



2016-17 ANNUAL REPORT

The catalyst for regional development and growth

pdc.wa.gov.au

Welcome to our 2016-17 Annual Report.

This report is an important tool used to ensure transparency and accountability of the Commission to Parliament, our stakeholders and the community we serve. It is an account of our achievements during the reporting period and a look at the emerging challenges and opportunities that lie ahead for the Pilbara, and the agency.

Online report

To reduce printing costs and environmental impact, this report has published in an electronic form. It is available to download, in either PDF or Word format, from our [website](#).

Accessibility

This report is available in different formats on request. If you would like a printed copy of the report please contact our head office in Karratha on telephone 1800 THE PILBARA or [send us an email](#).

Feedback

Making our annual report transparent, accurate and relevant is important to us, so we'd like to know what you think.

To share your feedback on this report please contact us on telephone 1800 THE PILBARA or [send us an email](#).

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Statement of Compliance

For the year ended 30 June 2017

HON ALANNAH MACTIERNAN

MINISTER FOR REGIONAL DEVELOPMENT

In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Pilbara Development Commission for the reporting period ended 30 June 2017.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Mr Chris Gilmour
Chairman
22 August 2017



Mr Terry Hill
Chief Executive Officer
22 August 2017

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1.0 OVERVIEW OF THE AGENCY

A new era for regional development in Western Australia

1.1 Chairman's Foreword

This annual report not only marks the end of the 2016-17 financial year, but the beginning of a new era for regional development in Western Australia. On 1 July 2017, the Pilbara Development Commission, along with the other eight regional development commissions in WA, amalgamated with the departments of Regional Development, Agriculture and Food, and Fisheries to form the Department of Primary Industries and Regional Development.

This is a significant time of change for the Commission and for the broader State Government. It presents an exciting new opportunity to bring together skills, expertise and influence in industries such as agriculture and aquaculture, which will be important drivers of economic growth for the Pilbara. It's also an opportunity to improve effectiveness and efficiencies across the regional development portfolio so we can ensure our work remains meaningful and beneficial to people living and working in the region.

In light of this change, our stakeholders can be confident the Commission's role remains one of importance. The agency will still be accountable to a Board and will continue to be led by Chief Executive Officer Terry Hill, who resides in Karratha, with staff based here in the region.

This year has been about delivering on our promises. With clear pathways for growth identified in the [Pilbara Regional Investment Blueprint](#), the Commission is focussed on pursuing economic growth opportunities in partnership with government, community and the private sector. These are long term plans for growth, but we've had some big wins already with a rock oyster research and development project about to get underway, feasibility assessments on beef infrastructure nearing



completion, tourism concept developments progressing for Murujuga National Park and the opening of the Pilbara's first small business co-working space. These new waves of economic growth will require the support of core infrastructure, such as roads, reliable energy and water, so our work in these areas to monitor and assess the current and future needs of industry and the community remains important.

At the Commission, we've long been advocating for economic diversification of the region's primary industries. This year, we saw the Pilbara gain international attention as solar energy emerges as the region's next big energy export opportunity. Next financial year, we will release the findings from a pre-feasibility study into exporting electricity generated by photovoltaic (PV) solar to southeast Asia through a subsea transmission cable. This is an exciting first step towards creating an industry that has the potential to create 2,000 new jobs for the Pilbara.

These are the innovative ideas that could be game-changers for the region and would deliver

significant economic and social benefits for the region.

As we enable these new opportunities, it's important that all residents of the Pilbara have an equal opportunity to benefit from the new wave of economic activity. Through the Town-Based Reserves project we are working with eight Aboriginal communities to ensure they receive the same services and opportunities as other residents in the region. Phase one of the consultation was completed during the reporting period and we are committed to continuing to engage and work together with the communities to create a brighter future for people living in the Pilbara.

In the last 12 months, the Commission continued to be recognised for its professional excellence and for getting the job done. In our annual survey this year, stakeholders reported that our knowledge, local presence and advocacy for the Pilbara are the aspects of our services that are most highly valued. Constructive feedback on our effectiveness is also crucial to our continued improvement and service to the Pilbara. We understand we need to continue to work on being proactive and accessible to our stakeholders, being clear about our role, and being a strong voice for the Pilbara. These will be a focus for the Commission in the new financial year as we continue our role as the leading regional development agency for the Pilbara.

It's been another rewarding year as Chair of the Pilbara Development Commission. As a Board, we once again travelled throughout the region to hold our bi-monthly meetings. These are

important opportunities for the Board to connect with local businesses and residents to get a sense of the challenges and issues facing the community. I'd like to thank the organisations and community groups who welcomed us this year and shared insights into their town.

I'd like to acknowledge the hard-working staff behind the Commission for their continued passion and commitment to making the Pilbara an even better place to live and work. Our staff are led by Chief Executive Officer Terry Hill, who was appropriately recognised at the IPAA Achievement Awards in June with a special commendation in the Leader of the Year category.

I'd like to extend my thanks to my fellow Board members for their hard work again this year, and particularly to outgoing Board member, Neil Hartley, for his dedication during his three-year tenure.

Finally, thank you to the Minister for Regional Development, Hon. Alannah MacTiernan MLC, and her staff, for their ongoing support and advocacy for regional Western Australia, and in particular the future of the Pilbara.



Chris Gilmour
CHAIRMAN

1.2 Executive Summary

Our year in review

The Commission's focus in 2016-17 was on delivering the strategic priorities outlined in the [Pilbara Regional Investment Blueprint](#), a framework developed by the region, for the region.

To deliver these priorities, the Commission set its focus firmly on coordinating and promoting economic development to maximise prosperity and wellbeing for everyone living and working in the Pilbara.

The agency's achievements this year were underpinned by the new [2016-18 Strategic Plan](#), adopted in August 2016, which sets a clear direction for the future focus of the Commission. This strategy is reaffirming the Commission's position among stakeholders as the leader in regional development for the Pilbara.

This year, the Commission took a more proactive role in maximising the impacts of investments through funding programs such as Regional Grants Scheme and Community Chest Fund, by allocating relationship managers to each project to provide a more enhanced level of support for grant recipients.



This year was also an opportunity to critically evaluate the impact Royalties for Regions investments, through the Pilbara Cities initiative, have made towards improving liveability and economic opportunities for the region. The Commission engaged KPMG to undertake this initial research which showed improvements in education, health and overall liveability. Refer to the [Building Transformational Partnerships](#) section of the annual report for an overview of outcomes and regional impacts.

THIS YEAR, WE MADE A DIFFERENCE BY...



maximising the impact of
State Government funding



building better, more
meaningful relationships
with our project partners

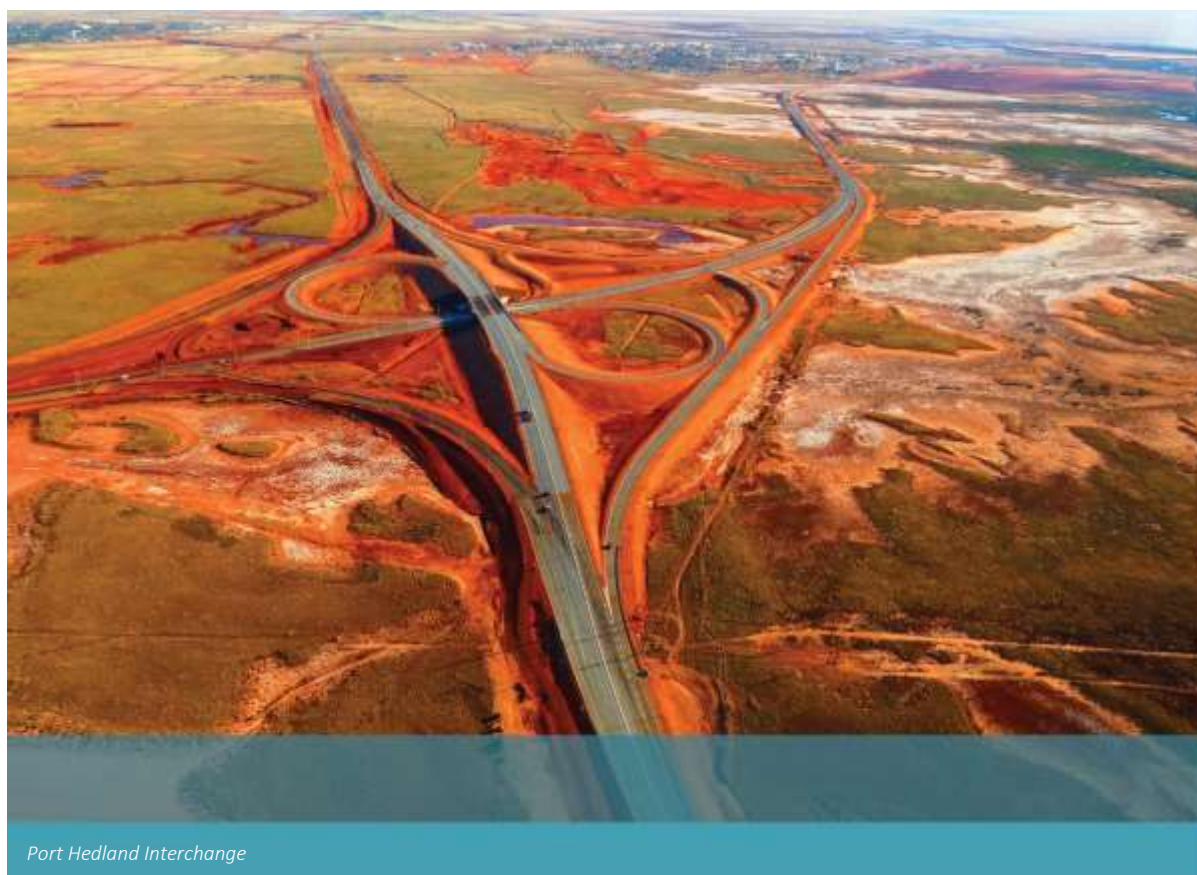


placing greater focus on the
legacy of our investments

Strategic initiatives

A number of milestones have been achieved by the Commission in 2016-17, the following highlights provide a broad snapshot across our key strategic portfolios.

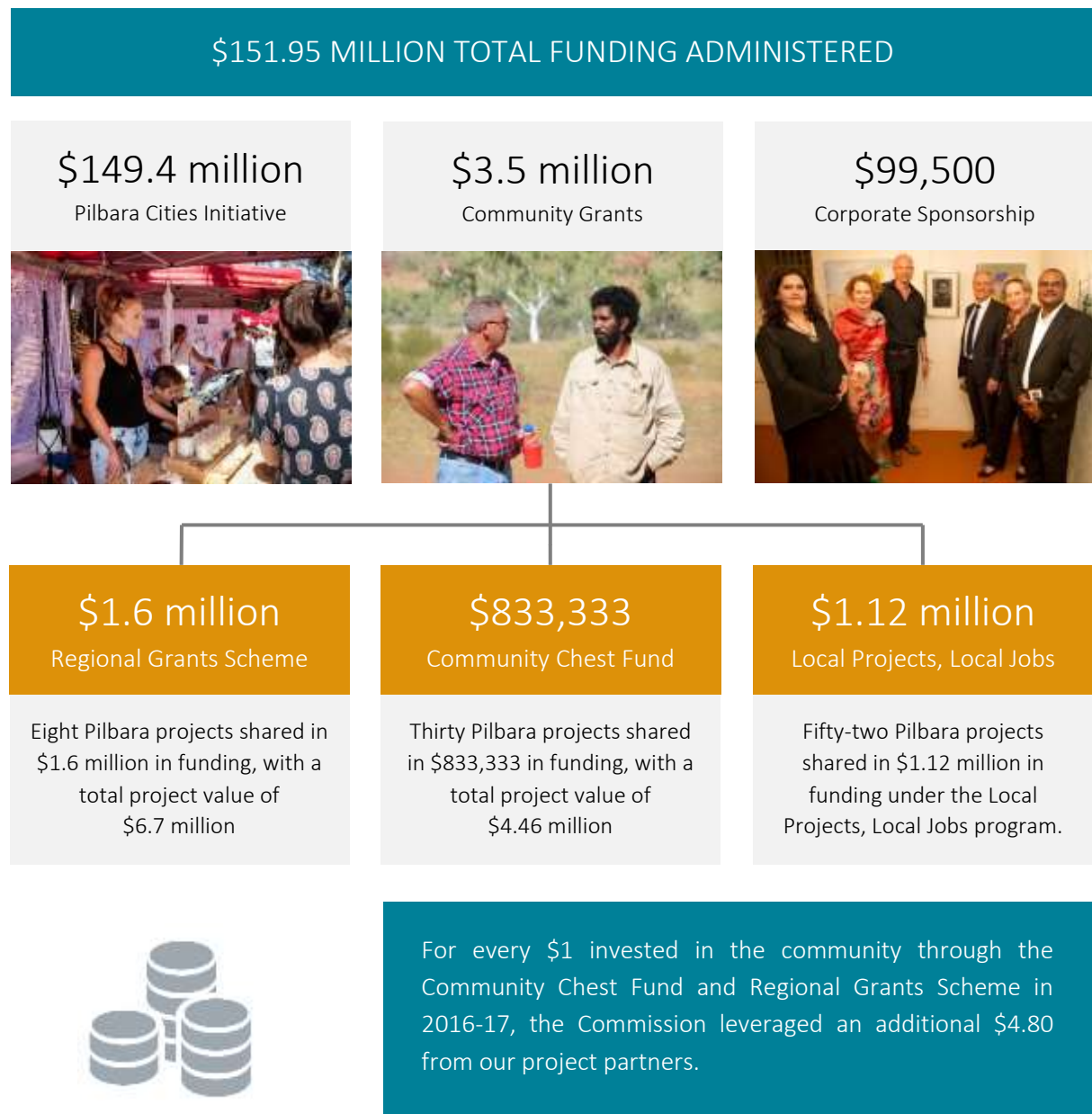
- 95% of stakeholders agree the Commission makes a positive contribution to the economic and social development of the Pilbara
- 2016-18 Strategic Plan adopted
- Pilbara tourism strategy completed
- Stage one consultation with eight Town Based Reserve communities complete
- Pilbara rock oyster research and development project established
- Solar energy export pre-feasibility study completed
- Intensive horticulture feasibility study established
- Developed strategic plan to support Pilbara Young Emerging Leaders
- Small business growth strategy completed
- Supported the delivery of the inaugural New Pilbara Economic Development conference
- Funding secured through Northern Beef Futures to assess beef industry infrastructure
- Partnerships signed with the Port Hedland, Newman, Karratha and Onslow Chambers of Commerce and Industry
- Karratha State Government office fit-out and co-location



Port Hedland Interchange

State Government investment

Delivering value for money for government investment by maximising impact and leveraged funding was a key focus for the Commission in 2016-17.



A total of \$149.4 million was allocated to seven projects through the Pilbara Cities initiative during the reporting period.

- \$6.7 million for Pilbara Health Initiative Phase 2
- \$2 million Karratha Enterprise Hub
- \$2 million East Pilbara Innovation Centre
- \$14 million Karratha Arts & Community Precinct
- \$7.7 million Port Hedland Hospital Demolition & Site Remediation
- \$112 million Port Hedland Spoilbank Marina*
- \$5 million Paraburdoo Community Hub

In 2016, the Commission completed a comprehensive evaluation to measure early impact and outcomes of investments made through the Pilbara Cities initiative. The outcome report is available to download from the Commission's [website](#).

** Funding committed however project is currently being reviewed by proponent*

Interested in learning more about the projects we funded this year? Refer to the [Investment Overview](#) section of the annual report for a full list of projects.

Operational initiatives

Building meaningful relationships with key stakeholders, and improving the skills and capability of Commission staff was a key focus for the agency in 2016-17, resulting in the following achievements:

- Staff retention rate increased to 88.5%
- 88% of staff completed training
- Relationship managers allocated to all Community Chest Fund and Regional Grants Scheme projects to provide a higher level of support to grants recipients and to maximise impact of investment
- Membership on 16 regional development advisory and reference groups
- Microsoft Dynamics CRM stakeholder management system deployment completed
- Information and communication technology transitioned to cloud-based systems
- Logo refresh complete and new brand style guide developed
- Established LinkedIn social media channel
- Launched bi-monthly electronic stakeholder newsletter, Our Pilbara

1.3 Operational Structure

Enabling legislation

The Pilbara Development Commission was established under the *Regional Development Commissions Act 1993*, listed as a statutory authority on Schedule 1 of the *Financial Management Act 2006* and is subject to the provisions of the *Public Sector Management Act 1994*.

The Act established Regional Development Commissions to coordinate and promote economic development to maximise prosperity and wellbeing for the regions, and for Western Australia.

The objectives of the Commission under the Act are to:

- maximise job creation and improve career opportunities in the region;
- develop and broaden the economic base of the region;
- identify infrastructure services to promote economic and social development within the region;
- provide information and advice to promote business development within the region;
- seek to ensure that the general standard of government services and access to those services in the region is comparable to that which applies in the metropolitan area; and
- generally take steps to encourage, promote, facilitate and monitor the economic development in the region.

Responsible Minister

The Commission is responsible to the Minister for Regional Development, the Hon. Alannah MacTiernan MLC. The Minister has the power to direct the Commission, either generally or with respect to a particular matter, on the exercise and performance of its powers, functions and duties under the *Regional Development Commissions Act 1993*. The Commission provides the regional link between government policy and planning and regional aspirations and needs.



Service Worker Accommodation, Karratha

Corporate snapshot

The Commission is working to make the Pilbara a great place to do business, build a career, raise a family and invest long into the future.

The Commission is a values-driven organisation, which promotes a positive working environment and makes the agency a great partner to work with. The overarching value of excellence drives a culture of continuous improvement and leadership with the agency.

VISION

A 2050 vision for the Pilbara

Vibrant and sustainable communities underpinned by a strong, diverse economy. Read more about the Pilbara's vision for 2050 in the Pilbara Regional Investment Blueprint.

The Commission's vision is to be a progressive agency leading the development of the Pilbara.

MISSION

To be the catalyst for development and growth in the Pilbara.

STRATEGIC GOALS

1.

a prosperous
and diverse
economy

2.

vibrant and
sustainable
communities

3.

transformational
partnerships

4.

skilled
and capable
people

VALUES

Excellence in all we deliver

Integrity: to act ethically, honestly and with transparency

Unite: to connect, respect and collaborate

Care: to be positive and supportive

Impact: to make a difference

Organisational structure

To enable the achievement of the Commission's strategic vision, the organisation operates with three directorates.

Economic Development, Land and Infrastructure

The Economic Development, Land and Infrastructure directorate is responsible for placing the Pilbara in the best possible position to capitalise on opportunities to attract new industries that will diversify the region's economy. A key part of enabling this diversification is ensuring access to essential economic infrastructure and development-ready land.

