

PILBARA DEVELOPMENT  
COMMISSION  
ANNUAL REPORT 2007/2008



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# ANNUAL REPORT SUMMARY

## MINISTER FOR KIMBERLEY, PILBARA AND GASCOYNE

The Honourable Jon Ford, JP, MLC, Minister for Employment Protection; Regional Development; Fisheries; the Kimberley, Pilbara and Gascoyne.

In accordance with Section 61 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 financial year ended 30 June 2008.

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

To fulfil the responsibilities required under Section 79 (2) of the *Financial Management Act*, the Pilbara Development Commission has complied with the following relevant written law:

*Regional Development Commissions Act (1993);*  
*Financial Management Act (2006);*  
*Public Sector Management Act (1994).*



MR STAN MARTIN  
CHAIRMAN OF THE BOARD  
DATE: 26<sup>TH</sup> SEPTEMBER 2008



MR STEPHEN WEBSTER  
CHIEF EXECUTIVE OFFICER  
DATE: 26<sup>TH</sup> SEPTEMBER 2008

## CONTACT DETAILS

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# EXECUTIVE SUMMARY

This Annual Report provides a comprehensive analysis of the work undertaken by the Pilbara Development Commission during the 2007/2008 financial year.

Established under the *Regional Development Commissions Act (1993)*, the role of the Pilbara Development Commission is to foster the economic and social development of the Pilbara region of Western Australia.

The Commission conducts this work through a variety of projects which are aimed at growing the region, whilst retaining the assets that make the Pilbara a great place to live, work and invest.

The Section "Report on operations" details our work and our clients' assessment of that work. A summary of the Commission's financial performance and end of year financial position are provided in the section "Financial Statements".

# OPERATIONAL STRUCTURE

## ENABLING LEGISLATION

The Pilbara Development Commission was established under the *Regional Development Commissions Act (1993)*.

## RESPONSIBLE MINISTER

The Honourable Jon Ford, JP, MLC

Minister for Employment Protection; Regional Development; Fisheries; the Kimberley, Pilbara and Gascoyne.

## MISSION

The Pilbara Development Commission is a progressive, strategically focused and effective leader in the social and economic development of the Pilbara. It works successfully to inform, partner with and advocate for Pilbara communities in relation to regional priorities - in accordance with the expectations of its stakeholders.

## ORGANISATIONAL CHART

The Commission's structure is based on five areas of operation.

1. Executive Services - Manages the organisation.
2. Corporate Services - The administrative arm of the Commission.
3. Business and Industry Development - Assists business and industry to locate and to expand in the region.
4. Infrastructure and Service Identification and Coordination - Assists with the identification and co-ordination of infrastructure development across the region.
5. Regional Promotion and Information Services - Promotes the region and provides information for regional decision making.

## **BOARD OF THE PILBARA DEVELOPMENT COMMISSION**

The *Regional Development Commissions Act (1993)* provides Regional Development Commissions with a Board of Management. The Pilbara Development Commission has a Board comprising a Chairman, Deputy Chairman and eight other members. Three members are chosen from community nominations, three from local government nominations, three appointed by the Minister for the Pilbara and the Chief Executive Officer of the Commission by virtue of office. Board Members are appointed for one, two or three year terms at the discretion of the Minister. A Board Member is eligible to serve on the Board for a maximum of six consecutive years.

### **RESPONSIBILITIES**

The Board is the governing body of the Pilbara Development Commission and is responsible to the Minister for the Pilbara for the efficient operations of the Commission.

The Pilbara Development Commission Board is responsible for setting the Commission's main policies and priorities. As a governing board, it guides and directs the organisation. It sets performance goals, ensures corporate compliance and management accountability, endorses strategic plans and approves operating budgets.

The Board's role is to ensure that the organisation has the resources necessary to achieve goals, monitor progress and report on outcomes.

### **CODE OF CONDUCT**

The Commission's Board abides by a code of conduct that promotes good practice and due diligence for Board Members in decision making.

### **REMUNERATION TO BOARD MEMBERS**

The following remuneration is currently paid to Board Members:

- Chairman - \$770 per full day or \$500 part day to a maximum of \$18,500 in total per annum.
- Deputy Chairman - \$630 per full day or \$410 per part day to a maximum of \$16,400 per annum.
- Members - \$500 per full day or \$330 per part day.

Motor vehicle allowance as prescribed in Premiers Circular 2006/01 is paid to Board Members on approved Commission business.

### **ADVISORY COMMITTEES**

Under the provisions of the *Regional Development Commissions Act (1993)*, the Board may, from time to time, establish a committee for the purpose of considering a particular matter specified by the Board and prescribe the membership, constitution and procedures of the committee.

In 2007/2008, the following sub-committee was in place:

Resource Industry Advisory Committee

**BOARD MEMBERS FOR 2007/2008:**

MEMBER	REPRESENTATIVE	TERM EXPIRY	MEETINGS ATTENDED
<b>CR STAN MARTIN (Commenced 2005)</b> <b>CHAIR</b> Cr Martin has been a Pilbara resident for over 30 years, having relocated to Port Hedland from Sydney in 1974. Cr Martin lives in Port Hedland with his wife Stephanie and has two daughters and two grandchildren who were all born in Port Hedland. Stan has successfully established his own construction business which he runs with his wife.  Cr Martin has served as a Town of Port Hedland Councillor for 5 years and was elected as the Mayor in 2005. Cr Martin also has over 10 years experience servicing remote aboriginal communities including Strelley, Punmu and Well 31. This experience has given him in-depth knowledge of the issues facing aboriginal communities in the Pilbara.	<b>Ministerial</b>	<b>2008</b>	<b>2 of 2</b>
<b>MR GEOFF STOCKER (Commenced 2007)</b> Geoff Stocker is the owner of a Pilbara small business, Pilbara Logistics, a company he started in 1998 which incorporates 3 key components, crane hire, heavy machinery hire and waste management. Pilbara Logistics has a strong commitment to hiring and training indigenous people throughout the Pilbara. Mr Stocker is a long term Pilbara resident and also sits on the Board of the Port Hedland Port Authority.	<b>Ministerial</b>	<b>2010</b>	<b>1 of 1</b>
<b>MS ANNE EYRE (Commenced 2007)</b> Ms Eyre has lived in the Pilbara since 1981. Ms Eyre has been involved with many community groups during that time including Parents & Citizen associations, sporting groups and tourism. Residing in Onslow she is very involved with the future development and sustainability of Onslow and the Pilbara.	<b>Community</b>	<b>2010</b>	<b>2 of 2</b>
<b>CR BRAD SNELL (Commenced 2007)</b> Cr Brad Snell is employed by Rio Tinto Iron Ore as Specialist in Community Education. Cr Snell is also the Shire President of the Shire of Roebourne and holds the position of Deputy President of the Pilbara Regional Council. Cr Snell arrived in Karratha in 1990 and was formerly the Deputy Principal of various local schools including Karratha High School, Wickham District High and Roebourne Primary. Cr Snell has a strong interest in employment, education, training and youth issues. He is currently serving as a Board Member of the Australian Technical College Pilbara as the Rio Tinto representative.	<b>Local Government</b>	<b>2010</b>	<b>2 of 2</b>
<b>MS VERONICA RODENBURG (Commenced 2007)</b> Ms Rodenburg has been living in the Pilbara since July 2005. During this time she has held executive positions with community based organisations, presently Executive Director of Yaandina Family Centre Inc in Roebourne. Ms Rodenburg has a strong interest in the development of infrastructure and programs that build social, educational and employment capacity for all people in the Pilbara region.	<b>Community</b>	<b>2010</b>	<b>1 of 1</b>



**MR STEPHEN WEBSTER****Ex-officio Member****2 of 2**

Mr Stephen Webster is the Chief Executive Officer of the Pilbara Development Commission and ex officio Board Member. Mr Webster has extensive experience in regional Western Australia, particularly in the areas of tertiary education and training including involvement in the delivery of indigenous traineeship programs for the mining industry. As Chief Executive Officer, Mr Webster has the role of coordinating, promoting and advocating for the sustainable economic and social development of the Pilbara. Prior to his appointment with the Pilbara Development Commission Mr Webster was the Inaugural Director of the Batavia Coast Maritime Institute in Geraldton.

