



GOVERNMENT OF
WESTERN AUSTRALIA



2019-20

ANNUAL REPORT

pdc.wa.gov.au

Pilbara Development Commission



Cover painting title: Kunwarrinjanu
Artist: Bugai Whyolter

Welcome to our 2019-20 Annual Report

This report is an important tool used to ensure transparency and accountability of the Pilbara Development 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 for the Commission.

Online report

To reduce printing costs and environmental impact, this report has been published in an electronic form. It is available to download, in PDF 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 (1800 843 745) or send us an email via fdc@fdc.wa.gov.au

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 (1800 843 745) or send us an email via fdc@fdc.wa.gov.au



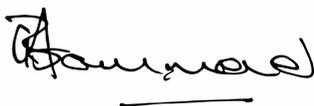
Statement of Compliance

For the year ended 30 June 2020

HON ALANNAH MACTIERNAN MLC
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 2020.

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



Mr Brendan Hammond
Chairperson
20 August, 2020



Mr Terry Hill
Chief Executive Officer
20 August, 2020

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Acknowledgement of Country

The Pilbara Development Commission acknowledges the Traditional Owners throughout the Pilbara and their continuing connection to the land, waters and culture. We pay our respects to Elders past and present and to emerging leaders.

Hearson's Cove, Murujuga National Park

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Executive summary

A message from the Chair

"I am delighted to present the Commission's 2019-20 Annual Report, my third as Commission Chair."



Commission Chair Brendan Hammond and CEO Terry Hill at Onslow Marine Supply Base in September

Home to more than 60,000 people, the Pilbara covers 20% of Western Australia's land mass (507,896sq km) and continues to be an economic powerhouse for the State and nation.

The Pilbara Development Commission (the Commission) has a small team of 14 dedicated staff who are passionate about delivering exceptional outcomes for the region.

What a year it has been. 2019-20 began with steady economic growth evident across the Pilbara and much anticipation and interest from internal and external stakeholders in more than \$117 billion of new investment planned or committed in the region over the coming decade. As the Commission finalised and released its 2019-21 Strategic Plan, that aligns with the WA Regional Development Trust's strategic themes, our focus was on ensuring that this next wave of investment was well managed to maximise its benefits. This included our strategic goals for the region: a prosperous and diverse regional economy; regional liveability; and Aboriginal economic participation and prosperity.

In early 2020, COVID-19 emerged as a global threat, and by the time a pandemic was declared by the World Health Organisation on 12 March, it was clear the Pilbara and the Commission would experience significantly new circumstances. For the staff and Board of the Commission, this meant adapting our way of working and immediate foci, without losing sight of our existing goals for the region, service delivery and our organisation.

I am very proud of the leadership and coordination roles the Commission took on at this time, bringing together partners across government, industry and the community to provide strategic regional intelligence; distribute pertinent information to stakeholders in and outside the region; and to take immediate action to help protect and support vulnerable communities and enterprise.

As we continue to deal with the consequences of the pandemic the Commission's ability to respond to extraordinary challenges will be key to how we operate going forward to support the region. At these times, being true to our organisational values of Excellence, Integrity, Unity, Care and Impact are more important than ever and embedded in the culture of the Commission.

I thank the Commission's Chief Executive Officer Terry Hill, who continues to be a strong voice for the Pilbara and for regional development in general. I also acknowledge the Minister for Regional Development Hon. Alannah MacTiernan, MLC for her leadership and support for the Pilbara, and ceaseless energy to drive social and economic development in regional Western Australia.

During 2019-20, we experienced considerable change on the Commission's Board. In July, we welcomed new member Sara Slattery and in December, we farewelled Deputy Chair Chris Cottier after an impressive contribution of six years on the Board.. In May, we welcomed three new members including Marg Bertling, Brett Ellacott and Tim Larkin as the new Deputy Chair as well as the reappointment of Gerry Parsons.

Many thanks to all the Board members, both retired and continuing, for their excellent contributions and advice during the year.

As we look forward to 2020-21, I am confident that the Pilbara will increase its appeal as a place to live, work, invest and raise a family and that the Commission will continue to play a vital role as a catalyst for its development and growth.

Brendan Hammond | Chair

Foreword by the CEO

“We will continue our work to support a more diversified economy, while recognising that major resources sector industries will continue to be the big economic drivers in the region.”



In 2019-20, we completed our new Strategic Plan. With a small, dedicated team and many opportunities to influence development of the region, a strong focus is needed to ensure we continue to have impact.

Our new plan recognises that the Pilbara is moving into a new phase of growth. While this will not be as significant as the last extraordinary construction cycle, it has the potential to further transform the region in terms of population and economy. Our aim is to achieve a smooth growth path with economic diversification not crowded out by inflated wages and property prices. This has seen us work closely with other State and local stakeholders to share data on growth scenarios to enable predictive planning and responsive actions.

We will continue our work to support a more diversified economy, while recognising that major resources sector industries will continue to be the big economic drivers in the region.

2019-20 bought a range of achievements and challenges. It was rewarding to see the edible rock oyster project that we commenced in 2017 expand into a national research project which could lead to a new aquaculture sector for Northern Australia. Also, the excellent work of our team in demonstrating the benefits and practical possibility of direct sea freight into the Pilbara from nearby Asia, moving closer towards fruition with a direct service expected to commence next financial year.

Other achievements include our extensive work with Aboriginal organisations and communities to progress a range of health and education programs and business development opportunities. This includes a speech and occupational therapy program in partnership with the Puntukurnu Aboriginal Medical Service, developing a proposal for a residential facility in Newman for

Martu students in partnership with the Western Desert Lands Aboriginal Corporation, working closely with the Murujuga Aboriginal Corporation to support the proposed Living Knowledge Centre and Tourism Precinct on the Burrup Peninsula and progressing the Pilbara Town Based Reserves project.

We have also undertaken significant community consultation and completed detailed design on the Port Hedland Spoilbank Marina and supported the development of a voluntary buyback scheme and revitalisation of Port Hedland's West End.

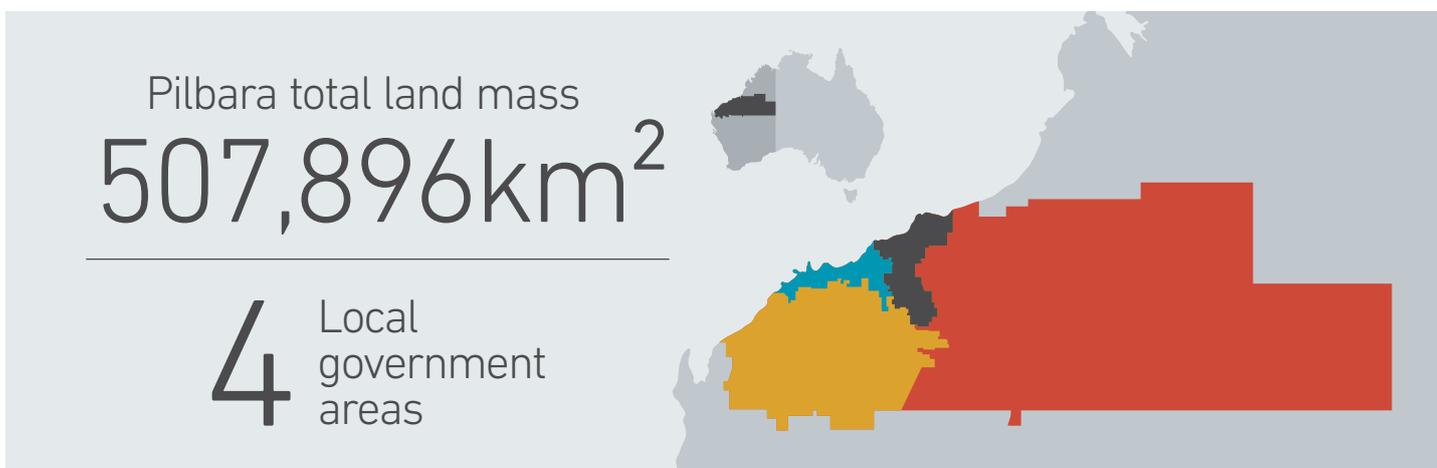
2019-20 will also be remembered for the COVID-19 pandemic reaching Australia. Commission staff pivoted, and through commitment and hard work, enabled daily reporting to our Minister of issues the region was facing. This was very important in the development of the State Government's response to the pandemic, particularly collecting regional intelligence and participating on the State-wide regional reporting and response committees.

We continue to hold to our values in our operations and aim to be a partner of choice in regional development. I thank our stakeholders and partners for completing our annual performance survey and their input into our continuous improvement process.

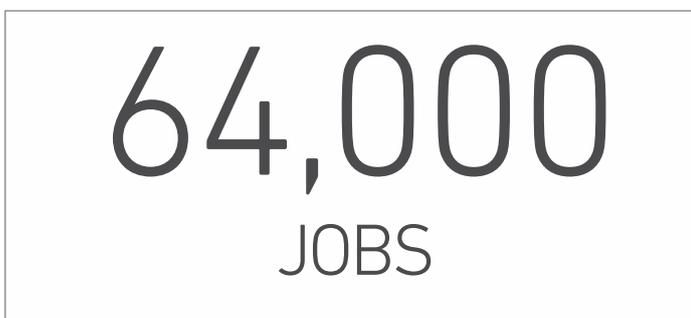
The Commission team thanks our Chair and Board for their support and strategic advice and our Minister, Alannah MacTiernan MLC, for her incredible energy and drive for regional development. I would like to thank our partners in the region for their ongoing support and shared passion to develop the Pilbara as a great place to work, live and play.

Terry Hill | CEO

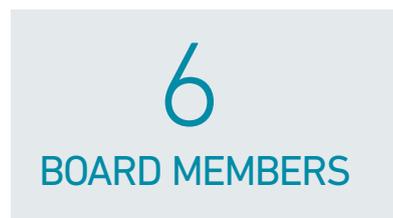
Snapshot 2019-20



■ City of Karratha ■ Town of Port Hedland ■ Shire of Ashburton ■ Shire of East Pilbara



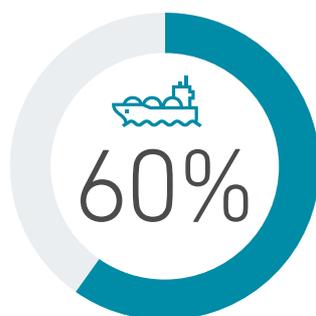
Pilbara Development Commission



- Led or participated in 18 strategic advisory groups
- Coordinated regional data collection and dissemination during COVID-19 disruption



of Australia's iron ore exports



of Australia's total oil production

97% of surveyed stakeholders agreed the Commission makes a positive contribution to the economic and social development of the Pilbara

\$121.5 million

Port Hedland Spoilbank Marina final design completed



Delivered 18 Regional Economic Development grants to projects creating Pilbara jobs

Jiji intensive speech and occupational therapy program and Martu residential facility progressed

Aboriginal and Torres Strait Islander Product Development Project funded



Pilbara edible rock oyster Trial expanded

Pilbara Launchpad

business innovation program launched

45%

of Government tenders in Q1-Q3 awarded to Pilbara businesses

Sealing of Stage 3

Karratha-Tom Price Road

Operational structure

Our Vision

The Commission's vision for the Pilbara region is 'vibrant and sustainable communities underpinned by a strong, diverse economy'.

Our Purpose

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

Our Values

The Commission is a values-driven organisation, which promotes a positive working environment making it a partner of choice. The overarching value of excellence drives a culture of continuous improvement and leadership within the agency. The Commission's values are:

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

Strategic focus

The Commission's work is driven by its [Strategic Plan](#), available for download from the Commission's website. For the period 2019-21, the Commission's strategic goals are:

1. Prosperous and diverse economy

2. Regional liveability

3. Aboriginal economic participation and prosperity

4. Organisational excellence

Enabling legislation

The 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 in each of Western Australia's nine regions 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:

- Maximising job creation and improving career opportunities in the region
- Developing and broadening the economic base of the region
- Identifying infrastructure services to promote economic and social development within the region
- Providing information and advice to promote business development within the region
- Seeking 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
- Taking steps to encourage, promote, facilitate and monitor the economic development in the region.