People, Place and Community

The People, Place and Community directorate is responsible for ensuring communities in the Pilbara have access to a high level of education, health and recreational facilities and services. Delivering a level of amenity that attracts and retains residents and builds healthy communities continues to improve the liveability of the region.

Business and Executive Services

Led by the Chief Executive Officer, the Business and Executive Services directorate supports the overall strategic direction and effective management of the Commission.

In addition to the three directorates, the Commission has identified a senior staff member as the key relationship manager for each of the four local Government areas that make up the Pilbara.

This ensures the Commission is well informed of issues and regional development priorities across the whole region. The appointments in 2016-17 are listed below:

KEY RELATIONSHIP MANAGERS – BY AREA

Shire of Ashburton

Audrey Marin-Hill
Senior Project
Officer

Shire of East Pilbara

Jenna Dodge
A/Principal Project
Officer

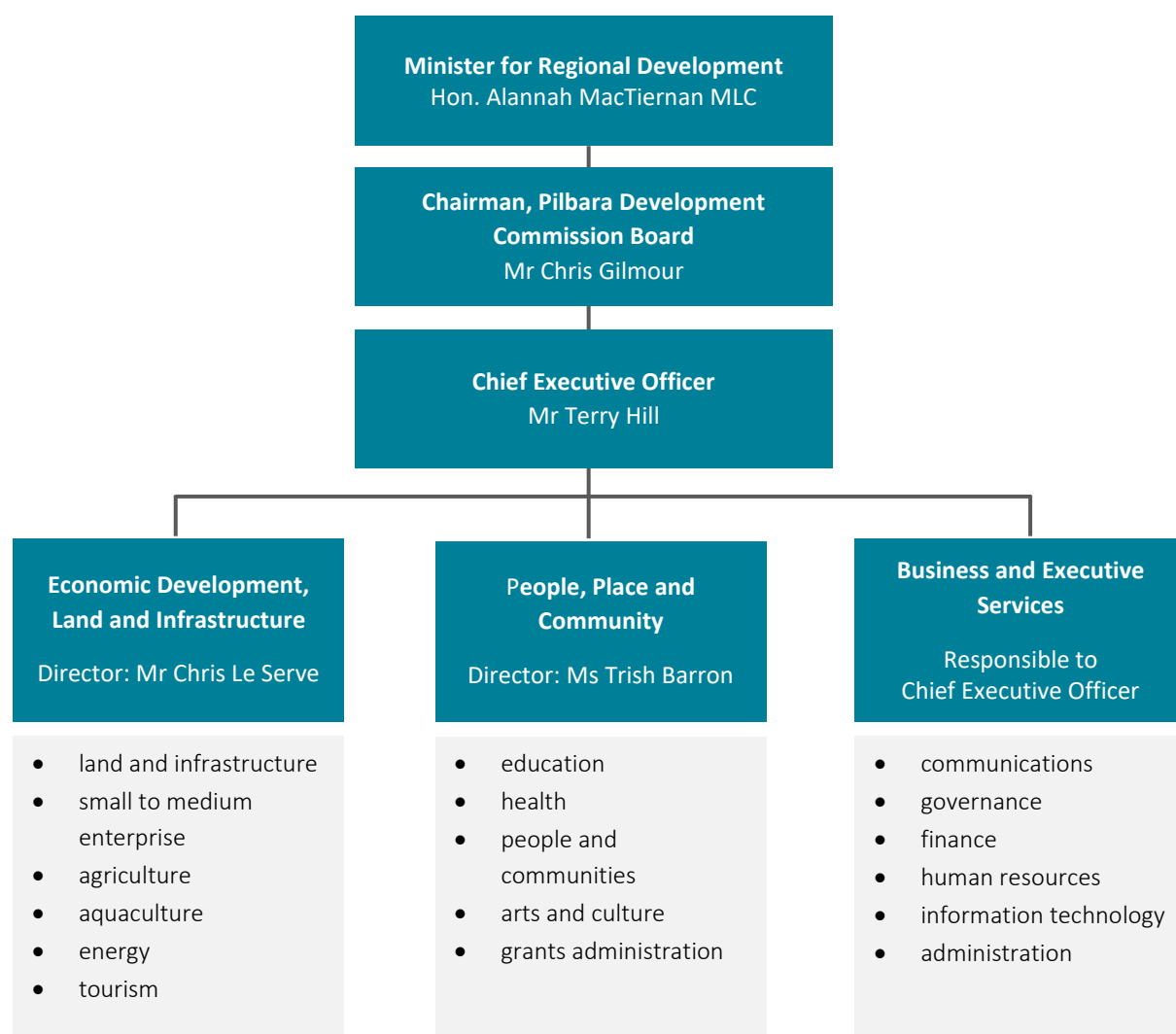
City of Karratha

Richard Hancock
A/Principal Project
Officer

Town of Port Hedland

Trish Barron
Director, People,
Place and Community

Organisational chart



Correct as at 30 June 2017

Commission Board

Responsible to the Minister for Regional Development, the Board is the governing body of the Commission, ensuring the efficient and effective operation of the agency. The Board meets regularly to consider matters of economic and social importance to the Pilbara, to formulate advice to the Minister on appropriate matters, to set policy directions for the Commission and to formulate budget priorities. The Board is comprised of ten members including community, local government and

Ministerial appointments, and the Chief Executive Officer, who is a member of the Board by virtue of office. All Board members contribute skills, experience and local knowledge that benefit the Commission and the region.

A total of six meetings were held in 2016-17. The table on the following page shows meeting attendance of each Board member during the reporting period, based on eligibility to attend.

Chris Gilmour	5/6	Owen Hightower	4/6
Chris Cottier	2/6	Julie Arif	4/6
Chris Adams	5/6	Jeton Ahmedi	2/6
Geraldine Parsons	5/6	Neil Hartley	6/6
Alan Eggleston	6/6	Terry Hill	6/6

This year, Board meetings were held in Onslow, Karratha, Perth and Port Hedland. Meeting in the region enables members to connect with local businesses and residents, providing valuable insight into the challenges and issues facing the region, and the priorities for regional development.

To maximise this opportunity, the Commission also partnered with the Chambers of Commerce in Onslow and Port Hedland to host Business After Hours networking events where the Board had the opportunity to present the current activities and priorities of the Commission and network with businesses. This strategy aligns with the Commission's strategic objective to be accessible and visible in the region.

The following Board member's term expired in 2016-17, resulting in one current vacancy:

- Mr Neil Hartley

Audit, governance and risk subcommittee

In 2014, the Commission established the Audit, Governance and Risk Board subcommittee to assist the Board in fulfilling its responsibilities in relation to areas such as financial reporting, internal control systems, best practice governance, and the internal and external audit functions. The subcommittee is chaired by Chris Cottier and supported by members Chris Adams, Jeton Ahmedi and Terry Hill. The subcommittee met six times in 2016-17.



Pilbara Development Commission Board members Chris Gilmour, Terry Hill, Gerry Parsons, Owen Hightower, Alan Eggleston, Julie Arif and Chris Adams in Port Hedland.

Current Board members

Mr Chris Gilmour, Chairman

Ministerial appointment

Current term 2014 - 2017

Mr Gilmour was appointed as Chairman of the Pilbara Development Commission on 13 October 2014 for a three-year term. Mr Gilmour has previously held directorships at the Great Southern Development Commission and Cape Riche 1010 Committee, was Chairman of Wellstead Landcare Group, a Founding Director of the Rural Business Development Corporation, and is a graduate of the Australian Institute of Company Directors. In addition to his role with the Commission, he is also a Founding Member of Western Australian No-Till Farming Association and a Justice of the Peace.

Mr Chris Cottier, Deputy Chairman

Community appointment

Current term 2014 – 2017

Mr Cottier has worked in various state and federal government roles across the South West, Kimberley and Pilbara and is currently BHP's Corporate Affairs Manager for the Pilbara. Mr Cottier is the current Chairperson of the North West Chamber of Minerals and Energy Committee and is an industry representative on the Hedland Senior High School Board.

Mr Terry Hill, Chief Executive Officer

Ex officio

Mr Hill has held a number of senior roles in the Western Australian government, and at a national level. He has carried out the role as the Deputy Chair of the Grape and Wine Research and Development Corporation and was a foundation Director of Horticulture Australia Ltd. He has also worked internationally leading a significant project in Indonesia, industry trade missions to Asia and managing the commercialisation of intellectual property. Mr Hill holds a Bachelor of Science in Agriculture, a

Masters in Agribusiness and is a Fellow of the Australian Institute of Company Directors.

Mr Chris Adams

Ministerial appointment

Current term 2015 - 2017

Mr Adams has held senior executive and Chief Executive Officer roles within local government in Victoria and the Kimberley region of Western Australia, and is currently the Chief Executive Officer of the City of Karratha. Previously Mr Adams was the General Manager of the Pilbara Cities Office, where he was tasked with leading the WA State Government's planned transformation of the Pilbara region from major mining powerhouse to a sustainable, attractive, diverse – yet still economically strong – region.

Cr Jeton (Jay) Ahmed

Local government appointment

Current term 2016 - 2019

Cr Ahmed was appointed as Shire of East Pilbara Councillor (South Ward) for a four-year term. He is passionate about supporting his local community and plays an active role as Justice of the Peace and holds various volunteer positions for local junior sporting associations.

Cr Julie Arif

Local government appointment

Current term 2016 - 2019

Cr Arif is a long-term Port Hedland resident and local historian with experience in local government and regional development. Cr Arif worked in education for 22 years and is an active member of the community. She is involved with Soroptimists International, the Port Hedland Historical Society and Care for Hedland Environmental Group.



Dr Alan Eggleston

Ministerial appointment

Current term 2015 – 2018

Dr Eggleston moved to Port Hedland in 1974 establishing a private medical practice in South Hedland in 1976. Dr Eggleston was Mayor of Port Hedland before entering the Australian Senate in 1996 where he served three six-year terms. While in the Senate he participated in a number of Senate Committees and was a member of the Abbott government's Joint Select Committee on Northern Australia.

Mr Owen Hightower

Community appointment

Current term 2015 – 2018

Mr Hightower is an experienced town planner, and small business owner with experience in both regional and metropolitan local governments. Formerly the Vice President of the Port Hedland Chamber of Commerce, Mr Hightower is currently a member of the Regional Development Australia Pilbara committee, and Director of RFF Australia.

Cr Geraldine (Gerry) Parsons

Local government appointment

Current term 2016 - 2019

Cr Parsons has resided in Newman since 2000 and has served as a Councillor for the Shire of East Pilbara since 2011. Cr Parsons currently sits on the Newman Chamber of Commerce and Industry, Newman Turf Club, Newman Recreation Centre Management Committee, Newman Junior Football Council, Newman Senior High School P&C and is the secretary for the Catholic Church. She has been awarded Newman Volunteer of the Year, Newman International Women's Day recipient and is a Life Member of the Newman Tee Ball and Junior Soccer Associations. Her key focus is on sustainable growth of the Pilbara region and towns opening channels for economic development and improved infrastructure.

Served on the Board in 2016-17

Mr Neil Hartley

Community appointment

Served 2014 – April 2017

Mr Hartley has more than 20 years of experience as a Chief Executive Officer including serving until March 2017 as the Chief Executive Officer of the Shire of Ashburton. Mr Hartley has also been active in the peak officer body of local government, Local Government Managers Australia, for many years. He served for 17 years on its WA State Board, was its State President for two years in 2005 and 2006 and was its National President in 2008.

1.4 Performance Management Framework

As a Statutory Authority, the Commission has legal responsibilities in accordance with the Western Australian *Regional Development Commissions Act 1993* (the Act) and operates in compliance with State Government policies.

The *Public Sector Management Act 1994*, the Western Australian Public Sector Code of Ethics and the Public Sector Commission's *Good Governance for Western Australia Public Sector Boards and Committees*, inform the Commission's high level of governance.

The Commission operates to a Code of Conduct which identifies personal integrity, relationships with others and accountability as the three guiding principles in accordance with the *Public Sector Management Act 1994*. The Code of Conduct also includes specific standards that Commission employees adhere to, ensuring best practice conduct and integrity.

Outcome-based management framework

The Commission's activities and services contribute to government-desired outcomes by advocating for a greater focus on service delivery, infrastructure investment and economic development to improve overall quality of life in remote and regional areas.

The following table illustrates the government-desired outcome, services and efficiency indicator for 2016-17.

Government goal	Stronger focus on the regions
Desired outcome	Enhancement of the Pilbara economic and social development
Services	1. Facilitation, coordination and governance; and 2. Regional promotion and information services
Efficiency indicator	Average operational costs (excluding grants) per working hour

The results of the Commission's contribution to the economic and social development of the Pilbara, and the service efficiency indicators, are included in the [Performance Scorecard](#) section of this report.

Changes to outcomes-based management framework

The Commission's outcome-based management framework did not change during 2016-17.

Shared responsibilities with other agencies

The Commission works in partnership with government departments and agencies, industry, small business and not-for-profit organisations to achieve regional development outcomes for the Pilbara.

As part of its role as a facilitator and partner, the Commission leads and participates in a number of working groups and advisory committees.

The Commission held membership on the following external advisory groups during 2016-17:

Advisory group	Role
BHP Community Consultative Groups (Port Hedland, Newman and Onslow)	Member
City of Karratha Tourism Advisory Group	Member
District Leadership Group	Member
Karratha Science Engagement Network	Member
Lithium Working Group	Member
Onslow NGO Housing Allocations Committee	Member
Northern Planning Program Inter-Agency Working Group	Member
North West Aboriginal Housing Fund Working Group	Member
Onslow Critical Services Infrastructure Group	Member
Pilbara Human Services Managers Group	Member
Port Hedland Dust Taskforce	Member
Local Government Authority Steering Group	Chair
The Quarter Service Worker Accommodation Advisory Committee	Member
Warambie Estate Service Work Accommodation Advisory Committee	Member
Wickham Community Group	Member
Youth Involvement Council Board	Member



2.0 AGENCY PERFORMANCE

This year, 95% of our stakeholders agreed the Pilbara Development Commission contributes to the economic and social development of Pilbara.

Aspirational visions for what the Pilbara will look like in 2035 and 2050 have been defined in the Pilbara Regional Investment Blueprint and through the Pilbara Cities initiative, which are two key strategic initiatives delivered by the Commission. A clear approach identifying when, how and what the Commission would set out to achieve over the next three years to make these visions a reality was a priority for the organisation in 2016. To address this, an internal project delivery group was established to develop a new three-year organisational Strategic Plan.

The [2016-18 Strategic Plan](#), endorsed by the Commission's Board in August 2016, is underpinned by four strategic goals:

1. a prosperous and diverse economy
2. vibrant and sustainable communities
3. transformational partnerships
4. skilled and capable people

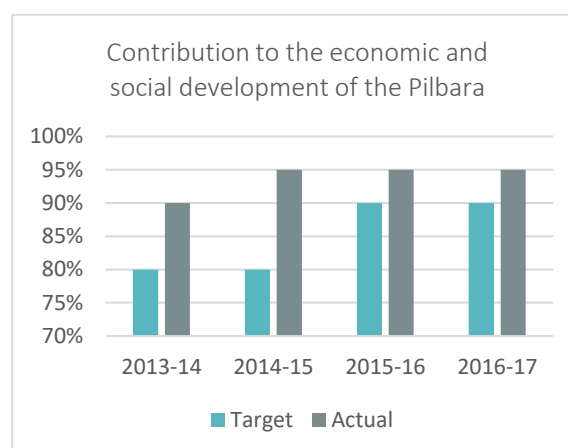
The Agency Performance section of this report provides a snapshot of the Commission's results, key outcomes and achievements against the four strategic goals, and an overview of investments approved through the various funding programs administered by the Commission during the reporting period.

2.1 Performance Scorecard

Each year, the Commission's performance is evaluated through a stakeholder satisfaction survey. In 2016-17, consultants Advantage Communication and Research were engaged to ask stakeholders to rate the agency's effectiveness and quality of service. Of 146 stakeholders, 108 completed the telephone questionnaire.

The following graph illustrates the result achieved against the Commission's key

performance indicator, "contribution to the economic and social development of the Pilbara", for 2016-17. A consistent stakeholder satisfaction level of 95% for three consecutive years has been achieved. In addition, the Commission continues to exceed the target satisfaction rate by at least 5%.



To monitor the efficiency of delivering these services, the Commission measures the average operational costs (excluding grants) per working hour, which is evaluated against annual targets. The results from 2016-17 are listed in the table below.