**MEMBERS WHO RETIRED DURING 2007/2008:**

CR DOUG STEAD	LOCAL GOVERNMENT	RETIRED	NOVEMBER 2007	1 of 1
CR DES PIKE	LOCAL GOVERNMENT	RETIRED	NOVEMBER 2007	1 of 1
MS TRISH BARRON	EX-OFFICIO	RETIRED	NOVEMBER 2007	1 of 1

**OTHER KEY LEGISLATION IMPACTING ON THE COMMISSION'S ACTIVITIES**

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

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

In the financial administration of the Commission, we have complied with the requirements of the Financial Management Act (2006) and every other relevant written law and exercised controls which provide reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

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

# PERFORMANCE MANAGEMENT FRAMEWORK

## SERVICE DELIVERY

Services are delivered through three program areas: Business and Industry Development; Infrastructure and Service Identification and Coordination; and Regional Promotion and Information Services. The Commission also undertakes capital works programs on behalf of the State Government. The Commission's work is supported by the Corporate Services section which is the administrative arm of the Commission.

### 1. BUSINESS AND INDUSTRY DEVELOPMENT

The Commission seeks to ensure that across the region, business and industry operate in an economic environment which maximises opportunities for growth and creates a climate to attract investment.

### 2. INFRASTRUCTURE AND SERVICE IDENTIFICATION AND COORDINATION

The Commission works with the community to identify infrastructure and service requirements and to advocate for the development of infrastructure and equity of access to services.

### 3. REGIONAL PROMOTION AND INFORMATION SERVICES

The Commission promotes regional opportunities with the objective of attracting new residents, investors and tourists by supporting regional promotion activities and through the provision of accurate and accessible information.

## STRATEGIC APPROACH

The Commission's operations are primarily aligned to support the State Government's Strategic Planning Framework Goal 4 - The Regions as outlined in the State Government's *Better Planning: Better Futures* publication. An overview of the Commission's activities and how it contributes to this Goal is provided in the report on operations.

The Pilbara Development Commission places a strong emphasis on developing a strategic and planned approach to the region's development. During the 2007/08 year the Commission aligned its project planning and reporting with the priorities identified in the Commission's Strategic Plan 2007-2009. Such an approach has ensured that the Commission retains a strategic focus on the priority issues for development as determined by the Pilbara community.

## CHANGES TO OUTCOME BASED MANAGEMENT FRAMEWORK

The Commission's Outcome Based Management Framework did not change during 2007-08.

## SHARED RESPONSIBILITIES WITH OTHER AGENCIES

The Commission did not share any responsibilities with other agencies in 2007-08.

# AGENCY PERFORMANCE - REPORT ON OPERATIONS

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## REPORT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Economic development in the Pilbara has continued to expand at a rapid rate during 2007/08, underpinned by the region's iron ore and petroleum based industries and driven by the unprecedented global demand for energy and resources.

In 2007, the export value of Western Australia topped all other States, contributing \$61.4 billion or just less than 37% of the total Australian merchandise exports; of which a massive 86% or \$52.7 billion was contributed by the State's mining and petroleum sector. The Pilbara region contributed over 63% towards this total, which is almost four times the value of the next closest regional contribution. Given the massive ongoing industry expansions that are currently in the planning or early production stage, it is expected that the Pilbara will continue to be a major contributor to both the State and National economy.

Continued growth has however, presented a number of significant challenges for the region. The massive expansions of existing projects and the arrival of a number of new companies have resulted in steadily increasing demands on community resources and infrastructure. It is vital to ensure that development occurs in a planned manner that doesn't adversely impact on regional communities, enabling community and economic growth in an environmentally and socially sustainable manner.

The Commission has continued to be proactive, working with industry, business and community to ensure that development does address economic, social and environmental outcomes. In particular, it has continued working with the Pilbara Industry's Community Council and has established the Pilbara Dialogue to enable Industry, Government and the Community to address in a timely manner, the priority issues impacting the region.

## THE YEAR IN REVIEW

During 2007/2008 the Commission continued to deliver services under its three key areas of:

1. Business and Industry Development
2. Infrastructure and Service Identification and Coordination
3. Regional Promotion and Information Services

## BUSINESS AND INDUSTRY DEVELOPMENT

The Commission has continued to work with key stakeholders to implement strategies to assist the growth of small businesses in the Pilbara.

The capacity of regional businesses to deliver goods and services to the resource sector and to the general community is a key component to sustainable businesses and strong communities in the region. The Commission is working with the resource sector and the small business sector to develop and strengthen e-Pilbara, the online Pilbara business capability and procurement register. This provides a simple one stop shop for informing the resource sector about the availability and capability of local business and also informs local businesses about the procurement requirements of the large resource companies.

The Commission held an Indigenous Contractors Workshop in early 2008, which assisted in identifying key strategic Indigenous projects that the PDC will support and progress. Through a carefully planned and implemented process, it is expected this will assist in improving social and economic outcomes for Indigenous people in the Pilbara region.

Also the Commission has been working with the Australian Bureau of Statistics and other stakeholders, particularly major resource companies to develop the inaugural "Spotlight on the Pilbara" which will provide a range of information and statistics via a website to aid in the planning and delivery of services to the region.

#### INFRASTRUCTURE AND SERVICE IDENTIFICATION AND COORDINATION

During 2007/08, the Commission, working in conjunction with the Town of Port Hedland, BHP Billiton Iron Ore and community groups, completed Stage 2 of the Port Hedland Enhancement Scheme, which included the Masterplan for the development of the Spoilbank, the construction of the Port Hedland skate park and the completion of the Sutherland Street foreshore activity nodes. This has been very well received by the community of Port Hedland and has added considerably to the physical amenity of the town.

Another very successful program has been the development by the Commission of the Kids Matter® Family Day Care program to address the lack of child care places through home based child care. This program has established 13 new family day care businesses with the potential to provide up to 91 additional child care places across the region and is very well supported by the major resource companies. Indeed, the Kids Matter program has been nominated and shortlisted for the 2008 Premier Awards which will be announced later this year.

In addition the Commission is an integral part of the Town of Port Hedland's Community Safety and Crime Prevention Committee (CSCP). The Commission has been directly involved in the identification and selection of a Community Services Facilitator to assist in the implementation of the CSCP Community Plan.

The Commission has also commenced working with the Shire of Roebourne and other key stakeholders, including industry, to develop the Karratha 2020 Vision, which will be the blue print for future growth in Karratha, particularly the CBD area.

#### REGIONAL PROMOTION AND INFORMATION SERVICES

The Commission has continued to promote opportunities in the region through its website, support for regional activities and the promotion of various conferences and forums.

In a partnership, the Small Business Development Corporation, the Pilbara Area Consultative Committee and the Pilbara Development Commission held a major conference in Karratha, "Riding the Boom", which focused on the long term sustainability of communities in the region. This included speakers from around Australia and was well attended, including a number of Federal politicians.

In addition, the Commission investigated and commenced the process of implementing the Pilbara Dialogue, a regional high level round table for the identification of issues and the development of coordinated strategies and actions between key stakeholders involved in the growth and sustainability of the Pilbara region.

The Commission has continued to support and promote local cultural events such as the Cossack Art Awards and the Pilbara Music Festival. In addition the Karijini Eco Resort which received critical seed funding through the Pilbara Fund, was officially opened in May 2008. The quality of the Eco Resort was recognised at the Australia's Northwest Tourism awards in May 2008 when it was winner of the "New Product Development" category.

#### FUTURE DIRECTIONS

The Pilbara is continuing to experience rapid economic growth in the resources sector as increasing demand, particularly from China, drives expansion of the iron ore and petroleum industries.

However the expansion of the resources sector and increasing population, both residential and fly-in-fly-out, has created severe shortages in land and accommodation, leading to very high rental and housing costs.

While there continues to be strong economic growth, the problem of attracting and retaining staff is becoming more and more critical. It is recognised that there is not only a skills shortage but a general labour shortage which is particularly impacting on the small business sectors.

The difficulty of attracting and then retaining workers in the regions has led to an increasing emphasis being placed on the need to enhance and improve community infrastructure and the physical amenity of the region's communities. Higher standards of community facilities and services are seen as crucial to addressing this major regional issue.

A key strategy to ensure that the region and its communities, gain long term sustainable economic and social benefits from the activity of the resources sector is the development and implementation of a Pilbara wide strategic vision and plan, which will be a key challenge for the Pilbara Development Commission.

We would like to thank our fellow Board Members for their significant contributions to the Commission's strategic direction. In addition, we thank the Commission staff for their hard work and dedication in implementing the goals determined by the Board.

Finally, we would like to recognise the contributions of the local communities and the many State, Federal and Local Government agencies, businesses and individuals who have contributed to the successful functioning of the Commission.

#### FINANCIAL TARGETS: ACTUAL PERFORMANCE COMPARED TO BUDGET TARGETS

	Target (1) \$	Actual \$	Variation (2) \$
Total cost of services (expense limit)	10,615	11,612	997
Net cost of services	5,003	(3,077)	(8,080)
Total Equity	426	1,406	980
Net increase/(decrease) in cash held	(2,823)	(837)	(1,986)
Approved full time equivalent (FTE) staff level	13	13.5	0.50

(1) As specified in the budget statements for the year in question.