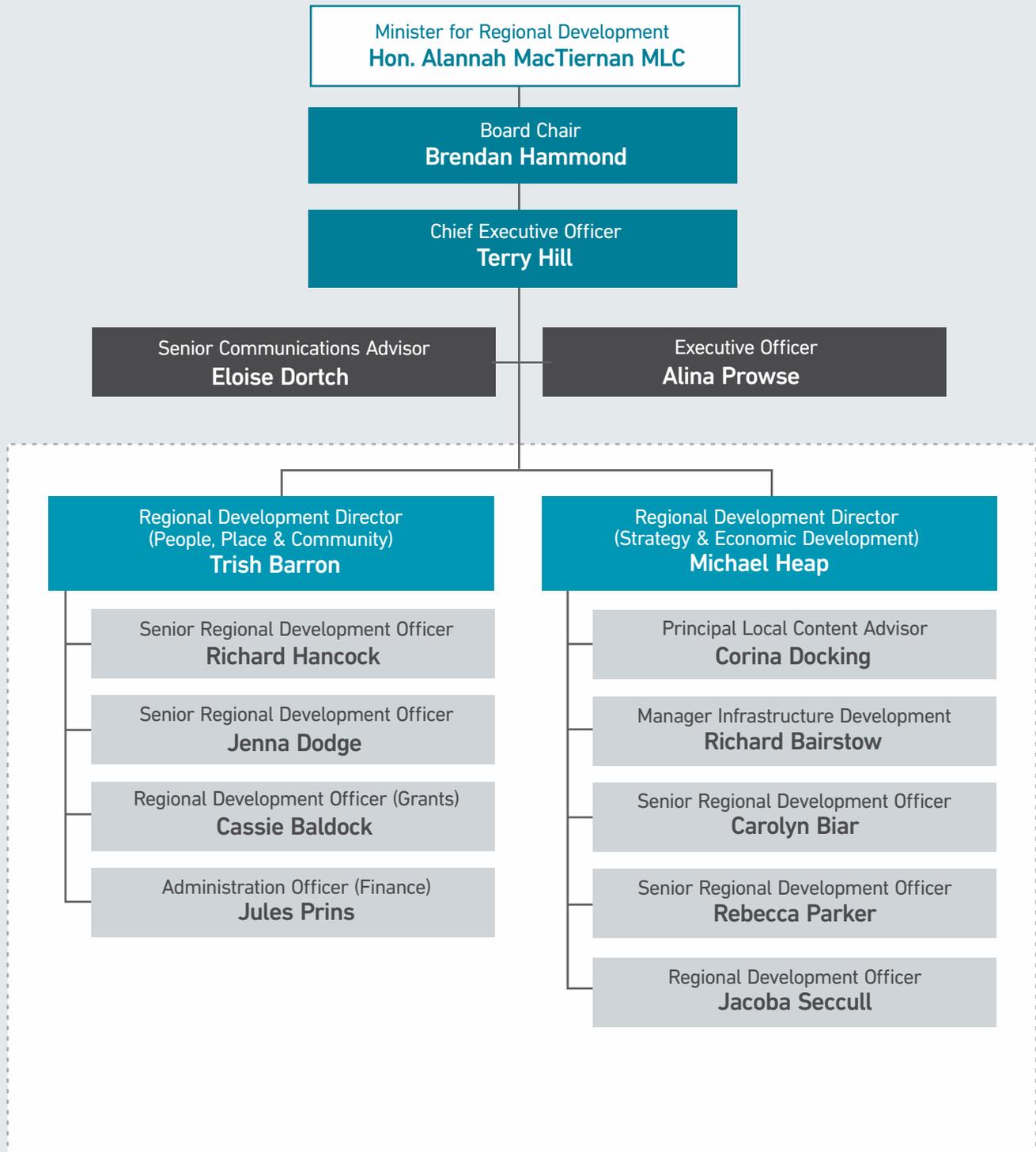
Responsible minister

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*.



Organisational chart

Correct as at 30 June 2020



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 organisation. 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 six 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.

One third of the Board (two members) are to be resident in the Pilbara region and nominated in accordance with the regulations; one third are to be members of the council of a local government in the Pilbara and are to be nominated by local governments in the region in accordance with the regulations; and two members are to be appointed at the Minister's discretion.

Primary activities

- Set the overall strategic direction and goals of the Commission
- Provide guidance on specific projects and initiatives
- Formulate Commission policy
- Review progress at regular intervals to ensure established goals are being achieved
- Monitor Commission expenditure
- Promote economic development
- Represent the Commission at relevant meetings and functions
- Advocate for the Pilbara region

The Board's strategic role of oversight, direction and advice is distinct from the role of the CEO, who is responsible for managing the day-to-day operations of the Commission.

Board activity in 2019-20

Six Board meetings took place in the year, in Karratha, Port Hedland, Perth (twice) and by video conference (twice). While five meetings were planned originally, an out-of-session additional meeting was organised for the Board to consider recommendations for the second round of the Regional Economic Development grants.

At its September 2019 meeting, the Board discussed whether four Board meetings per year would suffice in the future and resolved to add one strategic planning day to the annual schedule. It is intended that the four Board meetings will take place in each of the Pilbara's four local government areas, with the strategic planning day to occur in Perth.

The table below reports meeting attendance of each Board member during the reporting period, based on eligibility to attend.

Brendan Hammond	6/6	Sarah Slattery	5/5
Chris Cottier	2/4	Terry Hill	6/6
Gerry Parsons	5/6		

The Board meets regularly in different towns across the Pilbara, enabling its members to connect with local businesses and residents and providing members with valuable insight into the challenges and issues facing the region, and the priorities for regional development. To maximise this opportunity, the Commission partners with the local chambers of commerce to host business networking events, where the Board has not had the opportunity to present the current activities and priorities of the Commission. This strategy aligns with the Commission's strategic objective to be accessible and visible in the region.

Business-before-hour events were held in Onslow in August and Port Hedland in September. A similar event planned for Newman in May did not occur due to travel and event restrictions related to COVID-19. The Commission did not organise a networking event around its Board meeting in Karratha in July, as the holding of the Developing Northern Australia conference in Karratha at that time provided ample networking opportunity.

Commencement, extension or completion of terms during 2019-20

- Mr Chris Cottier completed the extension of his term to December 2019 at which time he left the Board.
- Cr Julie Arif's and Cr Gerry Parsons' terms expired in January 2019. However, as local government elections took place in October 2019, both councillors' terms were extended until October. Cr Arif resigned in July 2019. Cr Parsons' term was extended to 31 May 2020.
- In July, Ms Sara Slattery joined the Board.
- In May, Cr Parsons term was extended to December 2020 and three new members joined the Board: Cr Marg Bertling, Mr Brett Ellacott and Mr Tim Larkin.

Applications are retained until the specified application closing date and are reviewed by the Commission CEO, who makes a recommendation to the Minister for Regional Development, Hon Alannah MacTiernan MLC. Minister MacTiernan makes the appointments, which require endorsement by Cabinet.

In May 2019, nominations closed to fill one community vacancy on the Commission's Board. Sarah Slattery was appointed to this position on 15 July 2019. In October 2019, nominations closed to fill two local government positions on the Commission's Board, while in February 2020, nominations closed to fill one community position on the Board.

Board remuneration during 2019-20

Chair	\$63,000 per annum
Deputy Chair	\$5,000 per annum plus fee or \$790 per day of \$513 per half day
Members	Fee of \$622 per full day or \$403 per half day

Declarations of interest

The Board has a standing declaration of interest process included in its Board Charter. A standing agenda item at all meetings provides for the declaration and management of any potential conflicts of interest and a Board Members' Interest Register is maintained on an ongoing basis.

Independent external advice

Individual Board members have the right to seek independent professional advice on particular matters before the Board, subject to approval by the Chairperson, at the Commission's expense.

Process to become a Board member

Calls for nominations to the Board are made through advertisements placed in relevant news outlets and on the Commission's LinkedIn page. People may nominate themselves or others, and organisations may also nominate individuals. Terms of appointment are for up to three years. The Commission writes to the region's four local governments to invite their councils to nominate local government appointments.

Current Board members



Mr Brendan Hammond

Chairperson

Ministerial appointment

Current term 2017 – 2020

A skilled executive and senior leader, Brendan Hammond has more than 25 years of experience in senior roles across energy, water, ports and resources sectors, including as Managing Director of Rio Tinto Argyle Diamonds. He has more than ten years experience as a board Chair of listed businesses and government trading enterprises, including Horizon Power and Dampier Port Authority. Mr Hammond has a track record of working with regional communities, in Western Australia and around the world, to drive economic and social change. He is a partner in Centric Digital LLC (New York), the owner of Seymour Associates Pty Ltd, and contributes widely in the not-for-profit sector. In 2011, Mr Hammond was awarded the Western Australian Citizen of the Year award for his contribution to regional development.



Mr Terry Hill

Chief Executive Officer

Ex officio

Prior to taking up his current position as Chief Executive Officer of the Pilbara Development Commission, Mr Hill was an Executive Director at the Department of Agriculture and Food, working with the irrigated agriculture sector. Mr Hill has held a number of senior roles in the State Government, and at a national level. He has performed 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.



Cr Geraldine (Gerry) Parsons

Local government appointment

Term 2016 - 2020

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, South Newman Primary School Board 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.

Current Board members



Mr Tim Larkin

Deputy Chair

Community appointment
Term 2020 – 2022

Tim Larkin is a senior executive with more than 30 years' experience working for leading multinational companies including BHP Billiton, United Group, Mowlem plc, the Leighton Group and Laing O'Rourke. He is the CEO of Gumala Enterprises Pty Ltd, a 100 per cent Aboriginal-owned, diversified business serving the Banjima, Yinhawangka and Nyiyaparli people of the Pilbara with a focus on tourism and civil and mining services operations.



Ms Sara Slattery

Community appointment
Term 2019 – 2021

Sara Slattery is a career practitioner with extensive experience working for employment services and Aboriginal-owned organisations in the Pilbara. As well as being a community representative on the Pilbara Development Commission Board, she is the Board Chair for Robe River Kuruma Aboriginal Corporation. A member of the Australian Association of Career Counsellors and Institute of Company Directors, Ms Slattery has held leadership roles in a range of Pilbara Aboriginal and non-Aboriginal organisations, including in Roebourne and South Hedland. Ms Slattery is a Robe River Kuruma native title holder, and currently lives in Wickham.



Cr Marg Bertling

Local government appointment
Term 2020 – 2021

Cr Marg Bertling settled in Karratha in 1987 with a background in home finance, writing and journalism. Since 2009 she has operated her commercial and industrial photography and videography business, involving travel across the Pilbara. Cr Bertling spent many years as a St John's volunteer ambulance officer and member of community groups. Elected as a Councillor for the City of Karratha in 2011, 2015 and 2019, she supports development and opportunities for communities in the Pilbara and is focused on sustainable projects that: provide long term benefits for residents; encourage multigenerational families; and support business growth.

Retired from
the Board during 2019-20



Mr Brett Ellacott

Community appointment
Term 2020 - 2022

Brett Ellacott is a qualified mechanical engineer from Queensland. He has worked across many commodities and resource companies in a project management and maintenance capacity before starting a company which focuses on technology and innovation opportunities. He recognises the potential of the Pilbara area for economic prosperity and diversification while also possessing a community mindset which results in his active participation in the Port Hedland Marine Rescue as a senior skipper and projects coordinator.



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 the Port Hedland Historical Society and Care for Hedland Environmental Group.



Mr Chris Cottier

Deputy Chair
Community appointment
Current term 2014 - 2019

Mr Cottier has worked in various State and Federal Government roles across the South West, Kimberley and Pilbara and currently works for BHP in their Corporate Affairs department. Mr Cottier also sits on the Western Australian Football Commission board.