Service	Efficiency indicator	
	Target	Actual
Facilitation, coordination and governance	\$244	\$208
Regional promotion and information services	\$163	\$139

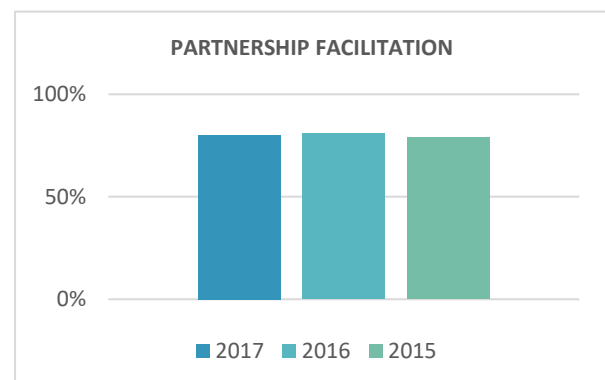
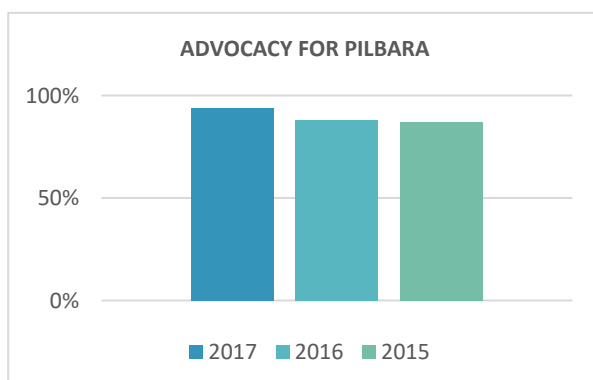
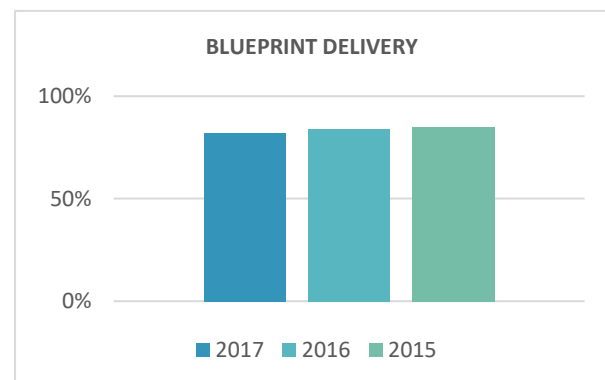
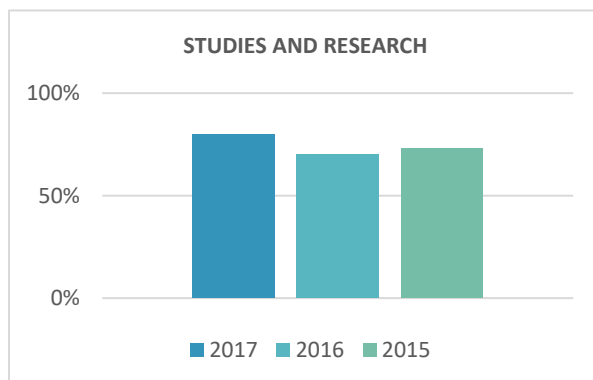
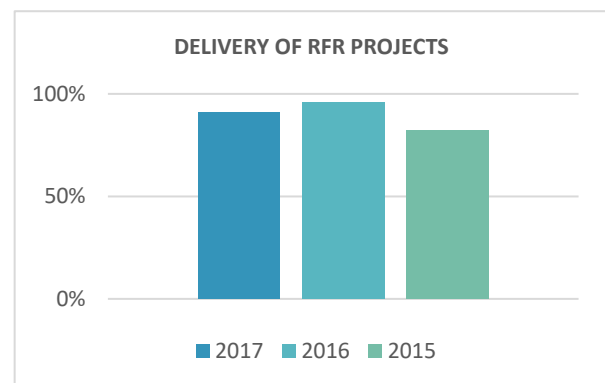
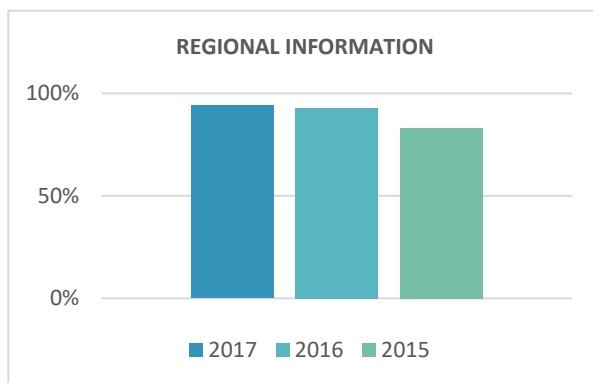
In 2016-17, operational costs were reduced as a result of negotiations to lower lease agreements for office accommodation and employee housing, as well as vacant employee positions. These factors contributed to the Commission achieving increased efficiencies beyond the annual targets.

Detailed results and explanatory notes against key performance indicators are included in [Disclosures and Legal Compliances](#) section of this report.

The Commission also uses the annual stakeholder survey to assess awareness among stakeholders of key services. A snapshot of the results is published below.



Awareness of services



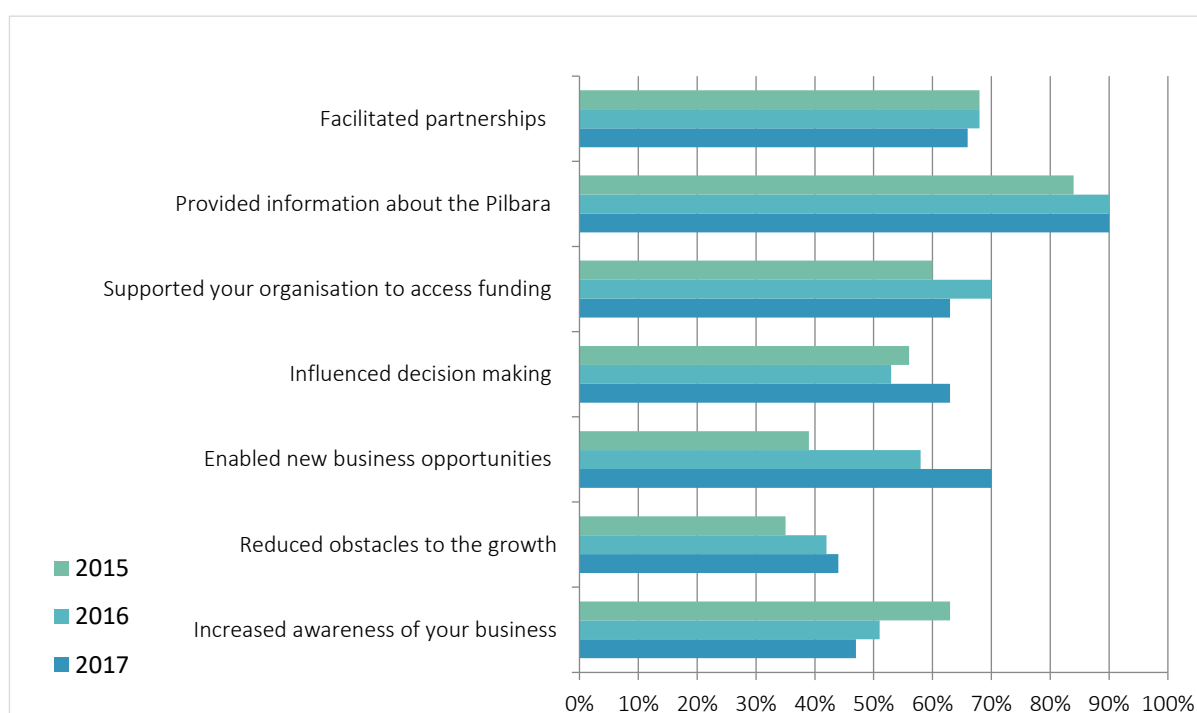
These indicators provide a snapshot of what the Commission is known for among key stakeholders.

The improving results against the provision of regional information, advocacy for the Pilbara, and studies and research, align with the Commission's shift in focus towards value-adding to regional development through partnerships and the provision of evidence-based information. The decline in awareness of the Commission's role in administering Royalties

for Regions funding and the Pilbara Regional Investment Blueprint are also in line with this move in strategic focus.

The Commission recognises that partnerships are integral to coordinating regional development and will continue to ensure the agency is well-known for bringing key stakeholders together to progress ideas, projects and opportunities that enhance the Pilbara as a place people choose to live and work.

Contribution to business outcomes



The results in the graph above highlights the contribution of the Commission's services to business outcomes. These indicators measure the perceived value and relevance of the Commission's services to stakeholders' organisations. The largest increase, of 12%, was

in enabling new business opportunities, which aligns with the Commission's strategic focus on enabling new industries to diversify the region's economy and create new local job opportunities.

2.2 Enabling a Prosperous and Diverse Economy

A prosperous and diverse economy will provide a range of employment opportunities for all residents of the Pilbara. The Commission recognises the importance of actively seeking opportunities to drive economic activity in the Pilbara to support the long term economic sustainability of the region. The following pathways for growth align with the Pilbara Regional Investment Blueprint and broader Government goals to facilitate economic growth and create more jobs. This section provides an overview of achievements in these areas.

Activating tourism

Growth of the Pilbara's tourism industry has the potential to diversify visitation, increase expenditure in the region, and create employment, training and business opportunities, making it a key part of building a strong and sustainable economic future for the Pilbara.

The Commission is working in partnership with government, industry and business to achieve a number of strategic objectives that aim to unlock the Pilbara's potential in tourism.

Key achievements in the reporting period include:

- Pilbara Tourism Activation Infrastructure Report completed and endorsed by the Board.
- National Park familiarisation hosted with Department of Parks and Wildlife to assess future infrastructure development sites and potential projects.
- Murujuga Aboriginal Corporation being supported to progress a tourism development in Murujuga National Park in collaboration with an inter-agency working

group to maximise investment from government and private sector.

- Millstream-Chichester National Park eco accommodation revised site selection study completed.
- Featurette positioning the Pilbara as an attractive place to visit produced and included in the DVD release of Red Dog: True Blue.
- Supported delivery of inaugural Destination Pilbara, a two-day tourism business forum, through the Community Chest Fund, delivered by the Business Centre Pilbara to promote their delivery of a program aimed at developing tourism business start-ups, particularly aboriginal businesses.
- Funded regional signage renewal projects to enhance Warlu Way tourist drive, through the Community Chest Fund and the Regional Grants Scheme.
- A number of Aboriginal Corporations secured funding through the Community Chest Fund to investigate feasibility of on-country tourism experiences.



Karijini National Park

INVESTMENT LEGACY: RED DOG TRUE BLUE

Red Dog's role as the Pilbara's tourism icon continues with a special featurette produced for the film's DVD release promoting the region's unique landscapes.

Interviews with actors and production crew provide a never-before-seen insight into what some of the 65 cast and crew members discovered while living in the Pilbara for up to three months during production.

In the featurette, film Director Kriv Stenders remarks, "It is so striking, so cinematic, so evocative, it's just a great stage on which to set our story."

Actor and star of the Red Dog prequel, Bryan Brown, was captured by the region's unique landscape.

"I don't know whether it's romantic, or mythical, or what it is; but it's very beautiful," he said.

The film crew made the most of their stay in Karratha during filming in 2015, with visits to Millstream-Chichester National Park, Roebourne and Point Samson, as well as local beaches and cafes.

They also attended a Ballet on the Beach performance, joined an Aboriginal rock art tour with Ngurrangga Tours and explored some of the 42 islands that make up the Dampier Archipelago with Discovery Sailing.

Pilbara Development Commission Chief Executive Officer Terry Hill said the inclusion of the featurette was a great promotion for the Pilbara and a good legacy of the State Government's investment in the film.

[Click here](#) to watch the featurette.

Supporting small business

As the costs of operating a business in the Pilbara continues to decline, commercial space becomes more readily available and the region's population increases, opportunities for innovation and entrepreneurship will become more attainable, resulting in a thriving and robust small-to-medium enterprise (SME) sector. Encouraging investment as well as the development and growth of SME's in the Pilbara with targeted support services will have considerable flow on effects to the economic and social well-being of the region.

Key achievements in the reporting period include:

- \$4 million State Government funding approved for business innovation centres in Port Hedland and Karratha.
- Newman business incubator and pop-up retail space incorporated in new town Square, which will link to the innovation centres in Karratha and Port Hedland creating a regional network.
- Update of e-Pilbara capability register underway to improve local business' access to local contracts and tenders.
- Links to Government jobs and tenders in the Pilbara placed on Commission homepage website to make them more easily accessible.

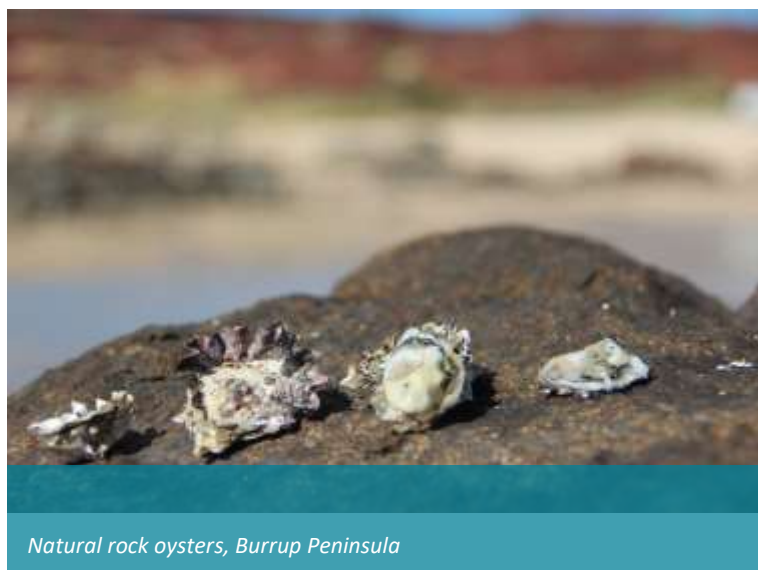
- Partnerships signed with Karratha, Newman, Port Hedland and Onslow Chambers of Commerce and Industry.
- Supported inaugural New Pilbara conference with program development to ensure it was regionally focussed and forward-looking.
- Supported delivery of Pilbara Business Bootcamp, through the Community Chest Fund.
- Supported establishment of Onslow Business Support Program through the Regional Grants Scheme.

Developing aquaculture

Globally the fastest-growing food production sector, aquaculture is set to overtake capture fisheries as the major source of seafood by 2030. The Pilbara's abundant sunlight and coastal land make it an ideal location for algae and seaweed culture. The lack of suitable locations in other parts of the world places the Pilbara in a strong position to seize this opportunity to diversify and expand the economy.

Key achievements in the reporting period include:

- Hosted Pilbara rock oyster stakeholder and investor information session and Flying Foam Passage site visit, with industry expert guest speakers.
- Established Pilbara Rock Oyster Research and Development Project in partnership with Fisheries Research Development Corporation, City of Karratha, Murujuga Aboriginal Corporation and Maxima Pearling Company.
- Supporting progress of algae trial to assess economic viability and proof of concept on the Mardie Pastoral Lease.



Natural rock oysters, Burrup Peninsula

Growing agriculture

Valued at more than \$61 million in 2011, the Pilbara's agricultural production consists primarily of livestock production and exports, namely cattle and calves. However, opportunities to expand agricultural production in the region are currently being explored.

Key achievements in the reporting period include:

- Funding secured through Northern Beef Future to conduct two studies, to support the expansion of the beef industry. One study will investigate the feasibility of truck wash-down facilities and the second to investigate cattle holding yards near Port Hedland. Both studies are nearing completion.
- Funding support for feasibility study into site identification, market opportunities, economic and environmental impacts of intensive horticulture project led by the Sahara Forest Project.
- Completion of stage one of the Pilbara Hinterland Agriculture Development Initiative (PHADI) designed to opportunistically encourage agriculture development by leveraging from significant mining projects where dewatering is

required for ore extraction or ground water supplies had been identified.

- Supported Pilbara Livestock Handling Cup, including a beef industry field day, through Community Chest Fund.
- Supported Pilbara Mesquite Management Committee project to trial new technology to more effectively manage weed control, through Community Chest Fund.

Establishing new energy

The Pilbara's abundant sunlight, vast amounts of undeveloped land, as well as world-class export infrastructure and proximity to Asia, make it well-suited to meet emerging global demand for renewable energy sources. Harnessing the Pilbara's natural comparative advantages has the potential to help to support the growth of the regional population as well as provide new export opportunities to major and emerging global markets.

Key achievements in the reporting period include:

- Solar Export Pre-feasibility study completed
- Membership on lithium working group to encourage local economic value-add with local processing or manufacturing opportunities.
- Supporting a renewable solar hub opportunity on the Burrup Peninsula industrial site.
- Presented at Major Projects Conference to promote opportunity to develop new energy projects in the Pilbara.

"I value their collaborative, professional approach"

Community organisation, 2017 stakeholder survey

Economic land and infrastructure

There are ongoing needs and future opportunities for the development of economic infrastructure in the Pilbara. The needs include ongoing investment in energy, water, waste, digital communications, and transport infrastructure, which are vital to the long-term sustainability of a growing population.

Key achievements in the reporting period include:

- Support for Balla Balla Infrastructure Group proposed mine and port developments, which is estimated to create 915 operational jobs and approximately 3,400 jobs during construction. The Commission is currently conducting scenario analysis of a bus-in, bus-out workforce to understand the economic impacts in comparison to a traditional fly-in, fly-out workforce model.
- Construction commenced for the Onslow Marine Support Base at Beadon Creek. Once complete, it will allow larger vessels to access the Beadon Creek facility to support the growing oil and gas sector
- Pilbara Underground Power project, which will provide safe and reliable power to cyclone-affected communities, commenced in Onslow, is nearing completion in Karratha, and is complete in Roebourne.
- Karratha-Tom Price Road cost benefit and social impact report nearing completion.
- Review underway into unused State Government buildings and assets to identify potential future uses, repurposing, or disposal of these assets.
- Monitoring the cost of residential and commercial property continued through bi-annual production of residential housing and land snapshot report.
- Karratha City Centre redevelopment works nearing completion, delivering additional retail, business and residential options to the city centre.

- The old Port Hedland Hospital demolition and site remediation project removed the fire damaged, asbestos contaminated buildings and infrastructure.
- Newman Town Square developed, creating a central economic and cultural hub for the community. The Town Square builds on work already completed as part of the Newman Town Centre Revitalisation project, which included the development of a new east/west entry, realignment of roads, upgraded power and wastewater services, landscaping, new car parks and an improved pedestrian and bike network.
- Main Street Jetty project completed, enabling the separation of commercial and public uses from accessing the Port Hedland Harbour by the development of a separate commercial jetty.



Electrical Instrumentation Centre of Specialisation, Karratha

2.3 Creating Vibrant and Sustainable Communities

The Commission continues to actively seek new opportunities to support vibrant and sustainable communities that are inclusive, diverse, accessible, healthy and safe. Improving liveability will support the attraction and long term retention of Pilbara residents. This can be achieved through investment in collaborative partnerships and distinctive cultural assets that shape the Pilbara's identity

Education and a skilled workforce

The availability of a highly skilled and educated workforce in the Pilbara enables businesses to respond to changing environments, address challenges, and pursue commercial opportunities. In addition, increased access to educational services, from early childhood care and development to university, encourages residents to live and study in the region and provides opportunities for industry-specific research and development and innovation to be generated.

Key achievements in the reporting period include:

- The \$4.8 million St Luke's College Karratha Performing Arts Centre opened in June 2017, expanding the school's arts curriculum with a new digital photography lab, costume and prop room, rehearsal space and green room. The Centre also includes a new astronomy centre.
- The \$16 million Health and Allied Services Training Centre opened in January 2017 at North Regional TAFE's Pundulmurra Campus in South Hedland, providing nursing and allied health services students access to state-of-the-art training facilities.
- The \$9.5 million Electrical Instrumentation Centre of Specialisation opened December 2016 at the North Regional TAFE's Karratha

Campus and is providing high quality, industry level training not previously available in the region. The Centre will reduce the number of electrical apprentices who need to travel to Perth to complete specialist qualifications.

- Participated in the Martu Education Alliance which aims to improve education outcomes in schools servicing Martu communities.
- Finalised the “Options for Tertiary Education Delivery to the Pilbara Region” report as a strategic document to inform the delivery of higher education in the future.

“Ability to act as a central liaison point”

Local government, 2017 stakeholder survey

“Pursuit of economic opportunities outside the box”

State government, 2017 stakeholder survey

MAKING A DIFFERENCE: ELECTRICAL INSTRUMENTATION CENTRE OF SPECIALISATION

The Electrical Instrumentation Centre of Specialisation (the Centre) is a new contemporary training facility, which opened at the Karratha Campus of North Regional TAFE in November last year, providing students with a practical learning experience using state-of-the-art teaching equipment such as interactive computer-based training, as well as motor training rigs and instrumentation tools.

