



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



Annual Report > 2016-17

Contributing to making Western Australia the destination of choice for responsible resource exploration and development

Contacts

Department of Mines and Petroleum

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

T: +61 8 9222 3333

National Relay Service: 13 36 77

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

E: dmp@dmp.wa.gov.au

www.dmp.wa.gov.au

 Department of Mines and Petroleum

 @DMP_WA

 dmp.wa.gov.au/subscriptions

This report is available online and on request in other formats for people with special needs.

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Welcome

This annual report summarises the activities and performance of the Department of Mines and Petroleum (DMP) in 2016-17 against key objectives, services and challenges. As well as reporting on results for the 2016-17 financial year, the report also briefly looks to the year ahead when DMP will amalgamate with the Department of Commerce to form the Department of Mines, Industry Regulation and Safety from 1 July 2017.

This report is available on the department's website at www.dmp.wa.gov.au. The website also contains a complete archive of departmental annual reports dating back to 1894, providing an opportunity for readers to explore the history of resources development in Western Australia.

Statement of Compliance

For year ended 30 June 2017

Hon. Bill Johnston MLA

Minister for Mines and Petroleum, Commerce and Industrial Relations, Electoral Affairs, Asian Engagement

I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Mines and Petroleum (DMP) for the financial year ended 30 June 2017.

The Annual Report has been prepared in accordance with Section 63 of the *Financial Management Act 2006* (FMA) and any other relevant written law.



David Smith

Director General, Department of Mines, Industry Regulation and Safety

“Western Australia is one of the world’s most diversified resources jurisdictions, producing more than 50 different commodities, making it a leading contributor to the State’s economy.”



Inspecting a tray of drilling cuttings in Harvey.

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Core samples are stored at the Perth Core Library in Carlisle and Joe Lord Core Library in Kalgoorlie.

Director General's message

Western Australia is one of the world's most diversified resources jurisdictions, producing more than 50 different mineral commodities, making it a leading contributor to the State's economy.



The Department of Mines and Petroleum (DMP) is the regulator of this significant sector. The department's strong regulatory framework, along with its innovative and adaptive management approach, contributed to the State being recognised as one of the world's most attractive mining investment jurisdictions.

This annual report provides an opportunity to showcase some of the department's achievements during the past 12 months and has been structured to reflect the services, challenges and significant outcomes outlined in the department's strategic plan.

The department's ongoing commitment to making Western Australia a destination of choice for responsible resources exploration and development was recognised in 2016, with a Premier's Award in the 'Western Australia in Asia' category for 'Strategic Engagement with China's Resource Sector'.

One of the most significant projects during 2016-17 was the completion of the \$7.3 million upgrade to the Perth Core Library in Carlisle, which was opened on budget and on time in November 2016. The project cemented the library's status as a world-class geoscience facility, by increasing storage by 3500 square metres and nearly doubling the pallet storage capacity from 8640 to more than 15,000.

DMP's strong emphasis on environmental responsibility and stakeholder engagement was also strongly demonstrated throughout the year, with the completion of the final revegetation works at the Black Diamond pit lake site near Collie. This was the first of four pilot sites to be rehabilitated as part of the Mining Rehabilitation Fund's Abandoned Mines Program. The rehabilitation process for the Black Diamond site included extensive community consultation to provide an ecologically stable recreation space that is now an asset to the area.

The development of online systems also continued over the past 12 months and will expand further over the coming years. Online systems offer faster, more seamless ways to do business. The new map-based online system for lodging Programme of Work (PoW) applications went online on 1 March 2017. It was received positively by stakeholders, who were provided with training sessions before and after the launch.

Towards 2020, the department's regulatory strategy, covering all legislation administered by our Resources Safety Division, was launched in May at the Minesafe International 2017 conference. This online resource shares the department's vision for a safe and healthy resources industry, and how it can be achieved.

Looking back, I am pleased to have taken on the role of Acting Director General of this department from 3 May 2017. I am greatly indebted to my predecessors who shaped this department's direction and successfully delivered its services. Richard Sellers was the Director General from 1 July to 9 September 2016 and Dr Tim Griffin was the Acting Director General from 10 September 2016 to 2 May 2017.

Thanks to their efforts, I was able to focus on bringing together DMP with the Department of Commerce to form the new Department

“This annual report provides an opportunity to showcase some of the department's achievements during the past 12 months and has been structured to reflect the services, challenges and significant outcomes outlined in the department's strategic plan.”

of Mines, Industry Regulation and Safety (DMIRS) on 1 July 2017. The willingness of all staff to step in and take on different roles as required during this transition has enabled the amalgamation to proceed smoothly, maintaining services to our stakeholders.

It is this approach that will ensure our success as a new department, which will work for a safe, fair and responsible future for the Western Australian community, industry and resources sector.

A handwritten signature in black ink, appearing to read 'D Smith'. The signature is fluid and cursive, written over a white background.

David Smith
Director General

Executive summary

Western Australia's strong resources sector continued to play a large role in the State's development during 2016-17.

DMP is responsible for managing access to the State's mining and petroleum resources. This requires regulating resource industries and dangerous goods, including collecting royalties, plus ensuring that safety, health and environmental standards are met.

The value of the WA's mineral and petroleum industry during 2016-17 was about \$105 billion, with royalties collected on behalf of the State totalling more than \$5 billion. The State's two key commodities enjoyed a positive year with iron ore sales increasing by almost 31 per cent on the previous financial year to almost \$64 billion and gold increasing its sales to \$10.8 billion.

DMP has emerged as a global leader in terms of expertise in the areas of regulation and safety as well as in the development of new technologies. This annual report is a snapshot of achievements and programs from the past year reflecting the department's focus on:

- building a trusted position with stakeholders
- reshaping the organisation to deliver more value
- encouraging responsible development of the State's resources through risk-based and outcome-focused regulation.

The [Opportunities and Challenges](#) section offers an in-depth look at the significant issues impacting the Department's performance including global factors while the [Report on operations and performance](#) section outlines the department's three service areas and its key challenges.

The department's most valuable asset is its staff, and the [Disclosures and legal compliance](#) section includes some significant departmental achievements such as scoring an 84 per cent staff satisfaction rate in the Public Sector Commission's [Employee Perception Survey](#), a top ranking for its [interagency graduate program](#) and winning a [Best Practice in Health and Wellbeing award](#) from the Institute of Public Administration Australia (IPAA) WA for its wellness program.

Year in numbers



7584

Number of applications received

94.4% Percentage of applications finalised within target timelines



2232

Number of Programme of Work (mineral exploration) applications received

\$101bn

Estimated worth of WA's resource projects under construction or in committed development (as at March 2017)



**\$5.2
BILLION**

in Royalties collected on behalf of the State for 2016-17



**\$105
BILLION**

in reported sales for the mineral and petroleum industry in 2016-17

Performance at a glance

The department's mission is to contribute to making WA the destination of choice for responsible resources exploration, development and operations. To realise this mission, the department's performance measures are defined and monitored through an outcome based management framework, featuring seven Key Performance Indicators (KPIs) to measure progress towards delivering its strategic goals.

Key Challenge

Reshaping the organisation, approval and compliance systems to deliver more value to customers

Indicator: KPI 1



Target 92%

Actual 98%

Measure: Percentage of applications determined within agreed timeframes

Strategic Outcome: High resource industry standards are maintained

[Full information on page 73](#)

Key Challenge

Reshaping the organisation, approval and compliance systems to deliver more value to customers

Indicator: KPI 3



Target 97%

Actual 96%

Measure: Percentage of compliance with regulated resource exploration and development conditions

Strategic Outcome: High resource industry standards are maintained

[Full information on page 75](#)

Key Challenge

Reshaping the organisation, approval and compliance systems to deliver more value to customers

Indicator: KPI 2



Target 100%

Actual 105%

Measure: Percentage of compliance activities completed as planned

Strategic Outcome: High resource industry standards are maintained

[Full information on page 74](#)

Key Challenge

Continuing to build a trusted position with stakeholders

Indicator: KPI 4



Target 75%

Actual 84%

Measure: Stakeholder satisfaction with effectiveness of DMP as a regulator

Strategic Outcome: Engagement is valued by stakeholders and improves regulatory and promotional roles of DMP

[Full information on page 76](#)



Target not met



Target exceeded



Target met

Section 1: Department overview

Key Challenge

Encouraging responsible exploration and development of mineral and petroleum resources

Indicator: KPI 5



Target \$13,559

Actual \$1,096

Measure: Average weighted cost of information and product services

Strategic Outcome: Western Australia is the lowest risk destination for resource development

[Full information on page 77](#)

Key Challenge

Reshaping the organisation, approval and compliance systems to deliver more value to customers

Indicator: KPI 6



Target \$1,028

Actual \$1,092

Measure: Average weighted cost of application determination services

Strategic Outcome: Allocation of DMP resources are optimised

[Full information on page 78](#)

Key Challenge

Reshaping the organisation, approval and compliance systems to deliver more value to customers

Indicator: KPI 7



Target \$4,711

Actual \$1,153

Measure: Average weighted cost of regulatory and compliance services

Strategic Outcome: Allocation of DMP resources are optimised

[Full information on page 79](#)



The viewing area at the Perth Core Library.

Budget expenditure

Financial Indicators	Target/result (\$000)		Comments
Total cost of services	Actual 2016-2017	155,181	The total cost of services was less than target as additional savings measures and expenditure reductions were initiated by the department to alleviate the impact of regulatory revenue shortfalls for the financial year. Total cost of services for the 2016–17 financial year is comparable to the actual for the 2015–16 financial year.
	Target 2016-2017	163,667	
	Actual 2015-2016	154,543	
Net cost of services	Actual 2016-2017	75,914	Net cost of services was higher than target due to reduced collections of revenue. The department's revenue is volatile and reflects the downturn in the resources industry which caused Mines Safety levies, Mineral Titles fees, Petroleum Titles fees and Dangerous Goods licensing fees to be lower than expected. Net cost of services for the 2016–17 financial year is comparable to the 2015–16 financial year.
	Target 2016-2017	65,408	
	Actual 2015-2016	72,277	
Total equity	Actual 2016-2017	205,132	In addition to the above explanations regarding total cost of services and net cost of services, the variation is due to movements in land and building valuations for the 2016–17 financial year and a capital cash injection due to revenue shortfalls.
	Target 2016-2017	210,524	
	Actual 2015-2016	188,241	
Net increase/(decrease) in cash held	Actual 2016-2017	17,433	The total increase in cash held for the 2016–17 financial year is less than target due to a combination of lower than expected revenue collections combined with the expenditure reductions initiated by the department.
	Target 2016-2017	21,266	
	Actual 2015-2016	19,959	

Further details are provided in Section 7, from page 80

Full-time equivalent (FTE) staff	Target/result (FTE)		Comment
Total cost of services	Actual 2016-2017	754	Actual FTE numbers were below the department's approval ceiling and last year's actual due the continuing implementation of the Government's workforce renewal policy.
	Ceiling 2016-2017	823	
	Actual 2015-2016	770	

Section 2: Department in focus



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Former Minister for Mines and Petroleum Hon. Sean L'Estrange MLA (left) and DMP Acting Director General Tim Griffin (right) congratulate 2016 Service Recognition Award recipients Jayantha Ranasooriya, Daphne Lobo, Henrietta Wong and Jeffrey Haworth.

About us

DMP is responsible for ensuring the State's resources sector is developed and managed responsibly for the benefit of all Western Australians.

The department employs approximately 750 full time equivalent staff. The majority are located at Mineral House, which is the department's head office at 100 Plain Street in East Perth, and at 1 Adelaide Terrace in East Perth.

Regional offices at Collie, Coolgardie, Kalgoorlie, Karratha, Leonora, Marble Bar, Meekatharra, Mount Magnet, Norseman and Southern Cross accommodate mining registrars for the administration of mineral titles. The largest regional office is in Kalgoorlie which accommodates safety, environment, mineral titles and geological officers, as well as the Joe Lord Core Library.

The department has an office in Bunbury with responsibility for the South West Hub Carbon Capture and Storage project, and regional liaison officers based in Broome, Karratha and Kalgoorlie.

“DMP employs approximately
750 full time equivalent staff.”



DMP office locations

Case Study

Liaison officers engage with regional community



DMP Regional Liaison Officers Brian Lloyd (left) and Anthony Anderson (right) in the field with Dangerous Goods Officer Alex Blackman (centre).

Every day brings something different for DMP's three liaison officers based in Broome, Kalgoorlie and Karratha with prospectors, pastoralists and Local Government just some of the stakeholders they engage with.

The officers report to the Mineral Titles Division but their work encompasses all business areas within the department from dealing with land access queries, largely from prospectors, to offering guidance on the use of Geological Survey of WA databases and other online systems. They also provide advice and assistance with environmental approvals processes.

Staying in close contact with stakeholders also helps to identify emerging issues and arrange quick responses from key staff and senior management at the Perth head office to queries when required.

The liaison officers also provide assistance to other government agencies including WA Police, respond to reports or complaints about unauthorised prospecting, travel to remote areas and provide community education.

Some of the significant work carried out in 2016-17 included:

- Visits to remote Aboriginal communities to inform community members about the department's role as regulator of the resources industry as well as to address any concerns raised.
- Liaising with schools in the regions including representing DMP at various careers day events.
- Supporting WA Police on issues about the rights and obligations of prospectors and the DMP processes and online systems currently in use. The Liaison Officer in the Pilbara is now a contact on several of the Local Emergency Management Committees (LEMC) in the event of missing persons.
- Regular visits to isolated areas to educate prospectors on their rights and obligations, and supply pamphlets and other mining related information to popular locations in towns that are frequented by prospectors and interstate travellers.

Responsible Minister

Change of Minister

The Hon. Bill Johnston MLA, Minister for Mines and Petroleum; Commerce and Industrial Relations; Electoral Affairs; Asian Engagement was DMP's responsible Minister from 22 March 2017 to 30 June 2017.

The Hon. Peter Tinley MLA, Minister for Mines and Petroleum; Veteran Issues; Youth was DMP's responsible Minister from 17 March 2017 to 22 March 2017.

The Hon. Sean L'Estrange MLA, Minister for Mines and Petroleum; Finance; Small Business was DMP's responsible Minister from 1 July 2016 to 17 March 2017.



The Hon. Bill Johnston
MLA



The Hon. Sean L'Estrange
MLA

Administered Legislation

DMP assists the Minister for Mines and Petroleum to administer more than 20 Acts of the Parliament of Western Australia including the following Acts:

- *Dangerous Goods Safety Act 2004*
- *Mines Safety and Inspection Act 1994*
- *Mining Act 1978*
- *Mining Rehabilitation Fund Act 2012*
- *Offshore Minerals Act 2003*
- *Petroleum Act 1936*
- *Petroleum (Submerged Lands) Act 1982*
- *Petroleum and Geothermal Energy Resources Act 1967*
- *Petroleum Pipelines Act 1969*
- *Petroleum Titles (Browse Basin) Act 2014*
- *Petroleum and Geothermal Energy Safety Levies Act 2011*
- *Offshore Petroleum (Royalty) Act 2006*
- *Offshore Petroleum and Greenhouse Gas Storage Act 2006*

and subsidiary legislation (regulations) made under these Acts.



Organisational structure

DMP is the lead agency for ensuring the State's resources sector is developed and managed responsibly and sustainably for the benefit of all Western Australians.

Western Australia is one of the most diversified minerals and energy regions in the world, producing more than 50 different mineral commodities. DMP's world-class geoscience information, encouragement of investment and program of reforms is central to Western Australia's position as a world-leading mining jurisdiction.

DMP delivers services through the following divisions:

Environment

The Environment Division delivers environmental regulatory services that support the responsible development of the State's mineral and petroleum resources. Environment officers and inspectors assess mining and petroleum projects, and monitor and address compliance with the environmental conditions and outcomes set for mining and petroleum operations. The Division also administers the Mining Rehabilitation Fund, which incentivises progressive rehabilitation during mining operations and allows for high priority environmental and safety risks associated with abandoned mines to be addressed through the Abandoned Mines Program. Legislation and key cross-government collaborative projects are also lead by the division.

Geological Survey

The Geological Survey of WA Division produces state-of-the-art databases, books and maps for the benefit of the Western Australian community including prospectors, explorers, miners and investors. This information provides the building blocks for the

design of exploration programs that attract investment to Western Australia. It is also critical to government when determining policy, and in decision making, particularly in relation to economic and land-use issues.

Mineral Titles

The Mineral Titles Division is responsible for the administration of mining titles and maintenance of title registry systems (Mineral Titles Online and Tengraph Online). It promotes secure, equitable and transparent tenure in Western Australia by providing current information on land availability and details on mining tenements. The division has an important regional presence with officers operating from 10 country locations, providing a range of services in the regulation of exploration and mining, and strong community engagement.

Petroleum

The Petroleum Division is responsible for regulating exploration, development and production of petroleum and geothermal energy resources, in accordance with petroleum legislation. The division manages the availability of areas for exploration through a permit and licensing system and evaluates technical matters. The division also engages with the petroleum industry to ensure compliance with regulation using industry best-practice, from exploration through production to decommissioning and site rehabilitation.

Resources Safety

The Resources Safety Division administers occupational safety and health legislation for mining and petroleum operations, and the licensing regime and safety legislation for dangerous

goods, including regulation of the State's major hazard facilities. The division is committed to working with industry and workers to help reduce the number and severity of serious accidents and incidents, and provides support for positive workplace cultural change. This is achieved through education, enforcement and the provision of specialist advice to stakeholders.

Strategic Policy

The Strategic Policy Division works across the department and with other agencies and stakeholders on a broad range of strategic issues that support responsible development of the State's resources. This includes the reporting and analysis of resource statistics, analysis of emerging issues, collection of royalties, investigation and prosecution of serious incidents, strategic and expert advice, and the South West Hub Carbon Capture and Storage project.

Strategic Projects

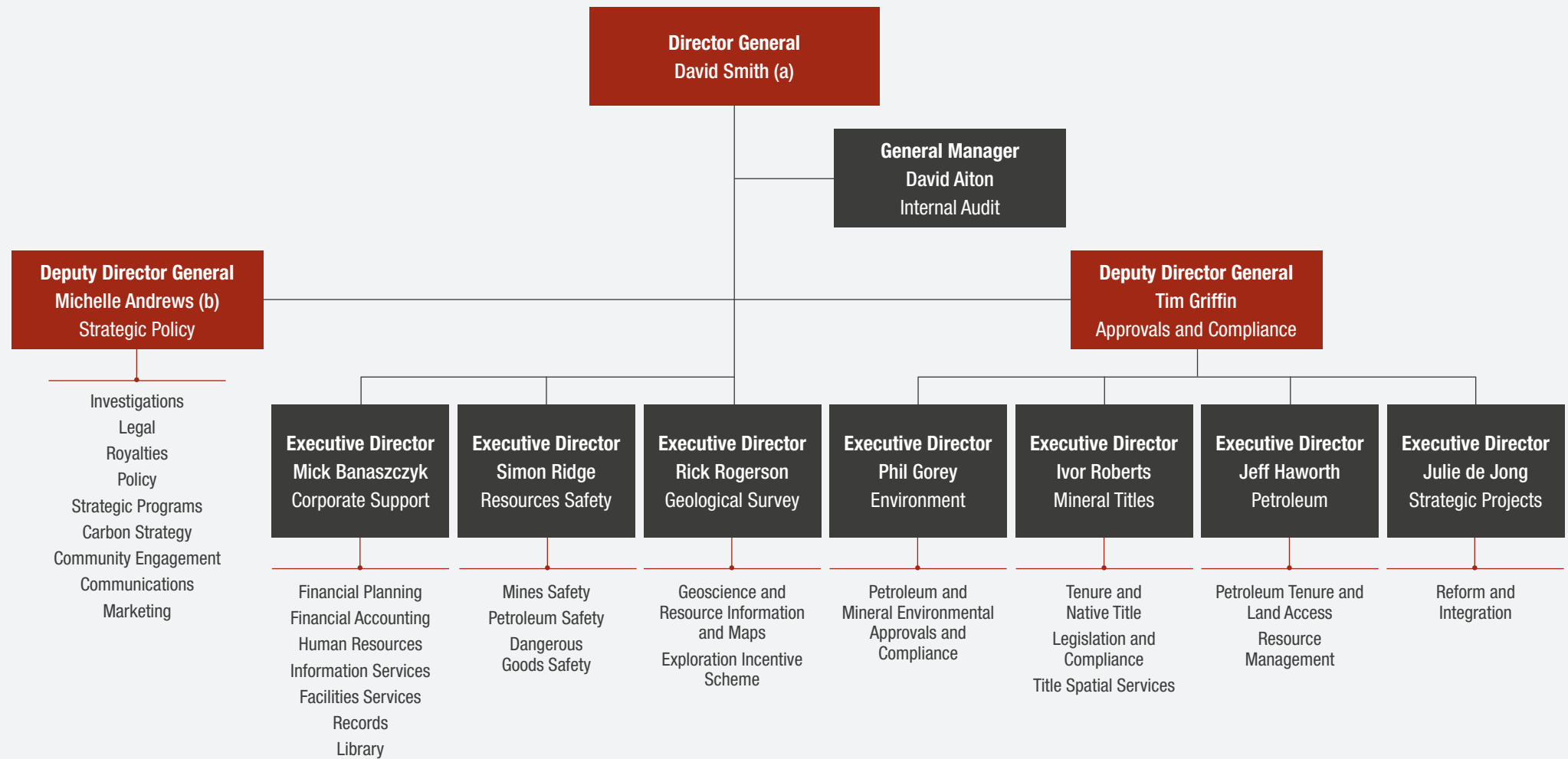
The Strategic Projects Division has a lead role in managing projects that deliver benefits to staff, customers and the State Government through improved accuracy and timeliness.

Corporate Support

The Corporate Support Division provides information technology, financial, human resources, records and facilities services to the department.

Corporate Executive

Appointed executive team as at 30 June 2017



(a) During 2016-17, Mr Richard Sellers was the Director General from 1 July to 9 September 2016. Dr Tim Griffin was the Acting Director General from 10 September 2016 to 2 May 2017. Mr David Smith was appointed as the Acting Director General from 3 May to 30 June 2017.

(b) Michelle Andrews was seconded to Department of Premier and Cabinet's Service Priority Review in May 2017.

Leadership

David Smith, Acting Director General

Since commencing in the role on 3 May 2017, David Smith has worked towards the transition to the new Department of Mines, Industry Regulation and Safety on 1 July 2017. The new department will amalgamate DMP with the regulatory and labour relations functions for the Department of Commerce. Previously, David was appointed Acting Director General at the Department of the Premier and Cabinet (DPC) in August 2016, where he had been the Deputy Director General since August 2008. Before DPC, David was a member of the Corporate Executive of the Department of Treasury and Finance (DTF), with responsibility for economic policy. He was in DTF in a variety of positions for 12 years. David also has more than 20 years of experience in the Commonwealth public service, including the Department of the Prime Minister and Cabinet and an overseas posting with the Department of Foreign Affairs and Trade. He has also worked with a private economic consultancy in London.



Tim Griffin, Deputy Director General, Approvals and Compliance

Since his appointment to this role in May 2010, Tim Griffin has focused on a continuous program of innovative reforms. The aim is to improve efficiencies by using electronic systems to speed up the submission and assessment of applications for approval to develop resource projects. The reforms have resulted in higher levels of compliance with conditions, and better protection of environmental values. Tim has more than 15 years' experience in senior management roles relating to the minerals and energy sector. He worked as a geologist prior to taking on the role as Executive Director, Geological Survey, which he held for 10 years.



Michelle Andrews, Deputy Director General, Strategic Policy

Michelle Andrews commenced in the position of Deputy Director General, Strategic Policy in July 2011. Michelle has more than 30 years' experience in the public sector contributing to major project approvals, environmental legislation and public sector reform. In her role, Michelle focused on resource development policy and strengthening the department's relationships across government, and with industry and the community.



Mick Banaszczyk, Executive Director, Corporate Support

Mick Banaszczyk was appointed to this role 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.



Rick Rogerson, Executive Director, Geological Survey

Rick Rogerson joined the department in late 1995 and was appointed to this role in 2010. Before returning to Australia in 1995, Rick held executive positions in the Papua New Guinea Department of Mines and Petroleum. He has more than 35 years' experience in geoscience, mineral policy advice and management, including consultancy work providing technical assistance, mainly in mineral policy and strategic management.



Ivor Roberts, Executive Director, Mineral Titles

Ivor Roberts was appointed to this role 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. Previously, he held academic and research positions at several universities, including the University of New South Wales and the Western Australian School of Mines.



Jeff Haworth, Executive Director, Petroleum

Jeff Haworth was appointed to this role in November 2013. Jeff has worked in both the mineral and petroleum industries for more than 40 years. He joined the department in 1991 as the Petroleum Data Manager, and later worked in the Geological Survey Division managing research and basin studies into petroleum systems in Western Australia. In 2011, Jeff took up the role of Director of Technology, Petroleum and Geothermal in the Petroleum Division, overseeing the regulatory management of Western Australia's upstream petroleum industry, prior to taking up his present position.



Simon Ridge, Executive Director, Resources Safety

Simon Ridge was appointed to this role in 2012. Simon is a qualified geologist and mining engineer with more than 40 years of experience in the resources sector. He has worked extensively in open pit and underground metalliferous mines in Africa and Australia including copper, nickel, iron and gold operations. Simon has held various positions including supervisor, registered manager, consultant and regulator. For the past 27 years, Simon has worked as a regulator in Western Australia and South Australia. As a regulator, he has been involved in all aspects of mining and major hazard facilities.



Julie de Jong, Executive Director, Strategic Projects

Julie de Jong commenced in this role in September 2014. Julie was previously the Executive Director for the Industry, Science and Innovation Division within the Department of Commerce. In the role, Julie leads a number of transformation projects, including high-level integration across the department and increasing the capacity for online transactions with customers in line with the State Government's Digital WA Strategy. Additionally, she is also undertaking significant cross-agency collaboration on a range of strategic issues.



