



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



*Developing a sustainable future*

# ANNUAL REPORT 2010–11

## Availability of the Department of Mines and Petroleum's Annual Report 2010–11

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. Wherever you see *Read more* this represents that there is an interactive link available. All sections, except the financial statements, are also presented in Microsoft Word format. The report is available from **[www.dmp.wa.gov.au](http://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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# Executive Summary

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

protects the State's interests and meets community expectations.

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

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

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

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

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

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



**Richard Sellers**

Director General  
Department of Mines and Petroleum

# Operational Structure

## OUR MINISTER



**Hon Norman Frederick Moore**  
BA Dip Ed JP MLC

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

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

## OUR VISION

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

## OUR MISSION

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

## OUR VALUES

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

## EXECUTIVE STRUCTURE

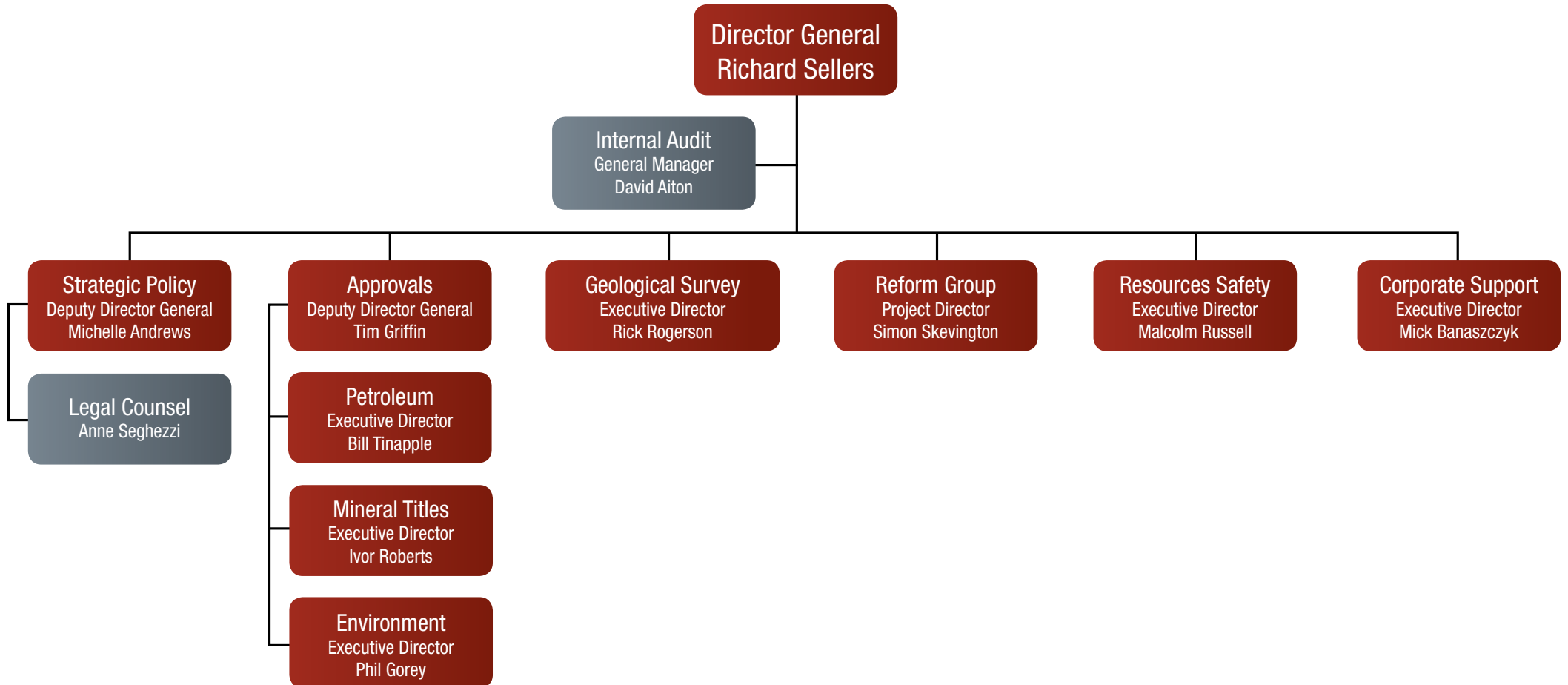


Figure 1: Executive Structure

## OUR EXECUTIVE TEAM

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



**Richard Sellers**  
Director General

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



**Michelle Andrews**  
Deputy Director General, Strategic Policy

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



**Tim Griffin**  
Deputy Director General, Approvals

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



## OUR EXECUTIVE TEAM



**Mick Banaszczyk**

Executive Director, Corporate Support

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



**Malcolm Russell**

Executive Director, Resources Safety

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



**Bill Tinapple**

Executive Director, Petroleum

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

## OUR EXECUTIVE TEAM



**Ivor Roberts**

**Executive Director, Mineral Titles**

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



**Rick Rogerson**

**Executive Director, Geological Survey**

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



**Phil Gorey**

**Executive Director, Environment**

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

## OUR EXECUTIVE TEAM



**Simon Skevington**

Project Director, Reform Group

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



**Anne Seghezzi**

Legal Counsel

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



## KEY FUNCTIONAL UNITS

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

### Petroleum

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

### Environment

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

### Mineral Titles

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

### Strategic Policy

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

### Resources Safety

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

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

### **Geological Survey**

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

### **Corporate Support**

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

### **Reform Group**

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



## ENABLING LEGISLATION

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

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

### Acts

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

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

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

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

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

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

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

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

**Corporate**

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

**Human Resources**

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

**Occupational Safety and Health**

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

# Performance Management Framework

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

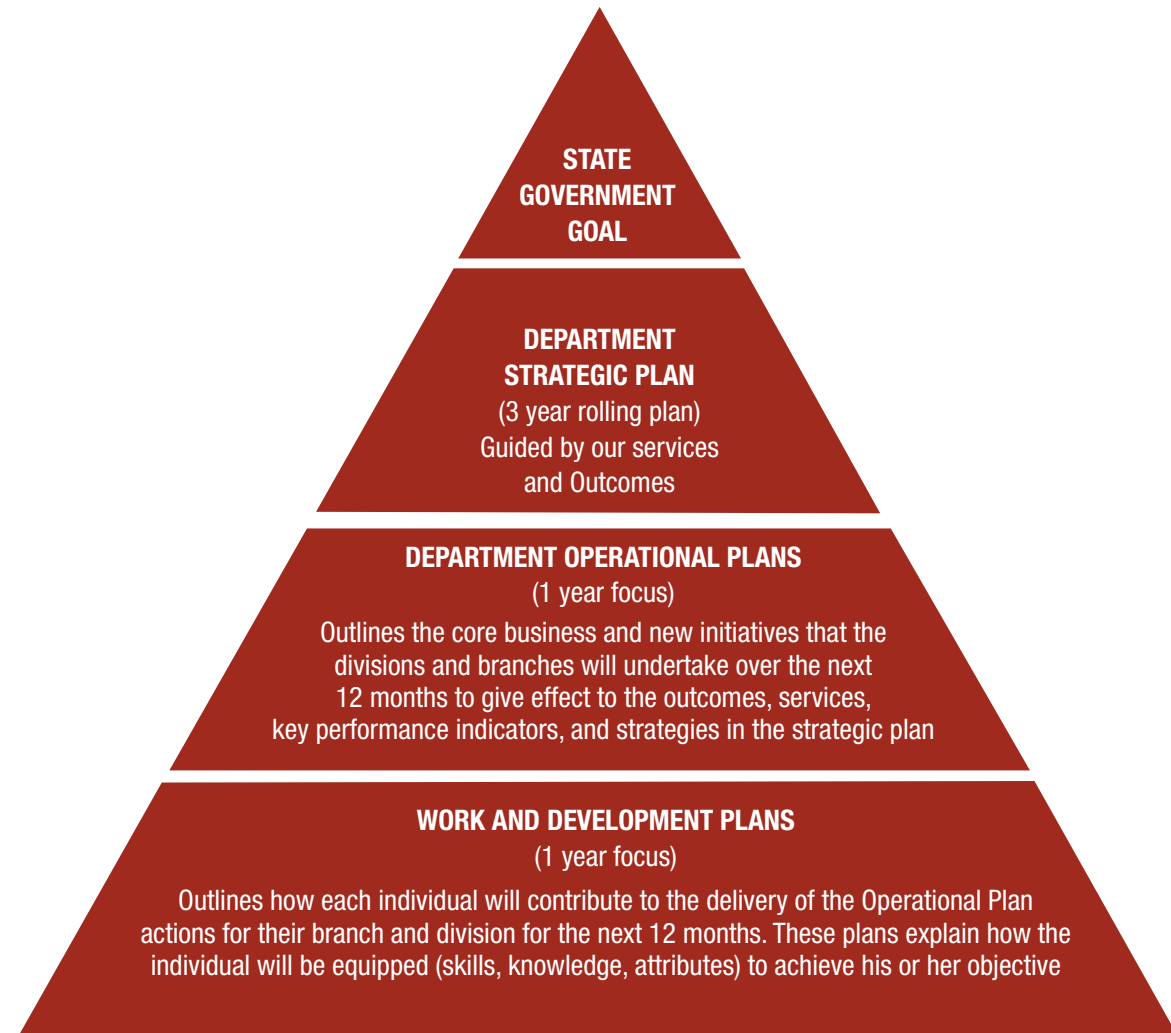


Figure 2: Integrated Planning Framework for the Department of Mines and Petroleum



## OUR PLAN FOR SUCCESS

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

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

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

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

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

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

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

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

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

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

## SUMMARY OF EFFECTIVENESS INDICATORS

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

Table 1 – Summary of Effectiveness Indicators

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

## SUMMARY OF EFFICIENCY INDICATORS

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

Table 2 – Summary of Efficiency Indicators

## SUMMARY OF ACTUAL FINANCIAL PERFORMANCE AGAINST BUDGET TARGETS

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

Table 3 – Summary of actual financial performance against budget targets

# Significant Issues Impacting the Agency

## A BURGEONING RESOURCES SECTOR

In the year ending December 2010, the value of production from Western Australia's resources sector exceeded expectations by growing 48.8 percent to reach a new high of \$91.6 billion. Of this value, \$48.5 billion (53 percent) was accounted for by iron ore. Gold (\$7.8 billion) and petroleum products (\$22.9 billion) also continued to perform strongly, accounting for 33.5 percent of the total value. All major resources experienced growth in tonnage except petroleum condensate, which experienced a minor decrease of 4 percent, although its sale value increased by 15 percent to \$3.7 billion.

The Australian dollar remained robust against other currencies, appreciating against the United States (US) dollar to average US92 cents in 2010. The Australian dollar reached parity with the US dollar for the first time on 15 October 2010 and has traded close to or above the parity mark into 2011. The strengthening Australian dollar has not affected growth in demand for Western

Australian mineral and petroleum resources as commodity prices continue reaching new highs.

Mineral and petroleum exports contributed a significant proportion (91 percent of Western Australian and 44 percent nationally) towards total merchandise exports in 2010. China was Western Australia's leading export market, accounting for 40 percent of the State's total merchandise exports. Developing economies including China and India continue to grow strongly and are expected to maintain a steady demand for Western Australian resources in the future.

Western Australian mineral exploration expenditure continues to recover following the Global Financial Crisis (GFC), with expenditure increasing 22 percent from 2009 levels to \$1.4 billion in 2010. This level was only marginally short of the pre-GFC high and accounted for 57 percent of the national total of \$2.5 billion. Western Australian petroleum expenditure fell to its third highest level at \$2.5 billion (Consumer Price Index adjusted), a 12 percent decrease from its 2009 record high.

## CARBON CAPTURE AND STORAGE

The Gorgon LNG Project includes the world's largest commercial scale greenhouse gas storage site, with up to 3.75 million tonnes per year of carbon dioxide being injected and stored in a deep sandstone reservoir beneath Barrow Island. Successful implementation will make the Gorgon project one of the first to implement geosequestration commercially.

In 2010, the Collie South West Hub carbon geosequestration project continued to progress. The Collie Hub project is undertaking zoning of storage sites for further investigation during 2011 and will continue investigation of the Dampier to Bunbury gas pipeline corridor as a transport route for carbon generating industries to potential storage sites.

The department will progress amendments to existing legislation to accommodate onshore pipeline transportation of greenhouse gas with legislation to be introduced into Parliament during 2011 to support development of an onshore greenhouse gas industry.

## MINERAL RESOURCE RENT TAX

In 2010, the Commonwealth Government announced a Mineral Resource Rent Tax (MRRT) and the extension of the Petroleum Resource Rent Tax (PRRT) to all petroleum projects. Both are expected to apply from 1 July 2012.

All iron ore and coal projects, with profits greater than \$50 million per annum, will be affected by the MRRT, applying at a rate of 30 percent. Although the MRRT and the PRRT will provide a credit for current State royalties, the State has pursued the case for credits to also accommodate any future State royalty increases.

On 24 March 2011, the Commonwealth Government accepted all of the MRRT Policy Transition Group's recommendations, including the crediting of all current and future State royalties and resolved that arrangements be put in place to ensure that State Governments do not have an incentive to increase royalties on coal and iron ore. On 10 June 2011 the Australian Government released the Minerals Resource Rent Tax (MRRT) Bill 2011 as exposure draft legislation.

## IMPROVING APPROVALS SYSTEMS

The improvement of the mining approvals system is a major strategic priority for the State.

The Government has committed \$1.5 million, which is allocated for automation of approvals reform and systems development. This is to continue to expand on approval tracking and online lodgement services for proponents.

The funding will allow the department to permanently resource a specialised team to manage exploration and mining tenement applications where native title claimants are taking a more legalistic approach. The backlog of mining tenement applications reached its peak of 18,700 in 2006 and currently it has been reduced to 8,000.

Notwithstanding the impacts of the Global Financial Crisis, the number of mining tenement applications being lodged remains significantly buoyant (4,925 in the 2010 calendar year alone) demonstrating a robust and competitive resources sector.

## FULL-TIME MINING WARDEN

The department is currently facing in excess of 2,000 objections to mining tenement applications outstanding across the State. Over the past five years an average of 1,186 applications are objected to each year. Availability of listing dates varies from four to seven months and warden listings compete with magistrate court listings.

The appointment of a full-time mines warden to the Department of the Attorney General will reduce the number of objections to applications currently outstanding, thereby reducing the time to resolve these disputed applications and ultimately contributing to the reduction of the backlog of mining tenement applications. Furthermore, competition between magisterial listings and mining warden listings will be rationalised.

## ONLINE AND ON TIME

The increasing provision for the submission of online applications has reduced the workload for industry and provided more certainty around timelines.

By processing applications electronically, the department has streamlined processes and allowed it to focus on developing improved working relationships with other government agencies to address some of the broader approvals issues.

This has been achieved in an environment of growing numbers of applications to the department reaching an all time high, with over 8,100 in 2010-11.

## ROYALTIES FOR REGIONS

Further funding of up to \$20.6 million will be made available through Royalties for Regions for the Regional Alternative Energy Mobilisation Project, an extension of the \$80 million EIS that began in 2008–09.

The department continues to provide and expand availability of high quality, pre-competitive data to stimulate exploration by reducing the risk for explorers. The recent

release of Airborne Magnetic and Radiometric Surveys over Eucla has led to a significant increase in the number of tenements under application in the area. Additional funding will be focused on developing onshore unconventional energy resources including shale, tight gas and geothermal energy by encouraging the mobilisation and availability of drilling and fracturing equipment in Western Australia.

## LABOUR MARKET

Tightening conditions in the State's labour market are likely to place increased pressure on the department's ability to attract and retain qualified and experienced staff.

## EXPANSION OF CONSERVATION ESTATE

Continued expansion of the conservation estate in marine and terrestrial environments can present land access issues affecting mineral and petroleum exploration and production.

The department continues to ensure that it responds to initiatives to expand conservation estates and other land access issues by promoting a risk-based, multiple land use approach.

The department aims to ensure that Western Australia's undeveloped resources are recognised and a balanced approach between the development of the State, community expectations and the need to protect the State's environment is achieved.

## TRANSFER OF FUNCTIONS NOPTA / NOPSEMA

Since the release of the Productivity Commission's final report into the regulatory burden on the upstream petroleum sector, the Australian Government has committed to establishing a national offshore petroleum regulator.

In early 2011, the Federal government agreed to expand the function of the National Offshore Petroleum Safety Authority (NOPSA) to become the National Offshore Petroleum Safety and Environment Management Authority (NOPSEMA) and to create the National Offshore Petroleum Titles Administrator (NOPTA) by 1 January 2012. As part of this process, the State Government has also agreed to take back responsibility for regulating safety in State Waters. These transfers of responsibility will take some time to stabilise.

The approval of Well Operation Management Plans (WOMP) and Approval to Drill will transfer to the national body during the 2011-12 financial year. The department is working with the Commonwealth to ensure a seamless transition, without disadvantage to proponents.

A series of amendments are required to the *Petroleum (Submerged Lands) Act 1982* (WA) and subservient regulations, to remove the powers and functions of NOPSA. These responsibilities are expected to be assumed by the department, and expected to clearly define the boundary between Commonwealth and State responsibilities over waters within the Exclusive Economic Zone.

The States will have the opportunity to provide input into Commonwealth decision making through the continuation of the Joint Authority, which will be maintained under NOPSEMA and NOPTA. The State Government is not in favour of the Commonwealth's decision to create NOPSEMA and NOPTA, however it is working with the Commonwealth to achieve the best outcome possible.





# Operational Highlights from 2010-11

## EXPLORATION AND DISCOVERY

The department promotes exploration and discovery of resources in underexplored areas, through the provision of geoscience information and advice, and particularly through the EIS.

### EIS Makes an Impact

Through the State Government's Royalties for Regions program, the Geoscience Information and Advice Service received initiative funding for the EIS, a five-year program to attract new exploration investment in Western Australia.

The Scheme funds drilling subsidies for industry, 3D geophysical, geological and geochemical surveys, support for the State Government's Mineral and Energy Research Institute (MERIWA), researchers embedded in industry, and enhanced delivery of geoscience products and services.

The annual Fraser Institute survey of mineral companies' attitudes to exploration and development investment in jurisdictions world-

wide was encouraging for Western Australia, with improvements in most categories in the survey. Western Australia now leads all other Australian jurisdictions, other than South Australia, and is closing the gap on that state.

In seasonally adjusted terms, mineral exploration expenditure in Western Australia during the March 2011 quarter increased by 25 percent. This is a very strong result and, in those terms, sees mineral exploration in Western Australia at an all time high.

[Read more](#)

### GeoMap.WA – Delivering Geoscience and Resource Information to the Community

GeoMap.WA harnesses leading-edge technologies to create a tool to provide improved access to a range of geoscience and resource information. It allows users to visualise, interrogate, and integrate vector and raster data types and associated attribution in an easy-to-use software application.

GeoMap.WA's advantage is its assistance for prospectors, exploration geologists and other community groups. GeoMap.WA is a free application and as such it helps prospecting and exploring, which is typically done by small companies or lone prospectors.

The GeoMap.WA product supports the economy by providing people involved in the resources industry with easy-to-use methods of working with free and up-to-date geoscientific resource-related map information and other government data.

