



Annual Report

2005/06

ISSN

1448-7756

The Honourable Alan Carpenter MLA
Minister for State Development
Parliament House
PERTH WA 6000

Dear Minister,

In accordance with section 62 of the *Financial Administration and Audit Act 1985*, I submit for your information, the draft Annual Report of the Department of Industry and Resources of the State of Western Australia for the year ended 30 June 2006.

The report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.

This copy of the report, which includes the required opinions of the Auditor General, is provided to you to table in Parliament on 28 September.

Yours sincerely,



Jim Limerick
Accountable Officer
Director General
Department of Industry and Resources

25 September, 2006

THE DIRECTOR GENERAL'S REPORT	1
DOIR AT A GLANCE.....	4
RELEVANT LEGISLATION	4
<i>Enabling Legislation</i>	4
<i>Legislation Administered by the Department</i>	4
<i>Legislation that Impacts on the Department</i>	4
RESPONSIBLE MINISTERS	4
OUR VISION	4
OUR MISSION.....	4
OUR ROLE.....	4
DOIR CORE VALUES.....	5
THE DOIR STRUCTURAL GROUPS	5
THE GROUPS' FUNCTIONS.....	5
Resources group.....	5
Office of State Development.....	5
Office of Science, Technology and Innovation (OSTI).....	5
State Development Strategies (SDS).....	5
Corporate Support (CS).....	5
THE DEPARTMENT'S HIGH-LEVEL SERVICES.....	6
ORGANISATIONAL STRUCTURE AND SENIOR OFFICERS AS AT 30 JUNE 2006	7
<i>Disclaimer: Contracts with Senior Officers</i>	7
PRICING POLICY FOR OUTPUTS	8
MINISTERIAL DIRECTIVES.....	8
ADDRESSES OF MAIN OFFICES	8
DEPARTMENTAL HIGHLIGHTS.....	9
DOIR SUPPORT FOR "THE ECONOMY" GOAL.....	9
DOIR SUPPORT FOR "THE ENVIRONMENT" GOAL.....	11
DOIR SUPPORT FOR "PEOPLE AND COMMUNITIES" GOAL	12
DOIR SUPPORT FOR "THE REGIONS" GOAL	12
DOIR SUPPORT FOR "GOVERNANCE" GOAL	13
REPORT ON OPERATIONS.....	14
SERVICE 1: TITLES AND ROYALTIES ADMINISTRATION.....	14
<i>Mineral Titles Services</i>	14
Legislation.....	14
Mineral Titles and Land Access.....	14
Title Compliance.....	15
Mining Industry Liaison Committee	15
Customer and Information Services	15
Business Systems	15
Native Title.....	16
Tenement Surveys	16
<i>Petroleum Titles and Resource Management</i>	16
Legislation.....	16
Industry Liaison	16
Titles and Access to Land	17
Production and Development	17
Investment	17
<i>Royalties</i>	18
Royalties Collected	18
Royalties Information Technology Management System	18
Administration.....	18
Compliance with Royalty Payment Requirements.....	18

SERVICE 2: ENVIRONMENTAL SERVICES	19
<i>Legislation</i>	19
<i>Administrative Agreements</i>	19
<i>Regulatory Services</i>	19
<i>Native Vegetation</i>	20
<i>Strategic Policy</i>	20
<i>Stakeholder Liaison</i>	20
<i>Quality Management</i>	20
SERVICE 3: INVESTMENT SERVICES	21
<i>Major Activities Related to Investment Services</i>	21
Infrastructure	21
Policy Development	22
Investor Assistance.....	23
Investment Attraction.....	24
SERVICE 4: GEOLOGICAL SERVICES	26
<i>Overview of Activities Associated with Geological Services</i>	26
<i>Major Achievements for 2005/06</i>	26
Provision of Geoscientific Information.....	26
<i>Map 1: Geoscience Mapping</i>	27
<i>Map 2: Mineral Prospectivity Publications</i>	28
SERVICE 5: SCIENTIFIC SERVICES	29
<i>Scientific and Research Support</i>	29
<i>Emergency and Crisis Response Services</i>	30
<i>National Chemical Conformance Standards</i>	30
Quality Systems Accreditation	30
NATA's Forensic Science Registration Advisory Committee	30
<i>Forensic Science Services</i>	30
Forensic Science Laboratory	30
Forensic Chemistry Service to the WA Police	30
State Coroner.....	30
Doping Control in Sport.....	30
SERVICE 6: INDUSTRY DEVELOPMENT SERVICES	31
<i>International Market Development</i>	31
Activities related to Japan and Korea	31
Activities related to Greater China	31
Activities related to the USA.....	32
Activities related to Europe.....	32
Activities related to South East Asia	32
Activities related to the Middle East and India	33
<i>Business Access</i>	33
Skilled Migration.....	33
Manage Impacts of Protecting our Old Growth Forests Policy.....	33
Industry Infrastructure.....	33
Local Industry Support.....	34
<i>Business Development</i>	34
Marine and Defence	34
Information and Communications Technology.....	34
Food and Beverage Industry.....	34
Bentley Technology Precinct	35
Telecommunications	35
<i>Innovation</i>	35
Biotechnology	35
<i>Tradestart</i>	35
<i>Health</i>	36
<i>Building and Construction</i>	36
<i>Oil and Gas and Mining Services</i>	36
<i>Support for Indigenous Economic Development</i>	36

<i>Policy Work associated with Industry Development Services</i>	37
SERVICE 7: OFFICE OF SCIENCE AND INNOVATION.....	39
OFFICE OF THE AUDITOR GENERAL'S OPINION ON KEY PERFORMANCE INDICATORS	42
AUDITED KEY EFFECTIVENESS MEASURES	43
<i>Key Stakeholder/Customer Satisfaction Ratings</i>	43
<i>Conformance with Regulation and Government Policy</i>	47
<i>State Development Performance</i>	49
<i>Science and Innovation</i>	51
AUDITED KEY EFFICIENCY MEASURES	52
<i>Service 1: Titles and Royalties Administration</i>	52
<i>Service 2: Environmental Services</i>	52
<i>Service 3: Project and Infrastructure Facilitation Services</i>	53
<i>Service 4: Geological Services</i>	53
<i>Service 5: Scientific Services</i>	53
<i>Service 6: Industry Development Services</i>	54
<i>Service 7: Science and Innovation Services</i>	54
Cultural Diversity and Language Services Outcome.....	56
<i>Staff Development</i>	56
<i>Corporate Occupational Safety and Health</i>	56
<i>Staff Profile (Full Time Equivalent)</i>	57
<i>Disability Service Plan Outcomes</i>	57
<i>Freedom of Information</i>	58
General Information	58
FOI Applications in 2005/06.....	58
FOI statistics for 2005/06.....	58
Documents held by DoIR	59
Effect on Members of the Public.....	59
Public Participation in Policy Decisions	59
Access under FOI.....	59
<i>Recordkeeping</i>	60
<i>Waste Paper Recycling</i>	60
<i>Risk Management</i>	61
<i>Evaluations</i>	61
<i>Corruption Prevention</i>	61
<i>Public Interest Disclosures</i>	61
<i>Market Research Expenditure</i>	61
<i>Substantive Equality</i>	61
<i>Sustainability</i>	61
<i>Energy Smart Government Policy</i>	62
OFFICE OF THE AUDITOR GENERAL'S OPINION RE FINANCIAL STATEMENTS	65
CERTIFICATION OF FINANCIAL STATEMENTS	66
INCOME STATEMENT.....	67
BALANCE SHEET	68
STATEMENT OF CHANGES IN EQUITY	69
CASH FLOW STATEMENT	70
SCHEDULE OF INCOME AND EXPENSES BY SERVICE.....	71
SUMMARY OF CONSOLIDATED FUND APPROPRIATIONS AND INCOME ESTIMATES	73
NOTES TO THE FINANCIAL STATEMENTS	76
APPENDIX 1: LEGISLATION AND CHANGES TO LEGISLATION	124
ACTS.....	124
CHANGES TO LEGISLATION IN 2005/06.....	125
LEGISLATION YET TO COME INTO EFFECT AT 30 JUNE 2006	126
OTHER LEGISLATION MATTERS	126

APPENDIX 2: STATE AGREEMENTS ACTS (MAJOR RESOURCE PROJECTS).....	127
LIST OF AGREEMENT ACTS ADMINISTERED BY DOIR AT 30 JUNE 2006	127
NEW AGREEMENTS RATIFIED (2005/06).....	129
VARIATION (2005/06).....	129
AGREEMENTS TERMINATED (2005/06)	129
AGREEMENT ACTS REPEALED (2005/06).....	129
APPENDIX 3: ABBREVIATIONS AND ACRONYMS	130

The Director General's Report

The Department's Role

The Department of Industry and Resources (DoIR) provides strategic and policy advice to Government to create an environment that will further the growth and diversification of industry and business in Western Australia.

The department delivers to industry a wide range of government services in areas such as project facilitation and trade and investment promotion. DoIR has responsibility for administering legislation regulating the development of the mineral and petroleum industries in particular.

From July 2005 to February 2006, the department reported to the Minister for State Development. In March 2006, the Minister for State Development, Alan Carpenter, became Premier. The Premier retained the portfolio of State Development, but the department now reports also to John Bowler (Minister for Resources and Minister Assisting the Minister for State Development) and Francis Logan (Minister for Science and Innovation).

Diversifying the State Economy

The Government under Premier Carpenter has a clear agenda to give greater focus to broadening and diversifying the Western Australian economy. These efforts are aimed at producing a more resilient economy and avoiding over reliance on industries that are cyclical or particularly exposed to fluctuations in the economies of the State's trading partners.

In support of this agenda of economic diversification, an Office of Science, Technology and Innovation (OSTI) has been established within DoIR. It is responsible for promoting scientific research and development, commercialisation of innovation, and development of emerging industries. Through OSTI, the department has sharpened its focus on the facilitation of "enabling industries", such as biotechnology and information and communications technology (ICT). OSTI also manages the State's Technology Parks.

The Government is also aiming for further economic diversification through growth of the marine and defence sector, centred on the Australian Marine Complex (AMC) at Henderson. The department is managing the State's bid to win significant contracts associated with the multi-billion dollar Air Warfare Destroyer and Amphibious Vessel procurement program. An adjunct to this is development of the AMC Technology Park at Henderson.

Significant Achievements

The Western Australian economy performed very strongly during the last 12 months as the exceptional growth in the resources sector continued.

Growth in China's economy drove strong global demand for commodities and energy, in particular for iron ore, nickel, oil and liquefied natural gas (LNG). The first shipment of LNG from the North West Shelf Project to China occurred during 2005/06.

The department continued to facilitate the development of new energy projects including LNG at Gorgon, Pilbara LNG, and Pluto as well as projects off the Kimberley coast in the Browse Basin, with particular emphasis on land access and infrastructure.

On the regulatory side, DoIR progressed approvals for petroleum development projects valued at over \$22 billion. Examples of the work enabled by these approvals include the Cliff Head, Mutineer-Exeter and Enfield oil projects, the fourth stage of the Dampier to Bunbury Natural Gas Pipeline Expansion Project, in addition to the drilling of 76 wells and the acquisition of 37 surveys.

The department granted 2 800 titles during the year. Most of these titles, which covered nearly 15 million hectares, were exploration titles. Titles are granted to facilitate investment while safeguarding environmental and Native Title rights.

Iron ore production is expanding rapidly in the Pilbara, and new mines are emerging in the Mid West. In 2005/06, iron ore exports from Pilbara-based projects increased by more than 25 per cent to a total capacity of 331 million tonnes per annum, providing \$680 million of royalty revenue. This was achieved with upgrades at numerous mine sites and port expansions at Port Hedland, Dampier and Cape Lambert.

The department facilitated the increased production from both existing State Agreement iron ore producers and new iron ore projects. For example, DoIR negotiated a State Agreement with the Fortescue Metals Group which is anticipated to complete its passage through the Parliamentary process during the Spring Session of 2006. It also assessed the proposals for the Hope Downs iron ore project which is being developed under the Hope Downs State Agreement and recommended that the Minister approve the proposals. This will allow for the development of the Hope Downs iron ore project in a joint venture with Rio Tinto Iron Ore.

The department continued to plan and facilitate the provision of infrastructure to support regional industrial development. DoIR established a Government steering

group to plan for the development of an iron ore transport system for the Mid West Region, comprising rail, port and an industrial estate. Cabinet subsequently endorsed the building of a new port for the Mid West at Oakajee.

With social infrastructure now committed for Ravensthorpe and Hopetoun to support BHP Billiton's new nickel operation in the Great Southern Region, the department's focus is now on a similar exercise at Boddington, in the South West Region, to support a larger population associated with a major gold mine expansion.

A major success was the commitment from Rio Tinto to proceed with an underground mine at its Argyle Diamond Project — a \$1.2 billion investment that will extend the life of the project. This is an excellent outcome for both the State and the Kimberley region and will provide significant levels of employment for local Indigenous people.

The department conducted the due diligence process and negotiations with Rio Tinto in response to its request for a change to the unique Western Australian royalty regime applicable to diamonds. In recognition of the changed circumstances facing the project, Government agreed to change the Argyle royalty regime to make it consistent with general Mining Act principles.

The contribution of the minerals and petroleum industries to both the State and national economies is illustrated by the fact that, the department assessed, collected and audited royalties totalling over \$2.2 billion during 2005/06. Of this amount, \$1.852 billion was collected on behalf of the State Government and \$348 million (from offshore oil production) was paid to the Australian Commonwealth Government.

Ongoing wealth generation from the resource sector requires new discoveries to be made. Mineral exploration throughout Western Australia was encouraged by publications and other products arising from DoIR's Geological Services, the continued development of online information delivery systems, and the public release of archival information contained in non-confidential geoscience reports from exploration companies.

A program to double the area of the State covered by aerial geophysical surveys entered its second year. The objective of this work is to provide pre-competitive data that will encourage an increase in exploration in previously unexplored (greenfield) areas of Western Australia. Data was collected over the East Yilgarn, Paterson and Gascoyne regions. There has been a notable increase in tenement applications within these areas, with the "Tropicana" prospect being particularly exciting.

A major five-year program of geoscience field mapping was commenced in the Tanami region. This exercise was supported by the release of a Geological Exploration Package and the recording of a deep seismic line, in collaboration with Geoscience Australia.

DoIR is leveraging the State's strong economic growth in the resources sector to provide growth in the broader services and manufacturing sectors of the economy. For example, DoIR and the Chamber of Commerce and Industry co-funded an Internet-based vendor service to facilitate the entry of local firms into the global supply chain, linking major project proponents with potential Western Australian suppliers.

WA's emerging biotechnology industry was advanced by the department's preparation of a Biotechnology Industry Development Strategy and organisation of an industry trade delegation led by Premier Carpenter to the Bio2006 conference in Chicago.

Leadership and Innovation

DoIR has provided leadership across government and worked closely with other government agencies to promote the State's interests.

The department organised a strategic planning conference in Perth for Directors of the State's overseas trade offices to develop a comprehensive overseas trade and investment strategy. The opening of a new trade office in Los Angeles during 2005/06 was a further milestone in the department's facilitation of international trade, providing the first permanent Western Australian Government representative in the United States.

To provide more efficient and timely approvals for the resources sector, DoIR accepted delegated responsibility under the *Environmental Protection Act 1986* for assessing and approving native vegetation clearing activities associated with mining and petroleum activities.

DoIR has funded the appointment of a Mining Liaison Officer at the Western Australian Conservation Council to improve consultation between the department and conservation interest groups.

Increasing global energy prices and the prospect of rapidly growing LNG exports prompted the preparation by DoIR of a discussion paper on securing long-term gas supplies for the domestic market. Government released this paper for public comment and it has generated strong debate within business and the community. This initiative is expected to lead to development by Government of a domestic gas policy, in consultation with industry, over the coming year.

Indigenous Economic and Business Development

The department is charged with supporting Indigenous economic and business development. During 2005/06 DoIR developed the Indigenous Economic Development Strategy as a new approach to harnessing the contribution of Indigenous people to the community and the economy.

A senior Indigenous Economic Development Manager has been appointed for the Pilbara region and an officer has been seconded to Tourism WA.

In a joint effort with industry and the Australian Government, the department is focusing on Indigenous employment opportunities arising out of the strength of the resources sector in regional WA. It has also formed the Indigenous Arts Industry Working Group (IAIWG) which provides for a strategic approach to Indigenous arts development in WA, with agencies contributing resources towards agreed areas for development.

DoIR provided a range of management intervention services to Indigenous community stores, along with mentoring support and business planning advice.

Internal Corporate Support Activities

DoIR continued the development of crucial IT systems such as eMiTS and Tengraph that provide detailed geospatial and tenement data relating to resources and industry projects. Clients are now better served by online access to these systems and are now able to lodge certain statutory applications online.

Internal corporate activities focused on developing a set of integrated planning tools to convert the Government's strategic outcomes into a ten-year departmental strategic plan, a four-year business plan and annual operational plans for each Division. These tools will be linked in the coming year to individual performance and accountability planning.

DoIR's Staff

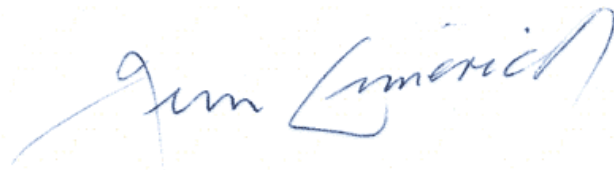
Underpinning the external achievements of the department have been our staff. DoIR recognises that human resources are our greatest source of capability, and optimising staff performance potential and supporting the development and growth of staff is a high priority for the department. DoIR has embarked on a major change management program to renew our approach to performance management and improve our people management practices, improve capability development and improve the working environment.

Additionally, significant effort has been directed towards developing strategies and implementing programs that will build our organisational capability into the future. DoIR recognises that the increasing number of retirements from an ageing departmental workforce will present significant future challenges, particularly, loss of corporate knowledge.

Ironically for DoIR, the resources boom also intensifies labour market competition with the private sector for a decreasing pool of qualified and experienced talent. DoIR has begun to put in place long-term initiatives that target internal knowledge transfer and retention, and employment retention, including the following programs:

- Capabilities and Career Development
- Mentoring
- Leadership Scholarship
- Management Scholarship
- Work and Living.

The department continued its program to evolve the department's core values into corresponding appropriate behaviours in regard to workplace behaviour and customer relations.



Jim Limerick
Director General
Department of Industry and Resources

15 September, 2006

DoIR at a Glance

Relevant Legislation

Enabling Legislation

The Department of Industry and Resources (DoIR) was established on 3 February 2003 under the *Public Sector Management Act 1994* by the redesignation of the Department of Mineral and Petroleum Resources and the transfer of functions from the abolished Department of Industry and Technology.

Legislation Administered by the Department

The department has responsibilities for the administration of a number of Acts. These are listed in Appendices 1 and 2. Appendix 1 lists general Acts and Regulations, and Appendix 2 lists the Major-Resource State Agreement Acts.

Legislation that Impacts on the Department

In the performance of its functions, the department complies with the following legislation;

- *Disability Services Act 1993*
- *Environmental Protection Act 1986*¹
- *Equal Opportunity Act 1984*
- *Financial Administration and Audit Act 1985*
- *Freedom of Information Act 1992*
- *Industrial Relations Act 1979*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000.*

¹ On 1 July 2005, DoIR was delegated with responsibility for administering, assessing and issuing native vegetation clearing permits for mineral and petroleum activities under this act.

Responsible Ministers

During 2005/06 the resignation of Premier Gallop and the subsequent appointment of Minister Alan Carpenter as Premier changed DoIR's Ministerial reporting arrangements. With effect from 1 February 2006, DoIR reports to the following Ministers;

- The Hon Alan Carpenter, MLA Minister for State Development.
- The Hon John Bowler, JP, MLA, Minister for Resources and Minister Assisting the Minister for State Development.
- The Hon Francis M Logan BA (Hons), MLA, Minister for Science and Innovation.

Our Vision

Sustainable prosperity and a better quality of life for Western Australians.

Our Mission

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

Our Role

DoIR has the role of facilitating the State's economic development through the delivery of innovative, value-adding services to industry to ensure that WA is an attractive place to live and do business.

Through leadership, knowledge and a highly skilled and innovative workforce the department aims to provide services which are valued by its customers and industry, and which effectively and efficiently achieve the Government's strategic outcomes for the Western Australian community.

Targets such as broadening the State's economic base, creation of new jobs and ensuring that industry meets Government standards for responsible and sustainable development are pursued through services focused on:

- Resource access and development approvals
- Policy and advice
- Development facilitation and brokering opportunities
- Information provision
- Financial assistance.

DoIR's customer base in the resources, manufacturing and service sectors provides for a challenging array of demands on the department in areas of development facilitation and resources regulation. In addition, the department provides the administrative framework for

the collection of mineral and petroleum royalties, a major source of State revenue.

DoIR Core Values

During the 2005/06 financial year the department took steps to ensure that members of staff understand how to conduct day-to-day business. An important part of this process was communication of the following set of core values for DoIR.

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

The DoIR Structural Groups

The DoIR structure at the end of the 2005/06 financial year consisted of five major Groups;

- Resources and Industry Services Group
- Office of State Development
- Office of Science, Technology and Innovation²
- State Development Strategies Group
- Corporate Support Group.

The Groups' Functions

Resources group

This group provides an efficient and fair system of regulation of the mineral and petroleum industries that will:

- Help companies gain secure access to minerals and petroleum resources
- Minimise social and environmental impacts
- Ensure a satisfactory return, for the community, through royalties.

The group also promotes Aboriginal prosperity through leadership and innovation in Indigenous economic development.

² This office was established to reflect the Cabinet decision to transfer the Office of Science and Innovation (OSI) to DoIR as from the end of March 2006.

Office of State Development

This group works to:

- Assist existing Western Australian businesses to grow
- Encourage new business development to diversify the State's economic base
- Initiate and support Western Australian trade access to markets outside the State, both nationally and internationally
- Attract investment into Western Australia
- Help companies make successful investments that benefit Western Australians.

Office of Science, Technology and Innovation (OSTI)

This group works to:

- Support the research and innovation environment in Western Australia
- Promote science and technology as a major driver of economic, social and environmental growth and development
- Implement Government initiatives to commercialise innovative ideas and expand technology parks.

State Development Strategies (SDS)

This group works to:

- Lead strategic policy development, review and advocacy
- Provide whole-of-government strategic-level advice and analysis on the development of the State's economy.

Corporate Support (CS)

This group provides support services to the whole department:

- Communications and Marketing
- Facilities Management
- Finance
- Human Resources
- Organisational Development
- Information Technology
- Planning and Evaluation
- Records Management.

This support helps the department do its job well.

The **Investigation Services Unit (ISU)** also provides contributions to the department as a whole. It was formed during this reporting year and has the role of enhancing the investigation capabilities of DoIR, raising enforcement initiatives with Government and industry stakeholders, and investigating and prosecuting serious breaches of DoIR legislation.

The Department's High-Level Services

The department's mission is achieved through seven ³ high-level Outputs (now referred to as Services). The responsibilities for the delivery of these Services are assumed by the operational groups. The principal responsibilities are shown below.

Resources group has principal responsibility for:

- Service 1 - Titles and Royalties Administration
- Service 2 – Environmental Services⁴.
- Service 4 - Geological Services

Office of State Development Group has principal responsibility for:

- Service 3 - Investment Services
- Service 6 - Industry Development Services.

Office of Science, Technology and Innovation has principal responsibility for:

- Service 7 - OSTI

The **Chemistry Centre (WA)** is responsible for

- Service 5 - Scientific Services.

The **Corporate Support Group** and the **Strategic Development Services Group** provide contributions to the department as a whole.

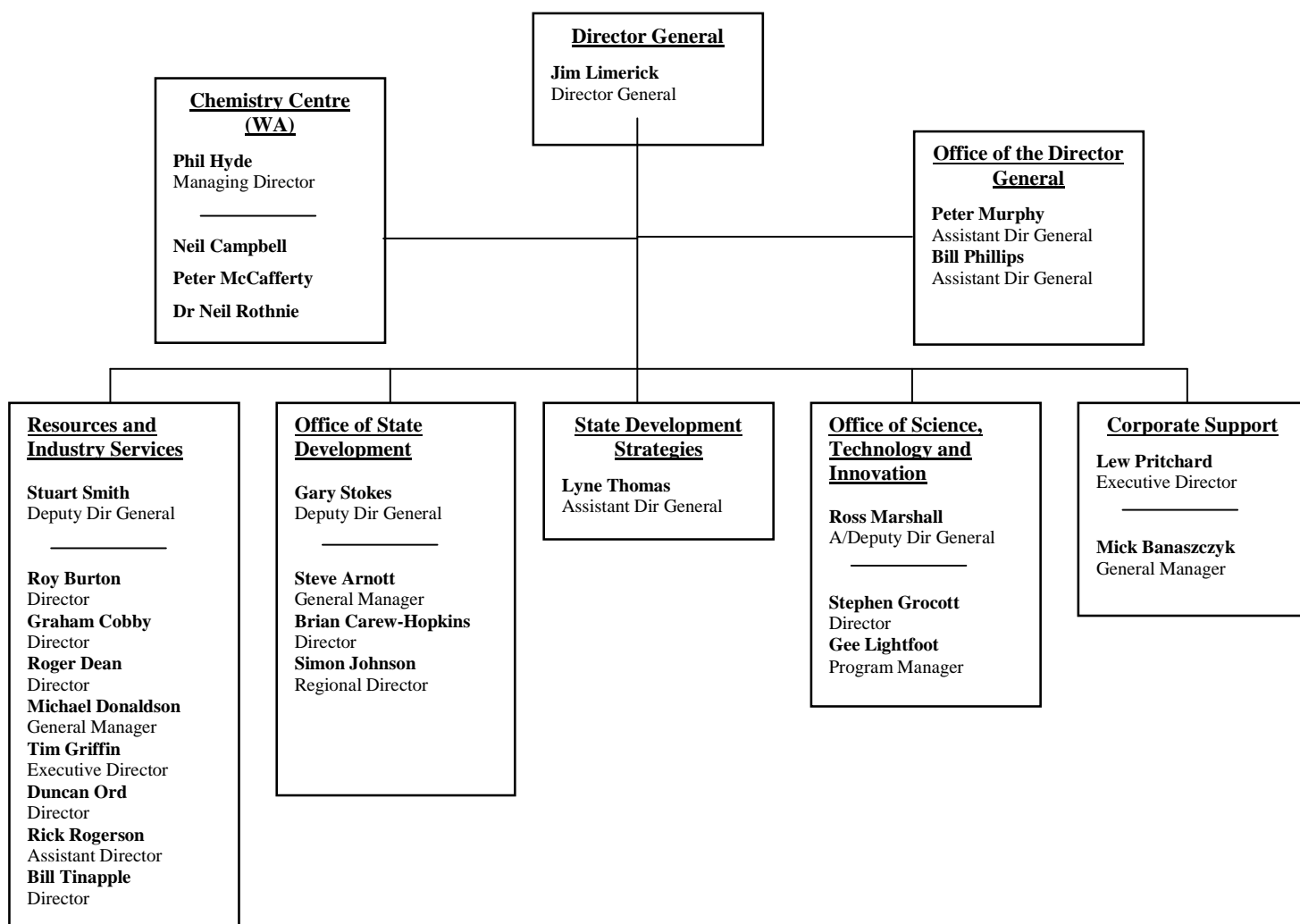
For cost reporting purposes, the total cost of running the department is allocated over the seven Services listed above. Therefore, the costs allocated to each Service (in the KPI section below) include support costs as well as costs expended directly on the delivery of the particular Services.

³ Including the six services detailed in the 2005/06 budget papers together with Service 7, which was developed after the transfer to DoIR of OSI in March 2006.

⁴ Responsibility for safety and health regulation of the minerals and petroleum industries was transferred from DoIR to the Department of Consumer and Employment Protection (DOCEP) from 1 July 2005.

Organisational Structure and Senior Officers as at 30 June 2006

Senior officers identified on this chart are those that substantively occupied positions at or above Level 9. Therefore some non-Senior Executive Service officers are included. Each box in the chart represents a structural group. The most senior officer in each group is shown above the line; other officers are listed alphabetically below the line.



Disclaimer: Contracts with Senior Officers

(As mandated by Treasurer's instructions 903 and 952)

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

Pricing Policy for Outputs

The geological maps, reports and datasets produced by the Geological Survey are made available to the public at the cost of data extraction and distribution.

Most of the industry and promotional material is distributed free of charge. Prospect magazine subscriptions are sold for \$12 per annum, a price set to contribute to postage and production costs.

Although royalty rates are not normally considered as prices of outputs, in the interests of openness, the basis of these rates is explained below.

Royalty is assessed and collected under about 20 State Agreement Acts, the Mining Act (particularly regulation 86) and three petroleum Acts. Royalty rates are specified under each of these pieces of legislation.

Ministerial Directives

No Ministerial directives were received during the reporting period.

Addresses of Main Offices

Adelaide Terrace

1 Adelaide Terrace
East Perth
Western Australia 6004

Phone +61 8 9222 3333 Fax: +61 8 9222 3862

Mineral House

100 Plain Street
East Perth
Western Australia 6004

Phone: +61 8 9222 3333 Fax: +61 8 9222 3862

Departmental Highlights

The department's services are directed at achieving the Government's goals and strategic outcomes contained in the Government's *Strategic Planning Framework* (SPF).

In November 2003 the Government released *Better Planning: Better Services – A Strategic Planning Framework for the Western Australian Public Sector*. This framework provides a detailed description of Government goals and strategic outcomes⁵. In summary, the goals are:

The Economy – *To develop a strong economy that delivers more jobs, more opportunities and greater wealth to Western Australians by creating the conditions required for investment and growth*

People and Communities – *To enhance the quality of life and wellbeing of all people throughout Western Australia*

The Environment – *To ensure that Western Australia has an environment in which resources are managed, developed and used sustainably, biological diversity is preserved and habitats protected*

The Regions – *To ensure that regional Western Australia is strong and vibrant*

Governance – *To govern for all Western Australians in an open, effective and efficient manner that also ensures a sustainable future.*

All of DoIR's services support the outcome for which the department strives, *Responsible development of the State's industry and resources for the benefit of Western Australians*. They also support the five goals of the SPF. Most services support multiple SPF goals and most SPF goals are supported by multiple services.

While the department's principal focus is on "The Economy" goal, it also provides valuable contributions to the other four goals.

The department's wide-ranging contribution is sketched below. It is a reflection of the diverse functions that have been brought together in DoIR. Full details of these and other achievements and activities can be found in the Report on Operations.

⁵ The five goals described above have been extracted from *Better Planning: Better Services – A Strategic Planning Framework for the Western Australian Public Sector*, November 2003.

DoIR Support for "The Economy" Goal

Policy and Strategy

Well-developed policy and strategy are vital to economic strength. The department's State Development Strategies (SDS) group led the successful development of a range of policies, reports and strategies, the most significant of which are summarised below.

The State's first-ever *Biotechnology Industry Development Strategy* is a key initiative which will foster the continued long-term growth of the State's biotechnology sector. Advancing this strategy has involved comprehensive research and industry consultation, including a public discussion paper launched in October 2005. The final strategy will be launched in August 2006.

In late 2005, the Western Australian Government announced a *State Infrastructure Strategy* would be developed to identify and prioritise Western Australia's infrastructure needs for the next 20 years. SDS has been a key advocate of the industry perspective. It has provided a submission representing industry's interests into the strategy's development process, which has been run by the Department of Treasury and Finance.

The department led a cross-government senior officers group, to ensure coordination of government efforts in relation to the State's development as a knowledge economy. Knowledge economy activities are government programs, initiatives and policies that support innovation, productivity, creativity and high-value skills in the State. A report of the Knowledge Economy Senior Officers Group was endorsed by Cabinet.

SDS has worked, and continues to work, with stakeholders to examine the important issue of rail access in the Pilbara. With the increasing demand for iron ore, particularly from China, new companies are considering the development of mines in the Pilbara. Options for third-party access to rail transport are being examined.

DoIR was a key participant in the working group that developed the Government's *Western Australian Coal Futures Strategy*. The strategy identified expanded marketing opportunities which led directly to Griffin Energy announcing the construction of a \$450 million power station in December 2005.

The most recent Commonwealth Online and Communications Council, which operates as the peak ministerial forum across governments for consultation and coordination of information and communication issues of national strategic importance, was held in

Perth. The SDS group was responsible for organising the event with then Minister Carpenter as its host.

Resources Sector

The resources sector, for which the department bears primary governmental responsibility, has contributed significantly to State revenues. During 2005/06, mineral and petroleum royalties totalling over \$2.2 billion were assessed, collected and audited. Of this amount \$1852 million was collected on behalf of the State Government and \$348 million (from offshore oil production) was paid into national coffers.

The resources sector, which provides these revenues, has flourished this year with a record number of projects currently under DoIR's facilitation. These include iron ore, alumina, nickel and liquefied natural gas projects.

A major success for DoIR was the commitment from Argyle Diamonds to proceed with an underground mine. This is a \$1.2 billion investment that will extend the life of the project, and it is an excellent outcome for both the State and the Kimberley region.

Iron ore exports from Pilbara-based State Agreement projects increased by more than 25 per cent to a combined capacity of 331 million tonnes per annum. This was achieved with upgrades at numerous mine sites and expansions of ports at Port Hedland, Dampier and Cape Lambert. The department continues to support increased production from existing iron ore producers and to facilitate new iron ore projects. DoIR negotiated the new State Agreement for the \$650 million Fortescue Metals iron ore mine.

The development of Burrup Fertilisers' \$700 million ammonia manufacturing plant is a great success for the State. Burrup Fertilisers' commitment to this project triggered an infrastructure package worth \$160 million for the Burrup Peninsula. DoIR assisted the company by coordinating the necessary approvals to build the ammonia plant on the Burrup Peninsula and the bulk liquids berth on the new jetty at the port of Dampier. In June 2006, Burrup Fertilisers celebrated its inaugural shipment of liquid ammonia to overseas markets.

Petroleum activities in the Carnarvon Basin continue to provide opportunities for future LNG projects. DoIR supported four major LNG projects by facilitating project approvals and coordinating stakeholder involvement. In 2005/06, construction commenced on the \$2 billion North West Shelf LNG Train 5 Project, which is scheduled for start-up in 2008.

Following on from DoIR's assistance with infrastructure requirements and obtaining project approvals, construction has commenced on BHP Billiton's \$1.8 billion Ravensthorpe Nickel Project near the State's south coast. Infrastructure components for the project

have been implemented in the Shires of Ravensthorpe and Esperance. The development of this project initiated a \$45 million infrastructure package in the region, with contributions for the package from the State, Commonwealth and the company. It is estimated that 380 people will be directly employed on the project with another 900 indirectly employed in Western Australia. It is expected that the first shipment of the mixed hydroxide product will be exported from the Port of Esperance in 2007.