Senior staff leadership team

As of 30 June 2020, the Commission has 14 members of staff including the Chief Executive Officer, who is responsible to the Chair of the Board.

Regional development staff are led by two Directors: one with a focus on Economic Development, Land & Infrastructure and the other with a focus on People, Place & Community. The Commission's Executive Officer and Senior Communications Advisor respond directly to the CEO.



Mr Terry Hill
Chief Executive Officer

See biography on page 11.



Trish Barron

Director Regional Development
(People, Community and Place)

Ms Barron is the longest serving member of the Commission staff, having commenced in her role in 2003 to facilitate the Port Hedland Enhancement Scheme. A long-term public servant working in the community and regional development portfolios, Trish leads the People Place and Community team at the Commission. Trish is passionate about making the Pilbara a great place to live.



Michael Heap

Director Regional Development
(Economic Development,
Land & Infrastructure)

Mr Heap joined the Commission in April 2019 as Manager of Strategy & Knowledge and in May 2020 took over the role of Director Regional Development (Economic Development, Land & Infrastructure). Michael has a strong research and analytics background, joining the Commission from Bankwest, where he was the Manager for Market Insights. Outside of work Michael is a keen diver and enjoys travel.



Python Pool | Millstream Chichester National Park

Governance

As a statutory authority, the Commission has legal responsibilities in accordance with the *Regional Development Commissions Act 1993* (the Act) and operates in compliance with the Government's priorities.

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.

Key legislation impacting on the Commission

In the performance of its functions, the Commission complies with the following relevant written laws:

- *Salaries and Allowances Act 1975*;
- *Industrial Relations Act 1979*;
- *Equal Opportunity Act 1984*;
- *Occupational Safety and Health Act 1984*;
- *State Supply Commission Act 1991*;
- *Freedom of Information Act 1992*;
- *Regional Development Commissions Act 1993*;
- *Minimum Conditions of Employment Act 1993*;
- *Disability Services Act 1993*;
- *Public Sector Management Act 1994*;
- *State Records Act 2000*;
- *Auditor General Act 2006*; and
- *Financial Management Act 2006*.

Shared responsibilities with other agencies

The Commission did not share any responsibilities with other agencies in 2019-20. 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 various working groups and advisory committees. The Commission held roles on diverse external advisory groups during 2019-20, including:

- Western Australian Regional Development Alliance
- Wanggalili Project Steering Committee
- Western Australian Tropical Research Institute (WATARI) Project Steering Committee
- Port Hedland Spoilbank Marina Steering Committee
- Northern Beef Development Reference Group
- Developing Northern Australia WA Sub Committee and Program Advisory Committee
- Hedland Collective
- North-West Aboriginal Housing Fund
- Murujuga Rock Art Stakeholder Reference Group
- Pilbara District Leadership Group
- Woodside, BHP and other resource sector community reference groups
- Wickham Community Stakeholders Forum
- Newman Futures
- CRC for Transformations in Mining Economies
- WA Country Health Service Pilbara Operations Area Support Group
- REcov19ER Regional COVID 19 Emergency Response Working Group

Complaints process

The Pilbara Development Commission recognises the need to have an accessible process to receive complaints. During the year, the Commission created a section on its [website](#) where the public can learn how to make a complaint. The Commission did not receive any formal complaints in 2019-20.

Performance management framework

The performance management framework applied by the Commission is consistent with the Government's desired outcome from the activities of the Commission as 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.

Government goal	Desired outcome	Services
<p>Stronger focus on the Regions:</p> <p>Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas</p>	Enhancement of the Pilbara region's economic and social development	<ol style="list-style-type: none"> 1. Facilitation, coordination and governance 2. Regional promotion and information services

Key effectiveness indicator

The key effectiveness indicator of the Commission achieving the desired outcome is:

- Extent of client satisfaction that with its focus on regional development, the Commission makes a positive contribution to economic and social development of the Pilbara.

Key efficiency indicators

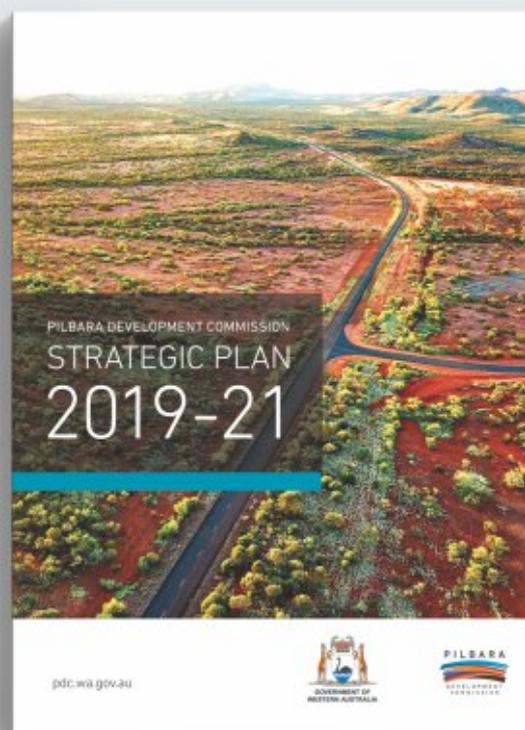
The key efficiency indicator for both service areas provided by the Commission (1. Facilitation, coordination and governance and 2. Regional promotion and information services) is:

- Average operational costs per working hour.

Planning

The Commission's operations are guided by a [Strategic Plan](#) that groups specific initiatives, deliverables and performance indicators under strategic goals. The Commission's Strategic Goals for 2019-21 are:

1. Prosperous and diverse economy;
2. Regional liveability;
3. Aboriginal economic participation and prosperity; and
4. Organisational excellence.



Agency performance

Performance against strategic goals

Goal 1

Prosperous and diverse economy

During 2019-20, the Commission worked to strengthen, grow and diversify the Pilbara's regional economy. This was achieved by working with established industries and businesses to support them to remain strong economic contributors in what has been an extremely challenging operational environment for all, as well as encouraging investment in new industries and businesses. This has included facilitating a pipeline of land and economic infrastructure to support growth and development; leveraging industry and government funding for high quality projects; and delivering on transformative opportunities to drive down the cost of doing business in the region."

The Commission has worked closely with the established iron ore and gas industries to encourage them to maintain or increase their regional investment, residential-based workforces and local content opportunities. Through individual meetings, forums, conferences, public events and its communications platforms, the Commission continued to promote the Pilbara as an ideal place to invest. By promoting and administering the State Government's Regional Economic Development (RED) Grants Program (Rounds 1, 2 and 3), the Commission also helped new high-quality projects in diverse industries including renewable energy, waste management, manufacturing, technical innovation, tourism and hospitality be established or advanced, with additional jobs created.

Meanwhile, the Commission helped to progress transformative projects in the region, including establishing a direct maritime freight service, development of the Karratha-Tom Price Road, and design work and community consultation for the Spoilbank Marina and associated waterfront development in Port Hedland.



Staff and Board members of Infrastructure WA tour Dampier Port with Commission Director Michael Heap



Commission CEO Terry Hill opens a Pilbara Launchpad event, Port Hedland



Sealing of Stage 3 of the Karratha-Tom Price Road

Highlights

- Acted as a strong advocate for the Pilbara region and a trusted source of regional intelligence within Government during the COVID-19 pandemic.
- Delivered Rounds 1 and 2 of the Regional Economic Development (RED) Grants Program, supporting 18 projects worth over \$1.5 million in total, and opened Round 3 for applications. [See Case study 1.](#)
- Through the Commission's Principal Local Content Advisor, assisted more Pilbara businesses to secure State Government contracts. In 2018-19, 25 per cent of State Government tenders in the Pilbara were awarded to Pilbara businesses. In the first three quarters of 2019-20, 45 per cent of Government tenders went to Pilbara businesses.
- Increased the Pilbara local content mailing list to more than 250 local suppliers and engaged with Pilbara suppliers via meetings and events.
- Established an online register for Pilbara businesses interested in working on the Port Hedland Spoilbank Marina.
- Ensured Pilbara data and perspectives are understood in the development of WA's first State-wide infrastructure strategy through supporting Infrastructure WA to visit and hold events in the region.
- Contributed to development of the Government's updated Buy Local Policy to ensure Government contracts create more work for regional businesses.
- Continued production of publications such as Housing & Land Summary and Economic Snapshot, ensuring up-to-date, reliable data on the region is accessible to all stakeholders.
- Worked closely with the Pilbara regional chambers to support business innovation and growth across the region.
- Worked with the Pilbara Regional Innovation Network, led by Port Hedland Chamber of Commerce Inc and The WEB Business Hub and including chambers in Onslow, Newman and Karratha and the Karratha Enterprise Hub, to develop Pilbara Launchpad to support start-ups and business innovation across the region.
- Supported and promoted industry and government partners in the continued development of an edible rock oyster industry in the Pilbara and across WA's north, after laying the groundwork to secure \$570,000 from the CRC for Developing Northern Australia for expanded trials. [See Case study 4](#)
- Continued to advocate for development of the Karratha-Tom price Road and participated in early planning.. State and Federal funding for Stage 4 was committed in November.
- Continued the Commission's influential role in the establishment of a direct maritime freight service connecting Singapore to ports in the Pilbara.
- Presented at the 13th International Conference on Mine Closure on the potential opportunities for regional development from mine repurposing and a framework for guiding this.



Newman

Case study 1

Pilbara Regional Economic Development (RED) grants

The Commission promotes, assesses, delivers and administers Regional Economic Development grants in the Pilbara. In November, the Minister for Regional Development announced 10 Pilbara projects as recipients of a total \$901,840 in Round 2 of the program, following an allocation of a total \$690,455 in grants allocated to the Pilbara region in Round 1 during late 2018. Round 3 applications opened in May.

The diverse projects funded in Rounds 1 and 2 encompass tourism, waste management, manufacturing, technological innovation, hospitality and creative industries. Successful applicants include small and medium size enterprises, local government authorities and not-for-profit organisations.

Round 2 Pilbara RED Grant recipients

Proponent	Project	Grant amount
EcoMag Limited	Brine Dispersion Modelling	\$45,120
Grand Central KTA Pty Ltd	Grand Central Training Facility	\$145,000
FORM Building a State of Creativity Inc	Spinifex Hill Studio Extension	\$100,000
Tan Ninety Pty Ltd	1TASK App	\$107,387
KAW Engineering Pty	Pilbara Laser Scanning, Design & Drafting Capability Development	\$100,000
Pindering Eco Retreat Pty Ltd	Pindering Eco Retreat	\$150,000
Pilbara Camel Trekking Pty Ltd	Pilbara Camel Trekking Camel Camp	\$25,000
Pilbara Dive and Tours	Grow Pilbara Dive	\$44,333
Shire of East Pilbara	Economic Development and Tourism Strategy and Land-Use Strategy, 2019-2024	\$85,000
AgGrow Energy Resources Pty Ltd	Woodie Woodie Renewable Energy Project	\$100,000

