

AUDITOR GENERAL FOR WESTERN AUSTRALIA PERFORMANCE EXAMINATION: LEVEL PEGGING - MANAGING MINERAL TITLES IN WESTERN AUSTRALIA, JUNE 2002*

Introduction

In June 2002 the Auditor General for Western Australia (AG) published a Performance Examination Report addressing allegations that the Department of Mineral and Petroleum Resources (DMPR) has fallen short in fulfilling its obligations under the *Mining Act* 1978.

The Auditor General stated that it is not acceptable for agencies to ignore rules or devise strategies “in the spirit” of legislation. Consequently, the report’s recommendations are relevant not only to the DMPR, but to all government agencies that deliver public services through legislative programs.

Recommendations

Key recommendations were made in three areas:

- **Policy and procedure**

Despite ongoing review by the Mining Industry Liaison Committee (MILC), amendments to the *Mining Act* 1978 have been backlogged since 1996, causing increasing amounts of unauthorised administrative policies and procedures within the DMPR. A primary recommendation was that the DMPR actively pursue the necessary amendments so that all operational procedures are reliably authorised.

The AG also noted the lack of formal guidelines and criteria for staff members to follow when engaging in administrative decision-making, especially with respect to assessing mineral title applications and expenditure exemption applications.

- **Operational**

Significant delays in the mineral titles application process has led to the creation of *de facto* titles which cost the State an estimated \$4.58m in lost revenue. The AG recommended that DMPR identify and address delays in the process, and minimise the opportunities for delay or suspense by applicants.

An audit revealed that over half of the titleholders fail to report annual expenditure or report expenditure less than what is statutorily required. Of the portion of tenement holders that do report meeting annual expenditure requirements, over a third provide insufficient evidence to support their claim. Accordingly, the AG recommended DMPR rigorously monitor and enforce compliance with the Act, and tenements that have not complied ought to be subject to forfeiture.

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- **Monitoring and review**

Problems were identified with record keeping by DMPR. Multiple record keeping is compromising the integrity of the records, and the absence of a complete single account is affecting the efficiency and reliability of data retrieval. The AG recommended that DMPR review its practices, including incorporating the creation and validation of mineral title records to become an integral part of their operational procedures. The AG also noted that DMPR needs to annually conduct internal audits of its records system, and ensure compliance with the *State Records Act 2000*.

Information or queries

Readers can access a full copy of the report from the following link: http://www.audit.wa.gov.au/reports/report2002_01/pfreport2002_01.html. For further queries or a hard copy of the report, readers can contact the Auditor General's Office.

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