[Read more](#)



### **DMP's Petroleum Database – WAPIMS – Rated Best in the World**

Western Australia's Petroleum and Geothermal Information Management System (WAPIMS) has been rated the best in the world by the Fraser Institute Global Petroleum Survey.

The WAPIMS database received the winning rating in the category of "quality and availability of geoscience information to guide exploration". The system won the prestigious accolade against 135 investment destinations across the world, which is an outstanding achievement for the State.

The release of exploration reports to industry makes exploration more efficient and in the long-term, attracts investment in exploration by reducing the risk for explorers. WAPIMS is another tool developed by the department to encourage exploration and development within the State.

### **Geoscience Work Programs Continue to Provide New Information to Support and Encourage Exploration**

During 2010-11 the department published 20 geological maps, including 12 series maps, 53 geoscientific reports and other papers, and 17 digital packages.

In addition, the Royalties for Regions EIS program released data from 31,239 gravity stations, 720,082 line kilometres of airborne geophysics and 566 kilometres of seismic surveys, and co-funded 69,818 metres of diamond and other exploration drilling.

Release of geophysical data has led to an increase in tenement applications in previously underexplored areas while the support of drilling has resulted in a number of potentially commercially successful intersections.

Geoscience information is critical to sustaining the role of the resources sector in the Western Australian economy in the long-term, attracting investment in exploration by reducing risk for explorers. The discovery of new deposits is needed to replace the large volume of resources that are produced in Western Australia each year.

Exploration and production of resources employs, directly and indirectly, approximately 20 percent of the State's workforce, and royalties paid by mineral and energy producers are a major contributor to State revenue.

### **Petroleum Exploration Acreage Release**

The department encourages exploration in petroleum exploration through the annual release of petroleum exploration acreage. The number of bids has steadily risen over recent years, but spiked even higher on the March 2011 release with 16 bids received for State and 33 for the Commonwealth areas compared with a previous high of around 20, and saw the expansion into offshore Northern Carnarvon Basin.

Onshore exploration, historically less attractive to investors, has become more popular with multiple bids received for some release areas. This is partially attributed to a rising interest in unconventional gas, with several companies focused on major shale gas targets in the Canning Basin.



## APPROVALS

The department administers timely, consistent and transparent approvals processes to the resources sector to ensure responsible exploration and development of mineral and energy resources.

### Lead Agency Framework

In October 2009, the department was 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 Lead Agency Framework.

The department has continued to build on this role during 2010-11, taking a proactive role in assisting proponents through the approvals process for specifically designated projects, providing a customised level of service for proponents according to size, scale and complexity.

During the year, the department undertook a range of initiatives to build on the strong performance of the prior year to support the Lead Agency Model and associated reforms. These include:

- Publication of an up-to-date list of high-level resource projects with contact officer information
- Improvements to electronic systems to deliver more efficient and effective processing, tracking and transparency for applications for approval
- Review and redesign of operations to improve capacity to address shortfalls or delays in the approvals and other regulatory processes
- Development of close working relationships with key agencies across Government involved in approvals for resource projects.

*Read more*

### Approvals Performance

A key deliverable arising from the Lead Agency Framework is improved approvals performance. The department believes that an efficient and timely approvals process for mining and petroleum projects is essential for guaranteeing the sustainability of the resources sector and the State's future prosperity.

As a result of enhancements to the department's systems, processes and capacity arising from the Lead Agency reform

activities, the department's performance in approvals has continued to accelerate, keeping pace with the record level of mineral and petroleum tenure and activity applications received throughout the year.

During the year, with a target of 78 percent of approvals granted within agreed timeframes, the department continued to perform strongly with respect to approval timeframes in:

- mining titles (93 percent)
- mining proposals and programmes of works (89 percent)
- petroleum environmental approvals (99 percent) and
- petroleum well and survey applications (82 percent).

Whereas due to complex onshore and overlapping assessments, petroleum special authority applications completed within agreed timeframes fell below target by 26 percent.

In spite of this, the department achieved its overall targeted performance. Details of these results are provided in the *Key Performance Indicator* section of this report, and are also published quarterly on the department's website.

*Read more*

## Successful Implementation of Lodgement Anywhere and Electronic lodgement

During the year legislative amendments and system enhancements enabled mining tenement applications, dealings and associated documents to be lodged at any of the department's offices or electronically. This included Mining Act forms, as well as online lodgement and tracking for key approval applications such as Programmes of Work, Mining Proposals, Project Management Plans, Petroleum Pipeline licences and payments online.

These upgrades were part of the approvals strategy aimed at streamlining the approvals process for stakeholders, and have provided the resources industry with significantly greater ease, convenience and access in applying for mineral titles.

Since the introduction of online lodgement for mineral tenure applications in March 2011, 22 percent of the total number of applications received were lodged online in the report period. The percentage of online applications for Programmes of Works has improved since introduced in August 2010, showing a 54 percent take up in the final quarter of the 2010-11 financial year.

## Appointment of a Full Time Mining Warden

A report by the Industry Working Group Review of Approval Processes in Western Australia recommended the appointment of a full time Mining Warden and to increase the number of hearing dates in order to reduce a backlog of objections at the Warden's Court. During the year, the department secured funding for the appointment of a full-time Mining Warden.

## Approvals System Enhancements

### Petroleum Geothermal Register (PGR)

The department obtained additional funding during 2010-11 for enhancements to the Petroleum Geothermal Register (PGR).

To date, modules have been completed for:

- Finance and online payments
- Online lodgement of Consent to Construct and Consent to Operate a Pipeline
- Online lodgement of Change of Company Name and
- Electronic task and approval tracking.

Enhancements have streamlined and simplified business processes for both the department and industry, and more technical data is captured and saved at lodgement stage, creating significant approvals processing efficiencies. These enhancements have provided greater transparency for both industry and the department as well as generally streamlining the approvals process for proponents.

During 2011-12, the department will commence further enhancements including a Native Title Module, Assessment Tracking workflow and online lodgement of Petroleum Drilling Applications and Field Development Plans.

*Read more*

### Electronic Mineral Titles System (eMiTS) and Future Act Native Title System (FANTM)

Enhancements made to the Electronic Mineral Titles System (eMiTS) were made which enabled the inclusion of the Future Act Native Title System, improving the reporting, and improving transparency in the processing of mineral title approvals.

## EMERGING RESOURCES AND TECHNOLOGY

The department facilitates the introduction of emerging resources, including uranium mining, carbon capture and storage, unconventional gas and geothermal industries in Western Australia.

### Facilitating the Introduction of Uranium Mining

Western Australia is rich in natural resources, and uranium is one of the many commodities that the State can mine to provide social and economic benefits to local communities and the rest of the State.

During the year, the department has been preparing for the introduction of uranium mining, with the first uranium mine expected to be operational in 2013.

The State has a known resource of more than 207,000 tonnes of uranium oxide in about 30 separate deposits. This is expected to rise as a result of the current boom in exploration expenditure and initiatives such as the \$80 million EIS.

The State anticipates that by 2014, uranium mining could be worth \$675 million, and also deliver the benefits of meeting the world's growing demand for cleaner energy, as well as increasing employment and development opportunities for regional and Indigenous communities that have not yet participated in Western Australia's resource expansion.

*Read more*

### Collie Hub, Carbon Capture and Storage Project

The Commonwealth Government is driving national climate change abatement and adaptation measures and legislation which affects the way the State Government addresses climate change. One of the key initiatives is the geological storage of greenhouse gas, also known as carbon dioxide capture and storage (CCS) or geosequestration. There are already a number of proposals for this in WA – the Gorgon Joint Venture, Coolimba Energy, the Collie Hub and Woodside Browse.

The Collie Hub project was established to examine the options for carbon capture and storage in the South West of Western

Australia. CCS could significantly reduce Western Australia's greenhouse gas emissions by extracting CO<sup>2</sup> from industrial emissions and injecting the liquefied gas into geological formations two to three kilometres underground.

Preliminary studies have identified the Lesueur formation, north of the Kemerton industrial area, as the best potential storage site for CO<sup>2</sup> in the South West region.

The Collie Hub project was selected as a flagship project in June 2011, which as a result of this designation, can continue with pre-competitive data acquisition in 2011-12.

*Read more*

### Geothermal Exploration and Development

Geothermal energy is an emerging environmentally friendly energy source, and has the potential to contribute to the supply of energy in Western Australia. The department is committed to encouraging the development of this industry.

During the year, several new geothermal exploration permits were awarded and industry is endeavouring to develop some major projects across the State.

### **Regional Alternate Energy Mobilisation Project**

During the year, the department obtained in-principle funding to assist access by industry to drilling rigs and reservoir simulation units. This is important in order to address the shortage of equipment used for unconventional gas exploration in the State.

To facilitate industry engagement in the initiative, a series of information workshops was held to discuss the project and encourage participation. Expressions of interest, which will close in the second quarter of the 2011-12 financial year, have been invited from industry to participate in the project.

### **Facilitating the Introduction of Non-traditional Energy Initiatives**

The Strategic Energy Initiative (SEI) ensures that the energy sector is able to support the responsible growth and development of our economy and supports communities throughout Western Australia. During the year, the department was an active member of the SEI team, which is located within the Office of Energy. Together the SEI team worked to develop a State Energy Directions Paper which will facilitate discussion on the development of the State Energy Policy (Energy 2031), which is expected to be delivered this year.

The department provided specific policy input in relation to upstream primary energy security, including domestic gas supply.

The department also prepared a Primary Energy Issues Paper used during consultation with government and industry, to encourage discussion on the future outlook for primary energy supply and demand in Western Australia.

## SAFETY REFORM

To save lives and reduce injuries, industry, the regulator and employees must work together to make the necessary cultural changes. While extra safety resources and legislation help, significant reductions in incidents can only be achieved if a resilient safety culture is encouraged and maintained.

The Safety Reform Project Team was formed in May 2010 as an independent group responsible for working with the Resources Safety Division, and other areas of the department, to implement the safety reform strategy.

The State Government's safety reform initiative addresses how Resources Safety, as the regulator, works with industry to reduce serious accidents across its three safety regulatory areas — mining and exploration, petroleum and geothermal energy, and dangerous goods.

The new approach to safety regulation presents a balance between promoting safety outcomes, monitoring compliance and enforcement that aims to improve the delivery of regulatory services. It focuses on how the department, as a regulator

of high-risk industries, can go beyond compliance monitoring to encourage duty holders to improve their management of risk, independently of the issue of compliance. In other words, the safety reform strategy addresses how Resources Safety can improve its effectiveness, and adopt “best” or “leading” practice.

*[Read more](#)*

### Identifying Priority Targets for the Mines Safety Regulator

During the year, the department commenced a number of activities focused on improved communication with stakeholders, including the implementation of the Mining Industry Consultation Strategy. The inaugural industry workshop to discuss the safety reform process and safety initiatives for mines safety was held on 8 April 2011 at Mineral House.

The workshop was organised to:

- help industry better understand the safety regulator's current priorities
- identify future priorities for safety initiatives as determined by industry, unions and the regulator.

Workshop participants were asked to identify priority targets for the mines safety regulator and suggest what actions could be taken to address hazards identified as high risk. The workshop outcomes were referred to the Ministerial Advisory Panel on Best Practice Safety, for review by its Best Practice Safety Strategies Working Group. The Working Group will make recommendations via the Panel to the Minister regarding what it sees as priorities for the safety regulator. Agreed recommendations will be addressed in the mines inspectorate's operational plans. The outcome of this will be improved safety regulation with increased ownership of the outcomes by industry and increased focus on high-priority areas. The workshop will continue as an annual event to seek industry input.

*[Read more](#)*

### Baseline Stakeholder Perceptions Survey

To establish a robust baseline against which to measure safety reform progress, the department commissioned an independent survey of stakeholder perceptions in the mining and petroleum sectors, and major hazard facility operators to address:

- The importance of the roles of a safety regulator and how well the department performed those roles
- The department's performance when working with industry to reduce the likelihood and consequences of serious incidents
- The value that various initiatives would add to clients' safety outcomes.

The survey results have helped to identify the department's strengths and demonstrate those activities and services that the department does well, as well as identifying where the most valuable improvements to industry can be made. The findings will guide further reform initiatives of the department which is focused on a positive impact on industry's activities to improve safety in their workplaces.

The full results of the survey are available through the department's website.

[Read more](#)

### Mines Safety and Inspection Levy

The Mines Safety and Inspection Levy was introduced in July 2010 as part of reforms to health and safety in the Western Australian resources sector. The levy regulations were subsequently amended in response to industry feedback, with implementation from 1 July 2011. Amendments included:

- Additional exclusions to the definition of a "worker"
- The exclusion of Government Port Authorities from the levy
- The recording of names and hours to be replaced with a more general obligation on the principal employers to keep records for audit by the regulator
- State Administrative Tribunal available as an independent review body

- Reassessment period to be reduced from five years to two years
- Changes to the way reassessments are issued
- Late payment penalty to be changed from a one-off 20 percent penalty payment to a 20 percent per annum interest rate penalty, calculated daily.

### Resources Safety Inspectorate

A crucial component of the safety reforms involved significantly increasing the number of inspectors within the department. Therefore, in a climate of extreme competitiveness for skilled workers, the department undertook the largest targeted recruitment campaign in its history.

More than 400 applications were received, and 29 new senior inspector positions were filled out of a total of 34 positions advertised, a success rate of 85 percent. Of those 29 positions, all but one joined the department from the private sector.

[Read more](#)



### **Building Competency in Safety Regulation**

Under the Reform and Development at Resources Safety (RADARS) initiative, a competency based development program has been implemented for new and existing staff, with training leading to nationally recognised qualifications. These qualifications enable the inspectorate to provide an assurance of quality and consistency in the delivery of services, and is consistent with the recommendations of the 2009 Kenner Review of the *Mines Safety and Inspection Act 1994 (WA)*.

### **Risk-Based Approach**

The risk management approach needs to become the norm in the resources industry. There is already an element of risk management to much of what is done, but the safety reform strategy aims to reinforce, promote and extend its application across the mining industry.

### **Financial and Performance Reporting**

Annual financial and performance reporting is now in place. This was developed by the Financial Reporting and Transparency Working Group as an agreed template for transparent reporting on levy expenditure, including where money is spent in the administration of safety regulation.

### **Investigations Branch**

The Investigations Branch was established to follow up on safety incidents and accidents reported to the department under the provisions of the various laws that are administered (mining, petroleum and dangerous goods). The principal objective is to determine the root cause of an incident or accident so that effective actions can be taken to prevent recurrence. This is a critically important factor in improving safety outcomes across the industry. The investigation process

starts with collecting evidence at the incident site and, in some cases, may conclude by recommending a prosecution in accordance with the department's enforcement policy.

### **Mines Safety Branch Restructured**

The Mines Safety Branch has been restructured into seven teams. Teams are based in Perth and across the regions and are multi-disciplinary to meet the various needs of the mining operations within their areas of activity. The new structure is operating within a team based matrix management framework utilising porous boundaries that allow for the allocation of work to meet peak loads. To assist in the provision of a project management approach, ten Focus Groups have been formed to develop and implement evidence-based risk management programs.

## Enhanced Industry Consultation

The *Ministerial Advisory Panel on Best Practice Safety Regulation* meets regularly to consider high-level issues and provide advice to the Minister through the department's Director General and the Safety Reform Project Team. The Panel comprises industry and union representatives as well as key departmental staff from the Safety Reform Project Team and Resources Safety. The Panel formed Working Groups to perform detailed work on the reforms, and provide advice, tools and strategies to the Panel.

### Ongoing Consultative Arrangements

As the Ministerial Advisory Panel has a finite life, the Safety Reform Project Team is also examining the options for ongoing consultation through industry forums, advisory committees, and tripartite workshops.

### Industry Briefings

In mid 2010, the Safety Reform Project Team began holding industry briefings and meetings at various locations throughout the State, including Perth, Bunbury, Geraldton, Kalgoorlie and Karratha and at a number of mine sites.

Industry welcomed the opportunity for face-to-face discussions on the mines safety levy, and progress with reforms. These briefings were instrumental in gaining feedback as to how the department can do things better as well as on necessary amendments to the Mines Safety and Inspection Levy Regulations.

### Best Practice Safety Strategies Working Group

This group is developing an agreed set of strategies and tools that will increase the safety capabilities of both industry and the regulator. In mid-late 2010, it reviewed drafts of the national mine safety legislation and made a number of recommendations that led to the formation of the Principle Hazard Management Plans Working Group. This year, the group will examine the results of the Resources Safety Baseline Stakeholder Perceptions Survey and the Mines Safety Initiatives and Priority Targets Workshop, before examining the latest drafts of the national mines safety legislation.

### Principle Hazard Management Plans (PHMPs) Working Group

This group is to develop strategies and tools to assist the mining industry in complying with the requirements of the new national mines safety legislation. This legislation requires the development and implementation of PHMPs and Operational Plans.

### Financial Reporting and Transparency Working Group

This working group has completed its work. It implemented transparent annual reporting and workshops on the department's finances and performance, to give industry comfort that the levy funds are being used appropriately.

### Legislative Review Working Group

This working group has completed its work, reviewing the Mines Safety and Inspection Levy.

## MINE CLOSURE AND ABANDONED MINE SITES

The department has been working with government and industry partners to develop appropriate policies for mine closure and abandoned mine sites.

### Mine Closure Planning

Planning for mine closure is a critical component of environmental management in the mining industry. Nationally and internationally, industry leading practice requires that planning for mine closure should start before mining commences and should continue throughout the life of the mine until final closure and relinquishment. This approach enables better environmental outcomes. It is also good business practice as it should avoid the need for costly remedial earthworks late in the project lifecycle.

During the year, the department, in partnership with the Environmental Protection Authority (EPA), developed the draft Guidelines for Preparing Mine Closure Plans, after extensive stakeholder consultation.

A mine closure plan is an essential management tool for industry to:

- Ensure all stakeholders have their interests considered during the mine closure process
- Identify early the risks associated with mine closure
- Facilitate progressive rehabilitation and planning toward mine closure consistent with agreed post-mining outcomes and land uses
- Ensure there is clear accountability and adequate resources to implement the closure plan
- Establish a set of indicators to demonstrate successful completion of closure
- Establish a point where the company has met agreed completion criteria required for relinquishment of tenure.

This release was supported with stakeholder briefings in June 2011 to ensure that the new guidelines will have a smooth implementation process and ensure that relevant stakeholders are fully informed of the new requirements and how the guidelines will affect their business.

*[Read more](#)*

### Future Mining Securities System

Mining securities, currently applied in the form of environmental bonds, are intended to ensure that the Western Australian Government has sufficient funds to rehabilitate mine sites in the event of operators failing to do so.

The current system was originally intended to provide sufficient security to cover the costs of rehabilitation but, despite bond rate increases over time, the level of security has not kept pace with increasing costs and standards of rehabilitation. This has resulted in the amount of environmental bonds held against mine sites now being well below actual rehabilitation costs.

During the year, the department released its Preferred Option Paper for the State's future mining securities system for public comment. The Paper, released in March 2011, suggests that a fidelity fund model (the "Mine Rehabilitation fund") has the potential to provide a suitable alternative to the current environmental bonds system. This model has the potential to address the State's financial risk in relation to companies being unable to fulfil their rehabilitation and mine closure obligations, while providing a more cost-effective alternative for industry.

