



Government of **Western Australia**
Department of **State Development**

■ ■ ANNUAL REPORT 2008-09 ■ ■



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STATEMENT OF COMPLIANCE

HON COLIN BARNETT MLA
PREMIER; MINISTER FOR STATE DEVELOPMENT

In accordance with Section 61 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament the Annual Report of the Department of State Development for the financial year ended 30 June 2009.

This annual report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



Anne Nolan
Director General
DEPARTMENT OF STATE DEVELOPMENT
17 September 2009

.. OVERVIEW ..

■ ■ OVERVIEW ■ ■

EXECUTIVE SUMMARY

The Department of State Development was established on 1 January 2009 as the Western Australian Government's lead agency to promote, coordinate and facilitate responsible development across Western Australia.

In the first six months we chalked up a number of significant achievements. These successes have been delivered in the context of a broader environment of economic and financial turmoil. Signs of a global recovery and the prospect of a return to high levels of economic growth for the State provided cause for cautious optimism towards the end of the financial year, particularly given our proximity to Asian markets.

Since our formation, the focus has been on:

- Delivering the Government's priorities for State development in projects of State significance in the Kimberley and Mid West.
- Assisting project proponents and working with stakeholders to develop major resource and industry projects.
- Establishing and building a professional, responsive and proactive team capable of delivering the Government's broad agenda for State development.

The Department is the lead proponent for a number of major State-driven projects. These include the Ord and East Kimberley expansion project, Kimberley Browse LNG precinct and Oakajee port, rail and industrial estate. Projects such as these require complex coordination across Government and between project proponents. They are reflective of the strong development focus set by Government and of the big projects we are being asked to facilitate.

Achievements to date include finalisation of a:

- State Development agreement to bring the Oakajee development closer to fruition, thereby unlocking the potential of the significant mineral resources of the mid west region. In partnership with the Commonwealth, almost \$700 million will be invested in common use port infrastructure to support the longer term objective of establishing a multi-user, multi-product port. While the initial focus will be on the export of iron ore, the project includes the port, heavy industrial estate and an integrated rail network, with total public and private investment estimated at around \$4 billion.
- 'Heads of Agreement' between the State Government, the Kimberley Land Council and Woodside Energy Limited to underpin the processing of LNG from the vast reserves of the Browse Basin at James Price Point north of Broome, and to support economic self determination of the indigenous population of the region. The site is to be secured through the development of an Indigenous Land Use Agreement.

- National Partnership Agreement to secure \$195 million of Commonwealth investment in economic, community and social infrastructure in the East Kimberley region, complementing the Western Australian government's \$220 million investment in agricultural development. The bulk of the Commonwealth funds will be directed toward improvements in health, education and housing, with priority being accorded to maximising the involvement of the indigenous community.

State Development is also the lead agency for major private sector projects whether they be new projects or expansions of existing projects. The Department works with proponents, community stakeholders and other government agencies to expedite planning, environmental, heritage and other approvals processes to advance major industry and infrastructure projects in Western Australia.

A particular priority has been the \$50 billion Gorgon LNG project, Australia's largest resource development project, which will create 10,000 new jobs and provide up to \$33 billion in local production of goods and services over its lifetime. The Final Investment Decision for the Gorgon project is expected in September 2009 and work is anticipated to commence before the end of 2009.

The Department also worked with project proponents and other stakeholders to progress approvals and community development issues on a number of other major projects, some of which are under construction, while others are at an earlier stage in the development cycle. These include:

- Perdaman's \$3.5 billion coal to urea project near Collie
- Woodside Energy's \$12 billion Pluto LNG project on the Burrup Peninsula
- BHP Billiton's \$7.7 billion Rapid Growth 5 iron ore expansion project in the Pilbara
- CITIC Pacific Mining's \$5.2 billion magnetite mining, processing and export facility at Cape Preston in the Pilbara
- Worsley Alumina's \$2.5 billion expansion of its Worsley refinery and associated mining operation

Identifying and promoting the development of strategic land and infrastructure is a major role for the Department. Success in this area will mean that projects can be progressed with confidence, knowing that competitively-priced industry-ready land and infrastructure services will be provided in a timely manner.

On this front, the Department advanced a number of major infrastructure development projects in 2009, including working with project proponents, Landcorp and other stakeholders. Projects included:

- The development of land for industrial development at Ashburton North near Onslow, the proposed site of a gas processing precinct.

- The development or expansion of a number of industrial estates in the Pilbara to meet the rapidly expanding needs of the resources sector. These included the Burrup Industrial Estate, Boodarrie, Mount Anketell, Cape Preston and Karratha.

The Department received a budget allocation of \$5 million for a Heavy Industrial Land Strategy which will better position the State to prioritise the timely development of industrial sites.

As an export oriented State reliant on foreign investment to fund major projects, the development of international trade relations and investment attraction is also a major priority for Western Australia's economic development. In this capacity, State Development:

- Supported Premier Barnett's visit to Japan in February 2009, his first overseas mission as Premier. The visit focused on strengthening trade and investment relations with Western Australia's second largest trading partner and included 18 meetings with high level industry and Government leaders.
- Provided support for the Premier's visit to China, the State's largest trading partner, which included the signing of five Memoranda of Understanding at the Zhejiang Exchange Committee meeting in Hangzhou and a focus on the planned Oakajee development.

On the administrative scene, the first half of 2009 saw a focus on the Department re-structuring its activities to better align with the priorities of the Western Australian Government and on filling senior positions.

The Department of State Development is now firmly established and well positioned to meet the challenge of facilitating responsible development. There is an energy and enthusiasm within the Department and a commitment by all to demonstrating leadership in driving the responsible development of the State.



Anne Nolan
DIRECTOR GENERAL

ABOUT US

The Department of State Development was established under the *Public Sector Management Act 1994* on 1 January 2009 following the restructure of the Department of Industry and Resources.

The State Government created the department to provide an agency with sole focus on the responsible development of Western Australia. In establishing the agency, the Premier and State Development Minister Colin Barnett indicated that it was expected to work to attract wealth-generating private sector projects, co-ordinate strategic public sector infrastructure projects and assist the development of economic strategies that promote development.

The Department of State Development reports to the Premier and Minister for State Development, The Honourable Colin Barnett MEd MLA.

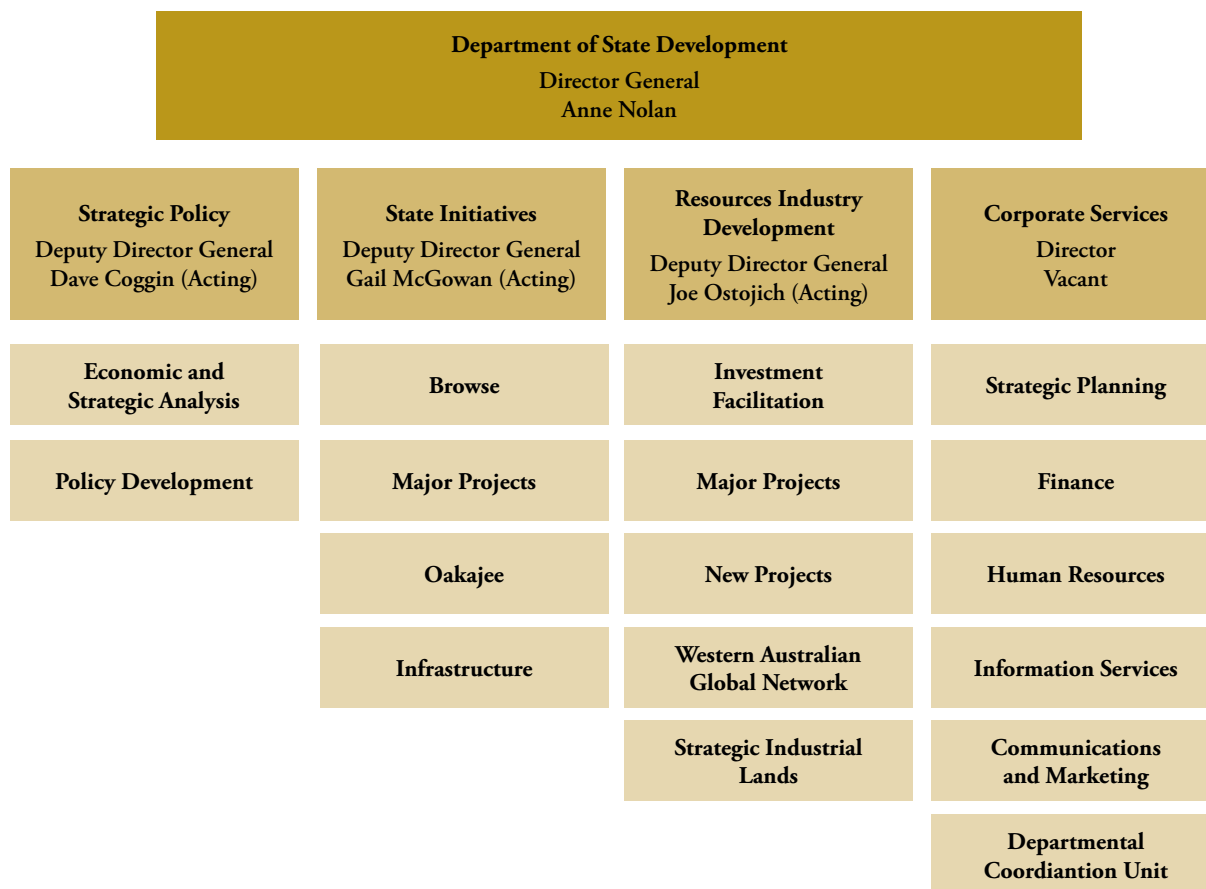
VISION AND ROLE

The Department of State Development's role is to:
Provide leadership to drive responsible development for Western Australia's future.

The Department works with industry, communities and government agencies to:

- develop and coordinate significant State Initiatives;
- facilitate and lead coordination of major private sector resource and industry projects;
- enable the development of strategic industrial land and infrastructure;
- attract investment to Western Australia and assist the development of export markets; and
- develop a business and regulatory environment that supports the State's economic growth.

