

PILBARA DEVELOPMENT COMMISSION

ANNUAL REPORT 2009-2010



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Statement of Compliance

Honourable Brendon Grylls
Minister for Regional Development and Lands

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 30th June 2010.

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



Mr Tim Shanahan
Chairman
Date: 22 OCTOBER 2010



Mr Stephen Webster
Chief Executive Officer
Date: 22 OCTOBER 2010

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Overview of Commission

Executive Summary

On 27 November 2009 State Government announced the Pilbara Cities blueprint, an initiative to encourage more people to live and work in the Pilbara. Critical to the success of this plan is the attraction to the region of residents and businesses not involved in the traditional mining, oil and gas sectors. Further to this is the creation of a city where people choose to settle on a permanent basis with access to high standards of services. The Commission will continue through facilitation, collaboration and coordination to support the delivery of regional projects aligned to the Pilbara Cities vision.

In 2009 The Pilbara Development Commission finalised its Strategic Plan 2010/15. This Plan has been developed to align with Government vision for the region. It sets a new direction for the Commission focusing on coordination, excellence and integrity. It aims to make Australia's most important economic region a remarkable place to live, work, visit and invest. In terms of this Plan, the Commission will play a greater role in advocating for the region and informing government policy.

The Pilbara is a dynamic and fast growing region and demands flexibility and innovation. The Commission has cooperated and collaborated with stakeholders, state and local government to leverage the best possible social and economic outcomes from private and public investment.

The Board and the Staff of the Commission have substantial and diverse experience which has enabled this small agency, with a staff complement of eight, to ensure positive outcomes for the region. The Commission has collaborated with Traditional Owners, Industry, non-Government Organisations and Government to secure a more equitable and prosperous future for the region. This work has included:

- Pilbara Aboriginal Contractors Association (PACA) was incorporated in July 2009 and launched on 13 August 2009. The purpose of the PACA is to promote, foster and support Aboriginal businesses in the Pilbara. The Commission provided administrative support, facilitation and networking as well as support in developing business and marketing plans.
- ePilbara provides the opportunity to new businesses registered in the Pilbara over the last 12 months to avail themselves of the free online service to publicise their business capability to the resource sector and other companies in the Pilbara.
- Promoting the Pilbara and advocating for the Region through hosting high profile visits from various sectors including Reserve Bank of Australia. Many of the proponents are seeking to develop new industries in the Region or establishing new branches of their business. The Commission is regularly involved in hosting ministerial and government visits.
- The Commission advocates for the Region through providing responses to industries social impact management plans and engage with community through industry reference groups.
- The Commission has coordinated:
 - a range of new initiatives for the region including housing initiatives for example the Karratha Service Workers Accommodation village, Warambie Estate.
 - Spotlight on the Pilbara launched in March 2010 is a Community Indicator Framework which has been developed in collaboration with the Australian Bureau of Statistics.
 - Small business through involvement with the Chambers of Commerce and Industry and Small Business Centres
- The Commission continues to support:
 - a range of consultancies providing high level planning for the Pilbara Cities initiative
 - various important committees for example the Pilbara Underground Power Project,
- House and Land Infill Strategy (Port Hedland).

The most accurate and consistent method of measuring the Commission's performance is by surveying clients. Each year, the Commission conducts an annual client survey to assess its effectiveness and performance in terms of Key Effectiveness Indicators.

In 2009 and 2010 the annual client survey was conducted using an online self completion methodology, supplemented by a telephone reminder and offer to do the survey by phone. All the data was collected from June 23 to July 7th 2010.

The response rate achieved for the 2009-10 Client Survey is calculated to be 79% which compares with the 73% from 2009. A total of 85 clients were interviewed in total from the database of 107 usable client contacts, which was the full list of client contacts for the 2010 year.

Information about the Royalties for Regions program has been the major focus of contact with the PDC in the twelve months to June 2010. Effectively 69% reported using the PDC in this way. A similar proportion sought information about what's happening in the region, 67%, and 49% were seeking information about the Pilbara region.