The Centre is creating new career pathways for school leavers, as well as opportunities for qualified electricians to complete specialist training.

“Creating access to qualifications that are relevant to the Pilbara’s primary industries will help to create more employment opportunities and career prospects for local residents,” Pilbara Development Commission Chief Executive Officer Terry Hill said.

More than 95 apprentices are completing qualifications at the new Centre, including Certificate IV in Engineering – Instrumentation and Certificate II in Electronic Assembly.

“Young apprentices studying industrial electrical and instrumentation no longer need to travel to Perth to study. This training centre is great for both students and employers.”
Kevin Doig, North Regional TAFE Managing Director

The specialised training Centre also has the potential to attract students from around the country to come and live and work in the oil and gas epicentre of Australia.

The Electrical Instrumentation Centre of Specialisation was funded by the State Government through the Pilbara Development Commission and Department of Training and Workforce Development, and the Woodside-operated North West Shelf Project and Pluto LNG.

People and communities

Developing sustainable communities that are inclusive, accessible, healthy and safe with access to a range of employment, housing, cultural, educational and recreational opportunities are fundamental to the Pilbara reaching its full potential. Improving health services, equipment and infrastructure is also an essential part of building vibrant and liveable communities that people will choose to raise a family and call home.

Key achievements in the reporting period include:

- Construction of the new \$207.4 million Karratha Health Campus is on schedule and due to open in mid-2018, with 85% of contractors on site living locally in Karratha.
- \$6.681 million from Royalties for Regions program was secured for the Pilbara Health Partnership Phase 2 to expand health services and facilities in the region including obstetrics and specialist services at Nickol Bay Hospital in Karratha and the delivery of the Inland Women's Health program in Tom Price and Newman.
- Contributed to the planning for upgrades and expansions to the Newman and Onslow hospitals.
- Progressed the \$6 million Victoria Hotel Redevelopment project including working with the Yindjibarndi Aboriginal Corporation to maximise opportunities for Aboriginal business and employment as a result of the construction and operation of the new facility.
- The \$4.6 million Paraburdoo Childcare Centre opened in October 2016, providing 73 child care places in the community.
- The \$18 million Dampier Community Hub opened July 2016, providing a range of services including a 70-place childcare centre, public library and meeting rooms and refurbished community hall.
- The \$65m Karratha Red Earth Arts Precinct project is progressing on time and on budget with a focus on local contracts. To date, 63% of the construction workforce are living locally, and more than 25% of contracts have been allocated to locally-based small to medium businesses.
- Planning is underway for the development of a Pilbara Creative and Cultural Industries Strategy to support a sustainable future for the sector. This includes the delivery of a Creative and Cultural Industries Forum in June 2018 to bring together the region's growing network of cultural centres, arts groups and creative enterprises to identify opportunities for collaboration, participate in professional development and provide input into the development of the Strategy.
- FORM's \$1m Creative Business Development Series is nearing completion with a total of 216 attendees taking advantage of the business workshops to date. So far, the Series has successfully supported the establishment of 14 new micro businesses, increased online presence and improved the quality of the West End Market stallholder products.



Cemetery Beach Park, Port Hedland

The Commission is also leading the delivery of the \$20 million Town Based Reserves project, in partnership with the Regional Services Reform Unit. The project aims to maximise opportunities for improved social and economic outcomes for residents for eight town based reserve communities in the Pilbara, including access to equitable standards of service. Stage 1 of the project, consisting of consultation, planning and evaluation, commenced in 2016-17.

The following project milestones were achieved in the reporting period:

- Appointment of consultants to undertake consultation with residents and stakeholders and develop transition plans for each community. Two rounds of consultation with all town based reserve communities, including interviews with residents have been completed.
- Consultants appointed to work with the Cheeditha Aboriginal Community to develop a Business Plan to support its future economic and social development.
- Consultants appointed to undertake the evaluation component of Stage 1 of the project

Small grants, delivering a big impact

The Commission managed competitive grant rounds for the Community Chest Fund and Regional Grants scheme in 2016-17. To promote the funding opportunity and ensure the application guidelines were well understood, Commission staff hosted information sessions across the region in Karratha, Port Hedland, Tom Price, Onslow and Newman. This strategy enhanced the quality and number of submissions received for funding, ensuring projects delivered maximum benefit back to the community.

This year, 51 applications were received to the Community Chest Fund, and 26 to the Regional

Grants Scheme, all of which were assessed under the Commission's due diligence Process. There were 30 successful applicants to the Community Chest Fund, totalling \$833,333, and eight successful applicants to the Regional Grants Scheme sharing a sum of \$1.6 million in funding.

In 2016-17, for every \$1 invested in the community through the Community Chest Fund and Regional Grants Scheme in 2016-17, the Commission leveraged an additional \$4.80 from project partners.

The Commission also administered 52 grants during the reporting period, totalling \$1.1 million, through the State Government's Local Projects, Local Jobs program.

A total of 117 projects are currently active under these three grant programs:

- 20 Regional Grants Scheme
- 45 Community Chest Fund
- 52 Local Projects, Local Jobs program

Refer to the [Investment Overview](#) page for a full list of project investments for 2016-17.

"They have a clear understanding of what they want to achieve and it works when you have good people at the helm"

*Not-for-profit organisation, 2017
stakeholder survey*

MEASURING IMPACT: EAST PILBARA ARTS CENTRE

The East Pilbara Arts Centre, which opened its door in April 2016, has provided a new home for the highly acclaimed Martumili Artists. With fully equipped studio facilities located within the centre, Martumili Artists can now offer employment opportunities for young Martu arts workers through the delivery of a full-time studio space for Newman based artists and artists in residence from remote communities to share their stories and art practices and collaborate with other to create exceptional art works, reducing social isolation through the sharing of cultural knowledge.

In the twelve months since moving into the centre, Martumili Artists has recorded significant growth, the following table demonstrates the increase in employment, art production and artists.

Performance indicator	2016-17	2015-16
New artists	51	14
Young art workers recruited	9	3
Artworks produced	1,188	930

To critically evaluate the impact of the State Government's investment in the East Pilbara Arts Centre, the Commission awarded Martumili Artists, via the Shire of East Pilbara, \$50,000 to undertake social, cultural and impact assessment to determine the benefits and outcomes generated by a complex, cross-cultural organisation as geographically large as Martumili Artists. It also seeks to develop a measurement and evaluation framework to measure future impacts. The framework will also become a basis for measuring social and economic impact at other Aboriginal art centres in the Pilbara.

"The old people have something they can be proud of that was built for them. They don't use Martumili like other places, it's like another house for them, where they can come from all of the communities to sit together, do painting together and be inspired by each other."

Kathleen Sorenson, young Aboriginal artist and Martumili arts worker

The \$8.7 million East Pilbara Arts Centre received \$3.5 million in Royalties for Regions funding, and was a collaborative project between Martumili Artists, the Pilbara Development Commission, BHP Billiton Iron Ore, Shire of East Pilbara, and Lotterywest.

2.4 Building Transformational Partnerships

Reviewing our investment impact

Since 2012, the Commission has been the lead delivery agency for \$1.7 billion of Royalties for Regions funding committed through the Pilbara Cities initiative. With more than 100 major projects ranging from wastewater treatment plant upgrades and road realignments, to recreation centres and health infrastructure, the benefits are far reaching across the region. However, it was identified that a gap existed in demonstrating the overall achievements of the initiative and how collectively they were transforming the liveability and sustainability of the Pilbara. To address this, the Commission engaged KPMG to research early impacts of this significant government investment.

The findings were presented in a comprehensive report titled, [The New Pilbara](#), which showcased all current and completed projects developed through Pilbara Cities initiative. The report was launched at the New Pilbara Economic Development Conference in November 2016, and has been a valuable reference document for stakeholders, staff and the media. The Commission recognises the importance of evaluating projects to ensure long term benefit and legacy of investments.

Improving our stakeholder management

A purpose-built stakeholder management system, using the Microsoft Dynamics CRM platform, was developed by the Commission and successfully deployed throughout the organisation in 2016. The purpose of the system is to provide accurate contact records of Commission stakeholders, and to capture strategic interactions with contacts and organisations. A comprehensive program of training on-boarding initiatives was carried out as part of the roll-out of the system, including

Snapshot of Pilbara Cities Outcomes

- cost of goods and services has decreased by 49% since 2011
- 54% decrease in road crashes between 2011 and 2015
- frequency of unplanned electricity interruptions has decreased by 70% since 2010
- crime rate per capita reduced by 25% between 2006 and 2015
- overall median settlement price for residential property has decreased by 34% since 2011
- 24% increase in births per annum between 2006 and 2014
- 10% increase in school enrolments between 2006 and 2015
- choice of more than 200 sporting, recreational and cultural facilities and events
- more than 65 health care facilities available (including private and public)

training “super-users” in each office to act as an ambassador and early adopter of the new system. There have been different rates of adoption across the organisation, which is expected when new IT software is introduced. The Commission is committed to continuing to improve and refine the capabilities of the system and making it the agency’s “one source of truth.”

Working together in regional development

The Commission contributes to broader regional development outcomes for Western Australia and recognises opportunities for inter-regional collaboration to improve productivity and effectiveness. As such, the agency actively pursues opportunities to work with other regional development commissions on joint strategic initiatives as well as shared learning and training opportunities. This year, the Commission shared experience and knowledge with Peel, Gascoyne and Mid West Development Commissions in particular in relation to stakeholder management systems and corporate communication. These interactions have strengthened partnerships within the regional development portfolio and opened the door for new opportunities.

The Commission also holds membership on 16 advisory or reference groups to promote regional development priorities. A list of current groups is included in the [Performance Management Framework](#) section of this report.

A fresh look

The Commission's logo is well recognised within the Pilbara community, and more broadly within regional development stakeholders. To ensure the visual identity of the Commission continues to reflect the contemporary nature of the agency, a logo refresh was undertaken and launched in November 2016. The new logo has been successfully implemented across the Commission's corporate stationary, which was also refreshed to ensure consistency. To maintain consistency, the Commission also developed a brand and logo style guide which articulates the correct application of the agency brand. This is also utilised as a guide for recipients of funding to improve efficiencies by providing an easy-to-follow logo application guide.

To avoid unnecessary expenditure, existing material was not replaced and the new version of the logo is being applied to new material only.

Improving how we communicate

The Commission continues to improve communication with stakeholders through the implementation of its Strategic Communications Plan. This year, the focus was on increasing the number of owned communication channels to disseminate messages to key stakeholders and the community. The following key communications channels were used to connect with stakeholders.

Our Pilbara newsletter

The electronic newsletter promotes the current activities of the Commission, and demonstrates the agency's achievements against key strategic initiatives. It also provides an opportunity to revisit completed projects to illustrate the difference they are making to the social and economic wellbeing of the region. This year:

- newsletter launched in March 2017
- current mailing list of 337
- average open rate of 40%

LinkedIn

Weekly updates are posted to the LinkedIn page, giving stakeholders up-to-date information about the Commission's activities and an opportunity to communicate and provide feedback in real-time. This year:

- company page established in January 2017
- current audience of 292 followers
- average number of impressions of 1,939 per post

Website

The Commission's website continued to be the primary digital communication platform for the agency. A content review and update is nearing completion which aims to attract more users to the Commission website, and keep users on the site for a longer period of time.

This year:

- users increased by 18%*
- number of new users (compared to returning users) increased by 6.8%*

**Figures are based on results from 18 January – 30 June 2016 and 2017*

Media engagement

The Commission continues to use media as a key communication tool. This year, the agency introduced senior staff members as the spokespersons for relevant projects. This is part of establishing key staff members as the portfolio leads for areas, such as tourism, arts and culture, and aquaculture, to promote the internal expertise of Commission staff. This year:

- nine staff, plus the Chairman, completed media training
- six staff have acted as the Commission spokesperson for a key issue or topic
- 83 media mentions of "Pilbara Development Commission"

2.5 Empowering Skilled and Capable People

A values-driven organisation

The Commission's values were developed in late-2015 and are owned and upheld by all Commission staff. To foster genuine ownership, a strategy was developed to ensure staff remained accountable to the values. In 2016-17, the following initiatives were undertaken to improve adoption of the Commission's values:

- annual all-staff workshop to review relevance of values and identify examples

where decisions did, and did not, reflect the Commission's values;

- opportunity to identify values-based behaviour at all-staff meetings;
- values posters displayed prominently in all Commission offices; and
- series of desktop images designed with values statements for staff use.

In the 2017 stakeholder survey, more than 90% of respondents agreed with the Commission's five values statements. More results from the survey can be found in the [Performance Scorecard](#) section of this report.

Supporting young leaders

With more than 40% of the Pilbara's population being under the age of 30, the Commission established an internal working group to devise a strategy to deliver more professional development and networking opportunities for young professionals. To seek feedback from this demographic, the Commission held a 'Great Debate' event in Port Hedland and Karratha, attended by more than 70 young professionals. The event promoted the Commission's commitment to supporting young leaders in the region, and provided an opportunity to collect feedback on the barriers to development and learning areas of interest.

Further to this, the Commission's internal working group conducted a strategy workshop, facilitated by a local leadership expert, to develop a strategic plan. The purpose of this was to create an action plan, based on the feedback collected at the Karratha and Port Hedland events. The strategy included the facilitation of professional development opportunities; creating a network of like-minded peers to foster support; and internal capacity building to ensure the Commission was leading by example.

Additional tactics supporting this priority include:

- \$10,000 funding to Karratha Young Professionals to run networking and professional development events, through the Community Chest Fund; and
- sponsorship of the Young Business Achiever award in the annual Karratha Business Excellence Awards.

Improving the business of the Commission

Over the 12 months, the Commission has consolidated its Information and Communication Technology (ICT) environments and transitioned to new cloud-based technologies. With offices in three locations, and staff frequently travelling to communities across the Pilbara (which spans some 502,000km²), the introduction of these technologies allows employees to work anywhere, anytime. An overhaul of office ICT was also rolled out to minimise onsite infrastructure which reduces risk, cost and resources.

Key achievements in this area include:

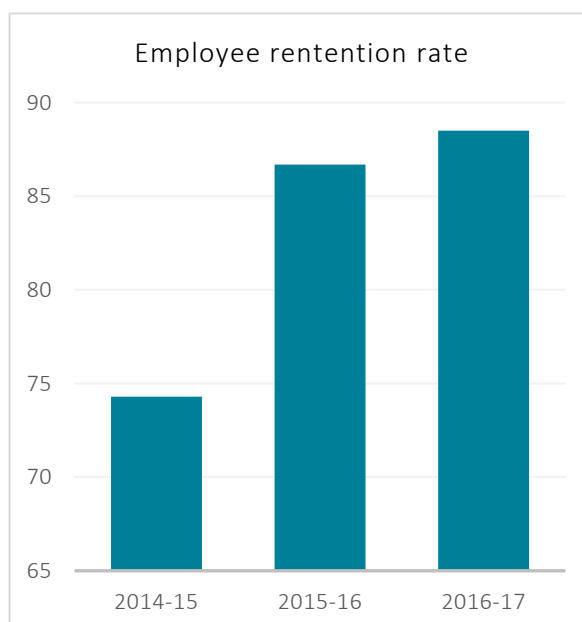
- all project-based staff were issued laptops to enable mobility when travelling around the region;
- overhaul of ICT equipment in each office to install cloud-based technology;
- Karratha office connected to Government Campus Network allowing for more streamlined connection to Perth network and data centres; and
- introduced Skype for Business, improving video conferencing technology across offices, and with other government departments and stakeholders to reduce barriers to communication.



A great place to work

Implementation of MyPlan career development plans, biannual staff workshops, and a stronger culture has led to an improvement in employee productivity, collaboration across teams and locations and overall morale.

This is reflected in the employee retention rate, which increased to 88.5% in 2016-17, an overall increase of 14.2% since 2014-15.



The MyPlan initiative encourages staff to proactively seek learning and training opportunities. As a result there has been a considerable increase in the number of training courses completed, with 88% of staff undertaking training in 2016-17, a significant increase from 56% the previous year.

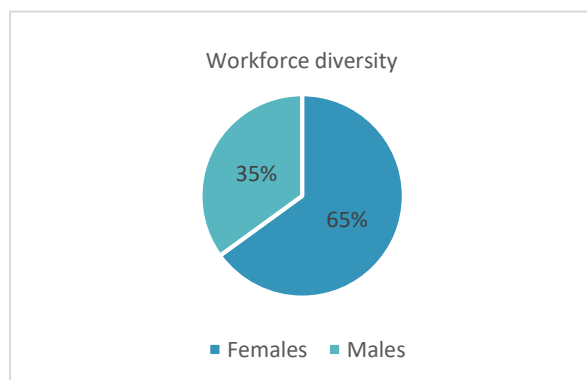
Training this year ranged from project management qualifications to short courses on leadership and communication with a total of 96 courses completed. Ongoing evaluation of MyPlan will ensure that training aligns with staff career development ambitions, as well as the skills base of the Commission.

Workforce diversity

The Commission strives for workforce diversity. Currently, 65% of staff are female, and 30% of people in senior leadership roles in the organisation are female. This aligns with the Government's commitment to increase the number of women in senior management positions within the public sector.

The Commission engages with Aboriginal Corporations and businesses in many ways including purchase of services, support of events and engagement of consultants.

The Commission will continue to ensure local Aboriginal people are offered employment opportunities with the agency and receive support where required.



2.6 Investment Overview

Community Chest Fund

The following projects were successful in securing funding through the 2017 Pilbara Community Chest Fund.