*[Read more](#)*

## INFORMATION, POLICY AND SERVICES

The department delivers high quality services and information to the Western Australian community and for the development of the resources sector in the State.

### Collection of Royalties

The collection of royalties has grown significantly from \$1.1 billion in 2001 to \$4.9 billion for 2010-11. Iron ore accounts for 69 percent, petroleum 20 percent, gold 4 percent, nickel 2 percent, alumina 1 percent and diamonds 0.3 percent, with other assorted metals covering another four percent. Iron ore was up 125 percent to \$3.4 billion, nickel receipts increased 35 percent to \$112.9 million, gold up 30 percent to \$197.8 million, alumina up 7 percent to \$66.1 million and petroleum up 6 percent to \$955.2 million.

*Read more*

### Exploration Drilling Code of Practice

During 2010-11 extensive consultation was undertaken with the exploration drilling sector and its representatives in order to draft a Code of Practice – Exploration Drilling.

The Code is current in development, but is expected to be approved by the Mining Industry Advisory Committee for approval towards the end of 2011. The Code will be rolled out to industry at a forthcoming exploration roadshow and will form the basis of an intervention program addressing occupational safety and health in that sector.

### Managing Fibrous Materials in Western Australian Mining Operations

The presence of mineral fibres in mines is a potential health factor considered by the department and the mining industry, and employers have a duty to ensure that the exposure of workers to airborne fibrous minerals is within regulatory standards, and as low as reasonably practicable.

In November 2010, the department updated its guideline on the management of fibrous materials, including asbestos, that occur in Western Australian mining operations.

### Regulation of Dangerous Goods and Major Hazard Facilities

During 2010-11, the department conducted 690 inspections and 540 technical assessments including the approval of safety reports for major hazard facilities. Regular inspections and assessment of dangerous goods facilities are undertaken to ensure compliance by operators with the Dangerous Goods Regulations.

The department contributed to the proposed national Harmonisation of Explosives legislation, Hazardous Chemicals Regulations and the Major Hazard Facilities regulations and how they might be implemented uniformly across all State and Territories, to provide consistency in regulation and implementation across jurisdictions.

## Safety Case and Safety Management System

The pipeline safety case emphasises consultation, employee participation and a goal-setting approach to safety, rather than prescriptive rules. A safety case is a detailed document that outlines the types of safety studies undertaken, the results of those studies and the safety management arrangements.

During the year the department assessed 60 new and 8 revised pipeline safety case (SC) or safety management systems (SMS) this financial year, whilst 43 existing SC/SMS have been maintained. Operators must demonstrate their Case for Safety through these mechanisms, which are then assessed by the department inspectors to ensure that the risk is reduced to as low as reasonably practicable level.

*Read more*

## Economic Analysis and Statistics

The department compiles, analyses and publishes key statistical information on the key economic indicators of the performance of Western Australia's mining and petroleum industry and its role in the State and national economy.

The department provides a central facility for collection, dissemination and publication of

Western Australian resources statistics and information. The Statistics Digest, produced by the department, provides comprehensive coverage on the composition, magnitude and performance of the Western Australian mineral and petroleum industry.

*Read more*

## SECTOR LEADERSHIP

The department is striving to ensure that its leadership strengthens the resources sector in Western Australia.

### Ministerial Council on Mineral and Petroleum Resources

The Ministerial Council on Mineral and Petroleum Resources (MCMPR) seeks to ensure safe, responsible and competitive development of the nation's mineral and energy resources to optimise long-term economic, social and environmental benefits to the community.

MCMPR activities include agreeing on standard approaches, jointly coordinating activities and overcoming barriers to growth, as well as identifying and responding to emerging issues and ensuring that the sector is represented across government. The Minister for Mines and Petroleum represents Western Australia in this forum which includes those high level officers responsible for resources development across all Australian jurisdictions. The department provides

policy advice, research and coordination for the MCMPR, which was chaired by Western Australia until mid-2011.

MCMPR has been superseded by the new Standing Council for Energy and Resources (SCER).

### Parliamentary Inquiry into Domestic Gas Pricing

During the year, the department responded to the Economics and Industry Standing Committee on its review of gas pricing within the State.

The mandate of this committee was to investigate the price of gas in Western Australia, to obtain comparisons from other States and to examine the contrast between domestic and international gas prices. The committee was then charged with making recommendations on measures to be introduced which could reduce the price of gas in Western Australia.

The department's involvement included the provision of a sophisticated demand and supply analysis for gas provision within Western Australia. In addition, it was responsible for addressing recommendations regarding the regulatory approvals process, the collection of royalty data and gas prices, as well as liaising with federal stakeholders to obtain the Commonwealth's input.

## OUR STAKEHOLDERS

The department is committed to ensuring that it has effective and valued relationships with our stakeholders, which includes the government and the Western Australian community, other State and Australian government agencies, industry and peak bodies, research institutions, community and particular interest groups.

These stakeholders are important in influencing the department's role and assessing the department's performance.

In addition to the high level of consultation in the introduction of uranium mining, unconventional gas, carbon capture, resources safety reform, mine closure plans and mining securities reported previously in this report, the department continues to explore opportunities to consult with government, industry and the community to ensure it delivers appropriate and valued services to the community.

### **Kalgoorlie Mining and Environment Industry Briefings**

In March 2011, the department hosted an information session in Kalgoorlie that was attended by almost 80 industry operators from the Goldfields area, with others flying in for the event from Perth. These ongoing sessions are aimed at informing industry of changes and developments in environmental matters relevant to the mining industry,

and to demonstrate the commitment of both the department and industry to continually strive for improvements in environmental performance.

From these workshops, the department is able to consult and obtain feedback from industry with regard to changes and developments, but also to improve processes and services to our key stakeholders.

### **Western Australian Gas Market Demand and Supply Analysis**

During the year, the department undertook a complex demand and supply analysis for the Western Australian gas market.

The analysis created the State's position on gas supply and demand, and provided a platform for which policy advice and decision making was made in regard to the provision and exploration of gas within Western Australia. This analysis was also used for the State Energy Initiative directions paper and Parliamentary Inquiry into domestic gas pricing.

### **Building Skills in the Resources Sector**

Each year, the department awards scholarships to students at the Western Australian School of Mines (WASM) to develop the next generation of skilled mining industry personnel.

At a time where skills shortages present a significant threat to the industry, the scholarship program assists students in pursuing a career pathway in the mining industry, and demonstrates the commitment of the State Government to further develop the industry.

In 2010, scholarships were awarded to Jaime Roberts (3rd year); Farjad Ather (1st year) and Scott Mackenzie (1st year).

### **Mining Industry Liaison Committee (MILC)**

The Mining Industry Liaison Committee (MILC) was established at the request of the then Minister for Minerals and Energy in 1987 and its peak advisory body to the department for the prospecting, mineral exploration and mining sectors. It meets every quarter and includes the Chamber of Minerals and Energy of Western Australia Inc, the Association of Mining and Exploration Companies Inc, the Australian Mining and Petroleum Law Association Ltd and the Amalgamated Prospectors and Leaseholders' Association Inc. The MILC provides a forum to review and monitor all mining legislation administered by the department and any issues that may affect such mining legislation; and to make recommendations to the Minister on possible amendments or alternative procedural arrangements. As a high level and strategic committee, MILC has provided input to the Minister on recent legislative amendments.

## GOVERNING OUR DEPARTMENT

The department is ensuring that it has the people, approach, systems and leadership to enable the department to respond to change and realise its vision.

A range of new programs continued or were implemented during the year focusing on staff engagement and improvement to our services.

An Innovation Peer Review Team was established, charged with facilitating discussion and the development of ideas to improve the workplace, the department's business and systems, and services to our regions. The department continued the Women's Consultative Group which focused on creating a more diverse and rewarding work environment in the department, and enhancing career opportunities for women.

Further details of specific programs and initiatives are provided below.

### Equal Opportunity and Diversity

#### Indigenous Opportunities

The department participated with the David Wirrpanda Foundation in a program to prepare Indigenous applicants for employment in the mining and resources industries. In October

2010, the Human Resources (HR) Branch facilitated a special information day for Indigenous students currently studying at the Central Institute of Technology. The day was used to explain the role the department plays in the mining and petroleum industries and provide information on potential government career paths open to students.

#### Women's Participation in the Department

Jean Stewart (Manager Communications), Richard Sellers (Director General), and Amy Lynch (Senior Legal Officer), presented at this year's International Women's Day to celebrate and recognise the achievements of women globally.

This year commemorated 100 years of celebrating International Women's Day. Richard Sellers made an address and this was followed by Amy Lynch who spoke on the Women's Consultative Group's achievements in 2010 and proposed actions for 2011. Two short films were screened highlighting the achievements of past and present trailblazing women. The event was attended by 70 staff.

#### Youth Employment

The department continued its focus on youth employment initiatives with an intake

of five graduates and two school-based trainees including an Indigenous trainee. The department has retained one school-based trainee from 2010 and will appoint two full time school-based trainees in 2012.

For over three years the department has been coordinating a cross agency graduate program with the Department of State Development and Department of Commerce. In 2010-11, 25 graduates have participated in this program, which has recently expanded to include the Department of Regional Development and Lands.

The department provided presentations at two sessions hosted by the Public Sector Commission in relation to school-based trainees; an "Off-the-Job Training Session" on Public Sector Job Application Writing and Interview Skills, and an information session run by the Public Sector Commission for new trainee supervisors.

The department participated in an "On the Couch with the Recruiters" function with the University of Western Australia. The session was designed to inform students on how to be competitive in the Australian marketplace. It was also used as an opportunity to promote the department as an employer of choice.

## Substantive Equality

The department completed a Needs and Impact Assessment within the expedited process of the future acts regime. It focused on policies and procedures administered by the Tenure and Native Title Branch to ensure that they are consistent with substantive equality principles. The assessment is currently under review by the Equal Opportunity Commission.

## Employment and Industrial Relations

Most departmental staff are employed under the Public Service and Government Officers General Agreement 2011. Four staff or 1.4 Full-time Equivalents are employed under the Government Services (Miscellaneous) General Agreement 2007 and two are 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, Attraction and Retention Benefit (ARB) Allowances and Attraction and Retention Incentives (ARI) Payments. It is expected that there will be an ongoing requirement to negotiate enhanced salary packages in critical professional skilled

positions 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 2010	30 June 2011
Permanent Full Time	631	627
Contract Full Time	52	74
Part Time – Permanent and Contract	38	36
Seconded Out	7	8
Seconded In	4	1

Table 4: Department FTE Numbers

The increase in contract employees is related to the increased recruitment of Mines Safety Inspectors, under the terms and conditions of the attraction and retention incentive payments.

## Delegations

A review and update of HR Delegations for Time off in Lieu, Overtime and Flextime was completed in consultation with line and senior managers.

During the year the improvement of access to HR information through the Manager's toolbox on the department's intranet continued.

Policies, procedures and guidelines were developed for the implementation of the new Attraction Retention Incentives (ARI) under the Public Sector Commission Amended Approved Procedure 7, including comprehensive probationary processes.

Other policies and procedures were reviewed and updated with emphasis on better management of grievance, discipline, recruitment and conduct.

## Human Resource System Improvements

HR business and reporting systems have been further developed to meet expanding business reporting and data requirements, including recruitment, exit interviews, employee profiling and monitoring of the four day breach period trial.



## Human Resource Services

HR consulting services were focused in particular on workforce planning, including recruitment activities for critical positions where applicants remain in short supply. A range of innovative recruitment strategies continue to be developed.

Initiatives include a project to research and develop a phased retirement program to assist with retention of critical skills and succession planning. This included a broad survey of staff of 55 years and over regarding their retirement intentions and preferences.

The department has continued to provide regional staff with a range of HR information first hand, with visits to Collie, Kalgoorlie, the Goldfields and Karratha.

## Recruitment

The department focused on innovative recruitment and selection processes in order to respond effectively to a rapidly changing employment market linked to the resources sector. A significant increase in the number of applications for some positions was achieved, whilst for other positions the number of applications further declined mainly due to employment market competitiveness within the resources industry.

In 2010-11 four specialised recruitment campaigns were targeted to fill a range of new positions in the Mines Safety Branch of the Resources Safety Division, to enable the implementation of safety reforms in the Mining industry within Western Australia.

A range of recruitment and promotional strategies to address recruitment difficulties have been implemented including:

- Government media supported advertising programs
- Targeted advertising campaigns
- Advertising job opportunities through a range of websites and media forums
- Implementing the four day breach process to fast track selection
- Promoting opportunities to the members of WA Women in Mining
- Secondments to identified industry employers for development purposes
- Promotion of the department at career fairs and other corporate events
- Remote area attraction and retention initiatives including:

- Targeted induction kits
- Concurrent local advertising of positions
- Relocation assistance
- Job sharing
- Promotion of family friendly workplaces
- Part-time employment offers
- Improved access to information technology resources

Recruitment and selection processes currently average 43 days, and internal processes are continuously being reviewed for expediency.

## Industry and Peak Body Secondments

Secondment opportunities with the Association of Mining and Exploration Companies (AMEC) and the Chamber of Minerals and Energy of Western Australia (CME) were facilitated for two staff for a one year period.

## Attraction and Retention

A major achievement in 2010-11 was the development of the Attraction and Retention Incentive (ARI) in the Mines Safety Branch of the Resources Safety Division. The recommendations of the submission were approved by Labour Relations, Department of Commerce and cover over 60 designated specialist positions. The ARI provides for milestone payments on the achievement of Performance Indicators linked to the safety reforms.

Approximately 1,000 applications were received for the positions advertised, a total of 37 ARI appointments were made of which 15 are regionally based and 23 are new recruits.

Although the campaign was successful an extreme shortage of mining engineers is still apparent and some positions have not been filled. New campaigns will be developed for further intakes during 2011-12.

A submission for an ARI payment for the Petroleum Division, (Approvals) and Petroleum Safety Branch, (Resources Safety Division) was developed and lodged with the Department of Commerce for approval.

## Grievance Management

A training program has been rolled out to managers throughout the year to equip them to effectively identify, manage and assist with the resolution of grievances in their work area. The focus being on early identification and intervention.

The training was provided to more than 130 managers and supervisors throughout the department, including all members of the Corporate Executive and includes:

- General Information Session – a one hour session presented by the Human Resources Branch
- Managing Workplace Conflict – a four hour interactive facilitated session.

The program included training on:

- the department's grievance process and procedures
- the role and responsibility of managers
- approaches to conflicts in the workplace
- developing skills and tools to effectively deal with conflict.

## Occupational Safety, Health and Injury Management

The department is committed to the safety, health and welfare of its employees, contractors and visitors. While managers and supervisors have overall responsibility to ensure that employees are not exposed to hazards in the workplace, safety is everybody's business. The department 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.



### Safety Management System Audit

This year the department implemented 16 recommendations resulting from an internal audit using the WorkSafe Plan. The department's safety management system has been reviewed to include new objectives and performance indicators. The four key objectives are to:

- Continuously improve the department's Safety Management System
- Improve the department's OSH consultative mechanisms
- Reduce the frequency and severity of health and safety risks
- Train, support and motivate staff in OSH.

Further to this review, a contractor safety management system has been developed and is currently being implemented. Extensive work has also been done to ensure the hazardous substances register and material safety data sheets are maintained and up to date in all locations.

### Safety Awards

The department's safety management system was reassessed using the WorkSafe Plan in March 2011 and due to improvements in all elements, received a WorkSafe Plan Silver Certificate of Achievement.

The department's OSH processes were recognised at the IFAP / CGU Awards in September 2010. The department was presented with a Platinum Safe Way Achiever Award in recognition of receiving five gold awards in consecutive years for its safety management system.

### Communications

The department's main OSH consultative mechanisms include our network of 18 Safety and Health Representatives and the OSH Committee. Safety and Health Representatives inspect the workplace on a quarterly basis and report any issues via the online hazard management system. The committee is accountable to the

Corporate Executive and includes management and employee representatives, it meets quarterly to discuss and resolve safety, health and injury management issues. Other mechanisms for communication include internal newsflashes and newsletter articles and regular departmental meetings. All relevant information, policies, procedures and forms are available to staff on the department's intranet.

Policies and procedures were revised for the following topics; Eye Testing and Glasses Subsidy, Anti-Bullying in the Workplace, and Remote and Isolated Travel. The OSH training program for 2010-11 included training for new safety and health representatives, ongoing updates for first aid officers and first responders and training for floor wardens and traffic monitors. Regional staff were offered fire extinguisher training, and the chief and deputy wardens for Mineral House and Carlisle offices also underwent training.

### Injury Management and Workers Compensation

The department continues to maintain a low number of workers' compensation claims and upholds a commitment to injury management demonstrated by a proactive approach to preventing injuries. Return to work programs are developed for staff with medical restrictions, including non compensable illnesses and injuries. All staff are offered workplace assessments when they commence employment to reduce the risk of overuse and postural injuries, or when specifically requested via their managers. The injury management system is available to staff on the intranet.

Table 5 provides an overview of our performance on OSH and injury management indicators for 2010-11.

Indicator	2007-08	2008-09	2009-10	2010-11
No. fatalities	0	0	0	0
No. workers' compensation claims	5	14	5	1
No. lost time injuries/diseases	3	5	4	1
Lost time injury/disease incidence rate	0.35	0.69	0.55	0.14
Lost time injury frequency rate	2.25	3.56	3.0	0.74
Lost time injury severity rate	33.33	0	0	0
% workers returned to work within 28 weeks	n/a	83.3%	100%	100%
% managers trained in OSH and injury management responsibilities	n/a	100%	80%	80%

Table 5: OSH and injury management performance indicators

### Injury Management and Workers Compensation

The department continued its focus on employee health and wellness through the Working on Wellness (WoW) program. During 2010-11 staff were offered an online wellbeing survey, flu vaccinations, health and fitness checks, skin cancer screening and a variety of lunchtime forum topics. These included breast cancer awareness, sun protection and skin care, healthy eating, health issues facing men and ways to beat insomnia. In addition, various corporate events were sponsored by the department including the Department of Transport Corporate Pedometer Challenge, the Bank of Queensland Volleyball and Petanque Corporate Challenge, City to Surf and the Skilled Corporate Triathlon. A blood donation program continued to be part of WoW. There were also practical demonstrations for fast and healthy cooking, setting up a weight training program at home and tai chi.

The department measures its success against a number of additional indicators as demonstrated in Table 6.

Indicator	2008-09	2009-10	2010-11
Safety and health representatives	16	15	18
Hazard notifications	73	69	103
Incident reports	37	28	25
Internal safety audits	12	8	12
Workplace assessments	410	56	125
OSH inductions	103	70	115
OSH newsflash items	70	44	46
First aid training courses	35	31	22
Eye glasses subsidy	63	52	45

Table 6: Additional OSH Indicators

### Employee Assistance Program

All departmental staff have access to the Employee Assistance Program (EAP), which offers free counselling sessions for staff, their partners and immediate family. The program continues to be well utilised for both work and personal issues.

In the period under review, there were 34 new cases opened and a utilisation rate of 5 percent which is consistent with a broad range of public sector organisations which range from 5-8 percent. The average number of sessions was 2.9. Nineteen staff presented to the EAP for personal issues, three presented for work issues and eleven presented for both.