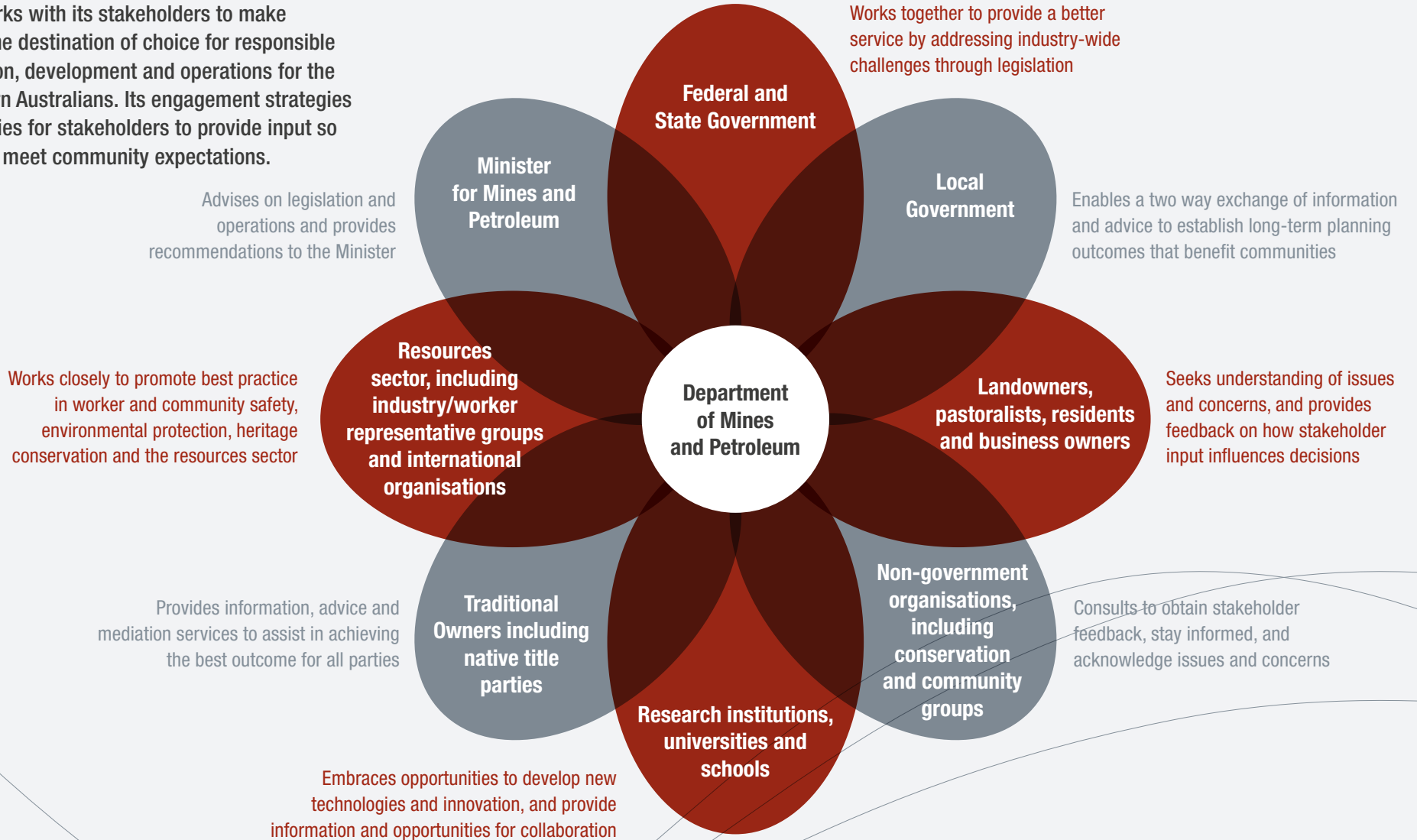
Phil Gorey, Executive Director, Environment

Phil Gorey joined the department in 2009. Phil has more than 20 years' experience in natural resources management, environmental assessment and regulation of mining and heavy industry. He also has experience in delivering contentious policy reform programs in areas such as regional water management strategies, land use planning and natural resource development. Phil has worked in state government departments in Victoria and South Australia, and, prior to joining the department, was a principal in a private sector consultancy.



Stakeholders

The department works with its stakeholders to make Western Australia the destination of choice for responsible resources exploration, development and operations for the benefit of all Western Australians. Its engagement strategies facilitate opportunities for stakeholders to provide input so the department can meet community expectations.



Shared responsibilities with other agencies

Memoranda of Understanding (MOUs), administrative agreements and the development of guidelines for industry in 2016-17 demonstrate how interagency collaboration is resulting in more efficient processes and supporting best practice for industry.

DMP and the Department of Water (DoW) worked together to develop the Guideline for Groundwater Monitoring in the Onshore Petroleum and Geothermal Industry – August 2016. This guideline assists petroleum and geothermal operators to develop effective groundwater monitoring programs and encourage industry best-practice.

The State Government's Lead Agency Framework allows DMP to take on a proactive role as the Lead Agency in assisting proponents of complex projects through the entire approvals process across all agencies, including assistance with stakeholder engagement programs.

One of the significant Lead Agency projects to receive approval in 2016-17 was the Gruyere Gold Project. Construction works are now well underway after DMP approved the Project Management Plan, Mining Proposal and Mine Closure Plan in February 2017.

Gold Road Resources is undertaking the project as a 50:50 joint venture with Gold Fields Ltd at the new open pit mine located about 200 kilometres east of Laverton. The deposit is the first major gold find in the relatively underexplored Yamarna Greenstone Belt and Gold Road Resources was successful in receiving a Co-funded Drilling offer from the Exploration Incentive Scheme (EIS) for the project in 2015.

Other projects receiving approval coordination service include the Sheffield Resources Thunderbird Mineral Sands located in the West Kimberley, Ravensthorpe Nickel Mine Shoemaker – Levi expansion

project, Hasting Technology Metals Rare Earth Project, Toro Energy's Wiluna Expansion Project, Vimy Resources' Mulga Rock Project, the Cameco Yeelirrie Project, the South West Hub Carbon Capture and Storage Project and the Chevron Thevenard Island Decommissioning Project.

MOU with Department of Lands

A MOU was executed between DMP and the Department of Lands (DoL) in August 2016 – relating to statutory request and administrative referral of mining, petroleum, geothermal energy and land tenure proposals on Crown land. The MOU establishes agreed arrangements for effective and efficient consultation between the two agencies. Details include agreed principles that would be applied to land use decisions, an agreement to continue collaboration and a defined structure for the referral process between the agencies including timeframes.

Preceding the MoU, DMP worked closely with DoL and Landgate in developing a fully electronic system for referrals needed to facilitate the land component of the South West Native Title Settlement. The final phase 2 of the project was completed in the second half of 2016.

MOU with Department of State Development

A MOU was executed between DMP and the Department of State Development (DSD) for the provision of cartographic, GIS, data management and spatial research services in August 2016. The MOU clarifies the respective roles of each department.

Case Study

Mineral Titles completes OEPA spatial datasets trial

A strong example of collaboration under a MOU is a trial conducted by DMP's Mineral Titles Division assisting the Office of the Environmental Protection Authority (OEPA) to verify and expand the quality of its spatial datasets through audits of existing data and a back-capture program. The project contributed to red tape reduction through the streamlining of government approval processing using spatial data and information, benefiting both agencies, and established a close interagency data and information relationship.

The project reduced risks associated with implementing the State Government's commitment to establishing a State Environmental Data Library for which DMP is the lead agency. In addition, the project has ensured DMP has access to spatial representation of OEPA assessment areas so that it can comply with its obligations under the Memorandum of Understanding between the two agencies in relation to the referral of onshore mineral exploration and mining development proposals.

Performance management framework

The strategic plan, titled **Our Plan for Success to 2019**, is part of the department’s planning framework and represents a three-year rolling plan of strategies across all business areas.

Our Plan for Success guides service delivery and sets the strategic vision to achieve the department’s mission: To contribute to making Western Australia the destination of choice for responsible resource exploration and development.

Key performance indicators (KPIs) allow monitoring of progress in delivering services that have been identified as contributing to

achieving that mission. The aim is to provide effective and efficient delivery of services, encourage economic activity and reduce regulatory burdens on the private sector, while ensuring that activity is managed in a socially and environmentally responsible manner.

KPIs are monitored regularly in order to be responsive to issues and to continuously improve services.

Our Plan for Success to 2019



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

DMP is responsible for ensuring the State’s resources sector is developed and managed responsibly for the benefit of all Western Australians.

GOVERNMENT GOALS

- Financial and economic responsibility
- Social and environmental responsibility

DMP MISSION

Contribute to making Western Australia the destination of choice for responsible resource exploration and development

OUR SERVICES

Providing resources sector information and advice to industry, community and government

Provision of geoscience and policy information to the WA community and to attract investment

Managing land access for resources related activity to optimise return to the State

Provision of consistent, equitable and secure titles system through streamlined user-friendly processes

Responsible resources sector regulation

Risk-based adaptive approach to resources development and regulatory compliance to meet community expectations.

Key Challenges for DMP	Strategic Outcomes	Priority Activities
Continuing to build a trusted position with stakeholders	Engagement is valued by stakeholders and improves regulatory and promotional roles of DMP	<ul style="list-style-type: none"> • Develop communication and engagement plans that are specific to stakeholders • Improve relationships with key stakeholder groups • Improve access to timely and high quality resources and land use information • Continue to work across tiers of government to ensure a consistent approach to resource development
Reshaping the organisation, approval and compliance systems to deliver more value to customers	<p>Allocation of DMP resources are optimised</p> <p>High resource industry standards are maintained</p>	<ul style="list-style-type: none"> • Implement an integrated DMP approach to doing business • Further streamline approval and compliance processes and systems including end-to-end electronic processing • Continue to reform legislation and administrative policies to improve efficiencies for DMP and industry • Continue to improve risk-based regulatory compliance • Use capability and competency frameworks to drive a skilled and diverse DMP workforce • Improve workforce diversity for women in leadership, youth, disability, indigenous, and gender • Improve workplace flexibility and cross-divisional projects and work groups
Encouraging responsible exploration and development of mineral and petroleum resources	Western Australia is the lowest risk destination for resource development	<ul style="list-style-type: none"> • Increase use of emerging technology in provision of pre-competitive information • Increase alignment of activities to the National Mineral Exploration Strategy • Collect and analyse data for future carbon storage activities • Continue promoting resource investment in Western Australia

Context: This plan is undertaken in the light of changing economic, environmental and social expectations through a transparent and open approach to engaging stakeholders and supporting government decision making.

Relationship to Government Goals

DMP is committed to contributing to the State Government's goals of Financial and Economic Responsibility, and Social and Environmental Responsibility. This is achieved through encouraging investment in Western Australia while ensuring that investments meet social and environmental obligations.

Outcome Based Management Structure

A revised Outcome Based Management (OBM) structure was implemented for 2016-17. The revised OBM better aligns with operational divisional outcomes and services to achieve the Government's Goals.

The revised OBM includes four effectiveness indicators and three efficiency indicators.

Outcome Based Management Structure

Financial and economic responsibility

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

Social and environmental responsibility

Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State

Agency Level Desired Outcomes

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

Key effectiveness indicators:

- KPI 1: Percentage of applications determined within agreed timeframes
- KPI 2: Percentage of compliance activities completed as planned
- KPI 3: Percentage of compliance with regulated resource exploration and development conditions
- KPI 4: Stakeholder satisfaction with effectiveness of DMP as a regulator

Agency Services

Providing resource sector information and advice to industry, community and government

Key Efficiency Indicators

KPI 5: Average weighted cost of application determination services

Managing land access for resource related activity

Key Efficiency Indicators

KPI 6: Average weighted cost of application determination services

Regulating resource sector development for Health and Safety, Social responsibility, Environment and Dangerous Goods

Key Efficiency Indicators

KPI 7: Average weighted cost of regulatory and compliance services

Section 3: Opportunities and challenges

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Director Mines Safety Andrew Chaplyn, Graduate Officer Tyler van der Merwe and DMP's first Inspector of Mines – Mental Health and Wellbeing Amy Douglas-Martens.

Significant issues

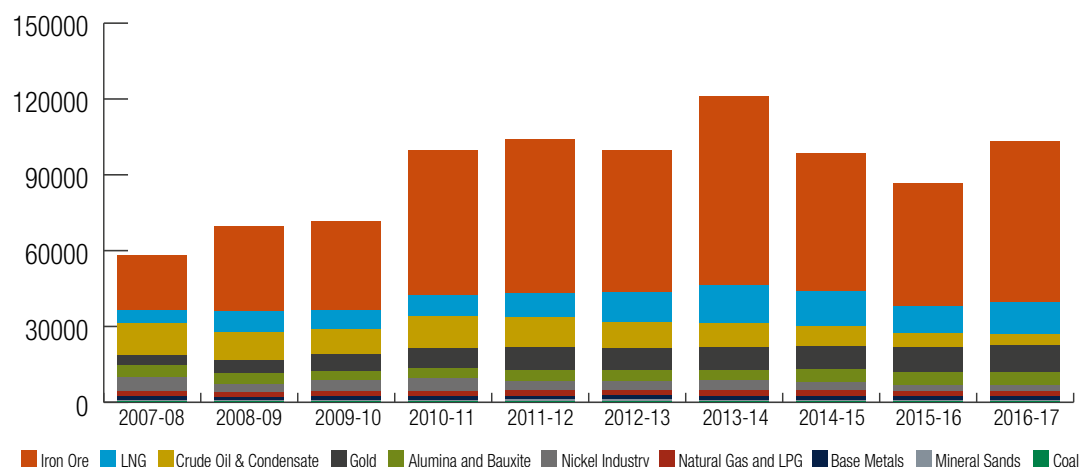
During 2016–17, global commodity markets continued to rebalance amid slowing investment, mine closures, global political uncertainty and policy change. Despite these challenges, many commodity markets saw the first signs of recovery, providing much needed relief for local producers.

Western Australia's mineral and petroleum industry reported sales of \$105 billion, an increase of 19 per cent on 2015–16. The increase was led by better than expected iron ore prices and the continued strength of the gold sector.

The State's iron ore sales rose almost 31 per cent to \$64 billion in 2016–17 while the gold sector accounted for \$11 billion in sales, a 7 per cent increase on 2015–16.

Despite continued pressure on the global petroleum market, the value of WA's petroleum sector increased for the first time since 2013–14. Overall, the sector was valued at \$19 billion, up 5 per cent on last year. LNG remained the State's most valuable petroleum product in 2016–17 contributing almost \$13 billion in sales.

Value of Western Australia's resource sector



▲ Value of WA's mineral and petroleum sales in 2016–17 was **\$105 billion**, an increase of **19%**

▲ Value of WA's iron ore sales was **\$64 billion** in 2016–17, an increase of **almost 31%**

▲ Value of WA's gold sales was **\$11 billion**, an increase of **7%**

Source: DMP resources data files.

WA's minerals sector remains a significant employer in the State, with 108,930 people directly employed in mining and exploration as at 30 June in 2016–17. Direct employment remains high relative to just 10 years ago, when the average number of people employed was 62,112 (an increase of over 75 per cent).

As an indicator of the strength and resilience of WA's mineral and petroleum industry, the State remains Australia's leading investment and exploration destination.

- WA's share of national mining investment has averaged about 59 per cent for the past 10 years. In 2016–17, more than \$22 billion was invested in Western Australia.
- WA accounted for 66 per cent (\$1 billion) of Australia's total mineral exploration expenditure (\$1.6 billion). Gold exploration drove the bulk of this with \$509 million expended in 2016–17 compared with \$386 million in 2015–16.
- The completion of a major exploration drilling project in the State's north, combined with the start of a new activities in the Northern Territory saw Western Australia's share of national petroleum exploration expenditure fall from 73 per cent in 2015–16 to 47 per cent in 2016–17.

Section 3: Opportunities and challenges

Some of the global trends impacting on Western Australia's mining and petroleum industry during 2016–17 included:

- Community engagement: International incidents such as the collapse of the Samarco tailings dam in Brazil and the fracking debate have reinforced the critical importance of resource companies maintaining their social licence to operate. Successful companies have shown the value of transparency, communication and operating in tandem with communities through local labour and services procurement, including employing indigenous persons, as well as supporting local infrastructure and events.
- Operational productivity and rising costs: Extensive cost cutting has continued to be delivered by industry.
- Innovation: Soft commodities prices emphasise the need for productivity improvements through innovation. For example, the use of drones to conduct geophysical surveys has aided resource calculation, erosion detection, and surface stability monitoring. Digital technologies and integrated data collection are another example where innovation is improving safety, planning, control and decisions to optimise volume, cost and capital expenditure.
- Isolationism and protectionism: Isolationism and protectionism are emerging policy approaches with implications for commodity markets. For example, the US proposes to encourage domestic steel production through tariffs on Chinese imports, and China is proposing to provide fiscal stimulus through intensive infrastructure expenditure. A massive infrastructure investment program in China can potentially boost demand and prices for major mineral commodities.

What this meant for DMP's business activities in 2016–17

In light of these challenging economic conditions, as well as changing environmental and social expectations, the department focused on a transparent and open approach to engaging with stakeholders and providing a clear and consistent regulatory environment for industry. It has also focused on maintaining Western Australia's investment attractiveness.

Clear and consistent regulatory frameworks

In 2016–17, DMP introduced legislative reform to reduce red tape and improve the regulatory framework.

Work continued on the resources safety legislation reform process. Drafting of the Work Health and Safety (Resources and Major Hazards) Bill commenced in February 2016, to modernise and amalgamate health and safety legislation covering mining, petroleum and major hazard facilities. Drafting of the Bill was incomplete when Parliament was prorogued for the March 2017 election.

During 2016, the department completed extensive stakeholder consultation on key concepts for the supporting regulations through workshops and regulatory impact statement processes.

DMP has commenced a major legislation reform initiative Petroleum 2020 to modernise and streamline the State's petroleum and geothermal legislation to better reflect developments in the petroleum industry.

The primary focus of the Petroleum 2020 project is to amalgamate the current three main Petroleum Acts and the two Registration Fees Acts into a single common 'Petroleum Act' to cover all

petroleum and geothermal operations conducted in Western Australia out to the Commonwealth/State boundary.

On 6 February 2017, a Scoping Paper for the Petroleum 2020 Project was circulated to key industry representative bodies and Commonwealth and WA Government stakeholders. Feedback received is currently being considered in preparing a detailed Discussion Paper, which is intended to be widely circulated.

Amendments to the *Mining Act 1978*, which came into effect after Royal Assent was given to the Licensing Provisions Amendment Bill 2015 on 1 December 2016, reduce red tape to save industry and the State Government time and money. The removal of iron ore authorisations normalises the treatment of iron ore and creates a level playing field.

“DMP has commenced a major legislation reform initiative Petroleum 2020 to modernise and streamline the State's petroleum and geothermal legislation to better reflect developments in the petroleum industry.”

The Standing Committee on Legislation released Report 31 on the Mining Legislation Amendment Bill 2015 in May 2016. Work was undertaken during 2016–17 in response to the Report and as part of ongoing monitoring of the legislation. The Bill lapsed when the Parliament was dissolved in early 2017. The intent of the Mining Legislation Amendment Bill 2015 is to provide a legislative structure for a risk-based and outcomes-focused approach to environmental regulation of the mining industry. The Bill aims to ensure environmental regulation is 'fit for purpose' through targeted and proportional regulation. Work has recommenced on preparing the legislation for Government consideration.



Sampling drilling mud.

Case Study

Community engagement ensures successful delivery of Black Diamond abandoned mines project

For all projects, DMP requires proponents to carry out community and stakeholder engagement to ensure interested and affected parties are informed regarding any proposed activities.

To this same aim, the department carried out similar engagement for its rehabilitation of the Black Diamond abandoned mine site near Collie. The department's Abandoned Mines team undertook extensive consultation during the year to ensure the delivery of the project – the first pilot site to be rehabilitated under DMP's Abandoned Mines Program.

Black Diamond, located approximately five kilometres west of Collie in the South West of Western Australia, has become a popular unmanaged recreation area since mining ceased in the pit in the 1950s. Black Diamond was selected as an Abandoned Mine Program pilot site due to the safety concerns associated with the steep pit wall on the southern side of the pit.

To ensure that the concerns of the local community were properly considered as part of this project, a Black Diamond Working Group was established and met regularly throughout the project. The working group consisted of representatives of the Shire of Collie, the Collie Visitors Centre, the Department of Lands (DoL), adjacent landowners and the Black Diamond Action Group. In addition to working group meetings, a Community Consultation Forum was held in May 2016 to ensure that the works proposed would achieve a long term solution that was supported by the community.

Following six months of consultation and engagement, civil works began, funded by interest generated from the Mining Rehabilitation Fund. These works aimed to shape the steep southern pit wall and manage erosion on the western end of the pit lake.

In June 2017, revegetation works on the remediated areas were completed to improve the area's visual amenity, reduce levels of erosion and protect and conserve the local biodiversity. DMP partnered with industry, the Shire of Collie, DoL, and the community, including the local primary school, to maximise the likelihood of obtaining revegetation success within the remediated areas.

Although DMP's involvement with the Black Diamond project has come to an end, the local community will continue to work with the relevant land managers to create a managed recreation space for the region.



Allanson Primary School students plant trees as part of the revegetation works at the Black Diamond site.

Case Study

Towards 2020

Towards 2020 is the department's regulatory strategy covering all legislation administered by the Resources Safety Division. The vision is for a safe and healthy resources sector.

The strategy was launched by Mines and Petroleum Minister Bill Johnston at the Minesafe International 2017 conference in May.

It is the first of a series of high-level three-year rolling strategies to guide Resources Safety's efforts to raise awareness and seek compliance in the Western Australian resources sector, going beyond the day-to-day inspectorate activities.

Towards 2020 provides a framework describing how the division deploys its resources. It describes the goals, focus areas and measures of success for safety and health initiatives undertaken by the department and is presented as an online resource that is easily accessible, and can be updated as emerging issues and trends are identified.

It will provide an overview of the department's commitments so industry can better understand why focus areas are targeted, and the desired outcomes, measures and achievements.



Towards 2020
Regulatory strategy for Resources Safety

Keeping safety and health on everyone's mind

DMP is committed to engaging with its stakeholders to reduce serious accidents and incidents in the resources sector in addition to providing tangible support to achieve positive cultural change. For stakeholders, the benefits of engagement include the opportunity to have issues heard and to contribute to the decision-making process.

One key to improving safety is identifying and addressing the human and organisational factors that can lead to accidents and incidents. At the Minesafe International 2017 conference in May 2017, the department outlined the top 11 human and organisational factors relevant to the WA mining industry and launched the Towards 2020 Regulatory Strategy for Resources Safety.

The concept of human and organisational factors is not a single element, but incorporates the impact of people, equipment, systems and organisational influences on safety outcomes. Recognising and addressing these factors can help drive health and safety improvements.

Directly related to one element of human and organisational factors is mental health and wellbeing. The first Mental Health and Wellbeing Inspector of Mines has been appointed to assist with the development of safety and health protocols designed to protect mental health, as well as physical safety, across the resources sector. A graduate officer has also been employed to assist in identifying and addressing mental health issues in the sector.

An additional tool to assist with managing safety is the 'Hazard register for Western Australian mining fatalities' on the DMP website. The analysis of 64 fatal mining accidents over the period 2000 to 2015 is presented in the register, which will be updated annually. It includes the results of DMP investigations and also includes precautions detailed in the Coroner's findings.

Ensuring continued investment in the resources industry

Encouraging exploration and working with industry to develop innovative projects is critical for maintaining investment in Western Australia's mining and petroleum industry.

The Exploration Incentive Scheme (EIS) is a State Government initiative that aims to encourage exploration in WA for the long-term sustainability of the State's resources sector.

The main aim is to stimulate increased private sector resource exploration, leading to new mineral and energy discoveries. Most of the activities in the EIS are focused on underexplored greenfield regions.

Since 2009, the EIS has delivered an increase in the coverage of Western Australia by aeromagnetic surveys to 100 per cent; regional medium spaced gravity coverage has increased from 8 per cent to more than 50 per cent; and more than 50 major reports have been published.

The Scheme's Co-Funded Drilling Program has also supported more than 555,000 metres of exploration drilling, which has contributed to at least 20 new discoveries including the Nova Bollinger mine, Dusk Til Dawn, Mt Fisher East, Calingiri, Double Magic, Minyari Dome and Bombora deposits.

EIS Co-Funded Drilling Program

20 new discoveries



555,000 metres of exploration drilling

Case Study

Approval of WA's largest gas storage facility to enhance energy security

Section 3: Opportunities and challenges

Western Australia's largest gas storage facility is now operational following the signing of an agreement between the State Government and DDG Tubridgi Pty Ltd (DDG) in January 2017.

With an expected total construction cost of \$69 million, the facility utilises the company's depleted Tubridgi onshore gas reservoir, about 30 kilometres from Onslow in the State's North West.

With a total storage capacity of 42 petajoules (PJ), Tubridgi is the largest underground gas storage facility in Western Australia.

The project is strategically located in close proximity to the Chevron-operated Wheatstone and BHP-operated Macedon domestic gas production facilities, and is connected to the Dampier to Bunbury Natural Gas Pipeline by existing gas transmission laterals.

The project plays an important role in enhancing energy security in WA when fully operational, as it enables banking of unused gas to cover planned production facility outages.

The agreement provides for the effective regulation of all activities in respect of safety, environment and resource management associated with injection, storage and recovery of petroleum.

CITIC Pacific, developer and operator of the Sino Iron magnetite project at Cape Preston, is the foundation customer under a 10-year gas storage agreement with DDG with options for a further five years. DDG will negotiate with other companies in the region to sign additional contracts.



Site of WA's largest gas storage facility. Photo: DDG Tubridgi

Awards

The department earned a Premier's Award in 2016 in the Western Australia in Asia category and a Best Practice in Health and Wellbeing award at the [2017 Institute of Public Administration Australia \(IPAA\) WA Achievement Awards](#).

Awards for Excellence

DMP established the annual Awards for Excellence (the Awards) to recognise exceptional advances and innovations throughout the resources sector.

The Awards are designed to encourage higher industry standards to help develop and maintain community confidence in mineral and petroleum activities.

In 2016, the Awards for Excellence brought together the prestigious Golden Gecko Awards for Environmental Excellence, which celebrated its 25th anniversary, and the inaugural Community Partnership Resources Sector Award. In 2017, the event will incorporate the Safety and Health Resources Sector Awards for the first time.

More information about the Award's 2016 entrants and finalists is in the [commemorative booklet](#) online and on the [department's website](#).



Case Study

Premier's Award for Strategic Engagement with China's Resources Sector

The importance of strong resources sector links between the governments of China and Western Australia was underscored at an awards ceremony in Perth on 2 November 2016.

DMP won a prestigious Premier's Award for the Western Australia in Asia category for its submission on Strategic Engagement with China's Resource Sector.

DMP has provided its Chinese partners with insight into WA's policy, regulatory and pre-competitive geoscience and resources information systems, allowing them to make better investment decisions.

DMP teams have visited China regularly over many years, as cooperation between the two nations at all levels of government is of great importance. The award underscores the importance of

Memoranda of Understanding (MOUs) in recent years between DMP and China's Ministry of Land and Resources (CMLR), particularly the MoU on Promotion of Investment between the State Government and the Chinese National Development and Reform Commission signed by the then Premier Colin Barnett in 2011.

MOUs on Cooperation in the Fields of Training and Research Related to Land and Resources and Cooperation in Earth Sciences also contributed strongly to making WA the destination of choice for responsible resource development.



DMP Manager Ministerial Coordination Roz Marshall (left), Acting Deputy Director General Dr Rick Rogerson, Investment Promotion Manager Dr Gaomai Trench, the then Hon. Premier Colin Barnett, Acting Director General Dr Tim Griffin and former Minister for Mines and Petroleum Hon. Sean L'Estrange at the 2016 Premier's Award presentation.

Section 4: Report on operations and performance



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Reporting on operations in this section is aligned to the Services outlined in [Our Plan for Success](#) to 2019 and provides a snapshot of some of the work undertaken during 2016-17

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

To ensure the State's resources sector is developed and managed responsibly and it maintains investment attraction, DMP must continue to provide geoscience and policy information.

WA once again achieved outstanding rankings in the Fraser Institute Annual Survey of Companies 2016. Key survey results for WA in the worldwide survey include first place in the Best Practices Mineral Potential Index and first place in Geoscience Databases, plus third place in the Overall Investment Attractiveness Index.

The \$7.3 million upgrade of DMP's Perth Core Library in Carlisle ensured that Western Australia maintained its status as a world-class geoscience resource. Officially opened in November 2016, the expansion increased the facility's storage area by 3500 square metres to nearly double the number of pallets it can store from 8640 to more than 15,000.

The core library stores mineral and petroleum core and cuttings obtained from industry under various State and Commonwealth legislation and also houses geotechnical drilling and stratigraphic core and rock samples collected by the Geological Survey of Western Australia (GSWA).