Organisation	Project	Funding	Total project
Karratha Business Enterprise Centre Incorporated	Destination Pilbara - 2nd Annual Warlu Way Tourism Conference	\$10,000	\$156,400
Hedland Women's Refuge Incorporated	Hedland Women's Refuge - Security Upgrade	\$19,910	\$19,910
Pilbara Regional Council	Regional Tourism Entry Signage	\$50,000	\$66,000
IBN Corporation Pty Ltd	Pilbara Aboriginal Place Names	\$50,000	\$192,109
Shire of East Pilbara (Martumili Artists)	From Pujiman to Millennial	\$49,916	\$192,786
Onslow Tourism and Progress Association Incorporated	Onslow Goods Shed Museum Upgrade	\$40,000	\$134,771
Shire of East Pilbara	2017 Outback Fusion Festival	\$20,000	\$221,118
Pilbara Mesquite Management Committee	More Jobs, Less Weeds Trial	\$15,000	\$46,900
Karratha BMX Club	5m UCI Standard BMX Start Gate	\$20,000	\$297,000
City of Karratha	Karratha Bowling Club Refurbishment	\$37,359	\$576,000
Fair Game Australia Limited	Fair Game 2017/18 Pilbara Project	\$32,661	\$130,150
Kalyuku Ninti - Puntuku Ngurra Limited	Yintakaja Helicopter Mapping Project	\$50,000	\$145,620
Youth Involvement Council	YIC Security and Access Measures	\$11,970	\$58,736
Ngarluma Yindjibarndi Foundation Limited	Camping with Custodians Revised Feasibility	\$20,000	\$50,000
Shire of East Pilbara	Newman Aquatic Centre Redevelopment Plans	\$50,000	\$86,400
Paraburdoo Motorcycle Club Incorporated	Upgrade to Club Facilities	\$15,386	\$23,672
Big hART Incorporated	Tjaabi Project	\$50,000	\$301,395
De Grey Land Conservation District Committee	2017 Pilbara Livestock Handling Cup Event	\$21,400	\$110,656
Ngurra Kujungka	Martu School Holiday Program	\$20,175	\$312,000
Shire of Ashburton	2017 Passion of the Pilbara Festival	\$20,000	\$340,684
Yindjibarndi Aboriginal Corporation	Eco-tourism Enterprise Project	\$26,382	\$166,700

Shire of East Pilbara (Martumili Artists)	Martumili Evaluation and Impact Project	\$50,000	\$135,238
Kalyuku Ninti - Puntuku Ngurra Limited	Wangka-lampaju (Our Language)	\$50,000	\$141,993
Yaburara and Coastal Mardudhunera Aboriginal Corporation	Cultural Eco-tourism Project	\$20,174	\$66,936
Activ Foundation	Karratha City to Surf	\$20,000	\$168,346
Onslow Rodeo Association Incorporated	Stage 2017 Project	\$20,000	\$61,314
Volunteer Marine Rescue Service Port Hedland Incorporated	Rescue Vessel Motor Replacement	\$8,000	\$48,855
Karratha and Districts Chamber of Commerce and Industry	KYP 2017 Events Calendar	\$10,000	\$83,445
Karratha and Districts Chamber of Commerce and Industry	Fishing Addiction - Mackerel Islands and Surrounds	\$5,000	\$39,500
Karratha and Districts Chamber of Commerce and Industry	Pilbara Business Boot Camp	\$20,000	\$85,500
TOTAL		\$833,333	\$4,460,134

Regional Grants Scheme

The following projects were successful in their application for funding through the 2017 Pilbara Regional Grants Scheme.

Organisation	Project	Funding	Total project
Kalyuku Ninti – Puntuku Ngurra Limited	Martu Leadership Project	\$125,000	\$964,180
Onslow Chamber of Commerce and Industry Inc	Business Support Program	\$162,780	\$262,780
City of Karratha	Nickol West Park Expansion	\$300,000	\$2,155,454
Western Australian Centre for Remote and Rural Medicine Limited	Forward to Fellowship Program - Pilbara	\$106,386	\$509,800
Yaandina Family Centre Limited	HACC Home and Gardens, Administration Refurbishment	\$300,000	\$2,272,164
Aboriginal Male's Healing Centre Strong Spirit Strong Families Strong Culture Incorporated	Program Design - Aboriginal Male Healing Centre	\$273,000	\$448,000
Pilbara Regional Council	Reinvigoration of Warlu Way Signage	\$299,500	\$312,500
Big hART Incorporated	Roebourne Training Lab	\$100,000	\$702,261
TOTAL		\$1,666,666	\$7,627,139

Local Projects Local Jobs

The Pilbara Development Commission administers funding for the State Government's Local Projects Local Jobs program, including contract management and project acquittals. The following projects received funding under the program in 2016-17.

Organisation	Project	Funding
Baynton Lions Cricket Club	Purchase of Equipment and Uniforms	\$2,000
Cheeditha Group Aboriginal Corp.	Rubbish Removal and water leak detection	\$20,000
City of Karratha	Wickham Skate Park Shade	\$35,000
City of Karratha	Improved Road Signage and Traffic Calming Devices	\$50,000
City of Karratha	Community Safety and Youth Services	\$250,000
City of Karratha	Purchase of Equipment and Uniforms	\$1,500
Dampier Bowling Club	Purchase of Equipment	\$2,000
Dampier Taverners Cricket Club	Purchase of Equipment and Uniforms	\$2,500
East Pilbara BMX Club	Purchase of Equipment	\$1,500
Federation of WA Police & Community Youth Centre (PCYC) Roebourne	Purchase of Equipment and Uniforms	\$1,500
Hedland BMX	Purchase of Equipment	\$2,000
Hedland Community Radio	Broadcasting Equipment Upgrade	\$15,000
Hedland Gymnastics Club	Purchase of Equipment	\$2,000
Hedland Hockey	Purchase of Equipment and Uniforms	\$2,000
Hedland Little Athletics	Purchase of Equipment and Uniforms	\$2,000
Hedland Touch Association	Purchase of Equipment and Uniforms	\$2,000
Hedland Well Women's Centre	Upgrade to Security and Resources	\$10,000
Jigalong Remote Community School	Purchase of Play Equipment	\$10,000
Juluwarlu Group Aboriginal Corp.	Nanna's Program Annex	\$15,000
Juluwarlu Group Aboriginal Corp.	Ngurrawaana Remote Community Visitor Information Signage	\$10,000
Kapuwapari Jalu Aboriginal Corp.	Purchase of Equipment and Uniforms	\$2,000
Karratha Falcons Football	Purchase of Equipment and Uniforms	\$2,000

Karratha Touch Assoc.	Purchase of Equipment and Uniforms	\$2,000
Marble Bar Community Resource Centre	ICT Upgrades	\$10,000
Marble Bar Primary School	School Resources and Equipment	\$10,000
Mingullatharndo Association	Minor Repairs at Mingullatharndo Community	\$55,000
Ngarluma Yindjibarndi Foundation	Native Garden and Veranda at the Ngurin Cultural Centre	\$15,000
Nickol Junior Soccer Club	Purchase of Equipment	\$2,000
Nomads Charitable and Educational Foundation on behalf of Strelley Community School	Computer Technology Upgrades	\$10,000
North West Roller Derby	Preparation and assistance for Perth Annual Roller Derby Event	\$2,000
Nullagine Primary School	Library Refurbishment and Resources	\$10,000
Parnngurr Remote Community School	IT and Resources Upgrade	\$10,000
Pilbara Meta Maya Regional Aboriginal Corp.	Warralong Basketball Court Lighting Upgrade	\$12,000
Pilbara Regional Football Development Committee	Pilbara Nightfields Program	\$5,500
Port Hedland Pony Club	Purchase of a 'Wazza Cow'	\$2,000
Port Hedland School of the Air	Upgrade of ICT and School Resources	\$10,000
Red Dirt Blue Sky Inc.	Martu Farm Greenhouse Project	\$5,000
Roebourne Art Group	Artwork Display and Storage unit	\$20,000
Roebourne District High School	Boonderu Music Academy	\$20,000
Salt Junior Soccer Club	Purchase of Equipment and Uniforms	\$1,000
Salvation Army (WA) Trust Property Group	Karratha Women's Refuge - Equipment Upgrade and Landscaping	\$20,000
Saving Animals from Euthanasia	Domestic Animal De-sexing Program	\$15,000
Shire of Ashburton	Improved Road Signage and Traffic Calming Devices	\$50,000
Shire of East Pilbara	Newman 50m Swimming Pool Upgrade	\$95,000
Shire of East Pilbara	Nullagine Public Drinking Water Fountain Upgrade	\$30,000
Shire of East Pilbara	Improved Road Signage and Traffic Calming Devices	\$50,000
Shire of East Pilbara	Newman Youth Centre Recreation Equipment	\$2,000
Tom Price Men's Shed	Establishment of the Tom Price Men's Shed	\$150,000

Town of Port Hedland	Improved Road Signage and Traffic Calming Devices	\$50,000
West Pilbara Junior Football Assoc.	Purchase of Equipment and Uniforms	\$2,000
Wickham Amateur Swimming Club	Purchase of Equipment	\$1,000
Yandeyarra Remote Community School	Junior Play Track	\$10,000
TOTAL		\$1,116,500

Corporate sponsorship

The Commission manages a discrete sponsorship program to support strategic partnerships and initiatives that promote the Pilbara. The following is a list of investments made under the 2016-17 sponsorship program.

Organisation	Project	Funding
Pilbara Regional Chambers of Commerce	The New Pilbara Economic Development Conference 2016	\$20,000
Roadshow Films	Red Dog: True Blue early screening for the Town of Port Hedland	\$2,500
Karratha and Districts Chamber of Commerce and Industry	Diamond sponsorship	\$10,000
Onslow Chamber of Commerce and Industry	Silver sponsorship	\$9,000
Port Hedland Chamber of Commerce and Industry	Platinum sponsorship	\$10,000
Nintirri Inc.	Karijini Experience 2016	\$10,000
City of Karratha	Cossack Art Awards – Indigenous Showcase	\$10,000
Pilbara Regional Chambers of Commerce	The New Pilbara Economic Development Conference 2017	\$10,000
Newman Chamber of Commerce and Industry	Diamond sponsorship	\$8,000
FORM	Hedland Art Awards	\$10,000
TOTAL		\$99,500

2.7 Report on Operations

Actual Results against Budget Targets

Financial Targets

	2016-17 Target (1) \$000	2016-17 Actual \$000	Variation (2) \$000
Total Cost of Services (expense limit) (sourced from Statement of Comprehensive Income)	9,073	8,461	(612) (a)
Net Cost of Services (sourced from Statement of Comprehensive Income)	9,073	8,346	(727) (b)
Total Equity (sourced from Statement of Financial Position)	106	1,799	1,693 (c)
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	(472)	282	754 (d)
Approved salary expense level	3,262	2,602	(660) (e)

(1) As specified in the Budget Statements.

(2) Further explanations are contained in Note 30 'Explanatory statement' to the financial statements.

(a) The 2016-17 actual total cost of services is lower in comparison to the 2016-17 target (\$0.612 million), predominantly due to a decrease in employee benefits expense (\$1.154 million) as a result of vacancies in permanent positions during the financial year; offset by an increase in grants and subsidies expense (\$1.201 million) in relation to the newly approved Local Projects Local Jobs project.

(b) The decrease in the 2016-17 actual Net cost of services (\$0.727 million) is predominantly due to a decrease in employee benefits expense (\$1.154 million) as a result of vacancies in permanent positions during the financial year; offset by an increase in grants and subsidies expense (\$1.201 million) in relation to the newly approved Local Projects Local Jobs project.

(c) The variation of \$1.693 million between the target and actual in Total Equity is attributed to higher Royalties for Regions carry-over funds at the end of the financial year.

(d) The variation of \$0.754 million in net increase/(decrease) in cash held is attributed to higher Royalties for Regions carry-over funds at the end of the financial year.

(e) The variation of (\$0.660 million) between the target and actual in the approved salary expense level is predominately due to vacancies in permanent positions during the financial year.

Financial Targets

	2016-17 Agreed Limit \$000	2016-17 Target (1) / Actual (2) \$000	Variation (2) \$000
Agreed Working Cash Limit (at Budget)	452	510	57 (f)
Agreed Working Cash Limit (at Actuals)	428	1,407 (g)	979 (h)

(f) A higher cash limit than the policy target was approved during the Mid-Year Review process due to a newly approved Royalties for Regions project- Local Projects Local Jobs.

(g) The actual operating working cash held totals \$1.407 million. Specific purpose monies of \$0.564 million were also held by the Commission.

(h) The variation of \$0.979 million is mainly due to the underspend in employee benefits as a result of vacancies in permanent positions during the financial year, and the reduction in associated staffing costs including superannuation, allowances, travel, training and regional staff housing.

Summary of Key Performance Indicators

Outcome: Enhancement of the Pilbara Region's economic and social development	2016-17 Target (1)	2016-17 Actual	Variation (2)
Key Effectiveness Indicator:			
Customers satisfied that the Commission is effective in meeting its service obligations	90%	95%	5%
Key Efficiency Indicator			
Service 1: Facilitation, coordination and governance			
Average operational costs (excluding grants) per working hour	\$244	\$208	(\$36) (i)
Key Efficiency Indicator			
Service 2: Regional promotion and information services			
Average operational costs (excluding grants) per working hour	\$163	\$139	(\$24) (j)

(i) The variance of \$36 between the target and actual for 2016-17 is due to the decrease in operational costs predominantly related to employee benefit expenses, as a result of 2 to 3 vacant employee positions, at any given point in the year. Operational costs were also reduced such as office accommodation and regional staff housing by way of negotiating lower lease agreements.

(j) The variance of \$24 between target and actual for 2016-17 is due to the decrease in operational costs predominantly related to employee benefit expenses, as a result of 2 to 3 vacant employee positions, at any given point in the year. Operational costs were also reduced such as office accommodation and regional staff housing by way of negotiating lower lease agreements.



3.0 SIGNIFICANT ISSUES AND TRENDS

The Pilbara is a globally significant mining and energy region boasting a wealth of resource endowments, dynamic communities, rich Aboriginal culture and stunning natural landscapes.

Economic and social trends

The Pilbara is a globally-significant mining and energy region producing 98 per cent of Australia's total iron ore, and more than 50 per cent of Australia's LNG, which were collectively worth \$60 billion in 2016.

Population figures from the 2016 Census revealed there were 59,508 people living in the Pilbara, which is a 0.6 per cent decrease since 2011. The Shire of Ashburton, however, saw a significant population increase of 29 per cent since 2011, compared to the largest decline of 10 per cent in the Shire of East Pilbara. The City of Karratha saw a six per cent decrease, and the Town of Port Hedland's population decreased by four per cent. The population change can largely be attributed to the transition of the mining and resources sector from peak construction in 2011, to operational phase.

The mining and resources sector remains the largest employer of the region, providing more than 18,000 jobs. Meanwhile, small businesses are still underrepresented in the Pilbara, with less than four businesses per hundred people recorded, compared to eight businesses per hundred people in regional Western Australia, according to the 2016 Census.

Property prices in the region are continuing to show signs of stabilising, with the median house price in the City of Karratha increasing slightly for the second consecutive quarter, and median rents remaining largely unchanged across the Pilbara in the June 2017 quarter. Median house prices in the City of Karratha increased to \$302,500 in the June quarter, while median house prices dropped slightly in the Town of Port Hedland to \$220,000, and in the Shire of East Pilbara to \$128,000. Median house prices dropped to \$300,000 in Onslow to \$225,000 in Tom Price in the June quarter.

The continued growth and sustainability of Pilbara communities will rely on the region's

ability to attract people to live, work and invest in the region. A diverse local economy with attractive job opportunities and lifestyle options will be key to this.

Emerging markets

Demand for fresh, safe and high quality produce from rapidly growing population centres, such as Asia, is driving demand for agricultural produce. Similarly, globally the fastest-growing food production sector, aquaculture is set to overtake capture fisheries as the major source of seafood and projected to rise to provide 62 per cent of global seafood by 2030. The growth of the aquaculture industry is internationally recognised as a both a significant investment opportunity and a requirement to secure food availability for the growing population.

The Pilbara's abundant sunlight, vast amounts of undeveloped land, as well as world-class export infrastructure and proximity to Asia, make it well-suited to expanding agriculture and aquaculture sectors to meet these emerging global trends.

South East Asia is developing rapidly with a growing demand for expansion of electricity capacity. The International Energy Agency has projected that by 2040, ASEAN nations will require an additional 400 gigawatts of electricity infrastructure. Indonesia is at the forefront of this electrification and has a target of 80.5 gigawatts of new installed capacity by 2025 including 14.4 gigawatts of renewable energy. The north west of Western Australia has been identified internationally as one of the best global locations for large scale solar photovoltaic (PV) generation.

The resource sector will still be the predominant industry for decades to come providing stability, jobs and economic prosperity to the region and Western Australia, while new technology and innovation will drive efficiencies and future

growth for this sector. However, the Pilbara is well-placed to seize opportunities in other sectors which would see the region reach its economic potential.

Issues affecting the agency

On 28 April 2017, the Premier of Western Australia announced significant changes to the public sector aimed at creating collaborative departments focused on whole-of-Government objectives. As of 1 July 2017, the departments of Agriculture and Food, Fisheries, and Regional Development amalgamated to establish the

Department of Primary Industries and Regional Development. Staff, excluding the Chief Executive Officers, from the nine Regional Development Commissions transferred to the new department. Regional Development Commissions remain as legal entities and retain their identity and regional presence.

Changes in written law

There were no changes in any written law that affected the Commission during the reporting period.



4.0 DISCLOSURES & LEGAL COMPLIANCE



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PILBARA DEVELOPMENT COMMISSION

Report on the Financial Statements

Opinion

I have audited the financial statements of the Pilbara Development Commission which comprise the Statement of Financial Position as at 30 June 2017, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

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

Basis for Opinion

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

Responsibility of the Board for the Financial Statements

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Controls

Opinion

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

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

In my opinion, in all material respects, the controls exercised by the Pilbara Development Commission are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2017.

The Board's Responsibilities

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

Auditor General's Responsibilities

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

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

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

Limitations of Controls

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

Report on the Key Performance Indicators

Opinion

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

In my opinion, in all material respects, the key performance indicators of the Pilbara Development Commission are relevant and appropriate to assist users to assess the Commission's performance and fairly represent indicated performance for the year ended 30 June 2017.

The Board's Responsibility for the Key Performance Indicators

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

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

Auditor General's Responsibility

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

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

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

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

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

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

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

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



PATRICK ARULSINGHAM
ACTING ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
24 August 2017

4.2. Financial Statements

Pilbara Development Commission - 30 June 2017

Disclosures and Legal Compliance

Financial Statements

Certification of Financial Statements

For the year ended 30 June 2017

The accompanying financial statements of the Pilbara Development Commission have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2017 and the financial position as at 30 June 2017.