ORGANISATIONAL STRUCTURE



EXECUTIVE TEAM

As at 30 June 2009, the Department's Executive Team comprised the following members.



Anne Nolan
Director General

Anne Nolan is Director General of the Department of State Development in Western Australia and has a wealth of experience in leading and developing public sector agencies.

She has previously held the positions of Deputy Director General Department of Premier and Cabinet Coordinator of Energy, Chief Executive of the Independent Market Operator and has held very senior roles in the Department of Treasury and Finance.

Anne has a Bachelor of Economic (Honours) and a Masters of Economics from the University of Western Australia.



Gail McGowan
**Acting Deputy Director General,
State Initiatives**

Gail has been Acting Deputy Director General, State Initiatives since the Department of State Development was established in January 2009.

Gail has extensive experience in senior executive positions within the Western Australian and Australian public sectors in areas as diverse as occupational safety and health, environment, vocational education and training and women's policy.

With post graduate qualifications in public policy, Gail is focussed on working with stakeholders both within and outside the public sector to achieve practical outcomes.



Joe Ostojich
**Acting Deputy Director General,
Resources and Industry
Development**

Joe Ostojich took up the position of Acting Deputy Director General, Resources and Industry Development in May 2009.

Prior to this Joe worked as Director, Policy and Risk for the Department of Commerce.

Joe has spent most of his career in the Federal Government's official export credit agency, underwriting commercial and political risk as an underlying foundation to expanding trade policy.

SUMMARY OF ORGANISATIONAL STRUCTURE AND ROLES

The agency is structured as four organisational divisions – State Initiatives, Resources and Industry Development, Strategic Policy and Corporate Services.

Strategic Policy

The role of the Strategic Policy Division is to undertake research and analysis and provide the Government with advice which promotes responsible development.

State Initiatives

The role of State Initiatives is to develop and lead the successful delivery of key Government industry infrastructure initiatives. Current areas of focus of the State Initiatives Division include the:

- **Kimberley Browse LNG Precinct:** a Liquefied Natural Gas (LNG) processing precinct and production support facility in the Kimberley for Browse Basin gas.
- **Oakajee port, rail and industrial estate:** the development of a deep water port and heavy industrial estate at Oakajee, linked by rail to mineral resources in the Mid West Region.
- **Ord East Kimberley Expansion Project:** the development of community and economic infrastructure and services to support the expansion of the Ord River irrigation Scheme.

Resources and Industry Development

The Resources and Industry Development Division's role is to lead and facilitate the successful development and expansion of Western Australia's resources and industry sectors.

Corporate Services

The Corporate Services Division's role is to provide efficient and appropriate services to management and staff in support of the Department's vision and roles.

To minimise the cost of establishing and maintaining the new department, the Department of State Development and the Department of Mines and Petroleum entered into a Service Level Agreement whereby the Department of Mines and Petroleum provides a number of finance, resources and information technology services to the Department of State Development. The services provided are largely of a transactional nature.

KEY LEGISLATION

The Department has responsibility for the administration of a number of State Agreement Acts. These Acts are listed in Appendix 1 on page 60.

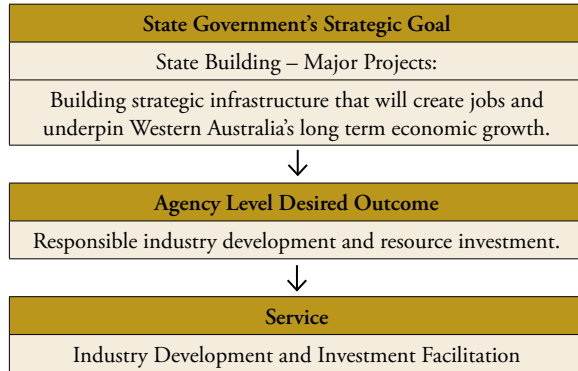
The following legislation directly impacts on the Department in the performance of its functions:

- *Disability Services Act 1993*
- *Environmental Protection Act 1986*
- *Equal Opportunity Act 1984*
- *Electronic Transactions Act 2003*
- *Financial Management Act 2006*
- *Auditor General Act 2006*
- *Freedom of Information Act 1992*
- *Industrial Relations Act 1979*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*

PERFORMANCE MANAGEMENT FRAMEWORK

GOVERNMENT GOALS AND AGENCY OUTCOMES

The Department of State Development has an important role in facilitating the achievement of Government’s strategic goals.



SHARED RESPONSIBILITIES WITH OTHER AGENCIES

The Department provides professional, strategic planning and facilitation services across Government to achieve Government and Department desired goals.

The Department recognises the benefits and works collaboratively across Government to reach important milestones for significant projects such as the Gorgon gas processing project, Ord East Kimberley expansion project, Oakajee port, rail and industrial estate project and Kimberley Browse LNG precinct.

During the year, the Department continued to foster relationships with Local, State and Federal Government agencies.



AGENCY PERFORMANCE
– REPORT ON OPERATIONS



ADDRESSING SIGNIFICANT
ISSUES IMPACTING
THE AGENCY



■ ■ AGENCY PERFORMANCE – REPORT ON OPERATIONS ■ ■

OVERVIEW

The Department contributes to the Western Australian community by facilitating private sector investment and strategic public infrastructure in the State as well as promoting international investment and assisting the development of export markets.

The Department's core services include facilitation of:

- industry infrastructure projects
- significant State development projects
- major resource and industry projects
- major trade and investment attraction programs

The Department leads the facilitation of major resource, industry and infrastructure projects across the State. It provides advisory and support services on significant new and established projects as well as taking on the role of proponent for state initiatives identified by Government.

The project facilitation role encompasses:

- provision of assistance in achieving project approvals, including the monitoring of approvals across Government;
- articulation and resolution of issues associated with either single or multi-user infrastructure provision;
- negotiation of new State Agreement Acts, variations to and management of existing State Agreement Acts or resolution of matters associated with legislative impediments to development; and
- consideration and provision of advice on policy or other matters relevant to major project development, with a particular focus on improving project governance, establishment of agreed milestones and ongoing monitoring and measurement.

MAJOR ACHIEVEMENTS

In its first six months the Department has made significant progress in advancing the development of Western Australia. While many of these projects will take years to bring to fruition, some notable milestones have been achieved.

Gorgon Gas Processing Project

- The Gorgon project is a world class project, expected to deliver some 50 million tonnes per annum of liquefied natural gas into markets, both global and domestic. The Department of State Development placed a priority on working with key regulatory agencies and the proponent Chevron to assist in the finalisation of statutory and other approval processes to enable the Gorgon Joint Venture partners to commit to the final investment decision stage.
- Excellent progress has been made and investment decisions are expected in the last half of 2009.

Kimberley Browse Liquefied Natural Gas Precinct

- The Final Site Selection Report for the Kimberley

Browse LNG project was released in December 2008. The report identified James Price Point, approximately sixty kilometres north of Broome as the State's preferred location for establishment of a processing precinct for LNG from the Browse Basin. The extensive selection process initially considered more than 40 different sites in the Kimberley, taking into account environmental, technical and social considerations.

- In April 2009 a unique Heads of Agreement was signed by the State Government, the Kimberley Land Council (representing the Traditional Owners) and Woodside Energy Limited (as a potential proponent of the precinct). The agreement provides a framework for negotiating an indigenous land use agreement and a benefits sharing model with the indigenous community.
- A scoping document for the Strategic Environmental Assessment was finalised in late June 2009. This document provides the framework for a Strategic Assessment Plan to be submitted to State and Federal regulatory authorities by early 2010. The objective is to have environmental assessment of the precinct completed by late 2010, enabling construction activity to commence during 2011, with first shipments from the precinct expected around 2016-2017.

Oakajee Port, Rail and Industrial estate project

- The Oakajee port, rail and industrial estate project is focussed on unlocking the vast mineral resources of the mid west region. The initial priority is aligning the development activity of mid west iron ore miners with provision of the requisite rail and port infrastructure to establish what will be the largest port outside Kwinana, with initial export capacity of some 35 million tonnes per annum of iron ore. A heavy industrial estate is aimed at encouraging value adding and downstream processing.
- Oakajee Port and Rail Pty Ltd (OPR) and the Government have negotiated terms under which construction and operation of the Oakajee Port are to proceed, with a Development Agreement signed on 20 March 2009. The Development Agreement appoints OPR as the infrastructure provider for the port and provides for an open-access rail line servicing northern mid-west iron ore mines.
- The Federal Government announced \$339 million in its 2009/2010 budget, to co-fund (with State Government) the common-user infrastructure component of the Oakajee Port, including the breakwater, turning basin and channel.

Ord – East Kimberley Expansion project

- A further 8000 hectares of irrigable land will be delivered under the Ord East Kimberley Expansion project. This will be complemented by a raft of social and community infrastructure. It includes the establishment of a full K-12 school campus in Kununurra, improvements to hospital and health facilities and an expansion of social housing.

- Following the Commonwealth Government's announcement of Nation Building funding of \$195 million in the East Kimberley, the Department undertook a joint assessment with the Commonwealth to determine the most effective infrastructure investments to meet the social and economic needs of the region. A package of social infrastructure initiatives in the health, education and training, housing, transport and community sectors was developed following consultation with government agencies and the community.
- The Department of State Development has provided support to the Department of Local Government and Regional Development on the Ord-East Kimberley Expansion Project and facilitated Commonwealth and State approvals in a coordination role with Landcorp.

MAJOR RESOURCE PROJECTS

The Department has focussed on supporting the successful development and expansion of significant resource and industry projects.

State Agreement Variations

Negotiation of variations to State Agreement Acts (SAAs) help match the changing needs of companies with the development objectives of the State.

Key State Agreement variations negotiated by the Department in 2008/09 include:

- A variation to the *Mineral Sands (Eneabba) Agreement 1975*. The variation enables Iluka Resources Limited to treat up to 600,000 tonnes per annum of heavy minerals concentrate, produced in South Australia, at its Narngulu facilities near Geraldton and extend the life of the operation for ten or more years.
- A variation to the *Iron Ore Processing (Mineralogy Pty Ltd) Agreement 2002*. This variation means that Mineralogy relinquishes exclusive rights to mining tenure over parts of Cape Preston, returning strategic coastal land for development for future multi-user port facilities.
- A variation to the Diamond (Argyle Diamond Mines Joint Venture) Agreement 1981. This variation allows mining to progress to an underground operation and will extend the life of the mine from 2013 to 2024.