In addition to providing extensive free geoscience databases, GSWA promotes geology to the general public through a [range of products](#) such as pamphlets, books, virtual tours using Google Earth. Visitors can explore Perth City or Rottnest Island using their smart device by downloading the Everythere mobile application showing a trail of interesting geological sites.

Guidelines and reports from DMP also provide vital information to both industry and community. The Migration of Limesand Dunes in Western Australia and their Impacts report was released in March 2017 highlighting developing geohazards in the State's Midwest. The strategic research project was undertaken after issues arose with the grant of mining tenements over the mobile sand dunes. The research is also of interest to State Government, local government and the community as the mobile sand dunes pose risks to roads, homes and infrastructure.

DMP is the lead agency in the approval of closure and decommissioning plans, and has identified the need for clear guidance to industry of its requirements for the decommissioning of oil and gas fields and facilities. In 2016-17 work began on developing a Petroleum Decommissioning Guideline that will provide a risk based approach to decommissioning, in addition to describing the State's legislative requirements and involvement of other Government agencies. A draft of the guideline was released for limited consultation with industry and Commonwealth Government regulators in September 2016 with a second draft due to be released for wider consultation in 2017.

Case Study

New petroleum guidelines

DMP introduced changes to the guideline for the assessment of petroleum exploration permits in March 2017.

The revised Western Australian Petroleum Guideline – Criteria for Assessment provides greater clarity and transparency of the department's pre-grant assessment processes, including the minimum legislative requirements that apply and how competing applications are ranked.

The new Guideline will be used for the current petroleum acreage release, which closes in February 2018.

The new guidelines are available [online](#).



Enerdrill Rig 3 drilling the Warro 5 well in the northern Perth Basin.

Section 4: Report on operations performance

Service: Managing land access

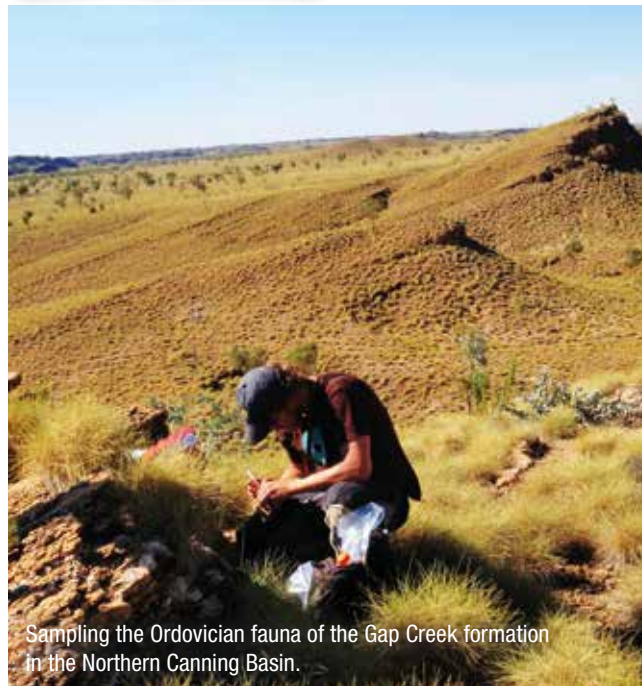
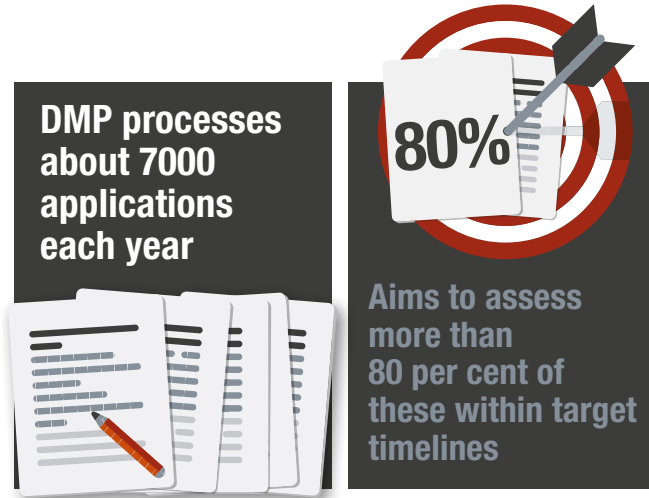
Land use and access are critical for the development of the State's industries, including agriculture, manufacturing, mining, and oil and gas. DMP is committed to the provision of a consistent, equitable and secure titles system through streamlined user-friendly processes.

Gaining approval to explore and develop mineral and petroleum resources can be a complex task and DMP's overall target is to assess more than 80 per cent of applications within target timelines. Each year the department processes around 7000 applications.

The introduction of a new map-based online system has made lodging Programme of Work applications more efficient. The new Programme of Work – Spatial (PoW-S) system went online on 1 March 2017 offering users real time feedback by providing all relevant tenement spatial information before lodgement.

DMP has implemented a medium to long-term, strategic approach for acreage releases in competitive bid rounds over the next five years. The five year approach aims to provide more transparency to the oil and gas industry and other stakeholders for proposed future acreage release areas.

The acreage release schedule will be updated at least once a year after each acreage release round, and when significant amount of new prospectivity data or acreage becomes available to warrant a review. The 2017 Acreage Release was opened at the Australian Petroleum Production and Exploration Association (APPEA) conference in Perth in May.



Case Study

Approval timelines on track for applications

A total of 7584 mining and petroleum exploration applications were received in 2016-17 compared with 6720 in 2015-16.

There was a surge in exploration applications submitted to DMP during 2016-17 reflecting increased interest in gold exploration in the State.

There was a 30 per cent increase in the number of Programme of Work (PoW) applications during 2016-17 with 2232 received compared to 1732 in 2015-16.

The number of PoW applications increased in the second half of the financial year:

- September 2016 Quarter – 502
- December 2016 Quarter – 421
- March 2017 Quarter – 640
- June 2017 Quarter – 669

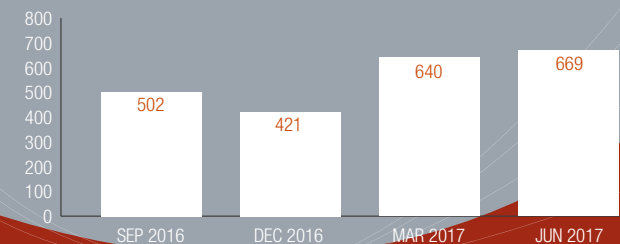
Ninety seven per cent of the 2232 PoW applications were finalised within thirty business days.

PoW applications must be approved prior to any ground disturbing activities with mechanised equipment being undertaken.

The department's performance objective is to finalise more than 80 per cent of all applications within target timelines. Target timelines vary according to the type of application.

For more details visit www.dmp.wa.gov.au/Investors/Approvals

Quarterly Programme of Work applications 2016-17



Service: Responsible resources sector regulation

DMP undertakes a risk-based adaptive approach to resources development and regulatory compliance to meet community expectations. For proponents, this means having secure title to the resources they discover and develop, and being able to predict what conditions will need to be met to develop each stage of their project.

For government, it means ensuring that workers and the community are safe, and that environmental, cultural and community values are well protected. This is achieved through the department's various compliance activities, which range from on-site inspections and investigations, to royalty audit checks, and commencing prosecution for offenses.

This requires a robust regulatory framework that is able to adapt and respond to the needs of all its stakeholders, which range from one-off prospectors to companies requiring Lead Agency assistance with approvals for complex projects. Regular research into legislation and procedural issues ensures that the regulatory framework keeps up-to-date with current resource practices and a coordinated approach to compliance activities ensures the framework is strong.

A strong and adaptive regulatory framework has allowed the department to provide assurance of CO₂ storage integrity for the Gorgon Project's separation plant on Barrow Island. A peer review of the department's 2016 due-diligence report was conducted by a team of experts from the Illinois State Geological Survey and Schlumberger based in the United States and was completed in October 2016. The peer review concluded the department



Staff taking part in an annual multi-agency inspection in the East Kimberley.

was technically thorough in its review and appropriate in its recommendation on progress by the Gorgon Joint Venture (GJV).

The Gorgon CO₂ separation plant on Barrow Island is complete, with the compression facilities and pipelines for conveying of CO₂ to the injection wells mostly completed. The department approved an application for conducting pre-injection baseline seismic surveys. In March 2017, the acquisition of baseline seismic data commenced. The Mines and Petroleum Minister's consent is required under the *Petroleum Pipelines Act 1969* in order for injection to commence.

“For government, it means ensuring that workers and the community are safe, and that environmental, cultural and community values are well protected.”

Section 4: Report on operations performance

Investigation and legal activities

The department has a proactive safety focus and investigates not only fatalities but also serious incidents and near misses in an effort to identify and mitigate safety issues. During 2016-2017, a total of 10 prosecutions were commenced with five of those prosecutions undertaken in house by department lawyers. Guilty pleas were entered for all 10 matters, and nine of those have been sentenced in court with one due for sentencing in August 2017.

A [summary of prosecutions undertaken](#) since 2004 that resulted in a conviction is available on the department's website.

“During 2016-2017, a total of 10 prosecutions were commenced with five of those prosecutions undertaken in house by department lawyers.”

Examples of successful in house prosecutions:

Crushing Services International Pty Ltd – serious incident

Crushing Services International Pty Ltd pleaded guilty to exposing an employee to a hazard under the *Mines Safety and Inspection Act 1994* and was fined \$60,000 in South Hedland Magistrates Court in late July 2016. A worker was replacing components within a switch room at the mine when an arc flash occurred. The electrician suffered serious burns from the incident and could have been killed.

First Quantum Minerals (FQM) Australia Nickel Pty Ltd – near miss

First Quantum Minerals (FQM) Australia Nickel Pty Ltd was fined \$40,000 in Kalgoorlie Magistrates Court in early December 2016 after pleading guilty to a charge of failing to provide a safe working environment under the *Mines Safety and Inspection Act 1994*. On 14 December 2014 a tank catastrophically ruptured at the Ravensthorpe Nickel Mine, releasing approximately two millions litres of hot slurry. The company pleaded guilty to failing to inspect and/or test the tank to determine the extent to which its condition had been impaired, and failing to ensure that the tank was maintained so that it was not susceptible to rupture during operation.

Westdrill Pty Ltd – near miss

Westdrill Pty Ltd pleaded guilty to two charges of breaching the *Mines Safety and Inspection Regulations 1995* and was fined a total of \$10,000 in Perth Magistrates Court in May 2017. In February 2015, a Mobile Manufacturing Unit (MMU) truck was being driven down a ramp at the mine when the operator lost control of the vehicle and was unable to slow the vehicle down by using the brakes. Westdrill pleaded guilty to failing to ensure that inspection and repair to the brakes was carried out by a competent person and failing to ensure that its employee was assessed as competent to perform the task of operating a MMU before he commenced work at the mine.

Northern Star Resources – fatality

Northern Star Resources Limited pleaded guilty to a charge under the *Mines Safety and Inspection Act 1994* and was fined \$90,000 in Karratha Magistrates Court in June 2017. On 16 November 2015 an operator was working underground in hot and humid conditions when he collapsed and later died. The cause of death was found to be heat stroke and exhaustion. The company pleaded guilty to failing to maintain the ventilation system, failing to determine what the conditions were before work commenced and failing to modify or stop work in excessive heat and humidity, resulting in the worker's death.

Case Study

Independent analysis of effectiveness of mines safety regulation



Dangerous Goods Officer Michael Wolter (left) carrying out a rail inspection at CSBP Kwinana.

An [independent assessment](#) released in November 2016 found DMP to be an effective regulator of safety for Western Australia's mining industry. Deloitte Consulting found that DMP is collegiate, focused on helping industry and improving safety performance and appears to be more cost-effective than other safety jurisdictions in Australia.

The assessment was undertaken to determine whether the Mines Safety Branch was appropriately resourced and structurally

organised to regulate safety in the State's mining sector. Representatives from industry peak bodies and unions were given an opportunity to input to the process, and documentation provided by DMP and other jurisdictions was also reviewed.

The report provided 19 recommendations for process improvements, and the department is addressing agreed recommendations in consultation with stakeholders.

Key Challenges: Continuing to build a trusted position with stakeholders

DMP adapts to changing economic, environmental and social expectations through a transparent and open approach to its work with stakeholders and in its contribution to government decision making.

Priorities include engaging with stakeholders, providing access to timely and high quality information and working across tiers of government to ensure a consistent approach.

DMP is committed to delivering services differently, transforming business processes, modernising communications with customers, reducing red tape and streamlining decision-making processes. Stakeholder participation is an integral part of developing any new systems and guidelines.

The ongoing Digital DMP program has assisted the department to keep pace with changing expectations and minimise the effects of digital disruption. This is achieved by not only concentrating efforts to deliver services online but also providing ongoing support and training for stakeholders.

Digital DMP has driven the pursuit of online technologies for all approvals and compliance transactions, including the lodgement and processing of applications, submissions and correspondence. To date, DMP has made significant technological progress that allows stakeholders to transact digitally with the department, with about 22,000 customers registered to use online services and about 92 per cent of the department's annual volume of business now being conducted online.

Stakeholder engagement is promoted through DMP's annual Awards for Excellence, which recognise exceptional advances and innovations throughout the resources sector. The Awards are designed to encourage higher industry standards to help develop and maintain community confidence in mineral and petroleum activities.

“DMP has made significant technological progress that allows stakeholders to transact digitally with **22,000 registered customers** and **92 per cent** of the annual volume of business now being conducted online.”

Case Study

Guideline for Mining Proposals in WA implemented

The DMP Guideline for Mining Proposals became compulsory for all new projects from 1 January 2017. Released in April 2016, the guideline introduced a risk and outcome-based regulatory framework for mining proposals and is expected to bring a number of benefits, including that each mine site will now only need to have one approved Mining Proposal.

The department held a series of stakeholder forums in Perth and Kalgoorlie to discuss and workshop key aspects of the new guideline. The aim of the forums was to provide information and examples of risk assessments and environmental outcomes, share learnings from the first assessments undertaken, and to facilitate a two-way conversation regarding how DMP will undertake assessments.

A mining proposal is a document prepared by the proponent or tenement holder, containing detailed information on identification, evaluation and management of significant environmental impacts relevant to the proposed mining operations.

The Mining Proposal Reform Industry Reference Group, which comprises industry peak bodies, and industry and environmental consultancy representatives, was an essential partner in drafting and implementing the guideline.



Participants at a Mining Proposal Implementation Workshop discuss key aspects of the new guideline.

Key Challenges: Reshaping the organisation and approval and compliance systems to deliver more value to customers

An integrated approach to doing business allows DMP to further streamline approval and compliance processes, continue to reform legislation and policies to improve efficiency, and to boost risk-based regulatory compliance.

The Safety Regulation System (SRS) is the core system used by Resources Safety and industry stakeholders for the lodgement

and storage of documents and data related to safety and health. SRS continues to be enhanced and improved in line with the objective of improving safety and health outcomes, as well as supporting digital transactions, and increasing efficiency and effectiveness.

SRS provides an online, searchable system with improved quality of data provided, ease of tracking the status of notices and actions, and increased capacity for data analysis.

Functionality implemented in 2016-17 includes:

- **Site Visit Records** – Using SRS for inspector records eliminates data re-entry, reducing the potential for errors. Reports are provided on site with improved efficiency and timeliness,

and added value from the inclusion of information such as photographs. Sites and inspectors manage defects and matters for action within SRS.

- **SRS Mobile** – Inspectors can now conduct audits and prepare site visit records, notices and actions even when no internet connection is available.
- **Health and Hygiene Management (Phase 1)** – Mining and exploration companies can input their sampling results for airborne contaminants, noise and biological agents. Exceedances are managed online and communication with industry is standardised.

Case Study

Programme of Work Spatial lodgement

DMP introduced a new map-based online system to make lodging environmental exploration applications simpler and more efficient for industry. The new Programme of Work – Spatial (PoW-Spatial) system went live on 1 March 2017 and offers real time feedback by providing all relevant tenement spatial information before lodgement. Any areas

which need follow-up or clarification can then be addressed before the application is submitted by the proponent which improves application quality and reduces assessment times.

Industry training sessions were rolled out monthly in Perth and Kalgoorlie to support the launch of PoW Spatial with the old and new electronic forms running in parallel for several months to allow tenement holders the opportunity to complete the training. The old PoW Exploration electronic form will be phased out during 2017 at which time PoW-Spatial will become mandatory.

DMP has received excellent stakeholder feedback on the new spatial system, with 80 per cent of users rating it as easy to use. More than 200 PoW Spatial applications have been received this financial year using the new spatial format. Since the system launch, a number of updates to improve system functionality have been implemented and the system is being continually updated based on user feedback.



The new Programme of Work – Spatial (POW – S) system went online on 1 March 2017.

Key Challenges: encouraging responsible exploration and development of mineral and petroleum resources

DMP's world-class geoscience information, encouragement of investment and program of reforms are central to Western Australia's position as a world-leading mining jurisdiction. In March 2017, the Fraser Institute Survey of Mining Companies ranked Western Australia among the world's top three attractive destinations for mining investment.

Key results for WA in the survey included first place in the Best Practices Mineral Potential Index and first place in Geoscience Databases plus third place in the Overall Investment Attractiveness Index. DMP places substantial emphasis on using emerging technology to supply free geological information in order to encourage exploration.

Case Study

Airborne geophysics of the Kimberley

Valuable geophysical data about the structure and evolution of Earth's crust in the Kimberley region and across northern Australia is being collected through the Kimberley Gravity Project. Data from the first survey area covering about 48,000 square kilometres, extending from Medusa Banks in the north to Halls Creek in the South, were released in February 2017.

The project, which began in October 2016, aimed to collect gravity data by conducting an airborne gravity survey to help characterise key geological elements of the region. The collaborative work is being undertaken by DMP's Geological Survey of Western Australia (GSWA) and its partner Geoscience Australia (GA), a division of the Commonwealth Department of Industry, Innovation and Science.

The gravity survey was funded through Western Australia's Exploration Incentive Scheme (EIS) and the data is available free of charge from both the DMP and GA websites.

The project is one of a range of GSWA's multi-disciplinary, ground and airborne projects spread throughout Western Australia, including the Pilbara, Canning, Gascoyne, Mid-West, and Eastern Goldfields.

The surveys map the geology of the State for use in exploration for minerals, petroleum and groundwater, agricultural land assessments, and geo-hazards monitoring.



The Kimberley Gravity Project is collecting valuable geophysical data about the structure and evolution of Earth's crust.



The field logistics building at the Perth Core Library.

Section 5: Disclosures and legal compliance

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Board and committee remuneration	62
Other legal requirements.....	62



Terms



Regulations



Requirements



Law



Standards



Guidelines



Policies

COMPLIANCE



Audit

Ministerial Directives

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

The department did not receive any Ministerial Directives during the 2016-17 financial year.

Other financial disclosures

In accordance with the Treasurer's Instructions (TI 903), the department is required to include information about pricing policies, major capital projects and employees in the Annual Report.

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. A robust costing methodology is used to determine the projected costs of service delivery, with particular attention to the level of cost recovery being achieved. Any increases in user fees and charges are limited to the extent of cost recovery.

Major capital/capital works

In 2016-17, the department completed the expansion of the Perth Core Library storage and viewing area.

A short [video](#) was produced on the construction of the core library.

The \$3 million upgrade to the Mineral House lifts has commenced along with the \$2 million façade works to address the deteriorating render on the outside of the building.

Act of grace payments

In response to Treasurer's instructions 319 – Act of Grace Payments, all Act of Grace payments are to be disclosed in the Annual Report. Requests for an Act of Grace payment arise from many and varied situations and each request is assessed on the circumstances associated with that particular request. Act of Grace Payments are linked to the services delivered by the agency.

During the 2016-17 period, 10 Act of Grace payments totalling \$50,765.70 were made.

Governance disclosures

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

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

Governance practice encompasses the elements outlined in the Public Sector Commission's Good Governance Guide. The 'score card' on the following pages demonstrate governance in practice across the department and indicates the pages containing this information.



Classifying drilling cuttings.



Drilling work being undertaken to a depth of 1800 metres.

Section 5: Disclosures and legal compliance

1. Government and public sector relationship

The department's relationship with the government is clear

Measure for accountability and performance	How do we do this?	Where do I find this in the report?
1.1 A document defines responsibilities and accountabilities between the chief executive officer and the minister	Enabling legislation	<u>48</u>
	CEO Performance Agreement	<u>48</u>
1.2 Processes exist to manage communication and other interaction between ministers and other parliamentary representatives and the organisation	Ministerial Communications	<u>50</u>
	Media Communications	<u>50</u>
1.3 Communication and other interaction are recorded and monitored	Record Keeping Plan	<u>66</u>



2. Management and oversight

The department management and oversight is accountable and has clearly defined responsibilities

Measure for accountability and performance	How do we do this?	Where do I find this in the report?
2.1 A charter defines roles, responsibilities and accountability for all relevant levels of management (e.g. those involved in setting the organisation's key strategic goals and outcomes and monitoring organisational performance)	Statutory Committees	<u>48</u>
	Corporate Executive	<u>17</u>
2.2 Where boards and committees exist, the relationship between the parties must be clearly defined	Powers, Authorisations and Delegations Register	<u>48</u>
	Board and Committee remuneration	<u>62</u>
	Strategic Plan: Our Plan for Success	<u>50</u>
2.3 A strategic plan outlines the organisation's key strategic goals and outcomes and outputs	Integrated Planning Framework	<u>49</u>
2.4 Operational plans and programs of work exist that define critical success factors and outline how key strategic goals and outcomes will be accomplished at all levels of the organisation	Powers, Authorisations and Delegations Register	<u>48</u>
2.5 A delegations framework defines authority levels	Outcomes Based Management (OBM)	<u>23</u>
2.6 Performance measures are defined and monitored for the organisation's strategic goals	Key performance indicators	<u>9</u>



3. Organisational structure

The department's structure serves its operations

Measure for accountability and performance	How do we do this?	Where do I find this in the report?
3.1 Policies ensure that the organisation's structure serves its key strategic goals and outcomes	Organisational structures Integrated Planning Framework	16-19 49
3.2 Processes exist to manage structural change and the relationships between business units	Good Governance Guide summary table	44-47
3.3 Performance measures identify how well the structure delivers against strategic plans	Year in numbers	8



4. Operations

The department plans its operations to achieve its goals

Measure for accountability and performance	How do we do this?	Where do I find this in the report?
4.1 Policies enable operations to deliver against the organisation's key strategic goals and outcomes	Pricing policies of services provided	43
4.2 The organisation's operational plans and programs of work support the organisation's key strategic goals and outcomes and are regularly adjusted to changes in strategic and environmental imperatives	Operational Planning	50
4.3 Infrastructure is in place to enable the organisation to implement its operational plans	Information Technology Strategy	51
4.4 A proper and adequate record is maintained of the performance of the organisations operations as aligned with its key strategic goals and outcomes	Record Keeping Plan	66
4.5 Business process and outcome specific key performance indicators track the organisations performance against its strategic and operational plans	KPI Performance Reporting	68-77
4.6 Performance evaluation and audits are conducted	Internal Audit Committee	48



Section 5: Disclosures and legal compliance

5. Ethics and integrity

Ethics and integrity are embedded in the department's values and operations

Measure for accountability and performance	How do we do this?	Where do I find this in the report?
5.1 The organisation's values and code of conduct reflect the WA Code of Ethics and define the standards of official conduct and professional behaviour expected of all employees	Strategic Plan: Our Plan for Success	50
	Code of Ethics (CoE)	65
	Code of Conduct (CoC)	65
5.2 The organisation's ethics and integrity risks are identified and policies and operational processes address them (e.g. procurement, conflict of interest)	Accountable and Ethical Decision Making	65
	Conflict of Interests	65
5.3 The people management frameworks define the response to non-ethical behaviours	Corruption Prevention	56
5.4 Processes are in place to provide supervision and assistance and enable follow up of non-compliance (e.g. through public interest disclosure)	Public Interest Disclosure	56
	Staff training/Learning and Development	53
5.5 A structured process is in place to monitor official conduct and professional behaviour (e.g. compliance audit, performance management)	Customer feedback	56
	Work Development Planning	56



6. People

The department's leadership in people management contributes to individual and organisational achievements

Measure for accountability and performance	How do we do this?	Where do I find this in the report?
6.1 Policies enable the attraction, retention and management of people	Compliance with Public Sector Standards and code of ethics	65
	Substantive Equality	58
	Aboriginal Employment Strategy	55
	Disability Access and Inclusion Plan	64
6.2 Plans ensure that processes, decisions and actions are based on the principles of fairness, equity and diversity, and are consistent, transparent, impartial and open for review	Equal Employment Opportunity (EEO) and Diversity Plan	53
	Reconciliation Action Plan (RAP)	55
	Aboriginal Employment Strategy	55
	Disability Employment	55
6.3 People management frameworks cover the whole employment continuum	Occupational Safety and Health (OSH)	58-60
	Staff Development	58-60
	Workforce Management	53
6.4 Structured procedures are in place to monitor adherence to human resource policies and processes	Work Development Planning	50
	Compliance with Public Sector Standards	65
6.5 Feedback processes identify issues in people management practices	Employee perceptions survey	52



7. Finance

The department safeguards financial integrity and accountability

Measure for accountability and performance	How do we do this?	Where do I find this in the report?
7.1 Finance policies define the key strategic goals and outcomes for which the organisation's finances must be employed	Financial Statements – section 7	<u>80</u>
7.2 A formal internal audit charter specifies roles and responsibilities, composition and structure of all internal audit functions	Internal Audit (audit charter)	<u>48</u>
7.3 Processes ensure the proper recording of financial transactions consistent with applicable accounting standards	Financial Statements – section 7	<u>80</u>
7.4 Financial operations contribute towards the organisation's key strategic goals and outcomes and uphold the highest level of integrity	Financial Statements – section 7	<u>80</u>
7.5 Structured procedures are in place to monitor and audit financial performance against budget and key strategic goals, both at executive level as well as by an independent audit committee	Certification of Key Performance Indicators Audit Committee	<u>69</u> <u>48</u>



8. Communication

The department communicates with all parties in a way that is accessible, open and responsive

Measure for accountability and performance	How do we do this?	Where do I find this in the report?
8.1 Communication policies ensure the organisation's communication is open, accessible and responsive	Freedom of information	<u>50</u>
8.2 Policies ensure information is disseminated through correct channels, in a timely manner and to the right target group	Advertising, Market research, Polling and direct mail Accessibility Statement	<u>62</u> <u>2</u>
8.3 Processes ensure proactive, transparent and responsive internal and external communication	Communication protocol	<u>50</u>
8.4 Processes assist in complying with legislation on record keeping, public interest disclosure and freedom of information, in safeguarding the confidentiality and integrity of information, and in preventing unauthorised, false or premature disclosure	Media communications Transparency Policy	<u>50</u> <u>50</u>
8.5 An audit strategy exists to monitor compliance with communication policies and strategies	Internal Audit (audit plan)	<u>48-49</u>



Powers, Authorisations and Delegations

The Powers, Authorisations and Delegations Register (PADR) keeps a record of the delegations, authorisations, appointments and administrative instruments currently in place within DMP. The register is available to all department officers to review their current powers at a point in time, as well as provide the source of that power by way of an instrument. The instruments are reviewed and managed by the operational areas on a regular basis to ensure officers are acting with valid authority. PADR is also integrated with DMP's online systems allowing officers to effectively carry out day to day functions.

The PADR is in accordance with Section 7(d) of the *Public Sector Management Act 1994*.