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



Cameron Patterson
Chief Finance Officer
22 August 2017



Chris Gilmour
Chairman
22 August 2017



Terry Hill
Chief Executive Officer
22 August 2017



Statement of Comprehensive Income
For the year ended 30 June 2017

COST OF SERVICES	Note	2017 \$000	2016 \$000
Expenses			
Employee benefits expense	6	3,324	3,395
Supplies and services	8	1,981	2,112
Depreciation and amortisation expense	9	11	13
Accommodation expenses	10	419	552
Grants and subsidies	11	2,589	808
Other expenses	12	137	1,316
Total cost of services		8,461	8,196
Income			
<i>Revenue</i>			
Other revenue	14	115	107
Total Revenue		115	107
Total income other than income from State Government		115	107
NET COST OF SERVICES		8,346	8,089
Income from State Government	15		
Service appropriation		267	371
Other State Grants		100	27
Services received free of charge		45	37
Royalties for Regions Fund		8,492	6,646
Total income from State Government		8,904	7,081
SURPLUS/(DEFICIT) FOR THE PERIOD		558	(1,008)
TOTAL COMPREHENSIVE INCOME/ (LOSS) FOR THE PERIOD		558	(1,008)

See also note 37 'Schedule of Income and Expenses by Service'

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



Statement of Financial Position
As at 30 June 2017

	Note	2017 \$000	2016 \$000
ASSETS			
Current Assets			
Restricted cash and cash equivalents	16,26	1,971	1,697
Receivables	17	254	133
Other current assets	19	73	37
Total Current Assets		2,298	1,867
Non-Current Assets			
Restricted cash and cash equivalents	16, 26,	8	-
Amounts receivable for services	18	48	48
Plant and equipment	20	4	15
Intangible assets	21	4	5
Total Non-Current Assets		64	68
TOTAL ASSETS		2,362	1,935
LIABILITIES			
Current Liabilities			
Payables	23	62	209
Provisions	24	387	360
Total Current Liabilities		449	569
Non-Current Liabilities			
Provisions	24	114	125
Total Non-Current Liabilities		114	125
TOTAL LIABILITIES		563	694
NET ASSETS		1,799	1,241
EQUITY			
Contributed equity	25	353	353
Accumulated surplus		1,446	888
TOTAL EQUITY		1,799	1,241

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



Statement of Changes in Equity

For the year ended 30 June 2017

	Note	Contributed equity \$000	Accumulated surplus/(deficit) \$000	Total equity \$000
Balance at 1 July 2015	25	353	1,896	2,249
Surplus/(deficit)		-	(1,008)	(1,008)
Total comprehensive loss for the period		-	(1,008)	(1,008)
Balance at 30 June 2016		353	888	1,241
Balance at 1 July 2016		353	888	1,241
Surplus/(deficit)		-	558	558
Total comprehensive income for the period		-	558	558
Balance at 30 June 2017		353	1,446	1,799

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

Statement of Cash Flows

For the year ended 30 June 2017

	Note	2017 \$000	2016 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		267	371
State Grants		100	27
Royalties for Regions Fund		8,492	6,646
Net cash provided by State Government		8,859	7,044
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(3,300)	(3,499)
Supplies and services		(2,115)	(2,128)
Accommodation		(419)	(552)
Grants and subsidies		(2,589)	(722)
GST payments on purchases		(496)	(334)
Other payments		(137)	(1,361)
Receipts			
GST receipts on sales		17	11
GST receipts from taxation authority		319	388
Other receipts		143	58
Net cash provided by/(used in) operating activities	26	(8,577)	(8,139)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of intangible assets		-	(6)
Net cash provided by/(used in) investing activities		-	(6)
Net increase/(decrease) in cash and cash equivalents		282	(1,101)
Cash and cash equivalents at the beginning of the period		1,697	2,798
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	26	1,979	1,697

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

Notes to the Financial Statements
For the year ended 30 June 2017

Note 1. Australian Accounting Standards

General

The Commission's financial statements for the year ended 30 June 2017 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

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

Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. There has been no early adoption of any other Australian Accounting Standards that have been issued or amended (but not operative) by the Commission for the annual reporting period ended 30 June 2017.

Note 2. Summary of significant accounting policies

(a) General statement

The Commission is a not for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

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

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

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

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(c) Reporting entity

The reporting entity comprises the Pilbara Development Commission (Commission).

Mission

The Commission's mission is to be the catalyst for regional growth and development in the Pilbara.

Services

The Commission provides the following services:

Service 1: Facilitation, Coordination and Governance

Facilitate high level stakeholder group discussion including requirements and strategies for the future development of the region. Coordinate liaison and collaboration between State Government agencies. Develop, implement and review good governance models, particularly in the area of grants management and effective agency operation.

Service 2: Regional Promotion and Information Services

Provide and regularly update a range of relevant planning and community information to facilitate and support the sustainable economic and social development of the region.

(d) Contributed equity

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

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

(e) Income

Revenue recognition

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

Sale of goods

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

Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

Service appropriations

Service appropriations are recognised as revenues at fair value in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Grants, donations, gifts and other non-reciprocal contributions

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

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

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

Gains

Realised and unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Plant and equipment

Capitalisation/expensing of assets

Items of plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of plant and equipment costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

Plant and equipment are initially recognised at cost.

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

Subsequent measurement

Subsequent to initial recognition of an asset, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Derecognition

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

Depreciation

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

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Plant and equipment	10 to 15 years
Office equipment	5 years
Software ^(a)	3 to 5 years

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

(g) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

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

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

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by the Commission have a finite useful life and zero residual value.

The expected useful lives for each class of intangible asset are:

Software ^(a)	3 to 5 years
Website costs	3 to 5 years

(a) Software that is not integral to the operation of any related hardware

Computer software

Software that is an integral part of the related hardware is recognised as plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than \$5,000 is expensed in the year of acquisition.

Website costs

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

(h) Impairment of assets

Plant and equipment and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As the Commission is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

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

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

(i) Non-current assets (or disposal groups) classified as held for sale

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 disclosed separately from other assets in the Statement of Financial Position. Assets classified as held for sale are not depreciated or amortised.

(j) Leases

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

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

(k) Financial instruments

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

- Receivables; and
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial Assets
 - Restricted cash and cash equivalents
 - Receivables
 - Amounts receivable for services
- Financial Liabilities
 - Payables

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

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

(l) Restricted cash and cash equivalents

For the purpose of the Statement of Cash Flows, restricted cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(m) Accrued salaries

Accrued salaries (see Note 23 'Payables') represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Commission considers the carrying amount of accrued salaries to be equivalent to its fair value.

(n) Amounts receivable for services (holding account)

The Commission receives income from the State Government partly in cash and partly as an asset (holding account receivable). The accrued amount appropriated is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(o) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Commission will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(p) Payables

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

(q) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - employee benefits

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

Annual leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

Long service leave

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

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Unconditional long service leave provisions are classified as current liabilities as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Commission has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Superannuation

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

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

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

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the Commission to GESB extinguishes the agency's obligations to the related superannuation liability.

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

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

Provisions – other

Employment on-costs

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

(r) Superannuation expense

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income and comprises employer contributions paid to the GSS (concurrent contributions), WSS, the GESBS, and other superannuation funds.

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

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

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

(t) Comparative figures

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

Note 3. Judgements made by management in applying accounting policies

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

Operating lease commitments

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

Note 4. Key sources of estimation uncertainty

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

Long Service Leave

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

Note 5. Disclosure of changes in accounting policy and estimates**Initial application of an Australian Accounting Standard**

The Commission has applied the following Australian Accounting Standards effective, or adopted, for annual reporting periods beginning on or after 1 July 2016 that impacted on the Commission.

AASB 1057	<i>Application of Australian Accounting Standards</i>
	This Standard lists the application paragraphs for each other Standard (and interpretation), grouped where they are the same. There is no financial impact.
AASB 2014-3	<i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]</i>
	The Commission establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.
AASB 2014-4	<i>Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i>
	The adoption of this Standard has no financial impact for the Commission as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.
AASB 2014-9	<i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]</i>
	This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. As the Commission has no joint ventures and associates, the application of the Standard has no financial impact.
AASB 2015-1	<i>Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</i>
	These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012-2014 Cycle in September 2014, and editorial corrections. The Commission has determined that the application of the Standard has no financial impact.
AASB 2015-2	<i>Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</i>
	This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.
AASB 2015-6	<i>Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</i>
	The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.
AASB 2015-10	<i>Amendments to Australian Accounting Standards - Effective Date of Amendments to AASB 10 & 128</i>
	<i>This Standard defers the mandatory effective date (application date) of amendments to AASB 10 & AASB 128 that were originally made in AASB 2014-10 so that the amendments are required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2016. There is no financial impact.</i>

Future impact of Australian Accounting Standards not yet operative

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

		Operative for reporting periods beginning on/after
AASB 9	<i>Financial Instruments</i>	1 Jan 2018
	This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , introducing a number of changes to accounting treatments.	
	The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9, and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i> . The Commission has not yet determined the application or the potential impact of the Standard.	
AASB 15	<i>Revenue from Contracts with Customers</i>	1 Jan 2019
	This Standard establishes the principles that the Commission shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.	
	The Commission's income is principally derived from appropriations which will be measured under AASB 1058 <i>Income of Not-for-Profit Entities</i> and will be unaffected by this change. However, the Commission has not yet determined the potential impact of the Standard on 'User charges and fees' and 'Sales' revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the Commission has discharged its performance obligations.	
AASB 16	<i>Leases</i>	1 Jan 2019
	This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.	
	Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating lease commitments for \$2,094,639. The worth of non-cancellable operating leases which the Commission anticipates most of this amount will be brought onto the statement of financial position, excepting amounts pertinent to short-term or low-value leases. Interest and amortisation expense will increase and rental expense will decrease.	
AASB 1058	<i>Income of Not-for-Profit Entities</i>	1 Jan 2019
	This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The Commission has not yet determined the application or the potential impact of the Standard.	
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i>	1 Jan 2018
	This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.	
	The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Commission has not yet determined the application or the potential impact of the Standard.	

		Operative for reporting periods beginning on/after
AASB 2014-1	<p><i>Amendments to Australian Accounting Standards</i></p> <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Commission to determine the application or potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-5	<p><i>Amendments to the Australian Accounting Standards arising from AASB 15</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Commission has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-10	<p><i>Amendments to Australian Accounting Standards - Sale or Contributions of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]</i></p> <p>This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The mandatory effective date (application date) for the Standard has been deferred to 1 Jan 2018 by AASB 2015-10. The Commission has determined that the Standard has no financial impact.</p>	1 Jan 2018
AASB 2015-8	<p><i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i></p> <p>This Standard amends the mandatory effective date (application date) of AASB 15 <i>Revenue from Contracts with Customers</i> so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. For Not-For-Profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016-7. The Commission has not yet determined the application or the potential impact of AASB 15.</p>	1 Jan 2019
AASB 2016-2	<p><i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107</i></p> <p>This Standard amends AASB 107 <i>Statement of Cash Flows</i> (August 2015) to require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. There is no financial impact.</p>	1 Jan 2017
AASB 2016-3	<p><i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i></p> <p>This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a license, and, provides further transitional provisions to AASB 15. The Commission has not yet determined the application or the potential impact.</p>	1 Jan 2018
AASB 2016-4	<p><i>Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit-Entities</i></p> <p>This Standard clarifies that the recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 <i>Fair Value Measurement</i>. The Commission has not yet determined the application or the potential impact.</p>	1 Jan 2017

		Operative for reporting periods beginning on/after
AASB 2016-7	<i>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	1 Jan 2017
	This Standard amends the mandatory effective date (application date) of AASB 15 and defers the consequential amendments that were originally set out in AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 for not-for-profit entities to annual reporting periods beginning on or after 1 January 2019, instead of 1 January 2018. There is no financial impact.	
AASB 2016-8	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	1 Jan 2019
	This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.	
AASB 2017-2	<i>Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle</i>	1 Jan 2017
	This Standard clarifies the scope of AASB 12 by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5. There is no financial impact.	

Note 6. Employee benefits expense

	2017	2016
	\$000	\$000
Wages and salaries ^{(a)(b)}	2,800	2,709
Superannuation - defined contribution plans ^(c)	258	210
Government Regional Officers Housing expense ^(d)	266	476
	3,324	3,395

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

(b) 'Wages and salaries' expense in 2016 has been restated to disclose Government Regional Officers Housing expense separately.

(c) Defined contribution plans include West State, Gold State and GESBS to the amount of \$156,915 (\$130,014 in 2016) and other eligible funds.

(d) The Commission paid \$266,210 (\$475,505 in 2016) to the Department of Housing under the Government Regional Officers Housing program.

Employment on-costs expenses, such as workers' compensation insurance, are included at Note 12 'Other expenses'.

Employment on-costs liability is included at Note 24 'Provisions'.

Note 7. Compensation of Key Management Personnel

The Commission has determined that key management personnel include Ministers, members and senior officers of the Commission. However, the Commission is not obligated to compensate Ministers and therefore disclosures in relation to Ministers' compensation may be found in the *Annual Report on State Finances*.

Total compensation for key management personnel, comprising members and senior officers, of the Commission for the reporting period are presented within the following bands:

Compensation of members of the accountable authority

Compensation Band (\$)	2017	2016
70,001-80,000	-	1
60,001-70,000	1	-
3,001-10,000	5	5
2,001-3,000	1	2
1,001-2,000	-	2

Compensation of senior officers

Compensation Band (\$)	2017	2016
270,001-280,000	1	-
240,001-250,000	-	1
200,001-210,000	-	1
170,001-180,000	2	-
80,001-90,000	-	1

	\$000	\$000
Short term employee benefits	606	536
Post employment benefits	61	53
Other long term benefits	55	45
Termination benefits	-	-
Total compensation of key management personnel	722	635

Note 8. Supplies and services

	2017	2016
	\$000	\$000
Communications	231	208
Consultants and contractors ^(a)	1,079	1,245
Consumables	126	116
Repairs and maintenance	24	16
Lease, rental and hire costs ^(b)	59	94
Travel	305	273
Other	157	160
	1,981	2,112

(a) An amount of \$135,657 (\$122,666 in 2016) was paid to the Department of Regional Development under the Service Level Agreement for the provision of corporate services to the Commission.

(b) The Commission paid \$33,909 (\$52,111 in 2016) to Department of Finance, State Fleet for vehicle leasing.

Note 9. Depreciation and amortisation expense

	2017	2016
	\$000	\$000
<u>Depreciation</u>		
Plant and equipment	6	7
Computer equipment	4	5
Total depreciation	10	12
<u>Amortisation</u>		
Intangible assets	1	1
Total amortisation	1	1
Total depreciation and amortisation	11	13

Note 10. Accommodation expenses

	2017	2016
	\$000	\$000
Lease rentals ^(a)	419	552
	419	552

(a) The Commission paid \$324,419 (\$427,939 in 2016) to the Department of Finance for accommodation relating to the Port Hedland and Karratha Offices.

Note 11. Grants and subsidies

	2017	2016
	\$000	\$000
<u>Royalties for Region Funds</u>		
Regional Grants Scheme	1,111	480
Community Chest Fund	278	290
Local Projects Local Jobs	1,114	-
Other grants	-	8
	<u>2,503</u>	<u>778</u>
 <u>Other Grants</u>		
Minor grants and subsidies	86	30
	<u>86</u>	<u>30</u>
	<u>2,589</u>	<u>808</u>

Note 12. Other expenses

	2017	2016
	\$000	\$000
Audit fees	36	43
Donation and sponsorship	100	120
Other expenses ^{(a)(b)}	-	1,153
Loss on disposal of non-current asset	1	-
	<u>137</u>	<u>1,316</u>

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

(b) 2016 figure includes the return of surplus consolidated funding (\$613,243); unspent study money (\$233,500) and unspent RfR Regional Grants Scheme funds (\$302,899) to the Department of Treasury.

Note 13. Related Party Transactions

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

Related parties of the Commission include:

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

Significant transactions with government related entities

Significant transactions include:

- service appropriations (Note 15);
- services received free of charge from the Department of Finance (Note 15);
- income from Royalties for Regions Fund (Note 15);
- other state grants from the Department of Agriculture and Food (Note 15);
- lease rentals payments for accommodation to the Department of Finance (Note 10);
- services & contracts payments to the Department of Regional Development (Note 8);
- lease payments for vehicles to Department of Finance State Fleet (Note 8);
- staff housing costs payments to the Department of Housing (Note 6); and
- superannuation payments to GESB (Note 6).

Material transactions with related parties

The Commission had no material related party transactions with Ministers/senior officers or their close family members or there controlled (or jointly controlled) entities for disclosure.

Note 14. Other revenue

	2017	2016
	\$000	\$000
Other revenue	115	107
	<u>115</u>	<u>107</u>

Note 15. Income from State Government

	2017 \$000	2016 \$000
Appropriation received during the period:		
Service appropriation ^(a)	267	371
	<u>267</u>	<u>371</u>
Other State Grants ^(b)	100	27
	<u>100</u>	<u>27</u>
Services received free of charge from other State government agencies during the period ^(c)		
Department of Finance-Government Office Accomodation	45	37
	<u>45</u>	<u>37</u>
Royalties for Regions Fund ^(a) :		
- Regional Infrastructure and Headworks Account ^(d)	700	-
- Regional Community Services Account ^(d)	2,531	913
- Regional and Statewide Initiatives ^(d)	5,261	5,733
	<u>8,492</u>	<u>6,646</u>
	<u>8,904</u>	<u>7,081</u>

(a) Service appropriations and Royalties for Regions received from the Department of Treasury fund the net cost of services delivered. Appropriation revenue comprises a cash component only.

(b) The amount relates to the contribution from Department of Agriculture and Food for the Northern Beef project.

(c) Assets or services received free of charge or for nominal cost are recognised as revenues at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contribution of assets or services in the nature of contributions by owners are recognised direct to equity.

(d) This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas.

Note 16. Restricted cash and cash equivalents

	2017	2016
	\$000	\$000
<u>Current</u>		
Royalties for Regions Fund ^(a)	1,971	1,611
Other State grants	-	86
	<u>1,971</u>	<u>1,697</u>
<u>Non-current</u>		
Accrued salaries suspense account ^(b)	8	-
	<u>8</u>	<u>-</u>

(a) Unspent funds are committed to projects and programs in WA regional areas.

(b) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year.

Note 17. Receivables

	2017	2016
	\$000	\$000
<u>Current</u>		
Receivables	23	51
GST receivable	231	82
Total current	<u>254</u>	<u>133</u>

The Commission does not hold any collateral or other credit enhancements as security for receivables.

Note 18. Amounts receivable for services (Holding Account)

	2017	2016
	\$000	\$000
Non-Current	48	48
	<u>48</u>	<u>48</u>

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

Note 19. Other current assets

	2017	2016
	\$000	\$000
<u>Current</u>		
Prepayments	73	37
Total Current	<u>73</u>	<u>37</u>

Note 20. Plant and equipment

	2017 \$000	2016 \$000
<u>Plant and equipment</u>		
At Cost	16	68
Accumulated depreciation	(15)	(61)
	<u>1</u>	<u>7</u>
<u>Computer equipment</u>		
At Cost	38	44
Accumulated depreciation	(35)	(36)
	<u>3</u>	<u>8</u>
	<u>4</u>	<u>15</u>

Plant and equipment are measured at cost.

