	-	(61 241)
Balance at end of period	54 571	53 455

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NOTES TO THE FINANCIAL STATEMENTS
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	2010 \$000	2009 \$000
(a) Under AASB 1004 'Contributions', transfer of net assets as a result of a restructure of administered arrangements are to be accounted for as contributions by owners and distribution to owners.		
(b) Under the Treasurer's Instruction TI 955 <i>Contributions by Owners Made to Wholly Owned Public Sector Entities</i> Capital appropriations have been designated as contributions by owners in accordance with AASB Interpretation 1038 <i>Contribution by Owners Made to Wholly-Owned Public Sector Entities</i> .		
(c) Under TI 955, non-discretionary (non-reciprocal) transfers of net assets between State government agencies have been designated as contributions by owners in accordance with AASB Interpretations 1038, where the transferee agency accounts for a non-discretionary (non-reciprocal) transfer of net assets as a contribution by owners and the transferor agency accounts for the transfer as a distribution to owners.		
(d) This represents land and buildings identified through the Valuer General's valuation report.		
(e) <u>Assets and liabilities transferred in from DOC.</u>		
Cash and restricted cash	-	3 490
Property Plant and Equipment	-	19 748
Other Assets	-	65
Total Assets	-	23 303
Prepaid revenue	-	2 871
Employee benefits	-	2 227
Total Liabilities	-	5 098
Net Assets	-	18 205
(f) <u>Assets and liabilities transferred out to DSD.</u>		
Cash and restricted cash	-	6 118
Property Plant and Equipment	-	174
Other Assets	-	215
Total Assets	-	6 507
Employee benefits	-	3 382
Total Liabilities	-	3 382
Net Assets	-	3 125
(g) <u>Assets and liabilities transferred out to DOC.</u>		
Cash and restricted cash	-	4 016
Receivables	-	14 159
Property Plant and Equipment	-	20 807
Work in progress	-	9 577
Total Assets	-	48 559

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	2010 \$000	2009 \$000
Borrowings	-	771
Employee benefits	-	2 473
Total Liabilities	-	3 244
Net Assets	-	45 315

Reserves

Asset revaluation surplus

Balance at the start of the year	78 673	74 696
Net revaluation increments/(decrements)		
Land	(4 218)	3 343
Buildings	(2 330)	634
Balance at end of year	72 125	78 673

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 2(g).

Accumulated Surplus/(deficit)

Balance at start of the year	(4 553)	3 388
Less		
Change in accounting policy - capitalisation threshold increased to \$5,000	-	(1 271)
Balance at start of year restated	(4 553)	2 117
Result for the period	3 245	(6 670)
Balance at the end of the year	(1 308)	(4 553)
Total equity	125 388	127 575

Note 29. Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash on hand	20	20
Operating account	19 284	14 129
Cash and cash equivalents	19 304	14 149
Restricted cash assets (refer note 17)	(3 189)	1 065
	16 115	15 214

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	2010 \$000	2009 \$000
Reconciliation of net cost of services to net cash flows provided by/ (used in) operating activities		
Net cost of service	(86 733)	(120 923)
<u>Non-cash items</u>		
Depreciation and amortisation expense	2 902	2 571
Resources received free of charge	1 641	2 930
Loan discount unwound		(400)
Net (gain)/loss on disposal of non-current assets	-	21
<u>(Increase)/Decrease in assets</u>		
Current Receivables ^(c)	(9 061)	58
Other assets	76	780
<u>Increase/(decrease) in liabilities</u>		
Current payables ^(c)	2 447	(4 189)
Other liabilities	533	710
Revenue received in advance	(528)	867
Provisions - employee benefits	2 453	3 081
Net GST payments ^(a)	485	3 172
Change in GST in receivables/payables ^(b)	(245)	467
Net cash used in operating activities	(86 030)	(110 855)

(a) This is the net GST paid/received, ie. Cash transactions.

(b) This reverses out the GST in receivables and payables.

(c) Note that the Australian Taxation Office (ATO) receivables/payables in respect of GST and the receivables/payables in respect of sales/purchases of non-current assets are not included in these items as they do not form part of the reconciling items.

At the end of the reporting period the department had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

Note 30. 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)	35	32
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**DEPARTMENT OF MINES AND PETROLEUM
NOTES TO THE FINANCIAL STATEMENTS
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	2010 \$000	2009 \$000
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Note 31. Commitments

Capital expenditure commitments

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

Within 1 year	1 392	967
Later than 1 year and not later than 5 years	3 047	2 620
Later than 5 years	-	-
	4 439	3 587

The capital commitments include amounts for:

Computer hardware and software	4 439	3 587
	4 439	3 587

Lease commitments

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

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

Within 1 year	1 908	1 706
Later than 1 year and not later than 5 years	4 459	4 085
Later than 5 years	1 879	2 416
	8 246	8 207
Representing:		
Non-cancellable operating leases	8 246	8 207

These commitments are exclusive of GST.

Note 32. 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.

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2010	2009
\$000	\$000

During the year the department did not identify any further potential contaminated sites. Of the 16 identified, 3 were identified as "suspected", as opposed to "potential" and have now been officially reported to the Department of Environment and Conservation. These have yet to be classified. The department is unable to assess the likely outcome of the classification process, and accordingly, it is not practicable to estimate the potential financial effect or to identify the uncertainties relating to the amount or timing of any outflows. Whilst there is no possibility of reimbursement of any future expenses that may be incurred in the remediation of these sites, the department may apply for funding from the Contaminated Sites Management Account to undertake further investigative work or to meet remediation costs that may be required.

The department is engaged in litigation with a resources company in the Federal Court. DMP may be liable for court costs in the range of \$1m to \$2m if the case is unsuccessful, but not damages.

Contingent assets:

There are no known contingent assets.

Note 33. Events occurring after the end of the reporting period

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

Note 34. Remuneration of senior officers

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:

	2010	2009
\$10 001 to \$20 000	1	1
\$20 001 to \$30 000	1	-
\$30 001 to \$40 000	-	4
\$40 001 to \$50 000	-	2
\$50 001 to \$60 000	-	2
\$60 001 to \$70 000	-	5
\$70 001 to \$80 000	-	6
\$80 001 to \$90 000	1	4
\$110 001 to \$120 000	1	1
\$120 001 to \$130 000	1	-
\$140 001 to \$150 000	1	3
\$150 001 to \$160 000	2	-
\$160 001 to \$170 000	1	-
\$170 001 to \$180 000	2	2
\$180 001 to \$190 000	3	2
\$190 001 to \$200 000	2	1
\$200 001 to \$210 000	1	-
\$260 001 to \$270 000	1	-
Total remuneration of senior officers:	2 747	2 948

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2010	2009
<u>\$000</u>	<u>\$000</u>

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

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

Note 35. Remuneration of Auditor

Remuneration payable to the Auditor General in respect of the audit for the current financial year is as follows:

Auditing the accounts, financial statements and performance indicators.	<u>131</u>	<u>132</u>
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NOTES TO THE FINANCIAL STATEMENTS
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Note 36. 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 for Controlled and 10% or \$32 million for Administered.