CEO performance agreement

Under section 47 of the of the *Public Sector Management Act 1994*, (PSM Act), all chief executive officers (CEOs) appointed under section 45 of the PSM Act, must enter into a performance agreement each financial year with their Minister and the Public Sector Commissioner.

In 2016-17, no CEO performance agreement and assessment was required by the Public Sector Commission in the form of the process and requirements outlined in Approved Procedure 8. As such, CEOs submitted a letter to the Public Sector Commissioner, briefly outlining achievements for the 2016-17 period.

Management oversight

The Corporate Executive is the team of senior executives who plan, manage and lead the department. This group meets weekly to set the strategic direction and organisational values that define the programs and services delivered.

Chaired by the Director General, the Corporate Executive meets every second month to discuss strategic priorities and address submissions for decision while Mini Corporate Executive meetings are held weekly to discuss significant issues, media related matters and items for decisions. Corporate Executive regional visits take place twice a year. These include a Corporate Executive meeting, site visits and engagement with government and industry representatives from the region visited.

Statutory committees

To contribute to the effectiveness of the department and meet specific legislative obligations, various committees have been established to provide management and oversight support to the Corporate Executive. These committees provide objective administration and advice on discrete elements of the resources sector. The statutory committees include:

- Mining Rehabilitation Advisory Panel
- Occupational Safety and Health Committee
- Mines Survey Board
- Board of Examiners – First Class Mine Managers and Underground Supervisors
- Board of Examiners – Quarry Managers
- Board of Examiners – Winding Engine Drivers

There are other non-statutory, departmental, and interagency committees that provide focused advice and support to Corporate Executive.

Audit Committee

The Audit Committee is chaired by the Director General and provides high level governance oversight of the department. The committee acts as an advisory body with the principal aim of assisting the Director General to promote an environment of good corporate governance. Responsibilities of the committee include endorsing the Internal Audit Charter, ensuring the independence and objectivity of Internal Audit and monitoring the implementation of internal audit recommendations by management. The Audit Committee comprises two external independent members and three internal members. The internal members are the Director General (chair), the department's Legal Counsel and the General Manager Internal Audit.

Internal Audit

In compliance with legislation, the Director General has established and maintains an effective internal audit function that operates in accordance with the Professional Practices Framework of The Institute of Internal Auditors.

The Internal Audit function operates under an approved Audit Charter as required by the Treasurer's Instructions and, in accordance with this legislation, provides independent, objective assurance, and consulting services designed to add value and improve the department's operations. The department's Internal Audit mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

The Annual Audit Plan is risk-based and is continually reviewed and amended during the year to reflect current and emerging risks. During 2016-17, work was conducted on 11 internal audits and continued to monitor the implementation of identified improvement opportunities.

Risk management

The department is committed to ensuring that all risks are identified, assessed and effectively managed. To accomplish this, the department recognises the need to align the holistic ‘top-down’ strategic assessment with the ‘bottom-up’ operational risk assessment. This is achieved through the department’s Business Continuity and Risk Management Frameworks.

Sound risk management principles and practices are a part of the normal management strategy for all branches within the department and is the responsibility of all department staff. Risk Management forms part of everyday operational and line management responsibilities and work is underway to embed it in the integrated planning process.

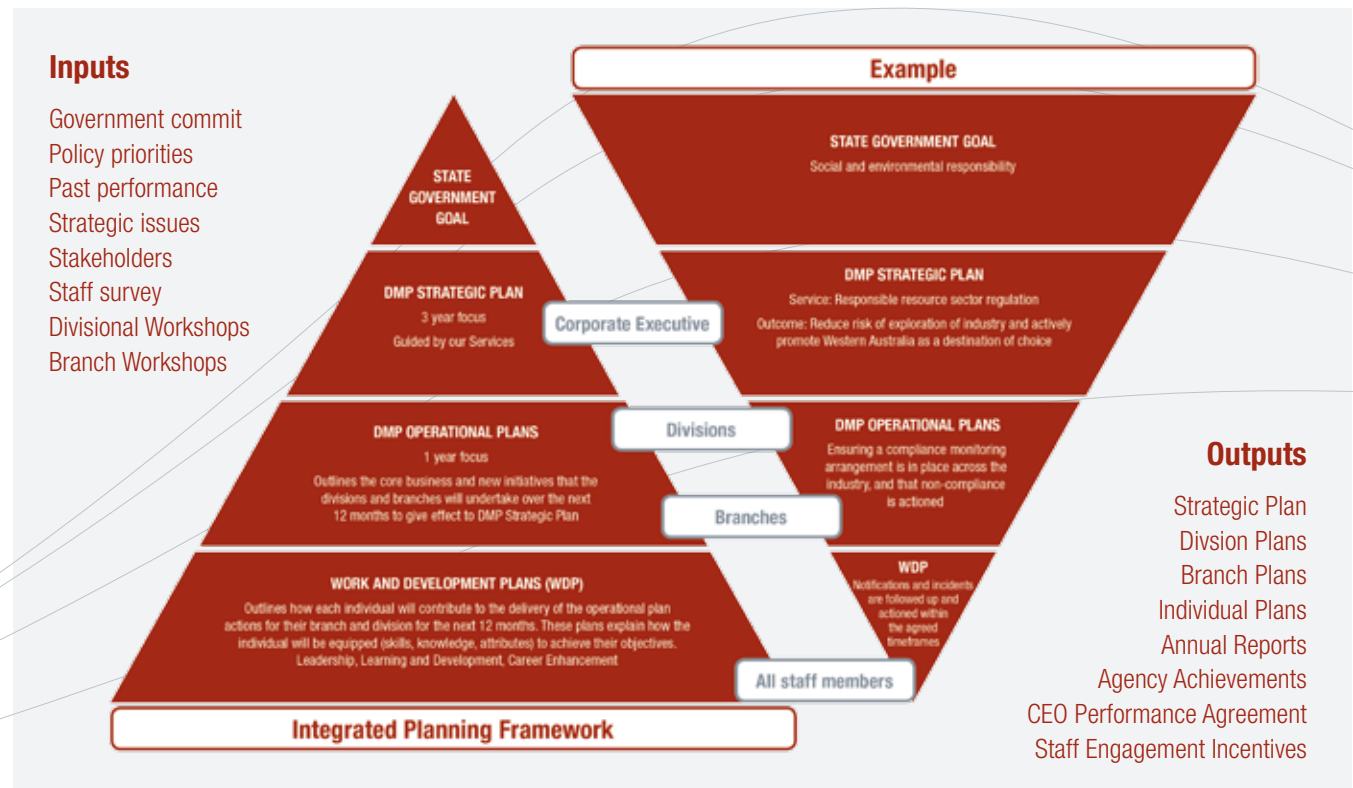
The department provides appropriate resources as necessary to ensure effective management of risks across all divisions and compliance with applicable laws, regulations, standards and ‘best practice’ guidelines.

Integrated Planning Framework

The department’s Integrated Planning Framework outlines the structure and associated timelines for the department’s planning, budgeting and reporting processes. Through defining and adhering to the Integrated Planning Framework, the department seeks to develop and refine long, medium and short term plans to guide work efforts and resources to achieve agency-level strategic outcomes.

Aligning individual activities with operational objectives, managing employee performance, developing staff capabilities and supporting the growth and advancement of individuals is facilitated by the Integrated Planning Framework, specifically through Work and Development Planning.

Through this process there is established relationship between strategic planning, operational planning, work development planning and reporting.



Section 5: Disclosures and legal compliance

Strategic Planning: Our Plan for Success

Our Plan for Success details agency-level outcomes and services together with broad strategies to deliver the outcomes over the next three to five years. The department conducts an annual review of *Our Plan for Success* in the context of Government policy commitments, risk analysis and environmental obligations.

Operational Planning

The higher level direction from *Our Plan for Success* is translated into operational plans with short term, one-year, deliverables by a given division, branch or section. The operational plan objectives for the financial year are identified together with associated resources, performance measures and milestones.

Work and Development Planning

Organisational planning is extended to the individual level through Work and Development Planning. The department's process relies on completion of operational plans and is integral to ensuring both the operational objectives and an individual's learning and development and career planning needs are captured and addressed.

Progress Reporting

Progress reporting is undertaken at two levels – against implementation of operational plans and completion of the stages of the Work and Development Planning cycle. Tracking, reviewing and/or reprioritising of activities is monitored at divisional management level. Monitoring completion of Work and Development Planning ensures staff learning and development needs are also being recognised.

Communication Protocol

The department has policies that govern internal communications between staff and external communication with stakeholders. The communication protocol is supported by the department's Code of Conduct, Information Management and Records Policy.

Communication services for the department included internal and external communications, media liaison, graphic design, web management, online surveys, eNewsletter services and the production of the quarterly international resources development magazine (Prospect).

New staff commencing with the department are made aware of this policy and those who may be called on to be an authorised spokesperson are provided with training. The department's Social Media Strategy is available to all staff on the intranet.

Ministerial Communications

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

Media Communications

In accordance with Administrative Instruction 728 – Media & Public Communications, the department has a Media Communication Protocol. The policy and guidelines outline key principles for staff when working with the media and events involving the Minister, including communication, authorisation, and confidentiality for public comment.

Freedom of Information

Government agencies are required to comply with the *Freedom of Information Act 1992* (FOI Act) and provide public access to documents promptly and at the lowest reasonable cost. Whenever possible, documents are provided outside the Freedom of Information (FOI) process. The department has published a FOI Statement on its website outlining the FOI application process and procedures together with a list of documents indicating whether the document is available outside the FOI Act or requires an FOI application.

In 2016-17, there were 422 FOI requests.

Transparency policy

Appropriate levels of openness and transparency are important elements of contemporary governance approaches that enable stakeholders to have confidence in public sector decision making processes and actions.

The department is committed to open government based on a culture of engagement, built on better access to and use of government held information, and sustained by the innovative use of technology.

Communication technologies open new opportunities for information sharing, consultation and collaboration between governments and stakeholders by expanding the way customers can do business with the department.

The department generates geoscience and technical information, and in its administrative role receives scientific and technical information from the upstream minerals and energy sector active

in Western Australia. This information is required by government for decision making, to promote investment and to demonstrate industry compliance with approval conditions, policies and legislative requirements.

Much of this information can then be used by industry, avoiding the cost of collecting the same information. Sharing information across government and the broader community maximises the benefits of technical and related information, and contributes to the enhanced image of the department as a trusted regulator.

All information made available for public use follows the principles supported in the *Freedom of Information Act 1992*.

Information Technology Strategy

The department continues to use technology to pursue its vision of providing excellent customer service through simple, integrated and unified systems. Much of its commitment to achieve its Information and Communications Technology (ICT) outcomes is described within its Integrated DMP strategy, which aims to further improve service to the resources industry by:

- improving customer experience
- reforming processes across the department
- enabling common information to be shared across the agency.

Achievements this year include:

- an increased use of spatial technologies for lodging and assessing applications
- unifying finance related processes and systems across the divisions
- further progress towards a single customer view of applications across all systems.

With all key applications already able to be lodged and tracked online, further efforts have been made to increase the use of these digital services across the Industry.

In addition to redeveloping several legacy systems, there has been an emphasis on sharing services across DMP systems, and designing these new systems in a way that enables adaptation to the dynamic nature of their related industries. The department has continued to improve its standards-based IT Security framework, adopting leading practices and technologies that are regularly reviewed by industry experts. The department continues to work with relevant Federal and State agencies in these matters.

The department is aligned to the Digital WA strategy released by the Office of Government Chief Information Office (OGCIO), with a clear strategy in its drive towards commercial cloud and pay-as-you-go

services, as well as generating stronger collaboration across agencies in seeking solutions.

Employment and Industrial Relations

The department recognises that its employees are key to organisational success. There has been a strong focus on promoting health and wellbeing, and providing support by way of training and development, while the department's structure and systems have gone through a period of change. The strategies ensured that the department continued to build on a skilled, diverse and longstanding workforce.

The figures below summarises the department's workforce profile.

Staff Profile	2014-15	2015-16	2016-17
Full-time permanent FTE	631.7	611.2	612.3
Full-time contract FTE	119.4	103.8	90.2
Part-time measured on a FTE basis	49.9	55.5	51.1
Total	801	770.5	753.6
Staff on secondment*	In = 3, out = 2	In = 3, out = 5	In = 1, out = 2
Staff on traineeship*	2	2	2
Staff on Graduate Program*	10	9	9

*headcount

Case Study

Employee Perception Survey

80% 
of employees are satisfied with DMP as an employer

DMP staff are more engaged than the sector average, with 84 per cent reporting being satisfied with their jobs according to the Public Sector Commission's Employee Perception Survey (EPS) 2016.

Satisfaction with DMP as an employer was rated at 80 per cent, while almost 84 per cent of respondents agreed that the department used technological advances to improve service design and deliver to clients.

DMP was one of 11 agencies selected to participate in 2016 with results released in February 2017. The annual EPS provides government agencies with an independent assessment of their performance and allows employees to express their views in a confidential manner.

The department's overall result was identified as "positive" compared to the public sector sample. A high response rate of 65 per cent for DMP was recorded in comparison to the public sector average of 53 per cent.

The department scored favourably in the area of ethical behaviour, and a high awareness of ethical codes and how to report unethical behaviour, reflecting the success of the department's integrity promotion activities.

The 2016 EPS results were presented to all staff in early 2017 and the full results of the survey made available. It also led to the formulation of internal focus groups to further study the results of the survey and later report to the Corporate Executive with strategies to improve in the areas of communication, change management and career progression.



DMP Mineral Titles staff in Karratha.

Workforce Management

The department's Workforce Planning Framework was originally introduced in 2011 as a tool to optimise workforce capability and was complemented by the introduction of a corporate succession planning model in 2014.

To meet ongoing workforce resourcing challenges the department has recently reviewed, realigned and simplified its workforce planning process. The new workforce planning process provides managers a logical, linear framework directly aligned with the delivery of priority activities within operational plans and its business outcomes. Strategies for Equal Employment Opportunity (EEO), retaining valued employees, optimising the workforce, strategic leadership and leading/managing change are all focus areas within the plans.

Staff Development

The department is committed to the continuous learning and development of its staff and continues to promote the Leadership Development Framework, which aims to promote leadership at every level.

The framework is a critical development tool for those staff identified in workforce planning. It is underpinned by the department's Capability Framework and Values and is formalised through the performance management process.

In 2016-17, a number of internal and external development opportunities were offered, such as the Management Excellence Development Program (MEDP), Mentoring Program, funded scholarships to the Public Sector Management Program, tailored coaching programs and provision of the Essentials suite of training for staff and managers.

The department also offered structured learning programs for Equal Employment Opportunity (EEO) priority areas such as the Striking Gold career development program, graduate training program and women in leadership development programs.

A number of customised in-house programs were also offered on the topics of Managing Mental Health, Dealing with Difficult Situations and Change Readiness.

Equal Employment Opportunity and Diversity Plan

The department launched its new EEO and Diversity Plan 2017-2021. The plan strives to have equality and diversity built into our day-to-day activities ensuring we provide equal opportunities to our staff and an inclusive workplace.

However, some areas do require greater emphasis to ensure equal opportunities and equitable representation for all. The department has committed to an increase in the representation of four priority areas for the life of the EEO and Diversity Plan 2017-2021.

The following figures summarise the department's workforce diversity in the four priority areas, as at 30 June 2017:

Measure	%
Women in Leadership	6.36
Aboriginal and Torres Strait Islander People	2.37
Youth (under 25)	2.62
Young Professionals (35 and under)	18.47
People with Disability	2.50

The 2017-2021 Plan was acknowledged by the Public Sector Commission in April 2017 as meeting the statutory requirements of the EEO Act to a very high standard and also noted the range of initiatives included.

The department is committed to broader public sector initiatives such as 'Time for action: Diversity and inclusion in public employment' in creating diverse and inclusive workplaces. Time for action focus is a three year strategy focusing on people with disability, Aboriginal and Torres Strait Islanders, and Youth.

Youth Employment

The department coordinates an Interagency Graduate Program in partnership with the Department of State Development and the Department of Regional Development. Focusing on attracting talented university graduates to a career in the public sector, the program rotates graduates across multiple business areas and relevant agencies to gain experience, build their networks and improve their understanding of State Government as a whole.

In 2017, five graduates completed the program, with another four graduates recruited within the department.

The department also participates in the Public Sector School-Based Traineeship program and in 2016-17, provided two trainees with the opportunity to work towards a Certificate II in Government.

Case Study

Graduate program survey success



Participants of the Interagency Graduate Program offered by the Departments of Mines and Petroleum, State Development and Regional Development.

The DMP interagency graduate program was named as the second top ranking graduate employer in Australia in 2017.

DMP's graduate program jumped from 14th place last year, and was also ranked the top ranking graduate employer in the nation-wide survey for State Government departments for the third year in a row.

The Australian Association of Graduate Employers (AAGE) conducts the annual survey and gathers anonymous feedback from more than 2,500 graduates.

A key to DMP's success was the interagency collaboration with the Departments of State Development and Regional Development.

The program offers a number of three month rotational placements across the three departments with the possibility to work in other State Government departments.

Rotations are individualised and designed to provide exposure to each department's diverse operations, while also providing an opportunity to develop valuable skills and experience. Graduates are engaged by one of the three departments on a fixed term contract. The program runs for 18 months with a provision for permanent appointment following successful completion of the first 12 months.

AAGE is the peak industry body representing organisations that recruit and develop Australian graduates, and DMP has been a full member agency since 2006.

Aboriginal Employment

The Aboriginal Employment Strategy (AES) aims to increase representation of Aboriginal and Torres Strait Islander people in the department through a structured employment program, which includes development opportunities and mentoring.

The department is committed to broader public sector initiatives such as 'Attract, appoint and advance: An employment strategy for Aboriginal people'.

Reconciliation Action Plan (RAP)

The plan aims to achieve the department's vision of a workforce that understands and respects Aboriginal and Torres Strait Islander histories and cultures, allowing the department to work effectively with these communities.

Key initiatives within the plan include the Aboriginal Employment Strategy, celebration of National Reconciliation Week and NAIDOC Week, and cultural awareness training across the department.

The department's Reconciliation Action Plan 2016-2018 was endorsed by Reconciliation Australia in the innovate category.

Disability Employment

In addition to the outcomes in the Disability Access and Inclusion Plan, in October 2016 the department embarked on a 12 month partnership with JobAccess to pursue its disability employment goals and objectives, and gain a competitive advantage of accessing potential talent. The partnership goals include:

- building disability confidence across the department through a review of existing recruitment strategies
- awareness raising activities such as the celebration of International Day of People with Disability



DMP employee Eric Seery with his guide dog Sundae.

- disability awareness training
- developing a reasonable adjustment procedure to ensure an inclusive workplace.

Managers also have access to information on how they can provide a workplace assessment to address barriers faced by people with disability when performing a particular job.

The department is committed to broader public sector initiatives such as the 'See my abilities: An employment strategy for people with disability'.

Conflict of interest

To assist staff to identify and appropriately manage conflicts of interest, the department has initiated a number of enhancements to its integrated Conflict of Interest Framework, comprising policies, procedures, decision-making tools and an online declaration and approval system. Specific training has been developed and a pilot program was launched in May 2017 aimed at increasing the understanding and practical application of Conflict of Interest concepts, roles and obligations as an employee and manager. The enhanced training will be rolled out to the department in 2017-18.

As part of their annual performance review, all employees must confirm they have an up-to-date knowledge of the department's conflict of interest policy and have completed the associated declaration, if required.

All departmental positions are assessed for the risk of conflict of interest. Positions with a higher risk have been assessed and recorded in the Human Resources Management System and are subject to annual review.

Contracts with Senior Officers

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

Credit card

In response to gazettal of the amended Treasurer's instructions TI 321 Credit Cards – Authorised Use and TI 903 Agency Annual Reports, agencies are required to publish details of instances in their annual report where a Western Australian Government Purchasing Card (a 'credit card') is utilised for personal use. The new requirement applies to financial reporting on or after 31 December 2016.

(a) The number of instances the Western Australian Government Purchasing Card has been used for a personal purpose	54
(b) The aggregate amount of personal use expenditure for the reporting period	\$1471.16
(c) The aggregate amount of personal use expenditure settled by the due date	\$1305.85
(d) The aggregate amount of personal use expenditure settled after the period required by paragraph (c)	\$165.31
(e) The aggregate amount of personal use expenditure outstanding at the end of the reporting period	-
(f) The number of referrals for disciplinary action instigated by the notifiable authority during the reporting period	-

Refer to Treasurer's Instruction 903(13)(iv)

Public Interest Disclosures

The department is committed to the aims and objectives of the *Public Interest Disclosure Act 2003*. It recognises the value and importance of contributions of staff to enhance administrative and management practices and strongly supports disclosures made by staff as to corrupt or other improper conduct.

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

In 2016-17, there were no Public Interest Disclosures received and managed.

Corruption Prevention

The department is committed to the highest possible standards of openness, probity and accountability in all its affairs.

The department has zero tolerance for fraud and corruption. Suspected fraud or corruption will be reported, investigated and resolved in accordance with internal policies and procedures and the *Corruption, Crime and Misconduct Act 2003* (CCM Act). All legal obligations to the principles of procedural fairness will be met.

The department has a Fraud and Corruption Control Plan outlining intended action in implementing and monitoring fraud and corruption prevention, detection and response initiatives.

The Plan has been developed in line with Australian Standard AS8001-2008 Fraud and Corruption Control, and forms an integral part of the Department's Risk Management Framework.

Customer Feedback

The department aims to provide clients with quality service and outcomes. The department is committed to providing an efficient, fair and accessible mechanism for resolving customer feedback and ensuring that any complaint or other feedback received is dealt with courteously, investigated fully and acted on quickly and appropriately. The department respects customers' right to complain if they are not happy with the services provided, or the way in which they are provided. Compliments and suggestions are also welcomed.

In managing feedback and complaints, the department monitors and reviews complaints lodged and outcomes achieved, to assist in the identification of systemic and recurring problems and/or potential improvements to service delivery and customer relations. Similarly, the department reviews the complaints handling process to ensure it is efficiently delivering effective outcomes.

In 2016-17, there were 43 pieces of feedback received and managed.

The following figures are compiled from the online Feedback and Complaint Management System.

Contact method	Number of complaints	Number of compliments	Number of suggestions	Total
Email, mail or fax	0	0	0	0
Internet	16	6	14	36
Telephone	6	0	1	7
Total	22	6	15	43

Case Study

Improving customer experiences



There are still further online efficiencies to be gained.

Although online lodgements have reduced approval timelines, there are still further online efficiencies to be gained. One of these is to reduce burdens customers might experience in using DMP's online lodgement and information systems. The department has embarked on identifying its main customer groups and learning of their experiences in using the online lodgement and information systems to enable DMP to undertake refinements of these systems.

Some of the comments from stakeholders included "the staff are always helpful and committed to solve any problems we have as quickly as they are humanly able to do it", there were other customer experience issues raised including:

- Customers have to be proficient with a number of different systems to complete their tasks.
- DMP systems are difficult to use and significant investment is required to be trained in their use.
- Customers must adopt certain (non-preferred) operating systems and browsers in order to use DMP systems.

Although DMP's website and the online systems allow customers to transact, the issue for DMP's stakeholders is a design matter. The department needs to focus on the design and structural elements of its website and online systems to ensure that they are easy to use, intuitive, and informative.

Government policy requirements

This section contains disclosures of government policy requirements imposed on agencies.

Government Building Training Policy

The Government Building Training (GBT) Policy aims to increase the number of apprentices and trainees in the building and construction industry by requiring contractors awarded State Government building, construction and maintenance contracts to commit to meeting a target training rate through employing construction apprentices and trainees.

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

Substantive Equality

In accordance with 'Public Sector Commissioner's Circular 2015-01: Implementation of the Policy Framework for Substantive Equality', the department is required to report on the progress in implementing the policy framework for substantive equality.

The department recognises the diversity of the WA community and is committed to providing services to meet the needs of all customers. All service delivery areas of the department have been assessed to ensure compliance with the 'Policy Framework for Substantive Equality' and the *Equal Opportunity Act (WA) 1984*.

Access to land and marine areas is influenced by Government policy, legislation and community acceptability of mineral and petroleum resource exploration and development. The department facilitates access in accordance with relevant legislation and Government policy concerning native title, Aboriginal heritage and land-access planning for exploration, mining, and development of the State's resources.

The department has three Liaison Officers to assist mineral and petroleum companies gain access to:

- Aboriginal reserves
- Aboriginal freehold and special lease
- determined native title areas
- Aboriginal owned pastoral leases
- pastoral leases in WA
- land containing Aboriginal sites
- environmentally sensitive areas in WA.

DMP works with other government departments and authorities, conservation bodies, the community and industry to achieve a balance between the needs of all.

The department also works towards substantive equality through its Equal Employment Opportunity and Diversity Plan 2017-2021.

Occupational Safety, Health and Injury Management

The department is committed to providing and maintaining a safe and healthy work environment in its workplaces. To support this commitment, the department's Occupational Safety and Health (OSH) Policy and the Safety Management System (SMS) aims to meet or exceed the requirements of the *Occupational Safety and Health Act, 1984* (OSH Act).

The department continues to have a low number of workers compensation claims and manages them in a fair and equitable manner in accordance with the *Workers' Compensation and Injury Management Act 1981*. This includes return to work programs assisting the prompt return of employees to meaningful and productive work following work related injury, illness or disability, through sound injury management and occupational rehabilitation.

The department's SMS is based on the WorkSafe WA Plan and is a documented and verifiable set of plans, actions, policies and procedures that assists staff to clearly identify their responsibilities and manage them in an organised manner. The goal of the SMS is to continuously improve safety and health and to prevent workplace injuries and illnesses. The SMS has four objectives based on the elements of the WorkSafe Plan:

1. To continuously improve DMPs Safety Management System.
2. To improve DMPs OSH consultative mechanisms.
3. To reduce the frequency and severity of safety and health risks.
4. To train, support and motivate staff in OSH.

The SMS is reviewed annually through the Occupational Safety and Health Committee and was audited by an external auditor in 2015, with the department receiving a WorkSafe Gold Certificate

of Achievement for its safety management system. All of the recommendations since that audit have been actioned and are complete.

The Occupational Safety and Health (OSH) Committee is an essential, consultative group established to effectively monitor the department's safety and health issues and provide resolution on contentious or disputed safety issues. The OSH Committee consists

of management staff and elected employee Safety and Health Representatives (SHRs). Meetings are held quarterly to facilitate the development, endorsement, continual improvement and implementation of the SMS that will, so far as is practicable, provide for a safe and healthy workplace. The OSH Committee is supported by the Corporate Executive and chaired by Simon Ridge, Executive Director of the Resources Safety Division.

Indicator	2013-14	2014-15	2015-16	2016-17
Safety and Health Representatives	22	25	24	24
Hazard Notifications	107	169	163	172
Incident reports	33	29	38	34
Internal Safety Audits	6	26	11	15
Ergonomic Assessments	87	95	175	139
OSH Inductions	173	218	125	99
OSH Newsflash items	61	135	134	152
First Aid Training Courses	14	40	32	19



Fieldwork at Bedford Downs Station in the Kimberley.