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

	Plant and equipment \$000	Computer equipment \$000	Total \$000
2017			
Carrying amount at start of period	7	8	15
Additions	-	-	-
Other disposals	-	(1)	(1)
Depreciation	(6)	(4)	(10)
Carrying amount at end of period	<u>1</u>	<u>3</u>	<u>4</u>

	Plant & equipment \$000	Computer equipment \$000	Total \$000
2016			
Carrying amount at start of period	14	13	27
Additions	-	-	-
Other disposals	-	-	-
Depreciation	(7)	(5)	(12)
Carrying amount at end of period	<u>7</u>	<u>8</u>	<u>15</u>

Note 21. Intangible assets

	2017 \$000	2016 \$000
<u>Website</u>		
At Cost	6	6
Accumulated amortisation	(2)	(1)
	<u>4</u>	<u>5</u>
 Reconciliation		
<u>Website costs</u>		
Carrying amount at start of period	5	-
Additions	-	6
Amortisation expense	(1)	(1)
Carrying amount at end of period	<u>4</u>	<u>5</u>

Note 22. Impairment of assets

There were no indications of impairment to plant and equipment or intangible assets at 30 June 2017.

Note 23. Payables

	2017 \$000	2016 \$000
<u>Current</u>		
Trade payables	21	32
Accrued expenses	33	177
Accrued salaries	8	-
Total current	<u>62</u>	<u>209</u>

Note 24. Provisions

	2017 \$000	2016 \$000
<u>Current</u>		
<i>Employee benefits provision</i>		
Annual leave ^(a)	181	204
Long service leave ^(b)	198	149
Purchased Leave ^(c)	3	2
	<u>382</u>	<u>355</u>
 <i>Other provisions</i>		
Employment on-costs ^(d)	5	5
	<u>5</u>	<u>5</u>
	<u>387</u>	<u>360</u>
 <u>Non-current</u>		
<i>Employee benefits provision</i>		
Long service leave ^(b)	112	123
	<u>112</u>	<u>123</u>
 <i>Other provisions</i>		
Employment on-costs ^(d)	2	2
	<u>2</u>	<u>2</u>
	<u>114</u>	<u>125</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 the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2017 \$000	2016 \$000
Within 12 months of the end of the reporting period	146	113
More than 12 months after the end of the reporting period	35	91
	<u>181</u>	<u>204</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 the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2017 \$000	2016 \$000
Within 12 months of the end of the reporting period	216	164
More than 12 months after the end of the reporting period	94	108
	<u>310</u>	<u>272</u>

(c) Purchased leave liabilities have been classified as current when there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of liabilities is expected to occur as follows:

	2017	2016
	\$000	\$000
Within 12 months of the end of the reporting period	3	2
More than 12 months after the end of the reporting period	-	-
	<u>3</u>	<u>2</u>

(d) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

The associated expense, apart from the unwinding of the discount (finance cost), is disclosed in Note 12 'Other expenses'.

Movement in other provisions

	2017	2016
	\$000	\$000
Movements in each class of provisions during the period, other than employee benefits, are set out below:		
<u>Employment on-cost provision</u>		
Carrying amount at start of period	7	4
Additional/(reversals of) provisions recognised	-	3
Carrying amount at end of period	<u>7</u>	<u>7</u>

Note 25. Equity

The Western Australian Government holds the equity interest in the Commission on behalf of the community. Equity represents the residual interest in the net assets of the Commission.

Contributed equity

	2017	2016
	\$000	\$000
Balance at start of period	353	353
<u>Contributions by owners</u>		
Capital appropriation	-	-
Total contributions by owners	<u>-</u>	<u>-</u>
Balance at end of period	<u>353</u>	<u>353</u>

Accumulated surplus/(deficit)

	2017	2016
	\$000	\$000
Balance at start of period	888	1,896
Result for the period	558	(1,008)
Balance at end of period	<u>1,446</u>	<u>888</u>
Total equity at end of period	<u>1,799</u>	<u>1,241</u>

Note 26. Notes to the Statement of Cash Flows**Reconciliation of cash**

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

	2017 \$000	2016 \$000
Restricted cash and cash equivalents (<i>Note 16 'Restricted cash and cash equivalents'</i>)	1,979	1,697
	1,979	1,697

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	2017 \$000	2016 \$000
Net cost of services	(8,346)	(8,089)
Non-cash items		
Depreciation and amortisation expense (<i>Note 9 'Depreciation and amortisation expense'</i>)	11	13
Services received free of charge (<i>Note 15 'Income from State Government'</i>)	45	37
Loss on disposal of non-current asset (<i>Note 12 'Other Expenses'</i>)	1	-
(Increase)/decrease in assets		
Current receivables ^(a)	28	(49)
Other current assets	(36)	(30)
Increase/(decrease) in liabilities		
Current payables ^(a)	(147)	(58)
Current provisions	27	(65)
Non-current provisions	(11)	26
Net GST receipts/(payments) ^(b)	(160)	65
Change in GST in receivables/payables ^(c)	11	11
Net cash provided by/(used in) operating activities	(8,577)	(8,139)

- (a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.
- (b) This is the net GST paid/received, i.e. cash transaction.
- (c) This reverses out the GST in receivables and payables.

Note 27. Commitments**Non-cancellable operating lease commitments**

	2017	2016
	\$000	\$000
Commitments for minimum lease payments are payable as follows:		
Within 1 year	399	304
Later than 1 year and not later than 5 years	722	172
Later than 5 years	974	-
	2,095	476

The Commission has entered into property leases and leases on its motor vehicles.

Note 28. Contingent liabilities and contingent assets

There are no contingent liabilities or contingent assets as at the end of June 2017.

Note 29. Events occurring after the end of the reporting period

On 28 April 2017, the Premier of Western Australia announced significant changes to the public sector aimed at creating collaborative departments focused on whole-of-government objectives. As of the 1st of July 2017, the departments of Agriculture and Food, Fisheries, and Regional Development amalgamated to establish the Department of Primary Industries and Regional Development (DPIRD). Staff (excluding the CEO's and Board Members) from the nine Regional Development Commissions transferred to the new Department, although the Regional Development Commissions remain as legal entities.

Note 30. Explanatory Statement

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

5% and \$163,920 for the Statements of Comprehensive Income and Cash Flows; and
5% and \$17,800 for the Statement of Financial Position.

	Variance Note	Estimate 2017 \$000	Actual 2017 \$000	Actual 2016 \$000	Variance between estimated and actual \$000	Variance between actual results for 2017 and 2016 \$000
Statement of Comprehensive Income (Controlled Operations)						
Expenses						
Employee benefits expense	1	4,478	3,324	3,395	(1,154)	(71)
Supplies and services		2,083	1,981	2,112	(102)	(131)
Depreciation and amortisation expense		10	11	13	1	(2)
Accommodation expenses	2	601	419	552	(182)	(133)
Grants and subsidies	3, A	1,388	2,589	808	1,201	1,781
Other expenses	4, B	513	137	1,316	(376)	(1,179)
Total cost of services		9,073	8,461	8,196	(612)	265
Income						
<i>Revenue</i>						
Other revenue		-	115	107	115	8
Total Revenue		-	115	107	115	8
Total income other than income from State Government		-	115	107	115	8
NET COST OF SERVICES		9,073	8,346	8,089	(727)	257
Income from State Government						
Service appropriation		267	267	371	-	(104)
Other State Grants		-	100	27	100	73
Resources received free of charge		25	45	37	20	8
Royalties for Regions Fund	C	8,302	8,492	6,646	190	1,846
Total income from State Government		8,594	8,904	7,081	310	1,823
SURPLUS/(DEFICIT) FOR THE PERIOD		-479	558	(1,008)	1,037	1,566

Pilbara Development Commission - 30 June 2017

	Variance Note	Estimate 2017 \$000	Actual 2017 \$000	Actual 2016 \$000	Variance between estimated and actual \$000	Variance between actual results for 2017 and 2016 \$000
Statement of Financial Position (Controlled Operations)						
ASSETS						
Current Assets						
Cash and cash equivalents		-	-	-	-	-
Restricted cash and cash equivalents	5, D	670	1971	1,697	1,301	274
Receivables	6, E	160	254	133	94	121
Other current assets	7, F	7	73	37	66	36
Total Current Assets		837	2,298	1,867	1,461	431
Non-Current Assets						
Restricted cash and cash equivalents		-	8	-	8	8
Amounts receivable for services		48	48	48	-	-
Property, Plant and equipment		5	4	15	(1)	(11)
Intangible Assets		-	4	5	4	(1)
Total Non-Current Assets		53	64	68	11	(4)
TOTAL ASSETS		890	2,362	1,935	1,472	427
LIABILITIES						
Current Liabilities						
Payables	8, G	263	62	209	(201)	(147)
Provisions	9, H	422	387	360	(35)	27
Other		-	-	-	-	-
Total Current Liabilities		685	449	569	(236)	(120)
Non-Current Liabilities						
Provisions		99	114	125	15	(11)
Total Non-Current Liabilities		99	114	125	15	(11)
TOTAL LIABILITIES		784	563	694	(221)	(131)
NET ASSETS		106	1,799	1,241	1,693	558
EQUITY						
Contributed Equity		353	353	353	-	-
Accumulated surplus/(deficit)		(247)	1,446	888	1,693	558
TOTAL EQUITY		106	1,799	1,241	1,693	558

Pilbara Development Commission - 30 June 2017

	Variance Note	Estimate 2017 \$000	Actual 2017 \$000	Actual 2016 \$000	Variance between estimated and actual \$000	Variance between actual results for 2017 and 2016 \$000
Statement of Cash Flows (Controlled Operations)						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation		267	267	371	-	(104)
State Grants		-	100	27	100	73
Royalties for Regions Fund	I	8,302	8,492	6,646	190	1,846
Net cash provided by State Government		8,569	8,859	7,044	290	1,815
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits	10, J	(4,478)	(3,300)	(3,499)	1,178	199
Supplies and services		(2,039)	(2,115)	(2,128)	(76)	13
Accommodation	11	(601)	(419)	(552)	182	133
Grants and subsidies	12, K	(1,388)	(2,589)	(722)	(1,201)	(1,867)
GST payments on purchases	13	(150)	(496)	(334)	(346)	(162)
Other payments	14, L	(540)	(137)	(1,361)	403	1,224
Receipts						
GST receipts on sales		15	17	11	2	6
GST receipts from taxation authority		140	319	388	179	(69)
Other receipts		-	143	58	143	85
Net cash provided by/(used in) operating activities		(9,041)	(8,577)	(8,139)	464	(438)
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets		-	-	(6)	-	6
Net cash provided by/(used in) investing activities		-	-	(6)	-	6
Net increase/(decrease) in cash and cash equivalents		(472)	282	(1,101)	754	1,383
Cash and cash equivalents at the beginning of the period		1,142	1,697	2,798	555	(1,101)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		670	1,979	1,697	1,309	282

Major Estimate and Actual (2017) Variance Narratives

1. Employee Benefits Expense was lower than estimate by \$1.154 million predominantly due to vacancies in permanent positions during the financial year, and the reduction in associated staffing costs including superannuation, allowances, travel, training and regional staff housing.
2. Accommodation costs were lower than estimate by \$0.182 million due to negotiating new lease agreements for office spaces in 2016-17, resulting in lower rental charges, including the relocation of the Karratha Office to "The Quarter" Government building.
3. Grants and Subsidies exceeded estimate by \$1.201 million due to additional grant expenditure for a newly approved project funded from the Royalties for Regions - Regional Community Services fund, namely Local Projects Local Jobs.
4. Other Expenses was lower than estimate by \$0.376 million as the budget includes professional services (service level agreements), licenses and advertising fees that are reported as Supplies and Services in the financial statements. Supplies and Services were lower due to reduced spending on contractors and consultants, and the suspension of projects following Machinery of Government announcements.
5. Restricted Cash and Cash Equivalents (current) exceeded estimate by \$1.301 million due unspent Royalties for Regions funding during the year, primarily relating to underspends in employee benefits and office accommodation.
6. Receivables (current) exceeded estimate by \$0.094 million due to higher than anticipated GST taxable invoice payments made in June 2017 in relation to Local Projects Local Jobs invoices.
7. Other Assets (current) exceeded estimate by \$0.066 million due to office rentals and IT software licences paid in advance.
8. Payables (current) were lower than estimate by \$0.201 million due to improved efficiencies in capturing and paying invoices at the end of financial year.
9. Provisions (current) were lower than estimate by \$0.035 million due to improved leave management practices being implemented during the financial year.
10. Employee Benefit payments were lower than estimate by \$1.178 million due to vacancies in permanent positions during the financial year, and the reduction in associated staffing costs including superannuation, allowances, travel, training and regional staff housing.
11. Accommodation payments were lower than estimate by \$0.182 million due to negotiating new lease agreements for office spaces in 2016-17 resulting in lower rental charges, including the relocation of the Karratha Office to "The Quarter" Government building.
12. Grants and subsidies payments exceeded estimate by \$1.201 million due to additional grant expenditure for a newly approved project funded from the Royalties for Regions - Regional Community Services Fund, namely Local Projects Local Jobs.
13. GST payments exceeded estimate by \$0.346 million due to higher GST taxable invoice payments made in June 2017, in relation to Local Projects Local Jobs invoices.
14. Other payments were lower than estimate by \$0.403 million as the budget includes professional services (service level agreements), licenses and advertising fees that are reported as Supplies and Services in the financial statements. Supplies and Services were lower due to reduced spending on contractors and consultants, and the suspension of projects following Machinery of Government announcements.

Major Actual (2017) and Comparative (2016) Variance Narratives

- A. Grants and subsidies increased by \$1.781 million mainly due to additional expenditure on new Royalties for Regions projects approved for 2016-17, namely Local Projects Local Jobs.
- B. Other Expenses decreased by \$1.179 million as there were no unspent funds returned to Treasury in 2016-17.
- C. Royalties for Regions revenue increased by \$1.846 million due to additional funding received for new Royalties for Regions projects approved for 2016-17, namely Local Projects Local Jobs and the Aboriginal Town Based Reserves projects.
- D. Restricted Cash and cash equivalents (current) increased by \$0.274m due to savings identified and harvested by reducing contractors and consultants and negotiating lower office accommodation and regional staff housing lease costs.
- E. Receivables (current) increased by \$0.121 million due to higher GST taxable invoice payments made in June 2017, in relation to the Local Projects Local Jobs invoices.
- F. Other Assets (current) increased by \$0.036 million due to IT software licences paid in advance for the 2017-18 financial year.
- G. Payables (current) decreased by \$0.147 million due to improved efficiencies in capturing and paying invoices at the end of financial year.
- H. Provisions (current) increased by \$0.027 million due to higher number of staff reaching the end of their 7th year long service leave entitlement by the end of the 2016-17 financial year.
- I. Royalties for Regions receipts increased by \$1.846 million due to additional funding received for new Royalties for Regions projects approved for 2016-17, namely Local Projects Local Jobs and the Aboriginal Town Based Reserves projects.
- J. Employee Benefit payments decreased by \$0.199 million due to the renegotiation of regional staff housing lease contracts and a reduction in the number of leases following staff turnover. The vacancy levels of positions remained relatively constant between the two financial years.
- K. Grant and Subsidies payments increased by \$1.867 million due to additional spending on new Royalties for Regions projects approved for 2016-17, namely Local Projects Local Jobs and the Aboriginal Town Based Reserves projects.
- L. Other payments decreased by \$1.224 million as there were no unspent funds returned to Treasury in 2016-17.

Note 31. Financial instruments**(a) Financial risk management objectives and policies**

Financial instruments held by the Commission are restricted cash and cash equivalents, receivables and payables. The Commission has limited exposure to financial risks. The Commission's overall risk management program focuses on managing the risks identified below.

Credit risk

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

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at Note 31(c) 'Financial instrument disclosures' and Note 17 'Receivables'.

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

Liquidity risk

Liquidity risk arises when the Commission is unable to meet its financial obligations as they fall due.

The Commission is exposed to liquidity risk through its trading in the normal course of business.

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Commission's income or value of its holdings of financial instruments. The Commission does not trade in foreign currency and is not materially exposed to other price risks.

(b) Categories of financial instruments

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

	2017 \$000	2016 \$000
<u>Financial Assets</u>		
Restricted cash and cash equivalents	1,979	1,697
Receivables ^(a)	23	51
Amount receivable for services	48	48
<u>Financial Liabilities</u>		
Financial liabilities measured at amortised cost	62	209

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

(c) Financial instrument disclosures*Credit risk*

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

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

Ageing analysis of financial assets							
Carrying Amount	Not past due and not impaired	Past due but not impaired					Impaired financial assets
		Up to 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	More than 5 Years	
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
2017							
Restricted cash and cash equivalent	1,979	1,979	-	-	-	-	-
Receivables ^(a)	23	23	-	-	-	-	-
Amounts receivable for services	48	48	-	-	-	-	-
	2,050	2,050	-	-	-	-	-
2016							
Restricted cash and cash equivalent	1,697	1,697	-	-	-	-	-
Receivables ^(a)	51	51	-	-	1	-	-
Amounts receivable for services	48	48	-	-	-	-	-
	1,796	1,796	-	-	1	-	-

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

Liquidity risk and interest rate exposure

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

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Interest rate exposure				Nominal Amount	Maturity date				
	Weighted Average Effective Interest Rate %	Carrying Amount	Fixed interest rate	Variable interest rate		Up to 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	More than 5 years
		\$000	\$000	\$000		\$000	\$000	\$000	\$000	\$000
2017										
<u>Financial Assets</u>										
Restricted cash and cash equivalent		1,979	-	-	1,979	1,979	-	-	-	-
Receivables ^(a)		23	-	-	23	23	-	-	-	-
Amounts receivable for services		48	-	-	48	-	-	-	-	48
		2,050	-	-	2,050	2,002	-	-	-	48
<u>Financial Liabilities</u>										
Payables		62	-	-	62	62	-	-	-	-
		62	-	-	62	62	-	-	-	-

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

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Interest rate exposure					Nominal Amount	Maturity date				
	Weighted Average Effective Interest Rate %	Carrying Amount	Fixed interest rate	Variable interest rate	Non-Interest bearing		Up to 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	More than 5 years
	\$000	\$000	\$000	\$000	\$000		\$000	\$000	\$000	\$000	\$000
2016											
<u>Financial Assets</u>											
Restricted cash and cash equivalent	1,697	-	-	1,697	1,697	1,697	-	-	-	-	
Receivables ^(a)	51	-	-	51	51	51	-	-	-	-	
Amounts receivable for services	48	-	-	48	48	-	-	-	-	48	
	1,796	-	-	1,796	1,796	1,748	-	-	-	48	
<u>Financial Liabilities</u>											
Payables	209	-	-	209	209	209	-	-	-	-	
	209	-	-	209	209	209	-	-	-	-	

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

Interest rate sensitivity analysis

None of the Commission's financial assets and liabilities at the end of the reporting period are sensitive to movements in interest rates. Movements in interest rates would therefore have no impact on the Commission's surplus or equity.