PROJECT FACILITATION

The Department facilitates approvals for major projects, which entails provision of advice, assistance and advocacy with State regulatory agencies. Major approvals facilitated in 2008/2009 include:

- The Galaxy lithium mine and processing plant at Ravensthorpe which will produce a lithium project of international scale and will result in employment and community development at Ravensthorpe and Hopetoun.

- Apache's Devil Creek gas plant, which will diversify the State's domestic gas supply and provide energy to the major magnetite developments at Cape Preston.
- Cockburn Cement Limited's medium term and long term shell sand dredging operations in Owen Anchorage. Extension of this activity secures the long term availability of feedstock for local manufacture of cement and lime for the construction and resources sectors.
- Harriet Point (Finucane Island) and the construction of two new port berths which are part of BHP Billiton's planned expansions to take the company's Pilbara iron ore capacity to 205 mtpa by mid 2011.
- Major expansions of the Sino Iron and Fortescue Metals Group iron ore mines and associated infrastructure in the Pilbara. The expansion secured the additional approvals for new mines and infrastructure for two new companies in the WA iron ore industry.
- Atlas Iron Limited, which is the first of the Pilbara 'juniors' to commence production of iron ore, shipping hematite from its Pardoo project in December 2008. The potential combined tonnage of these junior miners is comparable with that of the Fortescue Metals Group and has royalty and employment implications for the State.

WESTERN AUSTRALIAN GLOBAL NETWORK (WAGN)

The Department worked to promote and attract international investment in strategic resources and industry. Achievements include projects and supporting the growth of the State's export industries in Australia, Indonesia, Europe, India, China, Japan and South Africa.

In accordance with requirements of Department of Treasury and Finance, a revised key performance indicator (KPI) reporting system for WAGN was implemented in late 2007 to measure the contribution of the WAGN offices to the State. This reporting system comprises three KPIs.

The results against these indicators are provided in Table 1.

Table 1: Results for the 2008/09 WAGN efficiency indicators		
	2007/08	2008/09
Indicator 1: Events and activities undertaken	840	1135
Indicator 2: Market intelligence	744	1162
Indicator 3: Inbound investment facilitated	278	356

PERFORMANCE INDICATORS

The performance indicators in this report help evaluate the Department of State Development's performance in achieving its desired outcomes. Following is a snapshot of the agency's financial and non-financial performance for 2008/09.

The Department was established on 1 January 2009 and therefore Targets were not in place or reported for the 2008/09 reporting period.

FINANCIAL PERFORMANCE

Table 1 provides a summary of the Department's financial performance for 2008/09

Table 1: Summary of financial performance for 2008/09	
Financial Targets	2008/09 Actual \$'000
Total Cost of Service (i.e. Endorse Expense Limit)	16,427
Net Cost of Service (details in the Income Statement)	14,596
Total equity (details in Balance Sheet)	15,163
Net Increase/ (decrease) in cash held (details in the cash Flow Statement)	17,795
Approved Full Time Equivalent (FTE) staff level	165

NON-FINANCIAL KEY PERFORMANCE INDICATORS

Effectiveness Indicators

Table 2 provides a summary of the department's non-financial performance relating to key effectiveness indicators for 2008/09.

Table 2: Results for the 2008/09 key effectiveness indicators	
Effectiveness Indicator	2008-09 Actual
Extent to which agreed milestones for Major State Initiatives are achieved	84.6%
Stakeholder rating of investment and development services	79.5%
Stakeholder rating of project facilitation and approvals	73.5%

Efficiency Indicators

Table 3 provides a summary of the department's non-financial performance relating to key efficiency indicators for 2008/09.

Table 3: Results for the 2008/09 key efficiency indicators	
Efficiency Measure	2008/09 Actual \$
Average cost per project facilitated	\$58,659
Average cost per Major State Initiative	\$1,152,379

More detailed information on all performance indicators is reported in the Disclosures and Legal Compliance section of this report.

■ ■ ADDRESSING SIGNIFICANT ISSUES IMPACTING THE AGENCY ■ ■

The 2008/09 year was a time of uncertainty and turmoil for markets and industry along with Governments and communities across the globe. Global financial market fluctuations in late 2008 had immediate ramifications for global economic growth in 2008/09. Severe shocks to the economy led world leaders to focus on fiscal and economic stimulus measures to stem ongoing economic decline.

With its strong reliance on international trade, Western Australia was not immune to the impact, experiencing constraints on access to finance and reduced demand for resources. Western Australia stood up well to these challenging conditions and is well placed to prosper through a number of major projects over the next few years. This reflects our important role as a reliable supplier of resources to the world's growing economies, most notably China.

In this context the Department of State Development has sought to establish itself as a leader, helping to keep large projects on track, minimise overall impacts and to be alert to opportunities to position the State for future development as the economic climate improves.

A number of key themes are guiding our activity:

- Identifying and supporting strategic infrastructure;
- improving approvals processes;
- facilitating major projects; and
- maximising investment and export opportunities

There is a strong community expectation that major projects will be delivered in a sustainable way, taking into account environmental and social impacts as well as the economic dimension. Consequently the Department is becoming increasingly involved in looking holistically at projects and particularly at how these projects impact on communities and regions.

A continued focus of the Department will be on promoting opportunities for Western Australian businesses and Western Australian workers to benefit from the myriad of opportunities offered by continued development, while ensuring Western Australia is able to compete effectively in a global economic environment.

Identifying and supporting strategic infrastructure

We are taking decisive action to address the need for strategic infrastructure to support development of our major projects. Examples include:

- addressing the complex array of infrastructure required to support the Oakajee port, rail and industrial estate project. Over the coming year, this work will focus on supporting the project to bankable feasibility and working with miners, the port operator and others to align the production of ore with the availability of export facilities.
- progressing development of the Kimberley Browse LNG precinct to minimise the environmental footprint and assist potential proponents in making positive

investment decisions. The department has co-ordinated site selection, Aboriginal title and heritage negotiations and environmental and social impact assessments, for the project. The next twelve months will be critical as we move to finalise the Indigenous Land Use Agreement, secure a foundation proponent and finalise relevant approvals.

- working with Commonwealth Government agencies to allocate and manage the Commonwealth's \$195 million East Kimberley Development Package, which will provide key community and economic infrastructure in the areas of education, health, housing, community services and transport. While there is a need for work to proceed as quickly as possible, we are also looking to maximise the opportunities for local indigenous people to participate and build skills and capability.
- taking primary responsibility for coordinating strategic assessments of infrastructure needs, identifying potential projects and developing submissions for funding support under the Infrastructure Australia process. This extends to liaising with Commonwealth agencies regarding already funded projects such as the Northbridge Link and common user facilities at Oakajee as well as identifying potential future projects.

Ensuring the availability of appropriately located and zoned industrial land suitable for heavy industry is also pivotal to attracting major investment in processing and other industry. The Department is developing a heavy use (project ready) industrial land strategy to ensure a coordinated government process for statutory land based approvals such as heritage, planning, environmental and related approvals in key Western Australian strategic industrial areas. These include Ashburton North and Anketell in the Pilbara, Oakajee in the Mid West and Kemerton in the South West.

Improving approvals processes

The State Government has clearly signalled that it is pursuing fundamental change in the way the existing approvals system works, so as to increase Western Australia's attractiveness for resource sector and industrial development investment, while maintaining appropriate levels of regulatory control in areas such as protection of our environment.

As a consequence, the Department of State Development has been integrally involved in critically examining existing processes and looking at opportunities for reform. While some legislative change is likely in the longer term, the more immediate priority has been to look at what administrative changes might be instituted to cut down on red tape and improve the efficiency of the approvals system. This has caused us to examine our own ways of doing business, with a view to continuous improvement. We are taking the lead for all major resource and industrial projects across the State and will be looking to support proponents and assist them to work effectively with Government to enable projects to progress in a much more timely fashion.

Facilitating major projects

Among the major projects demanding significant attention over the coming year will be:

- the Perdaman Chemicals and Fertilisers' urea project near Collie, CITIC Pacific's Sino Iron and other iron ore projects in the Pilbara and approvals for development proposals and tenure required under the *Gorgon Joint Venture State Agreement and the Barrow Island Act 2003*.
- the proposed iron ore production joint venture by BHP Billiton and Rio Tinto, which will require significant changes to the State Agreements covering these operations. This will create an opportunity for the State Government to achieve its objective of implementing an appropriate and equitable royalty regime. Negotiating changes to these agreements has become a major focus for the department and will continue into the coming year.

Maximising investment and export opportunities

- Western Australia's main export markets in both the developed and emerging economies have been affected by the economic downturn, but tentative signs of recovery are apparent. The focus of the Government's overseas office network is to monitor Western Australia's key trading partners to capture opportunities for attracting strategic investment and developing export markets that contribute to the State's economic development.
- In difficult global economic conditions, maintaining Western Australia's profile as a reliable and competitive exporter and an attractive investment destination is critical to position the State for future growth. The department developed and co-ordinated the Western Australian Premier's first overseas visit, to Japan, which included meetings with key industry leaders and the Japanese Foreign Minister. It is developing a comparable itinerary for a visit to China early in the next financial year and continues to support and assist in organising overseas visits by other State Government ministers. One of the key themes of these visits is to promote Western Australia as a reliable trading partner and attractive destination for foreign investment.

■ ■ DISCLOSURES AND
LEGAL COMPLIANCE ■ ■



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

DEPARTMENT OF STATE DEVELOPMENT FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE PERIOD 1 JANUARY 2009 TO 30 JUNE 2009

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

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, and Summary of Consolidated Account Appropriations and Income Estimates for the period ended 30 June 2009, a summary of significant accounting policies and other explanatory Notes.

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

Director General's Responsibility for the Financial Statements and Key Performance Indicators

The Director General 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 www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.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.

Department of State Development

Financial Statements and Key Performance Indicators for the period 1 January 2009 to 30 June 2009

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Department of State Development at 30 June 2009 and its financial performance and cash flows for the period 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 Department 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 Department are relevant and appropriate to help users assess the Department's performance and fairly represent the indicated performance for the period 1 January 2009 to 30 June 2009.