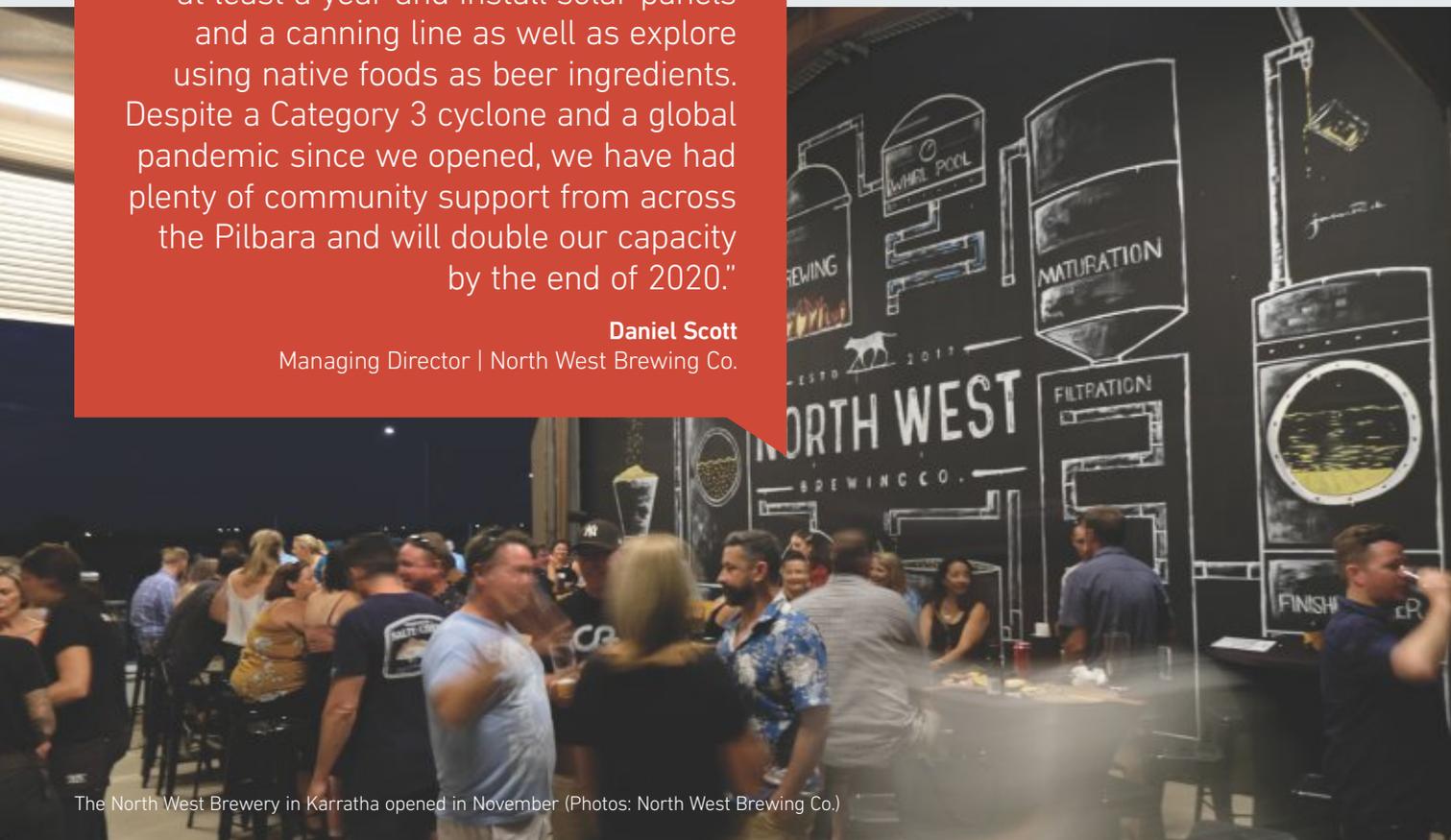
For a list of projects founded in Round 1 of Pilbara RED grants, [visit our RED Grants web page](#).

“Receiving the RED grant allowed us to accelerate the growth of the brewery by at least a year and install solar panels and a canning line as well as explore using native foods as beer ingredients. Despite a Category 3 cyclone and a global pandemic since we opened, we have had plenty of community support from across the Pilbara and will double our capacity by the end of 2020.”

Daniel Scott

Managing Director | North West Brewing Co.

Example RED Grant Projects



The North West Brewery in Karratha opened in November (Photos: North West Brewing Co.)

One of eight projects to be successful in Round 1 of the Pilbara RED grants, the North West Brewery in Karratha opened in November, amid high levels of local anticipation.

Including their own money and the Government's investment of \$185,000, proponents Daniel Scott and Jack Heales estimated they spent more than \$1 million to set up and fit out the brewery and have contracted more than 30 Pilbara suppliers over two years. On its opening, 16 new jobs were created.

Their project has a strong focus on local manufacturing and regional promotion, with the brewery producing six beers named after Pilbara lifestyle highlights: Neap Tide, Island Hopper, Loggerhead Draft, Outback Ale; Northwest Lager, and Sundowner.

Mr Scott and Mr Heales continue to pursue opportunities to use local ingredients including native bush foods and will be developing and conducting recipe trials in the near future.

With a canning line already secured, in time the company intends to sell its beer at outlets in Australia and south-east Asia – particularly if a direct maritime freight service between the Pilbara and Singapore is established, which would enable its products to be exported as cost-effective back-freight.



The North West Brewery

“The grant enabled us to bring forward planned tours. It would have taken a long time to save the funds to buy a bus of this nature. We can pretty much go anywhere in the Pilbara now with the 4WD capability and other equipment.”

Phillip Smeeton
Director, Tabba Tabba Pty Ltd.

“Receiving the RED grant allowed us to accelerate the growth of the business by at least three years and the future looks bright for us despite the slowdown from COVID-19.”

Jeffrey Brown
Director, Tabba Tabba Pty Ltd.



Left to right, Tabba Tabba's Philip Smeeton, Sam Smeeton and Jeffrey Brown

Tabba Tabba Pty Ltd, trading as Pilbara Tours, established a start-up Aboriginal majority owned and operated tourism business in Port Hedland and began operations in April 2019.

The tours highlight unique aspects of Port Hedland and the region with a focus on sharing knowledge of local flora, fauna, Aboriginal culture and local industry.

Tours include a Salt Eco Tour showcasing evaporated salt production, a Twilight Industry Tour showcasing Port Hedland Port as the world's largest bulk export port and a land-based fishing tour called The Big Fish Tour.

Utilising a small, second-hand Toyota Commuter 14-seater 2WD bus to start the business, it was soon apparent during the 2019 season that the demand for Pilbara Tours was greater than the seats available and a more robust 4WD bus with 22 seats was required.

As one of eight projects to be awarded a Round 1 Pilbara RED grant, Tabba Tabba received \$150,000 to purchase a Toyota Coaster 22-seater 4WD bus which was put into operation in June 2020.

Leveraged funding of \$100,000 from Tabba Tabba has contributed to purchasing additional equipment to support the tours including two canopied trailers, fishing rods, communications, safety, camping and catering equipment.

Whilst COVID-19 has had a significant impact on the business, Tabba Tabba Directors Jeffrey Brown and Phillip Smeeton are redirecting their promotional efforts to attract more West Australian tourists with both directors remaining optimistic about the future.

At this stage Tabba Tabba has two full time and two part time/casual staff to meet current demand.



Tabba Tabba's Big Fish Tour

Island hopping Dampier Archipelago

Goal 2 Regional liveability

The Commission not only aims to make the Pilbara a great place to invest and work but also to live and raise a family, in all communities in the region. In 2019-20, the Commission worked to achieve this through promoting the Pilbara's attributes and distinctiveness, including its rich history, diversity and Aboriginal heritage and culture; supporting the delivery and access to appropriate levels of services for all Pilbara residents including high quality education, health services, housing, childcare and connectivity delivered through modern infrastructure and innovative technologies; creating vibrant public places that enable social and cultural exchange and interaction; promoting the Pilbara as an attractive place to live and work; and leveraging government funding for high quality projects.



Jiji Program partners: Standing left to right, speech therapist Sarah Hyde, occupational therapist Celine Windsor, Newman community leader Desmond Taylor, Commission Director Trish Barron, Jigalong community leader Peggy Peterson, WDLAC Vice-Chair Alastair Sammy. Sitting left to right, PAMS CEO Robby Chibawe, WDLAC and PAMS Chair Melvin Farmer and WDLAC CEO Tony McRae.



Highlights

- Led inter-agency taskforce to complete detailed design of \$121.5 million Port Hedland Spoilbank Marina. See Case study 2.
- Provided administrative support for the development of the recommendations on the terms and conditions of the Port Hedland Voluntary Buyback Scheme, which received support from the Minister for Regional Development.
- Working with Department of Communities, supported approximately 30 residents from the Tjalka Boorda Town Based Reserve resettle into social housing in South Hedland including a program to support tenancy maintenance and improved access to health services and education which has seen a turnaround in school attendance rates from 0-3 per cent to 45-79 per cent attendance.
- In partnership with Puntukurnu Aboriginal Medical Service, progressed the delivery of the Jiji Program, building on a previous pilot project to provide intensive speech and occupational therapy to Martu children in remote east Pilbara communities.
- Worked in partnership with the Western Desert Lands Aboriginal Corporation and the Martu Schools Alliance to progress the establishment of a residential facility in Newman for Martu secondary students from remote communities.
- Supported the development and success of the Pilbara Universities Centre, a not-for-profit education support service for current and aspiring students undertaking university education within the Pilbara region.
- Opened Walgu ('Welcome') Park in Karratha, which received funding via the Commission.

Case study 2

Port Hedland Spoilbank Marina

The \$121.5 million [Port Hedland Spoilbank Marina](#) project aims to transform Port Hedland's waterfront into an attractive and popular destination for locals and visitors. Featuring boat pens and a four-lane boat ramp, the marina will provide boaties with safer access to deep water, a sheltered area to moor their vessels, and ample vehicle and trailer parking.

The marina will be supported by a multi-million-dollar foreshore development, aiming to create a vibrant space for people, young and old, to enjoy Port Hedland's iconic waterfront location. This will include a waterside promenade, grassed areas for picnics and events, amenities block, landscaped gardens and public art.

The marina is funded by the Government through the Commission and the Town of Port Hedland. The project design was led by an inter-agency Taskforce comprised of representatives from the Commission, Department of Transport, Pilbara Ports Authority, Town of Port Hedland, DevelopmentWA and Department of Treasury.

The Commission worked closely and effectively with government, industry and community stakeholders to deliver against this election promise and achieve a final design that reflects the aspirations of the community and Marapikurrinya Kariyarra Traditional Owners, within an accelerated timeframe.



The marina project is estimated to create more than 200 jobs during construction. To maximise the opportunity for local businesses and trades to secure work on the project the Commission developed an online business register where more than 95 businesses have registered their details and business capability, including 24 Aboriginal businesses. This register will form part of the tender documents for the Stage 2 works package.

"I'd like to thank the State Government for their ongoing commitment to ensuring the marina becomes shovel ready and ensuring the designs are reflective of community input."

Hon. Fred Riebeling
Commissioner | Town of Port Hedland

"The Spoilbank Marina is a great opportunity for local businesses to secure work on this major project, that will not only improve access and safety for recreational boaters but will also create an exciting new amenity for the whole community to enjoy."