### Learning and Development

In 2010-11 there was a strong focus on enhancing the department's leadership capability. The Management Excellence Development Program was provided to seventeen managers. The program consisted of six modules covering a range of topics including motivating and managing staff, developing high performance teams and driving business improvements. Participants were also required to complete a workplace

project. This program was run in addition to other general leadership programs being offered to staff.

The department continued to provide Workplace Conduct and Awareness training to new staff and regional offices. New staff were also specifically trained in Work and Development Planning; managers attended training on the Conflict of Interest policy.

Other training and development initiatives that were delivered included:

- Mentoring
- Diversity and Equal Opportunity

An intensive program of training for managers and staff in recording of flextime, time off in lieu and overtime was undertaken in the Mines Safety Branch.

A total of 306 officers have been trained in the department's recruitment and selection procedures including 115 during 2010-11. Sixty two staff have now attended CV writing training in various locations including Perth, Cannington and Kalgoorlie. The CV and interview training program has been reviewed and updated during 2010-11 to incorporate the introduction of commissioner's instructions.

### Compliance with Public Sector Standards and Ethics

The Public Sector Standard, the Western Australian Public Code of Ethics and the department's Code of Conduct are included in mandatory staff inductions and accessible via the staff intranet. The Code of Ethics and the department's Code of Conduct are also included in the department's Workplace Conduct training.

On 1 December 2010, the *Public Sector Reform Act 2010*, came into effect, amending the *Public Sector Management Act 1994*. As a result of this reform the department amended the relevant corporate human resource policy and procedures, specifically related to the introduction of the Employment Standard and Filling a Public Sector Vacancy Commissioner's Instruction, and the introduction of the Commissioner's Instructions: Discipline – General and Discipline – Former Employees. Changes to the policies and procedures were endorsed by Executive and published and communicated to staff via pamphlets, intranet news bulletins and staff and management information sessions.

The department was advised in July 2010 that a breach claim against the Grievance Resolution Standard, referred to the Office of Public Sector Standards Commissioner in May 2009-10 was found to be unsubstantiated.

In 2010-11, one breach claim against the Employment Standard was made. The claim was referred to the Public Sector Commissioner and was found to be unsubstantiated.

Two formal grievances were received in 2010-11; one has been resolved, the investigation into the formal grievance has not been finalised.

### **Recordkeeping Plan**

The current Recordkeeping Plan for the department was approved by the State Records Commission in October 2009 and is valid until 2014.

The corporate recordkeeping systems and databases underwent significant review this year resulting in the implementation of Records System integration with four new major corporate databases; Environment Assessment and Regulatory System (EARS), Petroleum Geothermal Register (PGR), Mineral Titles Online (eMiTs) and Safety Regulation System (SRS). A major upgrade of the Corporate Records System to improve functionality and speed has resulted in a faster and stronger Records Management tool.

The department's ongoing commitment to

quality recordkeeping training continued with:

- 140 new staff receiving Recordkeeping Induction Training covering legal and compliance requirements, employee roles and responsibilities and introductory use of the Corporate Records System. Training was conducted on a one-to-one basis
- 25 staff receiving tailored recordkeeping training to facilitate the transition from paper based to electronic document and records management
- 19 staff receiving training in the more advanced functionality of the Records System
- 17 staff receiving targeted training in other recordkeeping skills such as the development and use of effective document title naming conventions and preservation of records
- 19 regional staff received training in the scanning/digitizing of documents, to required standards, to facilitate state-wide information flow and shorten approvals timelines
- 704 staff received either introductory or refresher training in the department's Electronic Document Management System, "OurDocs".

The Records Branch Management Group met monthly to discuss and resolve recordkeeping issues as well as plan further development towards full Electronic Document and Records Management.

A new Records Branch group was established and met regularly involving records staff with the responsibility for digitizing and indexing paper documents. Known as the Scanners and Indexers Group, this group met regularly to discuss and resolve digitization issues and receive training and development with the objective of producing the highest possible quality in scanned/digitized documents.

## Disability Access and Inclusion Plan Outcomes

The department has progressed its work on the Disability Access and Inclusion Plan (DAIP) for 2010 to 2015. Specific strategies focussing on six outcomes have been developed with a view to improving access and inclusion for people with disabilities to support the principles and to meet the objectives of the *Disability Services Act 1993* WA. These strategies are subject to review when necessary.

During 2010-11, the department provided support for a deaf participant to attend a training program held at a regional centre. The department arranged for interpreters thus ensuring that disabled people have the same opportunities to access information as others.

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 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 on request to provide appropriate access. Disabled access parking bays are provided at the main Perth Office at Mineral House 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 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 departmental 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
- Identify, and make recommendations on DAIP 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 that different perspectives are valuable in consultation processes.

### **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 endeavour to recover the full cost of service delivery where possible.

The mine safety levy rate for 2011-12 and subsequent years is determined using an estimate of the operating costs of the mines safety regulatory services for the following financial year. This cost is then divided by

an estimate of the number of hours worked by mining industry workers for the following financial year.

### **Capital Projects**

For the 2010-11 period, no major capital projects were completed.

## 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:

<b>2010-11 Expenditure</b>	
Advertising Agencies	
	\$Nil
Media Advertising Organisations	
Adcorp	\$581,228
OMD Advertising	\$353,439
Government Gazette	\$918
Market Research Organisations	
Research Solutions	\$54,550
Polling Organisations	
	\$Nil
Direct Mail	
ACTIV Industries	\$4,559
<b>TOTAL EXPENDITURE</b>	<b>\$994,695</b>

Table 7: Summary of expenditure for advertising

## Ministerial Directives

During the 2010–11 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.

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# Disclosures and Legal Compliance

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**AUDITOR GENERAL'S OPINION**

**KEY PERFORMANCE INDICATOR REPORT**

**FINANCIAL REPORT**



## Auditor General

### INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

### DEPARTMENT OF MINES AND PETROLEUM

#### Report on the Financial Statements

I have audited the accounts and financial statements of the Department of Mines and Petroleum.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

#### *Director General's Responsibility for the Financial Statements*

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

#### *Auditor's Responsibility*

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director General, as well as evaluating the overall presentation of the financial statements.

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

#### **Opinion**

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of Mines and Petroleum at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

## Department of Mines and Petroleum

### Report on Controls

I have audited the controls exercised by the Department of Mines and Petroleum. The Director General is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Director General based on my audit conducted in accordance with Australian Auditing Standards.

### Opinion

In my opinion, the controls exercised by the Department of Mines and Petroleum are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

### Report on the Key Performance Indicators

I have audited the key performance indicators of the Department of Mines and Petroleum. The Director General is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

### Opinion

In my opinion, the key performance indicators of the Department of Mines and Petroleum are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2011.

### Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.



COLIN MURPHY  
AUDITOR GENERAL  
15 September 2011

## KEY PERFORMANCE INDICATORS CERTIFICATION

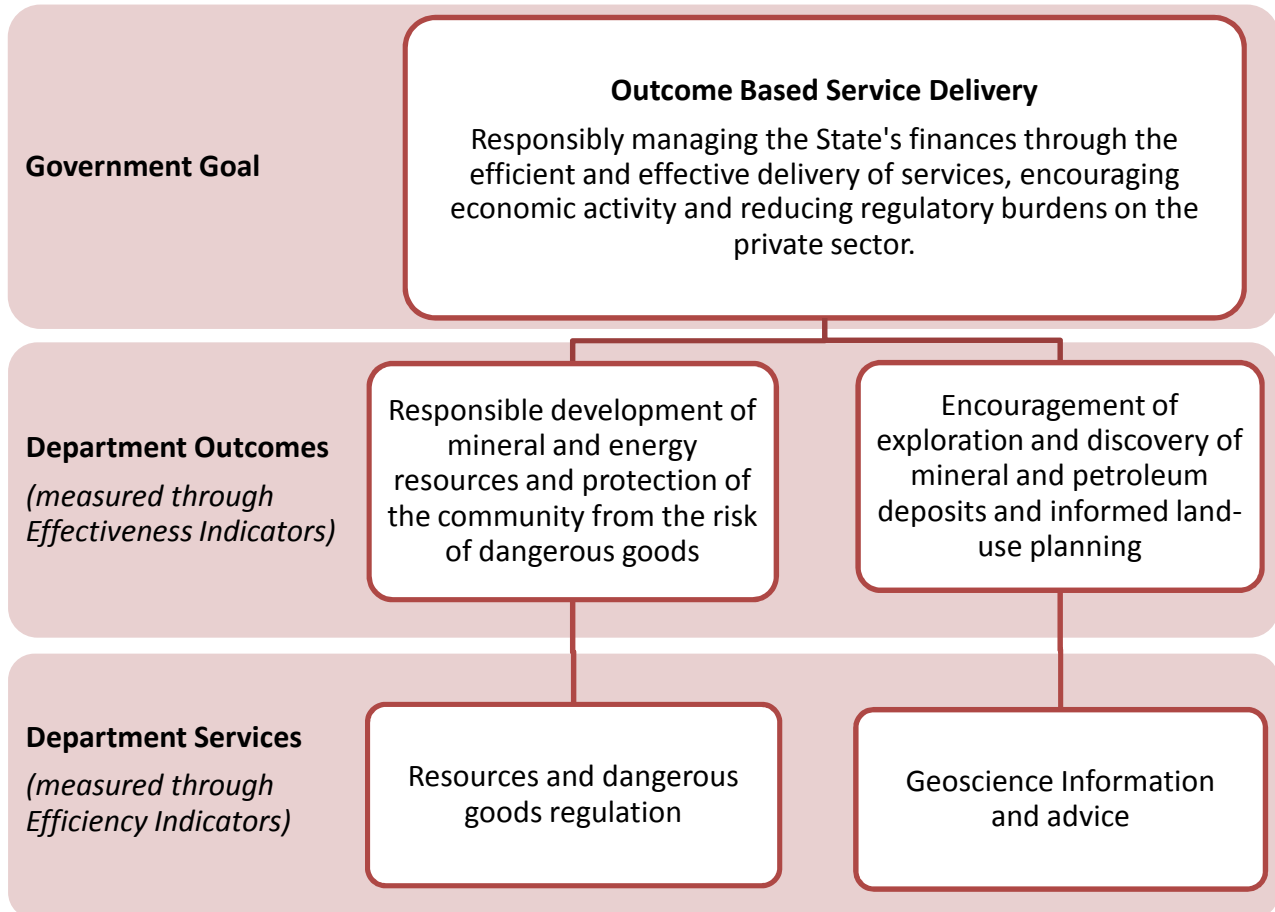
### Department of Mines and Petroleum Certification of Key Performance Indicators

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Mines and Petroleum's performance and fairly represent the performance of the Department of Mines and Petroleum for the financial year ending 30 June 2011.

A handwritten signature in black ink, appearing to be 'Richard Sellers', with a long horizontal stroke extending to the right.

Richard Sellers  
Director General  
12 September 2011

**DEPARTMENT OF MINES AND PETROLEUM  
DISCLOSURES AND LEGAL COMPLIANCE  
KEY PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2011**



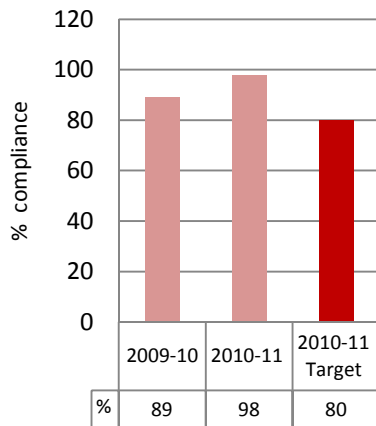
**Responsible development of mineral and energy resources and protection of the community from the risk of dangerous goods.**

The department directly contributes to responsible exploration and development of mineral and energy resources through its various regulatory functions. The department defines *responsible exploration and development* as that which is undertaken in a manner considerate of the following elements:

- Timely approvals processes, which require applicants to give undertakings in relation to activity, expenditure, and environmental rehabilitation, amongst other aspects; and
- Compliance with relevant regulations relating to the management of equitable and secure titles systems for the mining, petroleum and geothermal industries, worker and community safety, the environment, and collection of revenues from royalties.

These elements of responsibility are measured through our Key Effectiveness Indicators.

### 1. Percentage compliance identified in completed environmental regulatory activities.

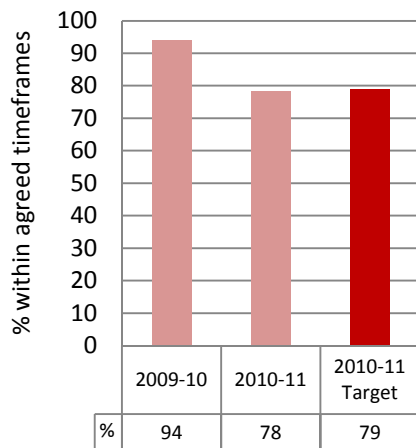


Regulatory activities relate specifically to environmental compliance investigations. This indicator is a measure of the department's capacity to administer and enforce the legislation concerning environmental management of exploration and mining activities.

The high level of compliance achieved during 2010-11 was significantly greater than target, which is attributable to the continuation of a risk based approach to inspections. This approach has resulted in the department focussing its efforts on high risk sites and targeting areas of concern.

The measure is calculated as the total number of environmentally compliant sites inspected divided by the total environmental inspections undertaken. The department defines compliant as those sites where no action was taken, whereas non-compliant sites are defined as those where the proponent was issued with a Direction to Modify, Stop Work Order, fine in lieu of forfeiture, or written instructions to improve the site within a timeframe.

### 2. Percentage approvals completed within agreed timeframes



Consistent with the department's role in the government's Lead Agency Framework, the department is specifically targeting the timely management of approvals. The department considers addressing approvals in a timely manner translates to responsibly developing mineral and petroleum resources.

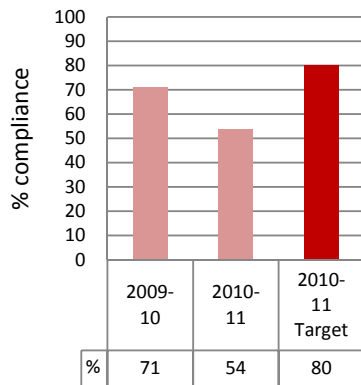
During the year, the department continued to perform strongly with respect to approval timeframes in:

- mining titles (93%),
- mining proposals and programmes of works (89%),
- petroleum environmental approvals (99%), and
- petroleum well and survey applications (82%).

Whilst overall on target, the decline from the prior year's result was due to the percentage of petroleum special authority applications completed within agreed timeframes was below target (38% as compared to target of 52%), attributed to complex onshore and multiple overlapping assessments that were required during the year.



### 3. Percentage compliance identified in tenure activities (petroleum) that are monitored and approved.



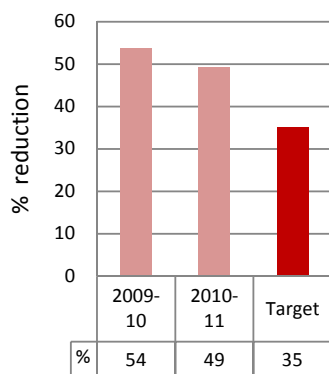
This measure reflects the function of the department in ensuring that proponents are compliant in the petroleum tenure activities undertaken.

The measure is calculated as the number of compliant petroleum tenure applications approved divided by the total applications deemed compliant during the year. The number of titles approved does not include otherwise dealt with tenure, such as refused, rejected, withdrawn or lapsed.

During 2010-11, the department performed below expected performance level due to complex geothermal application assessments and land access issues for this emerging industry. However, the department expects performance to improve over subsequent reporting periods.

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

### 4. Percentage reduction in Mineral Title applications backlog existing at the end of the preceding financial year.



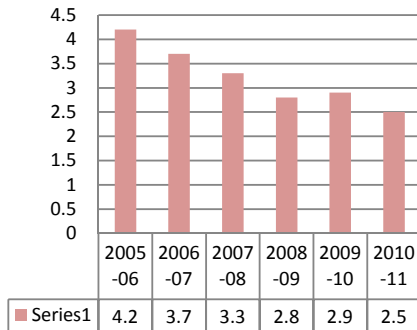
The reduction in the Mineral Titles application backlog was an initiative commenced in 2007-08 to address the 18,700 strong backlog.

Since the commencement of the initiative, the department has continued to exceed targets for backlog reduction, and during 2010-11 has exceeded the targeted 35% reduction, which is attributable to improvements in streamlined processing of applications, improved approvals tracking and consent determination by the National Native Title Tribunal allowing a large group of older applications to be determined.

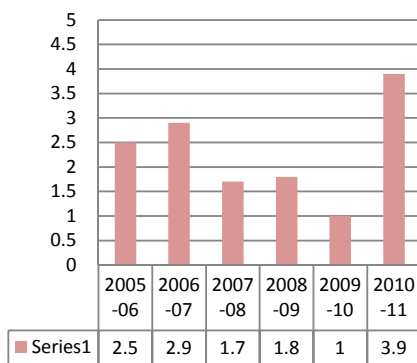
The department recognises the risk of further backlog with the high numbers of new applications being made each year as a potential ongoing issue. Accordingly the department will continue its effort to diminish the existing backlog at the commencement of each year.

**5. The frequency of work-related injury and disease per million hours worked in the:**  
**a. Mining industry**  
**b. Petroleum Industry (onshore)**

Frequency of work related injury and disease per million hours worked in the **Mining industry**



Frequency of work related injury and disease per million hours worked in the **Petroleum (onshore) industry**



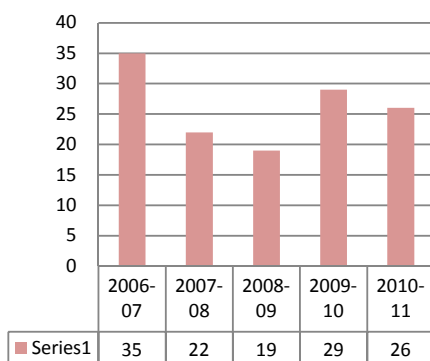
The department allocates resources to education, information and enforcement for safety in the mining and petroleum (onshore) industries. This indicator demonstrates industry performance towards safety outcomes.

During the 2010-11 period, the frequency of work related injury and disease per million hours worked in the mining industry continued to decrease. However the frequency of work related injury and disease in the petroleum (onshore) industry increased.

During the year, a web-based, user-friendly reporting system was implemented, which the department believes resulted in a higher level of reporting, and consequently the increase in reported incidents as compared to prior years.

The department is implementing a series of reforms in resources safety which is expected to result in improved safety outcomes for both mining and petroleum (onshore) industries in Western Australia in future periods. As a result of these reforms, alternative indicators are in development that better reflect the role of resources safety within industry.

**6. The number of dangerous goods storage and transport accidents.**



As with the mining and petroleum (onshore) industry, the department allocates resources to education, information and enforcement for dangerous goods storage and transport. This indicator demonstrates industry performance towards safety outcomes. The department maintains a list of incident summary logs based on incident report forms received, which involves the storage and transport of dangerous goods.

The indicator demonstrates a reduced number of dangerous goods accidents reported, which include 18 storage and handling accidents and 8 transport accidents.