Total appropriations provided to deliver services

Significant variances between estimate and actual for 2010

	2010 Estimate \$000	2010 Actual \$000	Variance \$000	
Resources Regulation	39 317	39 936	(619)	
Geoscience Information and Advice	24 657	24 555	102	
Dangerous Goods Regulations	4 995	6 566	(1 571)	(a)

- (a) *Dangerous Goods Regulations* - The increase in appropriation is mainly due to an additional Section 25 transfer received from the Department of Commerce to address higher than anticipated revenue estimates for the 2010 financial year.

Significant variances between actual results for 2009 and 2010

	2010 Actual \$000	2009 Actual \$000	Variance \$000	
Total appropriation provided to deliver services for the year	71 057	109 423	(38 366)	(a)
Total Income	25 425	12 311	13 114	(b)

- (a) *Total appropriation provided to deliver services for the year* - The decrease in appropriation is mainly attributable to the transfer of functions to the Department of Commerce and the Department of State Development under the Machinery of Government changes from 1 January 2009.

- (b) *Total income* - The increase in income from 2009 to 2010 is mainly attributable to the introduction of the Mine Safety Levy. In addition, revenue from Tenement Application Fees has increased due to an upturn in exploration activity.

Service expenditure

Significant variances between actual results for 2009 and 2010

	2010 Actual \$000	2009 Actual \$000	Variance \$000	
Resources Regulation	62 449	45 517	16 932	(a)
Geoscience Information and Advice	42 142	27 632	14 510	(b)
Dangerous Goods Regulations	10 443	5 264	5 179	(c)
Services transferred	-	56 666	(56 666)	(d)

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- (a) *Resources Regulation* - The increase in expenditure reflects a part year impact of the introduction of new Mine Safety regulatory framework.
- (b) *Geoscience Information and Advice* - The increase is mainly attributable to increased expenditure on the Exploration Incentive Scheme under the Royalties for Region program.
- (c) *Dangerous Goods Regulations* - The 2010 actual expenditure represents the full year impact of the transfer of Resource Safety function on 1 January 2009.
- (d) *Services transferred* - The 2009 actual represents expenditure on functions transferred from the Department of Mines and Petroleum to the Departments of Commerce and State Development under the Machinery of Government changes from 1 January 2009.

Capital contribution

Significant variances between estimate and actual for 2010

No significant variance in Capital contribution.

Significant variances between actual results for 2009 and 2010

	2010 Actual \$000	2009 Actual \$000	Variance \$000	
Capital contribution	130	1 050	(920)	(a)

- (a) *Capital contribution* - The decrease in capital contribution is mainly attributable to the transfer of capital funding to the Department of Commerce under the Machinery of Government Changes effective from 1 January 2009.

Total administered transactions

Significant variances between estimate and actual for 2010

	2010 Estimate \$000	2010 Actual \$000	Variance \$000	
Resources Regulation	18 260	22 548	(4 288)	(a)
Geoscience Information and Advice	2 351	1 773	578	(b)

- (a) *Resources Regulation* - The increase in appropriation is mainly attributable to additional demand for Mining Tenement refunds as a high level of mining lease applications lapsed due to reversion exploration licenses being granted.
- (b) *Geoscience Information and Advice* - The decrease is mainly attributable to the repositioning of Coal Industry Development funds into the out-years.

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Significant variances between actual for 2009 and 2010

	2010 Actual \$000	2009 Actual \$000	Variance \$000	
Total appropriation provided to deliver services for the year	24 321	88 236	(63 915)	(a)

(a) *Total appropriation provided to deliver services for the year* - The 2009 actual includes one-off appropriations for the refund of Diamond Royalties and an increase in funding for mining tenement refunds. In addition a decrease in the 2010 was experienced as result of the transfer of functions to the Department of Commerce and the Department of State Development under the Machinery of Government changes from 1 January 2009.

Administered expenditure

Significant variances between actual results for 2009 and 2010

	2010 Actual \$000	2009 Actual \$000	Variance \$000	
Resources Regulation	2 160 954	3 360 233	(1 199 279)	(a)
Geoscience Information and Advice	1 886	953	933	(b)
Dangerous Goods Regulations	21	-	21	(c)
Services transferred	-	12 375	(12 375)	(d)

(a) *Resource Regulation* - The decrease in expenditure is mainly attributable to the Commonwealth paying grants directly to the Department of Treasury and Finance from the 1 July 2009. The Department of Mines and Petroleum previously received Petroleum Royalties (North West Shelf Grants) collected under Commonwealth legislation for the North West Shelf project and then paid them to the Department of Treasury and Finance.

(b) *Geoscience Information and Advice* - The increase is mainly attributable to increased expenditure on the State's contribution towards the Collie Hub Carbon Capture and Storage Project while it is in the pre-competitive stage.

(c) *Dangerous Goods Regulations* - The 2010 expenditure is for refunds of revenue collected in previous years. This service forms part of the Resource Safety function that was transferred in on 1 January 2009 as part of Machinery of Government changes.

(d) *Services transferred* - The 2009 actual represents expenditure on functions that were transferred out to the Department of Commerce or the Department of State Development under the Machinery of Government changes from 1 January 2009.

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Administered Income

Significant variances between estimate and actual for 2010

	2010 Estimate \$000	2010 Actual \$000	Variance \$000	
Royalties	2 641 200	2 405 218	235 982	(a)
Appropriations	20 611	24 321	(3 710)	(b)
Regulatory fees	10 000	7 412	2 588	(c)

(a) *Royalties* - The decrease in actual royalties is mainly attributable to a decrease in iron ore royalties caused by a higher than forecast exchange rate coupled with lower than forecast sales volumes which were partially offset by higher than expected ore prices.

(b) *Appropriations* - The increase in actual appropriation is mainly attributable to additional demand for Mining Tenement refunds as a high level of mining lease applications lapsed due to reversion exploration licenses being granted. This is partially offset by the repositioning of Coal Industry Development appropriation into the out-years.

(c) *Regulatory Fees* - This item relates to ad valorem fees dependent on companies commercial trading interests and lodging these details for registration. The estimate is based on three year average from 2005-06 to 2007-08. The 2010 actual reflects a recovering economy.