Charles Kretzmann
General Manager | Engineering and Infrastructure,
Pilbara Ports Authority



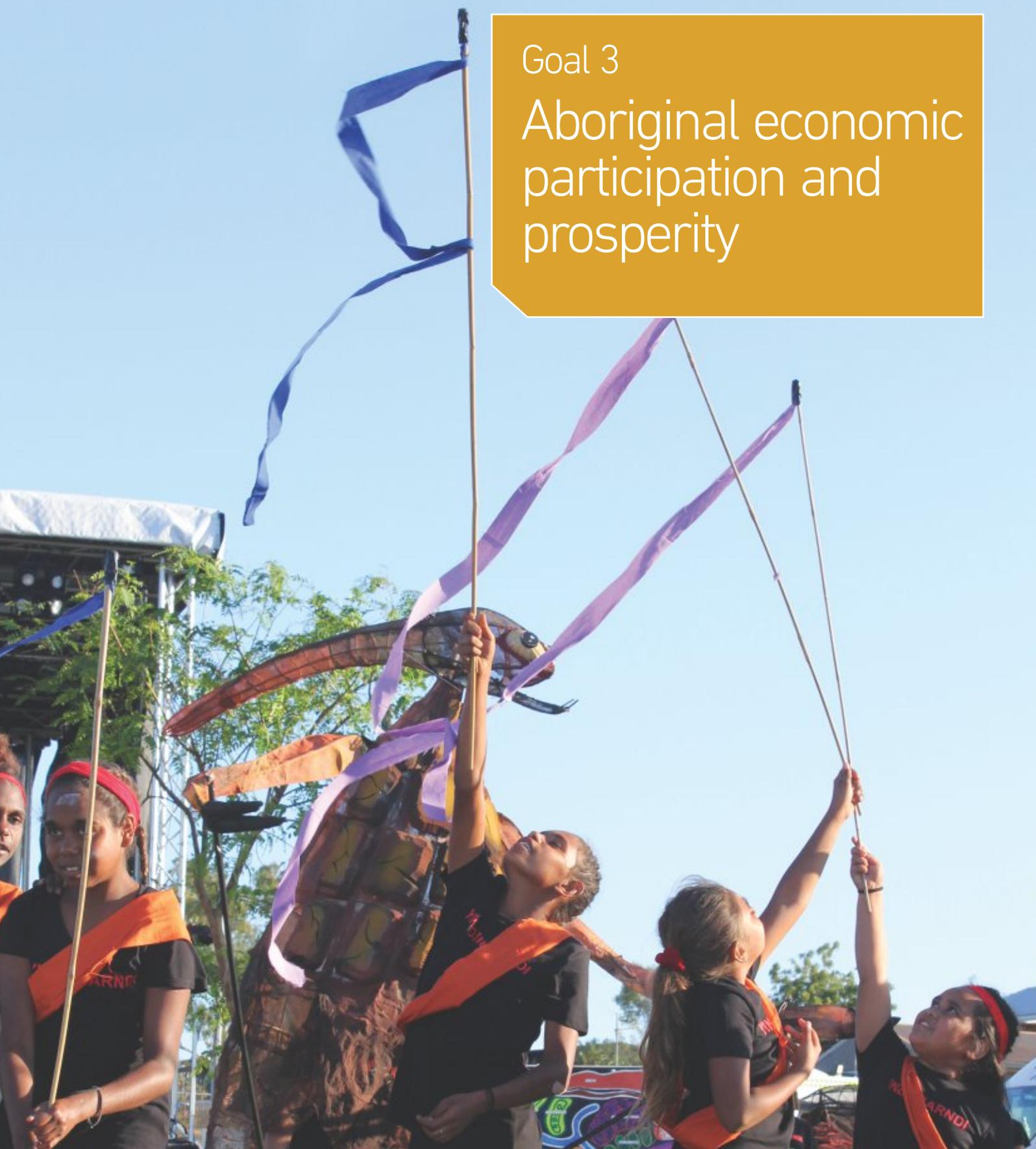
Spoilbank Marina design



- A 4-lane boat ramp
- 21 boat-pen marina with capacity to expand to 80 pens
- Separate entrance channel to main shipping channel
- Maintenance hardstand
- Publicly accessible breakwaters with pedestrian path
- Public recreation and event space and public amenities
- Public fishing jetty
- Water feature
- Shade structures at swimming beach
- Waterfront promenade
- Public art and a cultural gathering space

Ganalili Centre opening September 2019

Goal 3 Aboriginal economic participation and prosperity



Although the Pilbara economy has grown strongly over the past decade, Aboriginal people, who represent 14 per cent of the Pilbara's population, are six times more likely to be unemployed than non-Aboriginal people in the region, and on average earn less than one third of the household income of non-Aboriginal households. There has been significant improvement in the level of employment of Aboriginal people over the past decade, particularly in the resources sector through employment targets. However, the Commission recognises more needs to be done to improve the participation of Aboriginal people in the broader economy. During 2019-20, the Commission strived to deliver transformational projects with Traditional Owners in the region; provide advice and support to build the capacity of Aboriginal businesses and organisations; identify projects that deliver job opportunities and economic development 'on country'; and support entrepreneurship and the growth of Aboriginal businesses.



Roebourne Christmas Art sale December 2019

Highlights

- Continued to provide support to Murujuga Aboriginal Corporation and the Government regarding the development of the Living Knowledge Centre and Tourism Precinct on the Burrup Peninsula.
- Funded a study that assisted Yindjibarndi Aboriginal Corporation to be awarded a lease at Palm Pool in Millstream-Chichester National Park for the development of an Aboriginal-owned eco resort and cultural tourism facility.
- Delivered and implemented the Pilbara Creative & Cultural Strategy, building on the Pilbara Creative and Cultural Forum previously held by the Commission. [See Case study 3.](#)
- Worked with the Aboriginal Art Centre Hub of WA and key national stakeholders to develop a pilot project to secure the supply and use of authentic Aboriginal artwork in the souvenir and merchandise market. Secure \$175,000 from the Regional New Industries Fund for this project which has the potential to achieve a significant change in Federal legislation.
- Worked with Cheeditha, Juluwarlu, Wangaba Roebourne and Yinjaa-Barni art groups, Woodside Energy and City of Karratha to hold the first Roebourne Christmas Art Sale in Karratha.
- Through the Pilbara Principal Local Content Adviser, promoted an Aboriginal Business Register to support more Aboriginal businesses tendering for Government contracts. More than 70 businesses are now registered.
- Celebrated the opening of the Ganalili Centre in Roebourne in September, which was redeveloped by Yindjibarndi Capital Trust with support from the Commission during 2018-19. As of mid-2020, tenant space in the Centre is fully occupied, a business has signed up to staff the café and art sales have been positive.
- Five out of 18 Regional Economic Development grants allocated in Rounds 1 and 2 of the Pilbara 'RED' grants program were awarded to Aboriginal-owned organisations. See Tabba Tabba Pty Ltd, [Case study 1.](#)

Case study 3

Pilbara Creative and Cultural Strategy implementation

Following a three-day forum in Newman in 2018, the Commission developed, released and implemented the Pilbara Creative and Cultural Strategy in 2019.

A first for the region, the Strategy guides growth of the Pilbara's already thriving arts sector. A coordinated approach to the sector across the region will assist in improving access to community infrastructure, education and training; support regional creative and cultural organisations; and develop products, exports and networks.

One of many actions from the Strategy is the launch of a pilot developed by the Commission in partnership with the Aboriginal Art Centre Hub of WA and Kimberley and Goldfields-Esperance Development Commissions to ensure the supply and use of authentic Aboriginal artwork in the lucrative souvenir and merchandise market.

Aboriginal and Torres Strait Islander (ATSI) products attract a significant market. Analysis by Tourism Research Australia found that in 2017-18, 198,000 international visitors purchased Indigenous art, crafts or souvenirs. However, misappropriation and misrepresentation have dogged this industry for decades, often at the expense of artists and community art centres.



Roebourne Artist

The ATSI Product Development Project, which was awarded a \$175,000 Regional New Industries Fund grant in October, will develop a framework and resources to help capture demand for authentic ATSI products, thus generating new economic opportunities for regional ATSI art centres and artists. Six established Aboriginal art centres in WA are participating including Martumili Artists in Newman and Spinifex Hill Studios in Port Hedland.

The project has national significance in that it has the potential to inform and progress the development of legislation to address issues of authenticity in the market.



Ganalili Centre, Roebourne

East Pilbara Arts Centre

“For too long now we have seen our art and culture being used in this market with little economic gain coming back to artists and their communities. Let’s see a change in the way business is done to empower Aboriginal and Torres Strait Islander people.”

Chad Creighton
CEO | Aboriginal Art Centre Hub of Western Australia

“This project is underpinned by principles of cultural ownership and authority. It is the artists and their communities making decisions about what products are relevant and appropriate.”

Gabrielle Sullivan
CEO | Indigenous Art Code of Australia



Goal 4 Organisational excellence

Excellence as a partner organisation

In 2019-20, the Commission strived to be a trusted partner of choice for regional development, including through encouraging thought leadership; applying evidence-based decision-making; collecting, managing and communicating the best available information about the Pilbara; and being an accessible organisation. The Commission's performance in this area can be assessed by the results of its annual stakeholder survey, conducted annually by an independent market researcher. A total 113 stakeholders completed the Commission's 2020 stakeholder survey, by telephone between 27 April to 4 May 2020.

Commission staff attend defensive 4WD drive training

Performance indicator	2019	2020	% change
The Pilbara Development Commission makes a positive contribution to economic and social development of the Pilbara	94%	97%	^ 3%
The Pilbara Development Commission's support to industry and enterprise makes a positive contribution to regional development	90%	97%	^ 7%
Pilbara Development Commission staff provide professional, timely and helpful services	93%	95%	^ 2%
I am aware and informed of the projects and activities being undertaken by the Commission that aim to develop and broaden the economic base of the region	80%	81%	^ 1%
I understand the role and purpose of the Pilbara Development Commission	94%	98%	^ 4%
The Pilbara Development Commission demonstrates excellence in its decisions, behaviours and actions	88%	96%	^ 8%
The Pilbara Development Commission acts ethically, honestly and with transparency	92%	98%	^ 6%
The Pilbara Development Commission staff are positive and supportive of stakeholders and the community	95%	98%	^ 3%
The Pilbara Development Commission connects and collaborates with stakeholders to inform strategic decision making	91%	94%	^ 3%
The Pilbara Development Commission inspires, leads and delivers outcomes that make a difference for the region	89%	95%	^ 6%
The Pilbara Development Commission with its focus on regional development, makes a positive contribution to economic and social development of the Pilbara (new statement in 2020)	N/A	96%	N/A

For a second year running, the Commission's CEO chaired the Western Australian Regional Development Alliance (WARDA), made up of the CEOs from WA's nine regional development commissions and senior representatives of the Department of Primary Industries and Regional Development.

The Commission's senior representatives attended and addressed numerous public events in and outside the region and disseminated regional development information through its website, social media, conventional media and email. The Commission's LinkedIn followers doubled to more than 2,000 during the year, and although many events were postponed due to COVID-19, the Commission allocated \$23,000 in sponsorship to events across the region that aligned with the Commission's strategic goals.

Excellence as employer

In 2019-20, the Commission strived for excellence as an employer by: encouraging, modelling and supporting behaviours, actions and decisions that embody the Commission's five values; seeking opportunities to enhance staff capacity building and promote professional development; investing in the resources

and time required to attract and retain quality talent; ensuring staff are positioned to apply good governance principles; and supporting all staff to engage in appropriate training.

Throughout 2019-20, the Commission held regular all-staff meetings including an all-day strategic planning session in December. During the peak period of COVID-19-related disruption, all-staff meetings were held three times per week by video conference, ensuring staff felt supported and informed.

Training type	Number of staff who attended
Cultural awareness	6
Professional development	6
First aid	4
4WD defensive driving	5

Case study 4

Pilbara Rock Oyster Research and Development Project

Reflecting the Commission's focus on transformational partnerships to achieve regional development outcomes, the Pilbara Rock Oyster Research and Development Project was a collaboration between the Commission, Maxima Pearlring Company, Murujuga Aboriginal Corporation, City of Karratha and Fisheries Research and Development Corporation.

While the Pilbara town of Cossack was home to Australia's first pearling lugger fleet in the 1890s, and a wild harvest fishery for rock oysters in the 1950s and 60s, there has been no oyster industry in the region since.

Aligned with the Commission's strategic goals to diversify the regional economy, the project aimed to establish procedures and infrastructure to run a pilot oyster culture trial in the Pilbara; measure parameters such as growth, food safety, disease and quality over two years, and through this, reduce risk for edible oyster aquaculture in the region and facilitate commercial investment to further develop the industry.

The project commenced in October 2017 with the establishment of a pilot farm site in Flying Foam Passage on the Dampier Archipelago and it ran to November 2019.

The project proved local oyster species can be successfully reared in hatchery conditions and grown out locally. Oysters produced at the site met the requirements of the WA Shellfish Quality Assurance Program, meaning that they can be sold on the domestic market.

As a result, Maxima has expanded its trials to multiple lease sites across the Dampier Archipelago, and with the Commission's assistance successfully applied for a Regional New Industries Fund grant to expand the project's scope.

Further, a \$4.1 million project has been funded by the Cooperative Research Centre for Developing Northern Australia to progress a northern Australia rock oyster industry, with Maxima among the participants. It is estimated that \$30 million and 100 direct and indirect jobs could be generated in the Pilbara from a future rock oyster industry.