COLIN MURPHY
AUDITOR GENERAL
18 September 2009

FINANCIAL STATEMENTS

DEPARTMENT OF STATE DEVELOPMENT CERTIFICATION OF FINANCIAL STATEMENTS FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009

The accompanying financial statements of the Department of State Development 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 period 1 January to 30 June 2009 and the financial position as at 30 June 2009.

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



Tom Bell
Chief Finance Officer
Date: 15 September 2009



Anne Nolan
Accountable Authority
Date: 15 September 2009

**DEPARTMENT OF STATE DEVELOPMENT
INCOME STATEMENT
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

	Note	2009 (\$'000)
COST OF SERVICES		
Expenses		
Employee benefits expense	7	8 676
Supplies and services	8	5 834
Depreciation	9	42
Accommodation expenses	10	1 239
Grants and subsidies	11	561
Other expenses	12	75
Total cost of services		<u>16 427</u>
Income		
Revenue		
Commonwealth grants and contributions	13	750
Other revenue	14	1 070
Total revenue		<u>1 820</u>
Gains		
Gain on disposal of non-current assets	15	11
Total Gains		<u>11</u>
Total income other than income from State Government		<u>1 831</u>
NET COST OF SERVICES		14 596
INCOME FROM STATE GOVERNMENT		
Service appropriation	16	19 397
Resources received free of charge		93
Total income from State Government		<u>19 490</u>
SURPLUS FOR THE PERIOD		<u><u>4 894</u></u>

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

**DEPARTMENT OF STATE DEVELOPMENT
BALANCE SHEET
AS AT 30 JUNE 2009**

	Note	2009 (\$'000)
ASSETS		
Current Assets		
Cash and cash equivalents	27	9 170
Restricted cash and cash equivalents	17	8 414
Receivables	18	1 485
Other current assets	20	<u>596</u>
Total Current Assets		<u>19 665</u>
Non-Current Assets		
Restricted cash and cash equivalents	17	211
Amounts receivable for services	19	68
Property, plant, equipment and vehicles	21	<u>1 292</u>
Total Non-Current Assets		<u>1 571</u>
TOTAL ASSETS		<u>21 236</u>
LIABILITIES		
Current Liabilities		
Payables	24	1 632
Provisions	25	<u>3 360</u>
Total current liabilities		<u>4 992</u>
Non-Current Liabilities		
Provisions	25	<u>1 081</u>
Total Non-Current Liabilities		<u>1 081</u>
TOTAL LIABILITIES		<u>6 073</u>
NET ASSETS		<u>15 163</u>
EQUITY		
Contributed equity	26	10 269
Accumulated surplus		<u>4 894</u>
TOTAL EQUITY		<u><u>15 163</u></u>

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

**DEPARTMENT OF STATE DEVELOPMENT
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

	Note	2009 (\$'000)
Balance of equity at start of period		-
CONTRIBUTED EQUITY	26	
Balance at start of period		-
Capital contribution		7 000
Other contributions by owners		3 269
Balance at end of period		<u>10 269</u>
ACCUMULATED SURPLUS	26	
Balance at start of period		-
Surplus for the period		4 894
Balance at end of period		<u>4 894</u>
Balance of equity at end of period		<u><u>15 163</u></u>
Total income and expense for the period ^(a)		<u>4 894</u>

(a) The aggregate net amount attributable to each category of equity is a surplus of \$4.894m

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

**DEPARTMENT OF STATE DEVELOPMENT
CASH FLOW STATEMENT
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

	Note	2009 (\$'000)
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation		19 309
Holding account drawdowns		20
Cash transfer from other State Government agencies		6 413
Royalties for Regions Fund		7 000
Net cash provided by State Government		32 742
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits		(7 724)
Supplies and services		(5 515)
Accommodation		(343)
Grants and subsidies		(561)
Other payments		(456)
GST payments on purchases		(712)
Receipts		
Grants and contributions		750
GST receipts on sales		141
GST receipts from taxation authority		52
Other receipts		570
Net cash used in operating activities	27	(13 798)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current physical assets		(1 160)
Proceeds from sale of non-current assets		11
Net cash used in investing activities		(1 149)
Net increase in cash and cash equivalents		17 795
Cash and cash equivalents at the beginning of the period		-
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	27	17 795

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

**DEPARTMENT OF STATE DEVELOPMENT
SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

	2009 Estimate \$'000	2009 Actual \$'000	Variance \$'000
DELIVERY OF SERVICES			
Net amount appropriated to deliver services	-	2 460	2 460
Section 25 transfer of service appropriation ^(a)			
- From DoIR to DSD	15 690	15 690	-
- From DPC (Office of Development and Co-ordination) to DSD	1 064	1 064	-
Amount authorised by Other Statutes			
Section 25 transfer of Salaries and Allowances Act 1975 appropriation:			
- From DMP to Department of State Development from 1 January 200	183	183	-
Total appropriations provided to deliver services ^(b)	16 937	19 397	2 460

(a) On 1 January 2009 the Department of State Development (DSD) was established following the restructure of the Department of Industry and Resources, designated Department of Mines and Petroleum (DMP).

(b) The variation is comprised of an increase in appropriation due to supplementary funding of \$4m for the Kimberley LNG precinct partially offset by repositioning of \$2m funding for Heritage and Community Liaison to 2010 and 2011.

The following tables summarises the expenses and revenues of the Department of State Development for the 2008/09 financial year. The tables disclose the expenditure and revenue transferred from the transferor agency including the expenditure and revenue attributable to the transferee agencies.

Transferred from the former Department of Industry and Resources (DoIR) to DSD.

	DoIR Jul - Dec 2008	DSD Jan - Jun 2009	Total 2008/09
	\$'000's	\$'000's	\$'000's
Expenses	15 801	16 274	32 075
Revenue	-	1 831	1 831

Office of Development and Approvals Co-ordination transferred from Department of Premier and Cabinet (DPC) to DSD.

	DPC Jul - Dec 2008	DSD Jan - Jun 2009	Total 2008/09
	\$'000's	\$'000's	\$'000's
Expenses	275	153	428
Revenue	1	-	1

**DEPARTMENT OF STATE DEVELOPMENT
SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS AND INCOME ESTIMATES
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

	2009 Actual \$'000
Details of Expenditure by Service (i)	
Industry Development and Investment Facilitation	16 427
Less total income	1 831
Net Cost of Services	14 596
Adjustment for movement in cash balances and other accrual items (ii)	4 801
Total appropriations provided to deliver services	19 397
Capital Expenditure	
Purchase of non-current physical assets	1 160
Adjustment for movement in cash balances and other funding sources (ii)	(1 160)
Capital Contribution (appropriation)	-
 DETAILS OF INCOME ESTIMATES	
Income disclosed as Administered Income	147

(i) Details of Expenditure estimates have not been disclosed as the Department was established on 1 January 2009.

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

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

As a result of Machinery of Government changes to the Department of Industry and Resources (DoIR), the Governor has under the Public Sector Management Act 1994 section 35(1)(a), established a new department and designated it as the Department of State Development with effect on and from 1 January 2009.

The Department of State Development is responsible for Industry Development and Investment Facilitation and a major portion of the State Economic Development Policy function which were part of the former DoIR.

1 Departmental mission and funding

The Department of State Development provides leadership to drive responsible development for Western Australia's future.

The Department is predominantly funded by Parliamentary appropriation. A net appropriation agreement between the Treasurer and the Accountable Authority is in place to allow the Department to retain its operating revenue.

2 Australian equivalents to International Financial Reporting Standards

General

The Department's financial statements for the period 1 January to 30 June 2009 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 Department 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).

Early adoption of standards

The Department 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 Department for the reporting period ended 30 June 2009.

3 Summary of significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the Framework, Statement 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 the 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.

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

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.

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), unless otherwise stated.

The judgements that have been made in the process of applying the Department's accounting policies, that have the most significant effect on the amounts recognised in the financial statements are disclosed, where applicable, at note 4 '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 have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed at note 5 'Key sources of estimation uncertainty'.

(c) Reporting Entity

The reporting entity comprises the Department.

The Department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to the function of the Department. These administered balances and transactions are not recognised in the principal financial statements of the Department but schedules are prepared using the same basis as the financial statements and are presented at note 39 'Administered expenses and income' and note 40 'Administered assets and liabilities'.

(d) Contributed Equity

AASB interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers, other than as a result of a restructure of administrative arrangements, 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 to Wholly Owned 'Public Sector Entities' and have been credited directly to Contributed Equity.

Transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 26 'Equity'.

Transfers of net assets to/from other agencies as a result of a restructure of administrative arrangements, are to be accounted for as distributions to owners and contributions by owners respectively. Refer to note 26 'Equity'.

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

(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:

Service Appropriation

Service Appropriations are recognised as revenues in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited into the Department's bank account or credited to the holding account held at the Department of Treasury and Finance. See note 16 'Income from State Government' for further details.

Grants and other non-reciprocal contributions

Revenue is recognised at fair value when the Department obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

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

Discount unwound on loan

Revenue is recognised on an accrual basis.

Gains

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

(f) Translation of foreign currency transactions

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

(g) Property, Plant and Equipment

Capitalisation/Expensing of assets

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

Initial recognition and measurement

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

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

Subsequent measurement

After recognition as an asset, the Department uses the cost model for all property, plant and equipment. All items of property, plant and equipment are carried at historical cost less accumulated depreciation and accumulated impairment losses.

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

Depreciation

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

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

Computer hardware	3 years
Motor vehicles	5 years
Furniture, plant and equipment	5 years

Computer Software

Proprietary computer software is not capitalised as it is not owned by the Department. The Department merely pays for a licence to use it.

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 are charged as expenses when they are incurred unless they relate to the acquisition or development of an asset when they may be capitalised and amortised. Generally, costs in relation to feasibility studies during the planning phase of a web site, and ongoing costs of maintenance during the operating phase are expensed.

(h) Impairment of Assets

Property, plant and equipment 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 Department is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, 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 costs.

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

See note 22 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 3(o) 'Receivables' and note 18 'Receivables' for impairment of receivables.