DoIR created a government steering group to plan for the development of an iron ore transport system for the Mid West, comprising rail, port and an industrial estate. Cabinet endorsed Oakajee as a privately funded port in the Mid West region. With social infrastructure now committed for Ravensthorpe and Hopetoun, the department's focus now includes a similar exercise at Boddington to support a larger population created around the gold mine expansion.

Mineral exploration is critical to the continued growth of the resources sector. Exploration throughout Western Australia was encouraged by the publication of approximately 70 Geological Survey products for the State and continued development of online information delivery services. Geophysical data collection and releases have resulted in a notable increase in tenement applications within surveyed areas.

The department has been particularly active (and successful) in promoting petroleum exploration in the Canning Basin. It has released significant areas for exploration in this key area, much of which has been taken up by industry.

DoIR promoted the concept of a central body to liaise across government to coordinate project approvals. The Office of Development Approvals Coordination (ODAC) was established in November 2005 to assist proponents with the many different forms of approval that may be required for industrial and resource-based projects in Western Australia. DoIR obtained government approval for a \$25 million package to assist other agencies with staff resourcing and improving their processes to handle private investment approvals. These important initiatives enhance Western Australia's attractiveness as an investment location.

Other Industry Sectors

DoIR facilitated additional spending of \$81.5 million on upgrades to the highly successful common-user facilities at the Australian Marine Complex at Cockburn Sound. The infrastructure is required to cater for growing user demands in the ship repair and maintenance sector.

To maximise the benefit of the Western Australian Government Overseas Network (WAGON), the

department, through its International Market Development Division (IMD) and with support from the Department of Premier and Cabinet and other agencies, facilitated the 2006 WAGON Conference. This is the first time WAGON has conducted strategic planning as a group with shared processes and frameworks and is a major step forward.

In November 2005, the department coordinated then Minister Carpenter's visit to the US to open the Western Australian government's new Trade and Investment Office in Los Angeles, which will promote the State's products and services to the American market.

DoIR continued to manage its four sister-state agreements with Hyogo (Japan), Zhejiang (China), Tuscany (Italy) and East Java (Indonesia) through activities to enhance networks between the respective states and provide greater focus on economic benefits in addition to cultural understanding.

The department continued its successful *Guest Nation program* at the Perth Royal Show with Malaysia the guest nation in 2005. More than 150 Malaysian government and industry representatives visited Perth, the largest Malaysian delegation to ever visit WA. Several business seminars and networking functions were held to promote commercial links between WA and Malaysia.

The department continued to manage a heavy schedule of international activity in 2005/06, organising 43 inbound trade missions, 22 outbound trade missions and 11 ministerial missions. It also provided 39 VIP briefings for ambassadors, high commissioners and delegations.

The new Office of Science, Technology and Innovation improved the state's scientific research capabilities by funding the Western Australia Energy Research Alliance (a Centre for Food and Genomic Medicine) and eight Centres of Excellence. Four world-class researchers were also attracted to Western Australia under the Premier's *Research Fellowship Program*, attracting an additional \$8 million from other sources.

DoIR continued its support for strategic economic infrastructure, with the expansion of Bentley Technology Park into a wider technology precinct. A similar development is proceeding at the Australian Marine Complex (AMC) Technology Precinct, focused on creating a support base, initially for the marine and defence sectors, and also as a facility to support emerging technology-based industry in the southern metropolitan corridor.

The Western Australian *Inventor of the Year Award* was launched in March 2006, aimed at fostering an environment of innovation and showcasing Western

Australia's innovative capacity to a national and international audience.

DoIR Support for "The Environment" Goal

Many of DoIR's services focus on ensuring that the resources sector develops in a way that meets standards set by the government and the community particularly in relation to environmental impacts.

DoIR's Environment Division provides regulatory services to the petroleum and minerals sectors. It also reviews and develops government policy and regulates the provisions of the Native Vegetation Clearing Regulations, through a delegation from the Department of Environment and Conservation.

DoIR is responsible for assessing and auditing the environmental aspects of mineral and petroleum activities conducted within Western Australia. DoIR is also responsible for assessing and auditing environmental aspects of petroleum activities under Commonwealth jurisdiction adjacent to WA. It does this through administration of legislation that focuses on identifying environmental risks, implementing strategies to eliminate or minimise these risks, and by developing appropriate monitoring, auditing and reporting programs. The primary objective of environmental legislation is to ensure Western Australia's mineral and petroleum operators conduct their activities in a way that is consistent with the principles of responsible and sustainable development.

DoIR and other WA government agencies have implemented several Memoranda of Understanding (MOU) to assist in streamlining mineral and petroleum approvals within State jurisdiction. These legislative and administrative processes have assisted mineral and petroleum operators in gaining the required approvals within agreed timeframes.

The department has just commenced a review of securities held for environmental rehabilitation of mining projects, aiming to reduce the State's liability, as well as to encourage progressive rehabilitation and better planning for mine closure by industry. This will enhance not only environmental benefits, but also the cost effectiveness of mine closure.

The department has updated guidelines relating to mining environmental management to reflect current standards and administrative and legislative requirements. The Mining Proposal guideline (which replaces the former Notice of Intent guidelines) was published on 10 February 2006, to meet the requirement of the *Mining Amendment Act 2004*. The revised Guideline for Management of Declared Rare Flora in

Onshore Petroleum and Mineral Activities was published in March 2006.

The department commissioned an external audit of the adequacy of its referral processes through three existing MOUs with EPA. The audit will cover verification of DoIR's referral processes to the EPA and CALM, as well as feedback from other stakeholders regarding their satisfaction with operation of the MOUs. Results of the audit are expected in the third quarter of 2006.

DoIR's Environment Division received ASNZ ISO9001:2000 certification for its Quality Management System dealing with Petroleum environmental assessments and other processes including approvals, audits and inspections. The Division is working towards implementation of ISO9001:2000 certification for all of its branches by the end of 2007.

DoIR Support for "People and Communities" Goal

Many of DoIR's services focus on ensuring that the resource sector develops in a way that meets standards set by government, particularly environmental impacts.

The department completed a stakeholder engagement project focussed on improving communication and participation with community and industry on mineral and petroleum projects. The project included process-mapping, identification of stakeholders and their needs, and the feedback process.

DoIR encourages and requires all petroleum operators to actively engage in appropriate and adequate communication. This is also a requirement under current environmental legislation. Petroleum operators must demonstrate that they have undertaken meaningful consultation programs with appropriate individuals and groups and incorporated community concerns into project development and outcomes.

The department continued to support Aboriginal employment and business development in 2005/06. It developed the Indigenous Economic Development Strategy (IEDS), which is aimed at engendering a generational shift away from welfare dependency and harnessing the contribution of Indigenous people to the economy.

The department has appointed a senior Indigenous Economic Development Manager for the Pilbara region and seconded an officer to Tourism WA.

It formed the Indigenous Arts Industry Working Group (IAIWG), which provides for a strategic approach to Indigenous arts development in WA with agencies contributing resources towards agreed areas for development.

DoIR provided a range of management intervention services to Indigenous community stores, along with mentoring support and business planning advice across the resources, tourism and building and construction industries.

The department funded the Pinjarra-Brunswick Sustainability Study, which examined the problems and potential of a number of communities south of Perth. This was an innovative approach to resolving social, economic and environmental issues in the area.

The Chemistry Centre is a member of the Cooperative Research Centre (CRC) for Contamination Assessment and Remediation of Environments. The Chemistry Centre's activities in this CRC will underpin much of its effort to ensure public safety, reduce environmental impacts of industrial development, and promote industry investment in new plant over the next seven years.

A new inductively coupled plasma mass spectrometer was commissioned to extend the capacity to measure low levels of metals, for environmental and occupational health assessments.

DoIR Support for "The Regions" Goal

Much of the economic life of the State's regions is dependent on resources activity and the infrastructure that supports this activity.

It is notable that the community facilities and social infrastructure of Ravensthorpe and Hopetoun are to be improved with the advent of BHP Billiton's nickel project. Work is underway, in conjunction with the Department for Planning and Infrastructure (DPI), to plan for a similar program in Onslow, in case the Pilbara LNG Project proceeds.

The department includes the Office of Aboriginal Economic development (OAED), which has many regional foci.

DoIR operates from a number of regional locations and in 2005/06 this included offices in Albany, Broome, Bunbury, Collie, Coolgardie, Derby, Geraldton, Karratha, Kalgoorlie, Leonora, Manjimup, Marble Bar, Meekatharra, Mount Magnet, Norseman and Southern Cross.

The department's executive also undertakes a schedule of regional meetings with local industry development stakeholders, which aim to increase awareness of regional development issues. In 2005/06 meetings were held in Karratha, Albany and Bunbury.

The provision of telecommunications technology to metropolitan, regional, rural and remote communities

was improved through \$10.3 million worth of projects and initiatives facilitated by the department.

The State has endorsed Oakajee as the preferred option for a new deep water port for the Mid West region. During the selection process DoIR identified Oakajee as the best option for a major new port in support of the Mid West region's expanding iron ore industry.

The Mid West's bid to site a one billion dollar Euro Square Kilometre Array radio astronomy project was submitted through the Australasian Square Kilometre Array Consortium Committee. Mileura Station in the Mid West was selected as a suitable location and an infrastructure master plan and environmental assessment for a radio astronomy park were completed in 2005/06.

DoIR Support for "Governance" Goal

The department is subject to the State's *Public Sector governance framework*. Most aspects of this framework are reported on and referenced elsewhere in this Annual Report.

DoIR contributes significantly to the State's legislative, regulatory and administrative framework that underpins the State's economic, social and environmental well-being. Details of the legislation can be found in Appendices 1 and 2.

The following legislative achievements in 2005/06 are particularly noteworthy:

- The *Mining Amendment Act 2004* was proclaimed on 10 February 2006. It includes initiatives to encourage mineral exploration by allowing pre-existing mining lease applications the option of reversion to exploration titles. The Act also provides for 200-Block Exploration Licences in greenfield exploration areas as an encouragement to mineral explorers to explore in these areas.
- Amendments to petroleum legislation and regulations and the development of Memoranda of Understanding between relevant statutory and government agencies to improve safety and regulatory outcomes.
- Interagency agreement on legislative amendment for environmental regulations including the reform of the Native Vegetation Clearing Provisions to improve processes and enhance environmental outcomes.

The department established an Investigation Services Unit to educate industry and raise awareness of regulatory obligations, and to investigate and prosecute serious breaches of legislation administered by DoIR.

The department has contributed to governance in a number of other ways which are detailed elsewhere in this report. Examples include input into Royalties policy and gas pricing.

In its day-to-day operations, the department has also adopted quality processes to improve operations and governance. ISO accreditation has been achieved, during the year, for a number of regulatory processes.

Report on Operations

Service 1: Titles and Royalties Administration

Benefits the Western Australian community through a legislative framework, information systems and administrative processes for mineral titles, petroleum titles and mineral and petroleum resource royalties. Legislation and titles systems provide information on land availability for mineral and petroleum exploration and mining, and petroleum production, encourage exploration on titles, ensure security for title holders, and provide a framework for collection of royalties to achieve a fair return to the community.

Products and services include:

- Granting and maintaining titles to explore for and mine minerals
- Granting and maintaining titles to explore for and produce petroleum, ensure petroleum resource management, and promote invitations for bids for exploration areas
- Collecting royalties according to legislation and Government policy.

Mineral Titles Services

Legislation

The *Mining Amendment Act 2004* and its supporting regulations came into effect on 10 February 2006, amending the *Mining Act 1978* to include initiatives to encourage mineral exploration by providing for longer terms and larger areas for exploration tenure, along with improved operational provisions.

Mining lease applications must now be supported by evidence of a mineral discovery and a "reversion" scheme will allow the applicants of the 8 000 backlogged mining lease applications a one-year period in which they can apply to "revert" to exploration title. These changes will significantly reduce the existing backlog of lease applications and better align leases with the applicants' intended purpose.

Mineral Titles and Land Access

The department received 5886 applications for mining tenements during 2005/06 compared to 4413 applications received in the previous year. The mineral title backlog consists of 14 866 applications, whilst 2778 applications were granted during the period. As at 30 June 2006 there were 17 758 mineral titles in force covering some 36 323 671 hectares in area (14.4 per cent of the State).

Table 1: Tenement Applications for the period 1 July 2005 to 30 June 2006

	No.	Area (hectares)
Prospecting Licences	1 292	173 217
Exploration Licences	2 335	31 585 960
Mining Leases	2 071	1 385 716
Other	188	208 976
TOTAL	5886	33 353 869

Table 2: Tenements granted for the period 1 July 2005 to 30 June 2006

	No.	Area (hectares)
Prospecting Licences	990	131 952
Exploration Licences	1 536	14 651 200
Mining Leases	159	76 416
Other	93	72 236
TOTAL	2 778	14 931 804

Table 3: Tenements in force as at 30 June 2006

	No.	Area (hectares)
<i>(Mining Act 1978)</i>		
Prospecting Licences	5 056	637 731
Exploration Licences	3 966	30 821 637
Mining Leases	5 118	1 806 013
Other	3 432	3 037 037
<i>(Mining Act 1904)</i>		
Mineral Claims & others	186	21 253
TOTAL	17 758	36 323 671

Title Compliance

Ninety-nine per cent of Form 5 expenditure reports were lodged within the required 60-day period.

During the year:

- 11 829 Form 5 expenditure reports were lodged
- 392 notices of intention to forfeit for non-payment of rent and non-compliance with expenditure commitments were issued
- 72 titles were forfeited
- 3606 exemptions from expenditure affecting 4625 mineral titles were finalised.

Mining Industry Liaison Committee

The Mining Industry Liaison Committee (MILC) forum for industry groups considered the following issues.

Auditing of Form 5 Annual Expenditure Reports

MILC members discussed the ramifications of the introduction, in May 2006, of a system of random auditing of selected Form 5 submissions. The audit statement prepared in response to the department's request must confirm that the items of expenditure claimed on the Form 5 were (or were not) incurred or caused to be incurred by the tenement holder on the mining tenement in the relevant expenditure year. However, the auditor will not be required to determine whether any particular item of expenditure is properly claimable — that will be the responsibility of the department, the Warden or the courts.

Abandoned Mine Sites

The department informed MILC members that:

The term "abandoned mine" refers to any feature created by mining or exploration activity that is not being actively managed by any agency, company or individual.

To date, some 11 500 abandoned mine sites have been identified by the department's Geological Survey on various categories of land in Western Australia, including pastoral leases, reserves, forests and private land.

The department will over the next two years coordinate the development of a comprehensive State Government policy on dealing with abandoned mine sites in consultation with all affected stakeholders including Government agencies, land owners and local authorities.

Over the next year a risk assessment model will be applied to known sites to identify the highest priority sites in need of safety or environmental rehabilitation,

and Government funding will be sought for this remediation work.

Customer and Information Services

The use of online facilities has continued to expand with 11 427 mining tenement searches provided to industry online and 10 299 manual searches prepared and supplied over the counter. An average of 625 customers per month, equating to 7500 persons per year, made enquiries at the Minerals Titles information service counter and responses were provided to approximately 10 000 telephone enquiries during the year.

Business Systems

Quality Management

Development of the Mineral and Title Services quality management system (MTSQMS) continued in 2005/06. Work has now commenced on moving the MTSQMS to a new platform which will provide more flexibility in developing and enhancing the system. Application of the system results in consistency in processing and certainty of outcomes.

TENGRAPH® Online and MINERAL TITLES Online

There is continuing strong customer support for both these systems with a number of improvements and enhancements being made to both systems during the year. TENGRAPH® Online users now have the option to create high quality PDF files of TENGRAPH® maps, Quick Appraisal Reports and Print Object Details. The PDFs are automatically generated, and a link to them is sent to the user's registered email address. Users then have the option of saving the PDFs to their personal computers or printing them to their local printer.

eMiTS

The first stage of the new web-based Title Register system (eMiTS) was released during 2005/06. eMiTS is now supporting public enquires. Work has commenced on developing the back-office functions of eMiTS.

WARIMS

Work continued in 2005/06 on development of WARIMS, the new DoIR spatial enquiry tool that will provide customers with access to mineral title and geological information on the same GIS platform.

Title Information

High quality spatial and information services continue to be supplied to customers in 2005/06. ESRI ArcView software was introduced to support the Enterprise Wide Spatial System project.

Native Title

Historical Tenement Capture

Work continued through 2005/06 on capturing the current historical mining and petroleum tenure information to support the State in negotiation of Native Title Claims. Unsurveyed tenements are being captured on an ongoing claim-by-claim basis.

Regional Standard Heritage Agreements

Continued use of the Regional Standard Heritage Agreements through 2005/06 provided native title outcomes in the process of granting exploration titles.

Tenement Surveys

Instructions for 136 tenement surveys were issued by the Titles Information Branch during 2005/06 and 207 new surveys were lodged with the department.

Petroleum Titles and Resource Management

Legislation

Several legislation changes were progressed during the year. The *Petroleum Legislation Amendment and Repeal Act 2005* received Royal Assent on 1 September 2005. The Act amended the *Petroleum (Submerged Lands) Act 1982*, the *Petroleum Act 1967* and the *Petroleum Pipelines Act 1969* with respect to the occupational safety and health of persons at offshore petroleum facilities, petroleum operations and petroleum pipeline operations. It also repealed the *Petroleum Safety Act 1999* and made consequential amendments to the *Barrow Island Act 2003*, the *Industrial Relations Act 1979* and the *Occupational Safety and Health Act 1984*. Implementation of the provisions of the Act require a number of safety related regulations. Drafting of these commenced in 2005/06 and will be completed in stages to allow for the incremental application of the amended legislation.

Following passage of the Commonwealth Well Operations Regulations in December 2004, drafting commenced for the WA Management of Well Operations Regulations to mirror the Commonwealth legislation and introduce an objective-based system for the regulation of well activities. These regulations were approved by the Governor in Executive Council on 28 March 2006 as the Petroleum (Submerged Lands) (Management of Well Operations) Regulations 2006.

Other WA petroleum amendments, including legislation to allow geothermal prospecting, were progressed in 2005/06. In addition, numerous Commonwealth legislation changes including a new petroleum act, the *Offshore Petroleum Act 2005*, required WA review and input.

Native Title Act Processes

The emphasis during 2005/06 was on priority processing of petroleum title applications arising from discrete acreage releases, or special prospecting authority applications through the *Native Title Act 1993* (Cwlth) (NTA) processes. The objective being to achieve an overall reduction in NTA negotiation timeframes for petroleum title applications, thereby enabling timely access to land for petroleum exploration.

Concurrently, petroleum title applications cleared through the NTA process in 2005/06 resulted in some 57 707 sq km of new onshore exploration acreage. The indicative value of exploration work planned for this acreage over the next six years amounts to more than \$44 million.

Resource Management Studies

The department has contracted out Phase III of the *Barrow Island CO₂ Sequestration Feasibility Study* to Innovative Carbon Technology Pty Ltd (ITCPL), who will review the technical work and monitor the Gorgon Joint Venture's ongoing investigations into the sequestration of CO₂ into the Dupuy Formation beneath Barrow Island. Phases I and II have been completed.

Petroleum and Royalty Division Quality Management System

An external triennial audit of the Quality Management System was conducted and determined that the Division's system was fully compliant with the international standards of ISO 9001:2000.

Petroleum Data Centre

The department coordinated the WA Petroleum Data Centre feasibility study in conjunction with industry.

Keating Initiatives

In response to Government policy the Petroleum and Royalties Division appointed officers to two new positions responsible for:

- implementing the Keating Inquiry recommendations for streamlining approval processes
- compliance with approvals timelines.

Industry Liaison

DoIR conducted an annual Petroleum Open Day to showcase:

- The work done by the department in the State's sedimentary basins
- Departmental data management systems
- Areas to be released for petroleum exploration permit bids

- The importance of petroleum to the Western Australian economy
- The strategies being undertaken in promoting safety and good environmental management
- Resource management regulations
- Progress in addressing land access issues.

The department exhibited at the Australian Petroleum Production and Exploration Association's (APPEA) Annual Conference at the Gold Coast to help promote awareness of Western Australia's petroleum prospectivity.

Titles and Access to Land

The department's promotion of exploration both onshore and offshore was effective in attracting additional exploration investment. There was a strong response to offshore acreage released with 18 new exploration permits granted. Six new offshore exploration permits were granted with new applications received for four of the five areas released for bidding.

Exploration

The department had an active year in facilitating approvals for exploration in 2005/06. It was a year of very high drilling activity, as the sustained high oil price continued to drive development and appraisal drilling. Exploration drilling in frontier areas, however, did not increase significantly as might have been expected. Only 11 wells were drilled in exploration permits (two onshore and nine offshore); the rest were drilled in either production licence or retention lease areas, reflecting the industry trend to explore in brownfield areas. Western Australia attracted 49 per cent of Australia's petroleum exploration expenditure during 2005, with exploration expenditure of \$572 million, significantly down from the last financial year. Thirty-four wildcat wells were drilled during 2005/06, of which four were significant discoveries, yielding a success rate of 12 per cent.

The department's promotion has contributed to industry realization of the under-explored nature of petroleum prospects within the State and has led to a new level of interest in exploration in Western Australia's onshore Canning Basin. There has been farm-in interest as well as several applications for Special Prospecting Authorities with Acreage Option within this frontier basin.

Facilitation of Exploration

In September 2005, State acreage was released in the Canning Basin (four onshore application areas) and the Officer Basin (one onshore area).

In May 2006 State acreage was released in the Perth Basin (two onshore areas), the Canning Basin (two

onshore areas) and the State Waters area of the Northern Carnarvon Basin (five areas).

Release CDs provided information relevant to explorers about land access and key publications relating to prospectivity. Also included were listings of available data. These CDs were advertised and distributed at key exploration oriented conferences in Australia and overseas.

The *Australian Petroleum Opportunities 2006* (farm-out and acreage release booklet) was published and promoted to companies in Australia and overseas through industry journals and the APPEA Conference.

One issue of the Division's *Petroleum in Western Australia* (PWA) magazine was published — the April 2006 edition, released in conjunction with the APPEA Conference.

Production and Development

During 2005/06 the department facilitated:

- six production licence applications/renewals and four Field Development Plans
- two well location applications
- seven special prospecting authority applications
- two retention lease applications and renewals
- 84 well applications for:
 - 17 development wells
 - 14 appraisal wells
 - 52 exploration wells
 - one production well.

Investment

During 2005/06 the department facilitated a number of upstream developments including: Enfield Oil, Goodwyn "A" Low Pressure Train, Perseus Over Goodwyn, Cliffhead Oil Project, John Brookes Gas, Mutineer-Exeter Oil, and smaller North Perth Basin Gas projects. These projects in total had a capital investment in excess of \$3.5 billion.

In addition the department began to facilitate other upstream developments including: Greater Gorgon gas, Gorgon CO₂ Sequestration, Pyrenees Terraces oil, Jansz-Io gas, Stybarrow oil, Angel gas, Vincent oil, Pluto gas, Western Flank oil, Western Flank gas, Laverda oil and gas, and Ichthys gas and condensate. These projects are projected to require total capital investment of \$22.5 billion.

Royalties

Royalties Collected

The contribution of the minerals and petroleum industries to both the State and national economies is illustrated by the fact that, during the year the department assessed, collected and audited royalties totalling over \$2.2 billion. Of this amount, \$1.852 billion was collected on behalf of the State Government and \$348 million (from offshore oil production) was paid to the Australian Commonwealth Government.

Royalties Information Technology Management System

Development and implementation of Phase III of the Royalties Information Technology Management System relating to the electronic lodgment of royalty returns and electronic royalty payment options continued in 2005/06. This initiative also included the commencement of the development of a royalty revenue forecasting module which will assist in the budget process which is jointly conducted with the Department of Treasury and Finance.

Administration

Anomalies and other issues related to royalty collection were resolved and amendments to royalty legislation were progressed. For example:

- Vanadium concessionary royalty rate was removed from the Mining Regulations 1981.
- Definitions for iron ore products were introduced into the Mining Regulations 1981.
- The Iron Ore Transfer Price report was finalised, which included recommendations that raised royalty issues regarding pricing of iron ore contracts for royalty purposes. These issues have been fully addressed.
- Amendments to the Iron Ore Agreement Act royalty rates, to increase them in line with Mining Act rates, have been drafted for discussion.
- Agreement on the consolidated North West Shelf petroleum royalty schedule was finalised, which now includes the new Chinese (CNOOC) joint venture participant.
- Input into the Cabinet decision to provide royalty assistance for Argyle's Underground Project resulted in the drafting of amendments to its Agreement Act to implement these measures.

Compliance with Royalty Payment Requirements

Maintenance of high compliance with royalty payment requirements (96 per cent on or before due date) was achieved in 2005/06. The department met all of its obligations during an audit of its recently installed Quality Management System (QMS) within the Petroleum and Royalties Division, which confirmed its certification.

Service 2: Environmental Services

Benefits the Western Australian community through a legislative framework, information systems and administrative processes, to meet community standards with respect to the environment, for the mineral and petroleum resources industries.

Functions include reviewing legislation, regulation, environmental impact assessments and management systems as well as the provision of technical and policy advice, and audit and education services.

Legislation

The department has updated the guidelines relating to mining environmental management to reflect current standards and administrative and legislative requirements. The Mining Proposal guideline (which replaces the former Notice of Intent (NOI) guidelines) was published on 10 February 2006, to meet the requirement of the *Mining Amendment Act 2004*. The revised Guideline for Management of Declared Rare Flora in Onshore Petroleum and Mineral Activities was published in March 2006.

In 2005/06 DoIR continued to administer petroleum activities covered under the Commonwealth Petroleum (Submerged Lands) (Management of Environment) Regulations 1999 on behalf of the Commonwealth Department of Industry, Tourism and Resources. DoIR is also a member of the Environmental Assessors Forum (EAF), a committee of environmental representatives from each of Australia's States and the Northern Territory as well as the Commonwealth Government. The role of the EAF is to facilitate communication between the petroleum industry and the State and Commonwealth Governments, as well as to review legislation and administrative procedures. The EAF met several times in 2005/06 to review and amend the Management of Environment Regulations 1999. These amendments were implemented in late 2005. Accompanying guidelines for Environmental Plans, Decommissioning, and Naturally Occurring Radioactive Material are currently being drafted by the Commonwealth Government.

Regulatory responsibility for occupational safety on offshore petroleum facilities has been transferred from DoIR to the new National Offshore Petroleum Safety Authority (NOPSA).

Administrative Agreements

A third party audit of the Memoranda of Understanding (MOU) between DoIR and the Environmental Protection Authority for the referral of processes and criteria for both onshore mining and petroleum projects in Western Australia was in progress at the close of 2005/06. The results of this

audit will assist in the upcoming review and amendment of these MOUs.

A Memorandum of Understanding is also being developed with the Commonwealth Department of Environment and Heritage. This document aims to clarify and streamline the petroleum environmental approval process for projects which are located in areas of Commonwealth jurisdiction.

Regulatory Services

DoIR Environment Division administers the environmental aspects of the *Mining Act 1978* and various Petroleum Acts.

DoIR assesses mining and petroleum exploration and development proposals. During the 2005/06 year 292 mining and petroleum proposals and 1761 exploration applications were assessed.

Examples of significant mining assessments include:

- Hope Downs Iron ore project (Hamersley Hope Management Services Pty Ltd)
- Boddington Gold Mine Project (Boddington Gold Mine Management Company Pty Ltd)
- Ravensthorpe Nickel Project (Ravensthorpe Nickel Operations Pty Ltd).

Examples of significant petroleum assessments include:

- Cliff Head Development (Roc Oil (WA) Pty. Ltd)
- Vincent Development (Woodside Energy Limited)
- Stybarrow Development (BHP Billiton Petroleum).

DoIR audits and inspects industry compliance with environmental approval conditions. A total of 39 audits and 42 major field inspections were conducted in 2005/06.

At the end of June 2006, the department held 3011 Unconditional (Environmental) Performance Bonds valued at \$455 million. This equates to an average bond of \$1912 for each hectare of disturbance on sites covered by the *Mining Act 1978*.

To date the department has held in trust about \$2.3 million of environmental bond monies to provide for rehabilitation of ground disturbed on mining tenements surrendered or forfeited around the State.

The Environment Division has initiated the referral of seven matters to the department's Investigation Services Unit during the 2005/2006 financial year.

Native Vegetation

On 1 July 2005, DoIR was delegated with responsibility for administering, assessing and issuing native vegetation clearing permits for mineral and petroleum activities under the *Environmental Protection Act 1986*. Mineral and petroleum exploration activities, and mining activities designated as "low impact", have been exempted from the clearing permit regulations until 8 April 2007. The Office of Development Approvals Coordination (ODAC, Department of Premier and Cabinet) has established a project team to develop options for managing these activities after expiry of the exemption.

Strategic Policy

DoIR is the Government's lead agency on geosequestration. The department developed strategic geosequestration policy advice and ensured that all areas relevant to its responsibilities and interests were covered. This complemented DoIR's ongoing participation in the development of State and national greenhouse policy settings.

In addition to providing strategic environmental advice to the Government, DoIR provided advice to

key external stakeholders on State and Federal environmental initiatives affecting future access to WA mineral and petroleum resources and strategic areas of industrial activity in both marine and terrestrial environments.

Stakeholder Liaison

The Stakeholder Engagement Project was successfully completed in late 2005. The project resulted in the identification of key stakeholders, their needs, implementation of a customer feedback system and suggestions for improving communication with the community and industry. As part of DoIR's commitment to improving communication with the community, the department has funded a Minerals Liaison Officer (MLO) based at the Conservation Council WA office. The officer commenced work in April 2006 and plays an active role in the transfer of information from DoIR to community groups, and from these groups and committees to DoIR. The MLO also participates in the development of policies and procedures.

Quality Management

Progressive implementation of a quality assurance approach to key environmental approvals for the resources sector began in early 2005. With defined processes and formal (controlled) procedures that are compliant to ASNZ 9001:2000 already in place for petroleum projects, efforts have been focused on process mapping of environmental approvals for mining projects.

Service 3: Investment Services

Benefits the Western Australian community by assisting private sector investment through facilitating the establishment and ongoing operation of major resource and industrial development and associated infrastructure projects and by attracting interest in Western Australia from potential private sector industrial investors.

Resource and industrial development projects include the production and processing of minerals and energy resources, wood processing, strategic industries, and development of land for strategic agriculture. Infrastructure projects include industrial land development, transport, energy and water service facilities and other services for the resources industry and specialized facilities for other industry including technology parks.

Services include:

- Facilitating and managing the interface between investors and government to ensure coordinated, timely government decision making and approvals procedures
- Providing advice to the Government and agencies on policy and strategic planning issues affecting resources development in Western Australia
- Providing resource sector information services
- Delivering investment attraction programs
- Providing support for the development of industry land infrastructure and specialist facilities.

Major Activities Related to Investment Services

The department's major achievements related to Investment Services in 2005/06 are detailed below

Infrastructure

DoIR plans and coordinates the provision of infrastructure and land to assist industrial development.

Burrup Infrastructure Package

DoIR conceived and coordinated a \$183.3 million package of common-user infrastructure to support the establishment of three or four major gas-processing projects on the Burrup Peninsula, near Karratha. The package includes a major cooling water supply system, port facilities, service corridors and roadworks.

The commitment by Burrup Fertilisers to establish its ammonia plant triggered the expenditure of approximately \$160 million of the package. The Dampier Port Authority common-user bulk liquids export jetty was the final element of the package. The jetty was completed at the end of 2005 and will facilitate the export of liquid ammonia.

The availability of spare capacity in the common-user infrastructure enhances the project-ready status of industrial lots available for prospective investors.

Kwinana Cumulative Risk Study and Mapping of Infrastructure

The year 2005/06 saw commencement of the Kwinana Cumulative Risk Study. For the first time, the numerous pipelines and other interconnecting services in Kwinana have been systematically mapped and recorded.

Kemerton Industrial Park

A structure plan for the industrial park at Kemerton was initiated in 2005/06 and will include consideration of a research and development facility within the park. Kemerton is a critical element in the development of the South West region of Western Australia.

Mirambeena Timber Processing Precinct

Infrastructure requirements for Albany's Mirambeena Timber Processing Precinct were identified in 2005/06 and a funding package is currently under consideration.

Ravensthorpe Nickel Project

This project is a critical element of regional development along the southeast coast of Western Australia. When commissioned in 2007, the \$1.8 billion project is expected to employ a locally based workforce of about 380 people, and (indirectly) another 900 people in WA. BHP Billiton will provide permanent accommodation for up to 238 employees and their families who will be new to the region. Employees will choose between residing in Hopetoun, Ravensthorpe or Esperance.

Through the Project Management Group, which was established in October 2004, the department

continued to coordinate the planning and construction of community infrastructure in the Shires of Ravensthorpe and Esperance using in excess of \$45 million provided by the State, the Commonwealth and the company. Key projects included the sealing of local roads, the release of serviced land in Hopetoun and Ravensthorpe, and the start of construction of a primary school in Hopetoun. This program will continue over the next 18–24 months.

Western Australian Coal Future Strategy

In January 2005, the State Government developed the WA Coal Future Strategy. In August 2005, the Government committed to a range of actions aimed at achieving an increase in coal production over the next four years from 6 million to 10 million tonnes per annum. The main focus will be on creating new employment opportunities and a sustainable future for Western Australia's coal mining communities.

In May 2006, the Government announced an allocation of \$10.2 million over two years to establish the Collie region and Coal Industry Infrastructure Fund. This funding will be administered by the Collie region and Coal Industry Futures Group with the Hon Mick Murray MLA, Member for Collie–Wellington as chair. This group is initially focusing on identifying the opportunities and issues associated with expanding local and overseas markets for the State's large coal reserves.

Goldfields–Esperance Water Supply Project

During 2005/06 DoIR assisted in the progression of United Utilities Australia's \$420 million desalination plant at Esperance and the 400 km pipeline to Kalgoorlie–Boulder.

Midwest and Oakajee

In 2005/06 the State Government endorsed Oakajee as the preferred option for a deep water port in the Midwest region. Infrastructure requirements for the Midwest to support the growth of the iron ore industry are currently being defined by the Department for Planning and Infrastructure in consultation with DoIR. A Steering Committee and Ministerial Council have been appointed to progress these projects.

Technology Precinct Master Plan

The Technology Precinct Master Plan provides a development framework to create a major technology hub in WA. A Project Manager has been appointed through the Department of Housing and Works to provide a range of program and project management services for the ongoing development of the precinct.

Australian Marine Complex Technology Precinct Central Support Facilities

At the end of 2005/06, the development of the Central Services Facility was forging ahead and detailed design plans were in the final stages of completion. The facility will provide meeting and social amenities for locally established technology-based organisations, as well as wider business and community usage. Construction will start in September 2006 and is due for completion in January 2008.

Technology Park

Technology Park in the Perth suburb of Bentley continues to be the premier address for technology-based organisations in WA. The contract for the management of Technology Park was re-tendered in 2005 with Zernike Australia being the successful bidder.