Pilbara rock oysters

"The assistance of the Pilbara Development Commission has been invaluable in getting the oyster trial underway. The results so far are really encouraging with Maxima Pearlring establishing a subsidiary company Maxima Rock Oyster Company to progress rock oyster production trials in the Pilbara."

Steven Gill
General Manager | Maxima Pearlring Company

Significant issues impacting the agency

Current and emerging issues and trends

Across the globe, the impact of the COVID-19 pandemic has been profound. While the Pilbara has fortunately escaped much of the health crisis to date, businesses across the region have been forced to adapt to a new way of operating. The future of the Pilbara's economy and its communities will be forever shaped by 2019-20 and the impact of the pandemic.

While the long-term impacts of COVID-19 remain unclear, it is evident that creating employment opportunities will be critical to the State's recovery over the next decade and the Pilbara will play a significant role in the provision of any new jobs. Maximising the value of the resource sector activity, with around \$150 billion worth of projects under construction or under consideration over the next ten years, will be key.

Diversification of the economy will also be vital to securing a prosperous future for the Pilbara and WA. Tourism visitation continues to grow in the region. Similarly, the agriculture and aquaculture sectors both have significant opportunity for growth to capitalise on the region's natural assets. Arts and culture and mine repurposing are also emerging as key growth sectors for the region.

Further growth and development of the Pilbara's economy will be underpinned by the region's ability to attract new businesses and investors to the region. Projects aimed at reducing the cost of doing business – particularly logistics, freight and energy – will have significant benefits for Pilbara when seeking such investment.

Establishing a strong freight network will ensure the Pilbara's businesses and communities have reliable and affordable access to goods and services and will underpin the capacity to move goods and services efficiently into and around the region.

The WA Regional Freight Transport Plan identified the completion of the Karratha-Tom Price Road as the top road infrastructure priority for the Pilbara. The Commission is

pleased to see that Stage 3 of the road is now almost complete, and the State Government has committed to complete Stage 4 of the road, with construction to commence in 2021.

The Commission has identified that the development of a direct shipping service into the region from Asia would dramatically reduce the cost of doing business in the Pilbara. The Commission completed a study into the opportunity of direct freight and is excited to see that carriers are working towards an operational freight service by the end of 2020.

The Pilbara was identified by the International Energy Agency as one of the top six locations in the world for developing large scale renewable energy projects.

Developing a large-scale renewable energy industry would not only create new regional employment, but it has the potential to dramatically reduce the cost of power creating a major competitive advantage for the region in attracting new projects and businesses.

A consistent and reliable energy supply is integral to regional areas, and investment in technology improvements such as microgrids, energy storage and renewable energy means it is becoming easier for remote and off-grid operations to look after their own energy needs. This change will drastically reduce the cost of doing business in more remote areas of the Pilbara and open new opportunities for diversification.

Access to land, for both residential and industrial uses, will continue to underpin the region's ability to grow. Many of the region's infrastructure assets are fragmented and or in private ownership while much of the region's land is subject to native title. The future development of the Pilbara will hinge on the ability of government, industry and Traditional Owner groups to work collaboratively for shared gain.



Pilbara resources sector

Economic trends

The Pilbara continues to be an economic powerhouse for the state and national economies, producing \$41.9 billion in Gross Regional Product (GRP) in 2019, which represents more than 40% of regional WA's total GRP.

Unemployment in the Pilbara is around 3.3 per cent, which is 2.6 per cent below the state average, creating a tight job market and resulting in challenges for small businesses to attract and retain staff.

The Pilbara's economy is dominated by the mining sector, which accounts for 72 per cent of the region's economic output and 45 per cent of total jobs. While a number of major projects delayed Final Investment Decisions during Q4, the resource sector is showing few signs of decreased confidence with more than \$150 billion worth of projects either committed or under consideration for the Pilbara over the next ten years, creating more than 35,000 construction jobs and more than 8,000 operational jobs.

However, the lack of economic complexity in the region's economic make-up leaves Pilbara businesses and communities vulnerable to commodity price fluctuations and rising costs.

Social trends

More than 60,000 people call the Pilbara home and on the surface the region is prosperous and wealthy with a low unemployment rate and high income. Over the past 10 years the Pilbara's communities have been transforming from mining towns to liveable cities, boasting high quality health and education services as well as modern community amenity.

Where once the population came and went with the cycle of the resource industries, now more and more people are choosing to call the region home. For example, an annual community survey conducted by City of Karratha in 2020 showed 62 per cent of respondents thought the City was a great or excellent place to live and 42 per cent said they had no plans to leave, up from 40.7 per cent in 2018.

The Pilbara has seen a 16 per cent growth in population from 2008 to 2019, while at the same time a shift in demographics has seen young people making up an increasing portion of the population.

However, there is a hidden inequality in the region. Aboriginal people represent 14 per cent of the Pilbara's population and on average they earn less than one third of non-Aboriginal residents and are six times more likely to be unemployed.

To unlock the true potential of the Pilbara we need to ensure all residents benefit from the region's wealth and that they receive the same level of opportunity, quality of life and access to services.

Changes in written law

There were no changes in any written law that affected the Commission during the financial year.

Likely developments and forecast results of operations

The Commission is looking forward to 2020-21 after realigning priorities and resources in the past year to strongly contribute to the COVID-19 response and then the development and delivery of COVID recovery initiatives.



The Commission will start the next financial year with a new Strategic Plan that aligns to the Regional Development Trust's regional development themes. It is a plan that is focussed on meeting the Commission's Statutory objectives, delivering government priorities and further progressing the community and economic development of the region. We have new members on the Commission Board and look forward to their contribution in shaping our direction.

To deliver we will work with our Minister and regional stakeholders, and focus on:

- Reducing the cost of doing business in the region;
- Attracting and providing support to new businesses looking to set up in the region;
- Providing current and relevant information on the regional economy;
- Delivering the Town Based Reserves Project
- Working to further diversify the regional economy;
- Implementation of the third round of Regional Economic Development grants;
- Continued Aboriginal advancement, especially working with Traditional Owners to build capacity and increase local Aboriginal employment in all sectors, including Government;
- Contributing to the delivery of the Port Hedland Marina and Port Hedland Voluntary Buyback Scheme; and
- Better utilisation of the conservation estate for regional interpretation and visitation.

The Commission will have a team of talented staff to commence the year, and we look forward to applying their skills and passion for regional development to delivering on our focus areas. Our annual survey of stakeholders showed that our reputation remains very positive with stakeholders and partners, which will underpin us meeting the objectives and requirements of the *Regional Development Commissions Act*.

The Commission expects to meet its Key Performance Indicators, legislative, Government policy, budgetary requirements and audit requirements.



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 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, Summary of Consolidated Account Appropriations 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 2020 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 Responsibility 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 entity'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.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of my auditor's report.

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 2020.

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 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 non-compliance 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 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and 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 agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

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 entity'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.

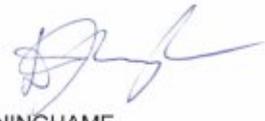
I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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 2020 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 contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
8 September 2020

Port Authority Control Tower, Port Hedland | Photo: Pilbara Port Authority



Pilbara Development Commission – 30 June 2020

Disclosures and Legal Compliance

Financial Statements

Certification of Financial Statements

For the reporting period ended 30 June 2020

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 2020 and the financial position as at 30 June 2020.

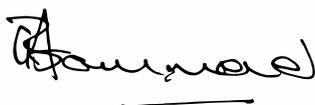
At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Carolyn Gibbon
Chief Finance Officer
8 September 2020



Terry Hill
Chief Executive Officer
8 September 2020



Brendan Hammond
Chairman
8 September 2020

Pilbara Development Commission – 30 June 2020

Statement of Comprehensive Income For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1(a)	302	339
Supplies and services	2.3	2,920	3,125
Depreciation and amortisation expense	4.1, 4.2, 4.3	72	2
Finance costs	6.2	2	-
Accommodation expenses	2.3	-	6
Grants and subsidies	2.2	-	1
Other expenses	2.3	42	20
Total cost of services		3,338	3,493
Income			
Revenue			
Other revenue	3.2	150	9
Total revenue		150	9
Total income other than income from State Government		150	9
NET COST OF SERVICES		3,188	3,484
Income from State Government			
Service Appropriation	3.1	266	266
Income Received from Other State Agencies	3.1	-	1
Resources received free of charge	3.1	2,756	2,531
Total income from State Government		3,022	2,798
SURPLUS/(DEFICIT) FOR THE PERIOD		(166)	(686)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(166)	(686)

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

Pilbara Development Commission – 30 June 2020

Statement of Financial Position As at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		777	-
Restricted cash and cash equivalents	6.3	329	1,317
Receivables	5.1	56	36
Other assets	5.3	1	-
Total Current Assets		1,163	1,353
Non-Current Assets			
Restricted cash and cash equivalents	6.3	8	8
Amounts receivable for services	5.2	48	48
Property, plant and equipment	4.1	2	3
Right-of-use assets	4.2	67	-
Intangible assets	4.3	1	2
Total Non-Current Assets		126	61
TOTAL ASSETS		1,289	1,414
LIABILITIES			
Current Liabilities			
Payables	5.4	26	73
Lease liabilities	6.1	63	-
Employee related provisions	2.1(b)	116	79
Total Current Liabilities		205	152
Non-Current Liabilities			
Lease liabilities	6.1	4	-
Employee related provisions	2.1(b)	-	16
Total Non-Current Liabilities		4	16
TOTAL LIABILITIES		209	168
NET ASSETS		1,080	1,246
EQUITY			
Contributed equity	8.9	353	353
Accumulated surplus	8.9	727	893
TOTAL EQUITY		1,080	1,246

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

Pilbara Development Commission – 30 June 2020

Statement of Changes in Equity For the year ended 30 June 2020

	Notes	Contributed equity \$'000	Accumulated surplus \$'000	Total equity \$'000
Balance at 1 July 2018		353	1,579	1,932
Deficit		-	(686)	(686)
Total comprehensive income/(loss) for the period	8.9	-	(686)	(686)
Balance at 30 June 2019		353	893	1,246
Balance at 1 July 2019		353	893	1,246
Deficit		-	(166)	(166)
Total comprehensive income/(loss) for the period	8.9	-	(166)	(166)
Balance at 30 June 2020		353	727	1,080

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

Pilbara Development Commission – 30 June 2020

Statement of Cash Flows For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		266	266
Income received from Other State Agencies		-	1
Net cash provided by State Government		266	267
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(282)	(335)
Supplies and services		(211)	(550)
Grants and subsidies		-	(1)
Other expenses		(42)	(20)
GST payments on purchases		(42)	(53)
Accommodation		-	(6)
Receipts			
GST receipts on sales		43	1
GST receipts from taxation authority		3	103
Other receipts		126	5
Net cash used in operating activities		(405)	(856)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Principal elements of lease payments		(72)	-
Net cash used in financing activities		(72)	-
Net increase/(decrease) in cash and cash equivalents		(211)	(590)
Cash and cash equivalents at the beginning of the period		1,325	1,915
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.3	1,114	1,325

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

Pilbara Development Commission – 30 June 2020

Summary of Consolidated Account Appropriations For the year ended 30 June 2020

	Budget estimate 2020 \$'000	Supple- mentary Funding 2020 \$'000	Revised Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000
<u>Delivery of Services</u>					
Amount Authorised by Other Statutes					
- <i>Salaries and Allowances Act 1975</i>	266	-	266	266	0
Total appropriations provided to deliver services	266	-	266	266	0
GRAND TOTAL	266	-	266	266	0

Pilbara Development Commission – 30 June 2020

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Pilbara Development Commission – 30 June 2020

Notes to the financial statements

1. Basis of Preparation

The Commission is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Commission is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units.

A description of the nature of its operations and its principal activities have been included in the '**Overview**' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Commission on 8 September 2020.