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

(i) Leases

The Department has entered into a number of operating lease arrangements for the rent of 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) Financial Instruments

In addition to cash, the Department has two categories of financial instruments:

- Loans and receivables;
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Restricted cash and cash equivalents
- Receivables
- Amounts receivable for services

Financial Liabilities

- Payables

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

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

(k) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These are comprised of cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value. Also includes non-current cash - refer note 17(b).

(l) Amounts Receivable for Services (Holding Account)

The Department receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid 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 16 'Income from State Government' and note 19 'Amounts receivable for services'.

(m) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable 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 25 'Provisions'.

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

(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 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 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 Department 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) in accordance with legislative requirements administers public sector superannuation arrangements in WA.

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

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 Department makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS 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 share.

(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 Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. See note 12 'Other Expenses' and note 25 'Provisions'.

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

(n) Superannuation Expense

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

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

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.

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

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

(o) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Department 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 3(j) 'Financial Instruments' and note 18 'Receivables'.

(p) Accrued salaries

The accrued salaries suspense account (refer note 17 'Restricted cash and cash equivalent') 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 11th year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 24 'Payables') represent the amount due to staff but unpaid at the end of the financial year as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(q) Payables

Payables are recognised when the Department 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.

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

(r) Resources received free of charge or for nominal value

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

(s) Comparative figures

Comparative figures have not been included as the Department was created 1 January 2009. Refer to the first paragraph of the notes to the statements.

4 Judgements made by management in applying accounting policy

There were no judgements made in the process of applying accounting policies that could have a significant effect for the 2008/09 financial year.

5 Key sources of estimation uncertainty

There were no key estimates and assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

6 Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008:

Review of AAS 27 'Financial Reporting by Local Governments', AAS 29 'Financial Reporting by Government Departments' and AAS 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';
AASB 1050 'Administered Items';
AASB 1051 'Land Under Roads';
AASB 1052 'Disaggregated Disclosures';

AASB 2007-09 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137];

Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. The new and revised Standards and Interpretation make some modifications to disclosures and provide additional guidance, otherwise there is no financial impact.

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

Future impact of Australian Accounting Standards not yet operative

The Department 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 Department has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. Where applicable, the Department plans to apply these Standards and Interpretations from their application date:

Title	Operative for reporting periods beginning on/after
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 Department does not expect any financial impact when the Standard is first applied.	1 January 2009
AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Department where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Department does not expect any financial impact when the Standard is first applied prospectively.	1 July 2009
AASB 2009-2 'Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]'. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. The Department does not expect any financial impact when the Standard is first applied.	1 January 2009

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

	2009 (\$'000)
7 Employee benefits expense	
Wages and salaries and non monetary benefits ^(a)	6 596
Superannuation - defined contribution plans ^(b)	573
Long service leave ^(c)	701
Annual leave ^(c)	806
	8 676
	8 676
<p>(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.</p> <p>(b) Defined contribution plans include West State, Gold State and GESB Super Scheme (contributions paid).</p> <p>(c) Includes a superannuation component.</p> <p>Employment on-costs such as workers' compensation insurance are included at note 12 'Other Expenses'. The employment on-costs liability is included at note 25 'Provisions'.</p>	
8 Supplies and services	
Consultants and contractors	4 509
Advertising and promotion	221
Travel	248
Communication	71
Consumables	259
Maintenance	45
Lease payments	14
Insurance	18
Printing	49
Other staff costs	267
Other	133
	5 834
	5 834
9 Depreciation and amortisation expense	
<u>Depreciation</u>	
Furniture, plant and equipment	2
Computer hardware and software	15
Vehicles	25
Total depreciation	42
	42
10 Accommodation expenses	
Lease rentals	1 132
Repairs and maintenance	5
Cleaning	5
Electricity	15
Other accommodation expenses	82
	1 239
	1 239
11 Grants and subsidies	
Australia China Natural Gas Technology Partnership Fund	490
Other	71
	561
	561

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

	2009 (\$'000)
12 Other expenses	
Net loss on foreign currency exchange	66
Employment on-costs ^(a)	9
	75
<p>(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 25 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-</p>	
13 Grants and contributions	
Commonwealth grants received	750
	750
<p>Mainly represents funding received from the Commonwealth Government for the Australia China Natural Gas Technology Partnership Trust Fund. See note 37.</p>	
14 Other revenues	
Special purpose account revenue ^(a)	1 000
Miscellaneous revenue	70
	1 070
<p>(a) Represents funding received from Industry for the Australia China Natural Gas Technology Partnership Trust Fund. See note 37.</p>	
15 Net gain on disposal of non-current assets	
<u>Written down value of Non-Current assets disposed</u>	
Plant equipment and vehicles	-
<u>Proceeds from Disposal of Non-Current Assets</u>	
Plant equipment and vehicles	11
Net gain on disposal	11
16 Income from State Government	
Appropriation received during the year:	
Service appropriations ^(a)	19 397
	19 397
<p>Resources received free of charge has been determined on the basis of the following estimates provided by agencies ^(b).</p>	
State Solicitors Office	
- legal services	93
	93
	19 490
<p>(a) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.</p>	

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
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**2009
(\$'000)**

- (b) Where assets or services have been received free of charge or for nominal cost, the Department recognises revenues equivalent to the fair value of the assets and/or fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable. Where the contribution of assets or services are in the nature of contributions by owners, the Department makes the adjustment direct to equity.

17 Restricted cash and cash equivalents

Current	
Australia China Natural Gas Technology Partnership Trust Fund ^(a)	2 498
Royalties for Regions ^(b)	5 916
	8 414
<u>Non-current</u>	
Accrued salaries suspense account ^(c)	211
	211

- (a) The trust is to hold funds for the purpose of training Chinese managers from the natural gas industry in China, as well as joint Australia/China research programs. Training will be conducted in both countries.

- (b) Capital works funded from the Royalties for Regions Fund for the Ord River Scheme East Kimberley expansion stage 2.

- (c) The amount held in this suspense account is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

18 Receivables

Current	
Trade debtors	932
Sundry debtors	71
GST receivable	482
Total Current	1 485

The Department does not hold any collateral as security or other credit enhancements relating to receivables.

19 Amounts receivable for services

Current		-
Non-current		68
		68

This asset represents the non-cash component of service appropriations. See note 3 (l) 'Amounts receivable for services (Holding Account)'. It is restricted in that it can only be used for asset replacement or payment of leave liability.

20 Other assets

Current	
Refundable rental bonds on overseas accommodation	91
Prepayments	505
	596

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

**2009
(\$'000)**

21 Property, plant, equipment and vehicles

Furniture, plant and equipment - at cost	2
Accumulated depreciation	<u>(2)</u>
	-
Computer hardware and software - at cost	42
Accumulated depreciation	<u>(15)</u>
	27
Vehicles - at cost	206
Accumulated depreciation	<u>(25)</u>
	181
Works in progress - at cost ^(a)	1 084
Total of property, plant, equipment and vehicles	<u><u>1 292</u></u>

^(a) Ord River Expansion project development costs

22 Impairment of assets

There were no indications of impairment of property, plant and equipment at 30 June 2009.

The Department held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

23 Reconciliation of Property, plant, equipment and vehicles

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current and previous financial year are set out below:

As at 30 June 2009

	Furniture, plant and equipment	Computer hardware	Vehicles	Works In Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of period	-	-	-	-	-
Additions	-	16	60	1 084	1 160
Transfers ^(a)	2	26	146	-	174
Depreciation	(2)	(15)	(25)	-	(42)
Carrying amount at end of year	-	27	181	1 084	1 292

^(a) This includes transfers of assets from DoIR in accordance with the Machinery of Government restructure.

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

	2009 (\$'000)
24 Payables	
Current	
Trade payables	1 016
Accrued Salaries	204
Accrued expenses	412
	1 632
25 Provisions	
Current	
Employee benefits provisions	
Annual leave ^(a)	1 484
Long service leave ^(b)	1 848
	3 332
Other provisions	
Employment on-costs Provision ^(c)	28
	28
	3 360
Non-current	
Employee benefits provisions	
Long service leave ^(b)	1 064
Deferred salary scheme	8
	1 072
Other provisions	
Employment on-costs Provision ^(c)	9
	9
	1 081
(a) Annual leave liabilities, including superannuation, 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	827
More than 12 months after balance sheet date	657
	1 484
(b) Long service leave liabilities, including superannuation, 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	1 422
More than 12 months after balance sheet date	1 490
	2 912
(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation insurance and excluding superannuation. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed at note 12 'Other expenses'.	
<u>Employment on-cost provision</u>	
Carrying amount at start of year	-
Amount transferred in	28
Additional provisions recognised	15
Payments/other sacrifices of economic benefits	(6)
Carrying amount at end of year	37

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

**2009
(\$'000)**

26 Equity

Equity represents the residual interest in the net assets of the Department. The Government holds the equity interest in the Department on behalf of the community. The asset revaluation reserve represents that portion of equity resulting from the revaluation of non-current assets.

Contributed equity

Balance at the start of the year	-
Contributions by owners	
Capital contributions ^(b)	-
Other contributions by owners:	
Royalties for Regions	7 000
Transfer of net assets from other agencies ^{(a) (c)}	
Office of Development and Approvals Co-ordination from DPC ^(d)	144
Net Assets transferred from DoIR ^(e)	3 125
Total contributions by owners	10 269
Balance at end of the year	10 269

(a) Under AASB 1004 'Contributions', transfer of net assets as a result of a restructure of administered arrangements are to be accounted for as contributions by owners and distribution to owners.

(b) Under the Treasurer's instruction TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' Capital Contributions (appropriations) have been designated as contributions by owners in accordance with AASB Interpretation 1038 'Contribution by Owners Made to Wholly-Owned Public Sector Entities'.

(c) Under TI 955, non-discretionary (non-reciprocal) transfers of net assets between State government agencies have been designated as contributions by owners in accordance with AASB Interpretations 1038, where the transferee agency accounts for a non-discretionary (non-reciprocal) transfer of net assets as a contribution by owners and the transferor agency accounts for the transfer as a distribution to owners.

(d) Assets and liabilities transferred from DPC.