Significant variances between actual results for 2009 and 2010

	2010 Actual \$000	2009 Actual \$000	Variance \$000	
Royalties	2 405 218	3 256 767	851 549	(a)
Appropriations	24 321	88 236	63 915	(b)
Regulatory fees	7 412	1 685	(5 727)	(c)

(a) *Royalties* - The decrease in royalties is mainly attributable to the Commonwealth paying grants directly to the Department of Treasury and Finance from the 1 July 2009. The Department of Mines and Petroleum previously received Petroleum Royalties (North West Shelf Grants) collected under Commonwealth legislation for the North West Shelf project.

(b) *Appropriations* - The 2009 actual includes one-off appropriations for the refund of Diamond Royalties and an increase in funding for mining tenement refunds. In addition a decrease in the 2010 was experienced as result of the transfer of functions to the Department of Commerce and the Department of State Development under the Machinery of Government changes from 1 January 2009.

(c) *Regulatory Fees* - This item relates to ad valorem fees dependent on companies commercial trading interests and lodging these details for registration. The 2009 actual reflects the downturn in the economy at that time and the 2010 actual reflects a recovering economy.

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Note 37. Financial instruments

(a) Financial risk management objectives and policies

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

Credit risk

Credit risk arises when there is the possibility of the department's receivables defaulting on their contractual obligations resulting in financial loss to the department.

The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at note 37 (c) and note 18 'Receivables'.

Credit risk associated with the department's financial assets is minimal because the main receivable is the amounts receivable for services (holding account) and mine safety levy. For receivables other than government, the department trades only with recognised, creditworthy third parties. The department has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the department's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

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

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the department's income or the value of its holdings of financial instruments. The department does not trade in foreign currency and is not materially exposed to other price risks. Other than as detailed in the interest rate sensitivity analysis table at Note 37(c), the department is not exposed to interest rate risk 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:

	2010	2009
	\$000	\$000
<u>Financial Assets</u>		
Cash and cash equivalents	19 304	14 149
Restricted cash and cash equivalents	(3 189)	1 065
Loans and receivables ^(a)	22 413	12 438
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	7 594	4 614

^(a) The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable)

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Note 37. (c) Financial instrument disclosures

Credit risk and interest rate exposures

The following tables disclose the department's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The department's maximum exposure to credit risk at the end of the reporting period is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the department.

The department does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

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

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

	<u>Interest Rate Exposure</u>					<u>Past due but not impaired</u>					Impaired financial assets \$000
	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Fixed interest rate \$000	Variable interest rate \$000	Non-interest bearing \$000	up to 3 months \$000	3-12 months \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000	
<u>Financial Assets</u>											
2010											
Cash and cash equivalents	-	19 304	-	-	19 304	-	-	-	-	-	-
Restricted cash and cash equivalents	-	(3 189)	-	-	(3 189)	-	-	-	-	-	-
Receivables ^(a)	-	10 204	-	-	10 204	209	42	-	-	-	-
Amounts receivable for services	-	12 209	-	-	12 209	-	-	-	-	-	-
		38 528	-	-	38 528	209	42	-	-	-	-

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Note 37. (c) Financial instrument disclosures (Cont.)

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

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

**DEPARTMENT OF MINES AND PETROLEUM
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Liquidity Risk

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

Interest rate exposure and maturity analysis of financial liabilities

	<u>Interest rate exposure</u>						<u>Maturity dates</u>					
	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Fixed interest rate \$000	Variable Interest Rate \$000	Non- interest Bearing \$000	Adjustments for discounting \$000	Total Nominal Amount \$000	up to 3 months \$000	3-12 months \$000	1-2 years \$000	2-5 years \$000	More than 5 years \$000
<u>Financial Liabilities</u>												
2010												
Payables	-	5 649	-	-	5 649	-	-	5 649	-	-	-	-
Unclaimed monies		1 945	-	-	1 945	-	-	1 945	-	-	-	-
		<u>7 594</u>	<u>-</u>	<u>-</u>	<u>7 594</u>	<u>-</u>	<u>-</u>	<u>7 594</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
2009												
Payables	-	3 202	-	-	3 202	-	-	3 202	-	-	-	-
Unclaimed monies		1 412	-	-	1 412	-	-	1 412	-	-	-	-
		<u>4 614</u>	<u>-</u>	<u>-</u>	<u>4 614</u>	<u>-</u>	<u>-</u>	<u>4 614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

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Note 38. Related bodies

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

Note 39. Affiliated bodies

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

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	2010	2009
	\$000	\$000

Note 40. Special purpose accounts

Special Purpose Accounts - section 16 (1)(c) of FMA

Survey of Leases under the Mining Act Fund

Survey fees collected under the *Mining Act 1978* are paid into this account. The actual cost of surveys is charged to the Consolidated Account, and fees previously collected are transferred to the Consolidated Account. If the applicant decides not to proceed with the survey, the fee collected is refunded.

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

Departmental Receipts in Suspense Fund

This account is to hold moneys temporarily, pending identification of the purpose for which the funds were received. The balance of the account as at 30 June 2010 was \$56,429.

Environmental Called-In Performance Bond Money Fund

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

Opening balance 1 July	5 853	2 848
<u>Add receipts</u>	194	3 034
Bonds, Securities	194	3 034
<u>Less payments</u>	73	29
Operational expenses	73	29
Closing balance 30 June	5 974	5 853

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	<u>2010</u>	<u>2009</u>
	<u>\$000</u>	<u>\$000</u>
<u>Special Projects Fund</u>		
<p>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.</p> <p>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 \$101,657, receipts totalled \$54,923 and payments made totalled \$47,163 giving a closing balance of \$109,417.</p>		
Opening Balance 1 July	448	1 871
<u>Add receipts</u>		
Contribution from Government & Industry	917	592
	917	592
<u>Less payments</u>		
Salaries	32	26
Travel	24	23
Consultants	749	556
Grants	-	50
Training	-	32
Software	-	92
Other	17	14
Section 25 balance transferred to DSD	-	1 215
Section 25 balance transferred to DOC	-	7
	822	2 015
Closing Balance 30 June	543	448

Forest Residue Utilisation Levy Fund

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

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

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

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	2010 \$000	2009 \$000
<u>Australia China Natural Gas Technology Partnership Trust Fund</u>		
The account is to hold funds for the purpose of training Chinese managers from the natural gas industry in China, as well as joint Australia/China research programs. Training will be conducted in both countries.		
Opening Balance 1 July	-	2 379
<u>Add receipts</u>		
Contribution from Government	-	750
Contribution from Industry	-	285
	-	1 035
<u>Less payments</u>		
Salaries	-	68
Consultants	-	760
Travel	-	16
Grants - Training	-	490
Other payments	-	18
	-	1 352
Balance transferred to Department of State Development	-	2 062
Closing Balance 30 June	-	-

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

Regional Headworks Development Scheme Fund

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

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

From 1 January 2009 this function transferred to Department of Commerce.