Statement of Compliance

These general purpose financial statements have been prepared in accordance with:

- 1 The *Financial Management Act 2006 (FMA)*
- 2 The Treasurer's Instructions (**the Instructions or TI**)
- 3 Australian Accounting Standards (AASs) - Reduced Disclosure Requirements
- 4 Where appropriate, those **AAS** paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions take precedence over AASs. Several AASs are modified by the Instructions to vary application, disclosure format and wording. 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.

Basis of Preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Judgements and Estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Significant judgements and estimates have been made to meet the requirements of the new standards AASB 16 and AASB 1058.

Refer to Note 8.2 for the impact of the initial adoption and the practical expedients applied in the initial recognition.

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.

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

2. Use of Our Funding

Expenses incurred in the delivery of services

This section provides additional information about how the Commission's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Commission in achieving its objectives and the relevant notes are:

	Notes	2020 \$'000	2019 \$'000
Employee benefits expenses	2.1(a)	302	339
Employee benefits provisions	2.1(b)	116	95
Grants and subsidies	2.2	-	1
Other expenses	2.3	2,962	3,151

2.1. (a) Employee benefits expenses

	2020 \$'000	2019 \$'000
Wages and salaries	269	243
Superannuation	28	37
Government Regional Officers Housing expense	5	59
Total employee benefits expenses	302	339
Add: AASB 16 Non-monetary benefits	72	-
Net employee benefits	374	339

Wages and salaries include social contributions, accrued and paid leave entitlements and paid sick leave for employees.

Superannuation: The amount recognised in profit or loss of the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBs, or other superannuation funds.

AASB 16 Non-monetary benefits: Non-monetary employee benefits expenses, predominantly relate to the provision of Vehicle and Housing benefits are measured at the cost incurred by the Commission.

2.1. (b) Employee Benefits Provision

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense during the period the services are *delivered*.

	2020 \$'000	2019 \$'000
Current		
<u>Employee benefits provisions</u>		
Annual leave ^(a)	25	16
Long service leave ^(b)	86	58
Deferred salary scheme ^(c)	3	3
	114	78
<u>Other provisions</u>		
Employment on-costs ^(d)	2	1
Total current employee related provisions	116	79
Non-Current		
<u>Employee benefits provisions</u>		
Long service leave ^(b)	-	16
<u>Other provisions</u>		
Employment on-costs ^(d)	-	-
Total non-current employee related provisions	-	16
Total employee related provisions	116	95

(a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

- (b) **Long service leave liabilities:** 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.

The components of the long service leave liabilities are calculated at present value as the Commission does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, 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.

- (c) **Deferred salary scheme liabilities:** Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.
- (d) **Employment on-costs:** 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.

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, Note 2.3 (apart from the unwinding of the discount (finance cost))' and are not included as part of the Commission's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2020 \$'000	2019 \$'000
Employment on cost provision		
Carrying amount at start of period	1	2
Additional/(reversals of) provisions recognised	1	(1)
Carrying amount at end of period	2	1

Key sources of estimation uncertainty- long service leave

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

Several estimates and assumptions are used in calculating the Commission's long service leave provision. These 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.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

2.2. Grants and Subsidies

<u>Recurrent</u>	2020 \$'000	2019 \$'000
Royalties for Regions Fund - Local Projects Local Jobs	-	1
Total grants and subsidies	-	1

Transactions in which the Commission provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

2.3. Other Expenditure

Supplies and services	2020 \$'000	2019 \$'000
Communications	-	2
Consultants and contractors	88	485
Consumables	18	5
Travel	48	83
Operating leases - vehicles	-	15
Other	10	4
Resources provided free of charge by DPIRD ^(a)	2,756	2,531
Total supplies and services expense	2,920	3,125
Accommodation expenses		
Lease rentals ^(b)	-	6
Total accommodation expenses	-	6
Other expenses		
Audit fees	25	6
Employment on-costs ^(c)	-	1
Other operating expenses	17	13
Total other expenses	42	20
Total other expenditure	2,962	3,151

(a) Support Services provided by DPIRD to support the Commission's in the fulfilment of its statutory functions and obligations under the Regional Development Commission Act 1993. See note 3.1 Income from State Government.

(b) Included within rental costs are short-term and low value leases of up to \$5,000. This excludes leases with another wholly-owned public sector entity lessor agency. Refer to note 6.1 for aggregate short-term and low value leases expense.

(c) 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 2.1 (b) Employee Benefits Provision. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Supplies and services:

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Accommodation expenses:

Lease rental costs are recognised as expenses as incurred.

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

Other:

Other operating expenses generally represent the day-to-day running costs incurred in normal operations.

3. Our Funding Sources

How we obtain our funding

This section provides additional information about how the Commission obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Commission and the relevant notes are:

	Notes	2020 \$'000	2019 \$'000
Income from State Government	3.1	3,022	2,799
Other revenue	3.2	150	8

3.1. Income from State Government

	2020 \$'000	2019 \$'000
Appropriations received during the period:		
Service Appropriation ^(a)	266	266
	<u>266</u>	<u>266</u>
Income received from Other State Agencies	-	1
	<u>-</u>	<u>1</u>
Services received free of charge ^(b)		
Department of Primary Industries and Regional Development ^(c)	2,756	2,531
	<u>2,756</u>	<u>2,531</u>
Total income from State Government	<u>3,022</u>	<u>2,798</u>

- (a) **Service Appropriations** are recognised as income at the fair value of consideration received in the period in which the Agency gains control of the appropriated funds. The Agency gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury. Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component only.
- (b) **Assets or services** received free of charge or for nominal cost are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity.
- (c) **Department of Primary Industries and Regional Development** - Support Services provided by DPIRD to support the Commission in the fulfilment of its statutory functions and obligations under the Regional Development Commission Act 1993.

The application of AASB 15 and AASB 1058 from 1 July 2019 has no impact on the treatment of income from State Government.

3.2. Other Revenue

	2020 \$'000	2019 \$'000
Other revenue	150	9
	<u>150</u>	<u>9</u>

The application of AASB 15 and AASB 1058 from 1 July 2019 has no impact on the treatment of other revenue.

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

4. Key Assets

Assets the Commission utilises for economic benefit or service potential

This section includes information regarding the key assets the Commission utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2020 \$'000	2019 \$'000
Property, plant and equipment	4.1	2	3
Right-of-use assets	4.2	67	-
Intangibles	4.3	1	2
Total key assets		70	5

4.1. Property, plant and equipment

Year ended 30 June 2020	Plant and equipment \$'000	Computer hardware \$'000	Total \$'000
1 July 2019			
Gross carrying amount	22	38	60
Accumulated depreciation	(19)	(38)	(57)
Carrying amount at start of period	3	-	3
Additions	-	-	-
Disposals (written down value)	-	-	-
Depreciation	(1)	-	(1)
Carrying amount at 30 June 2020	2	-	2
Gross carrying amount	22	38	60
Accumulated depreciation	(20)	(38)	(58)

Initial recognition

Items of property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment and infrastructure 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).

Depreciation and impairment

Charge for the period

	2020 \$'000	2019 \$'000
Depreciation		
Plant and equipment	1	1
Computer hardware	-	-
Total depreciation for the year	1	1

As at 30 June 2020 there were no indications of impairment to property, plant and equipment or infrastructure.

Finite useful lives

All infrastructure, property, plant and equipment 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. The exceptions to this rule include items under operating leases, assets held for sale, land and investment properties.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

Asset	Useful life: years
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.*

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.

Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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 its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through 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 of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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 declining replacement costs.

4.2. Right-of-use assets

Year ended 30 June 2020	Residential accommodation \$'000	Vehicles \$'000	Total \$'000
1 July 2019			
Gross carrying amount	-	-	-
Accumulated amortisation	-	-	-
Carrying amount at start of period	-	-	-
Recognition of right-of-use asset on initial application of AASB 16	130	30	160
Adjusted balance at 1 July 2019	130	30	160
Additions	-	-	-
Disposals	-	(23)	(23)
Depreciation	(63)	(7)	(70)
Carrying amount at 30 June 2020	67	-	67
Gross carrying amount	126	-	126
Accumulated depreciation	(59)	-	(59)

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset.

Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at the cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Commission at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.

Depreciation charge of right-of-use assets

	2020 \$'000	2019 \$'000
Residential Accommodation	63	-
Vehicles	7	-
Total right-of-use asset depreciation	70	-
Lease interest expense (included in Finance Cost)	2	-

The total cash outflow for leases in 2019-20 was \$70,619.

The Commission has leases for vehicles and staff accommodation. The Commission has also entered in a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense incurred.

Up to the 30 June 2019, the Commission classified lease as either finance leases or operating leases. From 1 July 2019, the Department recognised leases as right-of-assets and associated leases liabilities in the Statement of Financial Position.

The corresponding leases liabilities in relation to these right-of-use assets have been disclosed in note 6.1

4.3. Intangibles

Year ended 30 June 2020	Website \$'000	Total \$'000
1 July 2019		
Gross carrying amount	6	6
Accumulated depreciation	(4)	(4)
Carrying amount at start of period	2	2
Additions	-	-
Disposals (written down value)	-	-
Amortisation	(1)	(1)
Carrying amount at 30 June 2020	1	1
Gross carrying amount	6	6
Accumulated amortisation	(5)	(5)

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

Initial recognition

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised.

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.

Subsequent measurement

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

Amortisation and impairment

	2020 \$'000	2019 \$'000
Amortisation		
Website	1	1
Total amortisation for the period	<u>1</u>	<u>1</u>

As at 30 June 2020 there were no indications of impairment to intangible assets.

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

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Commission have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for computer software which is not integral to the operation of any related hardware is 3 to 5 years.

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 0 Depreciation and impairment.

5. Other Assets and Liabilities

This section sets out those assets and liabilities that arose from the Commission's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Note	2020 \$'000	2019 \$'000
Receivables	5.1	56	36
Amounts receivable for services	5.2	48	48
Other assets	5.3	1	-
Payables	5.4	26	73

5.1. Receivables

	2020 \$'000	2019 \$'000
Current		
Trade Debtors	52	28
GST Receivable	4	8
Total current	<u>56</u>	<u>36</u>

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

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

5.2. Amounts receivable for services

	2020 \$'000	2019 \$'000
Non-Current	48	48
	<u>48</u>	<u>48</u>

Amounts receivable for services represent 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. Amounts receivable for services are considered not impaired (ie. there is no expected credit loss).

5.3. Other assets

	2020 \$'000	2019 \$'000
Current		
Prepayments	1	-
Total current	<u>1</u>	<u>-</u>

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.4. Payables

	2020 \$'000	2019 \$'000
Current		
Accrued salaries	-	1
Accrued expenses	2	-
Trade payables	24	72
Total current	<u>26</u>	<u>73</u>

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.

Accrued salaries 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.

The accrued salaries suspense account (See Note 6.3 'Restricted cash and cash equivalents') consists of amounts paid annually, from the Commission's appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

6. Financing

This section sets out the material balances and disclosures associated with the financing and cash flows of the Commission.

	Notes
Lease Liabilities	6.1
Finance costs	6.2
Cash and cash equivalents	6.3
Commitments	6.4

6.1. Lease Liabilities

	2020 \$'000	2019 \$'000
Current	63	-
Non-current	4	-
	<u>67</u>	<u>-</u>

The Commission measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Commission uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

Lease payments included by the Commission as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured
- using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the Commission exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Commission if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Commission in profit or loss in the period in which the condition that triggers those payments occurs

This section should be read in conjunction with note 4.2.

Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

6.2. Finance costs

	2020 \$'000	2019 \$'000
Lease interest expense	2	-
	<u>2</u>	<u>-</u>

'Finance cost' includes the interest component of lease liability repayments.

6.3. Cash and Cash Equivalents

	2020 \$'000	2019 \$'000
Cash and cash equivalents	777	-
Total cash and cash equivalents	<u>777</u>	<u>-</u>
Restricted cash and cash equivalents		
Royalties for Regions Fund ^(a)	305	1,317
Salaries and allowances Act	24	-
Total Current Restricted cash and cash equivalents	<u>329</u>	<u>1,317</u>
Accrued salaries suspense account ^(b)	8	8
Total Non-Current Restricted cash and cash equivalents	<u>8</u>	<u>8</u>
Balance at end of period	<u>1,114</u>	<u>1,325</u>

(a) These unspent funds are committed to projects and programs in the region.