Staff were rated very highly on courtesy and knowledge. 73% of respondents agreed that the Pilbara Development Commission makes a positive contribution towards the economic development in the Pilbara,

The Pilbara Region

Australia has significant strategic, economic and environmental interests in the Indian Ocean Region. One third of Australian exports originate from Western Australia and major offshore developments are underway off the North West coast that play a key role in the national economy. There is acknowledgement of the importance of the north west of Western Australia as an Australian and State asset and recognition of its role in bringing Australia to the forefront as an energy superpower. Further, there is ongoing substantial investment by industry and State Government in projects and further exploration.

The Pilbara is a vast, diverse region situated in the north west of Western Australia and is often described as the engine room of the nation, because of its immense reserves of natural resources. The Pilbara is also renowned for its natural beauty and rich and diverse cultural heritage and is home to approximately 2% of Western Australia's population. The population has increased by 15% over the past seven years, due primarily to restructuring within the resources sector.

The vast majority of the population lives in the western third of the region, in the towns of Karratha, Dampier, Port and South Hedland and Roebourne. There are a number of Aboriginal Communities scattered across the region. The predominance of the minerals industry has impacted on the populations of specific communities. The influx of large temporary workforces, during the construction phase of projects, has caused community populations to fluctuate. The Pilbara continues to have a large fly-in-fly-out workforce, with estimates suggesting that the Pilbara's fly-in-fly-out workforce is currently up to 10,000 persons.

Chairman's Report

The Pilbara is poised on the cusp of transformational change.

After a relative lull in investment due to the global financial crisis, a full range of resource projects are in full swing and continue to stretch the physical and human resources of the region.

Coinciding with the world wide recovery has been the launching an implementation of the Pilbara Cities program by the State Government.

It is obvious that the pressure the region is facing is nowhere more evident in the lack of land and housing availability, which is driving exorbitant rentals and acting as a barrier to creating a more diverse and attractive community and economy.

It is also clear that with the great wealth that the region is generating that the redistribution of that wealth increasingly to the community must be invested on behalf of the whole community.

To date over \$1 billion of State Government funding has been committed to the region to address the underlying issues that Pilbara is confronting and to create a greater amenity in Pilbara communities.

The increased level of activity in the private and government sectors will have a significant influence on the role of the Pilbara Development Commission and the priorities set for 2010/11 and beyond.

The Pilbara Cities vision must build on the joint contribution of the private sector, State Government and Federal Government to support the development and prosperity of the region.

Since 2008, when the Liberal National Government initiated the Royalties for Regions Pilbara Revitalisation Plan (PRP) the initial commitment of \$300 million has grown to over a billion dollars.

In managing this influx of state government investment the Commission has developed an effective assessment process for funding applications which has been recognised widely as a benchmark of good practice.

In 2009-10 \$42 million was allocated to projects under the Pilbara Revitalisation Project Phase 2. Sixteen projects received funding and they are listed elsewhere in this report. Examples of the types of projects funded are the Hedland Senior High School which received \$4 million towards upgrades and \$1.5 million was allocated towards the development of a new art centre in Roebourne.

The overall program of investment in the Pilbara is guided by a Strategic Directions Group that consists of the Pilbara Development Commission Board and the Director General of the Department of Regional Development and Lands. This group makes recommendations to fund applications relating to strategic projects across the region.

The Commission also administers the Pilbara Regional Grants Scheme from which \$4.5 million was allocated this year to support local initiatives.

The Commission has been involved in coordinating and facilitating project delivery to promote economic and social development across the Pilbara.

The key issues continue to be:

- land and housing availability;
- the underlying infrastructure investment to support those new dwellings, commercial and industry developments;
- provision of quality social infrastructure for the growing population and anticipated population; and
- initiatives to reinforce and build upon the rich cultural history of the region and create a sense of place and value.

The PDC has played a crucial role in many community partnerships that have given rise to successful initiatives that contribute to resolving these issues.

While the opportunity for transformation is in front of us, it will not be achieved without continued investments, collaboration and the clear vision to achieve liveable communities in the region for the benefit of all of the populous.

This Annual Report provides a comprehensive analysis of the work undertaken by the Commission during the 2009-2010 financial year.