Technology Park celebrated its 20th anniversary in 2005/06 with conference activities that brought members of the international and interstate science and technology park community together in Western Australia. Delegates included visitors from other Australian States, New Zealand, Nepal, Malaysia, Korea, Pakistan and Spain.

A Global Alliance Centre (GAC) was established at Technology Park in 2005/06 to provide a hot-desk facility to allow the international science and technology community to carry out strategic and business activities during visits to. The GAC will assist in creating strategic linkages between the international science and technology community and tenants at the Bentley Technology Park.

Policy Development

During 2005/06, DoIR worked with other government agencies, industry and other stakeholders to develop policies for the responsible development of the resource and industry sectors in Western Australia.

The department also provided input and comment on State and Federal Government policies that may impact on responsible resource and industry development in Western Australia.

Domestic Gas Reservation Policy

The WA Government is committed to ensuring that sufficient supplies of competitively priced gas are available to underpin Western Australia's long-term energy security and economic development. The State Agreement which facilitated the development of the North West Shelf gas project contains provisions which ensure that a share of the gas reserves are set aside for domestic customers. Similar provisions are

contained in the State Agreement for the proposed Gorgon gas project. During 2005/06, a policy review was commenced to help ascertain whether or not the Government should seek similar domestic gas reservation requirements from proposed new LNG projects.

A clearly enunciated policy position on domestic gas reservations should ensure the consistent and equitable treatment of project proponents and provide greater certainty for investors looking to develop gas projects based in Western Australia. This will also provide greater certainty to domestic gas users, who often make long-lived investments based on assumptions about future gas prices.

As part of the policy development process, the department released a Consultation Paper in February 2006, entitled WA Government Policy on Securing Domestic Gas Supplies. The paper outlined the relevant issues and sought stakeholder feedback. DoIR is now in the process of evaluating the submissions received and will produce an analysis and draft policy position for consideration by government in 2006/07. Further stakeholder consultation may also be undertaken as part of this process.

State Agreements Rates and Planning and Building Licence Study

The study is examining seven State Agreement Acts from around the State and will identify the local government rates revenue currently received from project companies, the revenue that might be received if it were not for the rates clauses, as well as any non-rates offsetting payments contributed by State Agreement project companies. In addition, the Study is also examining the ramifications of any requirement to obtain planning and building licence approvals for State Agreement Act projects.

Work on the study progressed in 2005/06 with data compiled on the rates currently being paid by the seven selected State Agreement project companies and non-rates offsetting payments contributed to local government by State Agreement project companies. The majority of valuation work has been completed on three of the seven selected State Agreement Acts. Research was also commenced in 2005/06 on the relationship between State Agreement Acts and local government planning and building licence approval processes.

The State Agreements Rates and Planning and Building Licence Study was due to be completed on 30 June 2006. Delays in obtaining valuations, because of the booming property and valuation

industry, have resulted in a delay in the completion of the study to 2006/07.

China–WA Joint Iron Ore Processing Study

A joint study between DoIR and the Chinese Government's National Development and Reform Commission was conducted in 2005/06 to compare the factors influencing the processing of iron ore to steel in WA and China. This involved an analysis of the strategic, transport, environmental and economic implications of iron ore processing to produce metallic iron in both locations.

Significant factors affecting both locations include energy, water availability and infrastructure development. In addition, China is challenged with the need to address its pollution problems and to deal with increasing costs of raw materials. WA is confronted with large initial funding requirements and, by comparison with China, an inferior cost competitiveness.

China can resolve concerns about security of long-term supply through investment in the WA iron ore sector. When combined with the use of alternative iron-making and direct reduction technologies, and the availability of various iron-making raw materials, there is the potential for some preliminary stages of Chinese iron ore processing to be carried out in WA.

In 2005/06 the preliminary findings of the study were presented at conferences in Perth and Beijing. The study will be finalised in consultation with the Chinese partners and seminars promoting the possibilities identified will be conducted in the latter half of 2006.

Investor Assistance

The department develops, negotiates, administers and reviews the State Agreements that govern resource development in Western Australia.

It also attracts investment through pre-feasibility and feasibility studies identifying industry development opportunities.

DoIR facilitates approvals of new projects and project expansion, and streamlines the process approval system for major projects.

Major Project Development

During 2005/06 DoIR assisted new resource project opportunities as follows:

LNG and Gas

- Facilitated the environmental impact assessment of the Gorgon Gas Processing and Infrastructure Project and approvals for geosequestration on Barrow Island. Supported development of the

Social Impact Management Plan and the project's Australian Industry participation initiatives.

- Assisted the Pilbara LNG Project in its site selection process and facilitated ongoing community consultation with key stakeholders in Onslow.
- Facilitated the Pluto LNG Project site selection and project approvals processes.
- Coordinated approvals for the Burrup Fertilisers ammonia project, which has now completed construction and commenced exporting from Dampier Port's new bulk liquids jetty.

Iron Ore

- Facilitated project approvals, coordinated infrastructure requirements and worked to achieve financial approval for the Hope Downs Iron Ore project.
- Negotiated the Iron Ore (FMG Chichester) Mining and Infrastructure State Agreements.

Ord

- Executed the Ord Final Agreement on 6 October 2005 to resolve Native Title and heritage issues for Ord Stage 2.

Nickel

- Facilitated approvals for the Ravensthorpe Nickel Project, which has now commenced construction. The first export of its mixed hydroxide product is expected in 2007.

Major Project Management

During 2005/06 DoIR assisted with the management of existing operations and new development opportunities as follows:

Iron Ore

- Facilitated project approvals, coordinated infrastructure requirements and worked with BHP Billiton Iron Ore and Rio Tinto Iron Ore to assist expansion by more than 25 per cent to a combined capacity of 331 million tonnes per annum (Mt/a).
- Secured commitments to phase out iron ore royalty concessions from Rio Tinto and BHP Billiton State Agreement Acts.
- Worked closely with proponents to progress proposed new iron ore mines and associated infrastructure in the Mid West, Great Southern, Pilbara and Kimberley.
- Provided information briefs and facilitated negotiations between suppliers in WA and international consumers. This assistance resulted

in the formation of a joint venture partnership between Gindalbie Metals and Ansteel (China's second largest steel producer) for the development of the Mt Karara magnetite project.

Alumina

- Facilitated environmental approval for Worsley Alumina's expansion to a capacity of 4.4 Mt/a.
- Worked with Alcoa to achieve environmental approval for expansion of the Wagerup refinery to 4.7 Mt/a.

LNG

Assisted the North West Shelf Joint Venture to commission LNG Train 4 and commence development of Train 5.

Diamonds

Worked with Argyle Diamonds to extend the project life by securing commitment to proceed with an underground mine.

Base Metals and Gold

Facilitated Nifty Copper's underground mine and gas pipeline development and secured commitment from Newmont–Newcrest to reopen the Boddington Gold Mine.

Investment Attraction

The Investment Attraction Branch targeted investment opportunities with Australian and International organisations in the following areas in 2005/06:

Renewable Energy and Bio-fuels

- Successfully facilitated the recently announced Primary Energy – BP \$200m, 160 megalitres per annum Ethanol Project at Kwinana.
- Negotiations with three other groups for Ethanol and Bio-fuel initiatives were close to conclusion and some of these opportunities should be finalised in 2006/07.

Aluminium Smelter

Discussions continued in 2005/06 with three groups on the establishment of an aluminium smelter at Kemerton (or alternative potential locations). The negotiations include power providers seeking to establish power plants to support such developments and expand the capacity of the power grid.

Iron Ore Opportunities

Opportunities were pursued for potential investment in joint ventures and/or off-take agreements for three Western Australian groups with international developers. This involved close consultation with DoIR overseas office networks and the facilitation of visits to WA.

Ferro Alloys

- Developed two opportunities for potential investments at Boodarie, which are being pursued with international investors.

Titanium Metal

- Discussions continued with Japanese and US groups interested in the ongoing development and use of titanium metal technology.
- Negotiations continued and there is a strong opportunity for an initial pilot plant development at Kemerton based on CSIRO's innovative technologies.

Other Resources

Opportunities with a range of organisations in manganese, nickel, copper and sodium hypochlorite were pursued throughout 2005/06.

Marine and Defence

- Expansion of the Australian Marine Complex (AMC) wharf and construction of a floating dock were announced with tenders for both released in 2005/06. The wharf extension has subsequently been awarded to John Holland.
- Australian Submarine Corporation to invest \$25m in a new facility at AMC.
- Development of the sub-sea servicing sector at AMC with commitments from both FMC Kongsberg and Vetco/Advanced Well Technologies to develop facilities at AMC.
- Continued efforts to secure the amphibious ship building contract for WA.

European Initiative

Working with the London Office, the Investment Attraction Branch implemented a contact program with high energy user European organisations to discuss the potential for moving operations to a less costly energy regime. Particular focus will continue in areas where feedstock resources are available.

Studies

A number of studies were commissioned in 2005/06 to identify the input requirements for a range of resource based value-adding opportunities in WA. These include:

- The *Over the Horizon Study* was initiated and progressed in 2005/06 with completion due in 2006/07. This study is identifying new opportunities for the development of raw material value-adding programs in Western Australia over a 5–20 year time frame.
- The *Study into Construction Costs on the Burrup* was completed and analysed claims that high capital-cost construction regimes are a barrier to future investment in this location.
- The *Study of the Western Australian Natural Gas Resource Utilisation Options – 2004/2020* was completed. This study examined the opportunities for converting WA's natural gas resources into premium liquid fuels (or gas-to-liquid fuels).
- The *Technical Follow-up Study on the WA Petrochemicals Resources Availability and Opportunities Study* was completed.

These studies are components of the department's research that assist it to market the State's value-adding and downstream processing investment opportunities.

Review of the Project Development Approvals System

Approvals timelines and streamlining of the policy framework have been finalised and implemented by Government in 2005/06. This included the formation of the Office of Development Approvals Coordination. An additional \$25 million in funding was provided to assist agencies with environmental approvals.

Service 4: Geological Services

Benefits the Western Australian community by encouraging exploration and hence the discovery of mineral and petroleum deposits through maintaining an up-to-date geological framework and archive of the State and its mineral and petroleum resources.

Products and services include the publication of maps, reports and datasets and the provision of access to a developing archive of geoscientific and resource exploration documents, samples and data.

Overview of Activities Associated with Geological Services

The Geological Survey Division works to provide geoscientific information that promotes the State's prospectivity. It encourages explorers and facilitates their success, and promotes the importance of resources to the wider community.

The division also evaluates the impact of new projects and planned developments on the State's exploration potential. This provides for informed decision making (including land use planning) by Government.

It also provides integrated, easy-to-use archival retrieval systems for all types of geoscience data in WA, including company reports and geological samples.

Major Achievements for 2005/06

Provision of Geoscientific Information

During 2005/06, DoIR continued its comprehensive program by producing 42 reports⁶, 26 geoscientific maps⁷ and geophysical images, and 18 digital datasets. It continued to add geoscientific information to online information delivery services.

These activities add to the geological framework of the State and to the knowledge of its resource potential. This work is crucial in encouraging and supporting exploration in the State. The extent of geoscience mapping and resource studies is shown in maps 1 and 2 on the following pages.

Implementation of the program to accelerate the public release of archival information contained in non-confidential geoscientific reports from exploration companies, in order to encourage greenfields exploration activity, resulted in the release of 7000 reports in 2005/06.

Advice on resource potential was also provided on 1150 proposals for a change in the land use of areas of Crown land, leasehold and private land in Western Australia, including new areas proposed for inclusion in the conservation estate.

Work under a \$12 million commitment over four years (now being funded at \$3 million per annum) to double the area of the State covered by high-tech aerial geophysical surveys continued in its second year. The surveys aim to increase mineral exploration expenditure in greenfield areas of Western Australia. In 2005/06, data were released for the Paterson, north Gascoyne, East Yilgarn, and Fraser Range regions, with a notable increase in tenement applications within the surveyed areas.

A major five-year program of geoscience field mapping continued in the Tanami region. This included the release of a Geological Exploration Package over the region and release of data obtained from two seismic reflection surveys conducted in collaboration with Geoscience Australia.

A major six-year program of geoscience field mapping continued in the Murchison region in 2005/06, including the release of an updated Geological Exploration Package over the region.

A summary of the geology and mineral potential of the Paterson area was published to further promote the prospectivity of this greenfield area.

Regional field mapping programs continued in the East and Central Yilgarn Craton; Gascoyne Complex; Edmund, Collier and Earaheedy Basins; and the west Musgrave and Tanami regions.

⁶ This total included two "Explanatory notes for series maps", 14 "Records and Reports" and eight miscellaneous publications

⁷ This total included seven "1:100 000 geological maps", two "1:250 000 geological maps" and seventeen other maps.

Map 1: Geoscience Mapping

1:100 000 Geology

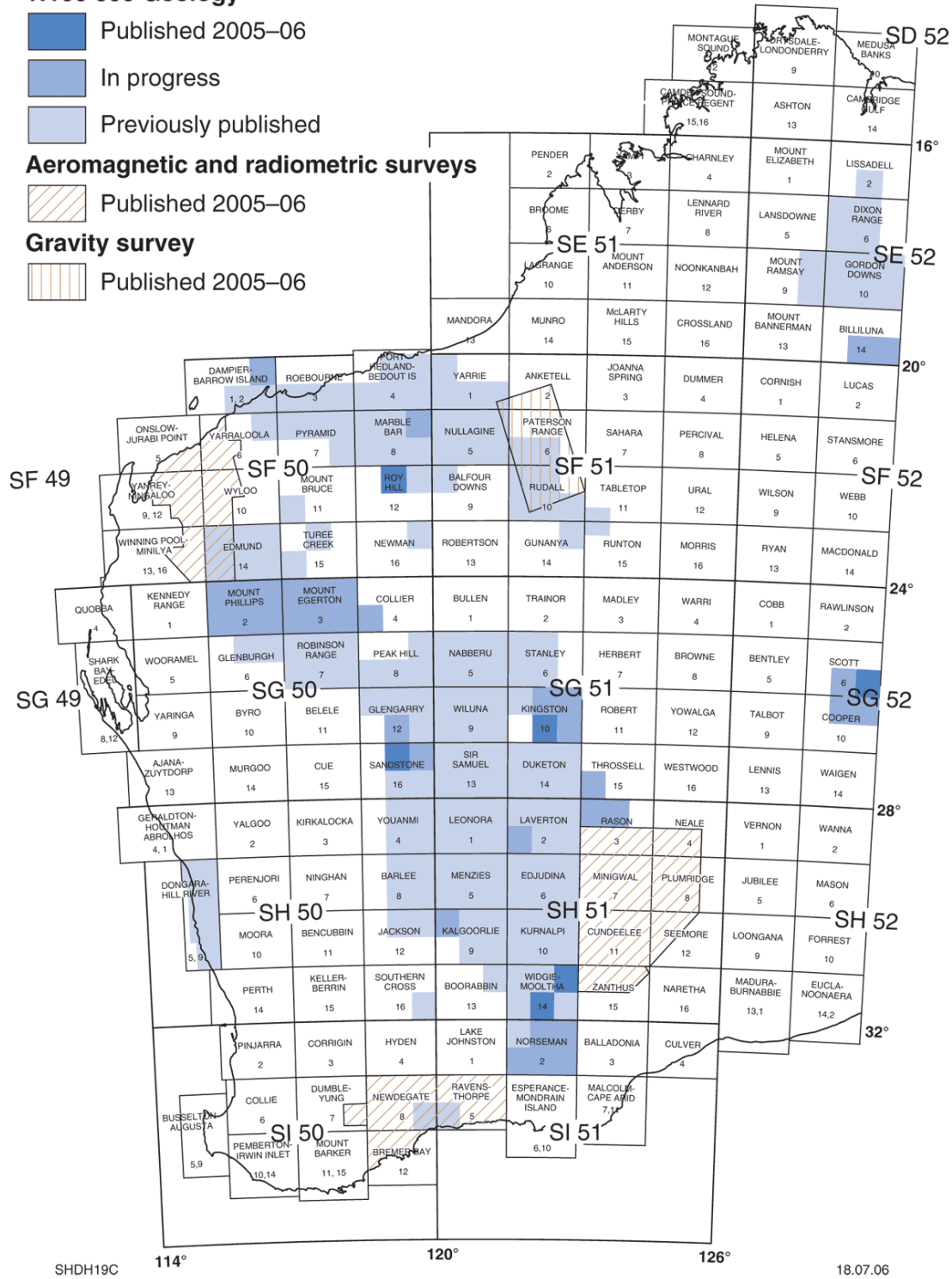
- Published 2005–06
- In progress
- Previously published

Aeromagnetic and radiometric surveys

- Published 2005–06

Gravity survey

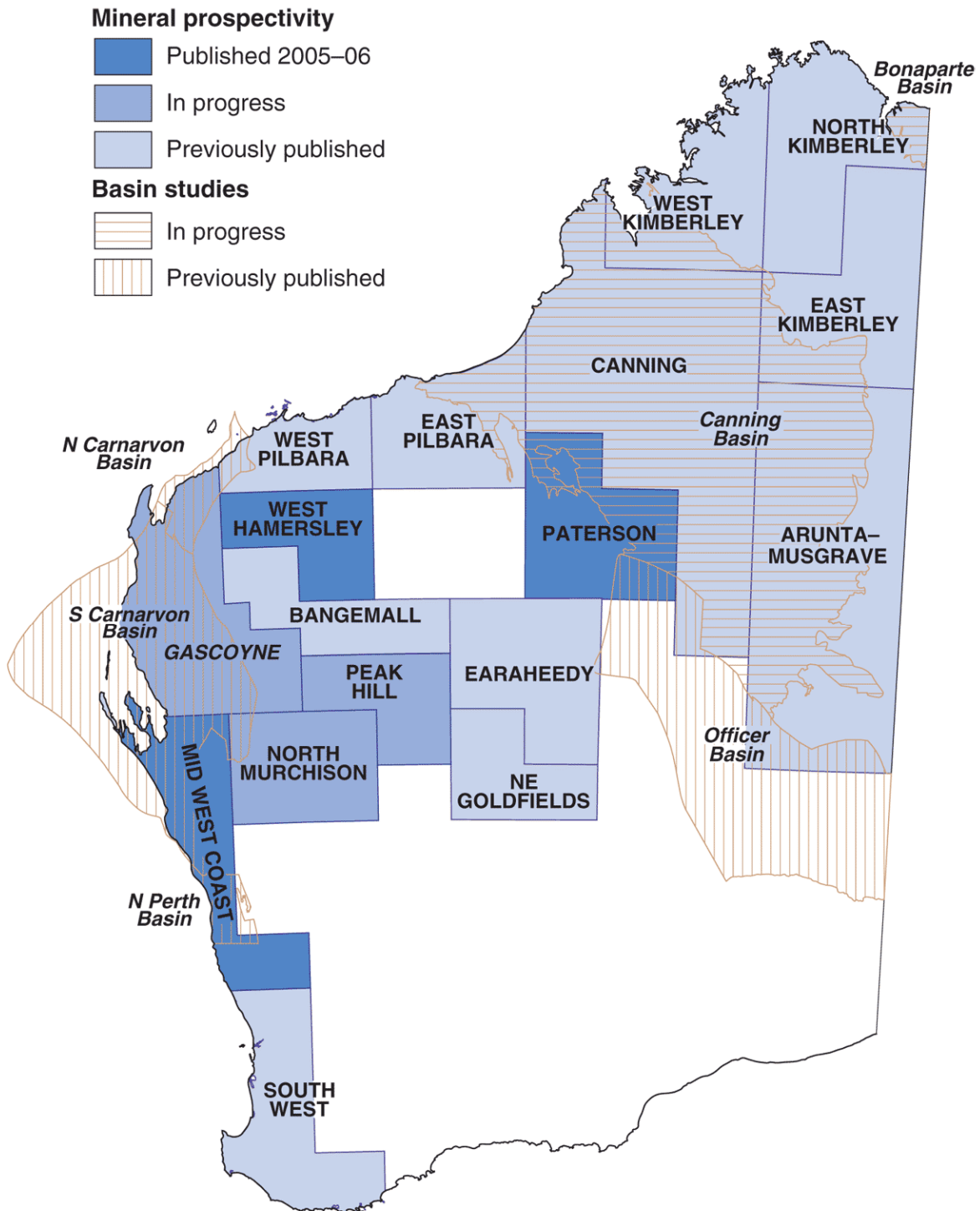
- Published 2005–06



SHDH19C

18.07.06

Map 2: Mineral Prospectivity Publications



SHDH20C

19.06.06

Service 5: Scientific Services

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

Products and services include:

- Scientific and research support in the areas of public and occupational health, conservation and the environment, industrial development, food and agriculture
- Emergency and crisis response services to government agencies and industry for chemical spills and related incidents and crisis situations
- Contributing to the development of national chemical conformance standards and guidelines
- Forensic scientific services support to the Police Service, State Coroner and the racing industry.

The Chemistry Centre (WA) is a business unit within DoIR. It provides specialist, chemically based scientific services to government agencies, research organisations and industry. These services include complex analytical problem solving investigative and applied research projects. Its niche lies between pure research undertaken at universities and the high-volume routine analytical test work undertaken by private sector laboratories.

With assistance from the Advisory Board, the Chemistry Centre has made significant progress along the path of its transformation to a statutory authority.

Enabling legislation has been drafted, introduced and passed the second reading in 2005/06.

Some important milestones achieved in 2005/06 were:

- Design work for a new building, in the Mineral and Chemistry Precinct, in which the Chemistry Centre will be co-located with Curtin University Applied Chemistry is essentially complete and scheduled to go to tender before the end of September 2006.
- The implementation of a sophisticated laboratory information management system (LIMS), developed in-house, has been extended to approximately half the operations and the remaining half will come onto the LIMS in early 2006/07, giving a single system of coherent management of samples and data.
- In association with the LIMS work, the Chemistry Centre has taken the first steps in a substantial rebuild of its business systems to better support a more commercial approach to its operations.

Scientific and Research Support

The Chemistry Centre provides government agencies, research organizations and industry with investigative and analytical chemistry services and consultation across a broad range of activities that impact on the community's health and safety and sustain the viability of Western Australia's agricultural and mining industries. Its activities include:

- Ongoing participation in the management of hazardous chemical incidents as per WestPlan HAZMAT, which is the State's agreed management arrangement for hazardous materials emergencies.
- Improving CBR (chemical, biological and radiological incidents) response capabilities for incidents, as per WestPlan CBR.
- Monitoring domestic and imported food for a suite of contaminants, including heavy metals, pesticide residues and food allergens.
- Monitoring the impact on health of chemicals in the environment.
- Airshed security and the measurement of processing plant stack emissions.
- Measurement of hazardous chemicals in the workplace.
- Support for the policing of seafood substitution.
- Support and assessment of remediation of acid and saline soils.
- Studies enabling assessment of the effect of land degradation on agricultural sustainability and the effectiveness of various remediation strategies.
- Characterisation and re-use of wastewater in Western Australia.
- Investigation of the potential of the State's flora for biologically active chemicals.

Emergency and Crisis Response Services

Continuous improvements in the Chemistry Centre's emergency response capabilities were made during 2005/06; in particular, the response to major chemical related emergencies (HAZMAT) and chemically related acts of terrorism.

The Chemistry Centre emergency response responsibilities are defined under WestPlan HAZMAT (Hazardous Materials) and the WestPlan CBR (chemical, biological and radiological).

These improvements were made through:

- Close liaison and joint exercises with the Fire and Emergency Services Authority (FESA), the Department of Environment and staff of the Police and Health departments
- Development and refinement of emergency response protocols
- Development of a mobile gas chromatography – mass spectroscopy capability to provide real-time on-site analysis of emissions and tracking of plumes.
- Further improvements to the sterilisation procedures for suspicious white powders
- Development of new protocols for the characterisation of white powders.

National Chemical Conformance Standards

Quality Systems Accreditation

The Chemistry Centre maintained its quality systems accreditation to AS/NZS ISO 9001:2000 standards in 2005/06 and increased its extensive range of chemical testing and forensic accreditations with the National Association of Testing Authorities (NATA).

NATA's Forensic Science Registration Advisory Committee

Chemistry Centre staff continued to participate in NATA's Forensic Science Registration Advisory Committee and other technical committees and also assisted NATA by providing assessors for the evaluation of technical competence of other accredited laboratories.

Forensic Science Services

Forensic Science Laboratory

The Forensic Science Laboratory (FSL) received approximately 5500 cases involving some 27 500 items encompassing the areas of toxicology, illicit drugs, physical evidence and racing chemistry.

The operations of FSL are supported by an extensive quality system that is subject to external review. In 2005/06, all three aspects of the Laboratory's operations (forensic services, doping control in sport and asbestos counting) were reviewed by NATA and the Laboratory's accreditation was extended.

Forensic Chemistry Service to the WA Police

The department provided comprehensive forensic chemistry services to the WA Police Service with more than 2300 cases investigated in 2005/06.

Participation in national and international drug profiling programs continued with the Chemistry Centre (WA) hosting an international workshop on drug profiling and through the ongoing provision of drug profiling database management software to a consortium of European police forces.

State Coroner

Analytical toxicology services were supplied to the State Coroner for 1156 investigations involving sudden or unexplained deaths in 2005/06, with approximately 15 per cent involving Coroner's Act objections and requiring 24-hour turnaround.

Doping Control in Sport

The tender to supply Racing and Wagering Western Australia (RWWA) with analytical services directed at pre-race and post-race testing for doping agents commenced in July 2005. The number of samples screened for drugs increased from 2130 in 2004/05 to 4180 in 2005/06.

Service 6: Industry Development Services

Benefits the Western Australian community by facilitating the growth of internationally competitive industry within Western Australia, assisting Indigenous clients to develop their business capability, and promoting Western Australia as a source of internationally competitive products and services. Promotes Aboriginal prosperity through leadership and innovation in indigenous economic development.

The organisational structure of the group that provides Industry Development Services changed during 2005/06. The department's achievements related to this service are presented under headings that represent the main functional groupings as defined at 1 July 2005.

The department assists industry by encouraging the growth of new and existing industries and by helping companies to identify, develop and access new national and international markets.

The department's major achievements for 2005/06 are detailed below.

International Market Development

The International Market Development (IMD) Division's Perth-based market and export specialists, supported by its International Coordination Unit, work in conjunction with Western Australian international offices to provide services and support to companies exploring export and investment opportunities. The Western Australia government has offices in China, Europe, Hong Kong, India, Indonesia, Japan, Malaysia, the Middle East, South Korea, Taiwan, Thailand and the United States.

Following are some key activities undertaken by IMD during 2005/06:

In November 2005, the department coordinated Minister Carpenter's visit to the US to launch the Western Australian Trade and Investment Office in Los Angeles. During the visit the Minister opened the new office in Los Angeles, USA, at a ceremony designed to promote the State's products and services.

In April 2006, the department held the Western Australian Government Overseas Network (WAGON) Conference to set priorities and undertake coordinated planning to bring greater focus on opportunities for the State. This was the first time that a whole-of-government approach had been taken to better leverage the capabilities of the WAGON network and achieve better economic outcomes for WA.

In June 2006, the department coordinated an 11-day trade and investment mission for the Premier to the State's most valuable export markets — Japan, China and Korea. The mission sought to increase our resources relationships with these key markets, to create an awareness of our emerging knowledge industries and innovative capabilities, and to explore the potential to

work together in other sectors such as biotechnology, education, tourism and manufacturing.

Activities related to Japan and Korea

The department coordinated Western Australia's participation at the 2005 World Expo held in Aichi, Japan. There were four major components:

- **Feature days at the Australian Pavilion:** A series of official events, many hosted by the then Premier, Dr Geoff Gallop, for senior Japanese Government officials and business leaders from a range of industry sectors including resources, education, tourism, ICT, biotechnology, agriculture, food and beverage, and culture and the arts. The functions emphasised the significance of our existing trade and cultural relationship with Hyogo and highlighted future opportunities.
- **Cultural Exchange Program:** A 12-day extensive educational tour of Japan for twenty students representing WA schools state-wide. Our students met with Japanese counterparts and experienced Japanese culture first hand.
- **Premier's Mission:** From 5 to 11 July 2005, the then Premier, Dr Geoff Gallop, led a ministerial mission of executives representing 22 local companies from a variety of sectors. The mission included business matching meetings and a visit program for the WA delegates. The Premier met with key strategic clients for WA and participated in promotional and relationship building events at the Expo.

National Trade Missions: The department, in partnership with Austrade, coordinated a program of national business missions to Japan and the Aichi Expo throughout its six-month duration. Companies from the ICT, environmental technology and biotechnology sectors engaged in comprehensive business matching meetings and tailored visit programs.

The department also established the "Wine Ambassador for Japan" program to support the profile and sales of WA wines in Japan and facilitated tourism investment in Western Australia from Korea.

Activities related to Greater China

The department coordinated a total of twenty-nine in- and outbound missions, delegations and visits by high-

level dignitaries to and from China, Hong Kong and Taiwan.

It facilitated introductions, site visits and briefings across a range of trade and investment opportunities in WA for visits by China's Premier Wen Jiabao, Vice Minister for Commerce, Ma Xiuhong and Guangdong Party Secretary Zhang Dejiang; and several high-level trade delegations from provinces throughout China.

DoIR coordinated Minister Carpenter's visits to China in August 2005 to promote trade and investment opportunities. In June 2006, Premier Carpenter, along with Prime Minister Howard, attended a ceremony in Guangdong Province celebrating the inaugural shipment of LNG as part of the \$25 billion deal between China and Australia.

The department assisted with the itinerary for Deputy Premier Ripper's visit to China in November 2005 to meet with key central and provincial dignitaries and to further WA's role in developing commerce. DoIR also facilitated the visit by the Hon Frederick Riebeling (Speaker of the Legislative Assembly) to China in April 2006 to promote bilateral relations and trade opportunities.

DoIR aided a trade mission of seven companies to participate at the China Mining 2005 conference in Beijing to showcase WA's mining industry technologies, and also facilitated the visit to WA of senior executives of Taiwan's China Steel Corporation to sign long-term contracts with local iron ore suppliers.

The department also supported cultural ties in a number of ways in 2005/06, including:

- Supporting and organising tours to China by the WA Ballet and the WA Symphony Orchestra to help raise awareness of WA on a commercial and cultural level.
- Managing the State's sister-state relationship with Zhejiang Province through high-level provincial government and trade visits to WA and the establishment of a Public Servant Exchange program. The exchange program will enhance networks between the two States, re-invigorate the sister-state relationship and provide further economic and cultural benefits to both regions.

Activities related to the USA

During 2005/06 the department:

- Supported 3 ministerial missions to the US, including coordination of the Premier's trade mission to BIO 2006 in Chicago targeting opportunities for WA industry in the world's largest biotechnology marketplace. This mission

included over fifty delegates from WA industry and research institutions.

- Organised a trade mission for Minister Bowler and thirty WA companies to attend the Offshore Technology Conference (OTC) held in Houston, Texas in May 2006. The mission included company meetings focused on emerging LNG opportunities in Louisiana, Texas, California and Mexico.
- Coordinated a mission of nine Western Australian ICT companies to the ANZATech Conference in Silicon Valley, also attended by Minister Carpenter, to showcase Western Australian technology.
- Supported the Federal Government's "G'day LA" program by organising Western Australia's participation at the event, which aimed to increase the State's profile and business opportunities in the US.

Activities related to Europe

During 2005/06 DoIR:

- Coordinated a business delegation to the UK and France, led by Minister Carpenter. The delegation comprised representatives of the State's Oil and Gas Industry Coordinating Council and a group of service companies that exhibited at Offshore Europe 2005 to develop business opportunities and promote the State's capability.
- Assisted with the In Unison Technicultural Festival in Perth, in September 2005, to encourage greater economic and cultural links between Germany and WA.
- Coordinated Minister Logan's visit to Germany to attend Cebit, Europe's largest ICT exhibition and a series of trade and investment meetings in the UK.
- Supported the State's participation at Australia Week in Moscow, Russia, to identify opportunities for Western Australian companies.

Activities related to South East Asia

During 2005/06 the department:

- Continued the successful Guest Nation program at the Perth Royal Show with Malaysia participating in 2005. Over 150 Malaysian Government and industry representatives visited Perth, the largest number ever from Malaysia, to celebrate the event. The business seminars and networking functions were held to promote commercial links between WA and Malaysia.

- Implemented a strategy to raise the profile of Western Australia's marine and defence industry in South East Asia. Activities included:
 - publication of a report on marine and defence industry opportunities in Malaysia, identifying over \$1 billion worth of projects
 - coordination of several industry missions to Malaysia in 2005 and 2006
 - coordination of several high-profile visits to WA from Malaysia's Ministry of Defence
 - facilitation of a consortium of WA companies to partner with Malaysian companies bidding on significant Malaysian Government contracts
 - publication of a marine and defence industry directory identifying the State's industry leaders.

Activities related to the Middle East and India

During 2005/06 the department:

- Organised a high-level mission to India in October 2005 by then Premier Dr Geoff Gallop and senior industry executives. The nine-day program had a strong resources sector focus and also emphasised the State's commitment to strengthening ties in agri-food, education and tourism.
- Organised an itinerary for Dr Jim Limerick, Director General, and delegates to visit India to lead a series of workshops on environmental and mine rehabilitation issues under the MoU between Western Australian Government agencies and their counterparts in India.
- Submitted a report to the Federal Government outlining issues and concerns from Western Australia's perspective in response to the Joint Standing Committee on Foreign Affairs, Defence and Trade — Inquiry into Australia's Relationship with India.
- Assisted with the visit to WA in April 2006 by the Indian Federal Minister of Petroleum and Natural Gas who met with Minister Bowler and was briefed by the department on energy opportunities.
- Assisted in Perth Mint's winning of a contract to manufacture medallions and coins for the Doha Asian Games, Qatar, in December 2006. This contract gives Perth Mint license to sell precious metal coins in all Asian countries.
- Organised a visit for the Confederation of Indian Industries (mining sector) to WA for briefings with government, meetings with WA companies and to

showcase the State's mining technology and heavy industry capability.

Overall, the department continued managing a heavy schedule of international activity by organising 43 inbound trade missions, 22 outbound trade missions and 11 ministerial missions in 2005/06. It also provided 39 VIP briefings for Ambassadors, High Commissioners and delegations.

The largest number of inbound trade missions were from China (23) followed by Japan and Korea (7), South East Asia (4), Europe (3) and the Middle East (1). Inbound trade missions included ICT (1), Emerging Industries (3) and Building and Construction (1) industry sectors.

The greatest number of outbound trade missions were to China (4), followed by Japan and Korea (2), Middle East (1), USA (1), South East Asia (3) and Europe (1). Outbound trade missions included ICT (1), Mining and Energy (4), ICT (3), Building and Construction (1) and Food and Beverage (1) industry sectors.

Overseas ministerial missions included USA (3), Europe (2), China (2), Japan and Korea (3), and the Middle East (1).

Post-mission surveys of participating organisations registered a 75 per cent rating of "good" or "excellent" when evaluating the overall value of the mission to their business.