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	<u>2010</u>	<u>2009</u>
	<u>\$000</u>	<u>\$000</u>
<u>Western Australian Industry and Technology Development Account</u>		
The account is to record funds received and expenditure charged in accordance with the <i>Industry and Technology Development Act 1998</i> (ITDA).		
Opening Balance 1 July	-	1 394
<u>Add receipts</u>		
Appropriations	-	8 810
Loans received	-	442
Other revenue	-	1 431
	-	10 683
<u>Less payments</u>		
Loans, grants and operational costs	-	12 077
	-	12 077
Closing Balance 30 June	-	-

This account has been transferred to Department of Commerce

From 1 January 2009 this function transferred to Department of Commerce.

Mines Safety Levy

This fund is to hold all levies received from mining companies and is to be applied to the cost of administering the *Mines Safety and Inspection Act 1994*.

Opening Balance 1 July	-	-
<u>Add receipts</u>		
Contribution from Government and Industry	461	-
	461	-
<u>Less payments</u>		
Salaries	2 568	-
Operational Expenditure	4 694	-
	7 262	-
Closing Balance 30 June	(6 801)	-

A new Mine Safety Levy was introduced from 1 January 2010. The invoices to recoup the costs of administering the Mine Safety reforms were not collected until after the end of the financial year. Treasury approval was obtained for the overdrawn account.

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	<u>2010</u>	<u>2009</u>
	<u>\$000</u>	<u>\$000</u>
Note 41. Supplementary financial information		
(a) Write Offs		
During the year the following amounts were written off under the authority		
The Accountable Authority	21	-
The Minister	-	-
Executive Council	298	-
	<u>319</u>	<u>-</u>
(b) Losses Through Theft, Defaults and Other Causes		
Losses of public moneys and public or other property through theft or		
Amount recovered	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>
(c) Gifts of Public Property		
Gifts of public property provided by the department		
	<u>-</u>	<u>-</u>

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Note 42. Disclosure of administered income and expenses by service

	Resource Regulation		Geoscience Information and Advice		Dangerous Goods Regulation		Services Transferred		Total	
	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000	2010 \$000	2009 \$000
COST OF SERVICES										
<u>Expenses</u>										
Interest	-	-	-	-	-	-	-	32	-	32
<i>Petroleum (Submerged Lands) Act 1982</i>	5 987	3 868	-	-	-	-	-	-	5 987	3 868
Refunds of previous years' revenue	9 480	50 040	-	-	-	-	-	-	9 480	50 040
Services and contracts	1 422	74	1 483	953	-	-	-	572	2 905	1 599
Payments to Consolidated Account	2 143 661	3 305 355	-	-	21	-	-	606	2 143 682	3 305 961
Grants and subsidies	404	-	403	896	-	-	-	11 165	807	12 061
Total administered expenses	2 160 954	3 359 337	1 886	1 849	21	-	-	12 375	2 162 861	3 373 561
<u>Income</u>										
For transfer:										
Royalties and Rentals ^(a)	2 405 219	3 256 767	-	-	-	-	-	-	2 405 219	3 256 767
Regulatory fees	7 391	1 685	-	-	21	-	-	-	7 412	1 685
Commonwealth Grants	-	-	-	-	-	-	-	190	-	190
Interest	-	618	-	-	-	-	-	225	-	843
Appropriations	22 548	65 144	1 773	633	-	-	-	22 459	24 321	88 236
Other revenue	1 185	3 107	386	790	5	-	-	196	1 576	4 093
Total administered income	2 436 343	3 327 321	2 159	1 423	26	-	-	23 070	2 438 528	3 351 814
(a) Royalties										
Petroleum - Commonwealth	5 830	843 815								
Petroleum - State	24 614	21 163								
Iron Ore	1 812 615	1 932 683								
Diamonds	14 515	19 525								
Alumina	63 875	71 553								
Mineral sands	24 473	23 709								
Nickel	96 879	61 907								
Gold	161 405	126 332								
Other	125 218	91 343								
Lease rentals	75 795	64 737								
Total	2 405 219	3 256 767								

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	2010	2009
	\$000	\$000
43. Administered assets and liabilities		
<u>Current Assets</u>		
Cash and cash equivalents	21 034	21 067
Receivables ^(a)	837 693	567 295
Restricted cash	9 858	6 499
Finance Lease Receivable	410	387
Other Assets	-	160
Total Administered Current Assets	868 995	595 408
<u>Non-Current Assets</u>		
Computing equipment	-	13
Finance Lease Receivable	9 138	9 548
Total Administered Non-Current Assets	9 138	9 561
TOTAL ADMINISTERED ASSETS	878 133	604 969
<u>Current Liabilities</u>		
Payments received in advance	123	123
Accounts payable	3 771	7 227
Other liabilities	55	55
GST payable	2 310	1 352
Total Administered Current Liabilities	6 259	8 757
TOTAL ADMINISTERED LIABILITIES	6 259	8 757

^(a) This mainly represents royalties not collected as at 30 June 2010 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:

DMP is involved in negotiations with a mining company to recover unpaid royalties. DMP believes that royalty on pisolite lump produced under the *Iron Ore (Robe River) Agreement Act 1964* should have been paid at the royalty rate of 7.5% of the f.o.b. revenue rather than the lower royalty rate of 3.75%. The outstanding royalty as at 30 June 2010 is estimated to be \$128m.

Other matters of uncertainty

Administrators for a mining company have lodged and won a preferential payment claim against the Minister for royalty payments, penalty interest and court costs estimated to be \$2.7m. An application has been made to The High Court by the Minister to reconsider the case. The process is ongoing.

A coal mining company has been placed into administration owing a total of \$1.25m in pre appointment royalties and \$6.27m in post appointment royalties. Funding has been sourced by the administrators and payment of the post appointment liability is expected to be paid in two instalments in July and August. The pre appointment liability will be outstanding until a buyer is found.

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Three gold mining companies owing royalties of \$0.551m are currently under administration and action is being taken to recover the funds that were due in the quarter that they went into receivership. In the event that these funds are not collected a bad debt may arise.

A company mining on private land has gone into receivership owing almost \$13k. This money is highly unlikely to be recouped as they are insolvent.

CORPORATE GOVERNANCE

Ministerial Directives

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

Senior Officers

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

Employment and Industrial Relations

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

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

Comparative FTE Allocation by Category

The department's Full-time Equivalent (FTE) staffing numbers are detailed in the table below.