Pilbara Royalties for Regions Projects

PILBARA REVITALISATION PLAN PHASE 2

The Pilbara Revitalisation Plan Phase 2 (PRP Phase 2) was established by the Minister for Regional Development, Hon Brendon Grylls MLA in May 2009 as a four year program to support the development of the region with an initial allocation of \$300m.

Phase Two of the Plan is being led by the Pilbara Development Commission and managed by the Department of Regional Development and Lands. Projects must align with the objectives of the Royalties for Regions Program and the Pilbara Revitalisation Phase 2.

The Pilbara Development Commission's Strategic Directions Group identifies and recommends funding for strategic infrastructure initiatives that support the future growth and sustainability of the region, particularly in priority areas which include land availability and affordable housing, community amenity, Indigenous engagement and essential infrastructure.

Successful projects from the first round of PRP Phase 2 include:

APPLICANT	PROJECT / ACTIVITY	FUNDING APPROVED (\$ EX GST)	PROJECT TOTAL
Bloodwood Tree Association	Training and Employment Centre	\$ 920,000	\$ 2,900,000
Education Department	Hedland Senior High School Upgrade	\$ 4,000,000	\$ 8,000,000
FORM Contemporary Craft & Design	Roebourne Art Group Art Centre	\$ 1,500,000	\$ 2,300,000
Gumala Aboriginal Corporation	Educational and Cultural Amphitheatre Vision	\$ 1,000,000	\$ 1,600,000
Ngarluma Yindjibarni Foundation	Woodbrook Law Grounds	\$ 350,000	\$ 820,000
Puntukurnu Aboriginal Medical Centre	Jigalong Clinic and Staff Accommodation	\$ 60,000	\$60,000
Shire of Roebourne	Karratha Education, Leisure and Training Project	\$ 16,000,000	\$ 112,000,000
Yaandina Family Centre	Roebourne Youth Centre	\$ 1,000,000	\$ 4,200,000
Kanyirninpa Jukurrarra	Martu Knowledge Program	\$ 2,100,000	\$ 2,100,000
Rio Tinto	Dampier Childcare Centre Upgrade	\$ 1,500,000	\$ 3,000,000
Rio Tinto	Paraburdoo Childcare Centre Upgrade	\$ 1,500,000	\$ 300,000
Shire of Ashburton	Tom Price Sporting Precinct	\$ 5,000,000	\$5,600,000

APPLICANT	PROJECT / ACTIVITY	FUNDING APPROVED (\$ EX GST)	PROJECT TOTAL
Shire of East Pilbara	East Pilbara Communications Enhancement	\$ 2,400,000	\$ 12,900,000
Town of Port Hedland	Cemetery Beach/Koombana Community Parks	\$ 3,000,000	\$ 6,000,000
Town of Port Hedland	General Practitioner (GP) Housing Project	\$ 1,500,000	4,500,000
16 PROJECTS	TOTALS	\$41,830,000	\$ 166,280,000

THE PILBARA REGIONAL GRANTS SCHEME

The 2009/2010 Pilbara Regional Grants Scheme (PRGS) was established within the State Government's Royalties for Regions program and is administered by the Commission.

The scheme is especially aimed at projects that will help attract investment and increase job opportunities, or help to improve the quality of life in the region.

PRGS Guidelines have been designed consistent with the Royalties for Regions program and align with the Commission's current Strategic Plan.

In the second round of the PRGS, 69 applications were received by the Commission and a broad range of projects were supported.

Successful projects in the 2009/2010 Pilbara Regional Grants Scheme include:

APPLICANT	PROJECT / ACTIVITY	FUNDING APPROVED (\$ EX GST)	PROJECT TOTAL
Australian Youth Events	YOH Fest - a state-wide platform for high school students to participate in an innovative approach to health education	\$ 23,000	\$ 250,300
Beacon Foundation	No Dole Pilbara Expansion targeting communities in Karratha, Port Hedland and surrounding areas.	\$ 125,000	\$ 402,500
Drovers Rest	Rodeo Equestrian Centre in Port Hedland	\$ 30,000	\$ 30,000
FORM Contemporary Craft & Design	Landscaping of West End Cultural Precinct in the Town of Port Hedland	\$ 300,000	\$ 1,638,580
FORM Contemporary Craft & Design	Pilbara Aboriginal Arts Enterprise Project to grow the commercial, cultural and social capacity of the Roebourne Arts Group and Spinifex Hill Artists	\$ 345,700	\$ 1,239,760