Business Access

Skilled Migration

DoIR's Skilled Migration Unit participated in migration expos in Germany, Ireland, India and the United Kingdom, resulting in the sponsorship of almost 500 skilled migrants and their families to Western Australia.

Manage Impacts of Protecting our Old Growth Forests Policy

During 2005/06, DoIR actively promoted industry development and investment attraction in the South West region to stimulate structural adjustment of the timber-based manufacturing industry and to develop competitive and sustainable industries.

Since the inception of the Business Exit Assistance program in 2001, 161 applications have been received. As at the end of June 2006, only 5 remain to be finalised.

The Regional Industry Assistance Scheme continued to provide assistance to small and medium enterprises to develop new opportunities in regional Western Australia.

Industry Infrastructure

Approval was obtained for up to \$22 million expenditure on expansion of the High Wide Load Corridor network (between Kwinana and Kewdale) to facilitate the transfer

of oversize equipment and fabricated modules from engineering sites to ports or construction sites, as means of enhancing local access to major resource construction project opportunities.

The department funded feasibility studies for the establishment of a Well Integrity and SubSea Test facility at the AMC in Henderson, as part of an approach to building Western Australia as a regional centre of excellence for the oil and gas industry.

The department sponsored the establishment of a local branch of the international Society for Underwater Technologies (SUT), a learned society that is active in promoting and transferring subsea technologies into the offshore oil and gas industry.

The department facilitated the internationalisation of the mining services industry through coordinating a WA Oil and Gas industry group in shared trade and market development arrangements in Europe, the Middle East and China.

Local Industry Support

Implementation of the *Buy Local* and *Building Local Industry Participation* policies continued in 2005/06, including renewal of support for the activities of the Industry Capability Network (ICN) and unions, in maximising local industry involvement in major government and private sector contracts. The ICN was also expanded to include the information and telecommunication industry sector to generate industry opportunities to secure major contracts.

The *Buy WA First* campaign continued, with ongoing liaison with major retail chains and suppliers. IGA (formerly Foodland franchises and 22 Action stores) joined the initiative in May 2006. Coles and Woolworths continue to promote the *Buy WA First* logo in their catalogues and newspaper advertisements. The department participated in "Feast Perth" in March 2006, promoting Western Australian products and raising awareness of the *Buy WA First* logo to the wider community.

Business Development

Marine and Defence

Cabinet approval was obtained in 2005/06 for \$81.5 million worth of upgrades to common-user infrastructure at the AMC, including the first stage of a floating dock capability, and wharf and rail transfer system upgrades. The infrastructure is required to cater for growing user demands in the ship construction, repair and maintenance sector.

Naval trials of repair, maintenance and upgrade work at the AMC were successfully completed on ANZAC frigates as part of the \$500 million weapons system

upgrade and the \$60 million conversion of the Navy's latest tanker (*M V Delos*) to a replenishment-at-sea ship.

Implementation commenced on a dedicated campaign to position local industry for naval shipbuilding projects such as the Navy's \$2 billion Amphibious Ships Project and modules for the new Air Warfare Destroyer program.

Information and Communications Technology

In September 2005, the Minister for State Development launched the *Technology Roadshow* initiative for promoting the adoption of technology (broadband, open source) to all major regions including the Wheatbelt, Goldfields, Great Southern, North West and Mid West.

The department organised a Western Australian stand at the CeBIT conference and exhibition that saw nine Western Australian companies exhibit in the shared space. An additional 11 WA companies also exhibited separately at the event. Participants acknowledged better than anticipated outcomes from the event, with one company increasing turnover by 100 per cent after securing a major deal.

Round one of the Innovation in ICT (I3) Program was launched in 2005/06, with eight local ICT companies successfully securing \$10 000 each in funding to assist them to develop innovative products and services that will benefit Western Australia.

The department continued funding support for the Information and Communications Industry Collaboration Centre (ICTICC) of Western Australia to further enhance the reputation, skills and ethics of the ICT industry in WA.

Food and Beverage Industry

During 2005/06 the department facilitated and supported WA food and beverage industry participation in major Australian and international events including Fine Food Australia 2005, Fine Food Perth 2005, and the European Seafood Exhibition 2006.

The *Food and Beverage Buyers Catalogue and Directory* was published, promoting over 370 Western Australian food and beverage companies. The directory was distributed to all independent retailers in WA.

Brand and promotional materials were developed to support the State's wine industry together with implementation of the brand strategy world-wide. The brand has been used in the USA, Japanese and UK markets, and throughout Australia.

By creating a consistent state image through the use of an existing state brand, the WA food and seafood

industry continued its worldwide positioning through use of the tourism *Brand WA* logo.

Networks with leading Australian and international media and importers were facilitated by the department to further the brand position of Western Australian food and beverages. This included supporting visits by key media and import agents to Western Australia to further promote portfolios of WA products in Dubai, Hong Kong, Vietnam, USA and Singapore.

Following the recent WA Government portfolio restructure, the WA Food and Beverage industry is now supported by Department of Agriculture and Food.

Bentley Technology Precinct

Through 2005/06 the department continued its support for expanding strategic economic infrastructure, such as the Bentley Technology Park, into a wider technology precinct. The plan is to expand the park into a technology precinct, increasing its size ten-fold to 300 hectares with a funding commitment of \$23 million over the 2006–2012 financial years. Similar development is proceeding at the AMC Technology Precinct, focused on creating a support base initially for the marine and defence sectors, and also to support emerging technology-based industries in the southern metropolitan corridor.

The Bentley Technology Park celebrated its 20th anniversary with conference activities that brought members of the international and interstate science and technology park community to Western Australia. Delegates included visitors from other Australian States, New Zealand, Nepal, Malaysia, Korea, Pakistan and Spain.

Telecommunications

The department facilitated the development of telecommunications technology in Western Australia in 2005/06 by securing a \$2.2 million grant from the Commonwealth Government to develop the provision of high-speed data links between Perth and Mandurah along the new railway.

The tender for the *Kimberley Broadband Solutions* project was released in 2005/06. This \$2.3 million project will provide broadband telecommunications to selected towns and communities in the Kimberley region.

The \$5.8 million Ngaanyatjarra Lands Telecommunications Project was progressed during the year, to deliver significantly improved communications to a number of communities in the Warburton region.

The deployment of broadband services to 39 regional towns was facilitated through the *Broadband Demand Aggregation* project.

Innovation

The Western Australian *Inventor of the Year Award* was launched in March 2006, aimed at fostering an environment of innovation, and showcasing Western Australia's innovative capacity to a national and international audience.

The department implemented the *WA Innovation Capability Development – Capital Access Scheme Round 2* and awarded eight grants to innovative local companies for use in raising further development capital.

The State became a member of the Australian Technology Showcase (ATS) to enable small-to-medium sized WA companies to promote their cutting edge technologies to the domestic and international markets.

Biotechnology

The department prepared a draft *Biotechnology Industry Development Strategy* in 2005/06, which focuses on the priority areas of building capacity, capability, and awareness, and taking Western Australian biotechnology to global markets.

In November 2005, Perth hosted Australia's largest biotechnology conference, AusBiotech 2005, which attracted 1000 delegates, the majority coming from interstate and overseas to attend the three-day conference.

Following departmental attendance at biotechnology conferences in South East Asia, India, Europe and Japan, the Premier's mission to BIO2006 in Chicago, USA saw 25 companies and organisations attend. This annual event is the most significant on the international biotechnology calendar with record-breaking attendance numbers in 2006.

Nine biotechnology companies were supported under the *Business Development and Skills Training* scheme, to facilitate a range of services that are used by businesses to enhance performance.

Memoranda of Understanding were signed with the University of California, BayBio, BioSingapore and AusBiotech to build strategic alliances, develop networks and raise the international profile of the WA biotechnology industry.

Tradestart

DoIR supported the export performance of WA businesses in 2005/06 by successfully delivering the Federal (Austrade) *TradeStart* program to develop and increase the number of new exporters in WA as part of the national doubling of Australian exporters' initiative. The agreement for 2005/06, which was fulfilled, was to sign up 25 WA companies to the program and facilitate their export competitiveness.

Health

The department initiated activities in 2005/06 to progress the globalisation of the Western Australian Health and Medical Services and Products industry.

A health industry export capability database was established and significant progress was made toward the completion of an export capability directory to raise the profile and promote the WA health industry in export markets.

Two inward health missions, focusing on aged care, pharmacy management and clinical trials were hosted DoIR's health team and attracted a total of 22 delegates.

Building and Construction

The department is focused on the Western Australian building, construction and furniture industry in 2005/06 by building on existing strengths to ensure a sustainable competitive advantage in the international market.

DoIR's Building and Construction team led a delegation of fourteen companies to the Big 5 Building and Construction Exhibition in Dubai in November 2005. The Big 5 exhibition is the largest trade show for the construction and contracting industry in the Middle East.

The team also hosted two inward Chinese delegations (eight participants) focusing on the construction materials and technology side of the building and construction industry.

Oil and Gas and Mining Services

During 2005/06, the DoIR Oil and Gas and Mining Services team:

- Coordinated a WA Oil and Gas Services Mission to the Offshore Europe 2005 conference in Aberdeen, 6–9 September 2005. Sixteen WA organisations participated, promoting both the export capabilities of WA's oil services sector and the attractiveness of inbound investment.
- With the DoIR Petroleum and Royalties Division, participated at the AAPG (American Association of Petroleum Geologists) Conference in Paris, 11–14 September 2005.
- Participated in a mission by the American Chamber of Commerce in Australia Mission to the Offshore Technology Conference in Houston, 1–4 May 2006. Twenty-three participating WA companies were included in the Houston segment of the Minister for Resources' program of visits in the United States and Mexico
- Jointly coordinated, with Austrade, a seminar on Mining Services Opportunities in the Indian Market,

on 19 June 2006. There were 84 attendees from WA. The aim of the seminar was to promote services of the department and the Western Australian Trade Office in India.

Support for Indigenous Economic Development

The Office of Aboriginal Economic Development (OAED) is the lead agency for Aboriginal economic development in the State. OAED, in conjunction with State and Commonwealth agencies, is finalising a whole-of-government *Indigenous Economic Development Strategy* (IEDS). The strategy will form the economic development component of the proposed Bilateral with the Commonwealth on Indigenous Service delivery. The key focus areas include:

- increasing Aboriginal employment opportunities in the mainstream economy
- using asset and property ownership to create wealth
- developing Aboriginal enterprises.

These three priority areas have the potential to make demonstrable improvements for all Indigenous Western Australians and are consistent with the standard means by which the broader community participates in the economy; that is, through employment and wealth development, through the productive use of assets, and through sound business practices.

Through OAED, DoIR ran projects in 2005/06 to deliver jobs, opportunities and wealth to Indigenous Australians. These focused on enterprise, infrastructure, natural resource management, customary and traditional intellectual knowledge, land ownership, and Indigenous participation in the growth of the State's regional economies. These projects included:

- Implementation of an *Art Centre Commercialisation project* involving Ngaanyatjarra Lands, Kimberley, East Pilbara and the South West, which will deliver improved commercial practices, governance, art provenance and marketing, and lead to increased sales and income to artists.
- Assistance to the Kalumbaru Community Store to reopen and to address issues arising from insolvency of the business. Financial assistance of up to \$45 000 was provided for the engagement of a business mentor.
- Continued support to the Western Australian Indigenous Tourism Operators Committee (WAITOC) to assist it in growing cultural tourism.
- Appointment of a senior officer to focus on business and employment opportunities for local Indigenous

people arising from the intense economic activity in the Pilbara region. A number of projects are under development that will provide additional job and business opportunities for the various language groups in the Pilbara; for example, an earth-moving training course that will lead to 100 new jobs.

- Provision of financial assistance to the Pilbara Meta Maya Regional Aboriginal Corporation to establish an independent building company, which will provide governance training and assess business opportunities.
- Provision of assistance to the Baiyangu Aboriginal Corporation to take advantage of a package of development opportunities offered to the corporation as part of the Coral Bay development proposals.

Policy Work associated with Industry Development Services

The department led the development of policy in support of industry growth in WA in several areas in 2005/06. Specifically, the State Development Strategies (SDS) group progressed the State's first ever *Biotechnology Industry Development Strategy*, which will foster the continued long-term growth of the State's biotechnology sector. Advancing this strategy has involved comprehensive research and industry consultation, including a public discussion paper launched in October 2005. The final strategy will be launched in August 2006.

The SDS group also represented Western Australia on the national Biotechnology Liaison Committee, ensuring the State's interests were represented in the development of common national approaches to critical issues facing the emerging biotechnology industry.

The department is an active member of the Western Australian Government's Biofuels Taskforce formed in 2005/06 to assist with the development of a biofuels industry in Western Australia. A biofuels industry provides the opportunity to address a number of key issues in the agricultural, transport and energy sectors. The taskforce is also promoting opportunities for more use of alternative fuels such as biodiesel.

In late 2005, the Western Australian Government announced a *State Infrastructure Strategy* would be developed to identify and prioritise Western Australia's infrastructure needs for the next twenty years. An Industry Reference Group (IRG) was formed to advise the Government on infrastructure matters and will produce a green paper for public review in August 2006, and a final white paper scheduled for release in mid 2007.

DoIR was invited by the Department of Treasury and Finance (DTF) onto the *State Infrastructure Strategy* Working Group, comprising the principal infrastructure expenditure and/or coordinating agencies. The department, through the State Development Strategies Group, has made a submission to DTF in regard to the preparation of the IRG green paper. The submission addresses the area of policy reform concerning government infrastructure funding processes including considerations for the integration of infrastructure planning processes within government, improved planning and enhanced cooperation with the Commonwealth Government, and the provision of resources for long-term infrastructure identification.

A *State Transport Infrastructure Plan* Steering Committee has been established by the Department for Planning and Infrastructure (DPI) through the Minister for Planning and Infrastructure to coordinate the preparation of a *State Transport Infrastructure Plan* as the Planning portfolio's contribution to the transport and infrastructure policy components of the *State Infrastructure Strategy*. Chaired by DPI, DoIR (through the State Development Strategies Group) is a member of the Steering Committee composed of relevant government transport agencies. The functions of the Steering Committee provide for consideration of overlapping infrastructure responsibilities so that various government agencies can have a planned contribution to the identification of the State's future transport infrastructure needs.

With the increasing demand for iron ore, particularly from China, new companies are considering the development of mines in the Pilbara. While developments include planning for new company-owned railways, an issue has arisen in regard to potential third-party access to existing company railways. This has included an application by the Fortescue Metals Group (FMG) to the National Competition Council (NCC) seeking declaration of the BHP Billiton iron ore railway.

Because of concern that the process could lead to protracted delays and continued uncertainty for all parties, the State is continuing to examine other options for an effective access regime that would meet national competition objectives in a timely manner. As a member of the Government's Pilbara Rail Access Interdepartmental Committee, chaired by the Department of Treasury and Finance, DoIR (through the State Development Strategies Group) is taking the lead role in working with stakeholders to formulate an agreed rail access regime capable of being certified under the access provisions of the *Trade Practices Act 1974*.

Related to the Pilbara rail access issue is an outcome of the February 2006 Council of Australian Governments agreement. All states, territories, and the

Commonwealth have agreed to a new competition and infrastructure reform agenda that includes consideration of the infrastructure regulation of third-party access in a way that reduces regulatory overlap and duplication.

The Commonwealth Online and Communications Council operates as the peak ministerial forum across governments for consultation and coordination of information and communication issues of national strategic importance. The most recent meeting was held in Perth and DoIR's State Development Strategies Group (SDS) was responsible for organising the event with then Minister Carpenter as the host.

The strategic outcomes of the Council's deliberations included agreement to collaborate on a number of issues that underpin a national ICT capability, more effectively promoting Australia's ICT capability internationally, pursue the broadband policy objectives of the *National Broadband Strategy* and continuing the collaborative approach so that Australia has intra-operative ICT infrastructure across jurisdictions.

DoIR has been very successful in obtaining Commonwealth funding for communications projects in Western Australia largely through tapping into federal government programs and lobbying for appropriate guidelines for the new \$1.1 billion *Connect Australia* package that was established on the passing of Telstra sale legislation.

In conjunction with other partners, DoIR has actively contributed to an ICT Forum study, "Big Pipes" — connecting Western Australia to the global knowledge economy. This study identified Western Australia's major broadband external connection needs, as well as future opportunities for new knowledge-intensive industries and science research to link to regional partners.

WA industry interests were presented to the Department of Foreign Affairs and Trade in negotiation of Free Trade Agreements with China and the United Arab Emirates, and in the review of the Australia-US Free Trade Agreement, schedules of reservations to the Australia-Singapore Agreement, and a submission on the feasibility of an Australia-Japan Free Trade Agreement.

In addition to the Free Trade Agreements, DoIR led trade policy formulation in regard to the Senior Trade Officials Meetings and National Trade Consultations (NTC) Ministerial meetings, including briefings and discussions on all *National Trade Policy* issues

Similarly, DoIR represented Western Australia's interest in the formulation of advice supporting the second round of improved services offers for the World Trade

Organisation General Agreement on Trade in Services — Australia's Revised Offer.

SDS provided whole-of-government strategic-level advice and analysis on the development of the State's economy, including Labour Market Conditions — Australia and Western Australia; State Accounts — Western Australia's Economic Performance in 2005/2006; and developments in the Australian and Western Australian economies.

SDS analysed the Commonwealth Budget for its impact on the Western Australian industry and resources sectors. Within hours of the budget release this analysis was available to WA Government Ministers and key people in the department.

SDS represented the department on the Sustainability Round Table to review the *State Sustainability Strategy*, contribute to the *Sustainability Charter*, Sustainable Cities Inquiry, and other Federal and State sustainability issues, and worked cooperatively with the Minerals Institute, the Chamber of Minerals and Energy, and other government agencies to achieve competitive and sustainable industry.

The department led a cross-Government senior officers' group to ensure coordination of Government efforts in relation to the *WA Knowledge Economy Strategy*. Knowledge economy activities are those government programs, initiatives and policies that support innovation, productivity, creativity, and high-value skills in the State. Agencies involved in the senior officers' group include the Departments of Industry and Resources, Treasury and Finance, Education, Culture and the Arts, Agriculture, Premier and Cabinet, and Planning and Infrastructure, as well as the Office of Science and Innovation and the Office of e-Government.

The department conducted an annual review of the *Western Australian ICT Industry Development Strategy* and the *State Communications Policy*, which were launched during 2005/06. The results are available on the department's Internet site.

The department continued to represent the State Government on the *National Broadband Strategy* Implementation Group (NBSIG) sub-committee, the Measurement Working Group (MWG). The MWG is responsible for developing the measurement framework to capture Australia's progress against broadband key performance indicators (KPIs). The KPIs relate to the availability, adoption and impact of broadband services.

Service 7: Office of Science and Innovation

Supports the research and innovation environment in Western Australia.

Promotes science and technology as a major driver of economic, social and environmental growth and development.

Implements Government initiatives to commercialise innovative ideas and expand technology parks.

With the change in Ministerial Portfolios in the first quarter of calendar 2006, several existing DoIR teams were joined by the Office of Science and Innovation (OSI) to form a new Office of Science, Technology and Innovation (OSTI). Operations for OSTI commenced in March 2006.

The department provided new funding in 2005/06 for 12 Centres of Excellence through the *Centres of Excellence in Science and Innovation program*. In-principle funding commitments were provided for Western Australian applications to the *Australian Research Council Federation Fellowships program* through the *Centres of Excellence program*, and for locally based applicants to the 10th Round of the *Commonwealth Cooperative Research Centre program*, with particular emphasis on local headquartering.

The State committed \$3.75 million as part of a \$5 million State consortium with the University of Western Australia and Curtin University of Technology to establish foundation membership of the *Australian Synchrotron Project*.

Support for Perth's Scitech Discovery Centre was continued with over \$2.8 million of operational support and a further \$2 million provided for capital works for major refurbishments.

Twenty studentships through the *Science and Innovation Studentship Awards program* were awarded to students to work on collaborative projects with WA industry.

Funding provided to the Western Australia Energy Research Alliance through the *Western Australia Major Research Facility program* resulted in industry contracts of up to \$10 million per annum being awarded to the facility, and an additional \$3 million in Federal research grants.

The department committed \$4 million seed funding to the Centre for Food and Genomic Medicine through the *Western Australia Major Research Facility program*, the third such facility funded through the program.

Four world-class researchers were attracted to Western Australia by grants of \$1 million each over four years under the *Premier's Research Fellowship program*. These researchers attracted an additional \$8 million from other sources.

The department provided a grant of \$1 million over three years to the Wastewater Treatment Project in the second round of the *Premier's Collaborative Research program*. The project is analysing the biological and chemical profiles of final treated wastewater from the Water Corporation's three large metropolitan wastewater treatment plants.

The department provided advice to the Federal Government's National Collaborative Research Infrastructure Strategy committee on allocation of \$542 million for research infrastructure.

In collaboration with the Western Australia Science Council, the department developed strategic plans for the Western Australian Government's ongoing involvement in supporting science research, enhancing science education and boosting public engagement with and awareness of science. The department, in conjunction with the Science Council, established a *Women in Science, Engineering and Technology* initiative.

The MoU between the United Nations Educational, Scientific and Cultural Organisation's (UNESCO) Intergovernmental Oceanographic Commission and the Perth Bureau of Meteorology covering operation of the commission's Perth Regional Office was renewed for a further three years. The Perth office was selected to provide the secretariat function for the planned Indian Ocean Tsunami Warning Centre.

The bid from the Mid West region to provide the site for the one billion euro international Square Kilometre Array radio astronomy project was submitted in 2005/06 through the Australasian Square Kilometre Array Consortium Committee. The Government committed to purchase the Mileura Station lease in the Mid West for the purpose of establishing it as the location for radio astronomy research in Western Australia, and an infrastructure master plan and an environmental assessment for a radio astronomy park were completed.

"New Horizons", the National Committee for Astronomy's Decadal Plan for Australian Astronomy, identified the Mid West region of Western Australia as the location for Australian radio astronomic research, and the Commonwealth Scientific and Industrial Research Organisation (CSIRO) Australia Telescope National Facility announced it would build its \$25

million extended *New Technology Demonstrator* project in the Mid West.

An interim final report summarising the achievements of the Strategic Research Fund for the Marine Environment, a four-year joint venture between the CSIRO and the State Government, was prepared during 2005/06. Successful outcomes included the establishment of a significant marine research capability in Western Australia using the expertise of 13 PhD studentships and funding of over \$2 million in collaborative research projects with universities. This research includes a project on the Jurien Bay Marine Park. The final report for the Strategic Research Fund will be delivered in July 2006.

During 2005/06, the department developed the business plan for the \$5 million *Ningaloo Research Program*, and commenced negotiations to establish research agreements with the CSIRO, the Australian Institute of Marine Science and universities.

Key Performance Indicators

Performance Indicators and Measures

Performance indicators and measures provide accountability to Parliament and the community for expenditure of public money and to assist in the management of DoIR. These performance measures are published in accordance with the *Financial Administration and Audit Act 1985* (FAAA) and the associated *Treasurer's Instruction 904*.

The FAAA requires that DoIR disclose audited key performance indicators that;

- Are relevant, free from bias and quantifiable
- Encompass the operations of DoIR
- Are reproduced within the elements of the report on operations to which they relate.

Treasurer's Instruction 904 defines Key Performance Indicators (KPIs) in terms of the following 2 sets of indicators;

- **Effectiveness** indicators provide information on the extent to which outcomes have been achieved through the funding and production of agreed services
- **Efficiency** measures relate services to the level of resource inputs required to produce them.

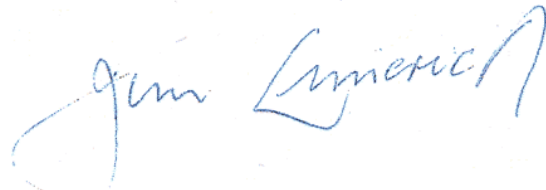
This report contains audited Key Effectiveness Indicators and Key Efficiency Measures, (collectively referred to as KPIs), together with certification of these KPIs by the Director General of the Department of Industry and Resources and the opinion of the Auditor General concerning those KPIs.

All reported efficiency measures reflect the full cost of service reported in the financial statements.

In accordance with *Treasurer's Instruction 904* this report also discloses Service Performance Measure results against estimates published in the 2005/06 Budget Papers.

Certification of Key Performance Indicators

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to access the Department of Industry and Resources' performance, and fairly represent the performance of the Department of Industry and Resources for the financial year ended 30 June 2006.



Jim Limerick
Accountable Officer
29 August 2006

Office of the Auditor General's Opinion on Key Performance Indicators

See Audit Opinion on page 65.

Audited Key Effectiveness Measures

Key Stakeholder/Customer Satisfaction Ratings	Target 2005/06	Actual 2005/06
A. Minister's satisfaction with the quality DoIR's policy and planning advice regarding "Responsible development of the State's industry and resources for the benefits of Western Australians"	6	5 ¹
B. Readers' satisfaction with the quality of resource sector information.	100%	96% ²

¹ Minister's Satisfaction with The Quality DoIR's Policy and Planning Advice

Explanatory Note

The Minister for State Development was provided (in July 2006) with a questionnaire and asked to rate the performance of DoIR's policy and planning advice in working towards the outcome of "Responsible development of the state's industry and resources for the benefit of Western Australians". His response of "Satisfactory", equated to "5" on a "7" point scale

Explanation of Variance

This is the first such survey completed by Minister Carpenter. The target figure of 6 represents a rating of "Very Satisfactory" on the "7" point scale.

² Readers' satisfaction with Publications

Explanatory Note

In the context of this KPI, for cost effectiveness in deriving the KPI, "Readers" were defined as CEOs, and Managing Directors of resource companies in Western Australia. DoIR provided a list of 235 such contacts to an independent market research company which conducted telephone interviews which included a question addressing investors' satisfaction with the quality of resource sector information. The number of interviews conducted was sufficient to provide 95% certainty that the survey result is within a 5% error margin. Responders who were unfamiliar with the department's publications were excluded from the KPI calculation.

Explanation of Variance

This indicator has been broadened to provide more meaningful information. The previous indicator addressed subscriber satisfaction with the quality of one of DoIR's publications, i.e. "Prospect" magazine, and was based on responses to a survey form included within an issue of that magazine. The new indicator addresses broader set of the department's publications and a wider population (see note above). It is not possible to calculate a meaningful variance. Please note that the target, in the 06/07 budget papers has been set at 90%

Key Stakeholder/Customer Satisfaction Ratings (continued)	Target 2005/06	Actual 2005/06
C. Measure of key stakeholders' satisfaction that DoIR encourages a climate conducive to ongoing resources development in Western Australia	90%	81% ³
D. Measure of investor's satisfaction with DoIR's resource development facilitation services, including infrastructure planning, project co-ordination and assistance with approvals.	86%	68% ⁴

³ Stakeholders' Satisfaction

Explanatory Note

In the context of this KPI, "Stakeholders" are represented by parties, other than resource companies, which have an interest in DoIRs promotion of the State's Resource sector. They include other Government departments, Local Government bodies and peak industry representative bodies. DoIR provided a list of 202 such parties to an independent market research company which conducted telephone interviews. The number of interviews conducted was sufficient to provide 95% certainty that the survey result is within a 5% error margin.

Explanation of Variance

In the 04/05 annual report a revised statistical method was adopted to calculate the satisfaction rate. The "Target 05/06" figure of 90% is based on the original (unrevised) statistical method and cannot be directly used as a basis for calculation of variance. However, note that, if the unrevised statistical method had been used to calculate the 05/06 actual result, that result would have been 87%, i.e. within 3% of the relevant target.

⁴ Investors' Satisfaction

Explanatory Note

In the context of this KPI, "Investors" are represented by CEOs, and Managing Directors of resource companies in Western Australia. DoIR provided a list of 235 such contacts to an independent market research company which conducted telephone interviews which included 5 questions addressing investors' satisfaction with DoIR's resource development facilitation services, including infrastructure planning, project co-ordination and assistance with approvals. The number of interviews conducted was sufficient to provide 95% certainty that the survey result is within a 5% error margin.

Explanation of Variance

In the 04/05 annual report a revised statistical method was adopted to calculate the satisfaction rate. The "Target 05/06" figure of 90% was based on the original (unrevised) statistical method and cannot be directly used as a basis for calculation of variance. However, note that, if the unrevised statistical method had been used to calculate the 05/06 actual result, that result would have been 75%. Also note that the target, in the 06/07 budget papers has been set at 67%

Key Stakeholder/Customer Satisfaction Ratings (continued)	Target 2005/06	Actual 2005/06
E. Extent to which clients agree that the Department of Industry and Resources contributes to business development within Western Australia.	75%	92% ⁵
F. Satisfaction from Scientific Services client surveys.	77%	75% ⁶

⁵ Contribution To Business Development

Explanatory Note

DoIR provided a list of 414 contacts to an independent market research company which conducted telephone interviews which included a question addressing contacts' belief that DoIR contributed to business development within Western Australia. The number of interviews conducted was sufficient to provide 95% certainty that the survey result is within a 3.3% error margin.

Explanation of Variance

There has been an improvement in the department's ability to provide services which are valued by our client base.

⁶ Scientific Services Client Surveys

Explanatory Note

The effectiveness of Scientific Services is indicated as the capacity to provide high quality independent chemical information, advice and analytical services to government agencies, industry and research groups – including: forensic scientific services support to the Police Service, State Coroner and the racing industry; scientific and research support in the areas of food and agriculture; public and occupational health; conservation and the environment; industrial development; contributing to the development of national chemical conformance standards and guidelines; and the provision of emergency and crisis response services to government agencies and industry for chemical spills and related incidents and crisis situations. The effectiveness is measured by customer satisfaction and participation in proficiency tests. This survey is now performed by telephone which has increased the participation rate to virtually 100%

Key Stakeholder/Customer Satisfaction Ratings (continued)	Target 2005/06	Actual 2005/06
G. Rating of geoscience information services.	4.2	4.25 ⁷
H. Rating of geological exploration information products.	4.2	4.25 ⁸

⁷ Geoscience Information Services

Explanatory Note

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

⁸ Geological Exploration Information

Explanatory Note

This KPI is a customer rating given by industry-based Technical Advisory Subcommittees tabled through the Geological Survey Liaison Committee (see note above). Geological Exploration Information is rated, for quality, against a five-point scale by the relevant subcommittee.

Conformance with Regulation and Government Policy	Target 2005/06	Actual 2005/06
I. Level of compliance with expenditure conditions (Form 5) in mineral titles.	97%	99% ⁹
J. Percentage of total royalties collected during the period as compared to the total proportion of royalties due according to government policy.	100%	100% ¹⁰
K. Minerals Industry Environmental Management assessment scores - Environmental compliance index (Base year: 1998-99 = 100).	103	106 ¹¹

⁹ Compliance With Expenditure Conditions

Explanatory Note

This indicator shows the percentage of "in force" mineral titles for which form 5's report on expenditure have been lodged.

¹⁰ Royalty Collections

Explanatory Note

This indicator addresses exceptions to the collection of royalties as required by government policy. As in previous years, no exceptions were noted during the 2005/06 year.

¹¹ Minerals Industry Environmental Management

Explanatory Note

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

Conformance with Regulation and Government Policy (continued)	Target 2005/06	Actual 2005/06
L. Petroleum Industry Environmental Management - the performance of the industry as the percentage of audited projects which had zero major corrective actions reports (CARs).	95%	100% ¹²

¹² Petroleum Industry Environmental Management

Explanatory Note

Non-compliances are defined as:

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

Non-compliances are identified in field audits conducted on a cross-section of projects selected on a risk-assessment basis, which may introduce variability into the results between years. Non-compliances can be segregated into minor and major categories. An example of a minor non-compliance may be the presence of litter at an operation and while still requiring the generation of a Corrective Action Recommendation (CAR), minor non-compliances are not considered to have a reasonable risk of significant environmental impact. A major non-compliance however, is defined as an item where if no CAR is identified and implemented, there is a reasonable risk of significant environmental impact.

Explanation of Variance

There were no projects with major corrective action reports.

State Development Performance	Target 2005/06	Actual 2005/06
M. Percentage of international mineral exploration expenditure expended in Western Australia.	11%	5% ¹³
N. Western Australia's rating on the Fraser Institute Investment Attractiveness index (Composite policy and mineral potential rating).	1 st	3 rd ¹⁴

¹³ International Mineral Exploration Expenditure

Explanatory Note

The data are from the worldwide survey by the Metals Economic Group of Canada combined with the Australian survey by the Australian Bureau of Statistics. The worldwide survey is only of non-ferrous mineral exploration and the percentages quoted are on this basis. Western Australia enjoyed attracting 10–12% of the worldwide non-ferrous mineral exploration expenditure from 1993 through to 2002 inclusive (and hence that has been adopted as the target in recent years), but the actual percentage spent locally has dropped from 10% to 5% over the last three years.

Explanation of Variance

Western Australia has been losing its attractiveness to mineral explorers over the last few years through a combination of reasons (access to land; access to capital; red tape; perceived lower prospectivity; fewer high-profile discoveries, etc). Steps have been taken by Government in an effort to reverse the trend.

¹⁴ Fraser Institute Investment Attractiveness Index

Explanatory Note

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

Explanation of Variance

Western Australia's premium rating remains high, rating behind Chile and Nevada. The slight variance is consistent with the points made in Note 13 (above).

State Development Performance (continued)	Target 2005/06	Actual 2005/06
O. Level of Australian exploration expenditure in Western Australia.		
• Minerals	60%	51% ¹⁵
• Petroleum	65%	48% ¹⁵
P. Area of Western Australia under exploration title (sq km).		
• Minerals	280 000	314 806 ¹⁶
• Petroleum	478 570	436 074 ¹⁷

¹⁵ Australian Exploration Expenditure

Explanatory Note

Data compiled by the Australian Bureau of Statistics. 'Actual' data is used for the first three quarters of 2005–06, but data for the final quarter of 2005–06 is not yet available from the ABS and hence an estimate by DoIR is used (June quarter 2005 = June quarter 2006).

Explanation of Variance

The slippage in these indicators (of mineral and petroleum exploration within Western Australia relative to Australia) shows a similar trend to Western Australia's international competitiveness (Indicators M and N). See explanation in Notes 13 (above).

¹⁶ Area Of Western Australia Under Exploration Title (Minerals)

Explanatory Note

Data sourced from DoIR. This figure includes Exploration Licences, prospecting licences and mineral claims.

Explanation of Variance

There is a trend of mining companies to return to greenfields exploration, hence the increase in area under tenure. However this has not yet resulted in increased exploration expenditure.

¹⁷ Area Of Western Australia Under Exploration Title (Petroleum)

Explanatory Note

Data sourced from DoIR

Explanation of Variance

Higher oil prices saw a trend in the petroleum industry of increased investment in resource extraction from proven reserves at the expense of exploration.

