



PILBARA DEVELOPMENT COMMISSION ANNUAL REPORT 2008-2009

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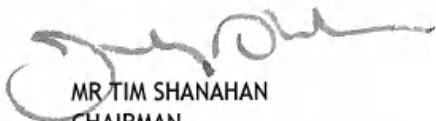
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STATEMENT OF COMPLIANCE


HONOURABLE BRENDON GRYLLS
MINISTER FOR REGIONAL DEVELOPMENT

In accordance with Section 63 of the Financial Management Act 2006, *we* hereby submit for your information and presentation to Parliament, the Annual Report of the Pilbara Development Commission for the financial year ended 30 June 2009.

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



MR TIM SHANAHAN
CHAIRMAN
DATE: 24 NOVEMBER 2009



MR STEPHEN WEBSTER
CHIEF EXECUTIVE OFFICER
DATE: 24 NOVEMBER 2009

EXECUTIVE SUMMARY

Despite the effects of challenging market conditions resulting from the global economic downturn, the Pilbara's resources sector has continued to grow in the 2008-09 financial year and has had a significant influence on the buoyancy of the state and national economies. This growth has been underpinned by the iron ore industry which realised an impressive increase in value of \$12b or 60% over the previous 12 month period.

However, the ongoing rapid growth and expansion of the resources sector has continued to generate challenges for the Pilbara, particularly in the areas of affordable housing, community infrastructure and services and town amenity which are fundamental to attracting and retaining people in the region. It is also essential that maximum benefit is derived from the region's continued prosperity to secure the socio economic well being of Indigenous people and communities.

During the 2008-09 financial year the Commission has played a key role in working with stakeholders to identify and deliver strategies and to advance a range of initiatives aimed at addressing these challenges to ensure that the Pilbara is a great place to live, work and invest.

Some examples include:

- Undertook a major upgrade of the ePilbara website and a region wide campaign to promote its benefits to regional businesses and the resources sector.
- Facilitated Indigenous Business Start Up Workshops and the establishment of the Pilbara Aboriginal Contractor's Association to support the development of Indigenous businesses across the region
- Facilitated the development of affordable housing options for essential workers in the region that will be progressed in the 2009/2010 financial year
- Hosted the 2008 Pilbara Women's Conference and Expo to support professional development and capacity building
- Wound up the Pilbara Fund with the distribution of in excess of \$3m in grants across the region
- Progressed the development of the Pilbara VOIS (volunteer online service) website to provide a focal point and link for the region's volunteers and volunteer reliant groups and organisations
- Delivered the first round of the Royalties for Regions Pilbara Regional Development Scheme with \$2.9m in grants approved to be allocated to 40 projects

Further information on these achievements is included in the Report on Operations section of the Annual Report.

As a small organisation of 12 FTE's the Commission is pleased with the outcomes it has achieved over this period and is taking steps to expand its capacity to meet the challenges ahead. Our efforts this year were recognised by the results of our annual client survey which revealed that 80% of people surveyed think that Commission is making a positive contribution to the economic and social development of the region.

The introduction of the Royalties for Regions Program demonstrates the State Government's commitment to regional Western Australia and has been welcomed by Pilbara communities and stakeholders. In particular, the Pilbara Regional Grant Scheme and \$300m Pilbara Revitalisation Program, funded through the Royalties for Regions Program, are already having a positive impact across the region. The Commission will play a lead role in the delivery of both programs over the next three years and looks forward to working with the community and other relevant stakeholders to improve the quality of life and secure a sustainable future for the Pilbara.

This Annual Report provides a comprehensive analysis of the work undertaken by the Commission during the 2008-2009 financial year.

OPERATIONAL STRUCTURE

ENABLING LEGISLATION

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

RESPONSIBLE MINISTER

The Honourable Brendon Grylls, MLA,
Minister for Regional Development; Lands; Minister Assisting the Minister for State Development; Minister Assisting the Minister for Transport.

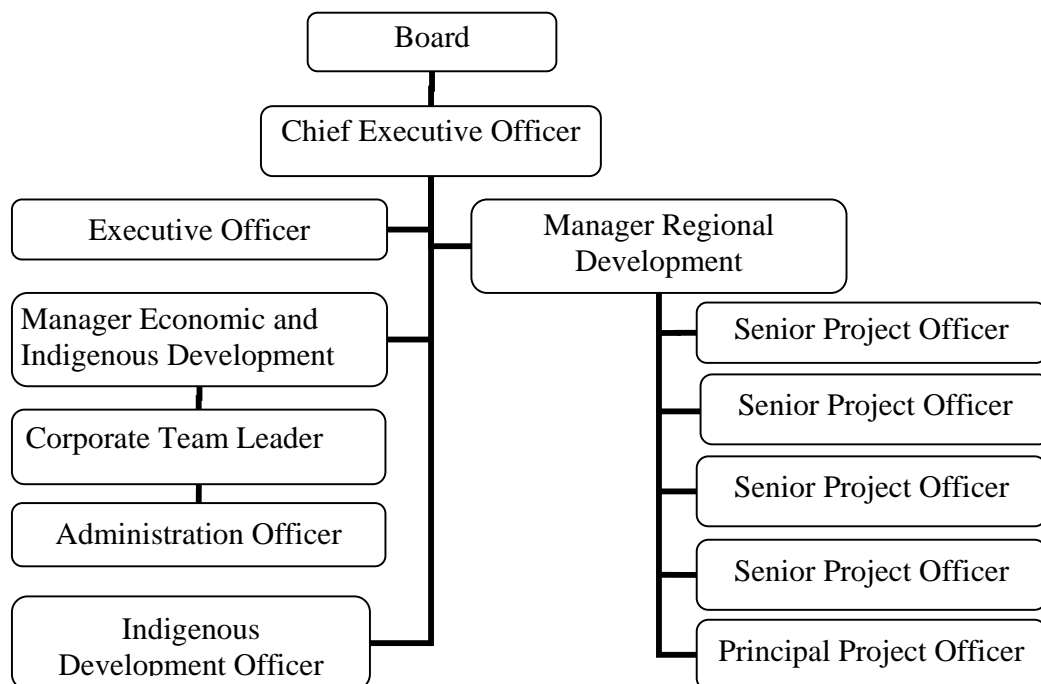
MISSION

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

ORGANISATIONAL CHART

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

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



BOARD OF THE PILBARA DEVELOPMENT COMMISSION

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

RESPONSIBILITIES

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

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

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

CODE OF CONDUCT

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

REMUNERATION TO BOARD MEMBERS

The following remuneration is currently paid to Board Members:

- Chairman - \$770 per full day or \$500 part day plus \$9,000 per annum to a maximum of \$19,100 in total per annum.
- Deputy Chairman - \$630 per full day or \$410 per part day plus \$4,400 per annum to a maximum of \$14,350 per annum.
- Members - \$500 per full day or \$330 per part day to a maximum of \$9,600 per annum.

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

ADVISORY COMMITTEES

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

No such committees currently exist.

BOARD MEMBERS FOR 2008-2009:

MEMBER	REPRESENTATIVE	TERM EXPIRY	MEETINGS ATTENDED
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Tim Shanahan - Chairman
(Commenced 2009)

Ministerial

2011

1 of 1

Mr Tim Shanahan is the Director of Energy and Minerals Initiative at the University of Western Australia, and has been so since November 2007.

From June 2001 Tim was Chief Executive of the Western Australian Chamber of Minerals and Energy (CME). From 1989 to 2000, Tim was the Executive Director of the Western Australian Municipal Association, the representative organisation of local government in Western Australia. In 2004 he was appointed as an independent Director of the WA Local Government Superannuation Plan and is Chairman of the Compliance Audit and Risk Management Committee for the group.

Tim is a Trustee of the Committee for the Economic Development of Australia (CEDA), and a member of the CEDA WA Advisory Committee.