APPLICANT	PROJECT / ACTIVITY	FUNDING APPROVED (\$ EX GST)	PROJECT TOTAL
Karratha BMX Club	Portable grandstands	\$ 19,640	\$ 24,640
Mountain View Sporting Club	Machinery compound upgrade in the Shire of Ashburton	\$ 37,750	\$ 100,250
Northwest Jockey Club	Infrastructure Facilities Enhancement Project in the Shire of Roebourne	\$ 70,000	\$ 399,986
Ngarluma Yindjibarndi Foundation	Roebourne Cultural Complex Stage 1	\$ 197,500	\$ 395,000
Pardoo Station	Irrigated cattle fodder production 40ha	\$ 140,000	\$ 575,000
Pilbara Indigenous Women's Aboriginal Corporation	Pilbara Indigenous Women's Gathering to be held in 2010	\$ 50,330	\$ 202,830
Port Hedland Golf Club	Machinery replacement project	\$ 35,000	\$ 70,000
Red Dog Film	Red Dog Feature Film being filmed throughout the region	\$ 295,000	\$ 9,415,291
Revive Clinic	Health programs in Port Hedland	\$ 20,000	\$ 170,000
Roebourne District Tourist Association	Equipment purchase	\$ 35,216	\$ 230,723
Rose Nowers Childcare Centre	Growth plan and upgrade of Centre in Port Hedland	\$ 100,483	\$ 850,149
Shire of East Pilbara	Cape Keraudren Reserve upgrade	\$ 90,000	\$ 180,070
Shire of East Pilbara	Capricorn recycled water	\$ 85,000	\$ 234,600
Shire of East Pilbara	Tourist facilities Marble Bar toilets	\$ 70,000	\$ 124,174
Shire of Roebourne	Wickham Skate Park	\$ 137,500	\$ 550,000
Tom Price Cultural Centre	Building and facilities improvements	\$ 88,472	\$ 176,944
Tourism Council of WA	Pilbara Tourism Accreditation Mentoring Project	\$ 17,000	\$ 72,880
Town of Port Hedland	Coastal Access and Management Plan	\$ 50,000	\$ 168,000
Town of Port Hedland	South Hedland Bowling and Tennis Club Development Phase 2	\$ 500,000	\$ 3,559,000

APPLICANT	PROJECT / ACTIVITY	FUNDING APPROVED (\$ EX GST)	PROJECT TOTAL
Volunteer Marine Rescue Service Port Hedland	Replacement of rescue vessel tow vehicle	\$ 25,000	\$ 55,000
Volunteer Marine Rescue Service Port Hedland	Rescue boat refurbishment	\$ 80,000	\$ 180,000
WA Association for the Development of Role Models and Leaders	Pilbara Leadership Development Program	\$ 51,200	\$ 181,200
Wangka Maya Pilbara Aboriginal Language Centre	Community Art and Cultural Centre	\$ 147,300	\$ 536,600
Wickham Youth Group	Youth Group facilities upgrade	\$ 76,400	\$ 326,400
Yaandina Family Services	Roebourne Youth Centre	\$ 500,000	\$ 4,380,000
30 PROJECTS	TOTALS	\$3,742,491	\$26,719,877