Science and Innovation	Target 2005/06	Actual 2005/06
Q. Index of funding leverage obtained for Western Australia from “Centres of Excellence” grants	5:1	6.1:1 ¹⁸
R. Change in level of total investment in scientific research and development in Western Australia	n/a	n/a ¹⁹

¹⁸ Index of funding leverage

Explanatory Note

This is a leading indicator that reports the ratio of dollars provided by the Commonwealth and other sources for every dollar provided by the state. 6.1 is the annual figure. The figures appropriate to the 3 months that OSI has been with DoIR would be 17:1, however this value is heavily influenced by timing issues and cannot be seen as a valid measure.

Explanation of Variance

A higher than expected proportion of Cooperative Research Centre grants were established, and generally these provide higher leverage to the State.

¹⁹ Change in level of total investment...

Explanatory Note

This is a lagging indicator, based on Australian Bureau of Statistics (ABS) data which is published every 2 years. No estimate was provided in the Department of Premier and Cabinet’s 05/06 budget papers. It is not possible to derive an “actual” figure relevant to the short period that OSI has been with DoIR

Audited Key Efficiency Measures

These measures track the efficiency with which the department's Services are produced.

Service 1: Titles and Royalties Administration	Budget	Actual
Average cost per mineral title service	\$648	\$566
Average cost per petroleum title operation and resource service	\$515	\$745
Average cost per royalty return verified and audited	\$1 620	\$2 517

Explanations of Variances

Mineral title service

The lower costs (per mineral and petroleum title service) are the result of increased activity in the Minerals Industry during 2005-06.

Petroleum Title Service

The average cost increased due to additional funding to commission investigations into petroleum resource management issues and develop improvements to information systems.

Royalties

The average cost increased due to the continuing program of undertaking royalty audits in remote areas and additional funding to improve royalty collection information systems.

Service 2: Environmental Services	Budget	Actual
Average cost per weighted unit of environmental regulatory service provided to the minerals industry	\$39	\$1 838
Average cost per weighted unit of petroleum environmental audit and assessment	\$1 376	\$1 432

Explanation of Variance

Minerals Industry Environmental Regulatory Weighted Service

A review, of the weighted unit of service provided to the minerals industry, was undertaken. As a result, changes were made to the weights and service definitions. Environmental services provided to the mineral and petroleum industries are now expressed in units of a similar order of magnitude. The resulting average costs for services provided to the minerals industry cannot be meaningfully compared to the budget figures.

Service 3: Project and Infrastructure Facilitation Services	Budget	Actual
Average Cost Per Resource Sector Information Service Program Delivered	\$101 860	n/a
Average Cost Per Resource Sector Investment Attraction Program Delivered	\$305 580	\$498 250
Average Cost Per Infrastructure Project Facilitated	\$397 254	\$312 706
Average Cost Per Resource Development Project Facilitated	\$84 883	\$87 326

Explanations of Variances**Average Cost Per Resource Sector Information Service Program Delivered**

This indicator is no longer supported and associated costs have been subsumed within other measures below, principally "Resource Sector Investment Attraction Program"

Average Cost Per Resource Sector Investment Attraction Program Delivered

Increased costs of programs as a result of 1) naval defence company Raytheon Australia successfully completing the first stage of a five-year State Government loan-to-grant incentive scheme, 2) a loan provided to Johnson Hi-Tech Explosives, and 3) the subsuming of previously associated with the Resource Sector Information Service Indicator.

Average Cost Per Infrastructure Project Facilitated

Decreased costs as a result of slow progress on the acquisition of land for the Geraldton to North-East Goldfields gas pipeline corridor and increase in number of projects.

Service 4: Geological Services	Budget	Actual
Average cost per weighted total published product	\$210 000	\$231 451
Average cost per weighted data transaction unit	\$41	\$38

Explanation of Variance**Weighted Total Published Product**

The average cost per WTPP is higher than the budget estimate because about \$1.0 million of 2005/06 expenditure was used for the mobilization of airborne geophysical surveys and for the purchase of geophysical data, for which productivity credits can not be claimed until the 2006/07 and 2007/08 financial years.

Service 5: Scientific Services	Budget	Actual
Average cost per chargeable hour of providing service	\$135	\$133

Service 6: Industry Development Services	Budget	Actual
Average cost of Industry and Trade projects facilitated	\$1 776 376	\$1 613 409
Average cost of Aboriginal Economic Development projects facilitated	\$725 051	\$712 016

Explanation of Variance**Industry and Trade projects facilitated**

Costs have been averaged over an increased number of projects.

Service 7: Science and Innovation Services	Budget	Actual (Annualised)
Average Cost per FTE for support provided to the WA Science Council	\$139 112	\$90 349
Average cost per research capability and infrastructure grant administered	\$11 163	\$3 752
Average cost per science and innovation program and project managed	\$129 869	\$54 548
Grants excluded	\$41 026 000	\$36 647 000

Explanation of Calculation of Average Costs

Service 7 costs have been calculated differently to other service's costs re;

- *Service 7 costs have been "annualised" from three month's data*
- *Costs have been allocated as a discrete exercise, not on the basis of individual cost code allocation*
- *No overheads have been allocated*
- *Grants have been excluded in accordance with previous DPC practice.*

Also note that differences, between average costs appearing in the Department of Premier and Cabinet's annual report (based on 9 months) and this report (based on 3 months), may be due to transitional accounting effects and may not indicate substantive cost differences. Such transitional effects will have been magnified by the annualisation process.

Explanation of Variances

The decrease in costs is partly due to a number of vacancies (including that of the Chief Scientist) and parental leave arrangements.

Corporate Governance and Compliance Statements

Compliance with Public Sector Standards and Ethical Codes

(Public Sector Management Act 1994, s31 (1))

Compliance with Human Resource Management Standards

Guidance documentation in the form of policies and procedures is available to all staff on the department's intranet. Monitoring and assessment in regard to the Standards is built in to the role of Human Resources (HR) officers during HR business processes.

During the financial year, the Public Sector Management (Breaches of Public Sector Standards) Regulations 2005 came into effect on 1 September 2005. The department's HR and other interested staff received a briefing on the Regulations by the Office of the Public Sector Standards Commission.

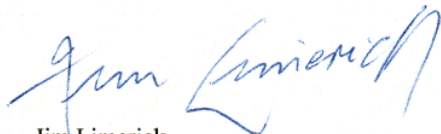
During 2005/06, one application was made claiming a breach of the *Recruitment, Selection and Appointment Standard*. In this case, a breach was found to have occurred and the relief originally offered by the department during the internal departmental process was found to be appropriate and was implemented.

Compliance with Codes of Ethics and Codes of Conduct (Ethical Codes)

The department's *Code of Conduct* is available to all staff via the department's intranet. The code is cross-referenced to the *Public Sector Code of Ethics*, the *Public Sector Standards in HR Management*, relevant legislation, and relevant department and public sector policies and instructions.

During the 2005/06, a *Workplace Conduct Awareness Program* was implemented. Based on the department's *Code of Conduct*, the mandatory program is aimed at all staff and will continue into the next financial year.

There were no complaints lodged relating to non-compliance with the ethical codes.



Jim Limerick

Accountable Officer

15 September, 2006

Equal Employment Opportunity

Outcomes/ Youth Outcomes

(Equal Opportunity Act 1984, s 146)

The department continued implementing strategies within the DoIR *Equity and Diversity Plan 2002/05*. Some progress has been made to increase the representation of women at Level 6 and above with the achievement of a level of 21.9 per cent in 2005/06, up from 19.7 per cent in 2004/05. There has also been an increase of women in Tiers 2 and 3 which increased to 21.6 per cent from 17.6 per cent in 2004/05.

As the level of Indigenous employment decreased from 2.8 per cent to 2.0 per cent in 2005/06, a number of new strategies are being developed to address this issue. The representation of employees older than 45 years was 53 per cent in 2005/06 and a number of strategies related to knowledge transfer, succession planning, and phased retirement are being developed to cater for the longer term needs of this group. There was a slight increase in the number of employees identifying with disabilities, from 3.5 per cent in 2004/05 to 3.6 per cent in 2005/06.

The *Equity and Diversity Plan* also contains several strategies to increase the recruitment and retention of young people. These have contributed to an increase in the number of employees younger than 25 years of age from 4 per cent in 2004/05 to 5.9 per cent in 2005/06. The Traineeship program continues to build the numbers of youth employed at DoIR, and trainees who successfully complete their traineeships are provided with permanent employment options. DoIR currently has 9 trainees, both school based and full time. The graduate program has been extended from 5 to 13 placements, which are corporately funded. The program was reviewed during 2005/06 to ensure that trainees attain a broad range of skills and abilities by the end of the two-year program. The graduates gain practical work experience across the majority of the Divisions through regular rotation, during which they are able to use their academic and research skills, together with internal and external training and development opportunities.

The department continued with a range of strategies in 2005/06 to ensure that all employees are aware of equal opportunity and diversity policies, procedures and guidelines. The strategies include distribution of booklets, information sessions, information on notice boards, access to all policy and related documents on the Intranet, and provision of advice through local HR services areas. There has been an increase in the number of trained Contact Officers available to provide information about assistance available to resolve employee issues. A confidential Employee Assistance service is also available to all staff.

Cultural Diversity and Language Services Outcome

The department maintains a Foreign Language skills register, which retains information on employees available to assist with translation and interpretation at various levels of competence. A review and update of this information was completed in 2005/06, professional and qualified translators are utilised when required. Information relating to foreign language skills is available to all staff via the Intranet.

Staff Development

The year 2005/06 saw the implementation of a range of development programs that were introduced in 2004/05 and specifically aligned with strategies in the department's *Building Our Capacity Framework*.

In addition to targeted skills training programs, structured programs attracted many participants, as detailed in the following table.

Program	Number of Participants
Workplace Conduct Awareness	325
Indigenous Cultural Awareness Training	93
Mentoring Program	26
Capabilities and Career Development Program	3
Leadership Scholarships	1
Management Scholarships	8
Work and Living Program (various activities)	666

The department also strengthened its *Graduate Recruitment Program* in 2005/06 through corporate funding for a further eight graduate positions this year. Graduates undertake a number of rotational placements that are supported by targeted training activities.

Additional emphasis in training and development activities is evidenced by the following comparison with the previous year:

Training and Development Expenditure	2004/05	2005/06
Total	\$808 889	\$1 124 959
\$ per FTE	\$828	\$1 238
Percentage of Payroll	1.29%	2.03%

Corporate Occupational Safety and Health

Changes to Occupational Safety and Health legislation in 2005/06 and a broadened duty of care have meant that a wider vision of safety has been adopted across the department with a new strategic direction whereby promoting safety is deemed to be the responsibility of all employees.

Changes to the corporate structure have resulted in a comprehensive ongoing policy development program and a review of existing processes in 2005/06. Strategic advice provided to management has covered such issues as radiation, loss of hearing, asbestos-related matters, lead-related issues, remote and isolated travel, coverage of workers posted overseas, communicable diseases, and bullying.

Continued proactive claims, injury management and rehabilitation practices have resulted in a significant reduction in the cost and duration of incurred claims.

Safety, Health and Welfare Statistics	2004/05	2005/06
Total number of Workers' Compensation Claims	16	10
Stress Claims	0	0
Lost time – Injuries/Diseases	1	0
Lost Time Frequency Rate	0.24	0
Duration Rate	9	0
Number of Incident Reports	33	31
Number of Hazard Notifications	21	14
Workers' Compensation payments (estimate)	\$63 732	\$37 658
Workers' Compensation Liability (RiskCover Assessed)	\$91 257	\$30 333
Workers' Compensation Incurred costs	\$25 000	\$7 325

Support services to staff provided by the Occupational Safety and Health Branch play a critical role in ensuring a safe workplace and minimising risks by appropriate identification of issues, and intervention strategies. The Occupational Safety and Health Branch continues to provide assistance through training and education across a diverse range of areas. This promotes broader

knowledge and application of both individual and corporate responsibilities and accountabilities.

The following table shows support service activities for 2005/06.

Staff Support	No.
Workplace Ergonomic Assessments (Full)	327
Home Based Work – Ergonomic Assessments	2
Disability Workplace Needs Assessments	6
OSH Inductions (Staff Trained)	480
Employee Assistance Program (sessions)	U/K
In-house Counselling and Management (sessions)	464

Staff Profile (Full Time Equivalent)

Permanent Full Time	763
Contract Full Time	108
Part Time – Permanent and Contract	42
Seconded Out	20
Seconded In	16

Disability Service Plan Outcomes

(Disability Services Act 1993, s29)

The department is committed to the development and implementation of the Disability Access and Inclusion Plans (DAIPs).

Information is currently being prepared seeking feedback from all divisions on the current Disability Services Plans and asking for nominations to participate in a working group to develop and implement the department's Disability Access and Inclusion Plans.

The department's achievements and progress in 2005/06 is reported below against the following goals that will be articulated in the DAIP.

1. People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.

In accordance with the DoIR *Disabilities Services Plan*, the department continued to provide for the requirements of disabled persons with regard to access to existing facilities and premises, as well as access to all relevant

information through the department's Communication and Marketing Branch and internet facilities.

DoIR events held outside the department's offices are organised only at venues that have the requisite facilities for persons with disabilities.

2. People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority.

In accordance with the DoIR *Disabilities Services Plan*, the department continued to provide for the requirements of disabled persons with regard to access to existing facilities and premises, as well as the provision of these requirements in refurbishment programs, and the design of new facilities. For example, as part of the current upgrade of the ground floor at Mineral House, the reception counter is being modified for wheelchair access and disabled shower and toilet facilities added to the change rooms.

Where the provision of such facilities is restricted, as at other leased premises and in some regional offices, members of staff are briefed and trained to make the necessary arrangements on request, so that business can be conducted with disabled customers.

Parking with level access for disabled people is provided, at the main DoIR offices in the Perth CBD, by two bays at Mineral House, and three bays at 1 Adelaide Terrace.

Toilets for disabled people are provided at both Mineral House and 1 Adelaide Terrace.

3. People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.

All departmental staff and visitors are able to access information via various media. These include direct verbal communication, written communications, internal training and awareness sessions, external website access and internal Infolink access. Media releases and internal and external feedback seminars are also used to communicate departmental information.

Written and verbal information is distributed in multilingual formats, via various media. Sign language has also been used to convey information in training sessions.

4. People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.

The department is committed to its core values of being Committed, Informed, Principled, Innovative, Open and

Supportive. All departmental customers are treated equally in an open, honest and impartial manner reflective of our core values.

5. People with disabilities have the same opportunities as other people to make complaints to a public authority.

The department is committed to its core values of being Principled, Innovative, Open and Supportive. The department has a complaints system that is ultimately answerable to the Director General. Complaints are handled honestly and impartially via an open communication and transparent process. Complaints are recognised as a mechanism that contributes to improved services.

6. People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.

The department is committed to its core values of being Principled, Innovative, Open and Supportive. It is committed to fostering a culture that values diversity of ideas and open communication.

The department makes the fullest use of the backgrounds, skills, talents, and perspectives of its entire workforce and the Western Australian community to ensure that current and future challenges can be met in a competent and innovative manner, through improved efficiency, effectiveness, and relevance of service delivery.

Freedom of Information

General Information

The *Freedom of Information Act 1992* (the FOI Act) was proclaimed in Western Australia on 1 November 1993 and provides a general right of access to documents held by DoIR.

In accordance with section 94 of the Act, agencies are required to prepare an Information Statement to describe:

- the structure and functions of the agency
- how the agency's functions affect the public
- how the public may participate in public sector policy making
- documents produced and held by the agency
- how the public may access under the FOI Act documents held by the agency.

These can be standalone documents or those published as part of an agency's annual report. We have chosen to incorporate our Information Statement in our annual report.

Details of DoIR's FOI process and an application form can be accessed from the DoIR website at www.doir.wa.gov.au or by contacting the FOI Coordinator at DoIR, 100 Plain Street, East Perth, 6004, telephone 9222 3246.

FOI Applications in 2005/06

DoIR satisfied all requirements for access requests.

FOI statistics for 2005/06

FOI Applications

Access Applications	
New valid applications	
Personal information	2
Non-personal information	83
Total New valid applications	85

Application Processing

Application Processing Statistics	
Applications transferred in part	0
Applications withdrawn by the applicant	7
Applications not dealt with at 30/06/06	6
Applications dealt with during the period	72
Total Applications Processed	85

FOI Outcomes

Outcome of Applications	Personal	Non-Personal	Total
Access in full	0	1	1
Edited Access	0	57	57
Access refused	1	13	14
Totals	1	71	72

FOI Exemptions

Exemptions Cited	
Personal information	50
Commercial and business	27
Deliberative Processes	2
Legal professional privilege	5

Sundry FOI Statistics

Requests for internal review	4
Original decisions upheld on review	2
Average time to process applications	44 days
Application fees collected	\$2 490
Processing charges collected (after any deductions)	\$2 671

Documents held by DoIR

The types of documents usually held by DoIR are numerous. When seeking information, a useful first step is to visit the DoIR website at www.doir.wa.gov.au.

Alternatively, advice regarding documents available to the public can be obtained from the Customer Services Information Centre, which is open from 8.30 am to 4.30 pm Monday to Friday (except public holidays):

1st Floor, Mineral House,
100 Plain Street
East Perth 6004
Phone (08) 9222 3409 or (08) 9222 3459 (publications)
Facsimile (08) 9222 3444.

The Information Centre also has several terminals available for customers to access the main online systems of Tendex, MiTiS and Tengraph.

Information Centre staff can provide answers to a variety of enquiries including access to registers of mineral titles and related databases, microfiche for historical tenement research from registers, archived maps and plans, survey information and coordinates, and geological catalogues and publications.

DoIR has two library facilities:

Mineral House

The Mineral House Geoscience Information Library is open to the public from 8.30 am to 4.30 pm Monday to Friday (closed public holidays) and is on the 1st Floor, Mineral House, 100 Plain Street, East Perth, Telephone (08) 9222 3165.

The Library holds a vast collection of publications covering all aspects of the geology of Western Australia and geological and mining publications on Australia and overseas.

One Adelaide Terrace (1AT)

The 1AT Library is open to the public from 8.30 am to 4.30 pm Monday to Friday (closed public holidays) and

is on the Level 6, 1 Adelaide Terrace, Perth Telephone (08) 9222 0478.

Both DoIR libraries are accessible to the general public by appointment. A referral can be obtained from a member of staff or by contacting the library direct.

Documents held include Hansard, Acts, budget papers, reference books, journals, annual reports, technical reports and statistical information, together with an archival collection of DoIR publications. Information is held in written and electronic form.

DoIR has a large paper filing system administered by the Information Management Branch. Project and tenement files contain documents dealing with the day-to-day operations of all facets of DoIR's responsibilities including correspondence, reports, notes, memos and returns. DoIR's Human Resources Branch holds files relating to routine personnel records.

Effect on Members of the Public

The effects that the work of the DoIR will have on the public stem from DoIR's mission and outputs.

Public Participation in Policy Decisions

Public participation can take the form of:

- Members of the public with a complaint writing to DoIR who will investigate and respond to the complainant
- Resources sector employees complaining in confidence to DoIR staff concerning occupational safety issues
- Employees, Inspectors of Mines and Safety and Health representatives elected by employees on operational sites, providing a direct liaison with DoIR on safety issues.

In addition, community representatives participate directly in policy-making processes through membership of various liaison committees, boards and working groups, or by making oral or written representation to those groups, the Director General, or the Minister for State Development.

Access under FOI

Persons wishing to apply for access to documents held by DoIR should lodge an application addressed to the FOI Coordinator, Department of Industry and Resources, 100 Plain Street, East Perth WA 6004. Telephone (08) 9222 3246 Fax (08) 9222 3430.

Valid access applications must:

- be in writing
- give enough information so that the documents requested can be identified

- give an Australian address to which notices can be sent lodged at DoIR with the prescribed \$30 application fee, unless the request is entirely for personal information about the applicant.

Applications will be acknowledged and applicants notified of the decision within 45 days.

Additional charges may apply in accordance with FOI Regulations. Charges are discretionary and a reduction is permitted for any person satisfying the requirements for an impecunious person. There are no fees or charges for applications for personal information about the applicant.

DoIR aims to make information available promptly, at the least possible cost, and wherever possible documents will be provided outside the FOI process.

Any person who believes that personal information held by DoIR is inaccurate, incomplete, out of date or misleading may apply in writing to have the information corrected. Such applications are free.

Should an applicant be dissatisfied with an access decision, they can request an internal review of that decision and, if still not satisfied, a subsequent review by the Information Commissioner.

Recordkeeping

As part of the approved *Recordkeeping Plan* for DoIR, several initiatives were undertaken during 2005/2006.

An update of the 2003 recordkeeping plan was submitted to the State Records Office and accepted in December 2005 as part of the recordkeeping improvements proposed in 2003.

Following consolidation of the three records management systems previously in use into one system, a major records improvement project began to bring the current recordkeeping practices in DoIR to the best world standards.

A training program was implemented throughout DoIR to ensure that all employees were aware of their roles and responsibilities in regard to their compliance to the DoIR *Recordkeeping Plan*. More than 300 employees were trained in the various aspects of recordkeeping. This training program has been resourced to continue in 2006/07 and is expected to be attended by more than 500 employees.

The consolidation and development of procedures have been carried out during 2005/06 and the adoption of the "Keyword AAA" system for records language control has been fully implemented. A new electronic document and records management system has been developed and will be fully implemented throughout DoIR in 2006/07.

Waste Paper Recycling

(Cabinet Minute 2.7 of October 1991 on *Government Waste Paper Recycling, Proposal to Improve Recovery Rates*)

The department continued to promote recycling in 2005/06 by providing paper, cardboard and plastic recycling bins in several convenient locations on each floor of offices at Mineral House and 1 Adelaide Terrace. The paper-recycling contract is with Paper Recycling Industries and the plastic recycling is through Corporate Recycling.

Risk Management

(Treasury Instruction 825)

During 2005/06, the implementation of risk management within the department progressed.

The implementation was supported by a comprehensive framework providing clear guidelines for identifying, analysing, evaluating and treating risks across the department.

Evaluations

An important facet of the department's approach to providing its services is building a culture of continuous improvement. To evaluate progress and identify opportunities for improvement, the department is using the principles contained within the *Australian Business Excellence Framework*.

A recent evaluation, using the framework's "Guided Self-Assessment", identified a number of key issues that are now actively being addressed within DoIR. An important aspect of both the assessment, and subsequent action on identified issues, is the involvement of staff from all areas and levels within the department.

Our commitment to this process will be maintained by continuing to evaluate progress, with ongoing continuous improvement activities driving our organisational development into the future.

Corruption Prevention

The Department of Industry and Resources undertakes an active role in preventing corruption. This includes the implementation of policies requiring staff to disclose conflicts of interests, gifts and entertainment.

All staff are also required to attend information sessions relating to workplace conduct. These sessions cover "conflict of interest" and other related issues.

The Department's internal audit program is based on a risk management approach, targeting areas of high risk to ensure integrity of systems and process.

Public Interest Disclosures

Also the General Manger Internal Auditor and General Manger of Human Resources are the Department's Public Interest Disclosure Officers.

Both undertake training each year to ensure their knowledge is current.

In 2005/06 there were no disclosure made under the Public Interest Disclosure Act and there were no reported cases of corruption within the Department of Industry and Resources.

Market Research Expenditure

The following amounts were paid to market research organizations during 2005/06;

Organisation	Expenditure
Savant Surveys and Strategies	\$3 550
Research Solutions	\$8 460
Patterson Market Research	\$14 820
Total	\$26 830

Substantive Equality

By virtue of Premier's Circular 2005/07, dated 20 July 2005, all participating departments are required to report on their progress towards implementing substantive equality against "Goal 1: People and Communities".

DoIR has demonstrated its commitment to the *Policy Framework for Substantive Equality* by selecting the Tenure and Native Title Branch within the Minerals and Titles Services Division as the first area addressed in 2006/07.

Sustainability

Departmental branches have continued in 2005/06 to implement the *Sustainability Action Plan 2004 – Think of the Future*, which is based on the *State Sustainability Strategy 2003 – Hope for the Future*. Achievements under these initiatives are noted in the relevant sections of this Annual Report. For example, in 2005/06 DoIR:

- incorporated sustainability principles into the planning of strategic industrial areas and the assessment of projects within these areas (Keating Review of the Project Development Approvals System)
- funded a Minerals Liaison Officer based at the Conservation Council of WA whose principal role is to improve communication with community groups on mineral matters
- launched initiatives to support Indigenous economic development as part of a bilateral arrangement with the Commonwealth Government
- provided financial support for research to analyse the biological and chemical profiles of wastewater from metropolitan treatment plants.

Departmental officers participated in sustainability initiatives across State Government, with industry and local or federal governments. For example, DoIR contributed in 2005/06 to:

- the Sustainability Round Table's review of actions arising from the *State Sustainability Strategy – Hope for the Future*

- the Renewable Energy component of the *Western Australian Greenhouse Strategy*
- Regulatory Principles for Carbon Capture and Storage for the Ministerial Council on Mineral and Petroleum Resources
- Mining and Petroleum component of the Environmental Protection Authority's *State of the Environment Report 2006*
- The revision of the *Golden Gecko* awards criteria to include principles of sustainability. These awards recognise excellence and leadership in balancing environmental responsibility with the development of mineral and petroleum resources
- The Minister for Agriculture's Biofuels Taskforce.

To recognise sustainability principles and methods at the corporate level, DoIR has completely re-engineered the corporate planning process; developed a strategic decision-making framework; and prepared guidelines for economic assessment and cost-benefit analyses.

Energy Smart Government Policy

In accordance with the *Energy Smart Government Policy*, DoIR has committed to achieve a 12 per cent reduction in non-transport-related energy use by 2006/07, compared with baseline levels set by the Sustainable Energy Development Office (SEDO) in March 2003, based on energy consumption in 2001/02. For the years 2002/03, 2003/04, 2004/05, and 2005/06 the progressive reduction targets were set at 5, 6, 8, and 10 per cent.

In 2005/06, total energy use by DoIR increased by 6.9 per cent, however the Energy Smart target was met, and at the year end, energy use across the agency was 11.2 per cent below the baseline.

Energy use in the Mineral House complex, which accounts for approximately half of all the energy used by DoIR, increased by 7.16 per cent in 2005/06, due to increases in both electricity and gas consumption.

Electricity usage in the Mineral House complex increased by 2.2 per cent compared with the previous year, due to the continued increase in continuous energy usage (mainly in the computer server room), which has now started to erode savings achieved in staff related day-time use. Gas used for heating and catering increased by 26 per cent.

Power use in Industry Service facilities at Carlisle and Technology Park, Bentley, was 65 per cent higher than in the previous year.

Mineral House remains DoIR's largest single user of energy and was the main focus of energy saving initiatives in 2005/06, which were as follows:

- Three chiller units serving the Mineral House complex air-conditioning system were replaced to improve operational efficiency, and to replace the obsolete R11 refrigerant. The plant consists of two units serving Mineral House North, and one unit serving Mineral House South.
- The Computer Suite (server room) air-conditioning system was upgraded by the installation of two replacement units of larger capacity and greater efficiency, with a new additional unit as standby.
- A comprehensive independent audit of power usage was commenced to verify the causes of increased energy demand, and determine priorities for future energy-saving initiatives in Mineral House. The audit was in progress at the end of 2005/06.
- The office tenancies at Dumas House and the Atrium were terminated and staff re-located to two floors of a more energy efficient building at 1 Adelaide Terrace, where 300 staff are now located. The energy use for lighting was examined and several opportunities were identified to reduce excess lighting, and reduce running hours. These changes will be implemented as soon as a baseline of power use is established for the areas concerned.
- Window tinting was installed at 1 Adelaide Terrace. Following the installation of a trial tint in an office in Mineral House North to gauge the effectiveness of heat and glare control, an application for approval of an energy-saving reflective window tint for the north facing windows of Mineral House was under negotiation at year end with the East Perth Redevelopment Authority and the Perth City Council.
- The energy awareness campaign continued in 2005/06, informing staff of the work being done and inviting their participation by switching off unused equipment and lighting. The campaign was communicated via the daily Intranet Newsflash, and a chart showing monthly energy use compared to baseline was placed for display in the ground floor reception area.
- A monthly Energy Competition was introduced for staff members to guess the monthly energy usage. A prize, sponsored by the department's Social Club is awarded to the best estimate only if monthly energy use shows a reduction in the twelve-month moving average.
- A program, operated via the computer network, to automatically switch off any unused PC equipment still running at 6.00 pm each day continued in 2005/06.

- Replacement of CRT monitors with LCD monitors, which consume significantly less power, continued where suitable.
- A specialist contractor continued to monitor lighting efficiency, and conduct de-tubing where possible, with the aim of maintaining average lighting levels in the Mineral House complex North building to 10 per cent above Australian Standards.
- Out-of-hours operation of the building air-conditioning system was minimised, and where possible, overnight purging was used to pre-cool the building in the warmer months.
- A working group continued to address energy management.
- Staff attended seminars and workshops presented by the Office of Energy, on energy management practices.

Table 9: Energy Consumption

Energy Consumption reported in 2005/06	Baseline 2001/02	2005/06	Variation (%)
Energy Consumption (MJ)	25 289 000	22 467 394	-11.16
Energy Cost (\$)	843 770	778 990	-7.68
CO ₂ Emissions (tonnes)	5 829	5 185	-11.05
Performance Indicators			
MJ/m²/annum			
Office Buildings; Combined Services	825	692	-16.12
Office Buildings; Tenant Services	298	242	-18.79
Laboratory/Research Facility	1 386	1 254	-9.52
MJ/FTE/annum			
Office Buildings; Combined Services	25 370	15 794	-37.75
Office Buildings; Tenant Services	11 396	5 407	-52.55
Laboratory/Research Facility	73 359	62 957	-14.18

Note: The baseline was increased by 4.9 per cent in 2004, to allow for energy savings achieved by the Chemistry Centre (WA) before 2001/02.

Office of the Auditor General's Opinion re Financial Statements



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

**DEPARTMENT OF INDUSTRY AND RESOURCES
FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006**

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Department of Industry and Resources at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the Department provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key effectiveness and efficiency performance indicators of the Department are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the year ended 30 June 2006.

Scope

The Director General is responsible for keeping proper accounts and maintaining adequate systems of internal control, for preparing the financial statements and performance indicators, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Schedule of Income and Expenses by Service, Summary of Consolidated Fund Appropriations and Income Estimates, and the Notes to the Financial Statements.

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

Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

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

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
26 September 2006

Certification of Financial Statements

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2006

The accompanying financial statements of the Department of Industry and Resources have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2006 and the financial position as at 30 June 2006.

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



Mick Banaszczyk
Chief Finance Officer
28 July 2006



Jim Limerick
Accountable Officer
28 July 2006

DEPARTMENT OF INDUSTRY AND RESOURCES
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 (\$'000)	2005 (\$'000)
COST OF SERVICES			
Expenses			
Employee benefits expense	7	68 135	74 400
Supplies and services	8	38 973	37 434
Depreciation, Amortisation and Impairment Losses	9	3 347	3 005
Finance costs	10	422	604
Accommodation expenses	11	5 809	7 063
Grants and subsidies	12	18 447	11 581
Capital User Charge	13	6 384	7 908
Other expenses	14	146	195
Cost of goods sold	16	1 088	203
Inventory write-down to net realisable value	16	403	2 624
Loss on disposal of non current assets	18	77	114
Total cost of services		143 231	145 131
Income			
Revenue			
User charges and fees	15	20 203	30 691
Sales	16	1 368	298
Other revenue	17	2 047	2 040
Total revenue		23 618	33 029
Total income other than income from State Government		23 618	33 029
NET COST OF SERVICES		119 613	112 102
INCOME FROM STATE GOVERNMENT			
Service Appropriation	19	109 096	100 256
Liabilities assumed by the Treasurer		1 651	2 239
Assets assumed		-	1 071
Resources received free of charge		1 562	2 215
Total Income from State Government		112 309	105 781
DEFICIT FOR THE PERIOD		(7 304)	(6 321)

See also the 'Schedule of Income and Expenses By Service'

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

DEPARTMENT OF INDUSTRY AND RESOURCES
BALANCE SHEET
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 (\$'000)	2005 (\$'000)
ASSETS			
Current Assets			
Cash and cash equivalents	38a(i)	14 963	9 480
Restricted cash and cash equivalents	20	297	606
Inventories	21	72	488
Receivables	23	4 686	3 052
Amounts receivable for services	24	1 851	1 661
Other Current Assets	25	1 106	2 202
Non current assets classified as held for sale	22	-	2 760
Total Current Assets		22 975	20 249
Non-Current Assets			
Restricted cash and cash equivalents	20	250	-
Receivables	23	12 325	21 679
Amounts receivable for services	24	7 391	6 507
Property, plant, equipment and vehicles	26	76 504	75 924
Intangible assets	27	127	213
Works in progress	29	1 779	1 003
Total Non-Current Assets		98 376	105 326
TOTAL ASSETS		121 351	125 575
LIABILITIES			
Current Liabilities			
Payables	31	6 136	9 819
Borrowings	32	1 366	1 258
Other current liabilities	33	1 394	317
Revenue received in advance	34	524	456
Amounts due to the Treasurer	35	1 200	1 200
Provisions	36	11 172	12 274
Total current liabilities		21 792	25 324
Non Current Liabilities			
Borrowings	32	4 203	6 887
Provisions	36	5 109	4 779
Total Non-Current Liabilities		9 312	11 666
TOTAL LIABILITIES		31 104	36 990
Net Assets		90 247	88 585
EQUITY			
Contributed equity	37	60 752	49 469
Asset revaluation reserve		44 538	39 794
Accumulated deficiency		(15 043)	(678)
Total Equity		90 247	88 585
TOTAL LIABILITIES AND EQUITY		121 351	125 575

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

DEPARTMENT OF INDUSTRY AND RESOURCES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2006

	Note	2006 (\$'000)	2005 (\$'000)
Balance of equity at start of period		88 585	90 828
CONTRIBUTED EQUITY			
Balance at start of period		49 469	47 560
Capital Contribution		6 770	1 909
Other contributions by owners		11 178	-
Distributions to owners		(6 665)	-
Balance at end of period		<u>60 752</u>	<u>49 469</u>
RESERVES			
Asset Revaluation Reserve			
Balance at start of period		39 794	37 625
Gains from Asset Revaluation		4 744	2 169
Balance at end of period		<u>44 538</u>	<u>39 794</u>
ACCUMULATED DEFICIENCY			
Balance at start of period		(678)	5 643
Net Adjustment on adoption of AIFRS	52.8	(7 061)	-
Restated balance at start of period		(7 739)	5 643
Deficit for the period		(7 304)	(6 321)
Balance at end of period		<u>(15 043)</u>	<u>(678)</u>
Balance of equity at end of period		<u>90 247</u>	<u>88 585</u>
Total income and expense for the period ^(a)		<u>(2 560)</u>	<u>(4 152)</u>

^(a) The aggregate net amount attributable to each category of equity is: 2006 deficit (\$7,304,000) plus gains of \$4,744,000 (2005 deficit of (\$6,321,000) plus gains of \$2,169,000).