Tim is also member of the Australia Day Council, Western Australia Management Committee and past Chairman of the Council.

He was elected to the Council of the RAC WA in 2001 and is currently the Senior Vice President, and has recently been appointed to the Boards of the Planning and Transport Research Centre (PATREC) and the WA Energy Research Alliance (WAERA).

In January 2001, Tim was awarded the Public Service Medal for outstanding service to local government and in April 2003, he was awarded a Centenary Medal for service to local government in Western Australia. In addition, Tim was the recipient of the 2007 WA Gas Industry Development Award.

Andre Bush - Deputy Chairman
(Commenced 2009)

Ministerial

2011

1 of 1

Mr Andre Bush is the Chief Executive Officer of the Port Hedland Port Authority and a civil engineer by profession. Andre has worked and travelled extensively around the world for the past 30 years, particularly throughout Africa, the Middle East, Europe and the Commonwealth of Independent states (ex Soviet states).

From construction of gold and uranium mines in South Africa; project management of turnkey hotel developments in Swaziland and Mauritius; managing crude oil and LNG terminals worldwide, Andre is now managing the Port Hedland Port Authority through a period of unprecedented exponential growth.

Larry Softley
(Commenced 2009)

Ministerial

2010

1 of 1

Mr Larry Softley has been the Executive Manager of Community and Economic Services at the Shire of Ashburton since October 2007. Previously the Chief Executive Officer of the Gumala

MEMBER	REPRESENTATIVE	TERM EXPIRY	MEETINGS ATTENDED
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Aboriginal Corporation for 5 years, he was responsible for many projects including the development of the Karijini Eco Retreat in the Karijini National Park.

Larry has served on many committees during his time in the Pilbara and has been the Chairperson of the Tom Price Youth Support Association since 2004. Prior to coming to the Pilbara, Larry served in a number of management roles during his career in Victoria.

Geoff Stocker (Commenced 2007)	Community	2012	2 of 2
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Mr Geoff Stocker is a long term Port Hedland resident having grown-up and attended school in the town. Geoff is now the owner operator of a general services contracting enterprise called Pilbara Logistics and has expanded its operations to include servicing the industrial, commercial and resource development sectors.

Geoff is an entrepreneur and leader for Aboriginal businesses and is committed to training, mentoring and supporting local Indigenous men and women. Geoff is also a member of the Port Hedland Port Authority Board.

Anne Eyre (Commenced 2007)	Community	2010	2 of 2
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Ms Ann Eyre is a long term resident of Onslow and has been a small business operator for approximately 15 years. Ann is currently the Manager for the Onslow Sports Club and has an understanding of issues facing small business operators in the region.

Anne has previously held the position of Councilor with the Shire of Ashburton.

CR Brad Snell (Commenced 2007)	Local Government	2010	2 of 2
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Cr Brad Snell is a long term resident of the Shire of Roebourne with a strong background in education and training. Brad is currently teaching at St Luke's College in Karratha. Brad previously worked at Roebourne Primary School and has worked in the resources sector.

Brad has served as a Councillor with the Shire of Roebourne at various times since 1995 and is currently the President of the Shire of Roebourne.

Veronica Rodenburg Commenced 2007)	Community	2010	2 of 2
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Mrs Veronica Rodenburg is a resident of the Shire of Roebourne and since December 2006 has been the Executive Director at the Yaandina Family Centre Inc. in Roebourne.

Veronica has a working background in corporate management, communications, capacity building and business development skills and she has extensive experience in broadcasting and community services.

MEMBER	REPRESENTATIVE	TERM EXPIRY	MEETINGS ATTENDED
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Stephen Webster	Ex-officio Member		2 of 2
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Mr Stephen Webster has been the Chief Executive Officer of the Pilbara Development Commission and ex officio Board Member since 2007. As Chief Executive Officer, Stephen has the role of coordinating, promoting and advocating for the sustainable economic and social development of the Pilbara.

Stephen has extensive experience in regional Western Australia, particularly in the areas of tertiary education and training including involvement in the delivery of indigenous traineeship programs for the mining industry. Prior to his appointment with the Pilbara Development Commission he was the Inaugural Director of the Batavia Coast Maritime Institute in Geraldton.

Members who retired during 2008-2009:

Cr Stan Martin Former Chairman	Ministerial
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OTHER KEY LEGISLATION IMPACTING ON THE COMMISSION'S ACTIVITIES

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

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

PERFORMANCE MANAGEMENT FRAMEWORK

OUTCOMES BASED MANAGEMENT FRAMEWORK

The Commission's services are aligned to the agency level government desired outcome of "Enhancement of the Pilbara region's economic and social development", and involve three areas: Business and Industry Development; Infrastructure and Service Identification and Coordination; and Regional Promotion and Information Services.

Through these services, the government high level goal of ensuring that regional Western Australia is strong and vibrant can be achieved. In performing these services, the Commission works with individuals, business and community groups, and local governments within the Pilbara to identify areas where services and infrastructure are deficient or non-existent and to assist with the development and implementation of mechanisms to bring about changes that foster improvement. It works to liaise and maintain communication between these groups and the State (and sometimes Commonwealth) agencies responsible for providing key government services. It is also the key organisation responsible for the distribution of grant moneys to these groups to provide direct financial assistance designed to stimulate economic and social development in the region.

The three services provided by the Commission are:

1. **BUSINESS AND INDUSTRY DEVELOPMENT** - The Commission seeks to ensure that across the region, business and industry operate in an economic environment which maximises opportunities for growth and creates a climate to attract investment.
2. **INFRASTRUCTURE AND SERVICE IDENTIFICATION AND COORDINATION** - The Commission works with the community to identify infrastructure and service requirements and to advocate for the development of infrastructure and equity of access to services.
3. **REGIONAL PROMOTION AND INFORMATION SERVICES** - The Commission promotes regional opportunities with the objective of attracting new residents, investors and tourists by supporting regional promotion activities and through the provision of accurate and accessible information.

STRATEGIC APPROACH

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

The Pilbara Development Commission places a strong emphasis on developing a strategic and planned approach to the region's development and has undertaken its duties as set out in its Strategic Plan 2007-2009. With the commencement of the Royalties for Regions initiatives which is funding the Pilbara Regional Grant Scheme and Pilbara Revitalisation Program, the Commission is reviewing its structure and operations to better focus its resources to target achievement of government

CHANGES TO OUTCOME BASED MANAGEMENT FRAMEWORK

The Commission's Outcome Based Management Framework did not change during 2008-09.

SHARED RESPONSIBILITIES WITH OTHER AGENCIES

The Commission did not share any responsibilities with other agencies in 2008-09.

AGENCY PERFORMANCE - REPORT ON OPERATIONS

REPORT FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Economic development in the Pilbara has continued to expand at a rapid rate during 2008-09, underpinned by the region's iron ore and petroleum based industries and driven by the unprecedented global demand for energy and resources.

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

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

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

THE YEAR IN REVIEW

During 2008-09 the Commission continued to deliver services under its three key areas of:

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

BUSINESS AND INDUSTRY DEVELOPMENT

The Commission has continued to work with key stakeholders in 2008-09 to implement strategies to support and encourage economic growth across the region. This financial year the Commission has focused on building the capacity of regional businesses, supporting Indigenous business opportunities and developing solutions to affordable housing for essential workers in the region.

The capacity of regional businesses to deliver goods and services to the resource sector and to the general community is a key component to sustainable businesses and strong communities in the region. The Commission has continued to work with the resource and business sectors to further strengthen e-Pilbara, the online Pilbara business capability and procurement register. During 2008-09 the Commission undertook a major upgrade of the ePilbara website and a region wide campaign to promote its benefits to regional businesses and the resources sector.