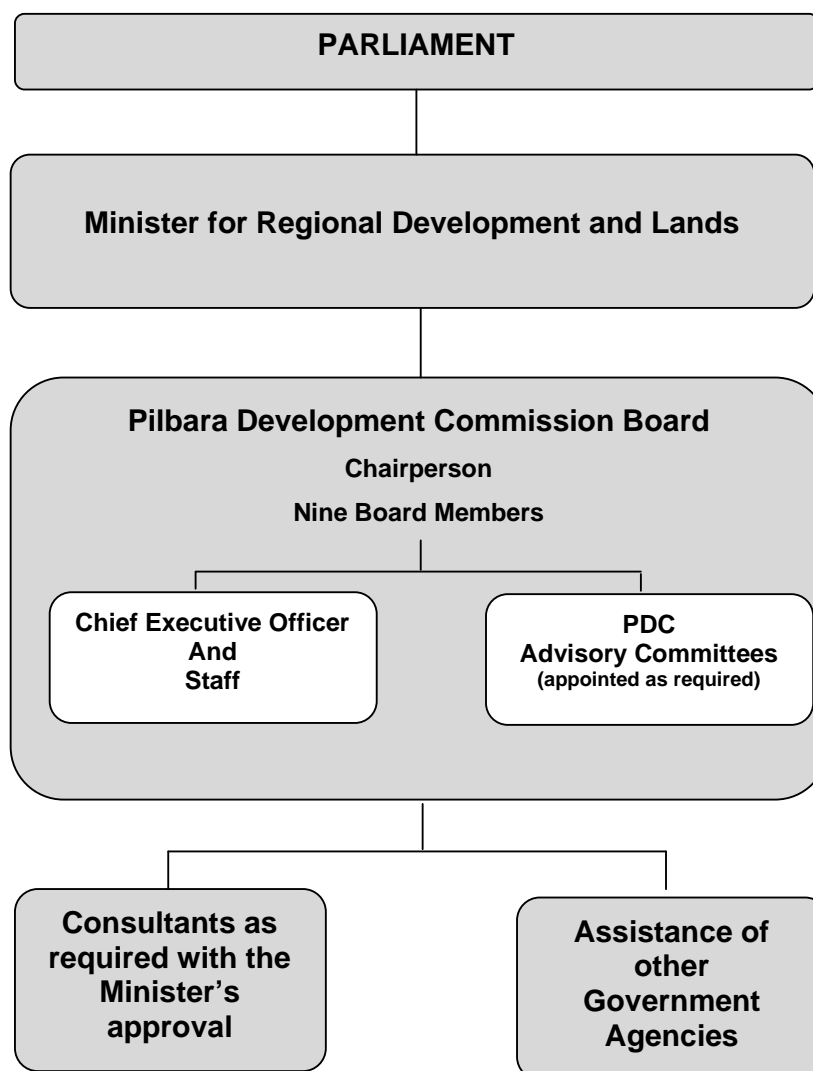
Enabling Legislation

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

Responsible Minister

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

Reporting Structure



Commission Board

The Regional Development Commissions Act (1993) provides Regional Development Commissions with a Board of Management. Board members are appointed by the Minister of Regional Development and Lands. 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 nominated by the Minister for Regional Development and Lands together with 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 to a maximum of \$18,500 in total per annum.
- Deputy Chairman - \$630 per full day or \$410 per part day to a maximum of \$16,400 per annum.
- Members - \$500 per full day or \$330 per part day.

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

Advisory Committees

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

The Strategic Directions Group has been constituted as an Advisory Committee.

Board Members for 2009-2010

Position	Name	Category	Location	Term expiry
Chair	Mr Tim Shanahan	Ministerial	Perth	30/06/2012
Deputy Chair	Mr Andre Bush	Ministerial	Port Hedland	30/06/2012
Member	Mrs Ann Eyre	Community	Onslow	31/12/2010
Member	Mrs Veronica Rodenburg	Community	Roebourne	31/12/2010
Member	Cr Nicole Lockwood	Local Government	Karratha	30/06/2012
Member	Mr Larry Softley	Community	Tom Price	30/06/2012
Member	Ms Kelly Howlett	Ministerial	Port Hedland	Temporary
Member	Mr Stephen Webster	Ex-Officio	Karratha	On-going
	Cr Brad Shell			Resigned
	Mr Geoff Stocker			Resigned

Tim Shanahan - Chairman

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 a 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). Tim is a member of the WA Regional Trust Fund.

Andre Bush - Deputy Chairman

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.

Ann Eyre

Ms Ann Ayres is a long time resident of the Pilbara, having resided in the region for over 30 years. She currently lives in Onslow. Ann was a small business owner and is now involved in volunteering. Ann is involved with many Associations in Onslow and specialises in tourism.