(b) Funds held in the suspense account used only for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

6.4. Commitments

Non-cancellable operating lease commitments

	2020 \$'000	2019 \$'000
Commitments for minimum lease payments are payable as follows		
Within 1 year	-	65
Later than 1 year and not later than 5 years	-	85
	<u>-</u>	<u>150</u>

These commitments are all GST inclusive.

From 1 July 2019, the Commission has recognised the right-of-use assets and corresponding lease liability for all non-cancellable operating lease commitments, apart from short term and low value leases. Refer to Note 6.2.

7. Financial instruments and Contingencies

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

7.1. 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:

	2020 \$'000	2019 \$'000
Financial assets		
Cash and cash equivalents	777	-
Restricted cash and cash equivalents	337	1,325
Receivables ^(a)	52	28
Amount receivable for services	48	48
Total financial assets	<u>1,214</u>	<u>1,401</u>
Financial liabilities		
Financial liabilities measured at amortised cost	26	73
Total financial liabilities	<u>26</u>	<u>73</u>

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

7.2. Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

There are no contingent assets exist as at the end of June 2020.

Contingent liabilities

There are no contingent liabilities as at the end of June 2020.

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

8. Other Disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Note
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies	8.5
Affiliated bodies	8.6
Special purpose accounts	8.7
Remuneration of auditors	8.8
Equity	8.9
Supplementary financial information	8.10
Explanatory statement	8.11

8.1. Events occurring after the end of the reporting period

No events, matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Commission, the results of those operations, or the state of affairs of the Commission in future financial years.

8.2. Initial application of Australian Accounting Standards

AASB 15 – Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* for annual reporting periods on or after 1 July 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 income of Not-for-Profit Entities. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Commission.

The Commission adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information will be restated under this approach and the Commission recognises the cumulative effect of initially applying the Standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Refer to Note 3.1, and 3.2 for the revenue and income accounting policies adopted from 1 July 2019.

There was no impact on retained earnings on 1 July 2019 as a result of adopting AASB 15 and AASB 1058.

AASB 16 – Leases

From 1 July 2019, AASB 16 *Leases* supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

Evaluating the Substance of Transactions Involving the Legal Form of a Lease. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The main changes introduced by the new Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as a right-of-use asset and lease liability, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (valued less than \$5,000) where the lessor is not a WA State Government agency. The operating lease and finance lease distinction for lessees no longer exists.

The Commission has applied the modified retrospective approach on initial adoption. As permitted under the specific transition provisions in the standard, comparatives have not been restated. Lease liabilities recognised are measured at present value of the remaining lease payments, discounted using the incremental borrowing rate. Upon initial application, the value of leased right-of-use assets are equal to the recognised lease liabilities.

The Commission is permitted on a lease-by-lease basis to apply the following practical expedients.

- (a) A single discount rate may be applied to a portfolio of leases with reasonably similar characteristics.
- (b) Commission relies on its assessment of whether leases are onerous applying AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* immediately before 1 July 2019 as an alternative to performing an impairment review, the Commission shall adjust the right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application.
- (c) Exclusion of initial direct costs from the measurement of right-of-use asset at the date of initial application.
- (d) Use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

AASB 16 takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- (a) Right of use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.5%) on 1 July 2019.
- (b) Depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income.
- (c) The total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the statement of cash flows.

Measurement of lease liabilities:

	\$'000
Operating lease commitments disclosed as at 30 June 2019	150
Discounted using incremental borrowing rate at date of initial application	160
Add: Finance lease liabilities recognised as at 30 June 2019	-
Lease liability recognised at 1 July 2019	160
Current lease liabilities	73
Non-current lease liabilities	87

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

8.3. Key management personnel

The Commission has determined key management personnel to include Chief Executive Officer, members of the accountable authority, senior officers of the Commission and the Minister that the Commission assists. The Commission does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the commission for the reporting period are presented within the following bands:

Compensation of members of the accountable authority	2020	2019
Compensation of Board members (\$)		
1,001 - 2,000	-	1
3,001 - 10,000	2	3
70,001 - 80,000	1	1
Compensation of senior officers (\$)		
120,001-130,000	1	-
190,001 - 200,000	1	2
310,001 - 320,000	-	1
340,001-350,000	1	-
	2020	2019
	\$'000	\$'000
Short-term employee benefits	653	689
Post-employment benefits	50	54
Other long-term benefits	50	55
Total compensation of key management personnel	753	798

As of the 1st of July 2017, all Commission's staff were transferred to the Department of Primary Industries and Regional Development (DPIRD), except for the Chief Executive Officer. The disclosure for senior officers' compensation represents both the CEO's employee benefits met by the Commission and the other senior officer's employee benefits now met by DPIRD.

8.4. Related party transactions

The Commission is a wholly owned and controlled entity of the State of Western Australia.

Related parties of the commission include:

- All cabinet 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; (i.e. wholly-owned public sector entities);
- Associates and joint ventures, that are included in the whole of government consolidated financial statements; and
- The Government Employees Superannuation Board (GESB).

Material transactions with other related entities

Outside of normal citizen type transactions with the commission there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

8.5. Related bodies

The Commission had no related bodies during the reporting period.

8.6. Affiliated bodies

The Commission had no affiliated bodies during the period.

8.7. Special purpose accounts

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

Pilbara Development Commission – 30 June 2020

Notes to the financial statements

8.8. Remuneration of auditors

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

	2020 \$'000	2019 \$'000
Auditing the accounts, financial statement controls, and key performance indicators	25	25

8.9. Equity

	2020 \$'000	2019 \$'000
<u>Contributed equity</u>		
Balance at start of year	353	353
<i>Contributions by owners</i>		
Capital appropriation	-	-
Total contributions by owners	-	-
Balance at end of period	353	353
<u>Accumulated surplus</u>		
Balance at start of period	893	1,579
Result for the period	(166)	(686)
Balance at end of period	727	893
Total equity at end of period	1,080	1,246

8.10. Supplementary financial information

(a) Write-offs

There were no write-offs of debts during the financial year.

(b) Losses through theft, defaults and other causes

There were no losses through theft, defaults or from other causes.

(c) Gift of public property

There has been no gifts of public property provided by the Commission in this financial year.

8.11. Explanatory statement

The Commission is exempt from TI 945 Explanatory Statement as their Total Cost of Services is below \$10 million for the two most recent consecutive comparative periods.

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 2020.



Brendan Hammond
Chairman
8 September 2020



Terry Hill
Chief Executive Officer
8 September 2020

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. 145 stakeholders were identified, comprising of Local, State and Commonwealth agencies, as well as private entities and non-government agencies. A total of 113 completed surveys were obtained from this client contact list (a response rate of 78%), giving a maximum standard error ratio of +/-4.35% at the 95% confidence level.

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 goal, around the following key areas:

- The Pilbara Development Commission with its focus on regional development, makes a positive contribution to economic and social development of the Pilbara

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

Key Effectiveness Indicator	2017	2018	2019	2020* Actual	2020 Target
Client satisfaction that the Pilbara Development Commission is effective in meeting its service objectives.	95%	92%	92%	96%	92%

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	2017	2018	2019	2020* Actual	2020 Target
Average operational costs per hour	\$210	\$150	\$190	\$178	\$196

**Adjusted Methodology*

The variance of \$18 between target and actual is mainly due to:

- The net cost of services being 4% below target as a result of the return of an unspent grant of \$150k reducing the net cost of services, and
- The commission actual hours were 5% higher than target mostly as a result of a revised methodology. If the target had been set using the same methodology the actual hours would be 2% lower than the adjusted target.

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	2017	2018	2019	2020* Actual	2020 Target
Average operational costs per hour	\$140	\$100	\$127	\$119	\$131

**Adjusted Methodology*

The variance of \$11 between target and actual is mainly due to:

- The net cost of services being 4% below target as a result of the return of an unspent grant of \$150k reducing the net cost of services, and
- The commission actual hours were 5% higher than target mostly as a result of a revised methodology. If the target had been set using the same methodology the actual hours would be 2% lower than the adjusted target.

Note 1: Operating cost information is sourced from the Statement of Comprehensive Income comprising net cost of services excluding grants and subsidies.

Note 2: Project hours calculated in both the 2020 target and actual results are based on a modified calculation method. Hours include all paid hours of staff and contractors but exclude annual and long service leave or unpaid overtime.

Note 3: The target cost per hour is an estimated figure based on budgeted expenditure and staffing levels.

Good governance

Ministerial directions

No Ministerial directives were received during the financial year.

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

'Due to the 2017 Machinery of Government changes, the Chief Executive Officer is the only employee of the Pilbara Development Commission.'

Positions	As at 30 June 2019	As at 30 June 2020
Full-time permanent	1	1
Full-time contract	0	0
Part-time measured on an FTE basis	0	0
On secondment	0	0
Temporary	0	0
TOTAL	1	1

Staff development

The Commission is committed to the continuous development of staff working for the Commission 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.

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.

Unauthorised use of credit cards

The Chief Executive Officer of the Commission holds a corporate credit card where their functions warrant usage of this facility. No unauthorised use of this facility was recorded in the financial year.

	2019-2020 \$
Personal use expenditure for the reporting period	Nil
Personal use expenditure settled by the due date (within 5 working days)	Nil
Personal use expenditure settled after the period (after 5 working days)	Nil
Personal use expenditure outstanding at balance date	Nil

Board remuneration

Pilbara Development Commission Board 2019-20				
Position	Name	Type of remuneration	Period of membership	Gross/actual remuneration
Chair	Brendan Hammond	Annual	12 months	\$63,000
Deputy Chair	Chris Cottier	N/A	6 months	-
Board Member	Geraldine Parsons	Per meeting	12 months	\$3,916
Board Member	Sara Slattery	Per meeting	12 months	\$3,697
Deputy Chair	Tim Larkin	Annual & per meeting	1 month	-
Board Member	Marg Bertling	Per meeting	1 month	-
Board Member	Brett Ellacott	Per meeting	1 month	-
CEO	Terry Hill	N/A	12 months	-
TOTAL				\$70,613

Other legal requirements

Expenditure on advertising, market research, polling and direct mail

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 2019-20 was \$1,899.51. This was incurred through media advertisements inviting nominations to the Commission's Board.

Expenditure	Total
Advertising	Nil
Market research	Nil
Polling	Nil
Direct mail	Nil
Media advertising	\$1,899.51
TOTAL	\$1,899.51

Disability access and inclusion plan outcomes

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

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 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.

Recordkeeping plans

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.

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The Commission confirms the following:

- the Record Keeping Plan and system is 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.

Government policy requirements

Occupational Safety, Health and Injury Management

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.

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

Measure	Actual results		Results against target
	2018-19	2019-20	Target
Number of fatalities	0	0	0
Lost time injury and/or disease incidence rate	0	0	0 or 10% reduction
Lost time injury and/or disease severity rate	0	0	0 or 10% reduction
Percentage of injured workers returned to work:			
(i) within 13 weeks	n/a	n/a	Greater than or equal to 80%
(ii) within 26 weeks	n/a	n/a	
Percentage of managers trained in occupational safety, health and injury management responsibilities	0%	0%	Greater than or equal to 80%

The Chief Executive Officer is the only employee of the Pilbara Development Commission. Resources, including staff, are provided by the Department of Primary Industries and Regional Development to enable the Commission to meet its legislative objectives. As such the current number of managers employed by the Commission who are trained in OS&H responsibilities is nil.

Government Building Training Policy

The Commission has a commitment to the Government Building Training Policy. The Commission was not responsible for building construction or maintenance of a greater duration than three months and greater value than \$2 million.



<https://www.linkedin.com/company/pilbara-development-commission>

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