The Commission continues to support the development and growth of Indigenous business in the region through its dedicated Indigenous economic development officer position that provides

assistance to Aboriginal people, groups, corporations and businesses. The Commission was a key player in the establishment of the Pilbara Aboriginal Contractor's Association (PACA), the region's peak industry representative body for Aboriginal contractors and businesses. The aim of PACA is to support and enhance the employment, economic and social prosperity for all Aboriginal peoples of the Pilbara. The Commission also commenced a partnership with Desert Knowledge Australia on the Outback Business Networks Project which is aimed at significantly strengthening the small and medium sized enterprise (SME) sector in Australia's regional/remote areas helping to build robust regional economies. The Commission is one of nine outback regions across Australia being funded to participate in the project and the project has a strong emphasis on supporting Indigenous businesses.

Affordable housing remains a priority for the region, particularly for lower to middle income workers in the service, hospitality and non government sector. The Commission has been working with the Department for Housing on a project that will provide a detailed report on the housing demands across the region. The Commission has also worked in partnership with key stakeholders on the development of affordable housing options for essential workers in the region. The Commission participated in the development of a study to identify models for delivering affordable housing in the region and over the next 12 months will work to progress the recommendations of the report.

INFRASTRUCTURE AND SERVICE IDENTIFICATION AND COORDINATION

During 2008-09, the Commission has played a key role in the delivery of a number of infrastructure and service projects to support the economic and social sustainability of the region.

In October 2008 the Commission hosted the Pilbara Women's Conference and Expo, a three day event in Port Hedland with the theme Lifestyle, Leadership and Learning, that was attended by over 150 people. Key presenters included Dr Fiona Wood, Dr Carmen Lawrence, Professor Colleen Hayward, WA Rural Woman of the Year 2008 Maggie Edmonds, Indigenous Chef Mark Olive and the Director of the Department for Communities, Susan Barrera. The Conference also provided for the development of personal and professional skills through a series of workshops on topics such as leadership, small business, work/life balance and financial fitness. The Conference was supported by BHP Billiton, Pilbara Iron, Woodside, the Northwest Iron Ore Alliance and the Port Hedland Port Authority.

The Commission managed the first round of the Royalties for Regions Pilbara Regional Development Scheme with successful applicants announced in June 2009. The Pilbara Regional Grants Scheme was targeted at providing financial assistance to locally based organisations such as volunteer and business groups, educational institutions, philanthropic foundations and community organisations. The Commission received 75 applications requesting a total of \$11,039,630 in grants funds for a range of projects to improve the social and economic status of the region. Funding of \$2.9m was approved for 43 three projects ranging from bio fuel production to early childhood programs that will assist in attracting investment, increasing jobs and improving the quality of life for people living in the Pilbara. Forty six percent of the funds were allocated to projects that will support the socio economic development of Indigenous people in the region.

The Commission has played a lead role in the progression of the Pilbara Volunteer Alliance, a key stakeholder group established to identify strategies to address the issues impacting the volunteer sector in the region. The Commission secured funding from the Department for Communities to assist with the development of the Pilbara VOIS (volunteer online service) website to provide a focal point and link for the region's volunteers and volunteer reliant groups and organisations. The website will be finalised in the 2009-10 financial year and will include a database and matching service for organisations and volunteers, information on shared training opportunities, a calendar of regional events, links to useful resources and provide an opportunity for Pilbara volunteers to network and support each other irrespective of their physical location in the region.

The Commission was successful in securing the final funding requirements for the Newman Community Centre which is a key component of the Shire of East Pilbara's new town centre plan. Construction on the Centre commenced in January 2009 and is expected to be completed in December 2009. The new facility will provide affordable office accommodation for a number of key non government agencies that provide critical services to Newman and the surrounding inland communities. The total cost of the Centre is \$5.3m and funding has been provided by the Commission, Lotterywest, the Department for Regional Development, BHP Billiton and the Federal Government.

REGIONAL PROMOTION AND INFORMATION SERVICES

In 2008-09, the Commission placed a priority on ensuring high level, reliable information was available to stakeholders and interested parties to support sustainable development and good planning for the future of the region. To achieve this, a range of communication mediums were utilised such as the Commission's website, presentations, submissions, directories and reports, conferences and forums and media releases.

The Commission's Pilbara Dialogue program continues to play a key role in the sharing and dissemination of critical information across regional stakeholders including the resources sector, local, state and federal government agencies and the non government sector. Three meetings of the Dialogue were held in the 2008-09 financial year with the last focused on managing the impacts of the global financial crisis. Presenters included the Minister for Regional Development and Lands, the Reserve Bank of Australia, the Chamber of Minerals and Energy and the Department of Local Government and Regional Development and Lands. The Dialogue continues to be a successful strategic program for the Commission with over 100 registered delegates.

Over the financial year, the Commission produced a range of quality reports including the quarterly Housing and Land Snapshots, the Pilbara Projects Update and the Aboriginal Claimant Groups Information document. The Commission also prepared submissions to a number of high level government reviews including the COAG Early Years Framework, the Productivity Commission's Annual Review of Regulatory Burdens on Business: Social and Economic Infrastructure Services, the State Government's Review into Red Tape Reduction, WA Parliament's Community Development and Justice Standing Committee's Inquiry into the Adequacy of Services to meet the Developmental needs of WA Children and the Economics and Industry Inquiry into the Provision, Use and Regulation of Caravan Parks (and Camping Grounds) in Western Australia.

FUTURE DIRECTIONS

New Government Goals have been developed as part of the budget process for 2009-2010. In 2009-10, the commission will support the Government outcome of Stronger Focus on the Regions which aims to have a greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas. The Commission has commenced planning for this new outcome and has identified changes to its structure that will require implementation throughout 2009-10.

The Pilbara continues to experience rapid economic growth in the resources sector as increasing demand, particularly from China, drives expansion of the iron ore and petroleum industries. Most of the new projects are planned for the Karratha area. The Commission will need to increase its presence in that town to be better placed to meet its and governments goals.

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

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

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

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

FINANCIAL TARGETS: ACTUAL PERFORMANCE COMPARED TO BUDGET TARGETS

	Target (1) \$	Actual \$	Variation (2) \$
Total cost of services (expense limit)	3,753	5,355	(1,602)
Net cost of services	1,638	4,141	(2,503)
Total Equity	1,439	4,030	2,591
Surplus/(deficiency) for the period	14	2,624	2,610
Approved full time equivalent (FTE) staff level	13	12	1

(1) As specified in the budget statements for the 2008-09 financial year.

(2) The total cost of services and the net cost of services variations are due to the payment this year of grants that were delayed for schemes that had finished in prior years, and for the increases in costs particularly employment attraction and retention costs.

KEY PERFORMANCE INDICATORS: ACTUAL PERFORMANCE COMPARED TO BUDGET TARGETS

	Target (1)	Actual	Variation (2)
Key Effectiveness Indicator Customers satisfied that the Commission is effective in meeting its service obligations of Enhancement of the Pilbara Region's economic and social development.	80%	80%	0%
Key Efficiency Indicators Business and Industry Development	80%	67%	13%
Key Efficiency Indicators Infrastructure and Service Identification & Coordination	80%	55%	25%
Key Efficiency Indicators Regional Promotion and Information Services	80%	77%	3%

(1) As specified in the budget statements for the 2008-09 financial year.

(2) The variations in the Business and Industry Development, and Infrastructure and Services Identification & Coordination Key Efficiency Indicators are attributed to delays caused by various reasons in the progression of individual projects within each service.

SIGNIFICANT ISSUES AND TRENDS

CURRENT AND EMERGING ISSUES AND TRENDS INCLUDING ECONOMIC AND SOCIAL TRENDS

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

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

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

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

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

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

CHANGES IN WRITTEN LAW

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

DISCLOSURES AND LEGAL COMPLIANCE



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

PILBARA DEVELOPMENT COMMISSION FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2009

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

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

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

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

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

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer 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.