### Resources and dangerous goods regulation

The department achieves the above outcomes through the delivery of regulatory services to the resources sector by:

- 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 compliance of mineral and petroleum activities;
- Administration of the *Mines Safety and Inspection Act 1994*;
- Promotion of occupational safety and health in the mining and petroleum (onshore) sectors; and
- Administration of 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 measures its overall efficiency in delivery of these services through the following Efficiency indicators.

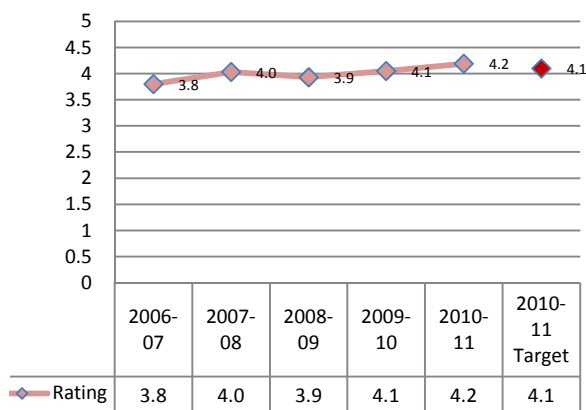
	2009-10 Actual	2010-11 Actual	2010-11 Target	Commentary
Cost per resources regulation service	\$872	\$917	\$955	During the year the department experienced a predicted increase in the number of regulatory services and increased cost of services from prior year's results. However continued focus on improvements to systems and processes has resulted in the average cost of services falling below the targeted level.
Average weighted cost per safety regulatory service – minerals and energy	\$891	\$1993	\$1234	The large variance is a result of fewer education activities, investigations and assessments being undertaken than budgeted during the period, whilst phase 1 of the safety reform initiatives was introduced. These reform activities included the recruitment and training of new inspectors. Services are expected to return to budgeted activity levels during 2011/12, albeit at a higher cost per service due to the increased FTEs and higher salary costs, as well as continued activity related to safety reform.
Average weighted cost per safety regulatory service – dangerous goods.	\$752	\$582	\$307	Fewer licenses and investigations/technical assessments were undertaken during the year than originally budgeted. This is expected to improve in the 2011-12 period due to the cyclical nature of licensing. A high number of dangerous goods licensing applications is expected with a shift to one year licenses.

### Encouragement of exploration and discovery of mineral and petroleum deposits and informed land use planning.

The department works to elucidate the geological framework of Western Australia and reveal the potential for mineral and petroleum resources, consequently encouraging continued exploration and development of these resources. The department's assessments of mineral and petroleum resources and resource potential supports Government decision making and assists and advises on a range of community needs, including urban and development planning and land use.

The department measures its success towards achieving this outcome against the following effectiveness indicator.

#### 7. The extent to which stakeholders agree the department's geoscience information and advice encourages exploration and discovery and informs land use planning.



This indicator represents an averaged customer rating given by industry-based Technical Advisory sub-committees tabled through the Geological Survey Liaison Committee.

Geoscience information products and geological exploration information services are rated twice yearly for quality and relevance, against a five-point scale by the two subcommittees. They are asked to provide guidance for future programs and feedback on past performance of the department.

The 2010-11 period result demonstrates improvements on both past year's performance and against the 2010-11 targets.

#### Geoscience information and advice

The department achieves this outcome through the maintenance and provision of up-to-date geological resources, with products and services including:

- Acquiring new geoscience and mineral 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.

The department measures its efficiency in delivery of these services through the following efficiency indicator.

	2009-10 Actual	2010-11 Actual	2010-11 Target	Commentary
Average weighted cost per geoscience information product and service units	\$247,481	\$221,236	\$203,025	In 2010-11 the department achieved an improved result as compared to the 2009-10 financial year. Rain delayed the airborne geophysical survey and the co-funded drilling programs resulting in lower than expected expenditure outcomes and weighted total published products. When combined with an overestimation of weighted total published products, department the fell short of achieving its target, but demonstrated improvement on the prior year's performance.

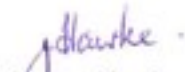
DEPARTMENT OF MINES AND PETROLEUM  
DISCLOSURES AND LEGAL COMPLIANCE  
FOR THE YEAR ENDED 30 JUNE 2011

## FINANCIAL STATEMENTS

### 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 2011 and the financial position as at 30 June 2011.

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



Jeremy Hawke  
Chief Finance Officer  
Date: 12 September 2011



Richard Sellers  
Accountable Authority  
Date: 12 September 2011

**DEPARTMENT OF MINES AND PETROLEUM  
STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2011**

	Note	2011 \$000	2010 \$000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	6	73 841	69 196
Supplies and services	7	39 559	35 324
Depreciation and amortisation expense	8	2 957	2 902
Accommodation expenses	9	3 680	4 114
Grants and subsidies	10	4 616	2 757
Other expenses	11	152	741
<b>Total cost of services</b>		<b>124 805</b>	<b>115 034</b>
<b>Income</b>			
<i>Revenue</i>			
User charges and fees	12	40 544	28 019
Other revenue	13	627	282
<b>Total revenue</b>		<b>41 171</b>	<b>28 301</b>
<i>Gains</i>			
Gain on disposal of non-current assets	14	2	-
<b>Total Gains</b>		<b>2</b>	<b>-</b>
<b>Total income other than income from State Government</b>		<b>41 173</b>	<b>28 301</b>
<b>NET COST OF SERVICES</b>		<b>83 632</b>	<b>86 733</b>
<b>Income from State Government</b>			
Service appropriation	15	64 800	71 057
Resources received free of charge		1 786	1 641
Royalties for Regions Fund		24 781	17 280
<b>Total income from State Government</b>		<b>91 367</b>	<b>89 978</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>7 735</b>	<b>3 245</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
Changes in asset revaluation surplus	27	29 490	(6 548)
Gains recognised directly in equity		-	986
<b>Total other comprehensive income</b>		<b>29 490</b>	<b>(5 562)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>37 225</b>	<b>(2 317)</b>

See also 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 2011**

	Note	2011 \$000	2010 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	28	22 029	19 304
Restricted cash and cash equivalents	16	5 317	(4 489)
Receivables	17	6 955	10 483
Amounts receivable for services	18	854	867
Other current assets	19	1 127	912
<b>Total Current Assets</b>		<b>36 282</b>	<b>27 077</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	16	1 620	1 300
Amounts receivable for services	18	12 235	11 342
Property, plant and equipment	20	140 683	111 728
Intangible assets	21	2 551	3 114
<b>Total Non-Current Assets</b>		<b>157 089</b>	<b>127 484</b>
<b>TOTAL ASSETS</b>		<b>193 371</b>	<b>154 561</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	23	5 740	5 649
Other current liabilities	24	1 870	1 945
Revenue received in advance	25	2 763	3 210
Provisions	26	16 155	13 328
<b>Total Current Liabilities</b>		<b>26 528</b>	<b>24 132</b>
<b>Non-Current Liabilities</b>			
Provisions	26	3 117	5 041
<b>Total Non-Current Liabilities</b>		<b>3 117</b>	<b>5 041</b>
<b>TOTAL LIABILITIES</b>		<b>29 645</b>	<b>29 173</b>
<b>NET ASSETS</b>		<b>163 726</b>	<b>125 388</b>
<b>EQUITY</b>			
Contributed equity	27	55 684	54 571
Reserves		101 615	72 125
Accumulated surplus/(deficit)		6 427	(1 308)
<b>TOTAL EQUITY</b>		<b>163 726</b>	<b>125 388</b>

See also 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 2011**

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/ (deficit) \$000	Total equity \$000
<b>Balance at 1 July 2009</b>	27	53 455	78 673	(4 553)	127 575
Total comprehensive income for the year		-	(6 548)	3 245	(3 303)
Transactions with owners in their capacity as owners:					
Capital appropriations		130	-	-	130
Other contributions by owners		986	-	-	986
Distributions to owners		-	-	-	-
Total		1 116	-	-	1 116
<b>Balance at 30 June 2010</b>		<b>54 571</b>	<b>72 125</b>	<b>(1 308)</b>	<b>125 388</b>
<b>Balance at 1 July 2010</b>	27	54 571	72 125	(1 308)	125 388
Total comprehensive income for the year		-	29 490	7 735	37 225
Transactions with their owners in their capacity as owners:					
Capital appropriations		15	-	-	15
Other contributions by owners		1 098	-	-	1 098
Distributions to owners		-	-	-	-
Total		1 113	-	-	1 113
<b>Balance at 30 June 2011</b>		<b>55 684</b>	<b>101 615</b>	<b>6 427</b>	<b>163 726</b>

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 2011**

	Note	2011 \$000	2010 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		63 053	69 306
Capital contributions		15	130
Holding account drawdowns		867	837
Other contribution by owners		1 098	-
Royalties for Regions Fund		24 781	17 280
<b>Net cash provided by State Government</b>		<b>89 814</b>	<b>87 553</b>
Utilised as follows:			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(74 267)	( 65 730)
Supplies and services		(36 886)	(33 170)
Accommodation		(4 114)	(3 940)
Grants and subsidies		(3 835)	(2 450)
Other payments		( 113)	( 39)
GST payments on purchases		(4 908)	(4 090)
<b>Receipts</b>			
User charges and fees		44 030	18 461
Grants and contributions		492	98
GST receipts on user charges and fees		317	1 419
GST receipts from taxation authority		3 796	3 156
Other receipts		530	255
<b>Net cash provided by/(used in) operating activities</b>	28	<b>(74 958)</b>	<b>(86 030)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds from sale of non-current assets		21	-
<b>Payments</b>			
Purchase of non-current physical assets		(2 026)	( 622)
<b>Net cash provided by/(used in) investing activities</b>		<b>(2 005)</b>	<b>( 622)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Repayment of borrowings		-	-
<b>Net cash provided by/(used in) financing activities</b>		<b>-</b>	<b>-</b>
Net increase in cash and cash equivalents		12 851	901
Cash and cash equivalents at the beginning of the period		16 115	15 214
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	28	<b>28 966</b>	<b>16 115</b>

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 2011**

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>COST OF SERVICES</b>						
<u>Expenses</u>						
Employee benefits expenses	57 229	52 602	16 612	16 594	73 841	69 196
Supplies and services	20 525	14 244	19 034	21 080	39 559	35 324
Depreciation and amortisation expense	2 168	2 202	789	700	2 957	2 902
Accommodation expenses	2 946	3 109	734	1 005	3 680	4 114
Grants and subsidies	249	164	4 367	2 593	4 616	2 757
Other expenses	110	571	42	170	152	741
<b>Total cost of services</b>	<b>83 227</b>	<b>72 892</b>	<b>41 578</b>	<b>42 142</b>	<b>124 805</b>	<b>115 034</b>
<u>Income</u>						
User charges and fees	40 398	27 900	146	119	40 544	28 019
Other revenue	555	172	72	110	627	282
Gain on disposal of non-current assets	2	-	-	-	2	-
<b>Total income other than income from State Government</b>	<b>40 955</b>	<b>28 072</b>	<b>218</b>	<b>229</b>	<b>41 173</b>	<b>28 301</b>
<b>NET COST OF SERVICES</b>	<b>42 272</b>	<b>44 820</b>	<b>41 360</b>	<b>41 913</b>	<b>83 632</b>	<b>86 733</b>
<u>Income from State Government</u>						
Service appropriation	39 707	46 502	25 093	24 555	64 800	71 057
Resources received free of charge	1 429	1 223	357	418	1 786	1 641
Royalties for Regions Fund	165	-	24 616	17 280	24 781	17 280
<b>Total income from State Government</b>	<b>41 301</b>	<b>47 725</b>	<b>50 066</b>	<b>42 253</b>	<b>91 367</b>	<b>89 978</b>
<b>SURPLUS/DEFICIT FOR THE PERIOD</b>	<b>( 971)</b>	<b>2 905</b>	<b>8 706</b>	<b>340</b>	<b>7 735</b>	<b>3 245</b>

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 2011**

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>Assets</b>						
Current Assets	21 543	22 454	14 739	4 623	36 282	27 077
Non-current Assets	117 212	92 928	39 877	34 556	157 089	127 484
<b>Total assets</b>	<b>138 755</b>	<b>115 382</b>	<b>54 616</b>	<b>39 179</b>	<b>193 371</b>	<b>154 561</b>
<b>Liabilities</b>						
Current Liabilities	21 363	19 175	5 165	4 957	26 528	24 132
Total non-current Liabilities	2 392	3 789	725	1 252	3 117	5 041
<b>Total liabilities</b>	<b>23 755</b>	<b>22 964</b>	<b>5 890</b>	<b>6 209</b>	<b>29 645</b>	<b>29 173</b>
<b>NET ASSETS</b>	<b>115 000</b>	<b>92 418</b>	<b>48 726</b>	<b>32 970</b>	<b>163 726</b>	<b>125 388</b>

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 2011**

	2011 Estimate \$000	2011 Actual \$000	Variance \$000	2011 Actual \$000	2010 Actual \$000	Variance \$000
<u>Delivery Services</u>						
Item 42 Net amount appropriated to deliver services	64 383	63 990	( 393)	63 990	69 079	(5 089)
Section 25 transfer of service appropriation						
- From Department of Commerce	-	-	-	-	1 196	(1 196)
Amount authorised by Other Statutes						
- <i>Salaries and Allowances Act 1975</i>	810	810	-	810	782	28
<b>Total appropriations provided to deliver services</b>	<b>65 193</b>	<b>64 800</b>	<b>( 393)</b>	<b>64 800</b>	<b>71 057</b>	<b>(6 257)</b>
<u>Capital</u>						
Item 133 Capital appropriations	15	15	-	15	130	( 115)
<u>Administered Transactions</u>						
Item 43 Administered grants, subsidies and other transfer payments	4 008	4 008	-	4 008	18 334	(14 326)
Amount authorised by other statutes						
- Petroleum (Submerged Lands) Act 1982	8 055	5 203	(2 852)	5 203	5 987	( 784)
<b>Total Administered Transactions</b>	<b>12 063</b>	<b>9 211</b>	<b>(2 852)</b>	<b>9 211</b>	<b>24 321</b>	<b>(15 110)</b>
<b>GRAND TOTAL</b>	<b>77 271</b>	<b>74 026</b>	<b>(3 245)</b>	<b>74 026</b>	<b>95 508</b>	<b>(21 482)</b>

Details of Expenses by Service

<u>Resources Sector and Dangerous Goods</u>						
Regulations	89 084	83 227	(5 857)	83 227	72 892	10 335
Geoscience Information and Advice	48 523	41 578	(6 945)	41 578	42 142	( 564)
Total Cost of Services	137 607	124 805	(12 802)	124 805	115 034	9 771
Less total income	44 621	41 173	(3 448)	41 173	28 301	12 872
Net Cost of Services	92 986	83 632	(9 354)	83 632	86 733	(3 101)
Adjustments (i)	(27 793)	(18 832)	8 961	(18 832)	(15 676)	(3 156)
<b>Total appropriations provided to deliver services</b>	<b>65 193</b>	<b>64 800</b>	<b>( 393)</b>	<b>64 800</b>	<b>71 057</b>	<b>(6 257)</b>
<u>Capital Expenditure</u>						
Purchase of non-current physical assets	15	-	( 15)	-	130	( 130)
Adjustment for other funding sources	-	15	15	15	-	15
<b>Capital appropriations</b>	<b>15</b>	<b>15</b>	<b>-</b>	<b>15</b>	<b>130</b>	<b>( 115)</b>

(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 2011**

	2011 Estimate \$000	2011 Actual \$000	Variance \$000	2011 Actual \$000	2010 Actual \$000	Variance \$000
<u>Details of Income Estimates</u>						
Income disclosed as Administered Income						
<b>Royalties</b>						
Petroleum - Commonwealth	-	-	-	-	5 830	(5 830)
Petroleum - State	40 100	20 232	(19 868)	20 232	24 614	(4 382)
Iron Ore	2 675 500	3 647 120	971 620	3 647 120	1812 615	1 834 505
Diamonds	16 200	14 492	(1 708)	14 492	14 515	( 23)
Alumina	70 700	66 546	(4 154)	66 546	63 875	2 671
Mineral sands	11 200	18 058	6 858	18 058	24 473	(6 415)
Nickel	131 500	106 891	(24 609)	106 891	96 879	10 012
Gold	192 800	198 080	5 280	198 080	161 405	36 675
Other	133 300	141 886	8 586	141 886	125 218	16 668
Lease rentals	67 300	82 983	15 683	82 983	75 795	7 188
<b>Total Royalties</b>	<b>3 338 600</b>	<b>4 296 288</b>	<b>957 688</b>	<b>4 296 288</b>	<b>2 405 219</b>	<b>1 891 069</b>
<b>Regulatory Fees</b>						
Regulatory Fees	10 000	2 660	(7 340)	2 660	7 412	(4 752)
	<b>10 000</b>	<b>2 660</b>	<b>(7 340)</b>	<b>2 660</b>	<b>7 412</b>	<b>(4 752)</b>
<b>Other</b>						
Appropriations	12 063	9 211	(2 852)	9 211	24 321	(15 110)
Other Revenue	577	593	16	593	1 576	( 983)
<b>GRAND TOTAL</b>	<b>3 361 240</b>	<b>4 308 752</b>	<b>947 512</b>	<b>4 308 752</b>	<b>2 438 528</b>	<b>1870 224</b>

Note 35 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2011 and between the actual results for 2010 and 2011.

**DEPARTMENT OF MINES AND PETROLEUM  
NOTES TO THE FINANCIAL STATEMENTS  
FOR YEAR ENDED 30 JUNE 2011**

**Note 1. Australian Accounting Standards**

**General**

The department's financial statements for the year ended 30 June 2011 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 2011.

**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 2011**

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the department's accounting policies resulting in the most significant effect on the amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses 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.

**(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 Sector and Dangerous Goods Regulations*

The department contributes to responsible development through effective regulation of the resources sector, including the timely processing of applications; and mining and petroleum safety regulations. It also facilitates and manages access to land offshore areas for the exploration and development of mineral and energy deposits.

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

*Service 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.



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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 41 'Disclosure of administered income and expenses by service' and note 42 '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 recognised and 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 to which the levy relates.

*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 fair 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 2010-11 Budget Statements, the department retained \$41.2 million in 2011 (\$28.3 million in 2010) 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.

Gains

Realised or unrealised gains 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.

**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.

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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

Property, plant and equipment are initially recognised at cost.

For items of property, plant and equipment 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 and buildings and historical cost for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation (buildings 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.

In the absence of market-based evidence, 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.

Land and buildings are independently valued 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 20 '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.

Depreciation 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 <sup>(a)</sup>	3-5 years
Scientific equipment	7 years
Motor vehicles	3-5 years
Plant and equipment	5-25 years

<sup>(a)</sup> Software that is integral to the operation of related hardware.

Land is not depreciated.

**(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 which is reviewed annually) on the straight line basis. 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 <sup>(a)</sup>	3 to 10 years
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<sup>(a)</sup> Software that is integral to the operation of related hardware.

Computer Software

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$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 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.

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.

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**(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.

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

**(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.

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 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.