Refer Note 37

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

DEPARTMENT OF INDUSTRY AND RESOURCES
CASH FLOW STATEMENT
FOR YEAR ENDED 30 JUNE 2006

	Note	2006 (\$'000)	2005 (\$'000)
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		105 960	97 074
Capital contributions		6 770	1 910
Holding account drawdowns		1 501	1 610
Cash transfer from other State Government Agencies		9 097	-
Net cash provided by State Government		123 328	100 594
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(64 493)	(69 294)
Supplies and services		(35 417)	(37 101)
Accommodation		(5 809)	(6 798)
Grants and subsidies		(23 027)	(11 581)
Capital User Charge		(6 384)	(7 908)
Finance costs		(669)	(675)
Other Payments		(140)	-
GST payments on purchases		(6 266)	(6 219)
GST Payments to taxation authority		-	(24)
Receipts			
Sale of goods and services		1 368	298
User charges and fees		19 261	30 428
GST receipts on sales		1 593	4 745
GST receipts from taxation authority		4 409	1 220
Other receipts		2 115	1 879
Net cash used in operating activities	38(b)	(113 459)	(101 030)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(3 713)	(4 439)
Proceeds from sale of non current assets		30	14
Loans advanced		(275)	(800)
Proceeds from Loans Repayments		-	1 325
Net cash used in investing activities		(3 958)	(3 900)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from in Borrowings		-	800
Repayment of borrowings		(487)	(663)
Net cash (used in) / provided by financing activities		(487)	137
Net increase/(decrease) in cash and cash equivalents		5 424	(4 199)
Cash and cash equivalents at the beginning of the period		10 086	14 285
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	38(a)	15 510	10 086

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

DEPARTMENT OF INDUSTRY AND RESOURCES
Schedule of Income and Expenses by Service
for the year ended 30 June 2006

	Titles and Royalties Administration		Health, Safety and Environmental		Investment		Geological	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
COST OF SERVICES								
Expenses								
Employee benefits expenses	15 177	14 594	4 804	12 812	11 472	11 999	13 554	13 502
Supplies and services	5 189	5 001	2 315	4 140	7 579	10 068	9 467	6 977
Depreciation and amortisation expense	556	691	215	297	533	542	683	159
Finance costs	-	-	-	-	388	479	-	-
Accommodation expenses	951	1 105	364	808	1 387	1 587	993	1 339
Grants and subsidies	309	360	0	13	4 014	2 334	47	53
Capital User Charge	1 306	1 629	570	711	1 195	1 490	1 429	1 782
Other expenses	29	23	7	27	31	35	20	25
Cost of goods sold	-	-	-	-	1 088	203	-	-
Inventory write-down to net realisable value	-	-	-	-	-	-	403	2 624
Loss on disposal of non current assets	12	18	6	8	18	28	16	24
Loss on disposal of other assets	-	-	-	-	-	-	-	-
Total cost of services	23 530	23 420	8 281	18 817	27 706	28 765	26 612	26 484
Income								
User fees & charges	12 145	20 147	-	1 712	428	1 310	108	169
Sales	-	-	-	-	1 272	204	96	94
Other revenue	880	773	25	25	994	1 094	3	29
Total income other than income from State Government	13 025	20 921	25	1 738	2 694	2 609	207	292
NET COST OF SERVICES	10 505	2 499	8 256	17 079	25 012	26 156	26 405	26 192
INCOME FROM STATE GOVERNMENT								
Service Appropriation	12 995	11 792	5 723	14 908	28 248	27 148	21 759	20 638
Liabilities assumed by the Treasurer	428	594	166	231	228	317	372	514
Assets assumed/(transferred)	-	(83)	-	(39)	-	1 468	-	(110)
Resources received free of charge	249	354	117	165	369	523	332	471
Total income from State Government	13 672	12 657	6 006	15 266	28 845	29 455	22 463	21 513
Surplus/deficit for the period	3 168	10 158	(2 251)	(1 814)	3 833	3 300	(3 941)	(4 679)

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

DEPARTMENT OF INDUSTRY AND RESOURCES
Schedule of Income and Expenses by Service
for the year ended 30 June 2006

	Scientific		Industry Development		Science		TOTAL	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
COST OF SERVICES								
Expenses from ordinary activities								
Employee benefits expenses	6 657	6 069	16 360	15 424	112	-	68 135	74 400
Supplies and services	3 001	2 631	11 334	8 618	87	-	38 973	37 434
Depreciation and amortisation expense	650	511	704	805	6	-	3 347	3 005
Finance costs	-	-	34	125	-	-	422	604
Accommodation expenses	529	663	1 584	1 561	1	-	5 809	7 063
Grants and subsidies	132	15	5 488	8 805	8 456	-	18 447	11 581
Capital User Charge	209	208	1 675	2 088	-	-	6 384	7 908
Other expenses	8	23	49	62	2	-	146	195
Cost of goods sold	-	-	-	-	-	-	1 088	203
Inventory write-down to net realisable value	-	-	-	-	-	-	403	2 624
Loss on disposal of non current assets	-	-	24	37	-	-	77	114
Loss on disposal of other assets	-	-	-	-	-	-	-	-
Total cost of services	11 186	10 120	37 252	37 525	8 664	-	143 231	145 131
Revenues from ordinary activities								
User fees & charges	6 472	6 062	1 051	1 290	-	-	20 203	30 691
Sales	-	-	-	-	-	-	1 368	298
Other revenue	-	-	145	118	-	-	2 047	2 040
Total income other than income from State Govern	6 472	6 062	1 196	1 408	-	-	23 618	33 029
NET COST OF SERVICES	4 715	4 059	36 057	36 118	8 664	-	119 613	112 102
INCOME FROM STATE GOVERNMENT								
Service Appropriation	2 871	2 743	29 012	23 027	8 488	-	109 096	100 256
Liabilities assumed by the Treasurer	103	91	354	492	-	-	1 651	2 239
Assets assumed/(transferred)	-	-	-	(164)	-	-	-	1 071
Resources received free of charge	1	-	494	702	-	-	1 562	2 215
Total income from State Government	2 975	2 834	29 860	24 056	8 488	-	112 309	105 781

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

DEPARTMENT OF INDUSTRY AND RESOURCES
Summary of Consolidated Fund Appropriations and Income Estimates
for the year ended 30 June 2006

		2006 Estimate \$'000	2006 Actual \$'000	Variance \$'000	2006 Actual \$'000	2005 Actual \$'000	Variance \$'000
DELIVERY OF SERVICES							
Item 81	Net amount appropriated to deliver services	114 000	114 000	-	114 000	100 048	13 952
	Section 25 transfer of service appropriation						
	-Transfer Procurement staff to Treasury	-	-	-	-	(320)	320
	- Resources Safety to DOCEP	-	(12 849)	(12 849)	(12 849)	-	(12 849)
	-Film Production Fund to Screen West	-	(1 100)	(1 100)	(1 100)	-	(1 100)
	-Office of Science from DPC	-	8 488	8 488	8 488	-	8 488
	Amount authorised by Other Statutes						
	- Salaries and Allowances Act 1975	544	544	-	544	528	16
	-SAT Determination 2006	-	13	13	13	-	13
	Total appropriations provided to deliver services	114 544	109 096	(5 448)	109 096	100 256	8 840
CAPITAL							
Item 158	Capital contribution	8 370	6 770	(1 600)	6 770	1 910	4 860
ADMINISTERED TRANSACTIONS							
Item 82	Administered grants, subsidies and other transfer payments	41 677	41 677	-	41 677	18 871	22 806
	Section 25 transfer of appropriation	-	-	-	-	(272)	272
	Amount authorised by other statutes						
	- Petroleum Submerged Lands Act 1982	11 253	18 497	7 244	18 497	17 778	719
Item 159	Administered capital appropriations	2 100	2 100	-	2 100	88 067	(85 967)
	Total administered transactions	55 030	62 274	7 244	62 274	124 444	(62 170)
	GRAND TOTAL	177 944	178 140	196	178 140	226 610	(48 470)

DEPARTMENT OF INDUSTRY AND RESOURCES
Summary of Consolidated Fund Appropriations and Income Estimates
for the year ended 30 June 2006

	2006 Estimate \$'000	2006 Actual \$'000	Variance \$'000	2006 Actual \$'000	2005 Actual \$'000	Variance \$'000
Details of Expenditure by Service						
Titles and Royalties Administration Services	22 437	23 530	1 093	23 530	23 420	110
Health, Safety and Environmental Services	24 086	8 281	(15 805)	8 281	18 817	(10 536)
Investment Services	30 558	27 706	(2 852)	27 706	28 765	(1 059)
Geological Services	22 606	26 612	4 006	26 612	26 484	127
Scientific Services	9 460	11 186	1 726	11 186	10 120	1 066
Industry Development Services	31 721	37 252	5 531	37 252	37 525	(273)
Office of Science		8 664	8 664	8 664	-	8 664
Total Cost of Services	140 868	143 231	2 363	143 231	145 131	(1 900)
Less total income	20 752	23 618	(2 866)	23 618	33 029	(9 411)
Net Cost of Services	120 116	119 613	(503)	119 613	112 102	7 511
Adjustment for movement in cash balances and other accrual items (i)	(5 572)	(10 517)	(4 945)	(10 517)	(11 846)	1 329
Total appropriations provided to deliver services	114 544	109 096	(5 448)	109 096	100 256	8 840
Capital Expenditure						
Purchase of non-current physical assets	10 100	3 713	(6 387)	3 713	4 439	(726)
Loans advanced	-	275	275	275	800	(525)
Repayment of borrowings	550	487	(63)	487	663	(176)
Adjustment for movement in cash balances and other funding sources (i)	(2 280)	2 295	4 575	2 295	(3 992)	6 287
Capital Contribution (appropriation)	8 370	6 770	(1 600)	6 770	1 910	4 860

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

Note 45 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2006 and between the actual results for 2005 and 2006.

DEPARTMENT OF INDUSTRY AND RESOURCES
Summary of Consolidated Fund Appropriations and Income Estimates
for the year ended 30 June 2006

		2006	2006	Variance	2006	2005	Variance
		Estimate	Actual		Actual	Actual	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
DETAILS OF INCOME ESTIMATES							
Income disclosed as Administered Income							
Territorial							
Royalties:	Petroleum - Commonwealth	505 200	609 803	104 603	609 803	505 766	104 037
	Petroleum - State	38 657	71 422	32 765	71 422	64 722	6 700
	Iron Ore	763 000	721 808	(41 192)	721 808	464 845	256 963
	Alumina	58 500	43 500	(15 000)	43 500	54 735	(11 235)
	Diamonds	51 000	69 960	18 960	69 960	35 558	34 402
	Mineral sands	22 500	29 300	6 800	29 300	26 036	3 264
	Nickel	83 500	93 029	9 529	93 029	91 959	1 070
	Gold	73 000	91 623	18 623	91 623	74 166	17 457
	Other	63 000	83 905	20 905	83 905	51 918	31 987
	Lease rentals	43 000	63 455	20 455	63 455	49 617	13 838
	Total Territorial	1 701 357	1 877 805	176 448	1 877 805	1 419 322	458 483
Regulatory Fees							
	Regulatory Fees	-	14 695	14 695	14 695	2 179	12 516
		-	14 695	14 695	14 695	2 179	12 516
Law courts							
Fines	Infringement penalties:	40	-	(40)	-	-	-
		40	-	(40)	-	-	-
Other							
	Commonwealth Contributions	500	-	(500)	-	6 839	(6 839)
	Contribution from Regional Investment Fund	-	-	-	-	4 500	(4 500)
	Appropriations	52 930	60 174	7 244	60 174	36 377	23 797
	Other Revenue	140	642	502	642	3 529	(2 887)
GRAND TOTAL		1 754 967	1 953 316	198 349	1 953 316	1 472 746	480 570

Note 45 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2006 and between the actual results for 2005 and 2006.

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements

For the year ended 30 June 2006

1 Departmental mission and funding

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

The Department is predominantly funded by Parliamentary appropriation. A net appropriation agreement between the Treasurer and the Accountable Officer 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 the Summary of Consolidated Fund Appropriations and Revenue Estimates.

The financial statements encompass all funds through which the Department controls resources to carry on its functions.

In the process of reporting on the Department as a single entity, all intra-entity transactions and balances have been eliminated.

2 First time adoption of Australian equivalents to International Financial Reporting Standards

This is the Department's first published financial statements prepared under Australian equivalents to International Financial Reporting Standards (AIFRS). AASB 1 'First time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. The financial statements of the Department until 30 June 2005 had been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 52.

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction (TI) 1106 'Transition to Australian equivalents to International Financial Reporting Standards', financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information is prepared under the AIFRS basis.

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. This TI requires the early adoption of revised AASB 119 'Employee Benefits' as issued in December 2004, AASB 2004-3 'Amendments to Australian Accounting Standards' and 2005-3 'Amendments to Australian Accounting Standards [AASB 119]; AASB 2005-4 'Amendments to Australian Accounting Standard [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]' and AASB 2005-6 'Amendments to Australian Accounting Standards [AASB 3]' to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' so that the ability to designate financial assets and financial liabilities at fair value is restricted. AASB 2005-6 excludes business combinations involving common control from the scope of AASB 3 'Business Combinations'

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements

For the year ended 30 June 2006

3 Summary of significant accounting policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

(a) General statement

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

The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure, and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

(b) Basis of preparation

The financial statements have been prepared in accordance with Australian Accounting Standard AAS29 'Financial Reporting by Government Departments'.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated. Refer Note 3(x).

These statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land and buildings which have been measured at fair value.

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

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

(c) Reporting Entity

The reporting entity comprises the department and the related bodies listed at note 47 'Related Bodies'.

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 51 'Administered expenses and income' and 'Administered assets and liabilities'.

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements

For the year ended 30 June 2006

(d) Contributed Equity

Under UIG 1038 'Contribution by Owners Made to Wholly-Owned Public Sector Entities' transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners By T1955 and have been credited directly to Contributed Equity in the Balance Sheet.

Transfers of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 37 'Equity'.

(e) Income

Revenue

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

Sale of goods

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Department has passed control of the goods or other assets or delivery of the service to the customer.

Service Appropriation

Service Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at the Department of Treasury and Finance.

Net Appropriation Determination

Pursuant to section 23A of the Financial Administration and Audit Act the net appropriation determination by the Treasurer provides for retention of the following moneys in accordance with the 2005-2006 budget statements of the Department:

Proceeds from user fees and charges. The majority of revenue earned is from licences.

Proceeds from sale of maps and publications.

Details of the retained revenues are disclosed in the Summary of Income and Expenses by Service.

Grants and Other Contributions

Revenue is recognised at fair value when the Department obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt. Other non-reciprocal contributions that are not contributions by owners are recognised at fair value.

Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

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

Gains

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

(f) Loans converted to grants

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

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

(g) Translation of foreign currency transactions

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

(h) Property, Plant and Equipment

Initial recognition and measurement

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Items of property, plant and equipment costing less than \$5,000 are expensed in the year of acquisition, except for computer equipment where items less than \$1,000 are expensed in the year of acquisition. Where items form part of a group of similar items which are significant in total, these are capitalised as an asset regardless of these limits.

Subsequent measurement

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

The Department has a policy of valuing land and buildings at fair value. The annual revaluations of the Department's land and buildings undertaken by the Department of Land Information (Valuation Services) are recognised in the financial statements.

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

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

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

Depreciation of non-current assets

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

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements

For the year ended 30 June 2006

Depreciation is reviewed annually and is provided as follows:

Buildings	40	Straight line
Furniture	5	Straight line
Office equipment	5	Straight line
Computer Desktop Laptops	3	Straight line
Computer Servers	5	Straight line
Computer software (a)	3-5	Straight line
Scientific Equipment	7	Straight line
Motor vehicles	5	Straight line
Plant and equipment	5	Straight line

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

(i) Intangible Assets

All acquired and internally developed intangible assets are initially recognised at cost where they exceed \$1,000. For assets acquired at no cost or for nominal consideration, 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. The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable. Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Department have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software	3 to 5 years
----------	--------------

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

(j) Impairment of Assets

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

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

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

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

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

Non-current assets (or disposal groups) are classified as assets held for sale if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use, the asset is available for immediate sale and the sale is highly probable. Non current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell and are presented separately in the Balance Sheet. These assets are not depreciated or amortised while they are classified as held for sale.

Not all land holdings of the Department are classified as Crown land. However, for Crown land vested in the Department by the Government, the Department for Planning and Infrastructure (DPI) is the only agency with the power to sell that land. The Department will transfer the Crown land to DPI when the land becomes available for sale.

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements

For the year ended 30 June 2006

(l) Leases

The Department has entered into a number of operating lease arrangements for the rent of the office buildings where the lessor effectively retains all of the risks and benefits incidental to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(m) Financial Instruments

The Department has two categories of financial instrument:

- Loans and receivables (includes cash, cash equivalents and receivables); and
- Non trading financial liabilities (borrowings, payables, Treasurers Advance).

Initial recognition and measurement is at fair value. Usually the transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

Short-term receivables and payables with no stated interest rate are measured at transaction cost/face value where the effect of discounting is immaterial.

(n) Cash and Cash Equivalents

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

(o) Amounts Receivable for Services (Holding Account)

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

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

(p) Provisions

Provisions are liabilities of uncertain timing and amount. The Department only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet reporting date and adjusted to reflect the current best estimate. See note 36 'Provisions'

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

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

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

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

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

Superannuation

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

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

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements

For the year ended 30 June 2006

Employees who are not members of either the Pension or the GSS Schemes become non contributory members of the West State Superannuation Scheme, an accumulation fund. The Department makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS Scheme.

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

(ii) Provisions -Other

Employment On Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other Expenses and are not included as part of the Department's 'Employee benefits expense'. The related liability is included in Employment on-costs provision. (See notes 14 and 36).

(q) Superannuation Expense

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

(a) Defined benefit plans -

Change in the unfunded employer's liability assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and

(b) Defined contribution plans -

Employer contributions paid to the West State Superannuation Scheme (WSS), and the equivalent of employer contributions to the Gold State Superannuation Scheme (GSS).

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

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

(r) Receivables / Impairment

Receivables are stated at amortised cost using the effective interest rate method less any provision for uncollectible amounts (impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written off. The provision for uncollectible amounts (doubtful debts) is raised when collectability is no longer probable. See note 3(m) 'Financial Instruments' and note 23 'Receivables'.

(s) Accrued salaries

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

Accrued salaries (refer note 33) represent the amount due to staff but unpaid at the end of the financial year as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Department considers the carrying amount approximates net fair value.

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements

For the year ended 30 June 2006

(t) Payables

Payables, including accruals not yet billed, are recognised when the Department becomes obliged to make future payments as a result of a purchase of goods or services. The carrying amount is equivalent to fair value as they are generally settled within thirty days.

(u) Inventories

Inventories are valued at the lower of cost and net realisable value. Inventories brought to account are mainly chargeable publications and maps produced by the organisation and consumables.

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

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

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

(w) Amounts Due to the Treasurer

The amount due to the Treasurer is in respect of a Treasurer's Advance, approval of which is renewed for each financial year. Initial recognition and measurement and subsequent measurement is 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 less than 12 months and therefore discounting is not material. See note 35 'Amounts due to the Treasurer'.

(x) Comparative figures

Comparative figures have been restated on the AIFRS basis except for financial instruments information which has been prepared under the previous AGAAP Accounting Standard AAS 33 as permitted by AASB 1 paragraph 36A. In accordance with TI 1106 the transition to AIFRS for financial instruments information under AASB 132 and AASB 139 was 1 July 2005. Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

(y) Rounding

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

4 Judgements made by management in applying accounting policy

There were no judgements made for the 2005/06 financial year.

5 Key sources of estimation uncertainty

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Estimating useful life of key assets

Discount rates used in estimating provisions

6 Disclosure of changes in accounting policy and estimates

Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. As referred to in Note 2, TI 1101 has only mandated the early adoption of revised AASB 119, AASB 2004-3, AASB 2005-3, AASB 2005-4 and AASB 2005-6. Consequently, the Department has not applied the following Australian Accounting Standards and UIG Interpretations that have been issued but are not yet effective. These will be applied from their application date:

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements

For the year ended 30 June 2006

1 AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007. The Standard is considered to result in increased disclosures of an entity's risks, enhanced disclosure about components of financial position and performance, and changes to the way of presenting financial statements, but otherwise there is no financial impact.

2 AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The Department does not undertake these types of transactions resulting in no financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2006.

3 UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'. This Interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At reporting date, the Department has not entered into any arrangements as specified in the Interpretation resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2006.

The following amendments are not applicable to the Department as they will have no impact:

<u>AASB Amendment</u>	<u>Affected Standards</u>
2005-1	AASB 139 (Cash flow hedge accounting of forecast intragroup transactions)
2005-5	'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'
2006-1	AASB 121 (Net investment in foreign operations)
UIG 5	'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'.
UIG 6	'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'.
UIG 7'	Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'.

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006 (\$'000)	2005 (\$'000)
7 Employee benefits expense		
Wages and salaries ^(a)	53 808	56 898
Annual leave and loading expense ^(e)	4 916	6 120
Long service leave expense ^{(e) (f)}	2 198	2 687
Superannuation - defined contribution plans ^(b)	5 562	6 456
Superannuation - defined benefit plans ^{(c) (d)}	1 651	2 239
	<u>68 135</u>	<u>74 400</u>
(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.		
(b) Defined contribution plans include West State and Gold State (contributions paid).		
(c) Defined benefit plans include Pension scheme and Gold State (pre transfer benefit).		
(d) An equivalent notional income is also recognised (see note 19 'income from State government').		
(e) Includes a superannuation component.		
(f) Employment on costs such as workers compensation insurance are included at note 14, Other expenses. The related on-costs liability is included in Provisions, note 36.		
8 Supplies and services		
Consultants and contractors	20 362	19 046
Advertising and promotion	2 227	1 878
Travel	2 270	2 427
Communication	1 495	1 648
Consumables	4 278	4 340
Maintenance	1 380	1 352
Lease Payments	97	127
Insurance	272	314
Printing	961	1 071
Other staff costs	2 047	1 935
Other	3 584	3 296
	<u>38 973</u>	<u>37 434</u>
9 Depreciation, Amortisation and Impairment Losses		
<u>Depreciation</u>		
Buildings	846	414
Furniture, plant and equipment	171	206
Computer hardware and software	1 616	1 814
Scientific equipment	510	397
Motor vehicles	55	48
Total Depreciation	<u>3 198</u>	<u>2 879</u>
<u>Amortisation</u>		
Intangible Software	149	126
Total Amortisation	<u>149</u>	<u>126</u>
Total Depreciation and Amortisation	<u>3 347</u>	<u>3 005</u>
<u>Impairment Losses</u>		
Impairment of Assets	-	-
Total Impairment Losses	<u>-</u>	<u>-</u>
Total Depreciation Amortisation and Impairment Losses	<u>3 347</u>	<u>3 005</u>
10 Finance costs		
Interest paid	422	604
	<u>422</u>	<u>604</u>

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
11 Accommodation expenses		
Lease rentals	1 862	2 844
Repairs and maintenance	1 035	979
Other accommodation expenses	2 912	3 240
	<u>5 809</u>	<u>7 063</u>
12 Grants and subsidies		
Industry Development Incentives	6 127	4 279
Regional Development Commission Aboriginal Economic Development Program	560	1 120
Aboriginal Enterprise Development Schemes	809	369
ASI Groyne Buyback Agreement Rental Subsidy	519	443
Resource Projects	147	155
Chamber of Commerce and Industry ICNWA	-	125
Improving Heritage Management	-	160
Education Exports	-	3 800
Project Approvals	899	814
Goldfields Lateral Gas Pipeline land acquisition program	386	-
Office of Science & Innovation - Grant Programs	8 457	-
Other	543	316
	<u>18 447</u>	<u>11 581</u>
13 Capital User Charge	<u>6 384</u>	<u>7 908</u>
<p>A capital user charge rate of 8% has been set by the Government and represents the opportunity cost of capital invested in the net assets of the Department used in the provision of services. The charge is calculated on the net assets adjusted to take account of exempt assets. Payments are made to the Department of Treasury and Finance on a quarterly basis.</p>		
14 Other expenses		
Movement in Provision for doubtful debts	(6)	19
Net loss on currency exchange	25	33
Employment on costs (a)	127	143
	<u>146</u>	<u>195</u>
<p>(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 36 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.</p>		
15 User charges and fees		
Petroleum	5 833	15 118
Prospecting, exploration and other mining	6 194	4 925
Explosives and Dangerous goods	-	1 555
Chemistry Centre - Private sector	3 232	2 974
Chemistry Centre - Government sector	3 217	3 081
Administration	1 727	3 038
	<u>20 203</u>	<u>30 691</u>
16 Sale of goods (gross)		
Publications	95	94
Land	1 273	204
	<u>1 368</u>	<u>298</u>

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006 \$'000	2005 \$'000
Trading profit		
<u>Publications</u>		
Sales (gross)	95	94
Cost of sales:		
Opening inventory	391	3 005
Purchases	12	20
(b) Inventory written down to net realisable value	(403)	(2 624)
	-	401
Closing inventory	-	391
(a) Cost of Goods sold	-	10
Trading profit - publications	95	84
<u>Land inventory</u>		
Sales (gross)	1 273	204
Cost of sales:		
Opening inventory	2 760	1 865
Reclassification	(1 672)	1 088
	1 088	2 953
Closing inventory	-	2 760
(a) Cost of Goods sold	1 088	193
Trading profit - Land Inventory	185	11
Total Trading profit	280	95
17 Other revenues		
Grants received	200	-
Property revenue	1 083	1 220
Interest	122	37
Miscellaneous Revenue	642	783
	2 047	2 040
18 Net loss on disposal of non-current assets		
<u>Costs of Disposal of Non-Current Assets</u>		
Plant equipment and vehicles	107	128
<u>Proceeds from Disposal of Non-Current Assets</u>		
Plant equipment and vehicles	30	14
Net loss on disposal	(77)	(114)
19 Income from State Government		
Appropriation received during the year:		
Service appropriations (i)	109 096	100 256
The following liabilities have been assumed by the Treasurer during the financial year.		
Superannuation (ii)	1 651	2 239
Total liabilities assumed by the Treasurer	1 651	2 239
The following assets have been assumed from/(transferred to) other state government agencies during the financial year (iii) & (iv)		
Land and Buildings	-	1 071
Total assets assumed	-	1 071

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006 \$'000	2005 \$'000
Resources received free of charge has been determined on the basis of the following estimates provided by agencies (iv).		
Housing and Works		
- property management services	15	7
State Solicitors Office		
- legal services	1 224	1 089
Department of Treasury and Finance		
- procurement services	-	317
Department of Land Information		
- land registration dealings, land information and products	323	802
	1 562	2 215

- (i) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.
- (ii) The assumption of the superannuation liability by the Treasurer is only a notional revenue to offset the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State Scheme.
- (iii) Where the Treasurer or other entity has assumed a liability, the Department recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability. From 1 July 2002 nondiscretionary non-reciprocal transfers of net assets (ie. restructuring of administrative arrangements) have been classified as Contributions by Owners (CBOs) under TI 955 and are taken directly to equity. Discretionary transfers of assets between State Government agencies are reported as assets assumed/(transferred) under Income from State Government.
- (iv) Where assets or services have been received free of charge or for nominal consideration, the Department recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Department shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

20 Restricted cash and cash equivalents

Current

Suspense account (i)	55	154
Forest Residue Utilisation Levy Trust Fund (ii)	60	60
Australia China Natural Gas Technology Partnership Trust Fund (iii)	182	392
	297	606

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements

For the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
<u>Non-current</u>		
Accrued salaries suspense account (iv)	250	-
	<u>547</u>	<u>606</u>
(i)	The balance in the suspense account represents funds received close to end of year but not transferred to Treasury until after year end.	
(ii)	The account is used for the purpose of funding studies and programs which add value to forest residue.	
(iii)	The trust is to hold funds for the purpose of training Chinese managers from the natural gas industry in China, as well as joint Australia/China research programs. Training will be conducted in both countries.	
(iv)	The amount held in this suspense account is to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.	
	AASB 101.57(d) requires cash and cash equivalents to be classified as current assets unless it is restricted in its use beyond twelve months. Accordingly, this suspense account will be non-current for 10 out of 11 years.	
21 Inventories		
<u>Current</u>		
Inventories held for resale:		
Geological maps and publications (at cost)	-	391
Chemistry Centre supplies (at cost)	72	97
	<u>72</u>	<u>488</u>
22 Non-current assets classified as held for sale		
<u>Opening balance</u>		
Land - Technology Park	2 760	1 865
	<u>2 760</u>	<u>1 865</u>
<u>Assets reclassified as held for sale</u>		
Land - Technology Park ^{(a) (b)}	(1 672)	1 088
	<u>(1 672)</u>	<u>1 088</u>
<u>Total assets classified as held for sale</u>		
Land - Technology Park	1 088	2 953
	<u>1 088</u>	<u>2 953</u>
<u>Less assets sold</u>		
Land - Technology Park	(1 088)	(193)
	<u>(1 088)</u>	<u>(193)</u>
<u>Closing balance</u>		
Land - Technology Park	-	2 760
Write-down from cost to fair value less selling costs	-	-
	<u>-</u>	<u>2 760</u>

(a) Taken direct to Equity – adjustment on transition to AIFRS

(b) The land at Technology Park has been reclassified to Property, Plant and Equipment as a result of the 3 year plan to redevelop the land in accordance with the Technology Precinct Management Plan. Therefore the land is no longer being actively marketed for sale.

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements*For the year ended 30 June 2006*

	2006	2005
	\$'000	\$'000
23 Receivables		
<u>Current</u>		
Trade debtors	2 961	1 510
Other debtors	183	480
Provision for doubtful debts	(54)	(89)
Loans and advances (i)	181	-
GST receivable (Net)	1 416	1 151
	<u>4 686</u>	<u>3 052</u>
<u>Non-current</u>		
Loans and advances (i)	17 023	29 982
Provision for conversion of loans to grants	(4 698)	(8 256)
Provision for doubtful debts	-	(47)
	<u>12 325</u>	<u>21 679</u>
(i) The carrying amount of loans receivable approximates their net fair values		
24 Amounts receivable for services		
Current	1 851	1 661
Non-current	7 391	6 507
	<u>9 242</u>	<u>8 168</u>
This asset 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.		
25 Other assets		
<u>Current</u>		
Refundable rental bonds on overseas accommodation	284	297
Prepayments	822	1 905
	<u>1 106</u>	<u>2 202</u>
26 Property, plant, equipment and vehicles		
Freehold land - at fair value (i)	37 049	36 556
Buildings - at fair value (i)	34 136	34 028
Accumulated depreciation (ii)	-	(851)
Total buildings	<u>34 136</u>	<u>33 177</u>
Furniture, plant and equipment - at cost	1 299	2 189
Accumulated depreciation	(1 046)	(1 526)
	<u>253</u>	<u>663</u>
Computer hardware and software - at cost	8 255	10 571
Accumulated depreciation	(5 906)	(7 529)
	<u>2 349</u>	<u>3 042</u>
Scientific equipment - at cost	8 516	7 736
Accumulated depreciation	(5 888)	(5 416)
	<u>2 628</u>	<u>2 320</u>
Total equipment	<u>5 230</u>	<u>6 025</u>
Vehicles - at cost	281	287
Accumulated depreciation	(192)	(121)
	<u>89</u>	<u>166</u>
Total of property, plant, equipment and vehicles	<u>76 504</u>	<u>75 924</u>

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006 \$'000	2005 \$'000
(i) The revaluation of freehold land, land improvements and buildings was performed during the year ended 30 June 2006 in accordance with an independent valuation by the Department of Land Information (Valuation Services). The effective date of the revaluation was 1 July 2005. Fair value of land has been determined on the basis of the current market buying values. The fair value of buildings has been determined by reference to current replacement cost as the buildings are specialised and no market evidence of value is available. The valuations were made in accordance with a regular policy of annual revaluation.		
(ii) AASB 116 allows 2 alternative treatments of accumulated depreciation on revaluation of assets. The net basis was used in 2006 in accordance with Treasurers Instruction 954. There was no retrospective adjustments to depreciation.		
27 Intangible assets		
Computer software		
At cost	564	508
Accumulated amortisation	(437)	(295)
Accumulated impairment losses	-	-
	<u>127</u>	<u>213</u>
Computer software		
Carrying amount at start of year	213	194
Additions	-	144
Reclassification	145	-
Disposals	(82)	-
Amortisation expense	(149)	(125)
Carrying amount at end of year	<u>127</u>	<u>213</u>

28 Impairment of assets

There were no indications of impairment of property, plant and equipment and intangible assets at 30 June 2006.

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

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
29 Works in progress		
Kalgoorlie Complex Stage 2	122	91
Baldivis and Kalgoorlie explosives reserve security upgrade (a)	-	845
Mineral House Airconditioning Upgrade	1 657	67
	<u>1 779</u>	<u>1 003</u>

- (a) This asset is now under the control of the Department of Consumer and Employment Protection following the transfer of the former safety health division as of 1/7/2005.