	30 June 2009	30 June 2010
Permanent Full Time	628	631
Contract Full Time	46	52
Part Time – Permanent and Contract	36	38
Seconded Out	9.6	7
Seconded In	0	4

Table 7: Department FTE Numbers

Staffing Policies

Delegations

The Human Resources (HR) Delegations' framework was reviewed to further ensure approvals are managed at the appropriate level of management, and minimise the number of contact points to ensure efficient and timely processing of approvals.

Support for Managers

During the year the improvement of HR Information through the Manager's Tool Box on the department's intranet continued. Policy and procedures continued to be updated and developed with significant emphasis on the departmental requirement for national police clearance and pre-employment medicals for identified positions in the recruitment process. Other policies reviewed included the policies for external paid employment and classification, and related guidelines and forms.

Graduate Program

The department's Graduate Program was reviewed with a new web based format and comprehensive information on the operation of the program and benefits of working with the department. The web page provides prospective applicants with all the information relating to employment and the placement program.

Work and life balance

The department's policies on work and life balance were promoted through a series of lunch time sessions with a focus on flexible work options available and a new booklet was produced which is available online and in hard copy. The HR Delegation matrix in relation to leave management was issued in a more 'user friendly' format to assist with decision making for the various forms of leave available.

HR System improvements

The department has continued its program of system improvements, implementing automated leave processing and leave records to assist in managing leave.

HR business and reporting systems have been further developed to meet expanding business reporting requirements and provide an automated process for the four day breach period trial.

HR services

HR consulting services were focused in particular on workforce planning, including recruitment activities for critical positions where applicants remain in short supply and introducing a range of innovative recruitment strategies. Recruitment training is now mandatory for panel members, together with a requirement that an external panel member must be included in the panel to ensure a sound selection process. HR has continued to provide regional staff with a range of HR information first hand with visits to Collie, Kalgoorlie and Karratha by several staff.

Grievance resolution policies

An Internal Audit on the department's grievance resolution policies and practices was completed. The Audit found that the department's current grievance processes comply with standards and requirements as set out by the department, and that grievance claims are dealt with in a fair, equitable and timely manner. Minor improvements, including improved reporting and training for management, are being implemented.

Recruitment

The department continued its focus on innovative recruitment and selection processes in order to respond effectively to a rapidly changing employment market. For certain positions the department has dealt with a significant increase in the number of applications, whilst for other positions the number of applications has further declined, mainly due to competitiveness within the resources industry. Highly specialist positions continue to be hard to fill, requiring the department to continue to develop innovative strategies for attraction and retention.

Specialised recruitment campaigns were targeted towards a range of new positions in the Resources Safety Division, responsible to implement the best practice model for resources safety in Western Australia. The department will continue to identify and utilise non traditional methods to attract and retain specialist staff to ensure that the department is able to deliver effective and efficient services to all of its stakeholders.

Curriculum Vitae only applications

The department maintained its focus on curriculum vitae (CV) only applications, and in addition developed comprehensive information for applicants on the assessment process. Some elements of the process were reviewed, resulting in the introduction of pre-employment medical assessments and police clearances for designated positions.

Four day breach period

The department has now adopted the four day breach period, following a trial period, which enables recommended candidates to commence work sooner, therefore reducing the recruitment timeframe. The average time period for recruitment and selection is currently 38 days.

Recruitment and selection training

Recruitment and selection training is now mandatory for panel members and a total of 220 officers have since been trained. The curriculum vitae training, facilitated in-house, remained a highly popular course, with 121 officers having now attended in various locations including Perth, Cannington and Kalgoorlie.

Attraction and retention

Attraction and retention strategies identified and implemented in previous years continued to be of value. A major achievement in 2009-10 was the review of the current Attraction and Retention Benefit payments across Resources Safety, Petroleum and Environment Divisions. The recommendations of the review were approved without amendment and covered over 100 designated specialist positions.

Youth employment

Youth employment initiatives continued, with an intake of six graduates and two school-based trainees in 2010. The department has retained one school-based trainee from 2009 and will appoint two full-time school-based trainees in 2011.

Occupational Safety, Health and Injury Management

The department is committed to the safety, health and welfare of its employees, contractors and visitors. Whilst managers and supervisors have overall responsibility to ensure that employees are not exposed to hazards in the workplace, safety is everybody's business. The Corporate Occupational Safety and Health (COSH) branch is proactive in developing policies and implementing measures to ensure that legislative requirements are met and that managers and employees are aware of their responsibilities.

As part of this proactive approach, the department's Internal Audit branch used the WorkSafe Plan to assess the department's performance in safety management. The objective of this audit was to determine the adequacy of occupational safety and health (OSH) systems across the department and to review compliance against legislative requirements. Several recommendations were made which will be implemented in 2010-11 to further strengthen current systems.

Safety management system

The department's OSH processes were recognised at the IFAP/CGU Awards in September 2009. The department was presented with a Gold Safe Way Achiever Award in recognition of our safety management system.

Communications

The main mechanisms for communicating OSH issues are via our network of 15 Safety and Health Representatives and the OSH Committee. The Committee comprises management and employee representatives and meets quarterly to discuss and resolve safety, health and injury management issues. It is accountable to the Corporate Executive. Other mechanisms for communication include internal "newsflashes" and newsletter articles and regular departmental meetings. All relevant information, policies, procedures and forms are available to all staff on the department's intranet.

Policies and Procedures

During this period, policies and procedures were developed for the following topics - infectious diseases, hazardous substances and emergency response. The OSH training program for 2009-10 included training two new safety and health representatives, ongoing updates for first aid officers and first responders and training for floor wardens and traffic monitors in how to use fire extinguishers safely and appropriately.

Injury management

The department upholds a commitment to injury management demonstrated by our proactive approach to preventing injuries and our low number of workers' compensation claims. All staff are offered workplace assessments when they commence employment or when an area is refurbished. The injury management system guides our process for return to work programs and is available to all staff on the intranet.

The table below provides an overview of our performance on OSH and injury management indicators for 2009-10:

Indicator	2007-08	2008-09	2009-10
No. fatalities	0	0	0
No. workers compensation claims	5	14	5
No. lost time injuries/diseases	3	5	4
Lost time injury/disease incidence rate	0.35	0.69	0.55
Lost time injury frequency rate	2.25	3.56	3.0
Lost time injury severity rate	33.33	0	0
% workers returned to work within 28 weeks	n/a	83.3%	100%
% managers trained in OSH and injury management responsibilities	n/a	100%	80%

Table 8: OSH and injury management performance indicators

Wellness

The department continued its focus on employee health and wellness through the Working on Wellness (WoW) program. During the period under review, staff were offered flu vaccinations, health and fitness checks, skin cancer screening and a variety of lunchtime forum topics including stress management and diet myths. A blood donation program is also part of WoW. COSH also managed the implementation of the pandemic preparedness plan to manage the H1N1 Swine Flu.