(2) The net cost of services variation is due to the completion of major projects that form part of the Port Hedland Enhancement Scheme and the completion of the Pilbara Fund.

#### KEY PERFORMANCE INDICATORS: ACTUAL PERFORMANCE COMPARED TO BUDGET TARGETS

	Target (1)	Actual	Variation (2)
<b>Key Effectiveness Indicator</b> Enhancement of the Pilbara Region's economic and social development.	80%	69%	(11%)
<b>Key Efficiency Indicators</b> Business and Industry Development	80%	86%	6%
<b>Key Efficiency Indicators</b> Infrastructure and Service Identification & Coordination	80%	85%	5%
<b>Key Efficiency Indicators</b> Regional Promotion and Information Services	80%	86%	6%

- (1) As specified in the budget statements for the year in question.
- (2) The variation in the Commission's Key Effectiveness Indicator is attributed to the rapid growth of the resource sector in the region and the impacts this growth is having on the Commission's ability to deliver its service in the region.

## **SIGNIFICANT ISSUES AND TRENDS**

### **CURRENT AND EMERGING ISSUES AND TRENDS INCLUDING ECONOMIC AND SOCIAL TRENDS**

The Pilbara is continuing to experience rapid economic growth in the resources sector. In particular the iron ore and petroleum industries continue to develop and expand to meet growth in demand from China and the rest of Asia.

The economic growth is evident in the main towns of the region which are currently experiencing population growth. However, the expansion of the resource sector has led to severe shortages of residential land and substantial increases in housing and rental costs.

Whilst there continues to be strong economic growth, a key concern for all sectors is the ability to attract and retain skilled workers. This is particularly evident in the government, non-government organisations and small business sectors.

Difficulties in attracting workers to the region have placed a strong emphasis on the need to enhance and improve community infrastructure and the physical amenity of the region's communities. High standards of community amenity and services are seen as crucial in enhancing the region's lifestyle and attracting employees to the area.

Enhanced service delivery and improvements to health, education and childcare infrastructure is seen as fundamental to the sustainable development of the region. There is a need to continue to coordinate the responses of State, Federal and local government agencies to identify issues to ensure that infrastructure and service delivery meet community demands and expectations.

Given the rapid pace of development a key strategy is to ensure that the region gains long term sustainable economic and social benefits from the expansion of the resources sector.

### **CHANGES IN WRITTEN LAW**

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

## LIKELY DEVELOPMENTS AND FORECAST RESULTS OF OPERATIONS

Likely developments in the operations of the Pilbara Development Commission in the 2007/2008 financial year will be impacted by the accommodation shortage and affordable accommodation in the Pilbara region. This will impact on the Commission's ability to attract and retain staff and therefore on our ability to progress projects that will improve economic and social development in the region. The Board and Staff of the Commission are addressing these issues through budgetary processes and are confident these issues can be adequately addressed.



MR STAN MARTIN  
CHAIRMAN  
DATE: 26<sup>TH</sup> SEPTEMBER 2008



MR STEPHEN WEBSTER  
CHIEF EXECUTIVE OFFICER  
DATE: 26<sup>TH</sup> SEPTEMBER 2008

# DISCLOSURES AND LEGAL COMPLIANCE

## FINANCIAL STATEMENTS

### CERTIFICATION OF FINANCIAL STATEMENTS

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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 financial year ending 30 June 2008 and the financial position as at 30 June 2008.

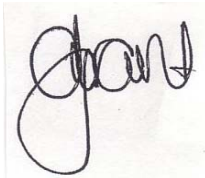
At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



MR STAN MARTIN  
CHAIRMAN  
DATED: 26<sup>TH</sup> SEPTEMBER 2008



MR STEPHEN WEBSTER  
CHIEF EXECUTIVE OFFICER  
DATED: 26<sup>TH</sup> SEPTEMBER 2008



MRS ALLYSON GRANT  
MANAGER CORPORATE & ECONOMIC DEVELOPMENT  
DATED: 26<sup>TH</sup> SEPTEMBER 2008





## Auditor General

### **INDEPENDENT AUDIT OPINION**

**To the Parliament of Western Australia**

**PILBARA DEVELOPMENT COMMISSION  
FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2008**

I have audited the accounts, financial statements, controls and key performance indicators of the Pilbara Development Commission.

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

#### **Commission's Responsibility for the Financial Statements and Key Performance Indicators**

The Commission is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### **Summary of my Role**

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

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

**Pilbara Development Commission**  
**Financial Statements and Key Performance Indicators for the year ended 30 June 2008**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Pilbara Development Commission at 30 June 2008 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Commission 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; and
- (iii) the key performance indicators of the Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended 30 June 2008.



COLIN MURPHY  
AUDITOR GENERAL  
25 September 2008

PILBARA DEVELOPMENT COMMISSION  
INCOME STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008

		2008 \$000	2007 \$000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	4	1,505	1,412
Supplies and services (a)	5	1,189	4,044
Depreciation expense	6	33	35
Accommodation expenses	7	150	137
Grants and subsidies	8	8,681	4,199
Capital user charge	9	-	124
Other expenses (c)	10	54	38
<b>Total cost of services</b>		<b>11,612</b>	<b>9,989</b>
<b>Income</b>			
<b>Revenue</b>			
State Grants		8,078	2,419
Other Revenue	11	457	444
<b>Total Revenue</b>		<b>8,535</b>	<b>2,863</b>
<b>Gains</b>			
Gain on disposal of non-current assets (c)	12	-	1
<b>Total Gains</b>		<b>-</b>	<b>1</b>
<b>Total income other than income from State Government</b>		<b>8,535</b>	<b>2,864</b>
<b>NET COST OF SERVICES</b>		<b>(3,077)</b>	<b>7,125</b>
<b>INCOME FROM STATE GOVERNMENT</b>			
Service appropriation	13	2,240	2,468
<b>Total income from State Government</b>		<b>2,240</b>	<b>2,468</b>
<b>SURPLUS/ (DEFICIT) FOR THE PERIOD</b>		<b>(837)</b>	<b>(4,657)</b>

(a) Includes administrative expenses

(c) Subject to materiality, gains or losses may be displayed separately. Groups of similar transactions would normally be reported on a net basis.

See also note 34 'Schedule of Income and Expenses by Service'.

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

PILBARA DEVELOPMENT COMMISSION  
BALANCE SHEET  
AS AT 30 JUNE 2008

		2008 \$000	2007 \$000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1	99
Restricted cash and cash equivalents	14	5,486	5,626
Receivables	15	365	94
Amounts receivable for services	16	59	49
Other current assets	17	28	17
<b>Total Current Assets</b>		<b>5,939</b>	<b>5,885</b>
<b>Non-Current Assets</b>			
Office equipment computer equipment and office furniture	18	42	71
Intangible assets	19	5	21
<b>Total Non-Current Assets</b>		<b>47</b>	<b>92</b>
<b>TOTAL ASSETS</b>		<b>5,986</b>	<b>5,977</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	20	80	111
Provisions	21	65	83
Other current liabilities	22	4,287	4,368
<b>Total Current Liabilities</b>		<b>4,432</b>	<b>4,562</b>
<b>Non-Current Liabilities</b>			
Provisions	21	148	45
Other non-current liabilities			
<b>Total Non-Current Liabilities</b>		<b>148</b>	<b>45</b>
<b>Total Liabilities</b>		<b>4,580</b>	<b>4,607</b>
<b>NET ASSETS</b>		<b>1,406</b>	<b>1,370</b>
<b>EQUITY</b>			
Contributed equity	23	258	258
Accumulated surplus/ (deficiency) (a)	23	1,148	1,112
<b>TOTAL EQUITY</b>		<b>1,406</b>	<b>1,370</b>

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

PILBARA DEVELOPMENT COMMISSION  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2008

		2008 \$000	2007 \$000
<b>Balance of equity as start of period</b>		<b>1,370</b>	<b>6,937</b>
<b>CONTRIBUTED EQUITY</b>			
Balance at start of the period	23	258	258
Balance at the end of the period		<b>258</b>	<b>258</b>
<b>ACCUMULATED SURPLUS (RETAINED EARNINGS)</b>			
Balance at start of period		1,112	6,679
Change in accounting policy or Correction of prior period errors (b)		897	(910)
Restated balance at start period		2,009	5,769
Surplus/ (deficit) for the period		(837)	(4,657)
Gains (losses) recognised directly In equity		(24)	-
Balance at end period	23	<b>1,148</b>	<b>1,112</b>
<b>Balance of equity at end of period</b>		<b>1,406</b>	<b>1,370</b>
Total income and expenses for the period		<b>(837)</b>	<b>(4,657)</b>