30 Reconciliation of non-current assets

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

As at 30 June 2006

	Land	Buildings at fair value	Furniture and equipment	Computer hardware and software	Scientific equipment	Vehicles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000
Carrying amount at the start of year	36 556	33 177	663	3 042	2 320	166	75,924
Additions	-	-	165	1 575	809	-	2,549
Transfers	(1 852)	(594)	(128)	(519)	9	(22)	(3,106)
Classified as held for sale	-	-	-	-	-	-	-
Disposals	-	-	(276)	(133)	-	-	(409)
Reclassifications	-	-	-	-	-	-	-
Revaluation increments	2 345	2 399	-	-	-	-	4,744
Impairment Losses	-	-	-	-	-	-	-
Impairment Losses reversed	-	-	-	-	-	-	-
Depreciation	-	(846)	(171)	(1 616)	(510)	(55)	(3,198)
Carrying amount at end of year	<u>37 049</u>	<u>34 136</u>	<u>253</u>	<u>2 349</u>	<u>2 628</u>	<u>89</u>	<u>76 504</u>

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

							2006	2005
							\$'000	\$'000
As at 30 June 2005								
	Land	Buildings at fair value	Furniture and equipment	Computer hardware and software	Scientific equipment	Vehicles	Total	
	\$'000	\$'000	\$'000	\$'000	\$'000		\$'000	
Carrying amount at the start of year	33 679	26 040	639	3 330	1 670	207	65,565	
Additions/ transfers	-	-	256	1 968	1 047	7	3,278	
Transfers Classified as held for sale	(464)	(54)	-	18	-	-	(500)	
Disposals	-	-	(26)	(103)	-	-	(129)	
Reclassificat ions	-	8 778	-	(357)	-	-	8,421	
Revaluation increments	3 341	(1 172)	-	-	-	-	2,169	
Impairment Losses	-	-	-	-	-	-	-	
Impairment Losses reversed	-	-	-	-	-	-	-	
Depreciation	-	(415)	(206)	(1 814)	(397)	(48)	(2,880)	
Carrying amount at end of year	36 556	33 177	663	3 042	2 320	166	75 924	

31 PayablesCurrent

Accrued expenses	280	115
Trade payables	5 856	9 704
	<u>6 136</u>	<u>9 819</u>

32 BorrowingsCurrent:

WA Land Corp (Groyne Buyback Agreement)	200	200
WA Treasury Corporation	395	287
WA Land Corp (Enterprise Units Development Agreement)	771	771
	<u>1 366</u>	<u>1 258</u>

Non-current:

WA Land Corp (Groyne Buyback Agreement)	363	563
WA Treasury Corporation	3 840	6 324
	<u>4 203</u>	<u>6 887</u>

Total	<u>5 569</u>	<u>8 145</u>
-------	--------------	--------------

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
33 Other liabilities		
Salaries owing (one working day for 30 June 2006 and 4.5% payrise)	1 077	-
Accrued interest payable	70	317
Other Liabilities	247	-
	<u>1 394</u>	<u>317</u>
34 Revenue received in advance		
Grants held in trust for research projects	514	435
Other	10	21
	<u>524</u>	<u>456</u>
35 Amounts due to the Treasurer		
Amounts advanced - Treasurer's Advance	<u>1 200</u>	<u>1 200</u>
36 Provisions		
<u>Current liabilities:</u>		
Annual leave (a)	5 319	5 891
Long service leave (b)	5 760	6 281
Employment on costs Provision (c)	93	102
	<u>11 172</u>	<u>12 274</u>
<u>Non-current liabilities:</u>		
Long service leave (b)	4 976	4 738
Employment on costs Provision (c)	42	41
Deferred salary scheme	91	-
	<u>5 109</u>	<u>4 779</u>

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

Within 12 months of reporting date	3 339	3 698
More than 12 months of reporting date	1 980	2 193
	<u>5 319</u>	<u>5 891</u>

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

Within 12 months of reporting date	4 383	4 499
More than 12 months of reporting date	6 353	6 520
	<u>10 736</u>	<u>11 019</u>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and WorkCover premiums. The provision is the present value of expected future payments. The associated expense, is included at note 14 Other expenses.

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
<u>Employment on-cost provision</u>		
Carrying amount at start of year	143	124
Additional provisions recognised	56	89
Payments/other sacrifices of economic benefits	(64)	(70)
Carrying amount at end of year	<u>135</u>	<u>143</u>
The aggregate employee leave entitlement liability recognised and included in the financial statements is as follows:		
Current	11 172	12 274
Non-current	5 109	4 779
	<u>16 281</u>	<u>17 053</u>

37 Equity

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

Contributed equity

Balance at the start of the year	49 469	47 560
<u>Contributions by owners</u>		
Capital contributions (i)	6 770	1 909
Transfer of net assets from other agencies (i)		
Office of Science from Premier and Cabinet	9 334	-
Land and Buildings transferred from Planning and Infrastructure	1 844	-
Total contributions by owners	<u>67 417</u>	<u>49 469</u>
<u>Distributions to owners</u>		
Transfer of net assets to other agencies (ii)		
Land, Buildings and Equipment to DOCEP	6 465	-
Skills Migration Unit to Small Business Development	200	-
Total distributions to owners	<u>6 665</u>	<u>-</u>
Balance at end of the year	<u>60 752</u>	<u>49 469</u>

- (i) Capital Contributions (appropriations) and non-discretionary (non-reciprocal) transfers of net assets from other State government agencies have been designated as contributions by owners in Treasurer's Instruction TI 955 and are credited directly to equity.
- (ii) UIG 1038 requires the where the transferee accounts for a transfer as a contribution by owner, the transferor must account for the transfer as a distribution to owners. Consequently, non-discretionary (non-reciprocal) transfers of net assets to other State government agencies are distribution to owners and are debited directly to equity.

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
Reserves		
<i>Asset revaluation reserve (iii)</i>		
Balance at the start of the year	39 794	37 625
Net revaluation increments/(decrements)		
Land	2 345	3 341
Buildings	2 399	(1 172)
Balance at the end of the year	<u>44 538</u>	<u>39 794</u>
 (iii) The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 2(j).		
Accumulated surplus/ (deficit)		
Balance at the start of the year	(678)	5 643
Net Adjustment on adoption of AIFRS	(7 061)	-
Restated balance at start of period	<u>(7 739)</u>	<u>5 643</u>
Result for the year	(7 304)	(6 321)
Balance at the end of the year	<u>(15 043)</u>	<u>(678)</u>
Total equity	<u>90 247</u>	<u>88 585</u>

38 Notes to the Cash Flow Statement

(a) Reconciliation of cash

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

Cash on hand	42	42
Operating account	14 921	9 438
Cash and cash equivalents	<u>14 963</u>	<u>9 480</u>
 Restricted cash assets (refer note 20)	<u>547</u>	<u>606</u>
	<u>15 510</u>	<u>10 086</u>
 (b) Reconciliation of net cost of services to net cash flows provided/(used in) operating activities		
Net cost of service	(119 613)	(112 102)
 Non cash items		
Superannuation	1 651	2 239
Depreciation and amortisation expense	3 347	3 005
Resources received free of charge	1 562	2 215
Write down of Inventory to net realisable value	403	2 624
Work in Progress written back to expenses		719
Net (gain) / loss on disposal of non-current assets	77	114
 (Increase)/decrease in assets		
Accounts receivable	(1 196)	(187)
Inventory	1 101	305
Other assets	1 097	(1 809)
 Increase/(decrease) in liabilities		
Accounts payable	(3 683)	1 630
Other liabilities	1 077	(1 580)
Revenue received in advance	68	83
Provisions - Employee entitlements	914	1 992
Net GST receipts/payments	(264)	(278)
Net cash used in operating activities (Statement of Cash Flows)	<u>(113 459)</u>	<u>(101 030)</u>

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements*For the year ended 30 June 2006*

	2006	2005
	\$'000	\$'000

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

39 Resources provided free of charge

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

MERIWA (Building services, parking, conferences)	14	23
--	----	----

40 Commitments for expenditure**(a) 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	4 526	4 732
Later than 1 year and not later than 5 years	2 900	-
Later than 5 years	-	-

The capital commitments include amounts for:

Building	3 764	562
Computer hardware and software	3 562	4 062
Furniture, plant and equipment	100	108

(b) Lease commitment

Commitments in relation to leases contracted at the reporting date but not recognised as liabilities are payable:

Within 1 year	3 264	3 119
Later than 1 year and not later than 5 years	10 319	9 671
Later than 5 years	7 479	13 236
	<u>21 062</u>	<u>26 026</u>

Representing:

Non-cancellable operating leases	21 062	26 026
----------------------------------	--------	--------

These commitments are exclusive of GST.

41 Contingent liabilities and contingent assetsContingent liabilities:

There are no known contingent liabilities.

Contingent assets:

There are no known contingent assets.

42 Events occurring after the balance sheet date

No known event or events occurred after year end which materially effects the results reflected in this financial report.

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
43 Remuneration of senior officers		
<u>Remuneration</u>		
<p>The number of senior officers whose total fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:</p>		
	<u>2006</u>	<u>2005</u>
\$20 001 to \$30 000	3	-
\$50 001 to \$60 000	-	1
\$70 001 to \$80 000	-	1
\$90 001 to \$100 000	1	1
\$100 001 to \$110 000	1	-
\$110 001 to \$120 000	5	3
\$120 001 to \$130 000	10	9
\$130 001 to \$140 000	5	8
\$140 001 to \$150 000	2	1
\$150 001 to \$160 000	2	3
\$160 001 to \$170 000	-	1
\$180 001 to \$190 000	-	1
\$200 001 to \$210 000	1	-
\$300 001 to \$310 000	1	1
The total remuneration of senior officers is:	3 874	4 040
<p>The total remuneration includes the superannuation expense incurred by the Department in respect of senior officers.</p>		

44 Remuneration of Auditor

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

Auditing the accounts, financial statements and performance indicators.

105	99
-----	----

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

45 Explanatory Statement

This statement provides details of any significant variations between estimates and actual results for income and expenses in 2006 and between the actual results for 2005 and 2006 as presented in the financial statement titled Summary of Consolidated Fund Appropriations and Income Estimates.

The following explanations are provided in accordance with Treasurer's Instruction 945. Significant variations are considered to be those greater than 10% or \$5,000,000.

	2005/06 Estimate (\$'000)	2005/06 Actual (\$'000)	Variance (\$'000)
(a) Significant variances between estimates and actual 2006 - Total Appropriation to deliver services			
Total appropriations provided to deliver services			
Reduction reflects the transfer out of the Resources Safety function to Department of Consumer and Employment Protection from 1 July 2005 and the Film Production Fund to Screen West, offset by the transfer in of the Office of Science & Innovation from Department of Premier Cabinet from 1 April 2006.	114 544	109 096	(5 448)
Capital contribution			
Reflects transfer of capital for the Security Upgrade of the Explosives Reserves the responsibility for which transferred with the transfer of the Resources Safety function to Department of Consumer and Employment Protection.	8 370	6 770	(1 600)
Total administered transactions			
<i>Petroleum (Submerged Land) Act 1982</i>			
Payments to the Commonwealth for its share of petroleum royalties collected under the Petroleum (Submerged Lands) Act 1982 were higher than anticipated due to increased royalty collections resulting from higher crude oil prices throughout the year.	11 253	18 497	7 244
Total Cost of Services			
Although there was no significant total variance there were significant variances in the following service expenditures:			
Health, Safety and Environmental Services			
Variance attributable to the transfer out of the Resources Safety function to Department of Consumer and Employment Protection from 1 July 2005.	24 086	8 281	(15 805)
Industry Development Services			
Variance reflects the impact of higher cost and demand pressures on the WA Overseas Office Network, implementation of new trade initiatives for which budget responsibility remained with another agency and increased activity by the Skills Migration Unit.	31 721	37 252	5 531
Office of Science			
Variance reflects expenditure by the Office of Science and Innovation which transferred in from Department of Premier Cabinet from 1 April 2006.	-	8 664	8 664
Capital Expenditure			
Purchase of non-current physical assets			
Deferral of the commencement of the Kalgoorlie Regional Complex Stage 2 project pending review of the escalation in construction costs and transfer of the Explosive Reserves Security Upgrade project to Department of Consumer and Employment Protection contributed to this variance.	10 100	3 713	(6 387)

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

Administered Revenues	2005/06 Estimate (\$'000)	2005/06 Actual (\$'000)	Variance (\$'000)
Territorial Royalties			
Actual royalty collections were much higher than estimated. The increase was largely due to higher crude oil prices and increased commodity prices for iron ore, diamonds, nickel and gold.	1 701 357	1 877 805	176 448
Regulatory Fees			
Receipt of unbudgeted petroleum ad valorem registration fees paid in respect of the sale of, or an interest in, petroleum projects. These fees are paid directly to the Consolidated Fund.	-	14 695	14 695
Appropriations			
The actual is significantly higher than the estimate due to additional funding provided under the Petroleum (Submerged Lands) Act 1982 for payments to the Commonwealth for its share of petroleum royalties collected under the Act. These were higher than anticipated due to increased royalty collections resulting from higher crude oil prices throughout the year.	52 930	60 174	7 244
(b) Significant variances between actuals for 2005 and 2006 - Total appropriation to deliver services:			
	2005/06 Actual (\$'000)	2004/05 Actual (\$'000)	Variance (\$'000)
Net amount appropriated to deliver services	114 000	100 048	13 952
This increase relates to decisions to provide additional funding for Project Approvals Reform, Raytheon Financial Assistance, United States of America Trade Office, Native vegetation clearing regulations and smaller policy initiatives.			
Section 25 transfer of appropriation			
Resources Safety to DOCEP	(12 849)	-	(12 849)
The is due to staff employed and resources allocated to administer the Mine Safety Inspection Act and the Dangerous Goods Act by the Department of Industry and Resources being transferred out to the Department for Consumer and Employment Protection from 1 July 2005.			
Office of Science from DPC	8 488	-	8 488
Functions from the Department of Premier Cabinet, Office of Science were transferred into the Department of Industry and Resources in April 2006.			
Total appropriations provided to deliver services	109 096	100 256	8 840
The increase in 2005/06 actuals reflects additional funding for Project Approvals Reform, Raytheon Financial Assistance, United States of America Trade Office, Native vegetation clearing regulations, the transfer in of the Office of Science functions and an offsetting transfer out of Health and Safety functions to the Department for Consumer and Employment Protection.			
Capital contribution	6 770	1 910	4 860
This increase mainly represents funding of the Kalgoorlie Complex Stage 2 and Mineral House air conditioning projects.			

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2005/06 Actual (\$'000)	2004/05 Actual (\$'000)	Variance (\$'000)
Administered grants, subsidies and other transfer payments	41 677	18 871	22 806
This variance is mainly due to decisions to increase funding on the Ravensthorpe Nickel and the Burrup Infrastructure subsidy projects.			
Amount authorised by other statutes			
Petroleum (Submerged Land) Act 1982	18 497	9 225	9 272
Payments to the Commonwealth for its share of petroleum royalties collected under the Petroleum (Submerged Lands) Act 1982 were higher in 2005/06 mainly due to greater than estimated royalty collections resulting from higher crude oil prices.			
Administered Capital Appropriations	2 100	-	2 100
In 2005/06 funding was provided for the Australian Marine Complex, Marine Industry Technology Park additional land acquisition and environmental costs.			
Total administered transactions	62 274	28 096	34 178
This increase is mainly due to expenditure on the Ravensthorpe Nickel project, the Burrup Infrastructure subsidy projects and payments to the Commonwealth for its share of petroleum royalties collected under the Petroleum (Submerged Lands) Act 1982 which were higher in 2005/06 mainly due to greater than estimated royalty collections resulting from higher crude oil prices .			
Health, Safety and Environmental Services	8 281	18 817	(10 536)
The decrease is due to staff employed and resources allocated to administer the Mine Safety Inspection Act and the Dangerous Goods Act by the Department of Industry and Resources being transferred out to the Department for Consumer and Employment Protection from 1 July 2005.			
Scientific Services	11 186	10 120	1 066
The increase is mainly due to a growth in research activities across all laboratories especially in the areas of soil salinity, agricultural and environmental management issues in the mining industry. There has also been more research collaboration with Commonwealth agencies and universities. Demand for services in emergency response and public health have also increased.			
Office of Science	8 664	-	8 664
Functions from the Department of Premier Cabinet, Office of Science were transferred into the Department of Industry and Resources in April 2006.			
Less total income	23 618	33 029	(9 411)
Income for 2004-05 included a one-off \$8.8 million CNOOC ad valorem fee.			
Net Cost of Services	119 210	112 102	7 108
This increase is a combination of a small decrease in expenditure from the transfers in and out of functions and a larger decrease in revenue due to the one-off \$8.8 million CNOOC ad valorem fee collected in 2004-05.			
Adjustment for movement in cash balances and other accrual items	(10 114)	(11 846)	1 732
Adjustments reflect changes in cash balances and other accruals such as payables, receivables, superannuation liabilities assumed by the Treasurer and resources received free of charge. The decrease from 2004/05 represents a small decrease in the utilisation of the Departments cash balances to fund services.			

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2005/06 Actual (\$'000)	2004/05 Actual (\$'000)	Variance (\$'000)
Total appropriations provided to deliver services	109 096	100 256	8 840
<p>The increase in 2004/05 actuals reflects additional funding for Project Approvals Reform, Raytheon Financial Assistance, United States of America Trade Office, Native vegetation clearing regulations, the transfer in of the Office of Science functions and an offsetting transfer out of Health and Safety functions to the Department for Consumer and Employment Protection.</p>			
Purchase of non-current physical assets	3 713	4 439	(726)
<p>This represents some Projects from the Departments Capital Works Program. The decrease is mainly due to the completion of an upgrade to the physical security at the Kalgoorlie and Baldivis explosive reserves.</p>			
Loans advanced	275	800	(525)
<p>The 2004/05 and 2005/06 figures represent loans provided to Bayside Abalone and Johnson Hi-Tech respectively.</p>			
Repayment of borrowings	487	663	(176)
<p>This reflects the Departments debt servicing obligations to the WA Treasury Corporation and Landcorp in relation to borrowings on the initial development of Technology Park at Bentley and the State buyback of the ASI groyne at Henderson. The decrease is mainly due to timing issues.</p>			
Adjustment for movement in cash balances and other funding sources sources	2 295	(3 992)	6 287
<p>This represents funds carried over from one year to the next as a result of unexpected project delays in development or construction stages.</p>			
Capital contribution	6 770	1 910	4 860
<p>This increase mainly represents funding of the Kalgoorlie Complex Stage 2 and Mineral House air conditioning projects.</p>			
Total Territorial	1 877 805	1 419 322	458 483
<p>2005/06 royalty collections were significantly higher than 2004/05 largely due to increased receipts from petroleum due to higher crude oil and LNG prices during this period. Iron ore receipts were also higher due to increased prices and a lower exchange rate. Diamond royalty collections were higher due to increase diamond sales, higher prices. Lease rentals were significantly higher due to large number mining lease applications received prior to February 2006 commencement Mining Amendment Act 2004.</p>			
Regulatory Fees	14 695	2 179	12 516
<p>This represents the receipt of unbudgeted petroleum ad valorem registration fees paid in respect of the sale of, or an interest in, petroleum projects. These fees were paid directly to the Consolidated Fund.</p>			
Commonwealth Contributions	-	6 839	(6 839)
<p>The 2004/05 figure represents contributions towards the Jervoise Bay Southern Precinct and Ngaanyatjarra Lands Projects.</p>			
Contribution from Regional Investment Fund	-	4 500	(4 500)
<p>The 2004/05 figure represents the final contribution towards the Protecting Our Old Growth Forest program.</p>			

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements*For the year ended 30 June 2006*

	2005/06	2004/05	Variance
	Actual	Actual	
	(\$'000)	(\$'000)	(\$'000)
Appropriations	60 174	36 377	23 797
The increase in 2005/06 is mainly due to expenditure on the Ravenhorpe Nickel project, the Burrup Infrastructure Subsidy projects and payments to the Commonwealth for its share of petroleum royalties collected under the Petroleum (Submerged Lands) Act 1982 which were higher in 2005/06 mainly due to greater than estimated royalty collections resulting from higher crude oil prices .			
Other Revenue	642	3 529	(2 887)
The 2004/05 figure mainly represents one-off funds received from the Department of Housing and Works as part of the negotiated settlement between disputing parties on the East Rockingham Woolscour Rectification project.			

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements*For the year ended 30 June 2006***46 Financial instruments****(a) Financial Risk Management Objectives and Policies**

Financial instruments held by the Department are cash and cash equivalents, finance leases, Treasurer's advances and receivables and payables. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

Credit risk

The Department trades only with recognised, creditworthy third parties. The Department has policies in place to ensure that sales of products, services and loans (included in receivables on the balance sheet) are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. There are no significant concentrations of credit risk other than borrowings of \$19m to a counter party which is payable in 2013.

Liquidity risk

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.

Cash flow interest rate risk

The Department is exposed to interest rate risk because although cash and cash equivalents and restricted cash are non-interest bearing, there are interest bearing borrowings other than the Treasurer's advance (non-interest bearing).

(b) Financial Instrument disclosures

Financial instrument information for the year ended 2005 has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. Financial instrument information from 1 July 2005 has been prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'. See also note 3(x) 'Comparative figures'.

Financial Instruments

The following table details the Department's exposure to interest rate risk as at the reporting date:

	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturity						Non - interest Bearing	Total
			Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years		
2006	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets										
Cash and cash equivalents	-	-	-	-	-	-	-	-	14 963	14 963
Restricted Cash and cash equivalents	-	-	-	-	-	-	-	-	547	547
Receivables	-	-	-	-	-	-	-	-	4 505	4 505
Loans and Advances	-	-	-	-	-	-	-	-	12 506	12 506
Amounts receivable for services	-	-	-	-	-	-	-	-	9 242	9 242
									41 763	41 763

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	Weighted Average Effective Interest Rate	Variable Interest Rate	Within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Non - interest Bearing	Total
2006	%	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Liabilities										
Payables	-	-	-	-	-	-	-	-	6 136	6 136
Borrowings	6.63	5 569	-	-	-	-	-	-	-	5 569
Amounts due to the Treasurer	-	-	-	-	-	-	-	-	1 200	1 200
		5 569	-	-	-	-	-	-	7 336	12 905

Interest Rate Risk Exposure

The following table details the Department's exposure to interest rate risk as at the reporting date

	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Interest Rate - Maturity			More than 5 Years	Non- Interest Bearing	Total
			Less than 1 Year	1 to 5 Years				
2005	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Financial Assets								
Cash & amounts in suspense	-	-	-	-	-	-	9 480	9 480
Restricted cash assets	-	-	-	-	-	-	606	606
Accounts receivable	-	-	-	-	-	-	3 052	3 052
Loans and advances	-	-	-	-	-	-	21 679	21 679
Amounts Receivable for Services	-	-	-	-	-	-	8 168	8 168
		-	-	-	-	-	42 985	42 985
Financial liabilities								
Accounts payable	-	-	-	-	-	-	9 819	9 819
Amounts due to Treasurer	-	-	-	-	-	-	1 200	1 200
WATC loans	5.72	6 611	-	-	-	-	-	6 611
Other loans	8.87	1 534	-	-	-	-	-	1 534
		8 145	-	-	-	-	11 019	19 164

Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their fair value, determined in accordance with the accounting policies disclosed in note 2 to the financial statements.

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

47 Related bodies

The Department had no related bodies as defined in the Financial Administration and Audit Act 1985 and Treasurer's Instruction 951.

48 Affiliated bodies

Western Australian Technology and Industry Advisory Council (TIAC)

The Technology and Industry Advisory Council (TIAC), which was established by the Technology Development Amendment Act 1987 and continues under the Industry Technology Development Act 1988, is totally funded by the Department of Industry and Resources. TIAC received funding of \$589,000 for the year ending 30 June 2006. The TIAC Board is not subject to operational control by the Department although it receives administrative support.

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006 \$'000	2005 \$'000
49 Accounts of the Trust Fund		
Survey of leases under the Mining Act Account		
<p>Survey fees collected under the Mining Act are paid into this account. The actual cost of surveys is charged to the Consolidated Fund, and fees previously collected are transferred to Consolidated Revenue. If the applicant decides not to proceed with the survey, the fee collected is refunded.</p>		
Opening balance 1 July	930	931
<u>Add</u> receipts	-	-
	<u>930</u>	<u>931</u>
<u>Less</u> payments		
Refunds	807	1
	<u>807</u>	<u>1</u>
Closing balance 30 June	<u>123</u>	<u>930</u>
Barrow Island Royalty Trust Account		
<p>The account was created under the Barrow Island Royalty Trust Account Act 1985 which provides for royalty payments received under the Barrow Island lease to be credited to the account and subsequently apportioned between the Commonwealth and the State.</p>		
Opening balance 1 July	8 090	7 848
<u>Add</u> receipts		
Royalties received	51 263	39 658
	<u>51 263</u>	<u>39 658</u>
<u>Less</u> payments		
Remitted to State	12 003	9 854
Remitted to Commonwealth	36 007	29 562
	<u>48 010</u>	<u>39 416</u>
Closing balance 30 June	<u>11 343</u>	<u>8 090</u>

Departmental receipts in suspense

This account is to hold moneys temporarily, pending identification of the purpose for which the funds were received. The balance of the account as at 30 June 2006 was \$54,885

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

Deposits Mines Department account

Funds held are received for the issue of temporary reserves and exploration permits pending finalisation of certain legal requirements.

Opening balance 1 July	2 327	2 243
<u>Add receipts</u>		
Bonds, Securities	-	349
Interest	106	33
	<u>106</u>	<u>382</u>
	<u>2 433</u>	<u>2 625</u>
<u>Less payments</u>		
Refunds of bonds, securities	-	265
Interest transferred	30	33
	<u>30</u>	<u>298</u>
	<u>2 403</u>	<u>2 327</u>
Closing balance 30 June	2 403	2 327

Special Projects Trust Fund account

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

This account includes an agreement between the Commonwealth and the Department (Indian Ocean Territories Agreement) to carry out inspection services at Christmas Island. With an opening balance of \$63,346, receipts totalled \$0 and payments made totalled \$42,048 giving a closing balance of \$21,298

Opening Balance 1 July	1 163	1 395
<u>Add receipts</u>		
Contribution from Industry and Government	386	911
	<u>1 549</u>	<u>2 306</u>
<u>Less payments</u>		
Salaries	66	130
Travel	29	57
Equipment, other	39	12
Consultants	410	944
	<u>544</u>	<u>1 143</u>
	<u>1 005</u>	<u>1 163</u>
Closing Balance 30 June	1 005	1 163

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006 \$'000	2005 \$'000
Forest Residue Utilisation Levy Trust Fund		
Purpose - To hold funds appropriated by Parliament for the purpose of funding studies and programs which add value to forest residues.		
Opening Balance 1 July	60	60
<u>Add</u> receipts	-	-
	<u>60</u>	<u>60</u>
<u>Less</u> payments	-	-
	<u>60</u>	<u>60</u>
Closing Balance 30 June	60	60
Australia China Natural Gas Technology Partnership Trust Fund		
The trust is to hold funds for the purpose of training Chinese managers from the natural gas industry in China, as well as joint Australia/China research programs. Training will be conducted in both countries.		
Opening Balance 1 July	392	-
<u>Add</u> receipts	633	553
	<u>1 025</u>	<u>553</u>
<u>Less</u> payments		
Salaries	102	42
Consultants	668	92
Travel	23	10
Accommodation	49	-
Other payments	1	17
	<u>843</u>	<u>161</u>
Closing Balance 30 June	182	392

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006	2005
	\$'000	\$'000
Research Trusts		
The following moneys are held on behalf of various institutions for which the Chemistry Centre (WA) performs various specified research projects.		
Opening Balance 1 July	435	310
<u>Add</u> receipts		
Revenue received	1 302	886
	<u>1 737</u>	<u>1 196</u>
<u>Less</u> payments		
Money spent on research	1 223	761
	<u>514</u>	<u>435</u>
Closing Balance 30 June	514	435
Wittenoom Relocation Trust Account		
The purpose of the trust account is to hold funds for the relocation of Wittenoom residents and land purchases packages.		
Opening Balance 1 July	-	46
<u>Add</u> receipts		
	<u>-</u>	<u>46</u>
<u>Less</u> payments		
Purchase of property reclaimed	-	44
Maintenance of buildings	-	2
	<u>-</u>	<u>46</u>
Closing Balance 30 June	-	-
Regional Headworks Development Scheme Trust Account		
The purpose of the account is to hold funds appropriated for the purpose of assistance under the Regional Headworks Development Scheme.		
Opening Balance 1 July	5 045	5 154
<u>Add</u> receipts		
	<u>-</u>	<u>-</u>
	5 045	5 154
<u>Less</u> payments		
Grants	-	109
	<u>-</u>	<u>109</u>
Closing Balance 30 June	5 045	5 045

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006 \$'000	2005 \$'000
Western Australian Industry and Technology Development Account		
The purpose of the account is to record funds received and expenditure charged in accordance with the Industry and Technology Development Act 1998 (ITDA).		
Opening Balance 1 July	6 853	12 462
<u>Add receipts</u>		
Drawdowns	18 071	99 233
Contribution from Department of Local Government and Regional Development	-	4 500
Loans received	794	1 480
Other revenue	3 238	1 619
	<u>22 103</u>	<u>106 832</u>
<u>Less payments</u>		
Loans, grants etc	28 814	112 441
	<u>28 814</u>	<u>112 441</u>
Closing Balance 30 June	<u>142</u>	<u>6 853</u>
50 Supplementary financial information		
<u>Losses Through Theft, Defaults and Other Causes</u>		
Losses of public moneys and public or other property through theft or default	-	-
Amount recovered	-	-
	<u>-</u>	<u>-</u>
<u>Write Offs</u>		
Public and other property, revenue and debts due to the State, written off in accordance with section 45 of the Financial Administration and Audit Act by:		
The Accountable Officer	8	-
The Minister	60	15
Executive Council		2 207
	<u>68</u>	<u>2 222</u>
Analysis of losses written off		
Bad debts	68	2 207
Non-current assets		15
	<u>68</u>	<u>2 222</u>
<u>Gifts of Public Property</u>		
Gifts of public property provided by the Department	-	-

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006	2005
	(\$'000)	(\$'000)
51 Schedule of Administered Items		
ADMINISTERED EXPENSES & INCOME		
EXPENSES		
Interest	88	-
Petroleum (Submerged Lands) Act 1982	18 497	17 778
Refunds of Previous Years' Revenue	4 510	4 862
Services and contracts	1 164	6 164
Depeciation Amortisation and Impairment losses	861	-
Payments to Consolidated Fund	1 815 423	1 309 048
Grants	39 610	116 100
Write down on disposal of asset	-	19 209
Total administered expenses	<u>1 880 153</u>	<u>1 473 161</u>
INCOME		
Rentals and royalties	1 877 805	1 419 322
Regulatory fees	14 695	1 850
Grants	-	13 964
Interest	304	168
Revenues from Government	60 174	36 377
Transfer from Reserves	-	55
Other income	338	1 359
Total administered income	<u>1 953 316</u>	<u>1 473 095</u>
ADMINISTERED ASSETS & LIABILITIES		
ASSETS		
<u>Current Assets</u>		
Cash and cash equivalents	22 302	10 128
Receivables	383 879	306 091
Restricted cash	5 045	17 554
Loans	2 347	-
GST Receivable	-	-
Total administered current assets	<u>413 573</u>	<u>333 773</u>
Administered non-current assets		
Fixed assets under construction	693	882
Computing equipment	13	13
Loans	20 736	21 947
Total administered non-current assets	<u>21 442</u>	<u>22 842</u>
Total administered assets	<u>435 015</u>	<u>356 615</u>
LIABILITIES		
<u>Current Liabilities</u>		
Payments received in advance	8 630	10 959
Accounts payable	6 854	4 793
Other Liabilities	113	-
GST Payable	87	738
Total administered Current liabilities	<u>15 684</u>	<u>16 490</u>
<u>Non-Current Liabilities</u>		
Loans	2 089	-
Total administered non-current Liabilities	<u>2 089</u>	<u>-</u>
Total administered liabilities	<u>17 773</u>	<u>16 490</u>

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

	2006 (\$'000)	2005 (\$'000)
Administered expenses and income		
<u>Expenses (a)</u>		
Disposal of land		.
Write down on disposal of asset	-	19 209
	-	19 209
<p>Wool Precinct Waste Water Treatment Plant</p> <p>(a) The Department constructed over several years a Wool Precinct Waste Water Treatment Plant to assist the wool processing industry. Following completion of the facility and resolution of disputes the plant (\$18,788,641) and the land (\$420,000) were transferred to the benefit of the local industry at no cost.</p>		
<u>Revenue</u>		
Rentals and royalties		
The Department is responsible for collection of certain rentals and royalties. These are not classified as operating revenues and are paid directly to Consolidated Fund.		
Collections made during the year were \$1,727m and revenues due but not collected were \$384m .		
Royalties		
Petroleum - Commonwealth	609 803	505 766
Petroleum - State	71 422	64 722
Iron Ore	721 808	464 845
Diamonds	43 500	35 558
Alumina	69 960	54 735
Mineral sands	29 300	26 036
Nickel	93 029	91 959
Gold	91 623	74 166
Other	83 905	51 918
Lease rentals	63 455	49 617
Total Royalties	1 877 805	1 419 322
Administered assets		
<u>Administered current assets</u>		
Accounts receivable	383 879	306 091

This mainly represents royalty not collected as at 30 June 2006 on production which occurred prior to balance date.

Administered Contingent Liabilities

Administered Contingent Liabilities

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

Two claims have been made for refunds of royalties. If successful, the claims would represent a potential liability between \$2 million and \$2.5 million.