The department measures its success against a number of additional indicators as demonstrated in the table below.

Indicator	2008-09	2009-10
Safety and Health Representatives	16	15
Hazard notifications	73	69
Incident reports	37	28
Internal safety audits	12	8
Workplace assessments	410	56
OSH inductions	103	70
OSH newsflash items	70	44
First aid training courses	35	31
Eye glasses subsidy	63	52

Table 9: Additional OSH Indicators

All departmental staff have access to the Employee Assistance Program, which offers free counselling sessions for staff, their partners and immediate family. A new contract was appointed during this period and the program continues to be well utilised for both work and personal issues.

In the period under review, there were 39 new cases opened and a utilisation rate of 5.1% which is consistent with a broad range of public sector organisations, which range from 5-8%. The average number of sessions was 2.7. Work issues for this annual report comprise 25.7% of the cases, with the remainder being for personal issues

Staff Development

In 2009–10 the department focused on building organisational capacity in line with the Integrated Planning Framework. This framework provides the connection between staff development and the strategic direction of the department through aligning people and planning.

Several organisational development initiatives were delivered which included:

- a series of career enhancement workshops;
- various leadership programs;
- mentoring programs;
- workforce planning;
- Departmental Climate Survey; and
- Equal Employment Opportunity programs.

The department continued to provide Workplace Conduct and Awareness Training (WCAT) to staff. This training is a mandatory requirement for public sector agencies with the training now in its third iteration. Conflict of Interest (Col) training was also launched and is provided to all managers.

There has been a focus on delivering organisational development initiatives to regional staff, as well as increasing their participation in other departmental programs and events. As well as the WCAT and Col programs, training for Work and Development Planning (WDP), the department's performance, learning and development tool, was also delivered regionally.

A several of initiatives were delivered to build on the capabilities of management. In addition to the standard induction sessions, the department developed and facilitated induction sessions for new managers and information workshops for existing managers. These sessions covered topics such as Corporate Support policies and compliance requirements, including Finance and Human Resources regulations and Public Sector Standards.

The department has recruited and appointed a new group of Contact Officers. These officers provide a critical role in the resolution of grievances in the department. A special training program has been developed and delivered for all appointed Contact Officers.

Compliance with Public Sector Standards and Ethics

The Public Sector Standards, the Western Australian Public Code of Ethics and the department's Code of Conduct are included in all staff inductions and are accessible via the Intranet.

In 2009-10, three (3) breach claims were received against the Recruitment, Selection and Appointment Standard and were referred to the Office of Public Sector Standards Commissioner. All claims were found to be unsubstantiated.

Four formal grievances were received in 2009-10, and of these, three were resolved. One breach claim was received against the Grievance Resolution Standard which has been referred to the Office of Public Sector Standards Commissioner for review.

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

Substantive Equality

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

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

Disability Access and Inclusion Plan Outcomes

The department has developed a new Disability Access and Inclusion Plan (DAIP) for 2010 – 2015 focussing on six outcomes, with a view of providing a framework for improving access and inclusion for people with disabilities to support the principles and to meet the objectives of the *Disability Services Act 1993*.

The department has demonstrated its commitments and obligations under the Act by addressing the following outcomes:

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

The department continued to provide for the requirements of disabled persons with access to existing facilities and premises as well as access to all relevant information. The department is committed to providing equal access for people with disabilities to all public events in appropriate venues. In this regard, the department's events manual outlines the guidelines for employees on conducting events. It emphasises that events must cater for the needs of people with a disability. It also includes a checklist for staff to ensure that no individual or group is inappropriately excluded by ensuring that department-sponsored events can be accessed and enjoyed by everyone.

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

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

Disabled access parking bays are provided as well as toilet facilities for disabled people.

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

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

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

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

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

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

These issues will be addressed through a newly formed department's Disability Access and Inclusion Plan (DAIP) Working Group.

In dealing with these issues, the Working Group will:

- Provide a forum/focal point for communication and advice on DAIP issues across the department;
- Guide the development and implementation of DAIP initiatives on the six outcomes in accordance with disability legislation; and
- Identify, and make recommendations on Disability Access and Inclusion Plan issues that need to be referred to the Corporate Executive.

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

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

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

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

Recordkeeping Plans

The amended Recordkeeping Plan for the department was approved by the State Records Commission (SRC) in October 2009.

The department's commitment to quality recordkeeping training continued with:

- 87 new staff receiving Recordkeeping Induction Training covering recordkeeping, legal and compliance requirements, and employee roles and responsibilities. Training was conducted on a one-to-one basis;
- 56 staff received training in using the Records Management System;
- 20 staff, new to management roles, completed a new Management Training Program including an Introduction to Recordkeeping Legislation and Policy for Managers; and
- 539 staff received training in the department's Electronic Document Management System, "OurDocs".

The Records Lead Group continued to meet regularly, specifically focused on assisting the agency to implement Electronic Document and Records Management (EDRM).

Implementation of EDRM commenced in the Geological Survey, Land Tenure, Native Title, Environment Assessment, Royalties, Dangerous Goods Licensing, Human Resources, Strategic Planning and Ministerial Processing Divisions and within other Corporate Support functions.

A major initiative this year has been the inclusion of Document Management Integration modules in the development of the agencies' major corporate databases such as the Environmental Assessment and Regulatory System (EARS), Petroleum Geothermal Register (PGR) and the new Mines Safety Regulation System currently under development. When fully operational, all documents generated from data entered into these online systems will automatically be stored correctly in the Corporate EDRM System.

Pricing Policies of Services Provided

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

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

Capital Projects

	Expected Year Completion	Estimated Cost to Complete \$'000	Estimated Total Cost \$'000	Estimated Total Cost Prior Financial Year \$'000	Variance from Prior Financial Year Total Cost and Estimated Total Costs \$'000
Computer Hardware and Software					
Hazardous Materials Management System	2010–11	73	240	240	Nil

Advertising

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

	2009/10 Expenditure
Advertising Agencies	\$ Nil
Media Advertising Organisations	
Marketforce	\$Nil
Adcorp	\$462,750
Media Decisions	\$Nil
OMD Advertising	\$47,000
Government Gazette	\$40,000
Other (My Career, miscellaneous)	\$21,000
Market Research Organisations	
Research Solutions	\$19,590
Savant Surveys & Strategies	\$Nil
Polling Organisations	
	\$Nil
Direct Mail	
ACTIV Industries	\$8,500
TOTAL EXPENDITURE	\$598,840

APPENDIX A

Changes to Legislation

To support the operations and new initiatives undertaken by the department, extensive legislative amendments were required. A summary of the legislative changes progressed by the department during the year is provided below.