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

PILBARA DEVELOPMENT COMMISSION  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008

		2008 \$000	2007 \$000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		2,200	2,343
Capital contributions		-	85
Holding account drawdown's		40	120
<b>Net cash provided by State Government</b>	13	2,240	2,548
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(1,061)	(1,285)
Supplies and services		(1,083)	(3,982)
Capital User Charge		-	(124)
Accommodation		(201)	(125)
Grants and subsidies		(8,923)	(3,946)
GST payments on purchases		(1,033)	(776)
GST payments to taxation authority		(805)	(453)
Other payments		(376)	(33)
<b>Receipts</b>			
Other Government grants and contributions		9,078	5,517
GST receipts on sales		952	583
GST receipts from taxation authority		744	650
Other receipts		236	489
<b>Net cash provided by/ (used in operating activities)</b>	24	(2,472)	(3,485)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of non-current physical assets		-	(1)
Purchase of non-current physical assets		(6)	(75)
<b>Net cash provided by/ (used in) investing activities</b>		(6)	(76)
Net increase/ (decrease) in cash and Cash equivalents		(238)	(1,013)
Cash and cash equivalents at the beginning of period		5,725	6,738
<b>CASH AND CASH EQUIVALENTS AT THE END PERIOD</b>	24	5,487	5,725

PILBARA DEVELOPMENT COMMISSION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

## **1. Australian equivalents to International Financial Reporting Standards**

### **General**

The authority's financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Authority has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

*The Australian Accounting Interpretations are adopted through AASB 1048 'Interpretation and Application of Standards' and are classified into those corresponding to IASB Interpretations and those only applicable in Australia.*

*The AASB has decided to maintain the statements of accounting concepts (SAC 1 and SAC 2) and has continued to revise and maintain accounting standards and the interpretations that are of particular relevance to the Australian environment, especially those that deal more specifically with not-for-profit entity issues and/or do not have an equivalent IASB Standard or Interpretation.*

### **Early adoption of standards**

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the annual reporting period ended 30 June 2008.

## **2. Summary of significant accounting policies**

### **(a) General Statement**

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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

**(b) Basis of Preparation**

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

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

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

The judgments that have been made in the process of applying the Authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 3 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that might have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 4 "Key sources of estimation uncertainty".

**(c) Reporting Entity**

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

**(d) Contributed Entity**

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' require transfers in the nature of equity contributions 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 contributions (appropriations) have been designated as contributions by owners by Treasurer's Instruction (TI) 955 'Contributions by Owners made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

Transfer of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. *See note 24 'Equity'.*

**(e) Income*****Revenue recognition***

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

***Sale of goods***

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

***Rendering of services***

Revenue is recognised on delivery of the service to the client or by reference to stage of completion of the transaction.

***Interest***

Revenue is recognised as interest accrues.



#### *Service Appropriations*

Service Appropriations are recognised as revenue at nominal value in the period in which the Authority gains control of the appropriated funds. The Authority gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the holding account held at Treasury. (See note 14 *Income from State Government*).

#### *Grants, donations, gifts and other non-reciprocal contributions*

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

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

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

### **(f) Property, Plant and Equipment and Infrastructure.**

#### *Capitalisation/Expensing of assets*

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

#### *Initial recognition and measurement*

All items of property, plant and equipment and infrastructure are initially recognised at cost.

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

#### *Subsequent measurement*

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

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

Where market-based evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialized or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining

future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where fair value of buildings is depended on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

Independent valuations of land and buildings are provided annually be the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balances sheet date.

Fair value of infrastructure has been determined by reference to the depreciated replacement cost (existing use basis) as the assets are specialized and no market-based evidence of value is available. Land under infrastructure is included in land reported under Property, plant and equipment. Independent valuations are obtained every 3 to 5 years.

When infrastructure is re-valued, the accumulated depreciation is restated proportionately with the changed in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its re-valued amount.

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

#### **Derecognition**

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

#### ***Depreciation***

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	20 to 40 years
Plant and equipment	10 to 15 years
Office equipment	5 years
Software (a)	3 to 5 years
Motor vehicles	3 to 7 years
Infrastructure	55 to 80 years

Works of art controlled by the Authority are classified as property, plant and equipment, which are anticipated to have very long and indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period and so no depreciation has been recognised.

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

### **(g) Intangible Assets**

#### *Capitalisation/Expensing of assets*

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

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

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

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Authority have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Licenses	up to 10 years
Research and Development Costs	3 to 5 years
Software (a)	3 to 5 years
Web site costs	3 to 5 years

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

#### *Computer Software*

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

#### *Web site costs*

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

### **(h) Impairment of Assets**

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

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, 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 asset's future economic benefits and to evaluate any impairment risk from falling replacement cost.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each balance sheet date irrespective of whether there is any indication of impairment.

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

#### **(i) Leases**

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

The Authority holds operating leases for two office buildings. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

#### **(j) Cash and Cash Equivalents**

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

#### **(k) Accrued Salaries**

The accrued salaries suspense account (*see note 15 'Restricted cash and cash equivalents'*) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (*see note 23 'Other liabilities'*) represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Authority considers the carrying amount of accrued salaries to be equivalent to its net fair value.

#### **(l) Amounts Receivable for Services (Holding Account)**

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

See also note 14 'Income from State Government' and note 17 'Amounts receivable for services'.

**(m) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 16 'Receivables'.

**(n) Payables**

Payables are recognised at the amount payable when the Authority 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 they are generally settled within 30 days. See note 21 'Payables'.

**(o) Provisions**

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. See note 22 'Provisions'.

**(i) Provisions – Employee Benefits*****Annual Leave and Long Service Leave***

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

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

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

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

***Superannuation***

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

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members.

The Authority has no liabilities under the Pension or the GSS Schemes. The liabilities for the unfunded Pension Scheme and the unfunded GSS Scheme transfer benefits due to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS Scheme obligations are funded by concurrent contributions made by the Authority to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Authority makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

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

See also note 2p 'Superannuation expense'.

***(ii) Provisions - Other***

***Employment On-Costs***

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Authority's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. See note 11 'Other expenses' and note 22 'Provisions'.

***Warranties***

Provision is made for the estimated liability on all products still under warranty at balance sheet date. The amount of the provision is the present value of the expected future cash outflows expected to settle the warranty obligations, having regard to the warranty experience over the last five years and the risks of the warranty obligations.

**(p) Superannuation Expenses**

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

- (a) Defined benefit plans – Change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and

- (b) Defined contribution plans – Employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

Defined benefit plans – in order to reflect the true cost of services, the movements (i.e. current service cost and, actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS transfer benefits are recognised as expenses. As these liabilities are assumed by the Treasurer, a revenue titled 'Liabilities assumed by the Treasurer' equivalent to the expense is recognised under Income from State Government in the Income Statement. See *note 14 'Income from State Government'*.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided in the current year.

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

**(q) Resources Received Free of Charge or for Nominal Cost**

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income and as assets or expenses as appropriate, at fair value.

**(r) Comparative Figures**

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

**3. Judgements made by management in applying accounting policies**

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

**Operating Lease Commitments**

The Authority has entered into commercial leases and has determined that the lessor retains all the significant risks and rewards of ownership of the property. Accordingly, the lease has been classified as an operating lease.

**Future impact of Australian Accounting Standards not yet operative**

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 101 'Presentation of Financial Statements' (September 2007). This standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Authority does not expect any financial impact when the Standard is first applied.
2. Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial

Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31: AASB 1004 'Contributions' (December 2007).

The following Australian Accounting Standards and Interpretations are not applicable to the Authority as they will have no impact or do not apply to not-for-profit entities.

AASB Standards and Interpretations

AASB 3	'Business Combinations' (March 2008)
AASB 8	'Operating Segments'
AASB 1049	'Financial Reporting of General Government Sectors by Governments'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
AASB 2007-6	'Amendments to Australian Accounting Standards arising from AASB 123 [AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]'
AASB 2007-8	'Amendments to Australian Accounting Standards arising from AASB 101'
AASB 2008-3	'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138, 139 and Interpretations 9 & 107]'



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$000	2007 \$000
<b>4. Employee benefits expense</b>		
Wages and salaries (a)	906	813
Superannuation – defined contribution plans (b)	71	73
Superannuation – defined benefit plans (c) (d)	-	-
Long Service Leave (e)	83	64
Annual Leave (e)	42	87
Other related expenses	403	375
	<u>1,505</u>	<u>1,412</u>

- (a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.
- (b) Defined contribution plans include West State and Gold State (contributions paid).
- (c) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).
- (d) An equivalent notional income is also recognised (*see note 14 'Income from State Government'*).
- (e) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 11 'Other Expenses'. The employment on-costs liability is included at note 22 'Provisions'.