Cash and restricted cash	295
Other Assets	1
Total Assets	296
Employee benefits	152
Total Liabilities	152
Net Assets	144

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

	2009 (\$'000)
(e) <u>Assets and liabilities transferred in from DoIR</u>	
Cash and restricted cash	6 118
Property Plant and Equipment	174
Other Assets	215
Total Assets	6 507
Employee benefits	3 382
Total Liabilities	3 382
Net Assets	3 125
Accumulated surplus	
Balance at the start of the year	-
Result for the period	4 894
Balance at the end of the year	4 894
Total equity	15 163

27 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 the related items in the Balance Sheet as follows:

Cash on hand	21
Operating account	9 149
Cash and cash equivalents	9 170
Restricted cash assets (refer note 17)	8 625
Total cash	17 795

Reconciliation of net cost of services to net cash flows used in operating activities

Net cost of services	(14 596)
Non-cash items	
Depreciation expense	42
Resources received free of charge	93
Net (gain)/loss on disposal of non-current assets	(11)
(Increase)/Decrease in assets	
Current Receivables	(1 002)
Other assets	(381)
Increase/(Decrease) in liabilities	
Current Payables	1 632
Provisions - Employee benefits	908
Net GST payments	(519)
Change in GST in receivables/payables	36
Net cash used in operating activities	(13 798)

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

**2009
(\$'000)**

At the balance sheet date the Department had fully drawn on all financing activities, details of which are disclosed in the financial statements.

28 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	246 000
Later than 1 year and not later than 5 years	132 916
Later than 5 years	-
	378 916

The capital commitments include amounts for:

Royalties for Regions - Ord River Project	378 916
	378 916

Lease commitments

The Department has a number of property leases for its operations both within the State and for overseas representative offices. The leases have various terms and conditions and expiry dates including rent reviews.

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

Within 1 year	2 189
Later than 1 year and not later than 5 years	7 456
Later than 5 years	1 402
	11 047

Representing:

Non-cancellable operating leases	11 047
----------------------------------	--------

These commitments are exclusive of GST.

29 Contingent liabilities and contingent assets

Contingent liabilities:

There are no known contingent liabilities.

Contingent assets:

There are no known contingent assets.

30 Events occurring after the balance sheet date

No known event occurred after the balance sheet date which materially affects the results reflected in these financial statements.

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

**2009
(\$'000)**

31 Remuneration of senior officers

Remuneration

The number of senior officers whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

	<u>2009</u>
\$20 001 to \$30 000	1
\$30 001 to \$40 000	4
\$40 001 to \$50 000	1
\$50 001 to \$60 000	4
\$60 001 to \$70 000	1
\$140 001 to \$150 000	1

The total remuneration of senior officers is:

635

The total remuneration includes the superannuation expense incurred by the Department in respect of senior officers.

The Department of State Development was created on the 1 January 2009. The figures represent only 6 months of the financial year.

32 Remuneration of Auditor

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

Auditing the accounts, financial statements and performance

39

33 Explanatory Statement

An explanatory statement of significant variances between estimate and actual results has not been provided as the Department was newly created on 1 January 2009.

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

34 Financial instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Department are cash and cash equivalents, restricted cash and cash equivalents, receivables, and payables. All of the Department's cash is held in the public bank account (non-interest bearing) apart from restricted cash held in a special purpose account. The Department has limited exposure to financial risks. The Department's overall risk management program focuses on managing the risks identified below.

Credit risk

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

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of these assets inclusive of any provisions for impairment, as shown in the table at note 34(b).

Credit risk associated with the Department's financial assets is minimal. For receivables other than to government, the Department trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Department's exposure to bad debts is minimal. At the balance sheet date there were no significant concentrations of credit risk.

Allowance for impairment of financial assets is calculated based on objective evidence such as observable data indicating changes in client credit ratings. For financial assets that are either past due or impaired, refer to Note 34(c) Financial Instruments Disclosures.

Liquidity risk

Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due. The Department is exposed to liquidity risk through its trading in the normal course of business.

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Department's income or the value of its holdings of financial instruments. The Department does have limited exposure to foreign currency risk as it holds funds overseas for the operations of its overseas representative trade offices. It is not materially exposed to other price risks. Other than as detailed in the interest rate sensitivity analysis table at Note 34(c), the Department is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing.

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2009 \$000
Financial Assets	
Cash and cash equivalents	9 170
Restricted cash and cash equivalents	8 625
Loans and receivables ⁽ⁱ⁾	1 071
Financial Liabilities	
Financial liabilities measured at amortised cost	1 632

(i) Excludes GST recoverable from the ATO (statutory receivable)

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

34 (b) Financial Instrument disclosures

Credit Risk and Interest Rate Risk Exposures

The following tables disclose the Department's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Department's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown below. The table discloses the ageing of financial assets past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Department.

The Department does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets (a)

	Weighted Average Effective Interest Rate	Carrying Amount	Interest Rate Exposure		Past due but not impaired						Impaired financial assets	
			Variable Interest Rate	Non-interest Bearing	up to 3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years		More than 5 years
2009	%		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Assets												
Cash and cash equivalents	-	9 170	-	9 170	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	8 625	-	8 625	-	-	-	-	-	-	-	-
Receivables (a)	-	1 003	-	1 003	626	-	-	-	-	-	-	-
Amounts receivable for services	-	68	-	68	-	-	-	-	-	-	-	-
		18 866	-	18 866	626	-	-	-	-	-	-	-

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

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

Liquidity Risk

The following tables details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes both interest and principal cash flows.

Interest rate exposures and ageing analysis of financial liabilities

	<u>Interest Rate Exposure</u>				<u>Maturity dates</u>						
	Weighted Average Effective Interest Rate	Carrying Amount	Variable Interest Rate	Non-interest Bearing	up to 3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
2009	%		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial Liabilities											
Payables	-	1 632	-	1 632	-	-	-	-	-	-	-
		1 632	-	1 632	-	-	-	-	-	-	-

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

Fair Values

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

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

35 Related bodies

The Department had no related bodies as defined in the Financial Management Act 2006 and Treasurer's Instruction 951.

36 Affiliated bodies

The Department had no affiliated bodies.

**DEPARTMENT OF DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

**2009
\$'000**

37 Special Purpose Accounts

Special Purpose Account - section 16 (1) of the Financial Management Act 2006

Special Projects Fund

The account was created to hold funds for the purpose of participating in significant projects with other countries, the Commonwealth and the private sector to the mutual benefit of the other participants and the State of Western Australia.

Opening Balance transferred from DoIR on 1 January 2009	1 215
<u>Add</u> receipts	-
<u>Less</u> payments	-
Closing Balance 30 June	1 215

Australia China Natural Gas Technology Partnership Trust Fund

The account is to hold funds for the purpose of training Chinese managers from the natural gas industry in China, as well as joint Australia/China research programs. Training will be conducted in both countries.

Opening Balance transferred from DoIR on 1 January 2009	2 062
<u>Add</u> receipts	
Contribution from Government	750
Contribution from Industry	500
	1 250
<u>Less</u> payments	
Salaries	62
Consultants	17
Accommodation	57
Grants - Training	490
Allowances	47
Other payments	141
	814
Closing Balance 30 June	2 498

From 1 January 2009 this function transferred from DoIR to Department of State Development.

**DEPARTMENT OF DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
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**2009
\$'000**

38 Supplementary financial information

Losses Through Theft, Defaults and Other Causes

Losses of public moneys and public or other property through theft or default
Amount recovered

-

-

Write Offs

During the year the following amounts were written off under the authority of:

The Accountable Authority
The Minister
Executive Council

-
-
-

-

Gifts of Public Property

Gifts of public property provided by the Department

-

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

39. Disclosure of Administered Income and Expenses by Service

	2009 \$'000
COST OF SERVICES	
Expenses	
Grants and subsidies ^(a)	9 271
Total administrative expenses	<u>9 271</u>
Income	
Other income	147
Total administered revenue	<u>147</u>

^(a) Mainly includes Burrup seawater pipeline subsidy \$8.073m

**DEPARTMENT OF STATE DEVELOPMENT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD 1 JANUARY TO 30 JUNE 2009**

40 Administered assets and liabilities ^(c)	2009 \$'000
Current Assets	
Cash and cash equivalents	3 991
Restricted cash ^(b)	1 215
Total Administered Current Assets	5 206
Non-Current Assets	
Receivables ^(a)	5 365
Total Administered Non-Current Assets	5 365
Total administered assets	10 571
Current Liabilities	
Accounts payable	259
Total Administered Current Liabilities	259
Total Administered Liabilities	259

^(a) This mainly represents a loan receivable from a company due in 2011.

^(b) Special projects fund refer to note 37 'Special Purpose Accounts'.

^(c) Assets transferred in from DoIR

Cash and restricted cash	14 185
Loan receivable	5 219
Other Assets	33
Total Assets	19 437

Administered Contingent Liabilities and Assets

There are no known administered contingent assets and liabilities.

KEY PERFORMANCE INDICATORS

DEPARTMENT OF STATE DEVELOPMENT CERTIFICATION OF KEY PERFORMANCE INDICATORS

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of State Development's performance and fairly represent the performance of the Department of State Development for the financial year ended 30 June 2009.



Anne Nolan
Director General
DEPARTMENT OF STATE DEVELOPMENT
17 September 2009

KEY PERFORMANCE INDICATORS

A review of the Department's desired outcome was undertaken during the 2008/09 reporting year, following the establishment of the department on 1 January 2009, the transfer of functions from the former Department of Industry and Resources and the allocation of new roles to the Department in 2009. As a consequence comparatives are not available and not reported.

The table below illustrates the relationship between the Department of State Development's desired outcome and the most appropriate Government goal.

State Government's Strategic Goal
State Building – Major Projects:
Building strategic infrastructure that will create jobs and underpin Western Australia's long term economic growth.
Agency Level Desired Outcome
Responsible industry development and resource investment.
Service
Industry Development and Investment Facilitation

Changes to Outcome Based Management Framework

The Department of Treasury and Finance Outcome Structure Review Group endorsed the proposed structure on 10 March 2009 for the 2008/09 annual reporting period.

This Department will conduct a further review of its Outcome Based Management Structure for the 2010/11 budget process.