Pilbara Development Commission

Financial Statements and Key Performance Indicators for the year ended 30 June 2009

Basis for Qualified Audit Opinion

During the 2008-09 financial year, the Pilbara Development Commission drew on restricted funds to meet operational needs. Controls over these restricted funds, which include specific purpose grants money, were inadequate for ensuring that they were spent only for their approved purpose.

Furthermore, because of inadequate controls and records I am unable to determine the amount of the restricted funds that were used to meet operational needs. Consequently, I am unable to form an opinion on whether the amounts disclosed in Note 13 "Restricted Cash and Cash Equivalents" are fairly presented.

Qualified Audit Opinion

In my opinion,

- (i) except for the effects on the financial statements of the matters referred to in the preceding paragraphs, the financial statements are based on proper accounts and present fairly the financial position of the Pilbara Development Commission at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions;
- (ii) except for the effects of the matters referred to in the preceding paragraphs, the controls exercised by the Commission provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Commission are relevant and appropriate to help users assess the Commission's performance and fairly represent the indicated performance for the year ended 30 June 2009.




COLIN MURPHY
AUDITOR GENERAL
30 November 2009

FINANCIAL STATEMENTS

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying financial statements of the Pilbara Development Commission have been prepared in compliance with the provisions of the *Financial Management Act (2006)* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 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 the particulars included in the financial statements misleading or inaccurate.



MR TIM SHANAHAN
CHAIRMAN

DATE: 24 NOVEMBER 2009



MR STEPHEN WEBSTER
CHIEF EXECUTIVE OFFICER

DATE: 24 NOVEMBER 2009



MR MALCOLM DAVEY
MANAGER CORPORATE & ECONOMIC DEVELOPMENT

DATE: 24 NOVEMBER 2009

PILBARA DEVELOPMENT COMMISSION
INCOME STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$,000	2008 \$,000
COST OF SERVICES			
Expenses			
Employee benefits expense	5	2,038	1,505
Supplies and services	6	880	1,189
Depreciation and amortisation expense	7	29	33
Accommodation expenses	8	173	150
Grants and subsidies	9	2,192	8,681
Other expenses	10	43	54
Total cost of services		5,355	11,612
Income			
Revenue			
Other Revenue	11	1,214	457
Total Revenue		1,214	457
Total income other than income from State Government		1,214	457
NET COST OF SERVICES		4,141	11,155
INCOME FROM STATE GOVERNMENT			
	12		
Service appropriation		1,825	2,240
State Grants		500	8,078
Royalties for Regions Fund		4,440	-
Total income from State Government		6,765	10,318
SURPLUS/ (DEFICIT) FOR THE PERIOD		2,624	(837)

See also note 31 'Schedule of Income and Expenses by Service'.

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

PILBARA DEVELOPMENT COMMISSION
BALANCE SHEET
AS AT 30 JUNE 2009

	Note	2009 \$,000	2008 \$,000
ASSETS			
Current Assets			
Cash and cash equivalents		1	1
Restricted cash and cash equivalents	13	7,544	5,486
Receivables	14	501	365
Amounts receivable for services	15	-	20
Other current assets	16	4	28
Total Current Assets		8,050	5,900
Non-Current Assets			
Amounts receivable for services	15	79	39
Plant and equipment	17	27	42
Intangible assets	18	8	5
Total Non-Current Assets		114	86
TOTAL ASSETS		8,164	5,986
LIABILITIES			
Current Liabilities			
Payables	19	3,829	4,367
Provisions	20	148	65
Total Current Liabilities		3,977	4,432
Non-Current Liabilities			
Provisions	20	157	148
Total Non-Current Liabilities		157	148
Total Liabilities		4,134	4,580
NET ASSETS		4,030	1,406
EQUITY			
Contributed equity	21	258	258
Accumulated surplus/ (deficiency)	21	3,772	1,148
TOTAL EQUITY		4,030	1,406

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

PILBARA DEVELOPMENT COMMISSION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$,000	2008 \$,000
Balance of equity at start of period		1,406	1,370
CONTRIBUTED EQUITY			
Balance at start of the period	21	258	258
Balance at the end of the period		258	258
ACCUMULATED SURPLUS			
Balance at start of period	21	1,148	1,112
Change in accounting policy or Correction of prior period errors		-	897
Restated balance at start period		1,148	2,009
Surplus/ (deficit) for the period		2,624	(837)
Gains (losses) recognised directly In equity		-	(24)
Balance at end period	21	3,772	1,148
Balance of equity at end of period		4,030	1,406
Total income and expenses for the period		2,624	(837)

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

PILBARA DEVELOPMENT COMMISSION
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2009

	Note	2009 \$,000	2008 \$,000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		1,785	2,200
Holding account drawdown's		20	40
State Grants		500	8,078
Royalties for Regions Fund		4,440	-
Net cash provided by State Government		6,745	10,318
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(1,944)	(1,061)
Supplies and services		(610)	(1,083)
Accommodation		(159)	(201)
Grants and subsidies		(3,031)	(8,923)
GST payments on purchases		(402)	(1,033)
GST payments to taxation authority		-	(805)
Other payments		(43)	(376)
Receipts			
Other Government grants and contributions		140	1,000
GST receipts on sales		148	952
GST receipts from taxation authority		292	744
Other receipts		938	236
Net cash provided by/(used in) operating activities	22	(4,671)	(10,550)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(16)	(6)
Net cash provided by/(used in) investing activities		(16)	(6)
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at the beginning of period		5,487	5,725
CASH AND CASH EQUIVLAENTS AT THE END PERIOD	22	7,545	5,487

The cash flow statement should be read in conjunction with the accompanying notes.

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

1. Australian equivalents to International Financial Reporting Standards

General

The Commission's financial statements for the year ended 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 Commission 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 Commission 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 Commission for the annual reporting period ended 30 June 2009.

2. Summary of significant accounting policies

(a) General Statement

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

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

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

(b) Basis of Preparation

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

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

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

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

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

(c) Reporting Entity

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

(d) Contributed Entity

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 made to Wholly Owned Public Sector Entities' and have been credited directly to Contributed Equity.

Transfer 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 21 'Equity'*.

(e) Income

Revenue recognition

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

Service Appropriations

Service Appropriations are recognised as revenue at nominal value in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the holding account held at Treasury. (See *note 12 Income from State Government*).

Grants, donations, gifts and other non-reciprocal contributions

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

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

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

(e) Income (continued)

Grants, donations, gifts and other non-reciprocal contributions (continued)

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

(f) Plant and Equipment

Capitalisation/Expensing of assets

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

Initial recognition and measurement

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

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

Derecognition

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

Depreciation

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

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

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

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

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

(g) Intangible Assets

Capitalisation/Expensing of assets

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

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

(g) Intangible Assets (continued)

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

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

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

Software (a)	3 to 5 years
Web site costs	3 to 5 years

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

Computer Software

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

Web site costs

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

(h) Impairment of Assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Commission 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.

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

(h) Impairment of Assets (continued)

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

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and 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.

(i) Leases

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

(j) Cash and Cash Equivalents

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

(k) Accrued Salaries

The accrued salaries suspense account (*see note 13 'Restricted cash and cash equivalents'*) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (*see note 19 'Payables'*) represent the amount due to staff but unpaid at the end of the financial year, as the pay date for the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Commission considers the carrying amount of accrued salaries to be equivalent to its net fair value.

(l) Amounts Receivable for Services (Holding Account)

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

See also note 12 'Income from State Government' and note 15 'Amounts receivable for services'.

(m) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

(m) Receivables (continued)

uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Commission will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 14 'Receivables'.

(n) Payables

Payables are recognised at the amounts payable when the Commission becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 19 'Payables'.