**5. Supplies and services**

Communications	75	60
Consultants and contractors	496	3,743
Consumables	187	125
Travel	154	114
Other	277	2
	<u>1,189</u>	<u>4,044</u>

**6. Depreciation and amortisation expense**

**Depreciation**

Plant, equipment and vehicles	4	14
Computer equipment	13	21
Total depreciation	<u>17</u>	<u>35</u>

**Amortisation**

Intangible assets	-	-
Total amortisation	<u>16</u>	<u>-</u>
Total depreciation and amortisation	<u>33</u>	<u>35</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$000	2007 \$000
<b>7. Accommodation expenses</b>		
Leases rentals	134	126
Repairs and maintenance	-	-
Cleaning	16	11
	<u>150</u>	<u>137</u>
<b>8. Grants and subsidies</b>		
<u>Recurrent</u>		
Donations & Subsidies	77	8
<u>Capital</u>		
Pilbara Fund & PRDS	8,604	4,191
Other	<u>8,681</u>	<u>4,199</u>
<b>9. Capital User Charge</b>		
Capital user charge	<u>-</u>	<u>124</u>
	<u>-</u>	<u>124</u>
<b>10. Other expenses</b>		
Equipment repairs and maintenance	25	6
Research & development	2	-
Employment on-costs (a) (see Note 5 'Employee benefits expense')	-	6
Other (b)		
Audit Fees	<u>27</u>	<u>26</u>
	<u>54</u>	<u>38</u>
(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 22 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and not included in employment on-costs.		
(b) Audit fees, see also note 32 'Remuneration of auditor'		
<b>11. Other Revenue</b>		
Misc including revenue for the Dust Suppression Program, Women in Management forums and Kids Matter Programs	<u>457</u>	<u>444</u>
	<u>457</u>	<u>444</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$000	2007 \$000
<b>12. Net gain/(loss) on disposal of non-current assets</b>		
<u>Costs of Disposal of Non-Current Assets</u>		
Plant, equipment and vehicles	-	-
<u>Proceeds from Disposal of Non-Current Assets</u>		
Plant, equipment and vehicles	-	1
Net gain/ (loss)	<u>-</u>	<u>1</u>

**13. Income from State Government**

Appropriation received during the year:		
Service appropriation (a)	2,240	2,468
	<u>2,240</u>	<u>2,468</u>

The following liabilities have been assumed by the Treasurer during the financial year:

-Superannuation (b)	-	-
Total liabilities assumed by Treasurer	<u>-</u>	<u>-</u>

- (a) Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.
- (b) The assumption of the superannuation liability by the Treasurer is a notional income to match the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State Superannuation Scheme (*The notional superannuation expense is disclosed at note 5 'Employee Benefits Expense'*).
- (c) Where the Treasurer or other entity has assumed a liability, the Authority recognises revenues equivalent to the amount of the liability assumed and an expense relation to the nature of the even or events that initially gave rise to the liability. From 1 July 2002 non-discretionary non-reciprocal transfers of net assets (i.e. restructuring of administrative arrangements) have been classified as Contributions by Owners (CBOs) under TI 955 and are taken directly to equity. *Discretionary transfers of assets between State Government agencies are reported as assets assumed/ (transferred) under Income from State Government.*
- (d) Where assets or services have been received free of charge or for nominal cost, the Authority recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Authority shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$000	2007 \$000
<b>14. Restricted cash and cash equivalents</b>		
<b>Current</b>		
Aboriginal Economic Development Officer	136	25
DLGRD Telecentres	50	75
Dust Suppression Program	315	456
Pilbara Fund	2,170	2,996
Pilbara Regional Development Scheme	68	107
Roebourne Enhancement Scheme	1,287	910
Turtle Interpretive Centre	785	985
Pilbara Volunteer Resource Centre	6	9
Newman paramedic	117	-
Kids Matter		19
ePilbara	7	3
Capital Works	-	129
Port Hedland Enhancement Scheme	525	(90)
Women's Conference 2008	20	-
Small Business Surveys	-	2
<b>Non-Current</b>		
Accrued salaries suspense account (a)	-	-
	<u>5,486</u>	<u>5,626</u>

(a) Amount held in the suspense account is only to be used for the purpose of meeting the 27<sup>th</sup> pay in a financial year that occurs every 11 years.

**15. Receivables**

<b>Current</b>		
Receivables	187	36
PAYG Withholding Receivable	49	-
GST Receivables	129	58
	<u>365</u>	<u>94</u>
 Prepayments (see footnote in note 18 'Other Assets')	 -	 -
Total Current	<u>365</u>	<u>94</u>

**16. Amounts receivable for services**

<b>Current</b>	59	49
	<u>59</u>	<u>49</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$000	2007 \$000
<b>17. Other Assets</b>		
Current		
Debtors		
FBT Receivable	-	-
GST Receivable	-	-
Other- Prepayments	28	17
Total current	<u>28</u>	<u>17</u>
Non-current	<u>-</u>	<u>-</u>
	-	-
Other	<u>-</u>	<u>-</u>
Total non-current	<u>-</u>	<u>-</u>

**18. Property, plant and equipment**

Plant, equipment		
At cost	36	96
Accumulated depreciation	<u>(23)</u>	<u>(51)</u>
	<u>13</u>	<u>45</u>
Computer and communications equipment		
At cost	129	106
Accumulated depreciation	<u>(100)</u>	<u>(80)</u>
	<u>29</u>	<u>26</u>

Reconciliations of the carrying amount of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.

	Plant, Equipment & Furniture \$000	Computer & Communications Equipment \$000	Total \$000
<b>2008</b>			
Carrying amount at start of year	45	26	71
Additions	-	24	24
Disposals	(28)	(8)	(36)
Depreciation	<u>(4)</u>	<u>(13)</u>	<u>(17)</u>
Carrying amount at end of year	<u>13</u>	<u>29</u>	<u>42</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$000	2007 \$000	
	Plant, Equipment & Furniture	Computer, Communications Equipment	Total
	\$000	\$000	\$000
<b>2007</b>			
Carrying amount at start of year	17	21	38
Additions	42	26	68
Disposals	-	-	-
Depreciation	(14)	(21)	(35)
Carrying amount at end of year	<u>45</u>	<u>26</u>	<u>71</u>

(a) Recognised in the Income Statement. *Where an asset measured at cost is written-down to recoverable amount, an impairment loss is recognised in the Income Statement. Where an asset measured at fair value is written-down to recoverable amount, the loss is accounted for as a revaluation decrement.*

**19. Intangible assets**

Computer software:

At cost	21	21
Accumulated amortisation	(16)	-
	<u>5</u>	<u>21</u>

Reconciliations: Computer software

Carrying amount at start of year	21	13
Additions	-	8
Amortisation	(16)	-
Carrying amount at end of year	<u>5</u>	<u>21</u>

**20. Payables**

Current

Trade payables	56	65
Other payables	24	46
Total current	<u>80</u>	<u>111</u>

Non-current

Trade payables	-	-
Other ( <i>describe</i> )	-	-
Total non-current	<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$000	2007 \$000
<b>21. Provisions</b>		
Current		
Employee benefits provision		
Annual leave (a)	65	63
Long service leave (b)	-	20
	<u>65</u>	<u>83</u>
Other provisions		
Employment on-costs (c)	-	-
Warranties (d)	-	-
Restoration costs (e)	-	-
	<u>65</u>	<u>83</u>
Non-current		
Employee benefits provision		
Long service leave (b)	148	45
Deferred salary scheme	-	-
	<u>148</u>	<u>45</u>
Other provisions		
Employment on-costs (c)	-	-
	<u>148</u>	<u>45</u>

- (a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	65	63
More than 12 months after balance sheet date	-	-
	<u>65</u>	<u>63</u>

- (b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of balance sheet date	-	20
More than 12 months after balance sheet date	148	45
	<u>148</u>	<u>65</u>

- (c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (financed cost), is disclosed in note 11 'Other expenses'.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	2008 \$000	2007 \$000
<b>22. Other liabilities</b>		
Current		
Accrued expenses	194	362
Accrued salaries	18	5
Other- Committed Grants	4,075	4,001
Total current	<u>4,287</u>	<u>4,368</u>

**23. Equity**

**Contributed equity**

Balance at start of year	258	258
<b>Contributions by owners</b>		
Capital contribution (a)	-	-
Transfer of net assets from other agencies (a)	-	-
Total contributions by owners	<u>258</u>	<u>258</u>
Balance at the end of year	<u>258</u>	<u>258</u>

(a) *Capital Contributions (appropriations) and non-discretionary (non-reciprocal) transfers of net assets from other State government agencies have been designated as contributions by owners in Treasurer's Instruction TI 955 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' and are credited directly to equity.*