Larry Softley

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 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.

Kelly Howlett

Ms Kelly Howlett is the Mayor for the Town of Port Hedland and has been a local resident for over ten years. Kelly's interests include environmental management, tourism and building sustainable and resilient communities. Kelly looks forward to contributing towards being a valuable member of the Board.

Veronica Rodenburg

Ms 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.

Nicole Lockwood

Ms Nicole Lockwood is the president of the Shire of Roebourne. Nicole is a director on the board of horizon power, a member of the WA planning commission. She previously worked with the Pilbara Community legal service and the office of the director of public prosecutions. She's dedicated to creating a community people are proud to call home, from cradle to the grave.

Stephen Webster

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.

Members who retired during 2009-10:

Mr Geoff Stocker
Cr Brad Snell

Administered and Other Key Legislation Impacting on the Commissions Activities

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

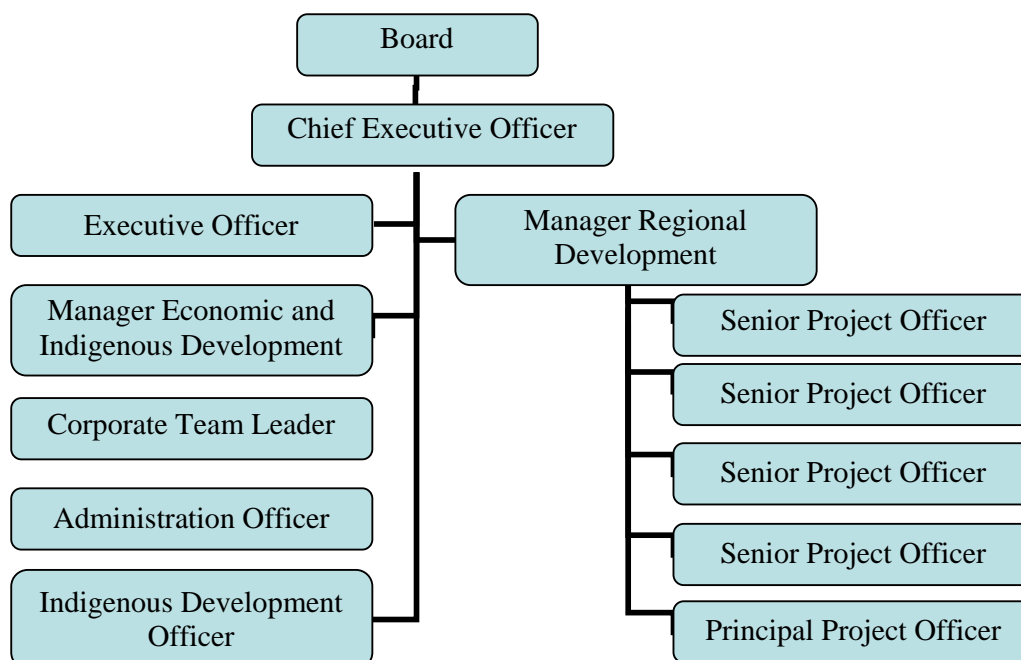
- ❖ Regional Development Commissions Act 1993.
- ❖ Auditor General Act 2006.
- ❖ Disabilities Services Act 1993.
- ❖ Equal Opportunities Act 1984.
- ❖ Financial Management Act 2006.
- ❖ Freedom of Information Act 1992.
- ❖ Industrial Relations Act 1979.
- ❖ Minimum Conditions of Employment Act 1993.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

Organisational Structure

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.



Pilbara Development Commission Objectives

VISION

The Pilbara is *the place* to live, work, visit and invest

MISSION

Shaping the future such that:

- The Pilbara is promoted as Australia's economic powerhouse.
- It is a vibrant and sustainable place to live, work, visit and invest.
- Investment is leveraged many times over.
- There is a harmonised view to achieving the vision for the Pilbara.
- We can attract and retain people in the Pilbara.
- There is prosperity and benefit for everyone.

VALUES

The Pilbara Development Commission strives for excellence in delivering services to the Pilbara.