(o) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date. See note 20 'Provisions'.

(i) Provisions – Employee Benefits

Annual Leave and Long Service Leave

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

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

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

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

Superannuation

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

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

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

(ii) Provisions – Employee Benefits (continued)

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

Employees commencing employment prior to 16 April 2008 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 2008 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Commission makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

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

See also note 2p 'Superannuation expense'.

(ii) Provisions - Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses' and are not included as part of the Commission's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. See 10 'Other expenses' and note 20 'Provisions'.

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

(p) Superannuation Expenses

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

Defined benefit plans – For 2007-08, the change in the unfunded employer's liability (i.e. current service cost and, actuarial gains and losses) assumed by

- (a) the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and
- (b) Defined contribution plans – Employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

Defined benefit plans – For 2007-08, the movements (i.e. current service cost and, actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS transfer benefits are recognised as expenses. As these liabilities are assumed by the Treasurer, a revenue titled 'Liabilities assumed by the Treasurer' equivalent to the expense is recognised under Income from State Government in the Income Statement. See note 12 'Income from State Government'. Commencing in 2008-09, the reporting of annual movements in these notional liabilities has been discontinued and is no longer recognised in the Income Statement.

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

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

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

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

(r) Comparative Figures

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

3. Judgements made by management in applying accounting policies

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

Operating Lease Commitments

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

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

4. Disclosure of changes in accounting policy and estimates

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

AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes resulted in increased disclosures, both quantitative and qualitative, of the Commission's exposure to risks, enhanced disclosure regarding components of the Commission's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

Voluntary changes in Accounting Policy

Treasurer's Instruction 1101 requires the Commission to increase its asset capitalisation threshold from \$1,000 to \$5,000 from July 1, 2008. This voluntary change in accounting policy has had no financial effect on the Commission's reported position.

Future impact of Australian Accounting Standards not yet operative

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

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 Commission does not expect any financial impact when the Standard is first applied.

This Standard will become operative for reporting periods beginning on or after 1 January 2009

Changes in Accounting Estimates

There are no changes in accounting estimates made by the Commission.

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$,000	2008 \$,000
<hr/>		
5. Employee benefits expense		
Wages and salaries (a)	1,282	906
Superannuation – defined contribution plans (b)	91	71
Superannuation – defined benefit plans (c) (d)	-	-
Long Service Leave (e)	3	83
Annual Leave (e)	195	42
Other related expenses	467	403
	<hr/> 2,038	<hr/> 1,505

- (a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.
- (b) Defined contribution plans include West State and Gold State (contributions paid).
- (c) Defined benefit plans include Pension scheme and Gold State (pre-transfer benefit).
- (d) An equivalent notional income is also recognised (*see note 12 'Income from State Government'*).
- (e) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at 10 'Other Expenses'. The employment on-costs liability is included at note 20 'Provisions'.

6. Supplies and services

Communications	46	75
Consultants and contractors	339	496
Consumables	199	187
Travel	160	154
Other	136	277
	<hr/> 880	<hr/> 1,189

7. Depreciation and amortisation expense

Depreciation

Plant and equipment	5	4
Computer equipment	17	13
Total depreciation	<hr/> 23	<hr/> 17

Amortisation

Intangible assets	6	16
Total amortisation	<hr/> 6	<hr/> 16
Total depreciation and amortisation	<hr/> 29	<hr/> 33

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$,000	2008 \$,000
8. Accommodation expenses		
Lease rentals	146	134
Cleaning	27	16
	<u>173</u>	<u>150</u>
9. Grants and subsidies		
<u>Recurrent</u>		
Donations	31	77
<u>Capital</u>		
Pilbara Fund & PRDS	2,161	8,604
	<u>2,192</u>	<u>8,681</u>
10. Other expenses		
Equipment repairs and maintenance	14	25
Research & development	-	2
Employment on-costs (a)	7	-
(see 5 'Employee benefits expense')		
Other (b)		
Audit Fees	22	27
	<u>43</u>	<u>54</u>
(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 20 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and not included in employment on-costs.		
(b) Audit fees, see also note 29 'Remuneration of auditor'		
11. Other Revenue		
Miscellaneous including Commonwealth Grants, Recoups and grant refunds	1,214	457
	<u>1,214</u>	<u>457</u>

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$,000	\$,000

12. Income from State Government

Appropriation received during the year:

Service appropriation (a)	1,825	2,240
State Grants	500	8,078
Royalties for Regions Fund: (b)		
- Regional Infrastructure and Headworks Account	4,440	-
	6,765	10,318

(a) Service appropriations are accrual amounts reflecting the net cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

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

13. Restricted cash and cash equivalents

Current

Business and Industry Development	429	280
Infrastructure and Service Identification		
And Coordination	1,798	4,303
Regional Promotion and Information Services	845	903
Royalties for Regions	4,440	-
Other	32	-
	7,544	5,486

These cash funds are committed to projects and programs in the Pilbara region.

14. Receivables

Current

Receivables	496	187
PAYG Withholding Receivable	-	49
GST Receivables	5	129
	501	365

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$,000	2008 \$,000
15. Amounts receivable for services		
Current	-	20
Non-current	79	39
	<u>79</u>	<u>59</u>

16. Other assets

Current		
Prepayments	4	28
Total current	<u>4</u>	<u>28</u>

17. Plant and equipment

Plant, equipment		
At cost	37	36
Accumulated depreciation	(29)	(23)
	<u>8</u>	<u>13</u>
Computer and communications equipment		
At cost	136	129
Accumulated depreciation	(117)	(100)
	<u>19</u>	<u>29</u>
Total plant and equipment	<u>27</u>	<u>42</u>

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

	Plant, Equipment & Furniture \$,000	Computer & Communications Equipment \$,000	Total \$,000
2009			
Carrying amount at start of year	13	29	42
Additions	-	7	7
Disposals	-	-	-
Depreciation	(5)	(17)	(22)
Carrying amount at end of year	<u>8</u>	<u>19</u>	<u>27</u>

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

17. Plant and equipment (continued)

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

2009
\$,000 2008
\$,000

18. Intangible assets

Computer software:

At cost	30	21
Accumulated amortisation	(22)	(16)
	<u>8</u>	<u>5</u>

Reconciliations: Computer software

Carrying amount at start of year	5	21
Additions	9	-
Amortisation	(6)	(16)
Carrying amount at end of year	<u>8</u>	<u>5</u>

19. Payables

Current

Trade payables	122	56
Other payables	96	24
Accrued expenses	352	194
Accrued salaries	20	18
Committed Grants	3,239	4,075
Total current	<u>3,829</u>	<u>4,367</u>

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$,000	2008 \$,000
20. Provisions		
Current		
Employee benefits provision		
Annual leave (a)	148	65
Long service leave (b)	-	-
	<u>148</u>	<u>65</u>
	<u>148</u>	<u>65</u>
Non-current		
Employee benefits provision		
Long service leave (b)	157	148
	<u>157</u>	<u>148</u>
	<u>157</u>	<u>148</u>
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of balance sheet date	148	65
More than 12 months after balance sheet date	-	-
	<u>148</u>	<u>65</u>
(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after balance sheet date. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of balance sheet date	-	-
More than 12 months after balance sheet date	157	148
	<u>157</u>	<u>148</u>

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$,000	\$,000

21. Equity

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

Contributed equity

Balance at start of year	258	258
Contributions by owners		
Capital contribution	-	-
Transfer of net assets from other agencies	-	-
Total contributions by owners	258	258
Balance at the end of year	258	258

Accumulated surplus/ (deficit)

Balance at start of the year	1,148	1,112
Result for period	2,624	(837)
Income and expense recognised directly to equity	-	873
Balance at end of year	3,772	1,148