Section 5: Disclosures and legal compliance

Performance against targets set by PSC OSH and Injury Management

Measure	Actual results		Results against target	
	2015-16 ⁽¹⁾	2016-17 ⁽²⁾	Target	Comment on result
Number of fatalities	0	0	0	Target met
Lost time injury and/or disease incidence rate	0.65	0.26	0 or 10 per cent reduction ⁽³⁾	Target exceeded: 40 per cent reduction
Lost time injury and/or disease severity rate	0	0	0 or 10 per cent reduction ⁽³⁾	Target met
Percentage of injured workers returned to work				
(i) within 13 weeks	100 per cent	100 per cent	Greater than or equal to 80 per cent	Target exceeded
(ii) within 26 weeks	100 per cent	100 per cent	Greater than or equal to 80 per cent	Target exceeded
Percentage of managers trained in occupational safety, health and injury management responsibilities	97.5 per cent	99.2 per cent	Greater than or equal to 80 per cent	Target exceeded

1 This indicator examines a three year trend and as such the comparison base is to be two years prior to the current reporting year i.e. 2014/15.

2 The current reporting year is 2016/17.

3 The reduction may be calculated over a three year period.

Continuous improvement of the Safety Management System

During 2016-17, the Corporate Occupational Safety and Health (COSH) team had a strong focus on mental health and wellbeing including fitness for duties. A new Health and Wellbeing policy was developed and published along with a Fitness for Work Guideline to assist managers. The department commenced a roll-out of Managing Mental Health training with an aim to have 90 per cent of managers trained by 2020.

The policies and procedures that were reviewed during this period included the Bushfire Preparedness Procedure and the Smoking in the Workplace Guideline that resulted in Mineral House being a smoke free complex.

The OSH Committee underwent an internal review that included a survey, a series of focus groups and interviews with all members.

All recommendations and suggestions from this review were accepted and have been actioned.

To increase OSH awareness as well as support and motivate staff, the department introduced and further developed the following improvements to OSH training:

- Comprehensive OSH online induction and face-to-face induction sessions.
- Comprehensive OSH online induction for regional staff.
- Mandatory managers OSH and injury management training including an online component and face-to-face session.
- Quarterly in-house training for Safety and Health Representatives (SHRs).
- Online refresher training every 3 years.

- Introduction of Managing Mental Health in the Workplace.
- Introduction of Managing Staff Health and Well-Being.

The department has continued its scheduled accredited fire warden and fire extinguisher training, first aid officer training, and ensures that all newly elected SHRs are training in accordance with the *Occupational Safety and Health Act 1984*.

The department showed its commitment to enhancing staff wellbeing through progressing initiatives such as:

- working on Wellness (WOW)
- ergonomic assessments
- one life suicide prevention.

Case Study

DMP wins Best Practice in Health and Wellbeing Award



DMP's Carrie Hatzel (left), Sophie Woodley, Phil Gorey, Nina Gloor, Sven Bluemmel, Commissioner, Western Australian Information Commission, DMP's Marka Haasnoot and Victoria Keeping at the 2017 Institute of Public Administration Australia (IPAA) WA Achievement Awards.

DMP's commitment to promoting a healthy lifestyle for all employees was recognised as the best in the WA Public Service for the second time in five years.

The department's Working on Wellness (WoW) Program won the Best Practice in Health and Wellbeing award at the 2017 Institute of Public Administration Australia (IPAA) WA Achievement Awards on Friday 30 June.

Created in 2009, the WoW program provides employees with opportunities to improve their health through developing relevant skills, knowledge and attitudes necessary for a healthy lifestyle. The program has incorporated evidence based research, including

national and international trends and has become a benchmark program which has assisted other agencies and the University of Western Australia.

Some of the WoW strategies and events include tailored health and fitness assessments, skin cancer screening, healthy cooking demonstrations, informative presentations on evidence based health trends such as intermittent fasting and gut bacteria, and a stronger focus on mental health initiatives.

Board and committee remuneration

The department administered six statutory boards and committees on behalf of the Minister for Mines and Petroleum for the 2016-17 financial year, with nil remuneration to report.

Other legal requirements

Expenditure on advertising, market research, polling and direct mail

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

Total expenditure for 2016-17 was \$564,040.32.

Incurred expenditure is detailed in the following table.

Expenditure	Total	Expenditure	Amount
Advertising	\$468,893.93	Adcorp – non campaign, departmental news	\$15,552.02
		Adcorp – Regulation	\$392,436.75
		Adcorp – Recruitment	\$48,459.66
		Optimum Media Decisions (WA) Limited – Campaign	\$0
		Unity Publications – MINESITE 17 (year book)	\$1,900.00
		CFMEU WA Directory – Resources Safety news alerts	\$895.50
		Redwave Media – Resources Safety messages	\$1,400.00
		SEAPEX Press – September 2016 acreage release	\$600.00
		Energy News Bulletin – September 2016 acreage release	\$3,850.00
		Glove Box Guide to the East Kimberley 2017 edition -Seven Golden Rules of Prospecting	\$1,600.00
		Derby Fitzroy Crossing – A Visitors Guide to the West Kimberley – Seven Golden Rules of Prospecting	\$770.00
		Wild Kimberley Travel Guide -Shire of Halls Creek – Seven Golden Rules of Prospecting	\$1,100.00
		Australian, Gold, Gem and Treasure Magazine – Seven Golden Rules of Prospecting	\$330.00
		Media advertising organisations	\$0
Market research organisations	\$71,308.00	Survey Monkey (annual subscription)	\$708.00
		NOVUS Group – Customer Segmentation and User Experience Survey	\$70,600.00
Polling organisations	\$0		

Expenditure	Total	Expenditure	Amount
Direct mail organisations	\$23,838.39	Email marketing – Mail Chimp	\$1,637.21
		Mail house – Vanguard Press – Prospect magazine	\$2,328.73
		Mail house – Watway – 2016 Mines Safety Roadshow flyer	\$914.16
		Australia Post – Petroleum Explorers Guide and Petroleum in Western Australia magazine	\$3,065
		Australia Post – Prospect magazine	\$3,845.99
		Australia Post – Resources Safety magazine	\$7,678.13
		Australia Post – Safety Performance display poster	\$4,369.17
Total	\$564,040.32		



Conducting field mapping.

Disability Access and Inclusion Plan Outcomes

In accordance with the *Disability Services Act 1993*, s.29 and Schedule 3 of the Disability Services Regulations 2004, the department is required to implement strategies and initiatives identified in the Department's Disability Access and Inclusion Plan (DAIP).

The department's 2015-2020 Disability Access and Inclusion Plan has been submitted to the Disability Services Commission.

The department's progress on implementing the plan is reported to the Disability Services Commission. Most of the planned strategies in 2016-17 were completed against the outcomes as outlined below:

Outcome 1: People with disability 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 a disability to all public events in appropriate venues. The department's Events Manual provides guidelines for employees when conducting events, emphasising that events must cater for the needs of people with disabilities. It also includes a checklist for staff organising department-sponsored events to ensure that no individual or group is excluded from participating.

The department provides disability awareness training to all new staff as part of their induction program and has included Disability Access and Inclusion Training as part of the Professional Development Program which is available to all staff.



Access ramp at DMP's Kalgoorlie office.

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

The department continues to ensure that all office buildings and facilities are physically accessible to people with disabilities. Two additional disabled bays have been provided at Mineral House bringing the number of available bays to four. Braille signage has been fitted to all toilets and change-room doors throughout Mineral House and, as part of a lift refurbishment program, the lifts are being progressively upgraded to include accessible buttons including braille. A ramp has recently been installed at the Kalgoorlie office to facilitate safe emergency exit for people with disabilities.

Outcome 3: People with disability receive information from the department in a format that will enable them to access the information as readily as other people are able to access it.

The department has completed a website enhancement project to ensure the website meets access requirements. This has been supplemented by training of the department's web content officers. The department also ensures that its information is available in alternative formats upon request.

Outcome 4: People with disability receive the same level and quality of service from the staff of a public authority as other people receive from the staff of the department.

The department is committed to treating all customers and stakeholders equally in an open, honest and impartial manner at all of the department's offices, and provides specific training to its customer service staff to ensure this occurs.

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

The department has an effective internal complaints management system whereby the Director General is ultimately answerable to complaints. Complaints are addressed impartially through an open and transparent process. Importantly, the department recognises that complaints are a useful tool for improving services. Complaints are accepted in all formats such as by telephone, email, written or in person.

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

The department is committed to improving public participation opportunities for all people in the community, including those with a disability. This approach recognises the importance of engaging people of varying backgrounds, skills, talents and perspectives in the consultation process. Wherever possible the department ensures that any public consultation process is held in an accessible venue and that information is available in alternative formats if required, including Auslan interpreters.

Outcome 7: People with disability have the same opportunities as other people to obtain and maintain employment within the department.

The department provides job-related information in alternative formats upon request, holds interviews in accessible venues and continues to improve the attraction, recruitment and retention of employees with a disability. In October 2016, the department partnered with Job Access and the National Disability Recruitment Coordinator to review its policies and procedures to ensure they are inclusive and represent best practice in attracting, developing and retaining people with disability.

The department is committed to further increasing its workforce representation of people with a disability. Recently, an employee was matched with a Guide Dog through Guide Dogs WA. All staff were notified of this and, where required, were briefed in relation to behaviours towards a Guide Dog in the workplace.

Employing people with a disability is included in the department's Equal Employment Opportunity and Diversity Plan and is reported on quarterly.

Compliance with public sector standards and ethical codes

Minimum standards (the Standards) of merit, equity and probity are to be complied with under section 21 of the Act. These Standards relate to a number of human resource activities and are collectively referred to as the Public Sector Standards in Human Resource Management. Standards exist for employment, performance management, grievance resolution, redeployment, termination and discipline.

In accordance with section 31(1) of the *Public Sector Management Act 1994* [the Act], departments are required to report on the extent of compliance with public sector standards, codes of ethics and any relevant code of conduct. In addition to this compliance report, significant actions are undertaken to promote compliance.

The department administers its business in accordance with the Public Sector Standards, the Western Australian Public Sector Code of Ethics and its own Code of Conduct. The department is committed to fostering an organisational culture based on ethical, transparent and accountable behaviour. Employees are actively encouraged to demonstrate high standards of conduct and integrity at all times.

The department's Code of Conduct is aligned with the Public Sector Commissioner's Instructions No. 7 – Code of ethics and No. 8 – Codes of conduct and integrity training. The Code of Conduct guides employees' behaviour in line with the standards of conduct and integrity required as a public officer, and outlines detailed processes on reporting misconduct or suspected breaches of the code.

All employees are provided with a copy of the Code of Conduct and are required to acknowledge their understanding of its intent annually through the department's performance management process.

As at 30 June 2017, 99.3 per cent of employees had confirmed they have received and read the Code of Conduct and sought explanation where necessary from their manager.

Training in Accountable and Ethical Decision-Making (AEDM) is compulsory for all new employees, and is delivered face-to-face. Refresher training is required every three years and is provided online.

The department provides AEDM training online for contractors and short-term agency staff who provide a service for three months or longer. The content of online training programs is regularly reviewed to ensure employees are provided with up-to-date information. As at 30 June 2017:

- **92 per cent** of employees had completed the AEDM training
- **92 per cent** of employees had completed refresher training
- **57 per cent** of contractors had completed AEDM training.

To further increase awareness of meeting these codes and obligations as a public officer, Conflict of Interest training has also been introduced.

New employees are required to attend induction sessions that detail their responsibility to comply with the Code of Conduct, and emphasise an employee's obligation to report suspected unethical behaviours or actions.

As part of the department's Essentials Training program, Manager Induction training has continued to be rolled out to new managers. New, acting and recommended managers/supervisors are provided training in their corporate responsibilities, with a strong focus on compliance and governance.

Breach of Standard claims

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

In 2016-17 there were two claims lodged against the Employment Standard, two breach claims lodged against the Performance Management Standard and two breach claims lodged against the Grievance Management Standard. All claims were reviewed by the Public Sector Commissioner with no breaches found.

Section 5: Disclosures and legal compliance

Record keeping plans

In accordance with section 19 of the *State Records Act 2000*, departments are required to have a Recordkeeping Plan (RKP). The RKP is to provide an accurate reflection of how recorded information is created and managed within the organisation and must be complied with by the organisation and its officers. RKPs are essential business tools that assist government organisations with the identification, management and legal disposal of their key information assets and, therefore, must be kept current.

Under Part 3, Division 4 of the *State Records Act 2000*, the department must review its RKP every five years or when there is any significant change to the department's functions.

The department's approved RKP (RKP 2015034) has been in place since 26 November 2015.

The department's approved Retention and Disposal (R&D) Schedule (DA 2013-061) has been actively in use since 1 August 2014.

Information management and record keeping governance documentation has been reviewed and developed during the year and continues to be managed through the department's Quality Management System (QMS).

Record keeping systems review and online transactions

The department continuously monitors the performance of the Electronic Document and Records Management System (EDRMS), including integration with other departmental record keeping systems. During 2016-17, new system features were developed and released to enhance system user's searching, document classification and retrieval needs.

Training

All new employees at the department complete an online self-paced Record Keeping Awareness Training package covering:

- government accountability and compliance
- benefits of good practice in record keeping
- consequences of inadequate record keeping
- the creation, access, storage and disposal of government records.

New employees also complete a basic introduction to using the EDRMS including the application of foundational Information Management principles that guide system use and data creation.

All staff complete online record keeping refresher training every three years.

Staff also have access to a range of more advanced EDRMS training modules scheduled regularly or arranged for targeted groups. The table below indicates the range of training available and numbers of staff trained during the year.

	Staff trained
Record keeping awareness – online training	417
EDRMS – basics (mandatory)	133
EDRMS – refresher and coaching	59
Business folders – owner training (mandatory)	53
Specific functions and actions, including search and find, OurDocs folders, editing and locking, eSignatures, email records	206
EDRMS – basics, for Department of State Development	46
Business folder – owner training, for the Department of State Development	6
Total	920

“All new employees at the department complete an online self-paced Record Keeping Awareness Training package.”

Independent audit opinion

INDEPENDENT AUDITOR'S REPORT
To the Parliament of Western Australia
Department of Mines and Petroleum

Report on the Financial Statements

Opinion

I have audited the financial statements of the Department of Mines and Petroleum which comprise the Statement of Financial Position as at 30 June 2017, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Department of Mines and Petroleum for the year ended 30 June 2017 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

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

Responsibility of the Director General for the Financial Statements

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the



Auditor General

7th Floor Albert Facey House 469 Wellington Street Perth
MAIL TO: Perth BC PO Box 8489 Perth WA 6849
TEL: 08 6557 7500 FAX: 08 6557 7600

Director General determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.

Section 6: Key Performance Indicators

Independent audit opinion (continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Director General.
- Conclude on the appropriateness of the Director General's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Controls

Opinion

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

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

In my opinion, in all material respects, the controls exercised by the Department of Mines 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 during the year ended 30 June 2017.

The Director General's Responsibilities

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

Auditor General's Responsibilities

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

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

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

Limitations of Controls

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

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Department of Mines and Petroleum for the year ended 30 June 2017. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

Independent audit opinion (continued)

In my opinion, in all material respects, 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 2017.

The Director General's Responsibility for the Key Performance Indicators

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

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

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

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

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

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

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

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

This auditor's report relates to the financial statements and key performance indicators of the Department of Mines and Petroleum for the year ended 30 June 2017 included on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA

Perth, Western Australia

30 August 2017

Section 6: Key performance indicators



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Certification of key performance indicators

Department of Mines and Petroleum
Disclosures and Legal Compliance
For The Year Ended 30 June 2017

KEY PERFORMANCE INDICATORS

Certification of key performance indicators

I hereby certify that the key performance indicators are based on proper records, and are relevant and appropriate in 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 ended 30 June 2017.



David Smith
Director General
30 August 2017

Section 6: Key Performance Indicators

Detailed key performance indicators information

The outcome based performance measurement framework measures progress towards delivering strategic outcomes. The department's full suite of KPIs is monitored by the Corporate Executive Leadership team to identify any performance areas where improvement is needed to deliver strategic outcomes.

The department's Performance Management Framework is discussed on [page 22](#) and highlights the inter relationship of the Strategic Plan to the Outcomes Based Management (OBM) Reporting Framework. The overarching departmental outcome is to contribute to making WA the destination of choice for responsible resources exploration, development and operations.

This year, a new and revised suite of KPIs is being reported under the OBM. The KPIs demonstrate how the department contributes to government goals and are instrumental in measuring the department's performance progress.

The department used the opportunity of developing the new KPIs to undergo an extensive administrative review program. This resulted in improved consistency in metrics, definitions and methodologies involved in reporting the composite performance measures across multiple business activities contributing to individual KPI measures.

Significant changes have been made to how source data is collated. Administrative improvements include reducing reliance on manual data manipulation and moving to systems generated reports used in calculating the new suite of KPIs.

Targets were set for the new suite of KPIs ahead of conducting extensive administrative reviews to establish methodologies for calculating reported KPIs. Instances are noted where improved methodologies have adjusted results reported. This is to be expected within the first year of establishing a new suite of KPIs for the department.

Similarly, as this is the first year of reporting no comparable data is available. However detailed explanations are given and outline the new suite of KPIs progress, trends and patterns in performance will be analysed and discussed in future reporting periods.

 Target not met

 Target exceeded

 Target met

KPI 1: Percentage of applications determined within agreed timeframes

What we measure:

The department is responsible for administering mineral and energy resources legislation with an emphasis on the timely determination and management of applications. Improving determination performance is a high priority for the State Government.


The department, as a designated Lead Agency, under the Lead Agency Framework, considers managing determinations within agreed times as key to responsibly developing resources across the State.

Lack of certainty and time delays have major financial implications for stakeholders and reputational repercussions for the State.

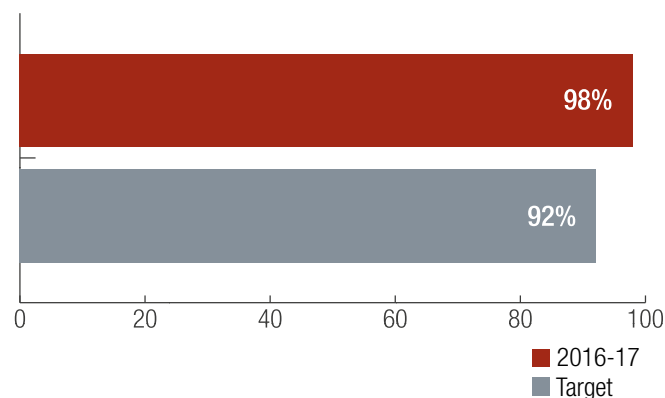
How we measure:

This measure is calculated by dividing applications determined within agreed timeframes by overall applications determined. Applications determined are those approved, refused, lapsed, rejected or withdrawn.

The agreed timeframe in which applications are determined is set according to legislation. This includes defining whether the timeframe is counted in business days or calendar days.

	Target	Actual	Status
Overall results	92%	98%	+6% 

KPI 1: Percentage of applications determined within agreed timeframes



Results by regulatory area:

- 99 per cent of mining tenure applications determined within agreed timeframes.
- 98 per cent of environment applications determined within agreed timeframes.
- 100 per cent of mine safety applications determined within agreed timeframes.
- 87 per cent of petroleum and geothermal tenure and activity applications determined within agreed timeframes.

Our performance:

Overall strong performance in all business areas has resulted in the target being exceeded for the 2016-17 reporting period. The number of mining applications received by the department increased 30 per cent on the previous year, which may be attributed to a resurgence of interest in gold exploration, especially in the Northern Goldfields area, and greater exploration interest in lithium, driven by its high price and demand. Despite this increase in workload, 99 per cent of applications were finalised within the agreed timeframe.

Similarly, the Environment approvals exceeded targets due to realisation of benefits resulting from improvements such as new online spatial lodgement systems, increased pre-application consultations with applicants, improved guidance material for applicants and staff training. These improvements have enhanced the quality of the applications submitted to the department, allowing for more efficient assessments.

The number of Project Management and Radiation Management Plans vary from year-to-year depending on industry activity. All applications for the resources safety sector were processed within the agreed timeframe.

During the year there was some fluctuation with Petroleum Well activities with some industry requesting that applications to abandon 36 Thevenard Island wells be placed 'on hold'. Applications put 'on hold' can cause some bottlenecks in application determination timeframes. However, these bottlenecks have not impacted on the overall result for the determinations in agreed timeframes.

Section 6: Key Performance Indicators

KPI 2: Percentage of compliance activities completed as planned

What we measure:

The department ensures the State's resource sector's safety, health and environmental standards are world best practice and consistent with relevant State and Commonwealth legislation, regulations and policies.


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

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

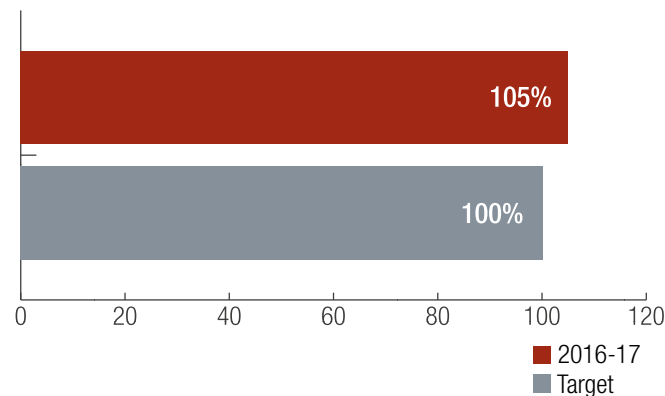
How we measure:

This measure is calculated by dividing the total number of completed inspections and audits by the total number of planned inspections and audits.

The total planned compliance activities include those activities that are expected, scheduled and pre-arranged to be completed, plus an estimate of reactive, additional, unexpected and ad hoc activities that are anticipated to be conducted during the year.

	Target	Actual	Status	
Overall results	100%	105%	+5%	

KPI 2: Percentage of compliance activities completed as planned



Results by regulatory area:

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

Our performance:

The department exceeded its target for percentage of compliance activities completed during the period by 5 per cent.

Petroleum environmental compliance exceeded targets as multiple scheduled reviews were undertaken throughout the year. The plan was to review every Environmental Report submitted. However, when activities change, an operator can submit another report resulting in multiple Environmental Reports being received from operators during the year.

Minerals environmental compliance activities reported 30 planned activities not completed. This was as a result of an extra 34 unplanned activities being undertaken with resources diverted to higher risk activities.

Resource Safety conducted a greater number of compliance activities than anticipated. This was due to further refinement of the new KPI methodology in relation to mines safety compliance activities.

Dangerous Goods compliance activities increased due to additional Major Hazard Facility (MHF) inspections being undertaken. These related to a number of post incident inspections as well as series of reclassifications that drove the need for additional inspections. The additional inspections were unforeseen and unplanned when the original KPI target was set.

Petroleum Safety compliance activities increased in part due to the Parliamentary inquiry into FIFO suicides. An additional industry-wide inspection program of the Psycho-Social Harm/OH&S practices was implemented.

KPI 3: Percentage of compliance with regulated resource exploration and development conditions

What we measure:

The department ensures the State’s resource sector’s safety, health and environmental standards are world best practice and consistent with relevant State and Commonwealth legislation, regulations and policies.

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

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

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

How we measure:

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

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

Results by regulatory area:

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

Our performance:

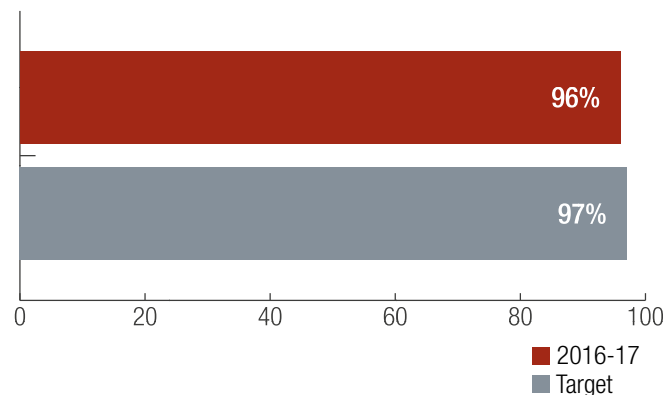
Overall, the department achieved a compliance result close to the target. Targets in this KPI are challenging to achieve due to a combination of targeting high-risk operations and increased likelihood of detecting non-compliant activities through increased compliance activities.

Mineral industry compliance (96 per cent) with environmental conditions is consistent with the target. The level of environmental compliance within the petroleum industry (90 per cent) is slightly lower. However, this is considered reasonable due to targeting high-risk operators. Increasing the number of compliance activities compared to those of the previous year results in an increased likelihood of detecting non-compliant activities.

Royalties collection methodology was refined to focus on producers who have been issued with a Notice of Intent to forfeit (for late royalty payments) over the financial year under review. This refinement tailored the count of compliance activities and slightly reduced the number of regulatory activities reported.

	Target	Actual	Status
Overall results	97%	96%	-1%

KPI 3: Percentage of compliance with regulated resource exploration and development conditions



Section 6: Key Performance Indicators

KPI 4: Stakeholder satisfaction with effectiveness of DMP as regulator

What we measure:

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

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


How we measure:

KPI 4 data is captured annually through an online quantitative survey. A single measure is used, asking the question:

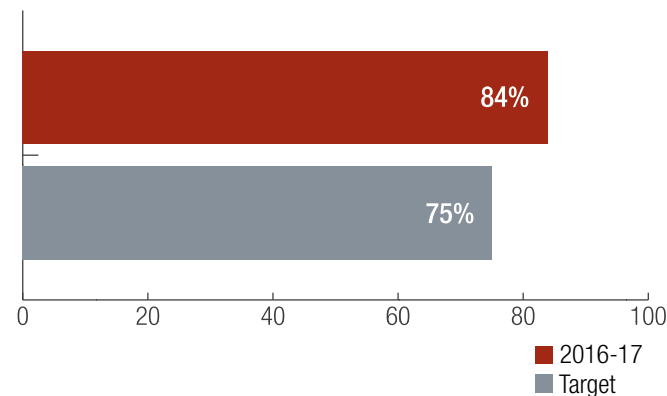
"Overall, how satisfied are you with the performance of DMP as an effective regulator?"

This is a fixed question to be asked each year to ensure repeatability and consistency.

Performance results are calculated as an average score on the 0-10 point scale, with the percentage target for DMP's effectiveness as a regulator reported based on a net result of those rating DMP between 6 and 10.

	Target	Actual	Status	
Overall results	75%	84%	+9%	

KPI 4: Stakeholder satisfaction with effectiveness of DMP as regulator



Our performance:

The results show that satisfaction with DMP as effective regulator was high, with 84 per cent of respondents rating the agency between 6 and 10.

KPI 5: Average weighted cost of information and product services


What we measure:

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

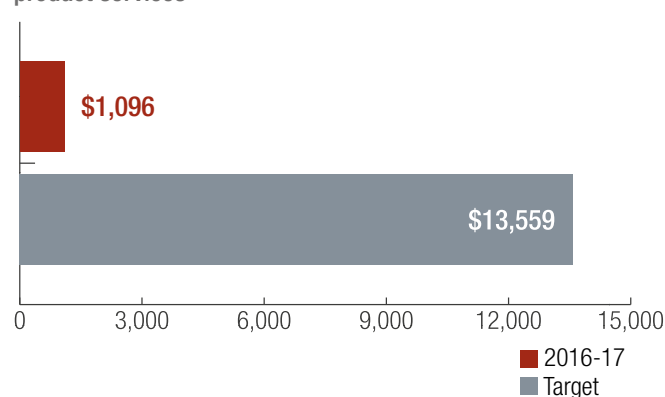
The efficiency indicator demonstrates financial stewardship with an indication of the costs with producing the department's information and products.