- We work professionally and with integrity.
- We are passionate and committed about our work and Region.
- We value and include everyone across our Region.
- We plan for the future with vision and innovation.

Performance Management Framework

As a Statutory Authority, the Commission has legal responsibilities in accordance with the *Regional Development Commissions Act 1993*.

Further, the Commission has to comply with State Government Policies, hold regular Board meetings and ensure fair and transparent decision making.

The Commission is responsible for delivering a high level of governance informed by the Public Sector Management Act 1994, the Western Australian Public Sector Code of Ethics and the Public Sector Commission's *Good Governance for Western Australian Public Sector Boards and Committees*.

The commission is responsible for developing a code of conduct which is updated regularly.

Outcome 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 nonexistent 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 Liberal National Government's Strategic Priorities.

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 2009-10.

Shared Responsibilities with Other Agencies

The Commission did not share any responsibilities with other agencies in 2009-10.

Agency Performance

Report on Operations

ACTUAL RESULTS versus BUDGETED TARGETS

Financial Targets

	Target (1) \$000	Actual \$000	Variation (2) \$000
Total cost of services (expense limit)	9,890	5,564	4,326
Net cost of services	9,770	5,000	4,770
Total Equity	3,942	3,676	266
Surplus/(deficiency) for the period	(1,073)	(359)	714
Approved full time equivalent (FTE) staff level	15	10	6

(1) As specified in the budget statements for the 2009-10 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%	73%	(7%)
Key Efficiency Indicators Business and Industry Development	80%	73%	(7%)
Key Efficiency Indicators Infrastructure and Service Identification & Coordination	80%	67%	(13%)
Key Efficiency Indicators Regional Promotion and Information Services	80%	72%	(8%)

(1) As specified in the budget statements for the 2009-10 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

The Pilbara's rapid economic growth is predicted to continue over an extended period as major new resource sector projects and expansions are commissioned. In particular the iron ore and oil and gas industries will continue to develop and expand to meet the increasing demand from China and the rest of Asia. As a result, the Pilbara is expected to retain its mantle as an area of strategic significance to both the State and National economies for some time into the future.

Affordable housing and land availability remain the critical factors for a sustainable Pilbara. The exceptional growth of the region has resulted in significant increases in the residential population as well as a substantial FIFO workforce, mainly in construction. This has led to a severe shortage of affordable accommodation and land with substantial increases in the cost of housing and rental properties way beyond the national average.

The Liberal-National Government has introduced a range of initiatives and committed significant funding to generate more affordable accommodation and land under the Royalties for Regions program. This includes reasonably priced housing and land for key and essential workers not directly employed in the resources sector. Given the severity and longevity of the deficit, it is likely to take some time before the availability and cost of housing and rental accommodation in the region is "normalised", particularly in the larger regional towns.

Whilst affordable accommodation is the underlying factor to sustainable development, high standards of community amenity and services are also regarded as crucial to enhancing the Pilbara lifestyle and attracting people to the region. This includes enhanced service delivery and improvements to areas such as health, education and childcare which are fundamental to the sustainable development of the region.

Under the Royalties for Regions "Pilbara Cities" blueprint, the Liberal-National government has committed significant funding and resources, particularly to the main regional towns of Port Hedland and Karratha, to stimulate the development of new facilities and upgrades of existing infrastructure. New hospitals, education institutes, sporting and recreation facilities and culture and the arts are some of the major social infrastructure projects in progress or planned.

Another key factor for sustainable growth in the Pilbara is the attraction and retention of skilled workers across all sectors including the government, non-government, small business and industry sectors. The non-government or not for profit sector and small business are particularly impacted which has the potential to negatively impact on the delivery of a number of essential and other services that would be expected to support a sustainable community. Given the national shortage of skilled workers, attraction

and retention will continue to be a significant issue for the resources sector as new projects and expansions come on stream.

There are considerable opportunities for the Pilbara's Indigenous population to gain long term economic and social benefits from the expansion in the resources sector and growth in the region. Government, the resource sector and non-government agencies already work closely with Indigenous people to support business development, training and skills development, employment and social improvements for Indigenous communities. Whilst there has been progress in this area, stakeholders will need to continue to work in a strategic, collaborative and inclusive manner to maintain improved outcomes in the socio-economic status of the Pilbara's Indigenous population.