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**(m) Accrued salaries**

Accrued salaries (refer note 23 'Payables') represent the amount due to staff but unpaid at 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 16 '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 eleventh 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. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

**(o) Receivables**

Receivables are recognised 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.

**(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 at fair value, as they are generally settled within 30 days.

**(q) Provisions**

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal 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.

Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

*Annual Leave*

The liability for annual 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 liability is settled.

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Annual leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as 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.

The provision for annual leave is classified as a current liability as the department does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

*Long service leave*

The liability for 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 liability is settled.

Long service leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as 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.

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. Conditional long service leave provisions are classified as non-current liabilities because the department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

*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) administers public sector superannuation arrangements in Western Australia in accordance with legislative requirements.



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Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members since 1995.

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.

The department has no liabilities under the Pension Scheme or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the 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 Scheme and GSS, and is recouped from the Treasurer for the employer's 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'.

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**(r) Superannuation expense**

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the WSS, and the GESBS. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

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

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value. Where the resource received represents a service that the department would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services are received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

**(t) Comparative figures**

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

**Note 3. Judgements made by management in applying accounting policies**

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 branch 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**

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

**Long Service Leave**

Several estimations and assumptions in calculating the department's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

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**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 2010 that impacted on the department.

*2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]*

Under amendments to AASB 117, the classification of land elements of all existing leases has been reassessed to determine whether they are in the nature of operating or finance leases. As leases of land & buildings recognised in the financial statements have not been found to significantly expose the department to the risks/rewards attributable to control of land, no changes to accounting estimates have been included in the Financial statements and Notes to the Financial Statements.

Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cashflows reported in the department's Statement of Cash Flows relate to increases in recognised assets.

**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 Australian Accounting Standards from their application date:

	Operative for reporting periods beginning on/after
<p><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 &amp; 1038 and Interpretations 10 &amp; 12].</i></p> <p>The amendment to AASB 9 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.</p>	1 Jan 2013
<p><i>AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 &amp; 1031 and Interpretations 2, 4, 16, 1039 &amp; 1052]</i></p> <p>This Standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised Standard.</p>	1 Jan 2011

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		Operative for reporting periods beginning on/after
AASB 1053	<p><i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.</p> <p>The Standard does not have any financial impact on the department. However it may affect disclosures in the financial statements of the department if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.</p>	1 July 2013
AASB 2010-2	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i></p> <p>This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.</p> <p>The Standard is not expected to have any financial impact on the department. However this Standard may reduce some note disclosures in financial statements of the department. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2013
AASB 2011-2	<p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 &amp; AASB 1054]</i></p> <p>This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2011
AASB 2010-5	<p><i>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 &amp; 1038 and Interpretations 112, 115, 127, 132 &amp; 1042] (October 2010)</i></p> <p>This Standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements. There is no financial impact resulting from the application of this revised Standard.</p>	1 Jan 2011

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	Operative for reporting periods beginning on/after
<p><b>AASB 2010-6</b> <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 &amp; AASB 7]</i></p> <p>This Standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets.</p> <p>The Standard is not expected to have any financial impact on the department. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.</p>	1 July 2011
<p><b>AASB 9</b> <i>Financial Instruments</i></p> <p>This Standard supersedes <i>AASB 139 Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was reissued on 6 Dec 2010 and the department is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies</p>	1 Jan 2013
<p><b>AASB 2010-7</b> <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 &amp; 1038 and Interpretations 2, 5, 10, 12, 19 &amp; 127]</i></p> <p>This Amending Standard makes consequential adjustments to other Standards as a result of issuing AASB 9 Financial Instruments in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.</p>	1 Jan 2013
<p><b>AASB 1054</b> <i>Australian Additional Disclosures</i></p> <p>This Standard, in conjunction with AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>	1 July 2011
<p><b>AASB 2011-1</b> <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 &amp; 134 and Interpretations 2, 112 &amp; 113]</i></p> <p>This Amending Standard, in conjunction with AASB 1054 Australian Additional Disclosures, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.</p>	1 July 2011

**DEPARTMENT OF MINES AND PETROLEUM  
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	2011 \$000	2010 \$000
<b>Note 6. Employee benefits expense</b>		
Wages and salaries <sup>(a)</sup>	67 321	63 350
Superannuation - defined contribution plans <sup>(b)</sup>	6 520	5 846
	<b>73 841</b>	<b>69 196</b>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

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

Employment on-costs such as workers' compensation insurance are included at note 11 'Other Expenses'.

The employment on-costs liability is included at note 26 'Provisions'.

**Note 7. Supplies and services**

Consultants and contractors	26 106	23 421
Advertising and promotion	703	622
Travel	1 471	1 447
Communication	1 087	1 040
Consumables	3 050	2 610
Maintenance	2 471	2 996
Insurance	317	380
Printing	279	365
Other staff costs	2 233	1 394
Other	1 842	1 049
	<b>39 559</b>	<b>35 324</b>

**Note 8. Depreciation and amortisation expense**

Depreciation

Buildings	1 041	1 024
Furniture, plant, equipment and vehicles	605	626
Computer hardware and software	726	671
Scientific equipment	21	13
<b>Total depreciation</b>	<b>2 393</b>	<b>2 334</b>

Amortisation

Intangible assets	564	568
<b>Total amortisation</b>	<b>564</b>	<b>568</b>
<b>Total depreciation and amortisation</b>	<b>2 957</b>	<b>2 902</b>

**DEPARTMENT OF MINES AND PETROLEUM  
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	2011 \$000	2010 \$000
<b>Note 9. Accommodation expenses</b>		
Lease rentals	1 133	1 061
Repairs and maintenance	760	824
Cleaning	475	531
Electricity	677	743
Refurbishment	44	191
Security	276	239
Water rates	152	160
Other accommodation expenses	163	365
	<b>3 680</b>	<b>4 114</b>
<b>Note 10. Grants and subsidies</b>		
Mineral and Petroleum Industry	164	175
Co-Funded Drilling Scheme (EIS)	3 342	2 134
WA Regional Research Initiative (EIS)	915	350
National Mine Safety Framework Secretariat	195	98
	<b>4 616</b>	<b>2 757</b>
<b>Note 11. Other expenses</b>		
Bad debts expense	-	19
Other expenses	153	704
Refunds of prior years revenues	( 1)	18
	<b>152</b>	<b>741</b>
<b>Note 12. User charges and fees</b>		
Petroleum annual licenses	8 609	7 847
Mining, prospecting and exploration licenses	8 130	7 973
Explosives and dangerous goods licenses and fees	2 946	2 659
Mining Safety Levy	20 304	9 156
Other fees	555	384
	<b>40 544</b>	<b>28 019</b>
<b>Note 13. Other revenue</b>		
Other funding contributions	492	98
Miscellaneous revenue	135	184
	<b>627</b>	<b>282</b>
<b>Note 14. Net gain/loss on disposal of non-current assets</b>		
<u>Costs of Disposal of Non-Current Assets</u>		
Plant equipment and vehicles	19	-
<u>Proceeds from Disposal of Non-Current Assets</u>		
Plant equipment and vehicles	21	-
<b>Net gain</b>	<b>2</b>	<b>-</b>

**DEPARTMENT OF MINES AND PETROLEUM  
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	2011 \$000	2010 \$000
<b>Note 15. Income from State Government</b>		
Appropriation received during the year:		
Service appropriations <sup>(a)</sup>	64 800	71 057
	<b>64 800</b>	<b>71 057</b>
Resources received free of charge has been <sup>(b)</sup> .		
Determined on the basis of the following estimates provided by agencies:		
State Solicitors Office		
- legal services	973	860
Department of Treasury and Finance		
- procurement and accommodation services	289	283
Landgate		
- land dealings, land information, valuation services and products	524	498
	<b>1 786</b>	<b>1 641</b>
Royalties for Regions Fund:		
Exploration Incentive Scheme <sup>(c)</sup>	24 781	17 280
	<b>24 781</b>	<b>17 280</b>
	<b>91 367</b>	<b>89 978</b>

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

(b) Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services are in the nature of contributions by owners are recognised 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 WA regional areas.

**Note 16. Restricted cash and cash equivalents**

Current

Suspense account <sup>(a)</sup>	21	56
Royalties for Regions Fund (Exploration Incentive Scheme) <sup>(b)</sup>	9 004	2 256
Mines Safety Levy <sup>(d)</sup>	(3 708)	(6 801)
	<b>5 317</b>	<b>(4 489)</b>

Non-current

Accrued salaries suspense account <sup>(c)</sup>	1 620	1 300
	<b>1 620</b>	<b>1 300</b>



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	2011 \$000	2010 \$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 WA 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) Funds held in the suspense account used only for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.		
(d) The Mine Safety Levy was introduced from 1 January 2010. The invoices to recoup the costs of administering the Mine Safety reforms are not collected until after the end of the financial year. Treasury approval is obtained for the overdrawn account.		

**Note 17. Receivables**

Current

Receivables	5 164	10 113
Accrued revenue	767	91
Allowance for impairment of receivables	-	-
GST receivable	1 024	279
<b>Total Current</b>	<b>6 955</b>	<b>10 483</b>

**Reconciliation of changes in the allowance for impairment of receivables:**

Balance at start of year	-	2
Doubtful debts expense	-	-
Amounts written off during the year	-	(2)
<b>Balance at end of year</b>	<b>-</b>	<b>-</b>

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

**Note 18. Amounts receivable for services (Holding Account)**

Current	854	867
Non-current	12 235	11 342
	<b>13 089</b>	<b>12 209</b>

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

**Note 19. Other assets**

Current

Prepayments	1 127	912
<b>Total current</b>	<b>1 127</b>	<b>912</b>

**DEPARTMENT OF MINES AND PETROLEUM  
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	2011 \$000	2010 \$000
<b>Note 20. Property, plant and equipment</b>		
<u>Land</u>		
At fair value <sup>(a)</sup>	96 644	70 204
<u>Buildings</u>		
At fair value <sup>(a)</sup>	36 289	34 281
<u>Furniture, plant, equipment and vehicles</u>		
At cost	8 229	7 490
Accumulated depreciation	(2 468)	(2 004)
	5 761	5 486
<u>Computer hardware and software</u>		
At cost	5 990	5 524
Accumulated depreciation	(4 134)	(3 990)
	1 856	1 534
<u>Scientific equipment</u>		
At cost	187	109
Accumulated depreciation	( 54)	( 33)
	133	76
Total equipment	7 750	7 096
<u>Works in progress</u>		
At cost <sup>(b)</sup>	-	147
Total of property, plant, equipment and vehicles	<b>140 683</b>	<b>111 728</b>

(a) Land and buildings were revalued as at 1 July 2010 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2011 and recognised at 30 June 2011. In undertaking the revaluation, fair value was determined by reference to market values for land: \$51,684,000 and buildings: \$18,510,000. For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement cost.

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

	-	147
	-	147

**DEPARTMENT OF MINES AND PETROLEUM  
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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, equipment and vehicles	Computer hardware and software	Scientific equipment	Works In Progress	Total
<b>2011</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Carrying amount at the start of year	70 204	34 281	5 486	1 534	76	147	111 728
Additions	-	-	-	1 057	78	890	2 025
Transfers from work in progress	-	-	890	-	-	( 890)	-
Transfers to operating expenditure	-	-	-	-	-	( 147)	( 147)
Other Disposals	-	-	( 10)	( 9)	-	-	( 19)
Reclassification	-	-	-	-	-	-	-
Revaluation increments	26 440	3 049	-	-	-	-	29 489
Depreciation	-	( 1 041)	( 605)	( 726)	( 21)	-	( 2 393)
<b>Carrying amount at end of year</b>	<b>96 644</b>	<b>36 289</b>	<b>5 761</b>	<b>1 856</b>	<b>133</b>	<b>-</b>	<b>140 683</b>

	Land	Buildings	Furniture, plant, equipment and vehicles	Computer hardware and software	Scientific equipment	Works In Progress	Total
<b>2010</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
Carrying amount at the start of year	73 436	37 635	6 054	1 780	71	21	118 997
Additions	986	-	58	425	18	126	1 613
Transfers	-	-	-	-	-	-	-
Other Disposals	-	-	-	-	-	-	-
Classified as Land Under	-	-	-	-	-	-	-
Revaluation increments	( 4 218)	( 2 330)	0	0	0	0	( 6 548)
Depreciation	0	( 1 024)	( 626)	( 671)	( 13)	0	( 2 334)
<b>Carrying amount at end of year</b>	<b>70 204</b>	<b>34 281</b>	<b>5 486</b>	<b>1 534</b>	<b>76</b>	<b>147</b>	<b>111 728</b>

**DEPARTMENT OF MINES AND PETROLEUM  
NOTES TO THE FINANCIAL STATEMENTS  
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	2011 \$000	2010 \$000
<b>Note 21. Intangible assets</b>		
<u>Computer software</u>		
At cost	4 456	4 465
Accumulated amortisation	(1 905)	(1 351)
<b>Total intangible assets</b>	<b>2 551</b>	<b>3 114</b>
Reconciliation:		
<u>Computer software</u>		
Carrying amount at start of year	3 114	3 682
Additions	-	-
Disposals	1	-
Amortisation expense	( 564)	( 568)
<b>Carrying amount at end of year</b>	<b>2 551</b>	<b>3 114</b>

**Note 22. Impairment of assets**

There were no indications of impairment to property, plant and equipment, infrastructure or intangible assets at 30 June 2011.

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

All surplus assets at 30 June 2011 have either been classified as assets held for sale or written-off.

**DEPARTMENT OF MINES AND PETROLEUM  
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	2011 \$000	2010 \$000
<b>Note 23. Payables</b>		
<u>Current</u>		
Trade payables	3 639	3 945
Accrued salaries	1 922	1 009
Accrued expenses	179	695
<b>Total current</b>	<b>5 740</b>	<b>5 649</b>
<b>Note 24. Other current liabilities</b>		
Unclaimed monies	1 870	1 945
	<b>1 870</b>	<b>1 945</b>
<b>Note 25. Revenue received in advance</b>		
Licenses and fees	2 763	3 210
	<b>2 763</b>	<b>3 210</b>
<b>Note 26. Provisions</b>		
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual leave <sup>(a)</sup>	6 847	6 345
Long service leave <sup>(b)</sup>	9 127	6 704
Deferred salary scheme <sup>(d)</sup>	33	-
	<b>16 007</b>	<b>13 049</b>
<i>Other provisions</i>		
Employment on-costs provision <sup>(c)</sup>	148	279
	<b>148</b>	<b>279</b>
	<b>16 155</b>	<b>13 328</b>
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long service leave <sup>(b)</sup>	3 089	4 899
Deferred salary scheme <sup>(d)</sup>	-	36
	<b>3 089</b>	<b>4 935</b>
<i>Other provisions</i>		
Employment on-costs provision <sup>(c)</sup>	28	106
	<b>28</b>	<b>106</b>
	<b>3 117</b>	<b>5 041</b>
 (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	4 534	3 768
More than 12 months after the reporting period	2 313	2 577
	<b>6 847</b>	<b>6 345</b>

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	2011 \$000	2010 \$000
(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:		
Within 12 months of the end of the reporting period	3 496	4 709
More than 12 months after the reporting period	8 720	6 894
	<b>12 216</b>	<b>11 603</b>
(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 11 'Other expenses'.		
(d) Deferred salary scheme liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the reporting period. Actual settlement of the liabilities will occur as follows:		
Within 12 months of the end of the reporting period	33	-
More than 12 months after the end of the reporting period	-	36
	<b>33</b>	<b>36</b>

**Movements in other provisions**

<u>Employment on-cost provision</u>		
Carrying amount at start of year	385	385
Additional provisions recognised	176	316
Payments/other sacrifices of economic benefits	( 385)	( 316)
<b>Carrying amount at end of year</b>	<b>176</b>	<b>385</b>

**Note 27. Equity**

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

**Contributed equity**

Balance at start of period	54 571	53 455
<u>Contributions by owners</u>		
Capital appropriation	15	130
<u>Other contributions by owners:</u>		
Land transferred to DMP per Valuer General advice <sup>(a)</sup>	-	986
<u>Transfer of net assets from other agencies</u>		
Section 21 (3) cash transfer from Department of Commerce <sup>(b)</sup>	1 098	-
<b>Total contributions by owners</b>	<b>1 113</b>	<b>1 116</b>
<b>BALANCE AT END OF PERIOD</b>	<b>55 684</b>	<b>54 571</b>

**DEPARTMENT OF MINES AND PETROLEUM  
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	2011 \$000	2010 \$000
<p>(a) This represents land and buildings identified through the Valuer General's valuation report.</p> <p>(b) Contribution from the Department of Commerce for systems funding owed to the Department of Mines and Petroleum as part of the transfer of Resources Safety Division.</p>		
<b>Reserves</b>		
<u>Asset revaluation surplus</u>		
Balance at start of the year	72 125	78 673
Net revaluation increments/(decrements)		
Land	26 440	(4 218)
Buildings	3 050	(2 330)
<b>Balance at end of year</b>	<b>101 615</b>	<b>72 125</b>
<b>Accumulated Surplus/(deficit)</b>		
Balance at start of the year	(1 308)	(4 553)
Result for the period	7 735	3 245
<b>Balance at the end of the year</b>	<b>6 427</b>	<b>(1 308)</b>
<b>Total Equity at the end of period</b>	<b>163 726</b>	<b>125 388</b>

**Note 28. 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	22 009	19 284
Cash and cash equivalents	22 029	19 304
Restricted cash assets (refer note 16)	6 937	(3 189)
	<b>28 966</b>	<b>16 115</b>

**DEPARTMENT OF MINES AND PETROLEUM  
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	<u>2011</u> <u>\$000</u>	<u>2010</u> <u>\$000</u>
<b>Reconciliation of net cost of services to net cash flows provided by/ (used in) operating activities</b>		
Net cost of service	(83 632)	(86 733)
<u>Non-cash items</u>		
Depreciation and amortisation expense	2 957	2 902
WIP transfers to operating expenditure	147	
Resources received free of charge	1 786	1 641
Net (gain)/loss on disposal of non-current assets	( 2)	-
<u>(Increase)/Decrease in assets</u>		
Current Receivables <sup>(c)</sup>	4 273	(9 061)
Other assets	( 215)	76
<u>Increase/(decrease) in liabilities</u>		
Current payables <sup>(c)</sup>	91	2 447
Other liabilities	( 75)	533
Revenue received in advance	( 447)	( 528)
Provisions - employee benefits	903	2 453
Net GST payments <sup>(a)</sup>	( 795)	485
Change in GST in receivables/payables <sup>(b)</sup>	51	( 245)
Net cash used in operating activities	<u>(74 958)</u>	<u>(86 030)</u>

(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) receivable/payable in respect of GST and the receivable/payable in respect of sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

**Note 29. 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)	<u>34</u>	<u>35</u>
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**DEPARTMENT OF MINES AND PETROLEUM  
NOTES TO THE FINANCIAL STATEMENTS  
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	2011 \$000	2010 \$000
<b>Note 30. Commitments</b>		
<b>Capital expenditure commitments</b>		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	1 364	1 392
Later than 1 year and not later than 5 years	3 077	3 047
Later than 5 years	-	-
	<b>4 441</b>	<b>4 439</b>
The capital commitments include amounts for:		
Computer hardware and software	4 441	4 439
	<b>4 441</b>	<b>4 439</b>

**Lease commitments**

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	1 829	1 908
Later than 1 year and not later than 5 years	4 637	4 459
Later than 5 years	1 661	1 879
	<b>8 127</b>	<b>8 246</b>
Representing:		
Non-cancellable operating leases	<b>8 127</b>	<b>8 246</b>

These commitments are exclusive of GST.