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

2009	2008
\$,000	\$,000

22. Notes to the Cash Flow Statement

Reconciliation of cash

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

Cash and cash equivalent	1	1
Restricted cash and cash equivalents (see note 13 'Restricted cash and cash equivalents')	7,544	5,486
	7,545	5,487

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

Net cost of services	(4,141)	(11,155)
Non-cash items:		
Depreciation and amortisation expense (note 7)	29	33
(Increase)/decrease in assets:		
Current receivables	(116)	(210)
Other current assets	24	(11)
Increase/ (decrease) in liabilities:		
Current payables	(538)	(112)
Current provisions	83	(18)
Non-current provisions	9	103
Change in GST in receivables/payables	(8)	(220)
Net GST receipts/ (payments)	(13)	143
Prior Period adjustment	-	897
Net cash provided by/ (used in) operating Activities	(4,671)	(10,550)

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$,000	2008 \$,000
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23. Commitments

Capital expenditure commitments

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

Within 1 year

Later than 1 year and not later than 5 years

Later than 5 years

-	-	
-	-	
-	-	

Lease commitments

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

Within one year

Later than 1 year and not later than 5 years

Later than 5 years

115	-	
24	382	
-	-	
139	382	

Representing:

Cancellable operating leases

54	59	
54	59	

24. Events occurring after the balance sheet date

Nil

25. Contingent liabilities and contingent assets

Contingent liabilities

Nil

Contingent assets

Litigation has commenced against a staff member of the Commission. The potential financial effect if the claim is successful cannot be reliably measured at this time.

26. Explanatory statement

Significant variations between estimates and actual results for income and expense are shown below. Significant variations are considered to be those greater than 10% and more than \$50,000.

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

26. Explanatory statement (continued)

Significant variances between estimated and actual result for 2009

	2009 Estimate \$,000	2009 Actual \$,000	Variation \$,000
Revenue			
State grants	2,000	500	(1,500)
Other revenue	115	1,214	1,099
Expenditure			
Employee benefits expense	791	2,038	(1,247)
Supplies and services	625	880	(255)
Grants and subsidies	2,000	2,192	(192)

Grants and subsidies (Revenue)

The variance is due to the funding for the Port Hedland Enhancement Scheme and Pilbara Fund ceasing in 2007-08.

Other revenue

The variance is due to the return of a grant approved to develop the towns spoil bank which did not progress (\$700,000), and from a refund from the ATO of overpaid PAYG tax relating to previous years (\$130,000).

Supplies and services

The variance is due to the high cost of living and operating in the Pilbara region and in particular travel costs (including food and accommodation) for staff that is necessary to cover the vast distances between major towns in the region and to Perth.

Employee benefits expense

The variance is due to additional subsidised rents for staff, higher payroll costs, and greater expenditure on staff attraction allowances and the associated fringe benefits tax.

Grants and subsidies (Expenses)

The variance is due to payment this year of funding for projects approved last year under the Port Hedland Enhancement Scheme and Pilbara Fund. Funding delays were due to unforeseen circumstances. The Commission received no funding this year for these two schemes.

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

26. Explanatory statement (continued)

Significant variances between actual results for 2009 and 2008

	2009 \$,000	2008 \$,000	Variance \$,000
Income			
State grants	500	8,078	(7,578)
Other revenue	1,209	457	752
Expenses			
Employee benefits expense	2,142	1,505	(637)
Supplies and services	880	1,189	309
Grants and subsidies	2,192	8,681	6,489

Grants and Subsidies

The variance is due to the funding for the Port Hedland Enhancement Scheme and Pilbara Fund ceasing in 2007-08.

Other revenue

The variance is due to the return of a grant approved to develop the towns spoil bank which did not progress (\$700,000), and from a refund from the ATO of overpaid PAYG tax relating to previous years (\$130,000).

Employee benefits expense

Employment costs are higher this year due to the full year effect on payroll, allowances, rental subsidy and employee related taxes of staff employed late in 2007-08.

Supplies and services

These have reduced this year due to cost cutting measures such as reducing the vehicle fleet by half, impacting lease, fuel, maintenance and fringe benefit tax costs, and closing down the Newman branch to reduce travel (including accommodation and food) costs due to the vast distances travelled between major town in this region.

Grants and Subsidies

The variance is due to the payment of funding approved last year from Port Hedland Enhancement Scheme and the Pilbara Fund in this financial year rather than last year. These programs ceased being funded at the end of 2007-08.

27. Financial instruments

(a) Financial Risk Management Objectives and Policies

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

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

27. Financial instruments (continued)

Credit risk

Credit risk arises when there is the possibility of the Commission's receivables defaulting on their contractual obligations resulting in financial loss to the Commission. The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment as shown in the table at this note and Note 15 'Receivables'.

Liquidity risk

Liquidity risk arises when the Commission is unable to meet its financial obligations as they fall due. The Commission is exposed to liquidity risk through its trading in the normal course of business. The Commission has appropriate procedures to manage cash flows including drawdowns of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Credit Risk and Interest rate Exposures

The following table discloses the Commission's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Commission's maximum exposure to credit risk at the balance sheet date is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets.

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

The Commission 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

	Weighted Average Effective Interest Rate %	Variable Interest Rate	Within 1 year	Fixed Interest Rate Maturity					More than 5 Years	Non- Interest Bearing	Total
				1-2 Years	2-3 Years	3-4 Years	4-5 Years				
2009		\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Financial Assets											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	1	1
Restricted cash and cash equivalents	-	-	-	-	-	-	-	-	-	7,544	7,544
Receivables	-	-	-	-	-	-	-	-	-		
advances	-	-	-	-	-	-	-	-	-	501	501
Amounts receivable for services	-	-	-	-	-	-	-	-	-	79	79
		-	-	-	-	-	-	-	-	8,125	8,125
Financial Liabilities											
Payables	-	-	-	-	-	-	-	-	-	3,829	3,829
	-	-	-	-	-	-	-	-	-	3,829	3,829

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

27. Financial instruments (continued)

	Weighted Average Effective Interest Rate %	Variable Interest Rate	Within 1 year	Fixed Interest Rate Maturity					More than 5 Years	Non- Interest Bearing	Total
				1-2 Years	2-3 Years	3-4 Years	4-5 Years				
2008											
Financial Assets											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	1	1
Restricted cash and cash equivalents										5,486	5,486
Receivables	-	-	-	-	-	-	-	-	-	365	365
Amounts receivables for services	-	-	-	-	-	-	-	-	-	59	59
	-	-	-	-	-	-	-	-	-	5,911	5,911
Financial Liabilities											
Payables	-	-	-	-	-	-	-	-	-	4,367	4,367
	-	-	-	-	-	-	-	-	-	4,367	4,367

28. Remuneration of members of the accountable authority and senior officers

Remuneration of Members of the accountable authority

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

	2009	2008
\$		
0 – 10,000	8	-
10,001 – 20,000	1	-

The total remuneration of members of the accountable authority is:

\$18,266 \$ -

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

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

28. Remuneration of members of the accountable authority and senior officers (continued)

Remuneration of Senior Officers

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

\$	2009	2008
50,001 – 60,000	-	1
60,001 – 70,000	-	1
70,001 – 80,000	-	2
90,001 – 100,000	-	2
130,001 – 140,000	1	-
150,001 – 160,000	1	-
160,001 – 170,000	1	-

The total remuneration of senior officers is: \$460,217 \$470,446

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

No senior officers are members of the Pension Scheme

29. Remuneration of auditor

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

Auditing the accounts, financial statements and performance indicators	<u>19</u>	<u>18</u>
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30. Supplementary financial information

Write-Offs

Public property written-off by the Executive Council during the financial year	<u>-</u>	<u>-</u>
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Losses through Theft, Defaults and Other Causes

Losses of public moneys and, public and other property through theft or default	-	-
Amounts recovered	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Legal action is currently underway against an officer for alleged fraud. The potential financial effect cannot be reliably measured at this time.