(b) *UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires that where the transferee accounts for transfer as a contribution by owner, the transferor must account for the transfer as a distribution to owners. Consequently, non-discretionary (non-reciprocal) transfers of net assets to other State government agencies are distribution to owners and are debited directly to equity.*

**Accumulated surplus/ (deficit) (Retained earnings)**

Balance at start of the year	1,112	6,679
Result for period	(837)	(4,657)
Income and expense recognised directly to equity	873	(910)
Balance at end of year	<u>1,148</u>	<u>1,112</u>



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$000	\$000

**24. Notes to the Cash Flow Statement**

Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to related items in the Balance Sheet as follows:

Cash and cash equivalent	1	111
Restricted cash and cash equivalents ( <i>see note 15 'Restricted cash and cash equivalents'</i> )	5,486	5,614
	5,487	5,725

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

Net cost of services	(3,077)	(7,125)
Non-cash items:		
Depreciation and amortisation expense ( <i>note 7</i> )	33	35
Write-off of minor equipment per adoption of TI 410	-	-
Net (gain)/loss on sale of property, plant and equipment ( <i>note 13</i> )	-	(1)
		-
(Increase)/decrease in assets:		
Current receivables (b)	(210)	63
Other current assets	(11)	1
Increase/ (decrease) in liabilities:		
Current payables (b)	(31)	101
Current provisions	(18)	30
Other current liabilities	(81)	4,346
Non-Current provisions	103	6
Change in GST in receivables/payables (a)	(220)	(35)
Net GST receipts/ (payments)	143	4
Prior Period adjustment	897	(910)
Net cash provided by/ (used in) operating Activities	(2,472)	(3,485)

(a) This reverses out the GST in receivables and payables

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$000	\$000

**25. Commitments**

Capital expenditure commitments

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

Within 1 year

Later than 1 year and not later than 5 years

Later than 5 years

	-	-
	-	-
	-	-

Lease commitments

Commitments in relation to leases contracted for at the balance sheet date but not recognised in the financial statements are payable as follows:

Within one year

Later than 1 year and not later than 5 years

Later than 5 years

	382	477
	-	-
	382	477

Representing:

Cancellable operating leases

	59	53
	59	53

Included in the financial statements as:

Current (note 33)

Non-current (note 33)

	-	-
	-	-
	-	-

**26. Events occurring after the balance sheet date**

Nil

**27. Explanatory statement**

Significant variations between estimates and actual results for income and expense are shown below. Significant variations are considered to be those greater than 10% or \$5 million.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

2008  
\$000

2007  
\$000

**Significant variances between estimated and actual result for 2008**

	2008 Estimate \$000	2008 Actual \$000	Variation \$000
<b>Revenue</b>			
Grants and Subsidies	5,500	8,078	2,578
Other revenue	112	457	345
<b>Expenditure</b>			
Supplies and services	632	1,387	(755)
Employee Benefits Expense	1,021	1,505	(484)
Other expenses	200	54	146

**Grants and Subsidies**

The variance is due to the final instalment of grant funding for the Port Hedland Enhancement Scheme being received in 0708 in lieu of 0607.

**Other revenue**

The variance is due to the receipt of funds for various restricted cash projects such as the Newman Paramedic, ePilbara and Kids Matter programs.

**Supplies and services**

The variance is due to the final major projects of the Port Hedland and Roebourne Enhancement Schemes having funding allocated as grants in lieu of supplies and services.

**Employee Benefits Expense**

The variance is due to the high increases in the provision of Government Officers Housing for staff of the Commission.

**Other expenses**

The variance is due to a difference in coding of transactions between the Office of Shared Services and the Commission's previous financial management system.

**Significant variances between actual results for 2008 and 2007**

	2008 \$000	2007 \$000	Variance \$000
<b>Income</b>			
Grants and Subsidies	8,078	2,418	5,660
<b>Expenses</b>			
Supplies and services	1,387	4,044	(2,657)
Capital user charge	-	124	(124)
Grants and subsidies	8,681	4,198	4,483

**Grants and Subsidies**

The variance is due to the final instalment of grant funding for the Port Hedland Enhancement Scheme received in 0708 in lieu of 0607.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

Supplies and services

The variance is due to the final major projects of the Port Hedland and Roebourne Enhancement Schemes having funding allocated as grants in lieu of supplies and services.

Capital user charge

The variance is due to the abolition of the Capital User Charge during the 0708 financial year.

Grants and Subsidies

The variance is due to the final major projects of the Port Hedland and Roebourne Enhancement Schemes having funding allocated as grants in lieu of supplies and services.

## 28. Financial instruments

### (a) Financial Risk Management Objectives and Policies

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

#### *Interest Rate Risk Exposure*

The following table details the Authority's exposure to interest rate risk as at the balance sheet date:

	Weighted Average Effective Interest Rate %	Variable Interest Rate	Within 1 year	Fixed Interest Rate Maturity					More than 5 Years	Non- Interest Bearing	Total
				1-2 Years	2-3 Years	3-4 Years	4-5 Years				
<b>2008</b>		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets											
Cash and cash equivalents	-	-	-	-	-	-	-	-	1		1
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	5,486		5,486
Receivables	-	-	-	-	-	-	-	-			
advances	-	-	-	-	-	-	-	-	365		365
Amounts receivable for services	-	-	-	-	-	-	-	-	59		59
		-	-	-	-	-	-	-	5,911		5,911
Financial Liabilities											
Payables	-	-	-	-	-	-	-	-	-		-
	-	-	-	-	-	-	-	-	-		-

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

	Weighted Average Effective Interest Rate %	Variable Interest Rate	Within 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years	Non- Interest Bearing	Total
<b>2007</b>		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets										
Cash and cash equivalents	-	-	-	-	-	-	-	-	111	111
Restricted cash and cash equivalents										
Receivables	-	-	-	-	-	-	-	-	5,614 94	5,614 94
Amounts receivables for services	-	-	-	-	-	-	-	-	49	49
	-	-	-	-	-	-	-	-	5,868	5,868
Financial Liabilities										
Payables	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

## 29. Jointly controlled operations

The Commission has no joint venture operations

## 30. Remuneration of members of the accountable authority and senior officers

### Remuneration on Members of the accountable authority

The number of members of the accountable authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands is:

	2008	2007
\$		
100,001 – 110,000	-	-
110,001 – 120,000	-	1
120,001 – 130,000	-	-
130,001 – 140,000	-	-
The total remuneration of members of the accountable authority is:	-	<u>\$110,245</u>

The total remuneration includes the superannuation expense incurred by the Authority in respect of members of the Accountable Authority.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008

	2008	2007
	\$000	\$000

Remuneration of Senior Officers

The number of senior officers, other than senior officers reported as members of the Accountable Authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands is:

\$	2008	2007
50,001 – 60,000	1	-
60,001 – 70,000	1	1
70,001 – 80,000	2	2
80,001 – 90,000	-	-
90,001 – 100,000	2	1
100,001 – 110,000	-	-
110,001 – 120,000	-	1
130,001 – 140,000	-	-
The total remuneration of senior officers is:	\$470,446	\$422,059

The total remuneration includes the superannuation expense incurred by the Authority in respect of senior officers other than senior officers reported as members of the Accountable Authority.

No senior officers are members of the Pension Scheme

**31. Remuneration of auditor**

Remuneration payable to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators	18	17
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**32. Supplementary financial information**

Write-Offs

Public property written-off by the Executive Council during the financial year	-	-
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*Provide details of any other write-off during the financial year, such as: bad debts and, revenue and debts due to the State, public and other property written off during the financial year.*

Losses through Theft, Defaults and Other Causes

Losses of public moneys and, public and other property through theft or default	-	-
Amounts recovered	-	-