**Note 31. Contingent liabilities and contingent assets****Contingent liabilities:**

The following contingent liabilities are additional to the liabilities included in the financial statements:

**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.

**DEPARTMENT OF MINES AND PETROLEUM  
NOTES TO THE FINANCIAL STATEMENTS  
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	2011 \$000	2010 \$000
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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 32. 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 33. 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:

	2011	2010
\$10 001 to \$20 000	-	1
\$20 001 to \$30 000	-	1
\$80 001 to \$90 000	-	1
\$90 001 to \$100 000	1	-
\$110 001 to \$120 000	-	1
\$120 001 to \$130 000	-	1
\$140 001 to \$150 000	-	1
\$150 001 to \$160 000	1	2
\$160 001 to \$170 000	4	1
\$170 001 to \$180 000	1	2
\$180 001 to \$190 000	-	3
\$190 001 to \$200 000	1	2
\$200 001 to \$210 000	2	1
\$210 001 to \$220 000	3	-
\$230 001 to \$240 000	1	-
\$260 001 to \$270 000	-	1
\$300 001 to \$310 000	1	-
<b>Total remuneration of senior officers:</b>	2 867	2 747

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2011	2010
<u>\$000</u>	<u>\$000</u>

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

**Note 34. Remuneration of Auditor**

Remuneration paid or 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>146</u>	<u>134</u>
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**DEPARTMENT OF MINES AND PETROLEUM  
NOTES TO THE FINANCIAL STATEMENTS  
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**Note 35. 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 2011

Although there was no significant variance in the total appropriation, there were significant offsetting variances in the following service expenditure:

	<b>2011 Estimate \$000</b>	<b>2011 Actual \$000</b>	<b>Variance \$000</b>	
Resources Sector and Dangerous Goods Regulation	89 084	83 227	(5 857)	(a)
Geoscience Information and Advice	48 523	41 578	(6 945)	(b)

(a) Resources Sector and Dangerous Goods Regulation – The decrease in expenses is mainly attributable to the expenditure budget forecasting a payment of proceeds to Treasury for a possible sale of the former Chemistry Centre site. No sale has occurred.

(b) Geoscience Information and Advice - The decrease in expenses is mainly attributable to industry delays and heavy rains experienced across the state.

Significant variances between actual results for 2010 and 2011

	<b>2011 Actual \$000</b>	<b>2010 Actual \$000</b>	<b>Variance \$000</b>	
Total appropriation provided to deliver services for the year	64 800	71 057	(6 257)	(a)
Total Income	41 173	28 301	12 872	(b)

(a) Total appropriation provided to deliver services for the year - The decrease in appropriation is mainly attributable to the implementation of an industry cost recovery model as part of the new regulatory framework for resources safety which is partially offset by additional appropriation for the implementation of an integrated approvals system.

(b) Total Income - The increase in income is mainly attributable to the implementation of an industry cost recovery model as part of the new regulatory framework for resources safety.

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### Service expenditure

Significant variances between actual results for 2010 and 2011

	2011 Actual \$000	2010 Actual \$000	Variance \$000	
Resources Sector and Dangerous Goods Regulation	83 227	72 892	10 335	(a)

- (a) Resources Sector and Dangerous Goods Regulation - The increase in service expenditure is mainly attributable to the implementation of a new regulatory framework for resources safety providing additional resources, the implementation of an integrated approvals system and legal costs defending the States position on royalties.

### Capital contribution

Significant variances between estimate and actual for 2011

No significant variance in Capital contribution

Significant variances between actual results for 2010 and 2011

No significant variance in Capital contribution

### Total administered transactions

Significant variances between estimate and actual for 2011

	2011 Estimate \$000	2011 Actual \$000	Variance \$000	
Resources Sector and Dangerous Goods Regulation	11 617	8 765	(2 852)	(a)

- (a) Resources Sector and Dangerous Goods Regulation - The decrease in appropriation is attributable to how the *Petroleum (Submerged Lands) Act 1982* is funded. Appropriation funding is matched to expenditure. Expenses decreased due to a higher than forecasted exchange rate coupled with lower than forecasted output from oil fields.

Significant variances between actual for 2010 and 2011

	2011 Actual \$000	2010 Actual \$000	Variance \$000	
Total appropriation provided to deliver services for the year	9 211	24 321	(15 110)	(a)
Total Income	4 308 752	2 438 528	1 870 224	(b)

- (a) Total appropriation provided to deliver services for the year - The decrease in appropriation is attributable to reductions in funding for Mining Tenement Refunds, Coal Industry Development and the *Petroleum (Submerged Lands) Act 1982*.

- (b) Total income - The increase in income is mainly attributable to an increase in the collection of iron ore royalties. This is due to higher iron ore prices, partially offset by a higher exchange rate.

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### Administered expenditure

Significant variances between actual results for 2010 and 2011

	2011 Actual \$000	2010 Actual \$000	Variance \$000	
Resources Sector and Dangerous Goods Regulation	4 042 023	2 160 975	1 881 048	(a)
Geoscience Information and Advice	803	1 886	( 1 083)	(b)

(a) Resources Sector and Dangerous Goods Regulation - The increase in expenditure is mainly attributable to payments made to the Department of Treasury for iron ore royalties. This is due to higher iron ore prices, partially offset by a higher exchange rate.

(b) Geoscience Information and Advice - The decrease in expenditure is mainly attributable to 2010 having one-off payments for Supplies and Services associated with the Shotts Industrial Park in Collie.

### Administered Income

Significant variances between estimate and actual for 2011

	2011 Estimate \$000	2011 Actual \$000	Variance \$000	
Royalties	3 338 600	4 296 288	957 688	(a)
Appropriations	12 063	9 211	( 2 852)	(b)
Regulatory fees	10 000	2 660	( 7 340)	(c)

(a) *Royalties* - The increase in income is mainly attributable to an increase in the collection of iron ore royalties. This is due to higher than forecast iron ore prices, partially offset by a higher than forecast exchange rate.

(b) *Appropriations* - The decrease in appropriation is attributable to how the *Petroleum (Submerged Lands) Act 1982* is funded. Appropriation funding is matched to expenditure. Expenses decreased due to a higher than forecasted exchange rate coupled with lower than forecasted output from oil fields.

(c) *Regulatory fees* - This relates to ad valorem fees which are dependent on companies commercial trading interests and lodging these details for registration. The estimate is based on a three year average from 2005-06 to 2007-08. The 2011 actual reflects traded interests during the year.

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Significant variances between actual results for 2010 and 2011

	2011 Actual \$000	2010 Actual \$000	Variance \$000	
Royalties	4 296 288	2 405 219	1 891 069	(a)
Appropriations	9 211	24 321	( 15 110)	(b)
Regulatory fees	2 660	7 412	( 4 752)	(c)

(a) *Royalties* - The increase in income is mainly attributable to an increase in the collection of iron ore royalties. This is due to higher iron ore prices, partially offset by a higher exchange rate.

(b) *Appropriations* - The decrease in appropriation is attributable to reductions in funding for Mining Tenement Refunds, Coal Industry Development and the *Petroleum Submerged Lands Act 1982*.

(c) *Regulatory fees* - This relates to ad valorem fees which are dependent on companies commercial trading interests and lodging these details for registration. The 2011 actual reflects traded interests during the year.

**DEPARTMENT OF MINES AND PETROLEUM  
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**Note 36. 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 departments 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 36 (c) and note 17 '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 36(c), the department is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings.

**(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:

	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
<u>Financial Assets</u>		
Cash and cash equivalents	22 029	19 304
Restricted cash and cash equivalents	6 937	(3 189)
Loans and receivables <sup>(a)</sup>	19 020	22 413
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	7 610	7 594

<sup>(a)</sup> The amount of loans and receivables excludes GST recoverable from the ATO (statutory receivable)



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**Note 36. (c) Financial instrument disclosures**

Credit risk and interest rate exposures

The following table discloses 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 <sup>(a)</sup>**

	<u>Interest Rate Exposure</u>				<u>Past due but not impaired</u>					<u>Impaired financial assets</u>	
	<u>Weighted Average Effective Interest Rate</u>	<u>Carrying Amount</u>	<u>Fixed interest rate</u>	<u>Variable interest rate</u>	<u>Non-interest bearing</u>	<u>up to 3 months</u>	<u>3-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>		<u>More than 5 years</u>
	<u>%</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>	<u>\$000</u>
<u>Financial Assets</u>											
2011											
Cash and cash equivalents	-	22 029	-	-	22 029	-	-	-	-	-	-
Restricted cash and cash equivalents	-	6 937	-	-	6 937	-	-	-	-	-	-
Receivables <sup>(a)</sup>	-	5 931	-	-	5 931	143	49	-	-	-	-
Amounts receivable for services	-	13 089	-	-	13 089	-	-	-	-	-	-
		47 986	-	-	47 986	143	49	-	-	-	-

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**Note 36. (c) Financial instrument disclosures (Cont.)**

	Weighted Average Effective Interest Rate %	<u>Interest Rate Exposure</u>				<u>Past due but not impaired</u>					Impaired financial assets \$000
		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 <sup>(a)</sup>	-	10 204	-	-	10 204	209	42	-	-	-	-
Amounts receivable for services	-	12 209	-	-	12 209	-	-	-	-	-	-
		<u>38 528</u>	-	-	<u>38 528</u>	<u>209</u>	<u>42</u>	-	-	-	-

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

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Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The table includes interest and principal cash flows. An adjustment has been made where material.

**Interest rate exposure and maturity analysis of financial liabilities <sup>(a)</sup>**

	Weighted Average Effective Interest Rate %	Carrying Amount \$000	Interest rate exposure				Adjustments for discounting \$000	Total Nominal Amount \$000	Maturity dates				
			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	
<b>Financial Liabilities</b>													
<b>2011</b>													
Payables	-	5 740	-	-	5 740	-	-	5 740	-	-	-	-	
Unclaimed monies		1 870	-	-	1 870	-	-	1 870	-	-	-	-	
		<b>7 610</b>	-	-	<b>7 610</b>	-	-	<b>7 610</b>	-	-	-	-	
<b>2010</b>													
Payables	-	5 649	-	-	5 649	-	-	5 649	-	-	-	-	
Unclaimed monies		1 945	-	-	1 945	-	-	1 945	-	-	-	-	
		<b>7 594</b>	-	-	<b>7 594</b>	-	-	<b>7 594</b>	-	-	-	-	

<sup>(a)</sup> The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

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***Note 37. Related bodies***

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

***Note 38. 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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	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
<b>Note 39. Special purpose accounts</b>		
<b>Special Purpose Accounts - section 16 (1)(c) of FMA</b>		
<u>Survey of Leases under the Mining Act Fund</u>		
<p>Survey fees collected under the Mining Act are paid into this account. The actual cost of surveys is charged to the Consolidated Account, and fees previously collected are transferred to the Consolidated Account. If the applicant decides not to proceed with the survey, the fee collected is refunded.</p>		
Opening balance 1 July	178	178
<u>Add receipts</u>	-	-
<u>Less payments</u>	-	-
Refunds	-	-
<b>Balance at the end of the year</b>	<b>178</b>	<b>178</b>

Departmental Receipts in Suspense Fund

This account is to hold monies temporarily, pending identification of the purpose for which the funds were received. The balance of the account as at 30 June 2011 was \$21,395.

Environmental Called-In Performance Bond Money Fund

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

Opening balance 1 July	5 974	5 853
<u>Add receipts</u>		
Bonds, Securities	-	194
<u>Less payments</u>	-	194
Operational expenses		73
	-	73
<b>Balance at the end of the year</b>	<b>5 974</b>	<b>5 974</b>

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	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
<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 \$109,416, zero receipts and \$31,833 payments, giving a closing balance of \$77,583.</p>		
Opening Balance 1 July	543	448
<u>Add receipts</u>		
Contribution from Government & Industry	238	917
	238	917
<u>Less payments</u>		
Salaries	26	32
Travel	32	24
Consultants	287	749
Grants	10	-
Other	23	17
	378	822
<b>Balance at the end of the year</b>	<b>403</b>	<b>543</b>

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	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
<u>Mines Safety Levy</u>		
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	(6 801)	-
<u>Add receipts</u>		
Contribution from Government & Industry	23 504	461
	23 504	461
<u>Less payments</u>		
Salaries	7 929	2 568
Operational Expenditure	12 483	4 694
	20 412	7 262
<b>Balance at the end of the year</b>	<b>(3 709)</b>	<b>(6 801)</b>

The invoices to recoup the costs of administering the Mine Safety reforms are not collected until after the end of the financial year. Treasury approval was obtained for the overdrawn account.

**Note 40. Supplementary financial information**

**(a) Write Offs**

During the financial year the following amounts were written off under the authority of:

The accountable authority	-	21
The Minister	-	-
Executive Council	-	298
	-	319
	-	319

**(b) Losses Through theft, defaults and other causes**

Losses of public money and public and other property through theft or default

Amount recovered	-	-
	-	-
	-	-

**(c) Gifts of Public Property**

Gifts of public property provided by the department	-	-
	-	-
	-	-

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***Note 41. Disclosure of administered income and expenses by service***

	Resource Sector and Dangerous Goods Regulation		Geoscience Information and Advice		Total	
	2011	2010	2011	2010	2011	2010
	\$000	\$000	\$000	\$000	\$000	\$000
<b>COST OF SERVICES</b>						
<u>Expenses</u>						
Petroleum (Submerged Lands) Act 1982	5 203	5 987	-	-	5 203	5 987
Refunds of previous years' revenue	10 477	9 480	-	-	10 477	9 480
Services and contracts	218	1 422	169	1 483	387	2 905
Receipts paid into Consolidated Account	4 025 481	2 143 682	-	-	4 025 481	2 143 682
Grants and subsidies	644	404	634	403	1 278	807
<b>Total administered expenses</b>	<b>4 042 023</b>	<b>2 160 975</b>	<b>803</b>	<b>1 886</b>	<b>4 042 826</b>	<b>2 162 861</b>
<u>Income</u>						
For transfer:						
Royalties and Rentals <sup>(a)</sup>	4 296 288	2 405 219	-	-	4 296 288	2 405 219
Regulatory fees	2 660	7 412	-	-	2 660	7 412
Appropriations	8 765	22 548	446	1 773	9 211	24 321
Other revenue	583	1 190	10	386	593	1 576
<b>Total administered income</b>	<b>4 308 296</b>	<b>2 436 369</b>	<b>456</b>	<b>2 159</b>	<b>4 308 752</b>	<b>2 438 528</b>

(a) Royalties

Petroleum - Commonwealth	-	5 830
Petroleum - State	20 232	24 614
Iron Ore	3 647 120	1 812 615
Diamonds	14 492	14 515
Alumina	66 546	63 875
Mineral sands	18 058	24 473
Nickel	106 891	96 879
Gold	198 080	161 405
Other	141 886	125 218
Lease rentals	82 983	75 795
<b>Total</b>	<b>4 296 288</b>	<b>2 405 219</b>



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	<b>2011</b>	<b>2010</b>
	<b>\$000</b>	<b>\$000</b>
<b>42. Administered assets and liabilities</b>		
<u>Current Assets</u>		
Cash and cash equivalents	12 489	21 034
Receivables <sup>(a)</sup>	1 110 881	837 693
Restricted cash	11 967	9 858
Finance Lease Receivable	435	410
Other Assets	167	-
<b>Total Administered Current Assets</b>	<b>1 135 939</b>	<b>868 995</b>
<u>Non-Current Assets</u>		
Finance Lease Receivable	8 703	9 138
<b>Total Administered Non-Current Assets</b>	<b>8 703</b>	<b>9 138</b>
<b>TOTAL ADMINISTERED ASSETS</b>	<b>1 144 642</b>	<b>878 133</b>
<u>Current Liabilities</u>		
Payments received in advance	123	123
Accounts payable	5 480	3 771
Other liabilities	55	55
GST payable	1 183	2 310
<b>Total Administered Current Liabilities</b>	<b>6 841</b>	<b>6 259</b>
<b>TOTAL ADMINISTERED LIABILITIES</b>	<b>6 841</b>	<b>6 259</b>

<sup>(a)</sup> This mainly represents royalties not collected as at 30 June 2011 on production which occurred prior to balance date.

**Other matters of uncertainty**

Four gold mining companies owing royalties of \$751,000 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 \$13,000. This money is highly unlikely to be recouped as they are insolvent.

# 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.

## **Petroleum and Energy Legislation Amendment Act 2010**

The *Petroleum and Energy Legislation Amendment Act 2010* amended the *Petroleum (Submerged Lands) Act 1982*; the *Petroleum and Geothermal Energy Resources Act 1967* and the *Petroleum Pipelines Act 1969* primarily for the purpose of bringing them in line with amendments made in recent years to the petroleum common mining code which applies in Australia's offshore waters under Commonwealth law.

The *Petroleum and Energy Legislation Amendment Act 2010* was proclaimed on 19 April 2011 and gazetted on 24 May 2011 except for data management provisions which cannot commence until State data management regulations have been developed.

## **Mining Act 1978**

*Offshore Minerals (Consequential Amendments) Act 2003* (Act No. 12 of 2003) was Assented to on 17 April 2003 and commenced on 1 January 2011. Consequential changes made to the *Mining Act 1978* and other Acts to support the *Offshore Minerals Act 2003*.

The *Approvals and Related Reforms (No. 3) (Crown Land) Act 2010* (Act No. 8 of 2010) was Assented to on 3 June 2010 and commenced on 17 September 2010. Part 6 amends the *Mining Act 1978* to allow the Director General of Mines to release the name and details of Crown land interest holders to mining tenement holders for the efficient service of mining notices.

The *Approvals and Related Reforms (No. 2) (Mining) Act 2010* (Act No. 12 of 2010) was Assented to on 3 June 2010 and commenced on 21 March 2011 and 1 July 2011. This Act introduces into the *Mining Act 1978* provisions for mining tenement applications and forms to be lodged at any office of the mining registrar including by electronic means via a

departmental website portal. It also requires that holders of mining leases must complete and maintain an up-to-date mine closure plan.

The *Standardisation of Formatting Act 2010* (Act No. 19 of 2010) was Assented to on 28 June 2010 and commenced on 10 September 2010. This Act made minor formatting changes to Schedule Headings and the structure of some subsections and paragraphs in the *Mining Act 1978*.

The *Public Sector Reform Act 2010* (Act No. 39 of 2010) was Assented to on 1 October 2010 and commenced on 5 November 2010. This Act amended the *Mining Act 1978* by substituting the reference to the Minister for Public Sector Management for the Public Sector Commissioner.