Audited Key Effectiveness Indicators

Effectiveness indicators provide information to the extent to which outcomes have been achieved through the funding and production of agreed services. The Department has three effectiveness indicators measured against the single Service.

AGENCY LEVEL DESIRED OUTCOME
Responsible industry development and resource investment.
Effectiveness Indicators
<ul style="list-style-type: none"> • Extent to which agreed milestones for Major State Initiatives are achieved • Stakeholder rating of investment and development services • Stakeholder rating of project facilitation and approvals

	Target 2008/09	Actual 2008/09
Extent to which agreed milestones for Major State Initiatives are achieved	N/A	84.6%

The Department was established on 1 January 2009 and a new Outcome Based Management structure was developed. As such Targets were not in place or reported for the 2008/09 reporting period and no comparative data for this indicator is available.

The department coordinates major state initiatives as identified by Government. These initiatives are of significant benefit to Western Australia and often require years of planning and negotiation. Milestones that are scheduled within a financial year are identified at the commencement of that year, enabling the Department to report on the status of the initiative.

	Target 2008/09	Actual 2008/09
Stakeholder rating of investment and development services	N/A	79.5%
Stakeholder rating of project facilitation and approvals	N/A	73.5%

The Department was established on 1 January 2009 and a new Outcome Based Management structure was developed. As such Targets were not in place or reported for the 2008/09 reporting period and no comparative data for this indicator is available.

The stakeholder effectiveness indicators are modified measures previously used by the former Department of Industry and Resources and continue to be measured in the Department using stakeholder surveys conducted by an independent market research company.

Stakeholders are selected from a cross section of agency contacts represented by Government departments, Local Government bodies, peak industry representative bodies, businesses and resource and non-resource companies. The Department provided an extensive list of such contacts to an independent market research company which conducted telephone interviews.

The interview included questions addressing the level of stakeholder satisfaction with the Department's investment and development services and questions addressing the level of stakeholder satisfaction with project facilitation and approvals including infrastructure planning, project coordination and assistance with approvals. The number of interviews conducted (202) exceeded the number required to ensure 95% certainty that the results were within a 3.45% error margin (158).

Audited Key Efficiency Indicators

Efficiency indicators relate services to the level of resource inputs required to produce them.

SERVICE
Industry Development and Investment Facilitation.
Efficiency Indicators
<ul style="list-style-type: none"> • Average cost per project facilitated • Average cost per identified Major State Initiative

The efficiency key performance indicators reflect the agency structure within a single Service and differentiate between resource and industry projects/programs and major State projects as identified by Government.

	Target 2008/09	Actual 2008/09
Average cost per project facilitated	N/A	\$58,659

The Department was established on 1 January 2009 and a new Outcome Based Management structure was developed. As such Targets were not in place or reported for the 2008/09 reporting period and no comparative data for this indicator is available.

The number of projects used in the calculation of “average cost per project facilitated” is the total sum of the numbers of

- industry infrastructure projects,
- resource development projects,
- major resource projects,
- international business programs, and
- investment projects facilitated and/or delivered

These form part of core business of the Department and exclude those projects which have been identified as significant by Government.

	Target 2008/09	Actual 2008/09
Average cost per identified Major State Initiative	N/A	\$1,152,379

The Department was established on 1 January 2009 with new functions relating to Major State Initiatives. Therefore Targets were not in place or reported for the 2008/09 reporting period and no comparable data for this indicator is available.

The “average cost per Major State Initiative” is calculated by identifying key elements for each of the overarching project areas:

- Kimberley LNG,
- Ord River Expansion,
- Oakajee, and
- Infrastructure Australia.

OTHER FINANCIAL DISCLOSURES

In accordance with TI 903, this subsection includes information about pricing policies, major capital projects and employees.

Pricing Policies of Services Provided

The Department does not provide any goods and services for which fees are charged.

Capital Projects

The second stage of the Ord River Scheme involving economic infrastructure associated with irrigation and roads, as well as education, health and community infrastructure will be completed over the next 3 years. The estimated cost of the project is \$380 million.

Employment and Industrial Relations

Comparative FTE Allocation by Category	
Permanent Full Time	131.00
Contract Full Time	15.90
Permanent and Contract Part Time	9.64
Seconded In	0.00
Seconded Out	4.00
TOTAL	160.54

Industrial Relations

The majority of departmental staff are employed under the *Public Service General Agreement 2008* with one staff member employed under the *Government Services (Miscellaneous) General Agreement 2005* and three employed under the Salaries and Allowances Tribunal. There were no significant industrial relation issues during 2008/09.

The Department’s Payroll services are delivered by Department of Mines and Petroleum under a Service Level Agreement.

GOVERNANCE DISCLOSURES

SENIOR OFFICERS

This year there were no disclosures from Senior Officers in relation to any interests in firms or entities that may have existing or proposed contacts with the Department.

OTHER LEGAL REQUIREMENTS

ADVERTISING

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

Advertising Agencies	Nil
Media Advertising Organisations	
Media Decisions/AdCorp/Marketforce	\$34,506
Miscellaneous Business Directories	\$22,548
	\$57,054
Market Research Organisations	
Just Wealth Consulting Inc.	\$10,000
Madras Consultancy Group	\$7,600
Australian Mining Technology Services and Equipment (MTSE)	\$10,000
	\$27,600
Polling Organisations	\$Nil
Direct Mail Organisations	\$Nil
Total Expenditure	\$84,654

DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

The Department is committed to ensuring that people with disabilities, their families and carers are able to fully access the Department's services and facilities (both in-house and contracted), providing them with the same opportunities, rights and responsibilities, enjoyed by all people in the community.

In compliance with the *Disability Services Act 1993*, the Department is currently developing its Disability Access and Inclusion Plan (DAIP) 2009-14.

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

Human Resource Management Standards

All Human Resources policies and procedures are in line with Public Sector Standards in Human Resource Management and are readily available to employees on the intranet. The Department's Human Resources Delegations' Framework has been developed and implemented to enable effective management practices. There has also been a focus on improving

business efficiencies with the implementation of electronic processes and systems, including recruitment request forms; a job description form database for all Departmental positions; exit interview reporting capacity improvements; and electronic leave applications. The Department's Grievance Resolution Policy and Procedure has been updated to ensure grievances are resolved promptly and effectively. No formal grievances were lodged in 2008-09.

Staffing Policies

Since establishment, the Department has developed and implemented a new organisational structure to enable it to meet Government objectives. This has included the classification of the executive structure and planning an executive recruitment campaign.

Recruitment

The Department's approach to recruitment has been aimed at attracting people who want to become part of the new organisation and who want to help shape and deliver its objective to be a lead agency across Government, driving responsible development of the State.

All staff recruitment is performed in accordance with the Public Sector Standards in Human Resource Management and the approved procedures under the *Public Sector Management Act 1994*.

Training in recruitment and selection processes including the Public Sector Standards Human Resources has been provided to managers via group training sessions and individually as appropriate. No breach claims were received in 2008-09 against the Recruitment, Selection and Appointment Standard.

The Department has youth employment initiatives including Graduate and Business Trainee Programs in place.

Staff Development

The Department has a commitment to professional development for its employees. We aim to build a highly skilled, professional and ethical workforce with the ability to adapt to changing business, technology and environmental needs.

RECORDKEEPING PLANS

Upon establishment of the Department, a Record Keeping Plan was developed to meet the requirements of the *State Records Act 2000*. A number of issues were addressed, including requirements relating to the Retention and Disposal Schedule. The Department is aware of the importance of the data within its remit and is working to ensure that its Record Plan fully complies with requirements. At the time of publication the draft document had been submitted to the State Records Office for review, consideration and feedback.

In keeping with the requirements of the *State Records Act 2000*, the Department commenced developing records

management policies and procedures and training and induction programs for all staff. The implementation program will continue throughout 2009-10.

A Box Management Module has been implemented in the Records System and plans are underway to scan and index State Agreement Acts, incorporating them into the Electronic Records Archives to ensure digital copies are available in the event of a disaster.

MINISTERIAL DIRECTIVES

No formal Ministerial Directives applied to the Department during the reporting year.

GOVERNMENT POLICY REQUIREMENTS

CORRUPTION PREVENTION

The Department is committed to creating and maintaining a work environment that supports ethical behaviours, that actively discourages potentially corrupt acts and deals promptly and fairly with instances of misconduct.

The Department is currently updating the Code of Conduct, to provide employees with guidelines and support in their day to day work life. Included in the Code is a range of references to the Public Sector Code of Ethics, as well as specific references to Policies and Procedures relating to integrity, misconduct and reporting.

The Public Sector Code of Ethics and Department Code of Conduct is included as part of all staff inductions and is accessible to all employees on the Intranet. Workplace Conduct Awareness Training has been conducted for all staff of DSD, with 91.3% having attended the training to date. The training raised awareness in ethical decision making, the Public Sector Code of Ethics, Department Code of Conduct and *Public Interest Disclosure Act 2003*.

Details of the Department's Public Interest Disclosure Policy, Procedures and Public Sector Disclosure Officers are available on the intranet. The Department has received no public interest disclosure applications in 2008-09

There is a range of options available for staff to report matters where they may consider corrupt or improper conduct has occurred. These are communicated in various forums including the staff induction program, the Department's Intranet, internal news articles, management information sessions and communication from Executive Officers and the Director General.

SUBSTANTIVE EQUALITY

The Department is committed to implementing the Policy Framework for Substantive Equity in accordance with Premiers Circular 2009 -23.

OCCUPATIONAL SAFETY, HEALTH AND INJURY MANAGEMENT

The Department is committed to developing a safety culture at all levels of the organisation. All policies and procedures are currently being reviewed to ensure best practice standards are incorporated including the injury management requirements of the *Worker's Compensation and Injury Management Act 1981*. All policies, procedures and forms are available to staff on the Department's Intranet.

The Department has elected safety and health representatives as provided for under the *Occupational Safety and Health Act 1984*. The representatives provide a valuable role in hazard management and a mechanism for consulting with staff on occupational safety and health matters. The Department has appointed and trained First Aid Officers and First Responders for provision of first aid to staff if necessary. In 2008/09 a flu vaccination program was organised to offer all staff the opportunity to receive the influenza vaccination on site free of charge.