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

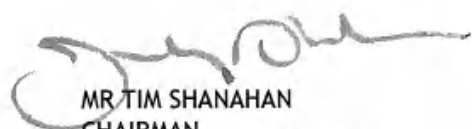
31. Schedule of Income and Expenses by Service

	Business & Industry Development		Infrastructure, Service Identification & Coordination		Regional Promotion & Information Service		Total	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
COST OF SERVICES								
Expenses								
Employee benefits expense	408	301	1,426	1,054	204	150	2,038	1,505
Supplies and services	176	238	616	832	88	119	880	1,189
Depreciation & amortisation expense	6	7	20	23	3	3	29	33
Accommodation expenses	35	30	121	105	17	15	173	150
Grants and subsidies	438	-	1,534	8,084	220	597	2,192	8,681
Other expenses	9	11	30	38	4	5	43	54
Total cost of services	1,072	587	3,747	10,136	536	889	5,355	11,612
Income								
Other revenue	243	91	850	320	121	46	1,214	457
Total income other than income from State Government	243	91	850	320	121	46	1,214	457
NET COST OF SERVICES	(829)	(496)	(2,897)	(9,816)	(415)	(843)	(4,141)	(11,155)
INCOME FROM STATE GOVERNMENT								
Service appropriation	364	448	1,278	1,568	183	224	1,825	2,240
State grants	100	99	350	7,479	50	500	500	8,078
Royalties for Regions Fund	888	-	3,108	-	444	-	4,440	-
Total income from State Government	1,352	547	4,736	9,047	677	724	6,765	10,318
Surplus/ (deficit) for the period	523	51	1,839	(769)	262	(119)	2,624	(837)

KEY PERFORMANCE INDICATORS

CERTIFICATION OF PERFORMANCE INDICATORS

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



MR TIM SHANAHAN
CHAIRMAN
DATE: 24 NOVEMBER 2009



MR STEPHEN WEBSTER
CHIEF EXECUTIVE OFFICER
DATE: 24 NOVEMBER 2009

PERFORMANCE INDICATORS

INTRODUCTION

The Government's desired outcome from the activities of the Pilbara Development Commission is the enhancement of the Pilbara region's economic and social development. The Commission achieves this outcome by providing facilitating communication between community and business groups, local shires and the state government, providing a coordination and facilitation function and by undertaking project activities, including providing grant funding to applicants meeting specific criteria, which deliver beneficial outcomes to business, community groups and to people living and working in the Pilbara region. The Commission focuses its activities through the following 3 services:

1. **Business and Industry Development** - This service seeks to encourage business and industry development through the identification and coordination of projects.
2. **Infrastructure and Service Identification and Coordination** - involves working with the community and business groups to identify infrastructure needs and coordinate the removal of impediments to achieve delivery of service.
3. **Regional Promotion and Information Services** - the Commission raises awareness of the advantages of both living in and visiting the Pilbara region through the provision and promotion of accurate and accessible information.

KEY EFFECTIVENESS INDICATOR

The Commission's effectiveness in achieving its government desired outcome is measured annually by survey. The survey is conducted by an independent market research firm to determine the extent to which the Commission's activities and services fulfil client needs. Clients are also given the opportunity to comment on the ways in which the agency could further enhance the economic and social development of the Pilbara. This year, the survey was sent to 128 key clients comprising Commonwealth and State agencies, Local Governments, business and community organisations that have had regular contact with the Commission over the last twelve months. Of these, 94 responded giving the survey a response rate of 73% and a survey error rate of + or -5% at the 95% confidence level.

Two specific questions relating to the outcomes of the Commission's activities are included in the survey and are reported below as the Key Effectiveness Performance Indicator. The questions asked to what extent do clients agree or disagree that:

- The Commission makes a positive contribution towards economic development in the Pilbara, and
- The Commission makes a positive social contribution in the Pilbara

Effectiveness Indicator	2008-09 Actual	2008-09 Target	2007-08 Actual
Customers satisfied that the Commission is effective in meeting its service objectives	80%	80%	80%

Responses indicated that 80% of clients were satisfied that the Commission is effectively contributing to government desired outcomes. Of the remaining respondents, 15% neither agreed or disagreed and only 5% disagreed. This result is on target and in line with last year's response levels.

KEY EFFICIENCY INDICATORS

The Commissions has key effectiveness indicators for each of its 3 services which were detailed in the introduction section above.

SERVICE 1 - BUSINESS AND INDUSTRY DEVELOPMENT

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

PERFORMANCE MEASURES	Actual 2008-09	Target 2008-09	Actual 2007-08
Cost of Service*	\$634,000	\$771,000	\$587,000
Projects completed or strategic objectives met within agreed timeframes	67%	80%	80%
*Note Cost of Service has been adjusted to exclude grant and subsidies expenses.			

Cost of Service

The variance between the 2008-09 Cost of Service target and 2008-09 actual reflects the assumptions used to prepare the target. The budget assumed last year's level of effort, whereby the Commission's workload was greater because it involved the assessment, funding and monitoring of all projects including some large and complicated projects. However, the current year mainly involved making payments, monitoring progress on grants and obtaining acquittals of grant expenditure. The shift away from this service to progress Royalties for Regions objectives also had an impact in this area.

The variance between the current and previous year's costs indicates the increase in the commission's operating costs, and in particular, the increase in employment costs including staff travel and accommodation.

Project Completion

Approved projects are often delayed and sometimes do not progress due to many factors that arise after a thorough assessment of each application has been made as part of the approval process. In many instances, Commission funding is approved with the knowledge that additional funding must be obtained from other State or Commonwealth sources. Whilst awaiting approval for this additional funding, the delay can be long enough that costs for the project have increased and there is subsequently insufficient funding to commence or progress the project. In other instances delays due to the inability to attract contractors, staff/management changes, seasonal changes, local issues or delays in planning approvals can have the same impact. All of these problems have been responsible for the below target result this year.

SERVICE 2 - INFRASTRUCTURE AND SERVICE IDENTIFICATION AND COORDINATION

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

PERFORMANCE MEASURES	Actual 2008-09	Target 2008-09	Actual 2007-08
Cost of Service*	\$2,213,000	\$529,000	\$2,052,000
Projects completed or strategic objectives met within agreed timeframes	55%	80%	100%
*Note Cost of Service has been adjusted to exclude grant and subsidies expenses.			

Cost of Service

Costs were higher this year compared to last year reflecting increasing operating costs incurred by the Commission, and the movement of focus away from the other services to focus on implementing the Royalties for Regions program under this service. Costs are considerably higher compared to target due to cost pressures in the region, particularly in attraction and retention of staff and for staff accommodation which is growing faster than anticipated.

Project Completion

Approved projects are often delayed and sometimes do not progress due to many factors that arise after a thorough assessment of each application has been made as part of the approval process. In many instances, Commission funding is approved with the knowledge that additional funding must be obtained from other State or Commonwealth sources. Whilst awaiting approval for this additional funding, the delay can be long enough that costs for the project have increased and there is subsequently insufficient funding to commence or progress the project. In other instances delays due to the inability to attract contractors, staff/management changes, seasonal changes, local issues or delays in planning approvals can have the same impact. All of these problems have been responsible for the below target result this year.

SERVICE 3 - REGIONAL PROMOTION AND INFORMATION SERVICES

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

PERFORMANCE MEASURES

Performance Measures	Actual 2008-09	Target 2008-09	Actual 2007-08
Cost of Service*	\$316,000	\$338,000	\$292,000
Projects completed or strategic objectives met within agreed timeframes	77%	80%	87%
*Note Cost of Service has been adjusted to exclude grant and subsidies expenses.			

Cost of Service

Compared with target, this year's costs are down due to the shift in resources from this service to service 2 to focus on implementing the Royalties for Regions program. This reduction is slightly offset by the increase in costs discussed previously.