Mines Safety and Inspection Amendment Act 2009

The *Mines Safety and Inspection Amendment Act 2009* was assented to on 3 December 2009. This Act amended the *Mines Safety and Inspection Act 1994* to provide for regulations to be made for a levy payable to the State for the costs of administering this Act.

Petroleum and Geothermal Energy Resources Act 1967

The proclamation of Parts 2 and 3 of the *Petroleum Legislation Amendment and Repeal Act 2005* (PLAR Act) introduced the occupational safety and health regime into the principal remaining Acts, being the *Petroleum Pipelines Act 1969* (PPA) and the *Petroleum and Geothermal Energy Resources Act 1967* (PGER Act) and could only be proclaimed once the attaching regulations had been drafted.

Section 50 of the PLAR Act amends the *Occupational Safety and Health Act 1984* by repealing s.4(2) of that Act to provide for the exclusion of the new terms affected by the proclamation of Parts 2 and 3, that is a “petroleum operation” and a “pipeline operation” which replace the old terms “petroleum well” and “petroleum pipeline”. It also provides for the exclusion of the new term “offshore petroleum operation” which is defined in the *Petroleum (Submerged Lands) Act 1982*. The proclamations came into effect on 14 May 2010.

Petroleum Amendment Act 2007

The proclamation of Part 2, Division 2 of the *Petroleum Amendment Act 2007* had the effect of amending the PGER Act, as amended by the PLAR Act. The amendments introduce the term “geothermal energy operation” into the PAGR Act to allow for the exploration and production of geothermal energy. The proclamation came into effect on 14 May 2010.

Regulations

The *Mines Safety and Inspection Levy Regulations 2010* were published in the Western Australian Government Gazette on 23 April 2010, and were drafted in order to give effect to a cost recovery regime for safety administration of the mining industry in the form of a levy. These regulations set out details of how the levy will be charged to industry and who is liable to pay the levy. The regulations set out how the levy is to be assessed and reassessed, the payment process, including the consequences of non payment and how objections may be made. They also set out provisions dealing with record keeping and the provision of information as well as providing for the appointment of persons with investigative and enforcement powers to audit the levy.

The *Mining Amendment Regulations 2009* were published in the Gazette on 15 January 2010 to operate from 16 January 2010, and added a tax memorial as an instrument that may be registered against a mining tenement to reflect that tax remains outstanding against the tenement holder.

The *Mining Amendment Regulations (No. 2) 2009*, published in the Gazette on 11 June 2009 to operate from 1 July 2010, increases rents and fees to meet budget targets set by Government for the 2010-11 financial year.

The *Mining Amendment Regulations 2010*, published in the Gazette on 5 March 2010 to operate from 6 March 2010, adds a new prescribed ground applicable to deferral or exemption from compulsory partial surrender of an exploration licence.

The *Petroleum (Submerged Lands) Amendment Regulations 2010*, published in the Government Gazette on 9 February 2010, amended the *Petroleum (Submerged Lands) Regulations 1990* to adjust annual fees for production licences and pipeline licences back to the previous rate.

The *Petroleum (Submerged Lands) Amendment Regulations (No. 2) 2010*, published in the Government Gazette on 11 May 2010, amended the *Petroleum (Submerged Lands) Regulations 1990* to provide for a 15.4% CPI catch-up increase to offset the cumulative effect of foregone CPI adjustments between 2003 and 2009 and a 10% reduction to annual fees with the removal of the GST component.

The *Petroleum (Submerged Lands) Registration Fees Amendment Regulations 2010*, published in the Government Gazette on 11 May 2010, amended the *Petroleum (Submerged Lands) Registration Fees Regulations 1990* to provide for a 15.4% CPI catch-up increase to offset the cumulative effect of foregone CPI adjustments between 2003 and 2009.

Mining Amendment Regulations (No. 2) 2009 were published in the Gazette on 12 June 2009 to operate from 1 July 2009, and increases rents and fees to meet budget targets set by Government for the 2009–10 financial year.

The *Petroleum Pipelines Amendment Regulations 2010*, published in the Government Gazette on 9 February 2010, amended the *Petroleum Pipelines Regulations 1970* to adjust annual fees for production licences and pipeline licences back to the previous rate.

The *Petroleum Pipelines Amendment Regulations (No 2) 2010* were published in the Western Australian Government Gazette on 14 May 2010, and amend the *Petroleum Pipelines Regulations 1979* by removing any provisions that relate to occupational safety and health for pipeline operations as a result of new regulations drafted that will incorporate the necessary occupational safety and health regime, being the *Petroleum Pipelines (Management of Safety of Pipeline Operations) Regulations 2010* and the *Petroleum Pipelines (Occupational Safety and Health) Regulations 2010*.

The *Petroleum Pipelines Amendment Regulations (No. 3) 2010*, published in the Government Gazette on 11 May 2010, amended the *Petroleum Pipelines Regulations 1970* to provide for a 15.4% CPI catch-up increase to offset the cumulative effect of forgone CPI adjustments between 2003 and 2009 and a 10% reduction to annual fees with the removal of the GST component.

The *Petroleum Pipelines (Occupational Safety and Health) Regulations 2010* were published in the Western Australian Government Gazette on 14 May 2010, and prescribe an occupational safety and health regime for pipeline operations as a result of the amendments made by the *Petroleum Legislation Amendment and Repeal Act 2005* to the *Petroleum Pipelines Act 1969*.

The *Petroleum Pipelines (Management of Safety of Pipeline Operations) Regulations 2010* were published in the Western Australian Government Gazette on 14 May 2010, and prescribe an occupational safety and health regime for pipeline operations as a result of the amendments made by the *Petroleum Legislation Amendment and Repeal Act 2005* to the *Petroleum Pipelines Act 1969*.

The *Petroleum and Geothermal Energy Resources Amendment Regulations 2010*, published in the Government Gazette on 9 February 2010, amended the *Petroleum and Geothermal Energy Resources Regulations 1987* to adjust annual fees for production licences and pipeline licences back to the previous rate.

The *Petroleum and Geothermal Energy Resources Amendment Regulations (No. 2) 2010*, published in the Government Gazette on 11 May 2010, amended the *Petroleum and Geothermal Energy Resources Regulations 1987* to provide for a 15.4% Consumer Price Index (CPI) catch-up increase to offset the cumulative effect of forgone CPI adjustments between 2003 and 2009 and a 10% reduction to annual fees with the removal of the GST component.