### 33. Schedule of Income and Expenses by Service

	Business & Industry Development		Infrastructure, Service Identification & Coordination		Regional Promotion & Information Service		Total	
	2008	2007	2008	2007	2008	2007	2008	2007
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>COST OF SERVICES</b>								
<b>Expenses</b>								
Employee benefits expense	301	318	1,054	795	150	299	1,505	1,412
Supplies and services	238	911	832	2,277	119	857	1,189	4,045
Depreciation & amortisation expense	7	8	23	20	3	7	33	35
Accommodation Expenses	30	31	105	77	15	29	150	137
Grants and subsidies	-	945	8,084	2,364	597	889	8,681	4,198
Capital User Charge	-	28	-	70	-	26	-	124
Other Expenses	11	8	38	21	5	8	54	37
<b>Total cost of services</b>	<b>587</b>	<b>2,249</b>	<b>10,136</b>	<b>5,624</b>	<b>889</b>	<b>2,115</b>	<b>11,612</b>	<b>9,988</b>
<b>Income</b>								
Other revenue	91	83	320	256	46	105	457	444
State & Local Govt Grants & Subsidies	99	-	7,479	1,775	500	643	8,078	2,418
Gain on disposal of non-current Assets		1						1
<b>Total income other than income From State Government</b>	<b>190</b>	<b>84</b>	<b>7,799</b>	<b>2,031</b>	<b>546</b>	<b>748</b>	<b>8,535</b>	<b>2,863</b>
<b>NET COST OF SERVICES</b>	<b>397</b>	<b>2,165</b>	<b>2,337</b>	<b>3,593</b>	<b>343</b>	<b>1,367</b>	<b>3,077</b>	<b>7,125</b>
<b>INCOME FROM STATE GOVERNMENT</b>								
Service appropriation	448	556	1,568	1,389	224	523	2,240	2,468
<b>Total income from State Government</b>	<b>448</b>	<b>556</b>	<b>1,568</b>	<b>1,389</b>	<b>224</b>	<b>523</b>	<b>2,240</b>	<b>2,468</b>
<b>Surplus/ (deficit) for the period</b>	<b>51</b>	<b>(1,609)</b>	<b>(769)</b>	<b>(2,204)</b>	<b>(119)</b>	<b>(844)</b>	<b>(837)</b>	<b>(4,657)</b>

# KEY PERFORMANCE INDICATORS

## CERTIFICATION OF PERFORMANCE INDICATORS

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We hereby certify that the 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 Pilbara Development Commission for the financial year ended 30 June 2008.



MR STAN MARTIN  
CHAIRMAN  
DATED: 26<sup>TH</sup> SEPTEMBER 2008



MR STEPHEN WEBSTER  
CHIEF EXECUTIVE OFFICER  
DATED: 26<sup>TH</sup> SEPTEMBER 2008



# PERFORMANCE INDICATORS

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## INTRODUCTION

As part of its reporting requirements, the Commission must report on key effectiveness and efficiency indicators.

The Commission's performance indicators are derived from three sources. These are;

- Financial statements and project reporting sheets
- Survey of Board Members of the Commission
- Customer Survey of Commission Clients

## METHODOLOGY

### Customer Survey of Commission Clients

As a requirement of its strategic plan, the Commission undertook an evaluation of its operations in June and July 2008. Clients were surveyed to determine their views and understanding of the Commission's role, activities and performance. Previously, similar surveys have been undertaken on an annual basis.

Key performance results from the 2008 survey, including a comparison with results from the 2007 survey, are detailed below.

The survey was sent to 121 key clients of the Commission, of which 113 were eligible for the survey, having had contact with the Commission in the 12 months to June 2008. The key clients comprise Commonwealth and State agencies, Local Governments, business and community organisations that have had regular contact with the Commission over the last twelve months.

Customers are surveyed annually to determine the extent to which the Commission's project activities and services fulfil their needs. Specific questions relating to the outcomes of the Commission were included in the survey and are reported as Key Effectiveness Performance Indicators. The number of questions was maintained at seven. Those questions relating specifically to the effectiveness of the Commission in the delivery of its services were retained to enable comparison from year to year. Customers were also given the opportunity to comment on the ways in which the agency could further enhance the economic and social development of the Pilbara.

The Government's desired outcome from the activities of the Pilbara Development Commission is the enhancement of the Pilbara region's economic and social development. The Commission achieves this outcome by undertaking project activities that deliver services within the region to Pilbara people generally, and to business and community groups specifically. The Commission's services are structured around the project activities and services provided to these customers which in turn contribute to the desired outcome. The satisfaction of customers with Commission services therefore directly measures the effectiveness of the Commission in achieving the enhancement of the Pilbara region's economic and social development.

A total of 86 completed surveys were received by the Commission. This represents a key client response rate of 76%. The sampling error for this survey period is +/- 5.7%.

The questions related to performance indicators inform the reader how effective the Commission is in achieving its desired outcome through its contribution to business and industry development and regional promotion, as perceived by Commission customers.

Strongly Agree	Agree	Disagree	Neither one nor the other	Don't Know
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The Commission makes a positive contribution towards economic development in the Pilbara.

26%	43%	8%	19%	5%
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The Commission makes a positive social contribution in the Pilbara

26%	50%	7%	16%	1%
-----	-----	----	-----	----

The Commission is committed to the development of new business opportunities, retention/expansion of employment opportunities, more trade activity and reduced obstacles to growth of businesses in the region.

0%	37.5%	62.5%	0%	0%
----	-------	-------	----	----

The Commission's staff provide a high level of services to its clients.

47%	36%	3%	7%	7%
-----	-----	----	----	----

## EFFICIENCY INDICATORS

The operating costs of the Pilbara Development Commission are based on the Statement of Financial Performance total cost of services for the relevant period.

## SERVICE 1 - BUSINESS AND INDUSTRY DEVELOPMENT

### DESCRIPTION

Encourage business and industry development through the identification and coordination of projects.

### PERFORMANCE MEASURES

Performance Measures	Actual 2007/2008	Target 2007/2008	Actual 2006/2007
Total Cost of Service	\$587,000	\$580,000	\$1,303,893
Number of Projects	4	5	14
Average cost per project	\$146,750	\$116,000	\$93,135
Board satisfaction with quality of service	86%	80%	85%
Board satisfaction with timeliness of service	86%	80%	85%

## PERFORMANCE AGAINST TARGETS

The table provides details of the service measures relevant to the Business and Industry Development Service. It shows the target outcomes for 2007/2008 against the actual outcomes for the year.

During the year the Commission undertook a total of 4 projects, which represents a variance of 1 less than the target number of projects.

The variance of \$30,750 between target and actual cost per project is due to not progressing 1 project in the service during the year.

Board members have a comprehensive knowledge of all projects and are, therefore, in a better position to judge the quality and timeliness of the Business and Industry Development Service.

On average, Board members reported a satisfaction level of 86% with the quality of the service produced which is 6% above the target outcome. Similarly, the Board members reported an 86% level of satisfaction with the timeliness of this Service.

## SERVICE 2 - INFRASTRUCTURE AND SERVICE IDENTIFICATION AND COORDINATION

### DESCRIPTION

Identify infrastructure needs and coordinate the removal of impediments to achieve delivery of service.

### PERFORMANCE MEASURES

Performance Measures	Actual 2007/2008	Target 2007/2008	Actual 2006/2007
Total Cost of Service	\$10,136,000	\$9,385,000	\$3,259,859
Number of Projects	15	15	13
Average cost per project	\$675,733	\$625,666	\$250,758
Board satisfaction with quality of service	86%	80%	85%
Board satisfaction with timeliness of service	84%	80%	85%

## PERFORMANCE AGAINST TARGETS

The above table provides details of the service measures relevant to the Infrastructure and Service Identification and Coordination Service. It shows the target outcomes for 2007/2008 against the actual outcomes for the year.

The variance of \$751,000 between target and actual cost per project is due to the progression of the implementation of stage 2 of the Port Hedland Enhancement Scheme and the completion of the final round of the Pilbara Fund.

Board members have a comprehensive knowledge of all projects and are, therefore, in a better position to judge the quality and timeliness of the Infrastructure and Service Identification and Co-ordination Service.

On average, Board members reported a satisfaction level of 86% with the quality of the service produced which is 6% higher than the target outcome. Similarly, the Board members reported an 84% level of satisfaction with the timeliness of this Service.

## **SERVICE 3 - REGIONAL PROMOTION AND INFORMATION SERVICES**

### **DESCRIPTION**

Raise awareness of the advantages of both living in and visiting the Pilbara region through the provision and promotion of accurate and accessible information.

### **PERFORMANCE MEASURES**

Performance Measures	Actual 2007/2008	Target 2007/2008	Actual 2006/2007
Total Cost of Service	\$889,000	\$650,000	\$1,266,528
Number of Projects	13	15	12
Average cost per project	\$68,384	\$43,333	\$105,544
Board satisfaction with quality of service	86%	80%	87%
Board satisfaction with timeliness of service	86%	80%	87%

### **PERFORMANCE AGAINST TARGETS**

The above table provides details of the service measures relevant to the Regional Promotion and Information Provision Service. It shows the target outcomes for 2007/2008 against the actual outcomes for the year.

During the year the Commission undertook a total of 13 projects, which represents a variance of 2 less than the target number of projects.

The variance of \$25,051 between target and actual cost per project is due to the Commission not having 15 projects in this service during this financial year. During the year, the Commission continued its focus on promoting the region and providing an information service.

Board members have a comprehensive knowledge of all projects and are, therefore, in a better position to judge the quality and timeliness of the Regional Promotion and Information Services Service.