How we measure:

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

	Target	Actual	Status
Overall results	\$13,559	\$1,096	-92% 

KPI 5: Average weighted cost of information and product services



Results by regulatory area:

- 83 per cent of the total result are Geological Survey information and product services
- 13 per cent of the total result are Resource Safety information and product services
- 4 per cent of the total result are Petroleum information and product services

Our performance:

This year, for the first time, a broader range of advice, information and product services have been included in reporting that was not previously included or reported by the department, including at the time of forecast. As a result, significant variation from target is reported in weighted costs of information and product services.

This demonstrates the wider range of information and product services provided than originally identified when the target was developed.

For Geological Survey (GSWA) this now reflects almost all of GSWA's information and product services, including a greater number of digital products and online database delivery of products compared with primarily printed products in the past. This fundamental change for GSWA represents an increase from 6 per cent of the overall weighted information and products services provided at the time the target was set, to 83 per cent of the actual weighted information and products services reported in this indicator. This change was primarily a result of the revised weighting for information and products services for GSWA.

Petroleum activities are also recently included with this indicator for the first time. Significant engagement is undertaken, particularly with industry, to educate stakeholders on obligations to both comply with legislation and manage their social licence to operate. This includes additional information and product being developed and implemented to support industry.

To meet demand, Resource Safety delivered additional dangerous goods and mining seminars, roadshows and presentations. The increased engagement with industry through requests for presentations has also contributed to the efficiency indicator costs dropping. This is also now reported through this KPI.

Weightings also were revised and are now more in line with the investment into producing the new suite of information and product services.

In addition, the department's 2016-17 actual cost of services is lower than the budget due to savings measures initiated by the government and department. This resulted in an increase in efficiency.

These broad changes to methodology and weightings, together with department initiated savings measures, have resulted in costs to effort being more accurately reported.

Section 6: Key Performance Indicators

KPI 6: Average weighted cost of application determination services


What we measure:

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

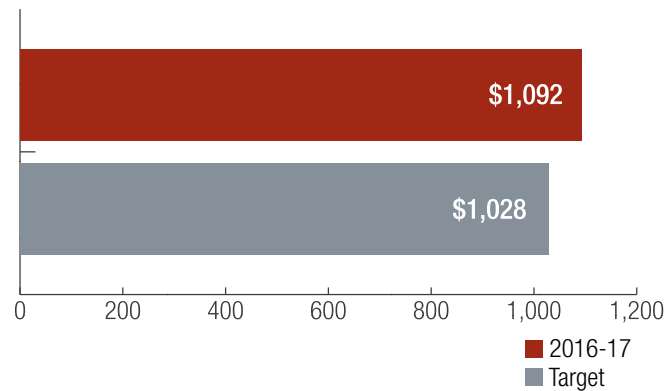
The indicator demonstrates financial stewardship in application determination services in relation to economic demand. Increased demand impacts on the average weighted cost of services by identifying potential efficiencies and reducing public sector red tape.

How we measure:

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

	Target	Actual	Status
Overall results	\$1,028	\$1,092	+6% 

KPI 6: Average weighted cost of determination services



Results by regulatory area:

- 18 per cent of the total result are Petroleum application services
- 64 per cent of the total result are Mineral Title application services
- 16 per cent of the total result are Environment application services
- 2 per cent of the total result are Geological Survey application services

Our performance:

This year new determination activities are included in reporting not previously forecast for Geological Survey and activities were removed for Resources Safety.

The cause of the noted increase in weighted cost of determination services is due to the revised methodology and directly influencing the reported weighted services.

While both the estimated budget and estimated number of application determination services have decreased against actual results, the decrease was not proportional. The budget decreased by 4 per cent and the number of application determination services decreased by 8 per cent. Therefore, the weighted average cost of application determination services was slightly higher than expected.

Environmental determination services reflect an upturn in activity in the resources sector and the overall increase in environmental determinations processed for the year.

Petroleum determinations have increased to the forecasted targets and continue to operate in an efficient manner. Well and well activity assessments are averaging four days for each application. The nature of applications has changed, reflecting a major focus on decommissioning of facilities and require wider consultation in the medium term.

KPI 7: Average weighted cost of regulatory and compliance services

What we measure:


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

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

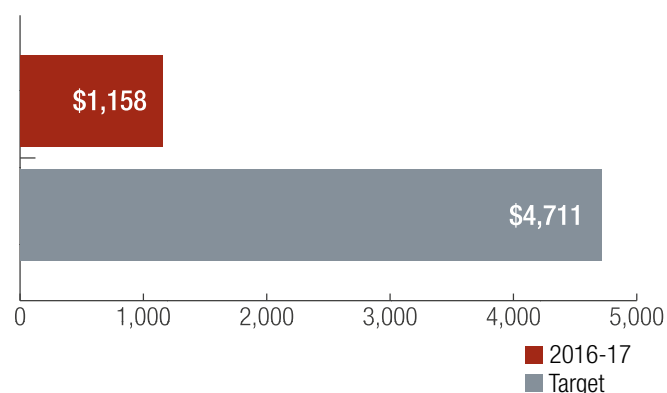
This indicator monitors how efficiently the department delivers regulatory and compliance services relating to health, safety and social responsibility, environment and dangerous goods to ensure resources are optimised.

How we measure:

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

	Target	Actual	Status
Overall results	\$4,711	\$1,158	-76% 

KPI 7: Average weighted cost of regulatory and compliance services



Results by regulatory area:

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

Our performance:

The actual result is substantially lower than predicted due to changes in the overall methodology and counting rules for this indicator. Updates to weightings and classifications of activities means the results are not directly comparable to the target set.

The weightings used in the calculation of this indicator have been updated, since the target was set, to better reflect effort and improve consistency in the composite KPI counting methodology.

Overall, an increase in reported activity has resulted in a decrease in average cost of regulatory compliance services. An increase in regulatory activity was reported in all areas, with a most notable increase in Resource Safety, which represents 82 per cent of the department's overall regulatory activity.

Environmental compliance has continued to be strengthened, with an increased focus on compliance to manage the risks of environmental harm and rehabilitation liability being transferred to the State.

Similarly, Royalties regulatory and compliance services has risen marginally to target due to more mineral projects commencing during the past year.

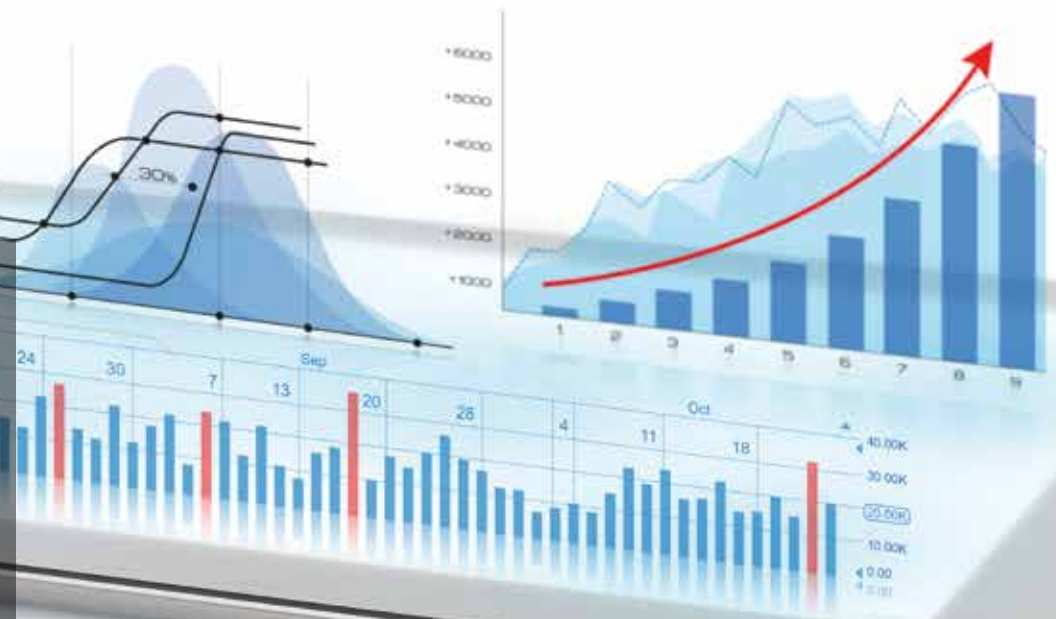
The primary focus for Petroleum in 2016-17 was to ensure compliance with Well Management Plans. High-risk sites were targeted for inspections, in particular those sites in the process of decommissioning wells, so that the department could be confident that wells were being appropriately plugged and decommissioned. Well integrity was also a focus, through both compliance monitoring and site inspections to witness integrity checks on wells.

Overall, the variation of efficiency is directly linked to a broader range of regulatory compliance services reported under revised methodology together with department initiated savings measures, resulting in more efficient delivery of services.

Section 7: Financial Statements



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Certification of Financial Statements

For the year ended 30 June 2017

Department of Mines and Petroleum

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 2017 and the financial position as at 30 June 2017.

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



David Smith
Director General

30 August 2017



Ralph De Giorgio
Chief Finance Officer

30 August 2017

Statement of Comprehensive Income

For the year ended 30 June 2017

		2017	2016
	Note	\$000	\$000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	92,985	94,760
Supplies and services	8	43,112	43,927
Depreciation and amortisation expense	9	3,112	2,831
Accommodation expenses	10	5,537	5,139
Grants and subsidies	11	9,136	5,806
Other expenses	12	1,299	2,080
Total cost of services		155,181	154,543
Income			
<i>Revenue</i>			
User charges and fees	14	74,526	76,535
Interest revenue	15	1,733	1,336
Other revenue	16	2,988	3,267
Commonwealth grants and contributions	17	-	1,100
Total Revenue		79,247	82,238
<i>Gains</i>			
Gain on disposal of non-current assets	18	20	28
Total Gains		20	28
Total income other than income from State Government		79,267	82,266
NET COST OF SERVICES		75,914	72,277

		2017	2016
	Note	\$000	\$000
Income from State Government	19		
Service appropriation		83,955	91,568
Services received free of charge		1,724	2,295
State grants and subsidies		100	-
Royalties for Regions Fund		80	80
Total income from State Government		85,859	93,943
SURPLUS/(DEFICIT) FOR THE PERIOD		9,945	21,666
OTHER COMPREHENSIVE INCOME			
Items not reclassified subsequently to profit or loss			
Changes in asset revaluation surplus	33	(303)	(2,243)
Total other comprehensive income		(303)	(2,243)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		9,642	19,423

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

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

Statement of Financial Position

As at 30 June 2017

		2017	2016
	Note	\$000	\$000
ASSETS			
Current Assets			
Cash and cash equivalents	34	2,391	8,334
Restricted cash and cash equivalents	20	76,024	52,964
Receivables	21	10,674	9,212
Amounts receivable for services	22	480	962
Other current assets	23	1,065	1,570
Total Current Assets		90,634	73,042
Non-Current Assets			
Restricted cash and cash equivalents	20	316	-
Amounts receivable for services	22	17,720	16,413
Property, plant and equipment	24	136,762	134,731
Intangible assets	25	373	636
Total Non-Current Assets		155,171	151,780
TOTAL ASSETS		245,805	224,822
LIABILITIES			
Current Liabilities			
Payables	27	9,192	4,089
Other current liabilities	28	1,181	1,799
Revenue received in advance	29	2,023	2,085
Provisions	31	18,811	18,875
Total Current Liabilities		31,207	26,848

		2017	2016
	Note	\$000	\$000
Non-Current Liabilities			
Amounts due to the Treasurer	30	5,330	5,330
Provisions	31	3,816	4,403
Other non-current liabilities	32	320	-
Total Non-Current Liabilities		9,466	9,733
TOTAL LIABILITIES		40,673	36,581
NET ASSETS			
EQUITY			
Contributed equity	33	50,536	43,287
Reserves		113,734	114,037
Accumulated surplus/(deficit)		40,862	30,917
TOTAL EQUITY		205,132	188,241

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

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

Statement of Changes In Equity

For the year ended 30 June 2017

	Note	Contributed equity \$000	Reserves \$000	Accumulated surplus/(deficit) \$000	Total equity \$000
Balance at 1 July 2015	33	42,787	116,280	9,251	168,318
Surplus/(deficit)		-	-	21,666	21,666
Other comprehensive income		-	(2,243)	-	(2,243)
Total comprehensive income for the period		-	(2,243)	21,666	19,423
Transactions with owners in their capacity as owners:					
Capital appropriations		500	-	-	500
Other contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		500	-	-	500
Balance at 30 June 2016		43,287	114,037	30,917	188,241
Balance at 1 July 2016	33	43,287	114,037	30,917	188,241
Surplus/(deficit)		-	-	9,945	9,945
Other comprehensive income		-	(303)	-	(303)
Total comprehensive income for the period		-	(303)	9,945	9,642
Transactions with owners in their capacity as owners:					
Capital appropriations		7,249	-	-	7,249
Other contributions by owners		-	-	-	-
Distributions to owners		-	-	-	-
Total		7,249	-	-	7,249
Balance at 30 June 2017		50,536	113,734	40,862	205,132

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

Statement of Cash Flows

For the year ended 30 June 2017

		2017	2016			2017	2016
	Note	\$000	\$000		Note	\$000	\$000
CASH FLOWS FROM STATE GOVERNMENT							
Service appropriation		79,991	90,943	CASH FLOWS FROM INVESTING ACTIVITIES			
Capital appropriations		7,714	500	Payments			
Holding account drawdown		962	962	Purchase of non-current physical assets		(5,148)	(4,040)
Royalties for Regions Fund		80	80	Receipts			
Net cash provided by State Government		88,747	92,485	Proceeds from sale of non-current assets		20	28
Utilised as follows:							
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee benefits		(94,864)	(99,393)	Net cash provided by/(used in) investing activities		(5,128)	(4,012)
Supplies and services		(32,936)	(39,473)	CASH FLOWS FROM FINANCING ACTIVITIES			
Accommodation		(8,076)	(7,839)	Receipts			
Grants and subsidies		(9,136)	(5,517)	Proceeds from Borrowings		-	800
Other payments		(1,626)	(48)	Net cash provided by/(used in) financing activities		-	800
GST payments on purchases		(4,516)	(5,950)	Net increase in cash and cash equivalents		17,433	19,959
Receipts							
User charges and fees		77,194	77,625	Cash and cash equivalents at the beginning of the period		61,298	41,339
Grants and contributions		100	-	CASH AND CASH EQUIVALENTS AT THE END THE PERIOD	34	78,731	61,298
GST receipts on user charges and fees		527	215	The Statement of Cash Flows should be read in conjunction with the accompanying notes.			
GST receipts from taxation authority		4,167	7,522				
Other receipts		2,980	3,544				
Net cash provided by/(used in) operating activities	34	(66,186)	(69,314)				

Schedule of Income and Expenses by Service

For the year ended 30 June 2017

	Providing resource sector information and advice to the industry, community and government		Managing land access for resource related activities		Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES								
Expenses								
Employee benefits expense	14,420	13,735	32,197	32,349	46,368	48,676	92,985	94,760
Supplies and services	12,446	11,505	14,205	13,224	16,461	19,198	43,112	43,927
Depreciation and amortisation expense	631	571	1,358	1,262	1,123	998	3,112	2,831
Accommodation expenses	460	442	1,259	1,118	3,818	3,579	5,537	5,139
Grants and subsidies	6,922	4,386	1,488	1,347	726	73	9,136	5,806
Other expenses	216	232	486	813	597	1,035	1,299	2,080
Loss on disposal of other assets	-	-	-	-	-	-	-	-
Total cost of services	35,095	30,871	50,993	50,113	69,093	73,559	155,181	154,543
Income								
User charges and fees	533	756	21,554	23,328	52,439	54,887	74,526	78,971
Other revenue	1,167	1,334	2,217	1,480	1,337	453	4,721	3,267
Gain on disposal of non-current assets	3	28	8	-	9	-	20	28
Total income other than income from State Government	1,703	2,118	23,779	24,808	53,785	55,340	79,267	82,266
NET COST OF SERVICES	33,392	28,753	27,214	25,305	15,308	18,219	75,914	72,277

Schedule of Income and Expenses by Service (continued)

For the year ended 30 June 2017

	Providing resource sector information and advice to the industry, community and government		Managing land access for resource related activities		Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
INCOME FROM STATE GOVERNMENT								
Service appropriation	39,117	42,463	36,189	39,966	8,649	9,139	83,955	91,568
Resources received free of charge	183	129	504	900	1,037	1,266	1,724	2,295
Royalties for Regions Fund	5	5	46	46	29	29	80	80
State Grants and Subsidies	10	-	50	-	40	-	100	-
Total income from State Government	39,315	42,597	36,789	40,912	9,755	10,434	85,859	93,943
SURPLUS/DEFICIT FOR THE PERIOD	5,923	13,844	9,575	15,607	(5,553)	(7,785)	9,945	21,666

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

Schedule of Assets and Liabilities by Service

For the year ended 30 June 2017

	Providing resource sector information and advice to the industry, community and government		Managing land access for resource related activities		Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Assets								
Current assets	2,704	1,463	43,657	32,068	44,273	39,511	90,634	73,042
Non-current assets	37,769	35,851	62,490	61,183	54,912	54,746	155,171	151,780
Total assets	40,473	37,314	106,147	93,251	99,185	94,257	245,805	224,822
Liabilities								
Current liabilities	4,954	4,038	10,817	8,950	15,436	13,860	31,207	26,848
Non-current liabilities	513	643	3,841	4,036	5,112	5,054	9,466	9,733
Total liabilities	5,467	4,681	14,658	12,986	20,548	18,914	40,673	36,581
NET ASSETS	35,006	32,633	91,489	80,265	78,637	75,343	205,132	188,241

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

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2017

	2017 Estimate	2017 Actual	Variance	2017 Actual	2016 Actual	Variance
	\$000	\$000	\$000	\$000	\$000	\$000
Delivery of Services						
Item 86 Net amount appropriated to deliver services	83,149	83,056	(93)	83,056	90,669	(7,613)
Amount authorised by Other Statutes						
- <i>Salaries and Allowances Act 1975</i>	915	899	(16)	899	899	-
Total appropriations provided to deliver services	84,064	83,955	(109)	83,955	91,568	(7,613)
Capital						
Capital appropriations	2,250	7,249	4,999	7,249	500	6,749
Administered Transactions						
Item 87 Administered grants, subsidies and other transfer payments	29,393	29,290	(103)	29,290	31,261	(1,971)
Amount authorised by other statutes						
- <i>Petroleum (Submerged Lands) Act 1982</i>	45	421	376	421	1,293	(872)
Total administered transactions	29,438	29,711	273	29,711	32,554	(2,843)
GRAND TOTAL	113,502	113,666	164	113,666	124,122	(10,456)
Details of Expenses by Service						
Providing resource sector information and advice to the industry, community and government	35,675	35,095	(580)	35,095	30,871	4,224
Managing land access for resource related activities	51,856	50,993	(863)	50,993	50,113	880
Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods	76,136	69,093	(7,043)	69,093	73,559	(4,466)
Total Cost of Services	163,667	155,181	(8,486)	155,181	154,543	638
Less Total Income	98,269	79,267	(19,002)	79,267	82,266	(2,999)
Net Cost of Services	65,398	75,914	10,516	75,914	72,277	3,637
Adjustments	18,666	8,041	(10,625)	8,041	19,291	(11,250)
Total appropriations provided to deliver services	84,064	83,955	(109)	83,955	91,568	(7,613)

Section 7: Financial Statements

Summary of Consolidated Account Appropriations and Income Estimates (continued)

For the year ended 30 June 2017

	2017 Estimate	2017 Actual	Variance	2017 Actual	2016 Actual	Variance
	\$000	\$000	\$000	\$000	\$000	\$000
Capital Expenditure						
Purchase of non-current physical assets	-	-	-	-	-	-
Repayment of borrowings	-	-	-	-	-	-
Adjustment for other funding sources	2,250	7,249	4,999	7,249	500	6,749
Adjustment for section 25 transfer of Capital appropriation	-	-	-	-	-	-
Capital appropriations	2,250	7,249	4,999	7,249	500	6,749
Details of Income Estimates						
Income disclosed as Administered Income						
Commonwealth Grants						
South West Hub	-	439	439	439	647	(208)
Royalties						
Petroleum – State	416	3,578	3,162	3,578	4,674	(1,096)
Iron Ore	3,295,969	4,708,473	1,412,504	4,708,473	3,600,301	1,108,172
Diamonds	24,358	12,972	(11,386)	12,972	17,382	(4,410)
Alumina	76,323	83,720	7,397	83,720	80,806	2,914
Mineral sands	15,563	13,416	(2,147)	13,416	16,627	(3,211)
Nickel	52,675	42,907	(9,768)	42,907	45,906	(2,999)
Gold	250,611	266,791	16,180	266,791	250,055	16,736
Other	126,507	140,516	14,009	140,516	109,895	30,621
Lease rentals	90,381	99,091	8,710	99,091	91,644	7,447
Service to industry component	2,770	-	(2,770)	-	-	-
Total Royalties	3,935,573	5,371,464	1,435,891	5,371,464	4,217,290	1,154,174

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

Summary of Consolidated Account Appropriations and Income Estimates (continued)

For the year ended 30 June 2017

	2017 Estimate	2017 Actual	Variance	2017 Actual	2016 Actual	Variance
	\$000	\$000	\$000	\$000	\$000	\$000
Regulatory Fees						
Regulatory Fees and Fines	4	208	204	208	2,218	(2,010)
	4	208	204	208	2,218	(2,010)
Other						
Appropriations	29,438	29,711	273	29,711	32,554	(2,843)
Other Revenue	403	746	343	746	427	319
GRAND TOTAL	3,965,418	5,402,568	1,437,150	5,402,568	4,253,136	1,149,432

Note 47 'Explanatory statement for Administered Items' provides details of any significant variations between estimates and actual results for 2017 and between the actual results for 2017 and 2016.

Notes to the Financial Statements

For the year ended 30 June 2017

Note 1. Australian Accounting Standards

General

The department's financial statements for the year ended 30 June 2017 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards 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*. There has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by the department for the annual reporting period ended 30 June 2017.

Note 2. Summary of significant accounting policies

(a) General statement

The department is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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).

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 reporting period.

(c) Reporting entity

The reporting entity comprises the department.

Mission

The Department's mission is to facilitate sustainable resource sector development and responsible operations management for the long-term benefit of Western Australia.

The department is predominantly funded by Parliamentary appropriations. A net appropriation agreement between the Treasurer and the Accountable Authority is in place to allow the department to retain its operating revenue. Details of expenditure and revenues retained as per the agreement are disclosed in note 2(e).

Notes to the Financial Statements

For the year ended 30 June 2017

Note 2. Summary of significant accounting policies (continued)

Services

The department provides the following services:

Service 1: Providing resource sector information and advice to the industry, community and government

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

Service 2: Managing land access for resource related activities

The Department is committed to protecting employees and the community. The services provided by Resource Safety are aimed at promoting best practice in the areas of occupational safety and health with companies (and their employees) involved in the dangerous goods, mining and onshore petroleum industries.

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

Service 3: Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods

The department provides benefits to the Western Australian community through the provision of public geological information to encourage exploration, and the promotion of opportunities for high risk private sector investment in mineral and energy exploration and development, thereby sustaining investment in the industry for future generations.

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 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 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 46 'Disclosure of administered income and expenses by service' and Note 48 '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 TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

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

(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.

Mines Safety, Mining Rehabilitation Fund and Petroleum and Geothermal Energy Safety Levy revenues are recognised in the period to which the levy relates.

Notes to the Financial Statements

For the year ended 30 June 2017

Note 2. Summary of significant accounting policies (continued)

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 by reference to the stage of completion of the transaction.

Interest

Revenue is recognised as the interest accrues.

Service appropriations

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.

See also Note 19 'Income from State Government' for further information.

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 most recent determination as quantified in the 2016-17 Budget Statements, the department retained \$79.27 million (\$82.27 million in 2016) from the following:

- Proceeds from user fees, charges and levies;
- Other departmental revenue; and
- Commonwealth special purpose grants and contributions.

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 and 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 a royalty 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

Mining Leases and Licenses

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

(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.

Notes to the Financial Statements

For the year ended 30 June 2017

Note 2. Summary of significant accounting policies (continued)

(g) Property, plant and equipment

Capitalisation/expensing of assets

Items of property, plant and equipment 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 (other than where they form part of a group of similar items which are significant in total).

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 of 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. Fair value for restricted use land is determined by comparison with market evidence for land with similar approximate utility (high restricted use land) or market value of comparable unrestricted land (low restricted use land).

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

De-recognition

Upon disposal or de-recognition 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 24 '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:

Notes to the Financial Statements

For the year ended 30 June 2017

Note 2. Summary of significant accounting policies (continued)

Buildings	33-50 years
Leasehold Improvements	10 years
Furniture	5 years
Office equipment	3-5 years
Computer servers	3 years
Software ^(a)	3-5 years
Scientific equipment	7 years
Motor vehicles	3-5 years
Plant and equipment	5-25 years

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

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 lives. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

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

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 ^(a)	3-10 years
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(a) Software that is not 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.

Website costs

Website 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 website, and ongoing costs of maintenance during the operating phase are expensed. Costs incurred in building or enhancing a website that can be reliably measured, are capitalised to the extent that they represent probable future economic benefits.

(i) Impairment of assets

Property, plant and 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. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the department is a not-for-profit entity, unless a specialised 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 the 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.

Notes to the Financial Statements

For the year ended 30 June 2017

Note 2. Summary of significant accounting policies (continued)

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

See Note 26 'Impairment of assets' for the outcome of impairment reviews and testing.

(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
 - Amounts due to the Treasurer

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.

(m) Accrued salaries

Accrued salaries (see Note 27 'Payables') represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. Accrued salaries are settled within a fortnight of the reporting period end. The department considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (See Note 20 'Restricted cash and cash equivalents') consists of amounts paid annually, from Departmental appropriations for salaries expense, into a suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days 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.

Notes to the Financial Statements

For the year ended 30 June 2017

Note 2. Summary of significant accounting policies (continued)

(o) Receivables

Receivables are recognised at original invoice amount less an allowance for any 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. The carrying amount is equivalent to fair value, as settlement is generally 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.

See also Note 31 'Provisions'.

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

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability 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

Long service leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore 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 end of the reporting period. Pre-conditional and 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 12 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 current provision as employees can leave the scheme at their discretion at any time.

Notes to the Financial Statements

For the year ended 30 June 2017

Note 2. Summary of significant accounting policies (continued)

Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees, varies according to commencement and implementation dates.

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.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme 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). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The department makes contributions to GESB or other fund providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Department's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GSS is a defined benefit 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 department 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 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'.

(r) Superannuation expense

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

(s) Assets and services received free of charge or for nominal value

Assets or services received free of charge or for nominal cost that the Department would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services 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 reporting period.

(u) Amounts due to the Treasurer

The amount due to the Treasurer is in respect of a Treasurer's Advance. Initial recognition and measurement, and subsequent measurement, are at the amount repayable. Although there is no interest charged, the amount repayable is equivalent to fair value as the period of the borrowing is for less than 12 months with the effect of discounting not being material.

See also Note 30 'Amounts due to the Treasurer'.

Notes to the Financial Statements

For the year ended 30 June 2017

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 buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

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 reporting period.

Long Service Leave

Several estimations and assumptions used 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.

Valuation of land and buildings

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.

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, or adopted, for annual reporting periods beginning on or after 1 July 2016 that impacted on the Department. These standards did not have any material impact.