## Regulations

The Mines Safety and Inspection Levy Amendment Regulations 2011 were published in the Western Australian Government Gazette on 21 June 2011, and amend the Mines Safety and Inspection Levy Regulations 2010. After implementation of the Mines Safety and Inspection Levy Regulations 2010, the department received feedback through its industry briefing sessions that some of the provisions of the Mines Safety and Inspection Levy Regulations 2010 were burdensome to industry. The Ministerial Advisory Panel Legislative Review Working Group (MAP LRWG) made a number of recommendations to amend the regulations and these recommendations were approved by the Minister for Mines and Petroleum on 5 January 2011. The amendments to the Mines Safety and Inspection Levy Regulations 2010 made by the Mines Safety and Inspection Levy Amendment Regulations 2011 reflect the changes recommended made by the MAP LRWG.

The Mines Safety and Inspection Levy Amendment Regulations (No. 2) 2011 were published in the Western Australian Government Gazette on 21 June 2011. The amendment regulations amend the Mines

Safety and Inspection Levy Regulations 2010 to increase the levy fee from \$0.125 per hour worked at a mine to \$0.180 per hour worked. The new levy fee took effect from 1 July 2011.

Mining Amendment Regulations 2011 published in the Gazette 4 February 2011 p. 392-5, commenced 5 February 2011. Amended the schedule of Counsel Fees.

Mining Amendment Regulations (No. 2) 2011 published in the Gazette 1 March 2011 p. 684-5, commenced 2 March 2011. Deleted Regulation 86F Royalty Relief.

Mining Amendment Regulations (No. 3) 2011 published in the Gazette 18 March 2011 p. 911-25, commenced 21 March 2011 and 1 July 2011. Regulations to support the *Approvals and Related Reforms (No. 3) (Crown Land) Act 2010* – lodgement anywhere including electronic lodgement and Mine Closure Planning.

Mining Amendment Regulations (No. 4) 2011 published in the Gazette 24 June 2011 p. 2510-15, commenced 1 July 2011. Increases rents and fees to meet budget targets set by Government for the 2011-12 financial year.

The Petroleum and Geothermal Energy Resources Amendment Regulations 2011, published in the Government Gazette on

24 May 2011, amended the Petroleum and Geothermal Energy Resources Regulations 1987 to introduce a new fee for an application fee for a Retention Lease in a Production Licence.

The Petroleum (Submerged Lands) Amendment Regulations 2011, published in the Government Gazette on 24 May 2011, amended the Petroleum (Submerged Lands) Regulations 1990 to introduce new fees for an application fee for an Infrastructure Licence; an application fee for variation of an Infrastructure Licence; an annual fee for an Infrastructure Licence; and an application fee for a Retention Lease in a Production Licence.

The Petroleum and Geothermal Energy Resources Amendment Regulations (No. 2) 2011, approved by the Lieutenant-Governor and Administrator in Executive Council on 28 June 2011 and published in the Government Gazette on 1 July 2011, amended the Petroleum and Geothermal Energy Resources Regulations 1987 to provide for a 3 percent Consumer Price Index (CPI) fee increase to all petroleum and geothermal fees except for the annual fee for production licences which was reduced from \$23,455 to \$13,228.

The Petroleum (Submerged Lands) Amendment Regulations (No. 2) 2011, approved by the Lieutenant-Governor and Administrator in Executive Council on 28 June 2011 and published in the Government Gazette on 1 July 2011, amended the Petroleum (Submerged Lands) Regulations 1990 to provide for a 3 percent Consumer Price Index (CPI) fee increase to all petroleum and geothermal fees except for the annual fee for production licences which was reduced from \$23,455 to \$13,228.

The Petroleum (Submerged Lands) Registration Fees Amendment Regulations 2011, approved by the Lieutenant-Governor and Administrator in Executive Council on 28 June 2011 and published in the Government Gazette on 1 July 2011, amended the Petroleum (Submerged Lands) Registration Fees Regulations 1990 to provide for a 3 percent Consumer Price Index (CPI) fee increase to all petroleum fees.

The Petroleum Pipelines Amendment Regulations 2011, approved by the Lieutenant-Governor and Administrator in Executive Council on 28 June 2011 and published in the Government Gazette on 1 July 2011, amended the Petroleum Pipelines Regulations 1970 to provide for a 3 percent

Consumer Price Index (CPI) fee increase to all petroleum fees.

The Petroleum and Geothermal Energy Resources (Registration Fees) Amendment Regulations 2011, approved by the Lieutenant-Governor and Administrator in Executive Council on 28 June 2011 and published in the Government Gazette on 1 July 2011, amended the Petroleum and Geothermal Energy Resources (Registration Fees) Regulations 1990 to provide for a 3 percent Consumer Price Index (CPI) fee increase to all petroleum and geothermal fees.

The Dangerous Goods Safety (Storage and Handling of Non-explosives) Amendment Regulations (No.3) 2010 published in the Gazette on 31 December 2010 changes licence terms under those regulations from a three year period to an annual system to make way for the coming regulatory changes that are being actioned in conjunction with cost recovery reform.

The Dangerous Goods Safety (Road and Rail Transport of Non-Explosives) Amendment Regulations (No. 2) 2010 were published in the Gazette on 20 August 2010, to increase the fees payable for an application for an approval or variation of approval, an application for or

renewal of a dangerous goods driver licence, and the application for or renewal of a dangerous goods vehicle licence. The fees have been increased by approximately 2.1 percent (in line with the CPI) and are effective from 1 September 2010.

**The following new legislation came into effect on 1 January 2011.**

***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 following supporting regulations also came into force at the same time.

### **Offshore Minerals Regulations 2010; Offshore Minerals (Registration Fees) Regulations 2010 and the Offshore Minerals (Transitional Provisions) Order 2010**

These new regulations support the *Offshore Minerals Act 2003* and the *Offshore Minerals (Registration Fees) Act 2003* and were published in the Gazettes dated 17 December 2010 at pages 6379-96, 6397-402 and 6356-59 respectively.

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

These are ongoing administrative amendments arising from initial 'teething' problems encountered after the repeal of the old legislation and the implementation of the new regulatory scheme. The 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. These amendments are in their final stages of drafting.

### **Dangerous Goods Safety (Explosives) Regulations 2007**

These are ongoing administrative amendments arising from initial 'teething' problems encountered after the repeal of the old legislation and the implementation of the new regulatory scheme. The amendments include changes to the definitions, improvements to Dangerous Goods Officer 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. These amendments are in their final stages of drafting.

### **Dangerous Goods Safety (Security Risk Substances) Regulations 2007**

These are ongoing administrative amendments arising from initial 'teething' problems encountered after the repeal of the old legislation and the implementation of the new regulatory scheme. The amendments include changes to avoid licensees having to hold multiple licences for the same product and changes to the requirements placed upon educational facilities. These are currently before the Executive Council for approval.

### ***Dangerous Goods Safety Act 2004***

The changes being progressed via the National OSH harmonisation project will affect the *Dangerous Goods Safety Act 2004* and necessitate significant changes. Preliminary work has commenced on the drafting instructions.

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

Significant amendments to these regulations are in progress as part of cost recovery reform and the restructure of the licensing requirements for Dangerous Goods in Western Australia. Drafting instructions have been completed, as has the cabinet submission.

### **Dangerous Goods Safety (Explosives) Regulations 2007**

Significant amendments to these regulations are in progress as part of cost recovery reform and the restructure of the licensing requirements for Dangerous Goods in Western Australia. Drafting instructions have been completed, as has the Cabinet submission.

### **Dangerous Goods Safety (General) Regulations 2007**

Significant amendments to these regulations are in progress as part of cost recovery reform and the restructure of the licensing requirements for Dangerous Goods in Western Australia. Drafting instructions have been completed, as has the Cabinet submission.

### **Dangerous Goods Safety (Road and Rail Transport of Non-explosives) Regulations 2007**

Significant amendments to these regulations are in progress as part of cost recovery reform and the restructure of the licensing requirements for Dangerous Goods in Western Australia. Drafting instructions have been completed, as has the Cabinet submission.

### **Dangerous Goods Safety (Security Risk Substances) Regulations 2007**

These regulations are expected to be repealed and their substantive provisions incorporated into the Dangerous Goods Safety (Storage and Handling of Non-Explosives) Regulations 2007 as part of cost recovery reform and the restructure of the licensing requirements for Dangerous Goods in Western Australia. Drafting instructions have been completed, as has the Cabinet submission.

### **Dangerous Goods Safety (Major Hazard Facilities) Regulations 2007**

These regulations are expected to be repealed and their substantive provisions incorporated into the Dangerous Goods Safety (Storage and Handling of Non-Explosives) Regulations 2007 as part of cost recovery reform and the restructure of the licensing requirements for Dangerous Goods in Western Australia. Drafting instructions have been completed, as has the Cabinet submission.

### **Dangerous Goods Safety (Goods in Ports) Regulations 2007**

These regulations are expected to be repealed and their substantive provisions incorporated into the Dangerous Goods Safety (Storage and Handling of Non-Explosives) Regulations 2007 as part of cost recovery reform and the restructure of the licensing requirements for Dangerous Goods in Western Australia. Drafting instructions have been completed, as has the Cabinet submission.

### **Amendments to the Dangerous Goods legislative regime necessitated by the National OSH harmonisation project**

Significant amendments will be required to the *Dangerous Goods Safety Act 2004* and its Regulations to bring them into line with the new National OSH regime. Preliminary work has commenced on this project.

### **Mining Work Health and Safety Bill and Regulations**

The new national model work health and safety legislation will replace the *Mines Safety and Inspection Act 1994* and supporting regulations and Codes of Practice in line with the national reform agenda agreed by the Council of Australian Governments.

### **Mines Safety and Inspection Amendment Regulations 2011**

These regulations amend the definition of “medical practitioner” in the Mines Safety and Inspection Regulations 1995 to reflect the new *Health Practitioner Regulation National Law (WA) Act 2010* and the terminology contained therein.

### **Petroleum and Geothermal Energy Safety Levies Bill (Act) 2011 and Regulations**

The *Petroleum and Geothermal Energy Safety Levies Act 2011* (presently in Bill form) and regulations (to be drafted) will make provision for the State to collect safety levies from the petroleum industry to fund regulatory services rendered in relation to listed occupational safety and health laws accrued under the *Petroleum and Geothermal Energy Resources Act 1967* and the *Petroleum Pipelines Act 1969*.

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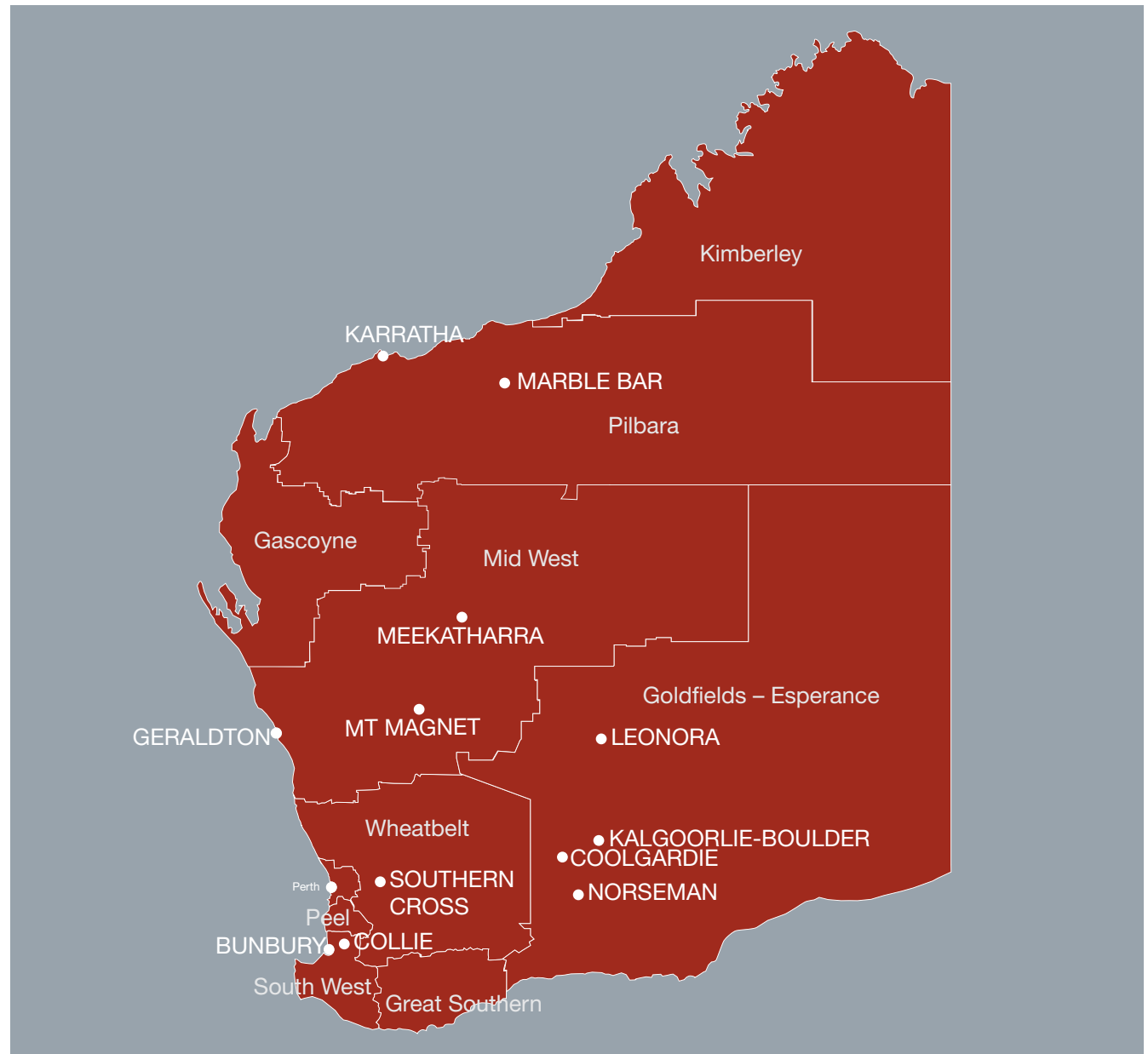
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# Appendix A

## Our Plan for Success to 2013



Government of Western Australia  
Department of Mines and Petroleum

A three year rolling strategic plan for the Department of Mines and Petroleum



### ABOUT US

The Department of Mines and Petroleum (the department), established on 1 January 2009, 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.

A key priority for the department is to improve the approvals process for resources projects as part of a collaborative approach with other relevant government agencies. Strong focus is also being given to a best practice model for mining safety, encouraging exploration in under-explored areas of the State, and regulatory frameworks for new developments such as uranium mining and carbon capture and storage.



### GOVERNMENT GOAL

The State Government has identified five key goals for Western Australia with the department contributing primarily to the goal for financial and economic responsibility.

This focuses on responsibly managing the State's finances through the effective and efficient delivery of services, encouraging economic activity, and reducing regulatory burdens on the private sector.



### OUR VISION

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

### OUR MISSION

Growth of the resource sector which maximizes long term benefits to the Western Australian community.

### OUR VALUES

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



### DEVELOPING OUR STRATEGIC PLAN

Following the department's establishment, the department commenced developing a strategic plan to map out its vision and future directions.

Within the plan, key strategies and success measures have been developed for the department's two main service areas of resources sector and dangerous goods regulation, and geosciences information and advice.

The department's strategic plan reflects government and stakeholder expectations and will help the department achieve its key role in positioning Western Australia as a destination of choice for responsible exploration and development.

The strategic plan is part of the department's planning framework and represents a three year rolling plan of the department's strategies across all business areas to 2013. This document is reviewed annually to ensure the department is on track in achieving its objectives, and reflects the department's response to key issues facing the resources sector.

### OUR STAKEHOLDERS

Broadly speaking, the department's key external stakeholders include:

- Government and the Western Australian community
- Other State and Federal Government agencies
- Industry and peak bodies
- Research and tertiary institutions
- Community groups
- Particular interest groups

These stakeholders are important in influencing the department's role and assessing the department's performance.

### OUR SUCCESS MEASURES

The department strives to deliver effective and efficient services to all of its stakeholders.

The department's success is measured by the extent to which it engages and clearly communicates with these stakeholders, and facilitates the responsible development of Western Australia's mineral and energy resources through meeting agreed timeframes, rates of compliance by industry and maintaining the average weighted cost of its services.

The department endeavours to deliver high quality and timely information and advice to government and industry to ensure the State is recognized as a destination of choice for responsible resources exploration and development.

# Appendix A (continued)

## Our Plan for Success to 2013



Government of Western Australia  
Department of Mines and Petroleum

A three year rolling strategic plan for the Department of Mines and Petroleum

### AGENCY SERVICE

#### 1. RESOURCE SECTOR AND DANGEROUS GOODS REGULATION

Responsible exploration and development of mineral and energy resources and ensuring community expectations are met.

### KEY PERFORMANCE INDICATORS

Our success will be measured through:

- Percentage of approvals completed within agreed timeframes.
- Percentage compliance with approved inspection, audit, tenure and regulatory activities.
- The average weighted cost per regulation service.

### TARGETED STRATEGIES

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

### AGENCY SERVICE

#### 2. GEOSCIENCE INFORMATION AND ADVICE.

Encouragement of exploration and discovery of mineral and energy resources and informed planning.

### KEY PERFORMANCE INDICATORS

Our success will be measured through:

- Assessing the extent to which stakeholders agree the department's geoscience information encourages exploration and discovery and informs planning.
- The average weighted cost per geoscience information and advice service.

### TARGETED STRATEGIES

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

### BROAD STRATEGIES

#### INFORMATION, POLICY AND SERVICES

We deliver high quality services and information to the Western Australian community and for the development of the resources sector.

- IP.1 Provide a framework for increased research and innovation in minerals and energy in WA.
- IP.2 Ensure policy, legislation, decisions and services are based on comprehensive analysis of information.
- IP.3 Provide ready access to up-to-date and accurate information and guidance material.
- IP.4 Advise government on barriers to exploration and resources development and requirements for emerging developments and the economic impact for the sector.

#### SECTOR LEADERSHIP

Our leadership strengthens the resources sector in Western Australia.

- L.1 Work with other State and Commonwealth agencies to address key issues, and to drive successful resource development projects in WA.
- L.2 Work collaboratively with government, business, industry and the community to leverage our existing systems, and improve industry performance and encourage sustainable behaviours to support growth in exploration and development within WA.
- L.3 Ensure the department is actively involved in the development of policies and programs that affect the resources sector, and influence the debate and development of emerging policy at State and Federal forums.

#### STAKEHOLDERS

We have effective and valued relationships with our stakeholders.

- S.1 Communicate and champion the department's role and vision to ensure our stakeholders understand and value the role of the department.
- S.2 Promote the value of the resources sector to the community.
- S.3 Actively participate in critical reviews and communicate with and inform stakeholders of the Department's response to the outcomes of such reviews.
- S.4 Work collaboratively internally, and with stakeholders, to ensure openness, transparency and engagement in decision-making.

#### OUR PEOPLE AND ORGANISATION

We have the people, approach, systems and leadership to enable us to respond to change and realise our vision.

- P.1 Facilitate achievement of departmental outcomes through engagement of staff in planning and delivery of appropriate policies, systems and processes.
- P.2 Leverage technology to improve our business practices.
- P.3 Provide a safe and supportive working environment to attract, develop and maintain a talented and dedicated workforce.
- P.4 Strengthen leadership capability within the department through succession planning, recruitment and coordinated training, career and professional development.

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