On average, Board members reported a satisfaction level of 86% with the quality of the Service produced which is 6% greater than the target outcome. Similarly, the Board members reported an 86% level of satisfaction with the timeliness of this Service.

## MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.

## OTHER FINANCIAL DISCLOSURES

### EMPLOYMENT AND INDUSTRIAL RELATIONS

#### STAFF PROFILE

	2007-08	2006-07
Full-time permanent	8	6
Full-timed contract	5	2
Part-time measured on a FTE basis	0.50	1.25
On secondment	0	1

#### STAFF DEVELOPMENT

The Pilbara Development Commission has a commitment to the development of its employees. Our strategies are to build a highly skilled, professional and fair workplace with the ability to adapt to a changing economic and social environment.

During the financial year, our employees received training in excess of \$60,000 by both in-house and external trainers. Training is identified annually during staff performance reviews. Due to the dynamic environment and variety of activities undertaken by the Commission, training is also considered on an ongoing basis throughout the year.

#### WORKERS COMPENSATION

No compensation claims were made during the 2007/08 financial year.

## GOVERNANCE DISCLOSURES

### CONTRACTS WITH SENIOR OFFICERS

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

## OTHER LEGAL REQUIREMENTS

### COMPLIANCE WITH PUBLIC SECTOR MANAGEMENT ACTR SECTION 31(1)

1. In the administration of the Pilbara Development Commission, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in 1. is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged:	Nil
Number of breaches found, including details of multiple breaches per application:	Nil
Number still under review:	Nil



MR STEPHEN WEBSTER  
CHIEF EXECUTIVE OFFICER  
DATE: 26<sup>TH</sup> SEPTEMBER 2008

### THE *ELECTORAL ACT 1907* - SECTION 175ZE

In compliance with section 175ZE of the *Electoral Act (1907)*, the Commission market research, polling, direct mail and media advertising:

1. Total expenditure for 2007/08 was \$52,334.24
2. Expenditure was incurred in the following areas:

#### Advertising Agencies

Market Force Australia	\$37,528.59
Seek	\$ 160.00
Northwest Telegraph	\$ 5,501.10
Pilbara News	\$ 4,791.28

Market Research Agencies \$0

Polling Agencies \$0

Direct Mail Agencies \$0

#### Media Advertising Agencies

Redwave Media	\$ 670.00
Not-for Profit Organisations	\$ 1,388.27
Neubreed Pty Ltd	\$ 2,295.00

## DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

Following amendment to the *Disability Services Act 1993*, all State Government agencies and Local Governments are required to develop and implement Disability Access and Inclusion Plans (DAIPs) previously called Disability Service Plans. The aim of DAIPs are 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.

During 2007-2008 the Commission completed a review of its DAIP. The DAIP provides an important mechanism for monitoring and evaluating the Commission's 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.

During 2007-2008, the Commission has:

- Continued to adapt its services where necessary to ensure they met the needs of people with disabilities;
- Continued to review the suitability of access to buildings and facilities and addressed the requirement for disabled access by providing access for people with disabilities in its tenancy lease renewal;
- Made information about services available in different formats to meet the communication requirements of people with disabilities;
- Made staff aware at induction of all legal requirements and Commission policies, including the Disability Services Plan; and
- Advertised all conferences, seminars and promotions in the local newspaper and on radio to ensure opportunities are provided for people with disabilities to participate in public consultations and decision making processes.

## EQUAL EMPLOYMENT OPPORTUNITY OUTCOMES

The Pilbara Development Commission is committed to the promotion of a non-discriminatory and harassment free working environment for all employees.

As at 30 June 2008 the Commission had 13.5 employees. Twenty nine percent of employees were aged over 45.

The Commission recognises the benefits of workplace diversity and has a continued commitment to furthering these principles. The Commission has developed appropriate policies and procedures for matters relating to Equal Employment Opportunity which have been incorporated into the Commission's Code of Conduct.

The Equal Employment Opportunity (EEO) Plan was prepared in the 2005/2006 financial year and was reviewed during 2007-2008. Implementation of the strategies of the plan includes EEO principles which are being incorporated into the Commission's corporate documentation and monitored through the Executive of the Commission. The application of the principles remains the responsibility of managers and is a key consideration in the recruitment, appointment and management of employees.

## COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

The Commission has complied fully with the 'Public Sector Standards, Code of Conduct and Code of Ethics'. Compliance has been monitored throughout the year through a process of quality assurance decisions relating to recruitment, selection and employment.

The Commission has a 'Code of Conduct' manual for both staff and Board Members of the Commission which incorporates the Public Sector's 'Code of Ethics'. The review of the Commission's 'Code of Conduct' is incorporated into the Commission's internal audit program.

The Commission views the principles embodied in the 'Public Sector Standards, Code of Conduct and Code of Ethics' as paramount and as such they are reflected in the management processes practised by the agency.

The Commission did not receive any complaints relating to its compliance with the 'Public Sector Standards, Code of Conduct and Code of Ethics' during 2007/2008.

## RECORD KEEPING PLAN

The Pilbara Development Commission is required to have a Record Keeping Plan (RKP) under section 19 of the *State Records Act (2000)*. The Record Keeping Plan is to provide an accurate reflection of the record keeping program of the Commission and must be complied with by the Commission and its employees. Under Part 3, Division 4, the Commission is required to review its RKP periodically or when there is any significant change to the Commission's functions.

As required under Standard 2, Principle 6, of the *State Records Act (2000)*, the Commission confirms the following:

- The efficiency and effectiveness of the Commission's record keeping system is evaluated not less than once every five years;
- The Commission conducts record keeping training for staff through its staff induction program as well as annual refresher training;
- The efficiency and effectiveness of the record keeping training program is reviewed from time to time for continuous improvement; and
- The Commission's induction program addresses employees' roles and responsibilities in regard to their compliance with the Commission's Record Keeping Plan.

## GOVERNMENT POLICY REQUIREMENTS

### CORRUPTION PREVENTION

A major risk management program in accordance with Treasurer's Instruction 825 using the processes set out in "AS 4360 Risk Management" was completed during 2007/2008. The program included the development and implementation of a strategy for identifying, managing and preventing misconduct and corruption. The Commission has developed appropriate risk management policies and procedures that are communicated to all staff through the Commission's intranet. These policies include misconduct and corruption strategies and preventative initiatives.

### SUSTAINABILITY

Sustainability Code of Practice for Government Agencies and Resource Guide for Implementation (the 'Code'). However, the Commission does aspire to deliver its services to Pilbara communities based on the principles contained within the code. The Commission's 2007-2010 Strategic Plan is aligned with the Better Planning: Better Futures - A Framework for the Strategic Management of the Western Australian Public Sector publication.



## OCCUPATIONAL HEALTH AND SAFETY

The Commission is committed to vigilance concerning occupational safety, health and injury management. The issue is a permanent agenda item at all Commission staff meetings. The Commission complies with the injury management requirements of the *Workers' Compensation and Injury Management Act 1981*. The Commission's performance is tabled as follows:

Indicator	Target 2007-2008
Number of fatalities	Zero (0)
Lost time injury/diseases (LTI/D) incidence rate	Zero (0)
Lost time injury severity rate	Zero (0)

## PUBLICATIONS

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The following publications are available from the Commission's Port Hedland and Karratha offices.

If required, the Commission can provide a publication in an alternative format.

Many of these publications are available on the Commission's website at [www.pdc.wa.gov.au](http://www.pdc.wa.gov.au)

## PRODUCED BY THE PILBARA DEVELOPMENT COMMISSION

### *Pilbara Regional Priority Plan*

Current to October 2005. A publication that outlines the priority development actions for the sustainable development of the Pilbara in the immediate future.

### *Pilbara Prices Surveillance*

Current to March 2008. A periodic information sheet prepared by the Commission showing the latest pricing differentials between Perth and various towns in the Pilbara.

### *Pilbara Government Agencies Directory*

The Commission published and distributed the 2008 Pilbara Government Agencies Directory early in 2008. The Directory contains information and contact details for the Government Departments and Agencies in the Pilbara region.

### *Pilbara Economic Perspective*

The most current version of the Pilbara Economic Perspective was released in July 2006. An update on the economy of the Pilbara region prepared by the Department for Local Government and Regional Development in conjunction with the Commission.

### *Housing and Land Snapshot*

The Commission produces a monthly Housing and Land Snapshot (HALS) report, which outlines the accommodation situation in the Karratha, Port and South Hedland areas.

The HALS report compares figures with previous quarter's trends and provides information on the movement of the real estate market.

### *Pilbara Development Commission Strategic Plan 2007-2009*

This publication was developed and published during the 2007-2008 financial year.