<i>AASB 1057</i>	<i>Application of Australian Accounting Standards</i> This Standard lists the application paragraphs for each other Standard (and Interpretation), grouped where they are the same. There is no financial impact.
<i>AASB 2014-3</i>	<i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]</i> The Department establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.
<i>AASB 2014-4</i>	<i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i> The adoption of this Standard has no financial impact for the Department as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.
<i>AASB 2014-9</i>	<i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]</i> This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. As the department has no joint ventures and associates, the application of the Standard has no financial impact.

Notes to the Financial Statements

For the year ended 30 June 2017

Note 5. Disclosure of changes in accounting policy and estimates (continued)

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]

These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Department has determined that the application of the Standard has no financial impact.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]

This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.

AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]

The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.

AASB 2015-10 Amendments to Australian Accounting Standards – Effective date of Amendments to AASB 10 & 128

This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. There is no financial impact.

Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements* or by an exemption from TI 1101. By virtue of a limited exemption, the department has early adopted AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities. Where applicable, the department plans to apply the following Australian Accounting Standards from their application date. The department has not yet determined the potential impact of the standards noted below.

		Operative for reporting periods beginning on/after
<i>AASB 9</i>	<i>Financial Instruments</i>	1 Jan 2018
	This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments.	
	The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i> . The Department has not yet determined the application or the potential impact of the Standard.	
<i>AASB 15</i>	<i>Revenue from Contracts with Customers</i>	1 Jan 2019
	This Standard establishes the principles that the Department shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.	

Notes to the Financial Statements

For the year ended 30 June 2017

Note 5. Disclosure of changes in accounting policy and estimates (continued)

		Operative for reporting periods beginning on/after			Operative for reporting periods beginning on/after
	The department's income is principally derived from appropriations which will be measured under AASB 1058 <i>Income of Not-for-Profit Entities</i> and will be unaffected by this change. However, the department has not yet determined the potential impact of the Standard on 'User charges and fees' and 'Sales' revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the department has discharged its performance obligations.				
AASB 16	<i>Leases</i>	1 Jan 2019			
	This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.				
	Whilst the impact of the AASB 16 has not yet been quantified, the entity currently has operating lease commitments for \$29,921,701. The Department anticipates most of this amount will be brought onto the statement of financial position, excepting amounts pertinent to short-term or low-value leases. Interest and amortisation expense will increase and rental expense will decrease.				
			AASB 1058	<i>Income of Not-for-Profit Entities</i>	1 Jan 2019
				This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The Department has not yet determined the application or the potential impact of the Standard.	
			AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i>	1 Jan 2018
				This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.	
				The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Department has not yet determined the application or the potential impact of the Standard.	
			AASB 2014-1	<i>Amendments to Australian Accounting Standards</i>	1 Jan 2018
				Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Department to determine the application or potential impact of the Standard.	

Notes to the Financial Statements

For the year ended 30 June 2017

Note 5. Disclosure of changes in accounting policy and estimates (continued)

		Operative for reporting periods beginning on/after			Operative for reporting periods beginning on/after
AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i>	1 Jan 2018	AASB 2015-8	<i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	1 Jan 2019
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Department has not yet determined the application or the potential impact of the Standard.			This Standard amends the mandatory effective date (application date) of AASB 15 <i>Revenue from Contracts with Customers</i> so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. For Not-for-Profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016-7. The Department has not yet determined the application or the potential impact of AASB 15.	
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	1 Jan 2018	AASB 2016-2	<i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i>	1 Jan 2017
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Department has not yet determined the application or the potential impact of the Standard.			This Standard amends AASB 107 <i>Statement of Cash Flows</i> (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.	
AASB 2014-10	<i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]</i>	1 Jan 2018	AASB 2016-3	<i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	1 Jan 2018
	This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The mandatory effective date (application date) for the Standard has been deferred to 1 Jan 2018 by AASB 2015-10. The Department has determined that the Standard has no financial impact.			This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Department has not yet determined the application or the potential impact.	

Notes to the Financial Statements

For the year ended 30 June 2017

Note 5. Disclosure of changes in accounting policy and estimates (continued)

		Operative for reporting periods beginning on/after
AASB 2016-4	<i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities</i>	1 Jan 2017
	This Standard clarifies that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 <i>Fair Value Measurement</i> . The Department has not yet determined the application or the potential impact.	
AASB 2016-7	<i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	1 Jan 2017
	This Standard amends the mandatory effective date (application date) of AASB 15 and defers the consequential amendments that were originally set out in AASB 2014-5 <i>Amendments to Australian Accounting Standards arising from AASB 15</i> for not-for-profit entities to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018. There is no financial impact.	
AASB 2016-8	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	1 Jan 2019
	This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.	

	Operative for reporting periods beginning on/after
AASB 2017-2	1 Jan 2017
<i>Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle</i>	
This Standard clarifies the scope of AASB 12 by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5. There is no financial impact.	

	2017	2016
	\$000	\$000
Note 6. Employee benefits expense		
Wages and salaries ^(a)	84,665	86,073
Superannuation – defined contribution plans ^(b)	8,320	8,687
	92,985	94,760

(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 expenses, such as workers' compensation insurance, are included at Note 12 'Other expenses'.

Employment on-costs liability is included at Note 31 'Provisions'.

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000
Note 7. Compensation of Key Management Personnel		
The department has determined that key management personnel include Ministers and senior officers of the department. However the department is not obligated to compensate Ministers and therefore disclosures in relation to Minister's compensation may be found in the <i>Annual Report on State Finances</i> . Total compensation for senior officers of the Department for the reporting period are presented within the following bands:		
Compensation Band \$		
60 001 to 70 000	1	-
80 001 to 90 000	1	-
180 001 to 190 000	1	-
200 001 to 210 000	2	3
210 001 to 220 000	1	-
220 001 to 230 000	-	1
240 001 to 250 000	2	2
270 001 to 280 000	1	-
280 001 to 290 000	-	3
290 001 to 300 000	1	-
320 001 to 330 000	1	-
390 001 to 400 000	-	1

	2017	2016
	\$000	\$000
Short-term employee benefits	2,105	2,219
Post-employment benefits	199	246
Other long-term benefits	36	113
Termination benefits	-	-
Total compensation of senior officers	2,340	2,577
Note 8. Supplies and services		
Consultants and contractors	31,022	31,324
Advertising and promotion	666	692
Travel	1,649	1,767
Communication	396	517
Consumables	895	865
Maintenance	1,589	1,312
Insurance	519	546
Lease rent & hire costs	1,994	2,089
Utilities	871	1,072
Other	3,511	3,743
	43,112	43,927

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000
Note 9. Depreciation and amortisation expense		
<u>Depreciation</u>		
Buildings	1,126	1,117
Leasehold Improvements	67	-
Furniture, plant, equipment and vehicles	419	390
Computer hardware and software	1,199	1,024
Scientific equipment	38	37
Total depreciation	2,849	2,568
<u>Amortisation</u>		
Intangible assets	263	263
Total amortisation	263	263
Total depreciation and amortisation	3,112	2,831
Note 10. Accommodation expenses		
Lease rentals	3,543	3,144
Repairs and maintenance	1,316	1,327
Cleaning	678	668
	5,537	5,139

	2017	2016
	\$000	\$000
Note 11. Grants and subsidies		
Co-Funded Drilling Scheme (Exploration Incentive Scheme)	4,274	3,757
Mineral Research Institute of WA (MRIWA)	4,162	2,049
Other Grants and Subsidies	700	-
	9,136	5,806
Note 12. Other expenses		
Doubtful debts expense	69	505
Audit Fees	243	319
Minor Plant & Equipment	966	1,021
Employment On Costs	(4)	25
Refunds of prior years revenues	11	177
Other expenses	14	33
	1,299	2,080

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000

Note 13. Related Party Transactions

The department is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the department is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to State.

Related parties of the department include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements;
- associates and joint ventures; that are included in the whole of government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

Significant transactions with government related entities

Significant transactions include:

- service appropriations (Note 19)
- capital appropriations (Note 33 Equity)
- services received free of charge from the following entities:
 - Landgate
 - State Solicitors Office
 - Department of Treasury and Finance
- superannuation payments to GESB (Note 6)
- accommodation expense payments to the Department of Finance

	2017	2016
	\$000	\$000

Material transactions with related parties

The department had no material related party transaction with Ministers, Senior Officers or their close family members or their controlled or jointly controlled entities for disclosure.

Note 14. User charges and fees

Petroleum annual licenses	4,781	6,014
Mining, prospecting and exploration licenses	5,764	5,732
Explosives and dangerous goods licenses and fees	6,602	6,453
Mining Safety Levy	24,994	25,036
Petroleum Safety	4,126	4,592
Mining Rehabilitation Fund	27,555	27,832
Other fees	704	876
	74,526	76,535

Note 15. Interest revenue

Mining Rehabilitation Fund Interest	1,733	1,336
	1,733	1,336

Note 16. Other revenue

Miscellaneous revenue	561	835
Other Revenue – Recoups	2,427	2,432
	2,988	3,267

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000
Note 17. Commonwealth grants and contributions		
Other funding contributions	-	1,100
	-	1,100
Note 18. Net gain/(loss) on disposal of non-current assets		
<u>Proceeds from disposal of non-current assets</u>		
Plant equipment and vehicles	20	28
<u>Costs of disposal of non-current assets</u>		
Plant equipment and vehicles	-	-
Net gain/(loss)	20	28
Note 19. Income from State Government		
Appropriation received during the period:		
Service appropriation ^(a)	83,955	91,568
	83,955	91,568
Services received free of charge ^(b)		
Determined on the basis of the following estimates provided by agencies:		
State Solicitors Office		
– legal services	1,435	1,632
Department of Treasury and Finance		
– procurement and accommodation services	47	208

	2017	2016
	\$000	\$000
Landgate		
– land dealings, land information, valuation services and products	242	133
Department of Water		
– land dealings and provision of data services and products	-	322
	1,724	2,295
State grants and subsidies – Specific Purpose ^(a)	100	-
	100	-
Royalties for Regions Fund:		
District Allowance ^(b)	80	80
	80	80
	85,859	93,943

- (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 budgeted depreciation expense for the year and any agreed increase in leave liabilities 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.

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000
Note 19. Income from State Government (continued)		
(c) Annual contribution from the Gorgon Venturers to meet some of the costs to monitor and review the carbon dioxide sequestration activities associated with the Gorgon Gas project.		
(d) This is a sub-fund within the over-arching 'Royalties for Regions Fund'. District Allowances, funded by Royalties for Regions Regional Community Services fund, are paid to employees based in regional areas of the state.		
Note 20. Restricted cash and cash equivalents		
<u>Current</u>		
Safety Levies ^(a)	(16,376)	(10,413)
Mining Rehabilitation Fund ^(b)	92,400	63,377
	76,024	52,964
<u>Non-current</u>		
Accrued salaries suspense account ^(c)	316	-
	316	-
(a) The recoup of the costs of administering the Safety reforms cannot be invoiced until after the end of the financial year. Treasury approval is obtained for any overdrawn accounts. (Refer Note 44)		
(b) These funds are applied for regulatory services under the <i>Mining Rehabilitation Fund Act 2012</i> . (Refer to Note 44)		
(c) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year.		

	2017	2016
	\$000	\$000
Note 21. Receivables		
<u>Current</u>		
Receivables	10,300	9,160
Allowance for impairment of receivables	(820)	(751)
Accrued interest revenue	439	360
GST receivable	755	443
Total Current	10,674	9,212
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at start of period	751	245
Doubtful debts expense	69	483
Amounts written off during the year	-	32
Amount recovered during the year	-	(9)
Balance at end of period	820	751
The department does not hold any collateral or other credit enhancements as security for receivables.		
Note 22. Amounts receivable for services (Holding Account)		
Current	480	962
Non-current	17,720	16,413
	18,200	17,375
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.		

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000
Note 23. Other current assets		
<u>Current</u>		
Prepayments	1,065	1,570
Total current	1,065	1,570
Note 24. Property, plant and equipment		
<u>Land</u>		
At fair value ^(a)	69,585	70,211
<u>Buildings</u>		
At fair value ^(a)	58,791	54,934
<u>Leasehold Improvements</u>		
At cost	730	-
Accumulated depreciation	(67)	-
	663	-
<u>Furniture, plant, equipment and vehicles</u>		
At cost	7,818	7,701
Accumulated depreciation	(4,349)	(3,931)
	3,469	3,770
<u>Computer hardware and software</u>		
At cost	6,952	6,343
Accumulated depreciation	(5,750)	(4,995)
	1,202	1,348

	2017	2016
	\$000	\$000
<u>Scientific equipment</u>		
At cost	423	289
Accumulated depreciation	(159)	(121)
	264	168
<u>Works in progress</u>		
At cost	2,788	4,300
	136,762	134,731

- (a) Land and buildings were revalued as at 1 July 2016 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year and recognised at 30 June 2017. In undertaking the revaluation, fair value was determined by reference to market values for land: \$33,725,000 (2016: \$33,741,600) and buildings: \$38,816,000 (2016: \$38,850,300). For the remaining balance, fair value of land and buildings was determined on the basis of depreciated replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land).

Notes to the Financial Statements

For the year ended 30 June 2017

Note 24. Property, plant and equipment (continued)

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the reporting period are set out in the table below:

	Land	Buildings	Leasehold Improvements	Furniture, plant, equipment and vehicles	Computer hardware and software	Scientific equipment	Works in Progress	Total
2017	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at the start of year	70,211	54,934	-	3,770	1,348	168	4,300	134,731
Additions	-	-	-	118	1,053	134	3,878	5,183
Transfers from work in progress	-	4,660	730	-	-	-	(5,390)	-
Other Disposals	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
Revaluation increments/(decrements)	(626)	323	-	-	-	-	-	(303)
Depreciation	-	(1,126)	(67)	(419)	(1,199)	(38)	-	(2,849)
Carrying amount at end of year	69,585	58,791	663	3,469	1,202	264	2,788	136,762

	Land	Buildings	Leasehold Improvements	Furniture, plant, equipment and vehicles	Computer hardware and software	Scientific equipment	Works in Progress	Total
2016	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at the start of year	72,873	55,632	-	3,886	1,541	184	490	134,606
Additions	-	-	-	274	831	21	3,810	4,936
Transfers from work in progress	-	-	-	-	-	-	-	-
Other Disposals	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-
Revaluation increments/(decrements)	(2,662)	419	-	-	-	-	-	(2,243)
Depreciation	-	(1,117)	-	(390)	(1,024)	(37)	-	(2,568)
Carrying amount at end of year	70,211	54,934	-	3,770	1,348	168	4,300	134,731

Notes to the Financial Statements

For the year ended 30 June 2017

Note 24. Property, plant and equipment (continued)

Fair Value Measurements

Reconciliations of the fair value measurements of property, plant and equipment at the end of the reporting period are set out in the table below:

Assets measured at fair value:	Level 1	Level 2	Level 3	Fair Value at end of period
2017	\$000	\$000	\$000	\$000
Land (Note 24)	-	33,725	35,860	69,585
Buildings (Note 24)	-	38,816	15,316	54,132
Carrying amount at end of year	-	72,541	51,176	123,717

Assets measured at fair value:	Level 1	Level 2	Level 3	Fair Value at end of period
2016	\$000	\$000	\$000	\$000
Land (Note 24)	-	33,742	36,469	70,211
Buildings (Note 24)	-	38,850	16,084	54,934
Carrying amount at end of year	-	72,592	52,553	125,145

There were transfers between Levels 2 and 3 during the current and previous periods.

Fair value measurements using significant unobservable inputs (Level 3)

	Land	Buildings
2017	\$000	\$000
Fair Value at start of period	36,469	16,084
Additions	-	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	(739)	(439)
Transfers (from/(to) Level 2)	130	-
Disposals	-	-
Depreciation expense	-	(329)
Fair Value at end of period	35,860	15,316

	Land	Buildings
2016	\$000	\$000
Fair Value at start of period	37,972	17,282
Additions	-	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	(1,690)	(140)
Transfers (from/(to) Level 2)	187	(727)
Disposals	-	-
Depreciation expense	-	(331)
Fair Value at end of period	36,469	16,084

Notes to the Financial Statements

For the year ended 30 June 2017

Note 24. Property, plant and equipment (continued)

Valuation processes

There were no changes in valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's instructions require valuations of land, buildings and infrastructure to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Land (Level 3 fair values)

Fair value for restricted use land is based on comparison with market evidence for land with low level utility (high restricted use land). The relevant comparators of land with low level utility is selected by the Western Australian Land Information Authority (Valuation Services) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land.

Buildings and Infrastructure (Level 3 fair values)

Fair value for existing use specialised buildings and infrastructure assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

Valuation using depreciated replacement cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of asset which is estimated by the Western Australian Land Information Authority (Valuation Services). The fair value measurement is sensitive to the estimate of consumption/obsolescence, with higher values of the estimate correlating with lower estimated fair values of buildings and infrastructure.

Significant Level 3 inputs are derived and evaluated as follows:

Historical cost per square metre floor area (m²)

The costs of constructing specialised buildings with similar utility are extracted from financial records, then indexed by movements in CPI.

Consumed economic benefit/obsolescence of asset

These are estimated by the Western Australian Land Information Authority (Valuation Services).

Selection of land with restricted utility

Fair value for restricted use land is determined by comparison with market evidence for land with low level utility. Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuation Services).

Basis of valuation

In the absence of market-based evidence, due to the specialised nature of some non-financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.

Notes to the Financial Statements

For the year ended 30 June 2017

Note 24. Property, plant and equipment (continued)

Information about significant unobservable inputs (Level 3) in fair value measurements

Description	Fair value as at 30 June 2017 (30 June 2016)	Valuation techniques	Unobservable inputs	Relationship to unobservable inputs to fair value
Land	(2016 Fair Value: \$36,469)	Selection of land with similar approximate utility	Selection of land with similar approximate utility	Higher value of similar land increases estimated fair value
	2017 Fair Value: \$35,860			
Buildings	(2016 Fair Value: \$16,084)	Depreciated Replacement Cost	Consumed economic benefit/obsolescence of asset	Greater consumption of economic benefit or increased obsolescence lowers fair value
	2017 Fair Value: \$15,316		Historical cost per square metre floor area (m ²)	Higher historical cost per m ² increases fair value

Reconciliations of the opening and closing balances are provided in Note 24.

	2017	2016
	\$000	\$000
Note 25. Intangible assets		
<u>Computer software</u>		
At cost	4,144	4,144
Accumulated amortisation	(3,771)	(3,508)
Total intangible assets	373	636
Reconciliation:		
<u>Computer software</u>		
Carrying amount at start of period	636	899
Amortisation expense	(263)	(263)
Carrying amount at end of period	373	636
Note 26. Impairment of assets		
There were no indications of impairment to property, plant and equipment, infrastructure or intangible assets at 30 June 2017.		
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 2017 have been written-off.		

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000
Note 27. Payables		
<u>Current</u>		
Trade payables	6,395	3,326
Other payables	2,381	763
Accrued salaries	416	-
Total current	9,192	4,089
Note 28. Other current liabilities		
Unclaimed monies	1,181	1,799
	1,181	1,799
Note 29. Revenue received in advance		
Licenses and fees	2,023	2,085
	2,023	2,085
Note 30. Amounts due to the Treasurer		
<u>Non-current</u>		
Amounts due to the Treasurer – Mining Rehabilitation Fund	5,330	5,330
	5,330	5,330

	2017	2016
	\$000	\$000
Note 31. Provisions		
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual leave ^(a)	7,282	7,897
Long service leave ^(b)	11,369	10,793
Deferred salary scheme ^(d)	34	59
	18,685	18,749
<i>Other provisions</i>		
Employment on-costs provision ^(c)	126	126
	126	126
	18,811	18,875
<u>Non-current</u>		
<i>Employee benefits provision</i>		
Long service leave ^(b)	3,791	4,374
	3,791	4,374
<i>Other provisions</i>		
Employment on-costs provision ^(c)	25	29
	25	29
	3,816	4,403

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000
Note 31. Provisions (continued)		
(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 end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of end of reporting period	5,325	4,777
More than 12 months after the end of the reporting period	1,957	2,120
	7,282	7,897
(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 end of 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	4,367	4,443
More than 12 months after the end of the reporting period	10,793	10,724
	15,160	15,167
(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in note 12 'Other expenses'.		
(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:		

	2017	2016
	\$000	\$000
Within 12 months of the end of the reporting period	34	59
	34	59
Movements in other provisions		
Employment on-cost provision		
Carrying amount at start of period	155	130
Additional provisions recognised	155	155
Payments/other sacrifices of economic benefits	(159)	(130)
Carrying amount at end of period	151	155
Note 32. Other Non-current Liabilities		
Non-current Lease provision ^(a)	320	-
	320	-
Lease payments for the Adelaide Terrace office accommodation have been recognised on a straight-line basis over the term of the lease. The lease agreement which incorporates a 3.75% annual increase is expected to expire in August 2026.		
Note 33. Equity		
The Western Australian 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.		

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000
Note 33. Equity (continued)		
Contributed equity		
Balance at start of period	43,287	42,787
Contributions by owners		
Capital appropriation	7,249	500
Other contributions by owners:		
Mining Rehabilitation Fund	-	-
Total contributions by owners	7,249	500
Distributions to owners		
Transfer of land	-	-
Total distributions to owners	-	-
Balance at end of period	50,536	43,287
Reserves		
Asset revaluation surplus		
Balance at start of period	114,037	116,280
Land	(626)	(2,662)
Buildings	323	419
Balance at end of period	113,734	114,037

	2017	2016
	\$000	\$000
Accumulated Surplus		
Balance at start of period	30,917	9,251
Result for the period	9,945	21,666
Balance at the end of period	40,862	30,917
Total Equity at the end of period		
	205,132	188,241
Note 34. 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	5	5
Operating account	2,386	8,329
Cash and cash equivalents	2,391	8,334
Restricted cash assets (refer note 20)	76,340	52,964
	78,731	61,298
Reconciliation of net cost of services to net cash flows provided by/ (used in) operating activities		
Net cost of service	(75,914)	(72,277)
Non-cash items		
Depreciation and amortisation expense	3,112	2,831
Resources received free of charge	1,724	2,295
Net (gain)/loss on disposal of non-current assets	(20)	(28)

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000
Note 34. Notes to the Statement of Cash Flows (continued)		
<u>(Increase)/Decrease in assets</u>		
Current Receivables ^(a)	(1,151)	332
Other assets	505	928
<u>Increase/(decrease) in liabilities</u>		
Current payables ^(a)	5,102	(1,276)
Other liabilities	(618)	(304)
Revenue received in advance	(62)	(15)
Provisions – employee benefits	(651)	(363)
Other non-current liabilities	320	-
Net GST payments ^(b)	1,155	(818)
Change in GST in receivables/payables ^(c)	312	(619)
Net cash used in operating activities	(66,186)	(69,314)

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

(b) This is the net GST paid/received, i.e. cash transactions.

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

	2017	2016
	\$000	\$000
Note 35. Services provided free of charge		
During the period the following services were provided to other agencies free of charge for functions outside the normal operations of the department:		
MRIWA (Building services, parking, conferences) (Previously known as MERIWA)	47	47
Department of Local Government	42	-
Department of Planning	84	-
Main Roads	79	-
	252	47

Note 36. Commitments

Capital expenditure commitments

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

Within 1 year	914	7,070
Later than 1 year and not later than 5 years	2,742	3,122
	3,656	10,192

The capital commitments include amounts for:

Computer hardware and software	3,656	10,192
	3,656	10,192

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000
Note 36. Commitments (continued)		
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	3,560	3,001
Later than 1 year and not later than 5 years	13,053	12,425
Later than 5 years	13,309	17,627
	29,922	33,053
Representing:		
Non-cancellable operating leases	29,922	33,053

These commitments are exclusive of GST.

Note 37. 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. During the year the department did not identify any further potential contaminated sites.

In 2010 the department, in its previous form as the Department of Industry and Resources reported of a number of sites as being known or suspected of being a contaminated site to the DEC. Of those sites reported in 2010 three potentially contaminated sites are yet to be classified by the DEC, now known as the Department of Environment Regulation (DER). 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.

Other matters of uncertainty

The department is currently involved in seven (7) legal cases, largely involving mine site safety. Depending on the outcomes of these matters this may result in an estimated Contingent Liability for costs of \$679k, or an estimated Contingent Benefit of \$950k for legal fees, fines and court costs.

Note 38. Events occurring after the end of the reporting period

As of July 1, 2017 a name change has been applied to the Department of Mines and Petroleum (DMP). The former DMP and most of the former Department of Commerce were joined together to form the Department of Mining, Industry Regulation and Safety (DMIRS).

Presentation of the annual financial statements as at 30 June 2018 will be an amalgamation of these former entities.

Note 39. Explanatory Statement

All variances between estimates (original budget) and actual results for 2017, and between the actual results for 2017 and 2016 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:

- 10% and \$10.0 million for the Statements of Comprehensive Income and Cash Flows; and,
- 10% and \$10.0 million for the Statement of Financial Position.