Costs were higher this year compared to last year reflecting increasing costs to the Commission as previously discussed.

Project Completion

Approved projects are often delayed and sometimes do not progress due to many factors that arise after a thorough assessment of each application has been made as part of the approval process. In many instances, Commission funding is approved with the knowledge that additional funding must be obtained from other State or Commonwealth sources. Whilst awaiting approval for this additional funding, the delay can be long enough that costs for the project have increased and there is subsequently insufficient funding to commence or progress the project. In other instances delays due to the inability to attract contractors, staff/management changes, seasonal changes, local issues or delays in planning approvals can have the same impact. All of these problems have been responsible for the below target result this year.

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.

OTHER FINANCIAL DISCLOSURES

EMPLOYMENT AND INDUSTRIAL RELATIONS

STAFF PROFILE

	2008-09	2007-08
Full-time permanent	7	8
Full-timed contract	5	5
Part-time measured on a FTE basis	0	0.5
On secondment	0	0

STAFF DEVELOPMENT

The Pilbara Development Commission is committed to the continuous development of its employees. Our strategies aim to build a highly skilled and professional team with the ability to adapt to a changing economic and social environment, and that works together in a fair workplace.

During the financial year, our staff received training valued in excess of \$27,000 from both in-house and external trainers. Training is identified annually during staff performance reviews. Due to the dynamic environment and variety of activities undertaken by the Commission, training is also considered on an ongoing basis throughout the year.

WORKERS COMPENSATION

No compensation claims were made during the 2008-09 financial year.

GOVERNANCE DISCLOSURES

CONTRACTS WITH SENIOR OFFICERS

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

OTHER LEGAL REQUIREMENTS

COMPLIANCE WITH PUBLIC SECTOR MANAGEMENT ACT SECTION 31(1)

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

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

The Commission strives to achieve a high level of compliance with the Code of Ethics and Conduct Guide. During the year, the Commission identified instances of non compliance by a senior officer relating to its financial operations. The matter has been advised to the Public Sector Commissioner, and investigated by the Corruption and Crime Commission. Legal proceedings against the officer have commenced.

The Commission has a 'Code of Conduct' staff manual incorporating the Public Sector's 'Code of Ethics'. A comprehensive review of the Code of Conduct was commenced in June 2009. The completed code will be disseminated to staff and members of the Board as a matter of priority.



MR STEPHEN WEBSTER
CHIEF EXECUTIVE OFFICER
DATE: 24 NOVEMBER 2009

THE *ELECTORAL ACT 1907* - SECTION 175ZE

In compliance with section 175ZE of the *Electoral Act (1907)*, the Commission's expenditure on market research, polling, direct mail and media advertising during 2008-09 was \$28,224.

Expenditure was incurred in the following areas:

Advertising Agencies	
Market Force Express	\$6,260
Market Research Organisations	
Patterson Market Research	\$8,281
Polling Organisations	\$0
Direct Mail Organisations	\$0
Media Advertising Agencies	
Market Creations	\$2,289
Not-for Profit Organisations	\$6,738
Neubreed Pty Ltd	\$2,682
Media Decisions	\$1,974

DISABILITY ACCESS AND INCLUSION PLAN OUTCOMES

Following amendment to the *Disability Services Act 1993*, all State Government agencies are required to develop and implement Disability Access and Inclusion Plans (DAIPs) previously called Disability Service Plans. The aim of DAIPs are to make a positive difference to the lives of people with disabilities, their families and carers by focussing efforts to improve access to services, information and facilities.

The Commission's DAIP provides an important mechanism for monitoring and evaluating the Commission's services to help ensure that it meets the accessibility needs of people with disabilities, their families and carers.

As part of the DAIP, an annual action plan is developed with strategies to maximise accessibility. Specific strategies related to the six DAIP outcomes have not changed during the year and continue to be implemented on an ongoing basis and are subject to review when necessary.

EQUAL EMPLOYMENT OPPORTUNITY OUTCOMES

The Pilbara Development Commission has 12 employees, and is committed to the promotion of a non-discriminatory and harassment free working environment for all employees.

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

The Commission reviewed its Equal Employment Opportunity (EEO) Plan during 2007-2008. This year it has focused on implementing the strategies detailed in the plan to ensure EEO principles are incorporated into the Commission's corporate documentation, are followed by staff, and monitored through the Executive of the Commission. The application of the principles remains the responsibility of managers and is a key consideration in the recruitment, appointment and management of employees.

RECORD KEEPING PLAN

In January 2009, the Commission adopted its Record Keeping Plan as required under section 19 of the State Records Act (2000). The plan, in the form of a manual is designed to provide PDC Staff with a guide to Commission Policy, procedures and standards for handling public records. It helps ensure that all staff know that they have a responsibility to create and maintain public records in a manner which not only complies with legislative requirement, but allows for quick and easy location, identification and retrieval of such documents or electronic data.

The Commission confirms the following:

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

GOVERNMENT POLICY REQUIREMENTS

CORRUPTION PREVENTION

The Commission commenced a review of its policies and procedures, initially reviewing its code of conduct and key finance procedures, particularly those related to travel, and to purchasing cards. As key areas are finalised staff will be advised of the changes and reminded of their responsibilities.

During the year, the Commission received training from the Corruption and Crime Commission (CCC) on dealing with misconduct and managing conflicts of interest. Staff were reminded of the different types of misconduct, and how simple it can be for staff to become involved in misconduct, the need for controls, and of their obligations under the CCC Act.

The Commission staff also participated in a risk management workshop presented by the Public Sector Commission where they were introduced to some useful ideas and tools to assist them to better identify risks related directly to their jobs. The practical nature of the presentation highlighted to staff how important it was for staff to be aware of risks and to plan for them in their daily duties

OCCUPATIONAL HEALTH AND SAFETY

The Commission is committed to vigilance concerning occupational safety, health and injury management and has taken steps to re establish its representative Occupational Safety and Health Committee in order to maintain the current high standard, and effect safety improvements. Representatives will receive training with a view to empowering staff to identify and discuss issues that lead to improvements.

The committee will meet regularly and report issues through a permanent agenda item at Commission staff meetings. The Commission complies with the injury management requirements of the *Workers' Compensation and Injury Management Act 1981*. The Commission's performance is tabled as follows:

Indicator	Actual 2008-09	Target 2008-09
Number of fatalities	0	0
Lost time injury/diseases incidence rate	0	0
Number of severe claims	0	0
Lost time injury severity rate	0	0

PUBLICATIONS

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

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

All of these publications are available on the Commission's website at www.pdc.wa.gov.au

PRODUCED BY THE PILBARA DEVELOPMENT COMMISSION

Aboriginal Claimant Groups of the Pilbara

Current to June 2009, this publication which was provided by the Office of Native Title, and adapted with the assistance of the people from Wangka Maya for pronunciation, provides a list of Native title claimant groups within the Pilbara region.

Pilbara Government Agencies Directory

The directory provides a comprehensive listing of the postal address and contact details for all Federal, State and Local Government offices located in the Pilbara. It also provides a brief outline of the duties of the agency and their key staff.

Indigenous Communities and Organisations Directory

This is a useful listing of government departments serving indigenous issues and indigenous associations and corporations operating within the Pilbara. It provides contact details and brief duty descriptions of key members within those agencies.

Pilbara Projects

Prepared during November 2008, this provides, in a newsletter format presentation a brief description of key resource developments planned and being undertaken within the Pilbara.

Pilbara Economic Perspective

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

Housing and Land Snapshot

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

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

Pilbara Development Commission Strategic Plan 2007-2009

This publication was developed and published during the 2007-08 financial year. Planning for the Commission's subsequent Strategic Plan was performed during August 2009 and a new plan should issue shortly.

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