An employee assistance program offering a confidential counselling service to staff and their immediate families and critical incident counselling is available, if required.

The department has a low number of injuries and if an injury does occur, the office complies with the *Worker's Compensation and Injury Management Act 1981*.

Safety & health statistics	2008/2009
No of fatalities	0
Loss time injuries/Lost Time injury diseases incident Rate	0.6
Loss time injury severity rate	0
Percentage of injured workers returned to work within 28 weeks	100%
Percentage of managers trained in occupational safety, health and injury management responsibilities	75%

■ ■ APPENDIX ■ ■

■ ■ APPENDIX 1 ■ ■

APPENDIX 1: LEGISLATION AND CHANGES TO LEGISLATION

– STATE AGREEMENT ACTS (MAJOR RESOURCES PROJECTS)

The Department administers 72 State Agreement Acts on behalf of the Government of Western Australia. As part of this responsibility, the Department also negotiates new agreements, variations, terminations and repeals of State Agreement Acts as required.

The list outlines agreements, by commodity, as at the end of the 2008/09 reporting year.

AGREEMENT ACTS ADMINISTERED BY THE DEPARTMENT

Government Agreements Act 1979

Alumina

Alumina Refinery Agreement Act 1961

Alumina Refinery (Mitchell Plateau) Agreement Act 1971

Alumina Refinery (Pinjarra) Agreement Act 1969

Alumina Refinery (Wagerup) Agreement and Acts Amendment Act 1978

Alumina Refinery (Worsley) Agreement Act 1973

Charcoal Iron and Steel

Wundowie Charcoal Iron Industry Sale Agreement Act 1974

Coal

Collie Coal (Griffin) Agreement Act 1979

Collie Coal (Western Collieries) Agreement Act 1979

Copper

Western Mining Corporation Limited (Throssell Range) Agreement Act 1985

Diamonds

Diamond (Argyle Diamond Mines Joint Venture) Agreement Act 1981

Energy

Goldfields Gas Pipeline Agreement Act 1994

Pilbara Energy Project Agreement Act 1994

Ord River Hydro Energy Project Agreement Act 1994

Forest Products

Albany Hardwood Plantation Agreement Act 1993

Bunbury Treefarm Project Agreement Act 1995

Collie Hardwood Plantation Agreement Act 1995

Dardanup Pine Log Sawmill Agreement Act 1992

Paper Mill Agreement Act 1960

Wesply (Dardanup) Agreement Authorization Act 1975 (Terminated)

Wood Chipping Industry Agreement Act 1969 (Terminated)

Wood Processing (WESFI) Agreement Act 2000

Wood Processing (Wesbeam) Agreement Act 2002

Gas

North West Gas Development (Woodside) Agreement Act 1979

Barrow Island Act 2003 (which incorporates the Gorgon Gas Processing and Infrastructure Project Agreement)

Gold

Tailings Treatment (Kalgoorlie) Agreement Act 1988

Iron Ore and Steel

BHP Billiton (Termination of Agreements) Agreement Act 2006

Iron Ore (The Broken Hill Proprietary Company Limited) Agreement Act 1964 (Terminated)

Iron Ore (Channar Joint Venture) Agreement Act 1987

Iron Ore (FMG Chichester Pty Ltd) Agreement Act 2006

Iron Ore (Goldsworthy-Nimigarra) Agreement Act 1972

Iron Ore (Hamersley Range) Agreement Act 1963

Iron Ore (Hamersley Range) Agreement Act Amendment Act 1968

Iron Ore (Hope Downs) Agreement Act 1992

Iron Ore (McCamey's Monster) Agreement Authorization Act 1972

Iron Ore (Marillana Creek) Agreement Act 1991

Iron Ore (Mount Bruce) Agreement Act 1972

Iron Ore (Mount Goldsworthy) Agreement Act 1964

Iron Ore (Mount Newman) Agreement Act 1964

Iron Ore (Murchison) Agreement Authorization Act 1973

Iron Ore (Rhodes Ridge) Agreement Authorisation Act 1972

Iron Ore (Robe River) Agreement Act 1964

Iron Ore (Wittenoom) Agreement Act 1972

Iron Ore Processing (BHP Minerals) Agreement Act 1994 (Terminated)

Iron Ore Beneficiation (BHP) Agreement Act 1996

Iron Ore Direct Reduced Iron (BHP) Agreement Act 1996

Iron Ore (Yandicoogina) Agreement Act 1996

Iron & Steel (Mid West) Agreement Act 1997 (Terminated)

Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002

Mineral Sands

Mineral Sands (Eneabba) Agreement Act 1975

Mineral Sands (Cooljarloo) Mining and Processing Agreement Act 1988

Mineral Sands (Beenup) Agreement Act 1995

Nickel

Nickel (Agnew) Agreement Act 1974

Poseidon Nickel Agreement Act 1971

Oil

Oil Refinery (Kwinana) Agreement Act 1952

Salt

Dampier Solar Salt Industry Agreement Act 1967

Evaporites (Lake MacLeod) Agreement Act 1967

Leslie Solar Salt Industry Agreement Act 1966

Onslow Solar Salt Agreement Act 1992

Shark Bay Solar Salt Industry Agreement Act 1983

Uranium

Uranium (Yeelirrie) Agreement Act 1978

Miscellaneous

Cement Works (Cockburn Cement Limited) Agreement Act 1971

Industrial Lands (CSBP & Farmers Limited) Agreement Act 1976

Industrial Lands (Kwinana) Agreement Act 1964

Pigment Factory (Australind) Agreement Act 1986

Silicon (Kemerton) Agreement Act 1987

Anglo-Persian Oil Company Limited's (Private) Act 1919

British Imperial Oil Company, Limited (Private) Act 1925

Commonwealth Oil Refineries Limited (Private) Act 1940

Texas Company (Australasia) Limited (Private) Act 1928

Railway and Port (The Pilbara Infrastructure Pty Ltd) Agreement Act 2004. (Transferred from Department of Planning and Infrastructure during the reporting period).

NEW AGREEMENTS RATIFIED

During the reporting period, no new State Agreement Acts were ratified.

VARIATIONS

Diamond (Argyle Diamond Mines Joint Venture) Agreement Act 1981

Iron Ore (Mount Goldsworthy) Agreement Act 1964

Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002

Mineral Sands (Eneabba) Agreement Act 1975

AGREEMENTS TERMINATED

During the reporting period, no new State Agreement Acts were terminated.

AGREEMENT ACTS REPEALED

During the reporting period, no new State Agreement Acts were repealed.

■ ■ APPENDIX 2 ■ ■

DEPARTMENT OF INDUSTRY AND RESOURCES


SPECIAL PROJECTS

SPECIAL PURPOSE STATEMENT

Name	An account called Special Projects Account (the Account) shall be maintained as a special purpose account under section 16(1)(d) of the <i>Financial Management Act 2006</i> by the Department of Industry and Resources
Purpose	To hold funds for the purpose of participating in significant projects with other countries and the private sector to the mutual benefit of the other participants and the State of Western Australia.
Receipts	Such moneys as are received by the Department of Industry and Resources from Industry, Commonwealth Government, Shire Councils and other agencies for the purpose of the Account, shall be placed to the credit of the Account.
Payments	The funds standing to the credit of the Account shall be applied for the purpose of the account in accordance with the funding agreements with each provider.
Administration of Account	The Account shall be administered by the Director General of the Department of Industry and Resources in accordance with the <i>Financial Management Act 2006</i> , <i>Financial Management Regulations 2007</i> and the Treasurer's Instructions.
Accounting Records	There shall be maintained a detailed record of the transactions processed through the Account, together with such other accounting records and procedures as are prescribed in the financial management manual.
Financial Statements	There shall be prepared financial statements, together with other supplementary information, in accordance with the requirements of the <i>Financial Management Act 2006</i> , <i>Financial Management Regulations 2007</i> and Treasurer's Instructions.
Disposal of Funds on Cessation	Any balance standing to the credit of an individual Project Account shall, upon cessation of operations and after completion of all research for which the project was approved be refunded to the contributors in the same proportions as the contributions made or in accordance with the funding agreement with each provider.

I have examined and agreed to the provisions of this Special Purpose Statement.

Approved



 DIRECTOR GENERAL
 Department of Industry and Resources

Date 27 July 2007



Date 20.09.2007.

■ ■ APPENDIX 3 ■ ■

APPENDIX 3: GLOSSARY

ABS	Australian Bureau of Statistics
AMC	Australian Marine Complex
AS/NZS	Australian Standards / New Zealand Standards
CCC	Corruption and Crime Commission
CCS	Carbon Dioxide Capture and Storage
CoAG	Council of Australian Governments
CPI	Consumer Price Index
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAIP	Disability Access and Inclusion Plan
DoIR	Department of Industry and Resources (Western Australia)
Domgas	Domestic Gas
DoC	Department of Commerce
DoIR	Department of Industry and Resources
DMP	Department of Mines and Petroleum
DPC	Department of the Premier and Cabinet (Western Australia)
DTF	Department of Treasury and Finance (Western Australia)
EFIC	Export Finance and Insurance Corporation
EPA	Environmental Protection Authority (Western Australia)
FESA	Fire and Emergency Services Authority (Western Australia)
FMA	<i>Financial Management Act 2006</i>
FTE	Full Time Equivalent
HR	Human Resources
ICT	Information and Communications Technology
ISO	International Standards Organisation
KPI	Key Performance Indicator
LNG	Liquefied Natural Gas
MLA	Member of the Legislative Assembly of Western Australia
Mt/a	Million tonnes a year
NCRIS	National Collaborative Research Infrastructure Strategy
NOPSA	National Offshore Petroleum Safety Authority
OPR	Oakajee Port and Rail
OSH	Occupational Safety and Health
SBN	State-wide Broadband Network
TI	Treasurer's Instruction
VIP	Very Important Person
WA	Western Australia
WAGN	Western Australia Global Network

Government of Western Australia
Department of State Development
1 Adelaide Terrace, East Perth
Western Australia 6004

Tel: + 61 8 9222 0555
Fax: +61 8 9222 0505
Web: www.dsd.wa.gov.au