Fair Values

All financial assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

Note 32. Remuneration of auditor

Remuneration paid or payable to the Auditor General in respect of the audit for the current reporting period is as follows:

	2017 \$000	2016 \$000
Auditing the accounts, financial statements, controls, and key performance indicators	29	29

Note 33. Related bodies

The Commission had no related bodies during the reporting period.

Note 34. Affiliated bodies

The Commission had no affiliated bodies during the reporting period.

Note 35. Special purpose accounts

The Commission had no special purpose accounts during the reporting period.

Note 36. Supplementary financial information**(a) Write-offs**

There were no write-offs during the reporting period.

(b) Losses through theft, defaults and other causes

There were no losses of public money and public and other property during the reporting period.

(c) Gifts of public property

There were no gifts of public property provided by the Commission during the reporting period.

Note 37. Schedule of income and expenses by service

	Facilitation, Coordination and Governance		Regional Promotion and Information Services		Total	
	2017	2016	2017	2016	2017	2016
	\$000	\$000	\$000	\$000	\$000	\$000
COST OF SERVICES						
<u>Expenses</u>						
Employee benefit expense	1,994	2,037	1,330	1,358	3,324	3,395
Supplies and services	1,189	1,287	792	845	1,981	2,112
Depreciation and amortisation expense	7	8	4	5	11	13
Accommodation expenses	251	331	168	221	419	552
Grants and subsidies	1,553	485	1,036	323	2,589	808
Other expenses	82	790	55	526	137	1,316
Total cost of services	5,076	4,918	3,385	3,278	8,461	8,196
<u>Income</u>						
Other revenue	69	64	46	43	115	107
Total income other than income from State Government	69	64	46	43	115	107
NET COST OF SERVICES	5,007	4,854	3,339	3,235	8,346	8,089
INCOME FROM STATE GOVERNMENT						
Service appropriation	160	223	107	148	267	371
State grants	60	16	40	11	100	27
Services received free of charge	27	22	18	15	45	37
Royalties for Regions Fund	5,095	3,988	3,397	2,658	8,492	6,646
Total income from State Government	5,342	4,249	3,562	2,832	8,904	7,081
SURPLUS/(DEFICIT) FOR THE PERIOD	335	(605)	223	(403)	558	(1,008)

4.3. Audited Key Performance Indicator Information

PILBARA DEVELOPMENT COMMISSION

Certification of Key Performance Indicators

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Pilbara Development Commission's performance, and fairly represent the performance of the Commission for the reporting period ended 30 June 2017.



Mr Chris Gilmour
Chairman
22 August 2017



Terry Hill
Chief Executive Officer
22 August 2017



Detailed Information in Support of Key Performance Indicators

Relationship to Government Goals

The Government's desired outcome from the activities of the Pilbara Development Commission is the enhancement of the Pilbara's economic and social development. The Commission achieves this outcome by providing a coordination and facilitation function to deliver beneficial outcomes to business, community groups and to people living and working in the Pilbara region.

Performance measures are defined and monitored for the Commission's strategic goals through the Western Australian Government Budget Statements.

Government Goal	Desired Outcome	Services
Stronger focus on the Regions: Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.	Enhancement of the Pilbara Region's economic and social development	1. Facilitation, Coordination and Governance 2. Regional Promotion and Information Services

Key Effectiveness Indicators

The key effectiveness indicator measures the extent to which performance contributes to improved client satisfaction.

The Commission's effectiveness in achieving its government desired outcome is measured by undertaking an annual survey of key clients and stakeholders. This survey is conducted by an independent market researcher and 146 stakeholders were identified, comprising of Local, State and Commonwealth agencies, as well as private entities and non-government agencies. A total of 108 telephone surveys were obtained from this client contact list (a response rate of 74%), giving a maximum standard error ratio of +/-4.8% at the 95% confidence level.

This result exceeds the requirements of the Office of the Auditor General for state government agency annual reporting of a maximum standard error ratio of +/- 5% at the 95% confidence level. The response rate of 74% also exceeds the Office of the Auditor General's requirements of a minimum response of 50%.

The primary objective of the research was to obtain information from clients and stakeholders to provide a measure as to whether the Commission has met its primary goals, predominately around the following key areas:

- The Pilbara Development Commission makes a positive contribution to the economic and social development of the Pilbara.
- The Pilbara Development Commission's support to industry and enterprise makes a positive contribution to regional development.

The Commission will continue to work towards achieving its targets. A comparison with previous years is summarised in the following table.

Key Effectiveness Indicator	2014	2015	2016	2017	Target
Client satisfaction that the Pilbara Development Commission is effective in meeting its service objectives.	90%	95%	95%	95%	90%

Key efficiency indicators

The key efficiency performance indicators measure the overall efficiency in achieving the desired outcomes. These outcomes are linked to Government goals.

The following efficiency indicators are based on the total operational cost for each of the two service areas, including an allocation of general costs and overheads.

Service 1 – Facilitation, Coordination and Governance

Service Description: Facilitate high level stakeholder group discussion including requirements and strategies for the future development of the region. Coordinate liaison and collaboration between state government agencies. Develop, implement and review good governance models, particularly in the area of grants management and effective agency operation.

Key Efficiency Indicator	2014	2015	2016	2017	2017 Target
Average operational costs (excluding grants) per working hour	\$240	\$237	\$212	\$208	\$244

The variance of \$36 between the target and actual for 2016-17 is due to the decrease in operational costs predominantly related to employee benefit expenses, as a result of 2 to 3 vacant employee positions, at any given point in the year. Operational costs were also reduced such as office accommodation and regional staff housing by way of negotiating lower lease agreements.

The variance of \$4 between actual for 2015-16 and actual for 2016-17 is due to a decrease in operational costs predominantly related to employee benefit expenses and reductions in office accommodation and regional staff housing costs, as detailed above.

Service 2 – Regional Promotion and Information Services

Service Description: Provide and regularly update a range of relevant planning and community information to facilitate and support the sustainable economic and social development of the region.

Key Efficiency Indicator	2014	2015	2016	2017	2017 Target
Average operational costs (excluding grants) per working hour	\$160	\$158	\$142	\$139	\$163

The variance of \$24 between target and actual for 2016-17 is due to the decrease in operational costs predominantly related to employee benefit expenses, as a result of 2 to 3 vacant employee positions, at any given point in the year. Operational costs were also reduced such as office accommodation and regional staff housing by way of negotiating lower lease agreements.

The variance of \$3 between actual for 2015-16 and actual for 2016-17 is due to a decrease in operational costs predominantly related to employee benefit expenses and reductions in office accommodation and regional staff housing costs, as detailed above.

4.4. Ministerial Directions

No Ministerial directives were received during the reporting period.

4.5. Other Financial Disclosures

Pricing policies of services provided

The Commission does not charge for its services, brochures and publications.

Capital works

Capital projects incomplete

The Commission did not have any incomplete capital projects at the end of the reporting period.

Capital projects complete

The Commission did not complete any capital projects during the reporting period.

Employment and Industrial Relations

Staff Profile

Positions	As at 30 June 2016	As at 30 June 2017
Full-time permanent	8	11
Full-time contract	11	7
Part-time measured on a FTE basis	0.5	1
On secondment	0	0
Temporary	0.4	0
TOTAL	22	19

Staff Development

The Commission is committed to the continuous development of its employees with the aim of building a highly skilled and professional team with the ability to adapt to a changing economic and social environment.

Workers' Compensation

There have been no workers' compensation claims during the reporting period.

4.6. Governance Disclosures

Contracts with Senior Officers

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

4.7. Unauthorised use of credit cards

Officers of the Commission hold corporate credit cards where their functions warrant usage of this facility. Despite each cardholder being reminded of their obligations annually under the Commission's credit card policy, three employees inadvertently utilised the corporate credit card for personal use. The matter was not referred for disciplinary action as the Chief Financial Officer noted prompt advice and settlement of the personal use amount, and, that the nature of the expenditure was immaterial and characteristic of an honest mistake.

	2017 \$
Personal use expenditure for the reporting period	128
Personal use expenditure settled by the due date (within 5 working days)	128
Personal use expenditure settled after the period (after 5 working days)	-
Personal use expenditure outstanding at balance date	-

4.8. Board and Committee Remuneration

Pilbara Development Commission Board				
Position	Name	Type of Remuneration	Period of Membership	Gross/actual remuneration
Chairman	Chris Gilmour	Annual	12 months	\$ 63,000
Deputy Chair	Chris Cottier	N/A	12 months	-
Board Member	Chris Adams	N/A	12 months	-
Board Member	Neil Hartley	Per Meeting	12 months	\$ 2,269
Board Member	Alan Eggleston	Per Meeting	12 months	\$ 5,598
Board Member	Owen Hightower	Per Meeting	12 months	\$ 3,916
Board Member	Jeton Ahmedi	Per Meeting	12 months	\$ 2,269
Board Member	Julie Arif	Per Meeting	12 months	\$ 4,319
Board Member	Geraldine Parsons	Per Meeting	12 months	\$ 6,404
CEO	Terry Hill	N/A	12 months	-
TOTAL				\$ 87,775

Audit, Governance and Risk Committee				
Position	Name	Type of Remuneration	Period of Membership	Gross/actual remuneration
Chairman	Chris Cottier	N/A	12 months	-
Board Member	Chris Adams	N/A	12 months	-
Board Member	Neil Hartley	Per Meeting	12 months	\$ 403
Board Member	Jeton Ahmedi	Per Meeting	12 months	\$ 1,209
TOTAL				\$ 1,612

4.9. Other legal requirements

Expenditure on advertising, market research, polling and direct mail

(Electoral Act 1907, section 175ZE)

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

Total expenditure for 2016-17 was \$14,035.

Expenditure was incurred in the following areas:

Expenditure	Total	Supplier	Amount
Advertising agency services	\$ 6,274	AdCorp Australia Limited	\$ 6,274
Market research organisations	\$ 6,314	Advantage Communications & Marketing	\$ 6,314
Polling agencies	-		-
Direct mail organisations	\$ 565	LinkedIn	\$ 492
		MailChimp	\$ 73
Media advertising organisations	\$ 882	Market Creations	\$ 882

Disability access and inclusion plan outcomes

(Disability Services Act 1993, section 29, and Schedule 3 of the Disability Services Regulations 2004)

The aim of Disability Access and Inclusion Plans (DAIP) is to make a positive difference to the lives of people with disabilities, their families and carers by focussing efforts to improve access to services, information and facilities. The Commission's DAIP provides an important mechanism for monitoring and evaluating its services to help ensure that it meets the accessibility needs of people with disabilities, their families and carers. As part of the DAIP, an annual action plan is developed with strategies to maximise accessibility. Specific strategies related to the DAIP outcomes continue to be implemented on an ongoing basis and are subject to review.

Compliance with public sector standards and ethical codes

(Public Sector Management Act 1994 Section 31(1))

The Pilbara Development Commission has had no (nil) compliance issues during the financial year regarding the Public Sector Standards, the WA Code of Ethics or the internal Code of Conduct.

The Commission continues to regularly review and update internal policies to ensure currency with Public Sector Commission updates. The Commission has a 'Code of Conduct' staff manual incorporating the Public Sector's 'Code of Ethics'. The Code of Conduct forms part of the Commission's induction program for all new staff and is also regularly discussed at staff meetings to ensure all staff remain conversant with policy and requirements. The Pilbara Development Commission has, in its administration, complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.

Annual Estimates

In accordance with *Treasurer's Instruction 953*, the annual estimates for the 2017-18 reporting period are hereby included in the 2016-17 Annual Report. These estimates do not form part of the 2016-17 financial statements and are not subject to audit.

Pilbara Development Commission 2017-18 S40 SUBMISSION Statement of Comprehensive Income	2017-18 Estimate \$'000
COST OF SERVICES	
Expenses	
Employee benefits expense	456
Supplies and services	160
Depreciation and amortisation expense	-
Finance costs	-
Accommodation expenses	-
Grants and subsidies	2,778
Cost of Sales	-
Loss on disposal of non-current assets	-
Other expenses	44
Total Cost of Sales	3,438
Income	
Revenue	
User charges and fees	-
Sales	-
Commonwealth grants and contributions	-
Interest revenue	-
Other Revenue	-
Total Revenue	-
Gains	
Gain on disposal of non-current assets	-
Other gains	-
Total Gains	-
Total income other than from State Government	-
NET COST OF SERVICES	3,438
INCOME FROM STATE GOVERNMENT	
Service appropriation	269
Liabilities assumed	-
Assets transferred	-
Services received free of charge	-
Royalties for regions fund	3,169
Total income from State Government	3,438
SURPLUS/(DEFICIT) FOR THE PERIOD	-
OTHER COMPREHENSIVE INCOME	
Changes in asset revaluation reserve	-
Gains/(losses) recognised directly in equity	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	-

ASSETS

Current Assets

Cash and cash equivalents	-
Restricted cash and cash equivalents	1,971
Inventories	-
Receivables	-
Amounts receivable for services	-
Other current assets	-
Non-current assets classified as held for sale	-

Total Current Assets 1,971

Non-Current Assets

Inventories	-
Receivables	-
Amounts receivable for services	-
Property, plant and equipment	-
Infrastructure	-
Intangible assets	-
Other non-current assets	-

Total Non-Current Assets -

TOTAL ASSETS 1,971

LIABILITIES

Current Liabilities

Payables	-
Borrowings	-
Amounts due to the Treasurer	-
Provisions	75
Other current liabilities	-
Liabilities directly associated with non-current assets classified as held for sale	-

Total Current Liabilities 75

Non-Current Liabilities

Payables	-
Borrowings	-
Provisions	-
Other non-current liabilities	-

Total Non-Current Liabilities -

TOTAL LIABILITIES 75

NET ASSETS 1,896

EQUITY

Contributed Equity	-
Reserves	-
Accumulated surplus/(deficiency)	1,896

TOTAL EQUITY 1,896

Pilbara Development Commission 2017-18 S40 SUBMISSION Statement of Cashflow	2017-18 Estimate \$'000
CASH FLOWS FROM STATE GOVERNMENT	
Service appropriation	269
Capital appropriation	-
Holding account drawdown	-
Royalties for Regions Fund	3,169
Net cash provided by State Government	3,438
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments	
Employee benefits	(456)
Supplies and services	(160)
Finance costs	-
Accommodation	-
Grants and subsidies	(2,778)
GST payments on purchases	-
GST payments to taxation authority	-
Other payments	(44)
Receipts	
Sale of good and services	-
User charges and fees	-
Commonwealth grants and contributions	-
Interest received	-
GST receipts on sales	-
GST receipts from taxation authority	-
Other receipts	-
Net cash provided by/(used in) operating activities	(3,438)
CASH FLOWS FROM INVESTING ACTIVITIES	
Payments	
Purchase of non-current physical assets	-
Receipts	
Proceeds from sale of non-current physical assets	-
Net cash provided by/(used in) investing activities	-
CASH FLOWS FROM FINANCING ACTIVITIES	
Payments	
Repayment of borrowings	-
Other repayments	-
Receipts	
Proceeds from borrowings	-
Other proceeds	-
Net cash provided by/(used in) financing activities	-
Net increase/(decrease) in cash held and cash equivalents	
Cash and cash equivalents at the beginning of the period	1,971
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,971

Recordkeeping Plans

(State Records Act 2000 and State Records Commission Standard 2, Principle 6)

The Commission updated its Record Keeping Plan (RKP) in early 2017, with the State Records Office endorsing the updated plan on 06 April 2017, as required under section 19 of the *State Records Act (2000)*. The RKP, in the form of a manual is designed to provide Commission Staff with a guide to Commission policies, procedures and standards for handling public records. All staff know that they have a responsibility to create and maintain public records in a manner which not only complies with legislative requirement, but allows for quick and easy location, identification and retrieval of such documents or electronic data.

The Commission confirms the following:

- The Record Keeping Plan and system are aligned with the Commission's Record Management procedures and Retention and Disposal Schedule;
- The efficiency and effectiveness of the Commission's record keeping system is evaluated not less than once every five years; and
- The Commission conducts record keeping training for staff through its staff induction program as well as annual refresher training.

4.10. Government policy requirements

Occupational Safety, Health and Injury Management

[\(Public Sector Commissioner's Circular 2012-05 – Code of Practice: Occupational Safety and Health in the Western Australian Public Sector\)](#)

The Commission acknowledges its responsibilities under the *Occupational Safety and Health Act 1984* to provide and maintain a safe and healthy environment and exercise a duty of care to ensure employees, clients and visitors to the Commission's workplaces, as far as practical, are not exposed to hazards. Contractors or persons providing services on Commission's premises are also required to conduct their activities in a manner that ensures the safety, health and welfare of others. The Commission's Executive remains committed to ensuring Occupational Safety and Health (OS&H) and Injury Management policies and procedures are adhered to in accordance with the Act.

The Commission's policy on OS&H confirms its commitment and outlines the objectives to achieve this. The Commission also acknowledges its responsibilities to comply with the injury management requirements of the *Workers' Compensation and Injury Management Act 1981*. Individual 'Return to work' programs are developed in consultation with the employee and management in accordance with the Act.

The OS&H and Risk Management policies, guidelines, forms and related documents are accessible to all employees on the Commission's intranet and are also disseminated at orientation and induction training programs.

Safety and Health representative elections are held every two years and nominations are called from employees across all workplaces. Elected representatives receive recognised training in accordance with the legislative requirements, with a view to empowering staff to identify and discuss issues that lead to improvements.

The Commission's Executive and OS&H Committee actively supports and maintains a consultative environment in which management, employees and nominated OS&H representatives work together to continually improve OS&H practices and resolve issues in the workplace.

The consultation process for the development and review of OS&H policies require that all such documents be referred to the Commission's OS&H Committee for its input and for further opportunity for consultation with employees before being endorsed by the Commission's Executive. The OS&H committee meets regularly and reports issues through agenda items at the Commission's Executive and team meetings.

An internal audit of the Commission's safety management system and plans has been completed (within the past five years) using the WorkSafe Plan assessment workbook. Results of the audit are presented to the Commission's Executive group and used in the review of the OH&S policy with required action plans and assigned completion timelines.

The Commission's record of performance against annual performance data requirements are tabled as follows:

Report of Annual Performance 2016-17	Actual	Target
Number of fatalities	0	0
Lost time injury and/or disease incidence rate	0	0
Lost time injury and/or disease severity rate	0	0
Percentage of injured workers returned to work within 13 weeks	n/a	100%
Percentage of injured workers returned to work within 26 weeks	n/a	80%
Percentage of managers trained in OSH and injury management responsibilities	40%	80%



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