Notes to the Financial Statements

For the year ended 30 June 2017

Note 39. Explanatory Statement (continued)

	Variance Note	Original Budget 2017 \$000	Actual 2017 \$000	Actual 2016 \$000	Variance between estimate and actual \$000	Variance between actuals for 2017 and 2016 \$000
Statement of Comprehensive Income (Controlled Operations)						
Employee benefits expenses		97,660	92,985	94,760	4,675	(1,775)
Supplies and services	1	36,008	43,112	43,927	(7,104)	(815)
Depreciation and amortisation expense	2	1,787	3,112	2,831	(1,325)	281
Accommodation expenses		7,711	5,537	5,139	2,174	398
Grants and subsidies	A	9,198	9,136	5,806	62	3,330
Other expenses	3	11,303	1,299	2,080	10,004	(781)
Total cost of services		163,667	155,181	154,543	8,486	638
Revenue						
User charges and fees	4	93,436	74,526	76,535	18,910	(2,009)
Commonwealth Grants received		100	–	1,100	100	(1,100)
Interest revenue		2,310	1,733	1,336	577	397
Other revenue		1,853	2,988	3,267	(1,135)	(279)
Total Revenue		97,699	79,247	82,238	18,452	(2,991)
Gain on disposal of non-current assets		-	20	28	(20)	(8)
Total Gains		-	20	28	(20)	(8)
Total income other than income from State Government		97,699	79,267	82,266	18,432	(2,999)
NET COST OF SERVICES		(65,968)	(75,914)	(72,277)	(9,946)	3,637

Notes to the Financial Statements

For the year ended 30 June 2017

Note 39. Explanatory Statement (continued)

	Variance Note	Original Budget 2017 \$000	Actual 2017 \$000	Actual 2016 \$000	Variance between estimate and actual \$000	Variance between actuals for 2017 and 2016 \$000
Income from State Government						
Service appropriation	B	84,064	83,955	91,568	109	(7,613)
Services received free of charge		1,490	1,724	2,295	(234)	(571)
State Grant and Subsidies		-	100	-	(100)	100
Royalties for Regions Fund		93	80	80	13	-
Total income from State Government		85,647	85,859	93,943	(212)	(8,084)
SURPLUS/(DEFICIT) FOR THE PERIOD		19,679	9,945	21,666	(10,158)	(11,721)
OTHER COMPREHENSIVE INCOME						
Items not reclassified subsequently to profit or loss						
Changes in asset revaluation surplus		-	(303)	(2,243)	303	1,940
Gains recognised directly in equity		-	-	-	-	-
Total other comprehensive income		0	(303)	(2,243)	303	1,940
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		19,679	9,642	19,423	(9,855)	(9,781)

Notes to the Financial Statements

For the year ended 30 June 2017

Note 39. Explanatory Statement (continued)

	Variance Note	Original Budget	Actual	Actual	Variance between estimate and actual	Variance between actuals for 2017 and 2016
		2017	2017	2016		
		\$000	\$000	\$000	\$000	\$000
Statement of Financial Position						
(Controlled Operations)						
ASSETS						
Current Assets						
Cash and cash equivalents		394	2,391	8,334	(1,997)	(5,943)
Restricted cash and cash equivalents	C	77,348	76,024	52,964	1,324	23,060
Receivables		10,164	10,674	9,212	(510)	1,462
Amount receivable for services		982	480	962	502	(482)
Other current assets		2,498	1,065	1,570	1,433	(505)
Total Current Assets		91,386	90,634	73,042	752	17,592
Non-current Assets						
Restricted cash and cash equivalents		-	316	-	(316)	316
Amounts receivable for services		17,218	17,720	16,413	(502)	1,307
Property, plant and equipment		138,531	136,762	134,731	1,769	2,031
Intangible assets		898	373	636	525	(263)
Other non-current assets	5	7,721	-	-	7,721	-
Total Non-Current Assets		164,368	155,171	151,780	9,197	3,391
TOTAL ASSETS		255,754	245,805	224,822	9,949	20,983

Notes to the Financial Statements

For the year ended 30 June 2017

Note 39. Explanatory Statement (continued)

	Variance Note	Original Budget	Actual	Actual	Variance between estimate and actual	Variance between actuals for 2017 and 2016
		2017	2017	2016		
		\$000	\$000	\$000	\$000	\$000
LIABILITIES						
Current Liabilities						
Payables	6 D	2,806	9,192	4,089	(6,386)	5,103
Other current liabilities	7	19,892	1,181	1,799	18,711	(618)
Revenue received in advance		-	2,023	2,085	(2,023)	(62)
Provisions		18,381	18,811	18,875	(430)	(64)
Total Current Liabilities		41,079	31,207	26,848	9,872	4,359
Non-Current Liabilities						
Amounts due to the Treasurer		-	5,330	5,330	(5,330)	-
Provisions		4,151	3,816	4,403	335	(587)
Other non-current liabilities		-	320	-	(320)	320
Total Non-Current Liabilities		4,151	9,466	9,733	(5,315)	(267)
TOTAL LIABILITIES		45,230	40,673	36,581	4,557	4,092
NET ASSETS						
		210,524	205,132	188,241	5,392	16,891

Notes to the Financial Statements

For the year ended 30 June 2017

Note 39. Explanatory Statement (continued)

	Variance Note	Original Budget 2017 \$000	Actual 2017 \$000	Actual 2016 \$000	Variance between estimate and actual \$000	Variance between actuals for 2017 and 2016 \$000
EQUITY						
Contributed equity	E	45,537	50,536	43,287	(4,999)	7,249
Reserves		116,280	113,734	114,037	2,546	(303)
Accumulated surplus/(deficit)		48,707	40,862	30,917	7,845	9,945
TOTAL EQUITY		210,524	205,132	188,241	5,392	16,891
Statement of Cash Flows (Controlled Operations)						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation	F	82,277	79,991	90,943	2,286	(10,952)
Capital appropriations	8 G	2,250	7,714	500	(5,464)	7,214
Holding account drawdown		962	962	962	-	-
Royalties for Regions Fund		93	80	80	13	-
Net cash provided by State Government		85,582	88,747	92,485	(3,165)	(3,738)

Notes to the Financial Statements

For the year ended 30 June 2017

Note 39. Explanatory Statement (continued)

	Variance Note	Original Budget	Actual	Actual	Variance between estimate and actual	Variance between actuals for 2017 and 2016
		2017	2017	2016		
		\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		(97,908)	(94,864)	(99,393)	(3,044)	4,529
Supplies and services		(33,361)	(32,936)	(39,473)	(425)	6,537
Accommodation		(7,641)	(8,076)	(7,839)	435	(237)
Grants and subsidies	H	(9,198)	(9,136)	(5,517)	(62)	(3,619)
Other payments	9	(12,477)	(1,626)	(48)	(10,851)	(1,578)
GST payments on purchases		(4,937)	(4,516)	(5,950)	(421)	1,434
Receipts						
User charges and fees	10	93,436	77,194	77,625	16,242	(431)
Grants and contributions		100	100	-	-	100
Interest received		-	-	-	-	-
GST receipts on sales		99	527	215	(428)	312
GST receipts from ATO	I	4,838	4,167	7,522	671	(3,355)
Other receipts		4,723	2,980	3,544	1,743	(564)
Net cash provided by/(used in) operating activities		(62,326)	(66,186)	(69,314)	3,860	3,128

Notes to the Financial Statements

For the year ended 30 June 2017

Note 39. Explanatory Statement (continued)

	Variance Note	Original Budget	Actual	Actual	Variance between estimate and actual	Variance between actuals for 2017 and 2016
		2017	2017	2016		
		\$000	\$000	\$000	\$000	\$000
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Proceeds from sale of non-current assets		-	20	28	(20)	(8)
Receipts						
Purchase of non-current physical assets		(7,070)	(5,148)	(4,040)	(1,922)	(1,108)
Net cash provided by/(used in) investing activities		(7,070)	(5,128)	(4,012)	(1,942)	(1,116)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Proceeds from borrowings		5,080	-	800	5,080	(800)
Net cash provided by/(used in) financing activities		5,080	-	800	5,080	(800)
Net increase/(decrease) in cash and cash equivalents		21,266	17,433	19,959	3,833	(2,526)
Cash balances transferred in		-	-	-	-	-
Cash balances transferred out		-	-	-	-	-
Cash and cash equivalents at the beginning of the period		56,476	61,298	41,339	(4,822)	19,959
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		77,742	78,731	61,298	(989)	17,433

Notes to the Financial Statements

For the year ended 30 June 2017

Note 39. Explanatory Statement (continued)

Major Variance Narratives (Controlled Operations)

Variances between estimate and actual

- 1) Supplies and services were over the original budget by \$7.1 million (19.7%) due to the reclassification of costs for regional airborne gravity surveys relating to Kidson and Tanami King Leopoid projects. These cost were reallocated between Supplies and Services expenses and Other expenses.
- 2) Depreciation and amortisation costs were over the original budget by \$1.3 million (74.1%) due to budget figures not being aligned with asset held by the Department as a result of the valuation of land and buildings.
- 3) Other expenses were under the original budget by \$10 million (88.5%) due to the reclassification of costs between Other Expenses to Supplies and Services as per point (1) above. Savings measures were also initiated during the year in response to a reduction in cash held by the department. Cash held is also in direct response to a reduction in collection of revenue streams due to the volatility of the sector. Refer to point (4) below.
- 4) User charges and fees were under the original budget by \$18.9 million (20.2%) due to reduced collections of revenue by the Resources Sector. Mines Safety levies, Mineral Title fees, Petroleum Title fees and Dangerous Good licensing fees were all lower than expected due to the downturn in the industry.
- 5) This amount represents the budgeted amounts for the upgrade to the Mineral House lifts and façade, and the Core Library expansion to the viewing platform in Carlisle. The budget figures recognise these as assets, but as the projects are not due to be concluded until the 2018 Financial year, these are currently still categorised as Works In Progress.
- 6) Payables were over the original budget by \$6.4 million (227%) due to the capture of invoices relating to the reporting period. In addition to this, invoices were paid in accordance with their terms.
- 7) Other current liabilities were under the original budget by \$18.7 million (94%) due to the classification of \$5.33m Treasurer's Advance between current and non-current for reporting and and budget purposes. While the amount is classified as current for budget purposes, repayment

isn't expected to be made until future reporting years. In addition to this, \$15.1m is made up of the extension to Treasurer's Advance for the administration of the Mine Rehabilitation Fund.

- 8) Capital appropriations were over the original budget by \$5.4 million (242%) as a one off \$5 million increase was required to offset unexpected shortfalls in revenue. Refer to point (4) above.
- 9) Other expenses were under the original budget by \$10.8 million (87%) due to the reclassification of costs between Other Expenses to Supplies and Services. Refer to point (1) above. Savings measures were also initiated in response to a reduction in cash collection from the departments revenue sources as a result in the downturn in the industry. Refer to point (4) above.
- 10) User charges and fees were under the original budget by \$16.2 million (17.3%) due to reduced collections of the departments revenue streams. This is a result of the downturn in the industry experienced by the Resources Sector. Mines Safety levies, Mineral Title fees, Petroleum Title fees and Dangerous Good licensing fees were all lower than expected. Refer to point (4) above.

Variances between actual results for 2017 and 2016

- A) Grants and subsidies increased by \$3.3 million (57.3%) due to an increase in co-funded drilling exploration grants and one off contributions to studies on the health effects of nano diesel particulate matter.
- B) Service appropriations decreased by \$7.6 million (8.3%) as in 2016 a one off \$8 million increase in appropriations was required to offset an unexpected shortfall in revenue.
- C) Restricted cash and cash equivalents increased by \$23.06 million (43.5%) due to \$27m in collections for the Mining Rehabilitation Fund levy for the financial year. This increase was partially reduced lower than budgeted contributions of Safety levy revenue.
- D) Payables increased by \$5.1 million (125%) as a result of the department ensuring that payments were made in accordance with the payment terms of all invoices. Refer to point (6) above.
- E) Contributed Equity increased by \$7.2 million (16.8%) due to increased Capital Appropriations for the funding of the Perth Core Library expansion, Mineral House facade and Mineral House lift upgrade projects.
- F) Service appropriations decreased by \$10.9 million (12%) as in 2016 a one off \$8 million increase in appropriations was required to offset an unexpected shortfall in revenue.

Notes to the Financial Statements

For the year ended 30 June 2017

Note 39. Explanatory Statement (continued)

- G) The increase in capital appropriation from the 2016 17 Budget to the 2016 17 Estimated Actual was due to an approved \$5 million working capital cash injection. This was required to offset unexpected shortfalls in regulatory fees revenue. Additional capital injections include amounts for the upgrade to the Core Library viewing area at Carlisle and the repair work to the Mineral House facade.
- H) Grants and subsidies increased by \$3.6 million (65.6%) due to an increase in co-funded drilling exploration grants and one off contributions to studies on the health effects of nano diesel particulate matter.
- I) GST receipts from the ATO has decreased by \$3.355m (44.6%) due to an adjustment to receipts from ATO in the 2016 Financial year. The receipts from ATO amount in the 2017 Financial year better aligns with the budgeted amount for receipts.

	2017	2016
	\$000	\$000
Note 40. 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.	155	167

Note 41. 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, loans and receivables, payables, WATC/Bank borrowings, finance leases and Treasurer's advances. The department has limited exposure to financial risks. The department's overall risk management program focuses on managing the risks identified below.

Credit risk

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

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment, as shown in the table at note 41 (c) and note 21 'Receivables'.

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

Notes to the Financial Statements

For the year ended 30 June 2017

Note 41. Financial instruments (continued)

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 41 (c), the department is not exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing and it has no borrowings other than the Treasurer's advance (non interest bearing).

(b) Categories of financial instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2017	2016
	\$000	\$000
<u>Financial Assets</u>		
Cash and cash equivalents	2,391	8,334
Restricted cash and cash equivalents	76,340	52,964
Loans and receivables ^(a)	28,119	26,145
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	15,703	11,219

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

Notes to the Financial Statements

For the year ended 30 June 2017

Note 41. Financial instruments (continued)

(c) Financial instrument disclosures

Credit risk

The following table details the department's maximum exposure to credit risk 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.

Ageing analysis of financial assets

	Carrying Amount	Not past due and not impaired	Past due but not impaired					Impaired financial assets
			up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2017								
Cash and cash equivalents	2,391	2,391	-	-	-	-	-	-
Restricted cash and cash equivalents	76,340	76,340	-	-	-	-	-	-
Receivables	9,919	7,922	35	32	487	623	-	820
Amounts receivable for services	18,200	18,200	-	-	-	-	-	-
	106,850	104,853	35	32	487	623	-	820
2016								
Cash and cash equivalents	8,334	8,334	-	-	-	-	-	-
Restricted cash and cash equivalents	52,964	52,964	-	-	-	-	-	-
Receivables	8,769	6,024	62	341	1,148	443	-	751
Amounts receivable for services	17,376	17,376	-	-	-	-	-	-
	87,443	84,698	62	341	1,148	443	-	751

Notes to the Financial Statements

For the year ended 30 June 2017

Note 41. Financial instruments (continued)

Liquidity risk and interest rate exposure

The following table discloses the department's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities ^(a)

	Weighted Average Effective Interest Rate	Carrying Amount	Interest rate exposure			Nominal Amount	Maturity dates				
			Fixed Interest Rate	Variable Interest Rate	Non- interest Bearing		up to 1 month	1-3months	3 months to 1 year	1-5years	More than 5 years
	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2017											
Financial Assets											
Cash and cash equivalents	-	2,391	-	-	2,391	2,391	-	-	-	-	-
Restricted cash and cash equivalents	1.98	76,340	-	92,400	(16,060)	76,340	-	-	-	-	-
Receivables ^(a)	-	9,919	-	-	9,919	9,919	8,741	68	487	623	-
Amounts receivable for services	-	18,200	-	-	18,200	18,200	-	-	480	17,720	-
		106,850	-	92,400	14,450	106,850	8,741	68	967	18,343	
Financial Liabilities											
Payables	-	9,192	-	-	9,192	9,192	9,192	-	-	-	-
Unclaimed monies	-	1,181	-	-	1,181	1,181	1,181	-	-	-	-
Amounts due to the Treasurer	-	5,330	-	-	5,330	5,330	-	-	-	5,330	-
		15,703	-	-	15,703	15,703	10,373	-	-	5,330	-

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

Notes to the Financial Statements

For the year ended 30 June 2017

*Note 41. Financial instruments (continued)***Interest rate exposure and maturity analysis of financial assets and financial liabilities ^(a)**

	Weighted Average Effective Interest Rate	Carrying Amount	Interest rate exposure			Nominal Amount	Maturity dates				
			Fixed Interest Rate	Variable Interest Rate	Non- interest Bearing		up to 1 month	1-3months	3 months to 1 year	1-5years	More than 5 years
			%	\$000	\$000		\$000	\$000	\$000	\$000	\$000
2016											
<u>Financial Assets</u>											
Cash and cash equivalents	-	8,334	-	-	8,334	8,334	-	-	-	-	-
Restricted cash and cash equivalents	2.30	52,964	-	63,378	(10,414)	52,964	-	-	-	-	-
Receivables ^(a)	-	8,769	-	-	8,769	8,769	6,837	341	1,148	443	-
Amounts receivable for services	-	17,376	-	-	17,376	17,376	-	-	963	16,413	-
	-	87,443	-	63,378	24,065	87,443	6,837	341	2,111	16,856	-
<u>Financial Liabilities</u>											
Payables	-	4,089	-	-	4,089	4,089	4,089	-	-	-	-
Unclaimed monies	-	1,799	-	-	1,799	1,799	1,799	-	-	-	-
Amounts due to the Treasurer	-	5,330	-	-	5,330	5,330	-	-	-	5,330	-
	-	11,218	-	-	11,218	11,218	5,888	-	-	5,330	-

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

Notes to the Financial Statements

For the year ended 30 June 2017

Note 41. Financial instruments (continued)

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Department's financial assets and liabilities at the end of the reporting period on the surplus for the period and for a 1% change in interest rate. It is assumed that the interest rate is held constant throughout the reporting period.

	Carrying Amount	-100 basis points		+100 basis points	
		Surplus	Equity	Surplus	Equity
	\$000	\$000	\$000	\$000	\$000
2017					
Financial Assets					
Restricted cash and cash equivalents	92,400	(924)	(924)	924	924
Receivables ^(a)	-	-	-	-	-
Amounts receivable for services	-	-	-	-	-
Financial Liabilities					
Payables	-	-	-	-	-
Unclaimed monies	-	-	-	-	-
Amounts due to the Treasurer	-	-	-	-	-
	92,400	(924)	(924)	924	924

	Carrying Amount	-100 basis points		+100 basis points	
		Surplus	Equity	Surplus	Equity
	\$000	\$000	\$000	\$000	\$000
2016					
Financial Assets					
Restricted cash and cash equivalents	63,378	(634)	(634)	634	634
Receivables ^(a)	-	-	-	-	-
Amounts receivable for services	-	-	-	-	-
Financial Liabilities					
Payables	-	-	-	-	-
Unclaimed monies	-	-	-	-	-
Amounts due to the Treasurer	-	-	-	-	-
	63,378	(634)	(634)	634	634

Fair Values

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

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000
Note 42. Related bodies		
The department had no related bodies as defined in the <i>Financial Management Act 2006</i> and Treasurer's Instruction 951.		
Note 43. Affiliated bodies		
The department had no affiliated bodies as defined in the <i>Financial Management Act 2006</i> and Treasurer's Instruction 951.		
Note 44. Special purpose accounts		
Special Purpose Accounts – section 16 (1)(c) of FMA		
<u>Survey of Leases under the <i>Mining Act (1978)</i> Fund</u>		
Survey fees collected under the <i>Mining Act (1978)</i> 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.		
Balance at start of period	123	123
<u>Add Receipts</u>	-	-
<u>Less Payments</u>	123	-
Balance at end of period	-	123
<u>Departmental Receipts in Suspense Fund</u>		
This account is to hold monies temporarily, pending identification of the purpose for which the funds were received.	-	-

	2017	2016
	\$000	\$000
<u>Environmental Called-In Performance Bond Money Fund</u>		
The account is to hold called-in performance bond monies received in respect to section 126 of the <i>Mining Act (1978)</i> . Funds are to be used to provide for the rehabilitation of mining sites.		
Balance at start of period	4,748	4,748
<u>Add receipts</u>		
Bonds, Securities	341	-
	341	-
<u>Less payments</u>		
Operational expenses	26	-
	26	-
Balance at end of period	5,063	4,748
<u>Special Projects Fund</u>		
The account was created to hold funds for the purpose of participating in significant projects with other countries, the Commonwealth and the private sector to the mutual benefit of the other participants and the State of Western Australia.		
This account includes an agreement between the Commonwealth and the department to carry out inspection services at Christmas Island. With an opening balance of \$45,180, \$78,743 receipts and \$112,354 payments, giving a closing balance of \$11,569.		

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000
Note 44. Special purpose accounts (continued)		
Balance at start of period	3,174	10,793
Add receipts		
Contribution from Government & Industry	1,004	563
	1,004	563
Less payments		
Salaries	90	63
Consultants	249	2,501
Grants	68	306
Refund of Contributions	-	5,273
Other	257	39
	664	8,182
Balance at end of period	3,514	3,174
Mines Safety Levy		
This fund is to hold all levies received from mining companies and is to be applied to the cost of administering the <i>Mines Safety and Inspection Act 1994</i> .		
Balance at start of period	(9,845)	(3,461)
Add receipts		
Contribution from Industry	25,261	24,425
	25,261	24,425

	2017	2016
	\$000	\$000
Less payments		
Salaries	11,739	12,700
Operational Expenditure	18,450	18,109
	30,189	30,809
Balance at end of period	(14,773)	(9,845)
Treasury approval was obtained for the account to be overdrawn in the 2016 Financial year.		
Petroleum and Geothermal Energy Safety Levy		
This fund is to hold all levies which are applied to the cost of administering the Petroleum and Geothermal Energy Safety Levies for regulatory services under the <i>Petroleum and Geothermal Energy Resource Act 1967</i> (PGERA67) and the <i>Petroleum Pipelines Act 1969</i> (PPA69).		
Balance at start of period	(568)	(637)
Add receipts		
Contribution from Industry	4,098	4,743
	4,098	4,743
Less payments		
Salaries	2,224	2,142
Operational Expenditure	2,909	2,532
	5,133	4,674
Balance at end of period	(1,603)	(568)
The Levy invoices are not collected until after the end of the financial year. Treasury approval was obtained for the overdrawn account.		

Notes to the Financial Statements

For the year ended 30 June 2017

	2017	2016
	\$000	\$000
Note 44. Special purpose accounts (continued)		
Mining Rehabilitation Fund Levy		
This fund is to hold all levies which are applied to the cost of administering the Mining Rehabilitation Fund Levies for regulatory services under the <i>Mining Rehabilitation Fund Act 2012</i> .		
Balance at start of period	63,377	35,141
<u>Add receipts</u>		
Contribution from Industry	28,348	27,098
Treasurer's Advance	-	800
Interest	1,654	1,175
Other Revenue	16	-
	30,018	29,073
<u>Less payments</u>		
Salaries	163	-
Operational Expenditure	832	837
	995	837
Balance at end of period	92,400	63,377

	2017	2016
	\$000	\$000
Note 45. Supplementary financial information		
(a) Write Offs		
During the financial year the following amounts were written off under the authority of:		
The Director General of the Department of Mines and Petroleum	14	32
	14	32
(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		
	-	-

Notes to the Financial Statements

For the year ended 30 June 2017

Note 46. Disclosure of administered income and expenses by service

	Providing resource sector information and advice to the industry, community and government		Managing land access for resource related activities		Regulating resource sector development for Health and Safety, Social Responsibility, Environment and Dangerous Goods		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES								
<u>Expenses</u>								
Petroleum (Submerged Lands) Act 1982	-	-	-	-	421	1,293	421	1,293
Refunds of previous years' revenue	28	-	3,765	7,283	42,904	18,005	46,697	25,288
Services and contracts	163	76	845	1,408	598	1,456	1,606	2,940
Receipts paid into Consolidated Account	239	166	75,216	80,597	5,188,694	4,041,683	5,264,149	4,122,446
Grants and subsidies	723	724	114	153	114	153	951	1,030
Total administered expenses	1,153	966	79,940	89,441	5,232,731	4,062,590	5,313,824	4,152,997
<u>Income</u>								
For transfer:								
Royalties and Rentals ^(a)	-	-	85,218	78,814	5,286,246	4,138,476	5,371,464	4,217,290
Regulatory fees	-	-	169	1,102	39	1,116	208	2,218
Commonwealth Grants	185	368	156	206	98	73	439	647
Appropriations	741	723	24,641	26,262	4,329	5,569	29,711	32,554
Other revenue	98	107	390	229	258	91	746	427
Total administered income	1,024	1,198	110,574	106,613	5,290,970	4,145,325	5,402,568	4,253,136

Notes to the Financial Statements

For the year ended 30 June 2017

Note 46. Disclosure of administered income and expenses by service (continued)

	2017	2016
	\$000	\$000
(a) Royalties		
Petroleum – State	3,578	4,674
Iron Ore	4,708,473	3,600,301
Diamonds	12,972	17,382
Alumina	83,720	80,806
Mineral sands	13,416	16,627
Nickel	42,907	45,906
Gold	266,791	250,055
Other	140,516	109,895
Lease rentals	99,091	91,644
Total	5,371,464	4,217,290

Notes to the Financial Statements

For the year ended 30 June 2017

Note 47. Explanatory Statement for Administered Items

All variances between estimates (original budget) and actual results for 2017, and between the actual results for 2017 and 2016 are shown below. Narratives are provided for key major variances, which are generally greater than 10% or \$10m.

	Variance Note	Original Budget	Actual	Actual	Variance between estimate and actual	Variance between actuals for 2017 and 2016
		2017	2017	2016		
		\$000	\$000	\$000	\$000	\$000
INCOME FROM ADMINISTERED ITEMS						
INCOME						
For transfer:						
Royalties and Rentals	1 A	3,935,573	5,371,464	4,217,290	(1,435,891)	1,154,174
Regulatory fees	B	4	208	2,218	(204)	(2,010)
Commonwealth Grants		-	439	647	(439)	(208)
Appropriations		29,438	29,711	32,554	(273)	(2,843)
Other revenue		403	746	427	(343)	319
Total Administered Income		3,965,418	5,402,568	4,253,136	(1,437,150)	1,149,432
EXPENSES						
Petroleum (Submerged Lands) Act 1982		45	421	1,293	(376)	(872)
Refunds of previous years' revenue	2 C	28,279	46,697	25,288	(18,418)	21,409
Services and contracts		373	1,606	2,940	(1,233)	(1,334)
Receipts paid into Consolidated Account	3 D	4,055,910	5,264,149	4,122,446	(1,208,239)	1,141,703
Grants and subsidies		741	951	1,030	(210)	(79)
Total Administered Expenses		4,085,348	5,313,824	4,152,997	(1,228,476)	1,160,827
NET INCOME FROM ADMINISTERED ITEMS		(119,930)	88,744	100,139	(208,674)	(11,395)

Notes to the Financial Statements

For the year ended 30 June 2017

Note 47. Explanatory Statement for Administered Items (continued)

Major Variance Narratives (Administered Items)

Variances between estimate and actual

- 1) Royalties and Rentals were over the original budget by \$1.4 billion (36%) as a result of the price of iron ore being higher than the budget forecast and a higher than forecasted volume of iron ore being shipped.
- 2) Refunds of previous years revenue were over the original budget by \$18.4 million (65%) mainly due to increased Royalty rebates paid to Magnetite producers who, as a consequence of the higher price of iron ore, paid higher Royalties.
- 3) Receipts paid into the consolidated account were over the original budget by \$1.2 billion (30%) as a result of the iron ore price being higher than the budget forecast and the volume of iron ore shipped was also higher than forecasted. Refer to point (1) above.

Variances between actual results for 2017 and 2016

- A) Royalties and Rentals increased by \$1.1 billion (27%) as a result of the price of iron ore being higher than the budget forecast and a higher than forecasted volume of iron ore being shipped. Refer to point (1) above.
- B) Regulatory Fees decreased by \$2 million (90%) mainly due to the collection of ad valorem fees for onshore petroleum registrations in 2016. As these fees are totally dependent on the commercial trading interests of companies they are treated as a windfall to the State.
- C) Refunds of previous years revenue increased by \$21.4 million (85%) mainly due to increased Royalty rebates paid to Magnetite producers who, as a consequence of the increased price of iron ore, paid higher Royalties. Refer to point (2) above.
- D) Receipts paid into the consolidated account increased by \$1.1 billion (28%) as a result of the iron ore price being higher than the budget forecast and the volume of iron ore shipped was also higher than forecasted. Refer to point (3) above.

	2017	2016
	\$000	\$000
Note 48. Administered assets and liabilities		
Current Assets		
Cash and cash equivalents	20,019	21,402
Restricted cash and cash equivalents	13,117	8,242
Receivables ^(a)	1,281,370	1,172,586
Finance Lease Receivable	617	24,130
Other Current Assets	-	25
Total Administered Current Assets	1,315,123	1,226,385
Non-Current Assets		
Finance Lease Receivables	5,488	4,361
Total Administered Non-Current Assets	5,488	4,361
TOTAL ADMINISTRATIVE ASSETS	1,320,611	1,230,746
Current Liabilities		
Payables	3,739	2,493
Payments received in advance	-	123
Total Current Liabilities	3,739	2,616
TOTAL LIABILITIES	3,739	2,616

(a) This mainly represents royalties not collected as at 30 June 2017 on production which occurred prior to balance date.

Notes to the Financial Statements

For the year ended 30 June 2017

Other matters of uncertainty

Mining companies owing royalties of approximately \$5.596 million are currently under administration and action is being taken to recover the funds that were due in the quarter that they went into administration. In the event that these funds are not collected, a bad debt may arise.



Ellendale Diamond Mine.



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

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

T: +61 8 9222 3333

National Relay Service: 13 36 77

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

E: dmp@dmp.wa.gov.au

www.dmp.wa.gov.au

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