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

52. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

RECONCILIATION OF EQUITY AT THE DATE OF TRANSITION TO AIFRS: 1 JULY 2004 (AASB 1.39(a)(i))

Note	Previous GAAP 1 Jul 2004	Adjustments											Total Adjustments	AIFRS 1 Jul 2004			
		Reclassification	Reclassification	Error	Reclassification	Write down	Error	Error	Error	Error	Error	Reclassification					
		AASB 5 52.1a	AASB 5 52.1a	AASB 108 52.2a	AASB 138 52.3a	AASB 138 52.3a	AASB 108 52.4a	AASB 108 52.5a	AASB 108 52.5a	AASB 108 52.5a	AASB 108 52.5a	AASB 108 52.4a			AASB119 52.6a		
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)		
ASSETS															Final		
Current Assets																	
(1)	Cash and cash equivalents	11 751														-	11 751
	Restricted cash and cash equivalents	342														-	342
	Inventories	5 089	(1 865)													(1 865)	3 224
	Receivables	2 199															2 199
(2)	Amounts receivable for services	1 610															1 610
(3)	Other Assets	713			122											122	835
(4)	Non current assets classified as held for sale	-	1 865	1 088												2 953	2 953
	Total current assets	21 704		1 088	122											1 210	22 914
Non Current Assets																	
	Restricted cash and cash equivalents	2 192															2 192
	Receivables	22 251															22 251
(2)	Amounts receivable for services	4 986															4 986
	Property, plant, equipment and vehicles	67 171	(1 170)		(357)	(161)	(1 589)	8 778	(458)			21				5 225	72 396
	Intangible assets	-			357	(161)										196	196
	Works in progress	10 538		(122)				(8 778)			(1 199)					(10 099)	439
	Total non-current assets	107 138	(1 170)	(122)	(161)	(1 589)	(1 589)	(458)	(1 199)	21					(4 678)	102 460	
	TOTAL ASSETS	128 842	(82)		(161)	(1 589)		(458)	(1 199)	21					(3 468)	125 374	

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
For the year ended 30 June 2006

52. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

RECONCILIATION OF EQUITY AT THE DATE OF TRANSITION TO AIFRS: 1 JULY 2004 (AASB 1.39(a)(i))

Note	Previous GAAP 1 Jul 2004	Adjustments											Total Adjustments	AIFRS 1 Jul 2004			
		Reclassification	Reclassification	Error	Reclassification	Write down	Error	Error	Error	Error	Error	Reclassification					
		AASB 5 52.1a	AASB 5 52.1a	AASB 108 52.2a	AASB 138 52.3a	AASB 138 52.3a	AASB 108 52.4a	AASB 108 52.5a	AASB 108 52.5a	AASB 108 52.5a	AASB 108 52.5a	AASB 108 52.4a			AASB119 52.6a		
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)		
LIABILITIES																	
Current Liabilities																	
	Payables	8 008														-	8 008
(5)	Other Borrowings	1 340														-	1 340
(6)	Other current liabilities	1 897														-	1 897
	Revenue received in advance	373														-	373
	Amounts due to the Treasurer	1 200														-	1 200
	Provisions	9 105													600	600	9 705
	Total current liabilities	21 923													600	600	22 523
Non Current Liabilities																	
(5)	Other borrowings	6 668															6 668
	Provisions	5 955													(600)	(600)	5 355
	Total non-current liabilities	12 623													(600)	(600)	12 023
	TOTAL LIABILITIES	34 546															34 546
	Net Assets	94 296	(82)			(161)	(1 589)		(458)	(1 199)	21				(3 468)	90 828	
EQUITY																	
	Contributed equity	47 560															47 560
	Asset revaluation reserve	37 625															37 625
	Accumulated surplus/deficiency	9 111	(82)			(161)	(1 589)		(458)	(1 199)	21				(3 468)	5 643	
	Total equity	94 296	(82)			(161)	(1 589)		(458)	(1 199)	21				(3 468)	90 828	

- (1) Equivalent AGAAP line item 'Cash Assets' (AIFRS 'Cash and Cash Equivalents')
- (2) Equivalent AGAAP line item 'Amounts receivable for outputs' (AIFRS 'Amounts receivable for services')
- (3) Equivalent AGAAP line item 'Other Assets' (AIFRS 'Current assets')
- (4) New AIFRS category
- (5) Equivalent AGAAP line item 'Interest-bearing liabilities' (AIFRS 'Borrowings')
- (6) Equivalent AGAAP line item 'Other liabilities' (AIFRS 'Other current liabilities')

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2006

52. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

RECONCILIATION OF EQUITY AT THE END OF THE LAST REPORTING PERIOD UNDER PREVIOUS AGAAP: 30 JUNE 2005 (AASB 1.39(a)(ii))

Note	GAAP Re-mapping			Adjustments				Total	AIFRS	
	30 Jun 2005	adjustments	30 Jun 2005	AASB 5	AASB 5	AASB 138	AASB 138	AASB 138	AASB 119/108	
		(7)		52.1b	52.1b	52.3b(2)	52.3b(3)	52.3b(1)	52.6b	
	(\$'000)			(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	
ASSETS										
Current Assets										
(1)	Cash and cash equivalents	9 487	(7)	9 480						9 480
	Restricted cash and cash equivalents	599	7	606						606
	Inventories	2 160		2 160		(1 672)			(1 672)	488
	Receivables	3 052		3 052						3 052
(2)	Amounts receivable for services	1 661		1 661						1 661
(3)	Other Assets	2 200		2 200						2 202
(4)	Non current assets classified as held for sale	-		-	1 088	1 672			2 760	2 760
	Total current assets	19 159	-	19 159	1 088				1 088	20 249
Non Current Assets										
	Restricted cash and cash equivalents	-		-						-
	Receivables	21 679		21 679						21 679
(2)	Amounts receivable for services	6 507		6 507						6 507
	Property, plant, equipment and vehicles	77 307		77 307	(1 170)	126	18	(357)	(1 383)	75 924
	Intangible assets	-		-		(126)	(18)	357	213	213
	Works in progress	1 003		1 003						1 003
	Total non-current assets	106 496	-	106 496	(1 170)				(1 170)	105 326
	TOTAL ASSETS	125 655	-	125 655	(82)				(82)	125 575

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2006

52. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

RECONCILIATION OF EQUITY AT THE END OF THE LAST REPORTING PERIOD UNDER PREVIOUS AGAAP: 30 JUNE 2005 (AASB 1.39(a)(ii))

Note	GAAP Re-mapping		Adjustments				Total		AIFRS		
	30 Jun 2005	adjustments (7)	30 Jun 2005	AASB 5 52.1b	AASB 5 52.1b	AASB 138 52.3b(2)	AASB 138 52.3b(3)	AASB 138 52.3b(1)	AASB 119/108 52.6b	Adjustments	30 Jun 2005
	(\$'000)		(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
LIABILITIES											
Current Liabilities											
	Payables	9 819	9 819								9 819
(5)	Other Borrowings	1 258	1 258								1 258
(6)	Other current liabilities	317	317								317
	Revenue received in advance	456	456								456
	Amounts due to the Treasurer	1 200	1 200								1 200
	Provisions	11 031	11 031						1 243	1 243	12 274
	Total current liabilities	24 081	-	24 081					1 243	1 243	25 324
Non Current Liabilities											
(5)	Other borrowings	6 887	6 887								6 887
	Provisions	5 283	5 283						(504)	(504)	4 779
	Total non-current liabilities	12 170	-	12 170					(504)	(504)	11 666
	TOTAL LIABILITIES	36 251	-	36 251					739	739	36 990
	Net Assets	89 404	89 404	(82)					(739)	(821)	88 585
EQUITY											
	Contributed equity	49 469	49 469								49 469
	Asset revaluation reserve	39 794	39 794								39 794
	Accumulated surplus/deficiency	141	141	(82)					(739)	(820)	(678)
	Total equity	89 404	89 404	(82)					(739)	(820)	88 585

(1) Equivalent AGAAP line item 'Cash Assets' (AIFRS 'Cash and Cash Equivalents')

(2) Equivalent AGAAP line item 'Amounts receivable for outputs' (AIFRS 'Amounts receivable for services')

(3) Equivalent AGAAP line item 'Other Assets' (AIFRS 'Current assets')

(4) New AIFRS category

(5) Equivalent AGAAP line item 'Interest-bearing liabilities' (AIFRS 'Borrowings')

(6) Equivalent AGAAP line item 'Other liabilities' (AIFRS 'Other current liabilities')

(7) Adjustments to account groupings to correct prior year allocation

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2006

RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) FOR YEAR ENDED 30 JUNE 2005 (AASB 1.39(b))

Note	GAAP	Re-mapping	30 Jun 2005	Adjustments							Total	AIFRS
	30 Jun 2005	adjustments & FBT reclass (9)		30 Jun 2005	AASB 116 52.7a	AASB 116 52.7a	AASB 138 52.3c	AASB 108 52.5b(1)	AASB 108 52.5b(2)	AASB 108 52.4b	AASB 119/108 52.6c	Adjustments
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
COST OF SERVICES												
Expenses												
(1) Employee benefits expense	71 278	2 527	73 805								595	74 400
(2) Supplies and services	40 408	(1 775)	38 633					(1 199)			(1 199)	37 434
Depreciation and Amortisation expense	3 442		3 442				(458)		21		(437)	3 005
(3) Finance costs	604		604									604
Accommodation expenses	7 040	23	7 063									7 063
Grants and subsidies	11 581		11 581									11 581
Capital User Charge	7 908		7 908									7 908
(6) Other expenses	827	(775)	52								143	195
Cost of goods sold	203		203									203
Inventory write-down to net realisable value	2 624		2 624									2 624
(4) Carrying amount of non-current assets disposed of	129		129	(129)							(129)	-
(4) Loss on disposal of non current assets			-	115	(1)						114	114
(5) Loss on disposal of other assets			-									-
			-									-
Total cost of services	146 044	-	146 044	(14)	(1)		(458)	(1 199)	21	739	(914)	145 131
Income												
Revenue												
User charges and fees	30 691		30 691									30 691
Sales	298		298									298
(7) Other revenue	1 879		1 879			161					161	2 040
(4) Proceeds from disposal of non-current assets	14		14	(14)							(14)	-
Total revenue	32 882	-	32 882	(14)		161					147	33 029

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2006

RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) FOR YEAR ENDED 30 JUNE 2005 (AASB 1.39(b))

Note	GAAP	Re-mapping	30 Jun 2005	Adjustments							Total	AIFRS
	30 Jun 2005	adjustments & FBT reclass (9)		30 Jun 2005	AASB 116	AASB 116	AASB 138	AASB 108	AASB 108	AASB 108	AASB 119/108	Adjustments
	(\$'000)	(\$'000)	(\$'000)	52.7a	52.7a	52.3c	52.5b(1)	52.5b(2)	52.4b	52.6c	(\$'000)	(\$'000)
COST OF SERVICES												
Gains												
(4) Gain on disposal of non-current assets												-
(5) Gain on disposal of other assets												-
Other gains												-
Total Gains												-
Total income other than income from State Government	32 882	-	32 882	(14)	-	161	-	-	-	-	147	33 029
NET COST OF SERVICES	113 162	-	113 162		(1)	(161)	(458)	(1 199)	21	739	(1 061)	112 102
INCOME FROM STATE GOVERNMENT												
Service Appropriation	100 256		100 256									100 256
Liabilities assumed by the Treasurer	2 239		2 239									2 239
Assets assumed/(transferred)	(518)	(518)							1 589		1 589	1 071
Initial recognition of assets not previously recognised												-
Resources received free of charge	2 215	2 215										2 215
Total Income from State Government	104 192	-	104 192						1 589		1 589	105 781
(8) SURPLUS/DEFICIT FOR THE PERIOD	(8 970)	-	(8 970)		1	161	458	1 199	1 568	(739)	2 650	(6 321)

(1) Equivalent AGAAP line item 'Employee expenses' (AIFRS 'Employee benefits expense')

(2) Supplies and services now includes Administration expenses

(3) Equivalent AGAAP line item 'Borrowing costs expense' (AIFRS 'Finance costs')

(4) Disposals are treated on the net basis under AIFRS

(5) New AIFRS category

(6) Equivalent AGAAP line item 'Other expenses from ordinary activities' (AIFRS 'Other expenses')

(7) Equivalent AGAAP line item 'Other revenues from ordinary activities' (AIFRS 'Other revenue')

(8) Equivalent AGAAP line item 'Change in net assets' (AIFRS 'Surplus/(deficit)')

(9) Adjustments to account groupings to correct prior year allocation and FBT reclassification for comparison to current year

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2006

RECONCILIATION OF CASH FLOW STATEMENT FOR YEAR ENDED 30 JUNE 2005 (AASB 1.40)

Note	GAAP 30 June 2005	Adjustments AASB 119 52.6d	Total	AIFRS 30 June 2005
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
CASH FLOWS FROM STATE GOVERNMENT				
	97 074			97 074
	1 910			1 910
	1 610			1 610
	-			-
	100 594	-	-	100 594
Utilised as follows:				
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
(1)	(62 837)	(6 457)	(6 457)	(69 294)
	(37 101)			(37 101)
	(6 457)	6 457	6 457	-
	(6 798)			(6 798)
	(11 581)			(11 581)
	(7 908)			(7 908)
(2)	(675)			(675)
				-
	(6 219)			(6 219)
	(24)			(24)
Receipts				
	298			298
	30 428			30 428
	4 745			4 745
	1 220			1 220
	1 879			1 879
	(101 030)	-	-	(101 030)
CASH FLOWS FROM INVESTING ACTIVITIES				
	(4 439)			(4 439)
	14			14
	(800)			(800)
	1 325			1 325
	(3 900)	-	-	(3 900)
CASH FLOWS FROM FINANCING ACTIVITIES				
				-
	800			800
	(663)			(663)
	137	-	-	137
Net increase/(decrease) in cash and cash equivalents				
	(4 199)			(4 199)
	14 285			14 285
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD				
	10 086	-	-	10 086

(1) Equivalent AGAAP line item 'Employee costs' (IFRS 'Employee benefits')

(2) Equivalent AGAAP line item 'Borrowing costs expense' (IFRS 'Finance costs')

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2006

Notes to the reconciliations

Note 52.1 Non-Current Assets held for Sale (AASB 5)

AASB 5 requires non-current assets held for sale to be disclosed as a separate class of asset on the balance sheet. Assets classified as non-current assets classified as held for sale are not depreciated and are measured at the lower of carrying amount (prior to reclassification) and fair value less selling costs.

The Department has identified items of property, plant, equipment and vehicles that are required to be classified as non-current assets classified as held for sale and has made the following adjustments:

52.1a Adjustments to opening Balance Sheet (1 July 2004)

The Department has transferred \$1,170,000 from property, plant and equipment to non-current assets classified as held for sale. In addition Inventories representing land to the value of \$1,865,000 has been reclassified as non current assets classified as held for sale.

The total amount transferred (\$3,035,000) less estimated selling costs (\$82,000) is in respect of assets available for sale at 1 July 2004 and represents the carrying amount at the date the assets became available for sale. No adjustment is required in respect of assets sold prior to 30 June 2004.

Estimated selling costs of \$82,000 has been adjusted against the accumulated surplus/deficiency.

52.1b Adjustments to 30 June 2005 Balance Sheet

The Department has transferred \$1,170,000 from property, plant and equipment to non-current assets classified as held for sale. In addition Inventories representing land to the value of \$1,672,000 has been reclassified as non current assets classified as held for sale.

The amount transferred (\$2,842,000) less estimated selling costs (\$82,000) is in respect of assets available for sale at 30 June 2005 and represents the carrying amount at the date the assets became available for sale.

Estimated selling costs of \$82,000 has been adjusted against the accumulated surplus.

Note that fair value is the estimated selling price.

Note 52.2 Error - Prepayments (AASB 108)

Under AASB108 errors are accounted for by adjustment to the opening balance of the earliest prior period presented in the Financial Statements.

52.2a Adjustments to opening Balance Sheet (1 July 2004)

Work in progress of \$122,000 has been reclassified to other assets as this represents pre-payments incorrectly shown as part of work in progress.

Note 52.3 Intangible assets (AASB 138)

AASB 138 requires that software not integral to the operation of a computer must be disclosed as intangible assets. Intangible assets must be disclosed on the balance sheet. All software has previously been classified as property, plant, equipment and vehicles (computer hardware and software)

52.3a Adjustments to opening Balance Sheet (1 July 2004)

The Department has transferred a net amount of \$357,025 (cost \$533,112 and accumulated depreciation \$176,087) in software from property, plant, equipment and vehicles to intangible assets.

An assessment of the intangible software for impairment determined that software no longer in use to the value of \$161,112 (cost \$197,280 and accumulated depreciation \$36,168) should be expensed against the accumulated surplus/deficiency.

52.3b Adjustments to 30 June 2005 Balance Sheet

(1) The Department has transferred a net amount of \$357,025 (cost \$533,112 and accumulated depreciation \$176,087) in software from property, plant, equipment and vehicles to intangible assets.

(2) \$126,050 represents the depreciation expense for the year, to be transferred as a result of the reclassification of software assets to intangibles from property, plant, equipment and vehicles (PPE).

(3) This represents the net cost (\$18,388) of the assets that were software related and were reclassified as intangibles, disposed of during 2004/05.

DEPARTMENT OF INDUSTRY AND RESOURCES

Notes to the Financial Statements

for the year ended 30 June 2006

Notes to the reconciliations

52.3c Adjustments to the Income Statement for the period ended 30 June 2005

An intangible asset (\$161,112) that was derecognised in the 2003/04 balance sheet, was subsequently still required. It has been brought back through the income statement, decreasing the loss.

Note 52.4 Error - Property, plant, equipment and vehicles (AASB 108)

Under AASB108 errors are accounted for by adjustment to the opening balance of the earliest prior period presented in the Financial Statements.

52.4a Adjustments to opening Balance Sheet (1 July 2004)

The value of the Departments interest in the land and buildings at Technology Park, Bentley has been adjusted in accordance with its entitlement to the ownership. The entitlement is now 19.74%, (previously reported as 100%). Accordingly the reduction in value (loss) of \$1,589,148 has been taken to the accumulated surplus. Accumulated depreciation on the buildings of \$21,246 has also been taken to accumulated surplus/deficit.

52.4b Adjustments to the Income Statement for the period ended 30 June 2005

The accumulated depreciation on the buildings of \$21,246 has been taken to accumulated surplus. The reduction in value of the land and buildings (\$1,589,148) at Technology Park was recognised in the IFRS 2003/04 balance sheet and also the 2004/05 AGAAP statements. To remove the duplication effect this amount has been reversed in IFRS for 2004/05, decreasing the loss made by the Department.

Note 52.5 Error - Work in Progress (AASB 108)

Under AASB108 errors are accounted for by adjustment to the opening balance of the earliest prior period presented in the Financial Statements.

52.5a Adjustments to opening Balance Sheet (1 July 2004)

The expenditure on the Kalgoorlie and Carlisle building complexes were reviewed and it was determined that the practical completion of each building had occurred in prior years, however the assets had not been capitalised. The buildings have been transferred to Property Plant, equipment and vehicles (\$8,778,438) and depreciation applied from the completion dates (\$457,752) has been taken to accumulated surplus.

The expenditures on the other items held in work in progress were reviewed as to whether they would form an asset in accordance with AASB116. The outcome was that several projects will not meet the recognition criteria for an asset and the costs should be written off. Costs amounting to \$1,198,662 have been taken to accumulated surplus/deficit.

52.5b Adjustments to the Income Statement for the period ended 30 June 2005

(1) Depreciation has been reduced by \$457,752 to reflect that this had already been accounted for in the 2003/04 IFRS equity result. The buildings that were transferred to PPE were already depreciated from the completion date in that equity result. The AGAAP loss 2004/05 includes the depreciation calculated from completion for the first time, therefore that amount has been reversed to offset the duplication of the initial depreciation recognition. The loss is reduced by the same amount.

(2) The expenditures (\$1,198,662) on items held in work in progress that were assessed as not eventuating to form an asset were also expensed in the AGAAP statements in 2004/05. To remove the duplication effect this amount has been reversed in IFRS, decreasing the loss.

Note 52.6 Employee benefits (AASB 119 and AASB 101) and error (AASB108)

AASB 101 requires that a liability must be classified as current where the entity does not have an unconditional right to defer settlement of the liability for at least twelve months beyond the reporting date. Consequently, all annual leave and long service leave entitlements (unconditional long service leave) must now be classified as current. Non-vested long service leave liability will be non current to the extent that it does not become unconditional within 12 months from reporting date.

Employment on-costs are not included in employee benefits under AGAAP or AIFRS. However, under AGAAP employee benefits and on-costs are disclosed together on the face of the Income Statement as Employee costs. Under AIFRS employee benefits will be the equivalent item disclosed on the face. On-costs are transferred to other expenses.

DEPARTMENT OF INDUSTRY AND RESOURCES
Notes to the Financial Statements
for the year ended 30 June 2006

Notes to the reconciliations

Under AASB108 errors are accounted for by adjustment to the opening balance of the earliest prior period presented in the Financial Statements.

52.6a Adjustments to opening Balance Sheet (1 July 2004)

All unconditional long service leave previously reported as non-current liability has been reclassified to current liability \$600,000

52.6b Adjustments to 30 June 2005 Balance Sheet

Actuarial assessment of the leave provisions resulted in current provisions increasing by \$1,243,000 of which \$504,000 was unconditional long service leave previously reported as non-current liability, and now reclassified to current liability. The net movement (\$739,000) was an additional expense.

52.6c Adjustments to the Income Statement for the period ended 30 June 2005

The net increase in employee benefits of \$739,000 has increased the loss for the year. The employment on-costs portion of the expense has been reclassified from employee benefits expense to other expense (\$143,000).

52.6d Adjustments to the Cash Flow Statement for the period ended 30 June 2005

Superannuation payments have been reclassified to Employee benefits (\$6,457,000).

Note 52.7 Net gain on disposal of non-current assets (AASB 116)

Under AGAAP the disposal of non-current assets is disclosed on the gross basis. That is, the proceeds of disposal are revenue and the carrying amounts of assets disposed of are expense. The disposal of non-current assets is disclosed on the net basis (gains or losses) under AIFRS.

52.7a Adjustments to the Income Statement for the period ended 30 June 2005

The carrying amounts of assets disposed of was previously recognised as expense. This has been derecognised (\$129,000).

The proceeds of disposal of non-current assets was previously recognised as income. This has been derecognised (\$14,000).

A loss on the disposal of non-current assets of \$115,000 has been recognised as an expense. This has been adjusted by the amount applicable to assets that were derecognised in 2003/04, but physically disposed of in 2004/05. This has decreased the surplus by \$1,453.

Note 52.8 Financial instruments (AASB 132 and AASB139)

52.8a Adjustments to opening retained earnings at 1 July 2005

In accordance with Treasurers Instruction 1106 and in accordance with AASB 1 paragraph 36A, financial instruments information prepared under AASB 132 and AASB 139 was applied from 1 July 2005 and does not require the restatement of comparative information. This resulted in an adjustment to opening retained earnings of \$7,061,000 and decrease in receivables of \$7,061,000 due to loans and receivables being stated at amortised cost using the effective interest rate method. Refer note 3(x).

Appendix 1: Legislation and Changes to Legislation

The Department of Industry and Resources (DoIR) is responsible to the Minister for State Development and the Minister for Resources and Assisting the Minister for State Development for administering a number of Acts of State Parliament.

Acts

The main Acts are:

Industry and Technology Development Act 1998 (See **note 1** below)
Mining Act 1978
Petroleum Act 1967

The remaining Acts are:

Albany Freezing Works Agreement Act 1945
Barrow Island Royalty Trust Account Act 1985
Barrow Island Royalty Variation Agreement Act 1985
Hide and Leather Industries Act 1948
Manjimup Canned Fruits and Vegetables Industry Agreement Act 1969
Mining on Private Property Act 1898
Mining (Validation and Amendment) Act 1986
Morley Shopping Centre Redevelopment Agreement Act (1992)
Nuclear Activities Regulation Act 1978
Petroleum Pipelines Act 1969
Petroleum (Registration Fees) Act 1967
Petroleum (Submerged Lands) Act 1982
Petroleum (Submerged Lands) Registration Fees Act 1982
Western Australian Products Symbol Act 1972
Wyndham Freezing, Canning and Meat Export Works Act 1918
Year 2000 Information Disclosure Act 1999

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

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

DoIR administers various State Agreement Acts, which are listed in Appendix 2.

Note: 1. This Act comes under the portfolio of the Minister for Science and Innovation – Department of the Premier and Cabinet – however, DoIR is the agency principally assisting the Minister in the administration of this Act.

Changes to Legislation in 2005/06

Acts

Mining Act 1978

- *Oaths, Affidavits and Statutory Declarations (Consequential Provisions) Act 2005* (No. 24 of 2005): Assented to 2 December 2005, commenced 1 January 2006. Consequential amendments to sections 144 and 160D to reflect the new *Oaths, Affidavits and Statutory Declarations Act 2005*.
- *Mining Amendment Act 2002* (No. 15 of 2002): Assented to 8 July 2002, section 12 commenced 10 February 2006. Section 12 amends section 65(6) which sets out the procedure for releasing land surrendered under section 65.
- *Mining Amendment Act 2004* (No. 39 of 2004): Assented to 3 November 2004, commenced 10 February 2006. Contains reforms resulting from the Technical Taskforce on Native Title, the Bowler Inquiry into Greenfields Exploration in WA and the Keating Review of the Project Development Approvals System. The main purpose of the Act is to reduce the backlog of mining lease applications by allowing applications to be reverted back to licence where continuing exploration rather than productive mining is the intention. In addition, new mining lease applications can only be made when a mineral resource has been identified or mining is ready to commence. Part 9 of the Amendment Act, which relates to wardens and the warden's court, has not yet been proclaimed to operate.
- *Mining Amendment Act 2005* (No. 27 of 2005): Assented to 12 December 2005, commenced 10 February 2006. Contains changes that are necessary to overcome inconsistencies with the provisions of the *Mining Act 1978* and the reversion licence application scheme.
- *Mining Amendment Act 1996* (No. 54 of 1996): Assented to 11 November 1996, balance commenced 11 February 2006. The balance of the provisions of this Amendment Act relate to the registration of dealings.
- *Planning and Development (Consequential and Transitional Provisions) Act 2005* (No. 38 of 2005): Assented to 12 December 2005, commenced 9 April 2006. Minor amendment to section 120 to reflect the new *Planning and Development Act 2005*.

Regulations

Mining Regulations 1981

- Mining Amendment Regulations 2006: Published in the *Gazette* on 7 February 2006 to operate from 7 February 2006. Contains changes to the royalty rates for iron ore.
- Mining Amendment Regulations (No. 2) 2006: Published in the *Gazette* on 3 February 2006 to operate from 10 February 2006. Contains regulations to support the *Mining Amendment Act 2004*.
- Mining Amendment Regulations (No. 3) 2006: Published in the *Gazette* on 3 February 2006 to operate from 11 February 2006. Contains regulations that support the registration of dealings provision contained in the *Mining Amendment Act 1996*.
- Mining Amendment Regulations (No. 4) 2006: Published in the *Gazette* on 4 April 2006 to operate from 4 April 2006. Contains changes to the royalty rates by deleting vanadium.
- Mining Amendment Regulations (No. 6) 2006: Published in the *Gazette* on 24 June 2006 to operate from 1 July 2006. Increases the fees and charges as approved by Cabinet.

Petroleum (Submerged Lands) (Management of Well Operations) Regulations 2006

These regulations came into effect on 4 April 2006. The regulations are objective-based, to allow for well activity arrangements to be changed in response to technological developments and other circumstances whilst adhering to key legislative principles. An essential part of this flexibility is the development of an agreed Well Operations Management Plan (WOMP) that specifies acceptable methods of conducting well operations in accordance with sound engineering principles and good oil-field practice.

Legislation yet to Come into Effect at 30 June 2006

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

Petroleum Legislation Amendment and Repeal Act 2005 (No. 13 of 2005)

Assented to 1 September 2005. The Act amends the *Petroleum (Submerged Lands) Act 1982*, the *Petroleum Act 1967* and the *Petroleum Pipelines Act 1969* with respect to the occupational safety and health of persons at offshore petroleum facilities, petroleum operations and petroleum pipeline operations. It also repeals the *Petroleum Safety Act 1999* and makes consequential amendments to the *Barrow Island Act 2003*, the *Industrial Relations Act 1979* and the *Occupational Safety and Health Act 1984*. The Act will commence when the required safety regulations have been completed.

Petroleum Safety Act 1999. This Act was assented to on 21 June 1999 and has not been proclaimed. The Act relates to the health and safety of persons at petroleum sites and is due to be repealed when the *Petroleum Legislation Amendment and Repeal Act 2005* commences.

Other Legislation Matters

Until recently the *Coal Miners' Welfare Act 1947* was allocated to the Minister for State Development and administered by DoIR. (see *Gazette* 11 March 2005)

On July 1 2005, DoIR's occupational safety unit was moved to become part of DOCEP and all relevant legislation was re-allocated.

The *Coal Miners' Welfare Act 1947* was one of the Acts re-allocated to the Minister for Employment Resources and administered by the Department of Consumer and Employment Protection. (See *Gazette* 21 February 2006, p. 865, and again 26 May 2006, p. 1949)

DOCEP and DoIR have arranged with the Department of Premier and Cabinet to have it allocated to the Minister for Resources and returned to DoIR.

Appendix 2: State Agreements Acts (Major Resource Projects)

The Department of Industry and Resources administers 72 State Agreement Acts on behalf of the Government of Western Australia.

List of Agreement Acts Administered by DoIR at 30 June 2006

Government Agreements Act 1979

Alumina

Alumina Refinery Agreement Act 1961

Alumina Refinery (Mitchell Plateau) Agreement Act 1971

Alumina Refinery (Pinjarra) Agreement Act 1969

Alumina Refinery (Wagerup) Agreement and Acts Amendment Act 1978

Alumina Refinery (Worsley) Agreement Act 1973

Charcoal Iron and Steel

Wundowie Charcoal Iron Industry Sale Agreement Act 1974

Coal

Collie Coal (Griffin) Agreement Act 1979

Collie Coal (Western Collieries) Agreement Act 1979

Copper

Western Mining Corporation Limited (Throssell Range) Agreement Act 1985

Diamonds

Diamond (Argyle Diamond Mines Joint Venture) Agreement Act 1981

Energy

Goldfields Gas Pipeline Agreement Act 1994

Pilbara Energy Project Agreement Act 1994

Ord River Hydro Energy Project Agreement Act 1994

Forest Products

Albany Hardwood Plantation Agreement Act 1993

Bunbury Treefarm Project Agreement Act 1995

Collie Hardwood Plantation Agreement Act 1995

Dardanup Pine Log Sawmill Agreement Act 1992

Paper Mill Agreement Act 1960

Wesply (Dardanup) Agreement Authorization Act 1975 (Terminated)

Wood Chipping Industry Agreement Act 1969 (Terminated)

Wood Processing (WESFI) Agreement Act 2000

Wood Processing (Wesbeam) Agreement Act 2002

Gas

North West Gas Development (Woodside) Agreement Act 1979

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

Gold

Tailings Treatment (Kalgoorlie) Agreement Act 1988

Iron Ore and Steel

Broken Hill Proprietary Company's Integrated Steel Works Agreement Act 1960 (Terminated)
Broken Hill Proprietary Steel Industry Agreement Act 1952 (Terminated)
Iron Ore (The Broken Hill Proprietary Company Limited) Agreement Act 1964 (Terminated)
Iron Ore (Channar Joint Venture) Agreement Act 1987
Iron Ore (Goldsworthy-Nimingarra) Agreement Act 1972
Iron Ore (Hamersley Range) Agreement Act 1963
Iron Ore (Hamersley Range) Agreement Act Amendment Act 1968
Iron Ore (Hope Downs) Agreement Act 1992
Iron Ore (McCamey's Monster) Agreement Authorization Act 1972
Iron Ore (Marillana Creek) Agreement Act 1991
Iron Ore (Mount Bruce) Agreement Act 1972
Iron Ore (Mount Goldsworthy) Agreement Act 1964
Iron Ore (Mount Newman) Agreement Act 1964
Iron Ore (Murchison) Agreement Authorization Act 1973
Iron Ore (Rhodes Ridge) Agreement Authorisation Act 1972
Iron Ore (Robe River) Agreement Act 1964
Iron Ore (Wittenoom) Agreement Act 1972
Iron Ore Processing (BHP Minerals) Agreement Act 1994 (Terminated)
Iron Ore Beneficiation (BHP) Agreement Act 1996
Iron Ore Direct Reduced Iron (BHP) Agreement Act 1996
Iron Ore (Yandicoogina) Agreement Act 1996
Iron & Steel (Mid West) Agreement Act 1997 (Terminated)
Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002

Mineral Sands

Mineral Sands (Eneabba) Agreement Act 1975
Mineral Sands (Cooljarloo) Mining and Processing Agreement Act 1988
Mineral Sands (Beenup) Agreement Act 1995

Nickel

Nickel (Agnew) Agreement Act 1974
Nickel Refinery (Western Mining Corporation Limited) Agreement Act 1968
Nickel Refinery (Western Mining Corporation Limited) Agreement Act Amendment Act 1970
Poseidon Nickel Agreement Act 1971

Oil

Oil Refinery (Kwinana) Agreement Act 1952

Salt

Dampier Solar Salt Industry Agreement Act 1967
Evaporites (Lake MacLeod) Agreement Act 1967
Leslie Solar Salt Industry Agreement Act 1966
Onslow Solar Salt Agreement Act 1992
Shark Bay Solar Salt Industry Agreement Act 1983

Uranium

Uranium (Yeelirrie) Agreement Act 1978

Miscellaneous

Cement Works (Cockburn Cement Limited) Agreement Act 1971
Industrial Lands (CSBP & Farmers Limited) Agreement Act 1976
Industrial Lands (Kwinana) Agreement Act 1964
Pigment Factory (Australind) Agreement Act 1986
Silicon (Kemerton) Agreement Act 1987
Anglo-Persian Oil Company Limited's (Private) Act 1919

British Imperial Oil Company, Limited (Private) Act 1925
Commonwealth Oil Refineries Limited (Private) Act 1940
Texas Company (Australasia) Limited (Private) Act 1928

New Agreements Ratified (2005/06)

During the reporting period, no new Agreements were ratified:

Variation (2005/06)

During the reporting period, no State Agreement Act was varied:

Agreements Terminated (2005/06)

During the reporting period, no State Agreements were terminated:

Agreement Acts Repealed (2005/06)

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

Appendix 3: Abbreviations and Acronyms

IAT	DoIR office at 1 Adelaide Terrace, Perth
AAPG	American Association of Petroleum Geologists
AMC	Australian Marine Complex
ANZATech	A conference showcasing exclusively Australian and New Zealand technology
APPEA	Australian Petroleum Production and Exploration Association
ATS	Australian Technology Showcase
CALM	Department of Conservation and Land Management
CAR	Corrective Action Recommendation
CBR	Chemical, Biological and Radiological
CeBIT	A trade exhibition showcasing ICT technologies.
CNOOC	China National Offshore Oil Corporation
CRC	Cooperative Research Centre
CS	Corporate Support
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAIP	Disability Access and Inclusion Plan
DOCEP	Department of Consumer and Employment Protection
DoIR	Department of Industry and Resources
DPC	Department of Premier and Cabinet
DPI	Department for Planning and Infrastructure
DTF	Department of Treasury and Finance
EAF	Environmental Assessors Forum
eMiTS	Electronic Mineral Titles System.
EMP	Environmental Management Plan
EPA	Environmental Protection Authority
FAAA	<i>Financial Administration and Audit Act 1985</i>
FESA	Fire and Emergency Services Authority
FMG	Fortescue Metals Group
FOI	<i>Freedom of Information Act 1992</i>
FSL	Forensic Science Laboratory

GAC	Global Alliance Centre
GIS	Geographical Information System
GSWA	Geological Survey of Western Australia
HAZMAT	Hazardous Materials
HR	Human Resources
IAIWG	Indigenous Arts Industry Working Group
ICN	Industry Capability Network
ICT	Information and Communications Technology
ICTICC	Information and Communications Industry Collaboration Centre
IEDS	Indigenous Economic Development Strategy
IMD	International Market Development Division
IRG	Industry Reference Group
ISU	Investigation Services Unit
ITCPL	Innovative Carbon Technology Pty Ltd
KPI	Key Performance Indicator
LIMS	Laboratory Information Management System
LNG	Liquefied Natural Gas
MILC	Mining Industry Liaison Committee
MLO	Minerals Liaison Officer
MOU	Memorandum of Understanding
Mt	Megatonne
MTSQMS	Mineral and Title Services quality management system
MWG	Measurement Working Group
NATA	National Testing Authority
NBSIG	National Broadband Strategy Implementation Group
NCC	National Competition Council
NOI	Notice of Intent
NOPSA	National Offshore Petroleum Safety Authority
NTA	<i>Native Title Act 1993</i> (Commonwealth)
NTC	National Trade Consultations

OAED	Office of Aboriginal Economic Development
ODAC	Office of Development Approvals Coordination
OSI	Office of Science and Innovation
OSTI	Office of Science, Technology and Innovation
OTC	Offshore Technology Conference
PWA	Petroleum in Western Australia (magazine)
QMS	Quality Management System
RSHA	Regional Standard Heritage Agreement
RWWA	Racing and Wagering Western Australia
SDS	State Development Strategies
SEDO	Sustainable Energy Development Office
SPF	(Government's) Strategic Planning Framework
SUT	Society for Underwater Technologies
TENGRAPH	Tenement Graphics (Mineral Titles Online)
UNESCO	United Nations Scientific and Cultural Organisation
WA	Western Australia
WAGON	Western Australian Government Overseas Network
WAITOC	Western Australian Indigenous Tourism Operators Committee
WARIMS	Western Australian Resource Information System
WOMP	Well Operations Management Plan