The *Petroleum and Geothermal Energy Resources (Registration Fees) Amendment Regulations (No. 2) 2010*, published in the Government Gazette on 11 May 2010, amended the *Petroleum and Geothermal Energy Resources (Registration Fees) Regulations 1990* to provide for a 15.4% CPI catch-up increase to offset the cumulative effect of foregone CPI adjustments between 2003 and 2009.

The *Petroleum and Geothermal Energy Resources (Occupational Safety and Health) Regulations 2010* were published in the Western Australian Government Gazette on 14 May 2010, and prescribe an occupational safety and health regime for petroleum and geothermal operations as a result of the amendments made by the *Petroleum Legislation Amendment and Repeal Act 2005* to the *Petroleum and Geothermal Energy Resources Act 1967*.

The *Petroleum and Geothermal Energy Resources (Management of Safety) Regulations 2010* were published in the Western Australian Government Gazette on 14 May 2010, and prescribe an occupational safety and health regime for petroleum and geothermal operations as a result of the amendments made by the *Petroleum Legislation Amendment and Repeal Act 2005* to the *Petroleum and Geothermal Energy Resources Act 1967*.

The *Mines Safety and Inspection Amendment Regulations 2010* were published in the Gazette on 25 June 2010, and increases fees for issue and renewal of Certificate of Competency by approximately 2.1 per cent (in line with CPI), effective from 1 July 2010.

The *Dangerous Goods Safety (Explosives) Amendment Regulations 2009* published in the Gazette on 21 August 2009, changes criteria for assessment of Dangerous Goods Security Card applicants. The *Dangerous Goods Safety (Explosives) Amendment Regulations (No.2) 2009* published in the Gazette on 24 November 2009, implements the transition from the second to the third edition of the *Australian Code for the Transport of Explosives by Road and Rail*.

The *Dangerous Goods Safety (Explosives) Amendment Regulations (No. 2) 2010*, were published in the Gazette on 25 June 2010, to increase various fees, including fees for different classes of facilities where the holder of a manufacture licence issued in respect of a dangerous goods site is a major hazard facility, fees for using a State Explosives Facility to manufacture explosives, store explosives and to manufacture or store security risk substances, fees for a dangerous goods security card, fireworks event permits and licences - by approximately 2.1 per cent (in line with the CPI), effective from 1 July 2010.

The *Dangerous Goods Safety (General) Amendment Regulations 2010* were published in the Gazette on 22 June 2010, to include updates to the forms used to issue infringement notices.

The *Dangerous Goods Safety (Major Hazard Facilities) Amendment Regulations 2010* published in the Gazette on 22 June 2010, include changes to the definitions and changes to the duties placed on operators.

The *Dangerous Goods Safety (Major Hazard Facilities) Amendment Regulations (No. 2) 2010* were published in the Gazette on 25 June 2010, to increase fees for application for approval of a safety report for different classes of facilities by approximately 2.1 per cent (in line with the CPI) effective from 1 July 2010.

The *Dangerous Goods Safety (Road and Rail Transport of Non-explosives) Amendment Regulations 2010* published in the Gazette on 22 June 2010, include a raft of amendments to bring the Regulations in line with the new national model legislation.

The *Dangerous Goods Safety (Road and Rail Transport of Non-Explosives) Amendment Regulations (No. 2) 2010* were published in the Gazette on 25 June 2010, to increase the fees payable for an application for an approval, an application and renewal of a dangerous goods driver licence, and the application and renewal of a dangerous goods vehicle licence. The fees have been increased by approximately 2.1 per cent (in line with the CPI) and are effective from 1 July 2010.

The *Dangerous Goods Safety (Road and Rail Transport of Non-Explosives) Amendment Repeal Regulations 2010* were published in the Gazette on 30 June 2010. These regulations repeal the *Dangerous Goods Safety (Road and Rail Transport of Non-Explosives) Amendment Regulations (No. 2) 2010*: that were published in the Gazette on 25 June 2010. Regulations gazetted on the 22 June 2010 changed the structure and rationalised the fees to be charged in r.272 of the *Dangerous Goods Safety (Road and Rail Transport of Non-Explosives) Regulations 2010*.

The *Dangerous Goods Safety (Security Risk Substances) Amendment Regulations (No.2) 2010* were published in the Gazette 25 June 2010, and increases fees for Security Risk Substances licences by approximately 2.1 per cent (in line with the CPI) effective from 1 July 2010.

Legislation yet to come into effect at 30 June 2010

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.

Approvals and Related Reforms (No.2) Act 2009

One of four Acts put forward by Government as part of its strategy to streamline and improve the approvals process for resource, infrastructure, land heritage, housing and transport developments across Western Australia. Changes proposed were considered by the Director, General Working Group and reviewed by the Ministerial Taskforce on Approvals, Development and Sustainability. This incorporates provisions for mine closure planning and lodgement anywhere, including by electronic means. The legislation is currently awaiting drafting of supporting regulations.

Approvals and Related Reforms (No. 3) Act 2009

One of four Acts put forward by Government as part of its strategy to streamline and improve the approvals process for resource, infrastructure, land heritage, housing and transport developments across Western Australia. Changes proposed were considered by the Director, General Working Group and reviewed by the Ministerial Taskforce on Approvals, Development and Sustainability. This contains provisions for the release of pastoralists' details to aid service of mining notices. The legislation is currently awaiting drafting of supporting regulations.

Offshore Minerals Regulations 2010

Offshore Minerals (Registration Fees) Regulations 2010

New regulations required to support the *Offshore Minerals Act 2003* and the *Offshore Minerals (Registration Fees) Act 2003*.

Dangerous Goods Safety Act 2004

The unintended complexity of the new dangerous goods regulations necessitated a number of changes to reduce regulatory burden. Work has commenced on drafting the changes, which will be implemented in 2010. The proposed amendments cover a huge variety of regulatory issues and will streamline the Regulations to make them more workable.

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

Amendments include changes to the definitions, changes in the application of the Regulations to avoid difficulties relating to the inclusion of unintended sites in the Regulations' scope and a variety of changes to the requirements placed upon licensees.

Dangerous Goods Safety (Explosives) Regulations 2007


Amendments include changes to the definitions, improvements to DGO powers, a variety of changes to the requirements placed upon licensees including changes to the requirements for outdoor fireworks events and changes in the fines system.

Dangerous Goods Safety (Security Risk Substances) Regulations 2007

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

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

Amendments are currently being actioned by Parliamentary Counsel on instruction from the Legal Group to increase the fees in r.272 (gazetted on 22 June 2010) in line with the CPI.



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