The ongoing expansion of the resource sector together with the government's strong commitment to the sustainable development of the region promises a bright future for the Pilbara. To achieve this, all stakeholders will need to continue to work together to ensure that the Pilbara gains long term sustainable economic and social benefits during this unprecedented period.

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 2010

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

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 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. This document is available on the OAG website under "How We Audit".

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.

DISCLOSURES AND LEGAL COMPLIANCE

Pilbara Development Commission

Financial Statements and Key Performance Indicators for the year ended 30 June 2010

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Pilbara Development Commission at 30 June 2010 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) 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 2010.



COLIN MURPHY
AUDITOR GENERAL
19 November 2010

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 2010 and the financial position as at 30 June 2010.

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: 22 OCTOBER 2010



MR STEPHEN WEBSTER
CHIEF EXECUTIVE OFFICER

DATE: 22 OCTOBER 2010



MR KEVIN WALSH
ASSISTANT DIRECTOR CORPORATE

DATE: 22 OCTOBER 2010

**PILBARA DEVELOPMENT COMMISSION
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$000	2009 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	5	1,686	2,039
Supplies and services	6	839	880
Depreciation and amortisation expense	7	19	28
Accommodation expenses	8	152	173
Grants and subsidies	9	2,767	2,192
Other expenses	10	101	43
Total cost of services		5,564	5,355
Income			
<i>Revenue</i>			
Other revenue	11	564	1,214
Total Revenue		564	1,214
Total income other than income from State Government		564	1,214
NET COST OF SERVICES	22	5,000	4,141
Income from State Government			
Service appropriation	12	2,401	1,825
Other State Grants		865	500
Royalties for Regions		1,375	4,440
Total income from State Government		4,641	6,765
SURPLUS/(DEFICIT) FOR THE PERIOD		(359)	2,624
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation reserve		-	-
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(359)	2,624

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

**PILBARA DEVELOPMENT COMMISSION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2010**

	Note	2010 \$000	2009 \$000
ASSETS			
Current Assets			
Cash and cash equivalents	22	572	1
Restricted cash and cash equivalents	13/22	5,783	7,544
Receivables	14	543	501
Other current assets	16	108	4
Total Current Assets		7,006	8,050
Non-Current Assets			
Amounts receivable for services	15	79	79
Property, plant and equipment	17	43	27
Intangible assets	18	3	8
Total Non-Current Assets		125	114
TOTAL ASSETS		7,131	8,164
LIABILITIES			
Current Liabilities			
Payables	19	3,142	3,829
Amounts due to the Treasurer		-	-
Provisions	20	209	148
Total Current Liabilities		3,351	3,977
Non-Current Liabilities			
Provisions	20	104	157
Total Non-Current Liabilities		104	157
TOTAL LIABILITIES		3,455	4,134
NET ASSETS		3,676	4,030
EQUITY			
Contributed equity	21	263	258
Accumulated surplus/(deficit)	21	3,413	3,772
TOTAL EQUITY		3,676	4,030

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

**PILBARA DEVELOPMENT COMMISSION
STATEMENT OF CHANGE IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	Contributed Equity	Accumulated surplus/ (deficit)	Total equity
		\$000	\$000	\$000
Balance at 1 July 2008	21	258	1,148	1,406
Total comprehensive income for the year		-	2,624	2,624
Total				
Balance at 30 June 2009		258	3,772	4,030
Total comprehensive income for the year			(359)	(359)
Transactions with owners in their capacity as owners:				
Capital appropriations		5		5
Distributions to owners				
Balance at 30 June 2010		263	3,413	3,676

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

**PILBARA DEVELOPMENT COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2010**

	Note	2010 \$000	2009 \$000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		2,401	1,785
State Grants		865	500
Holding account drawdowns		-	20
Royalties for Regions Fund		1,375	4,440
Net cash provided by State Government		4,641	6,745
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(1,652)	(1,944)
Supplies and services		(782)	(610)
Accommodation		(152)	(159)
Grants and subsidies		(3,432)	(3,031)
GST payments on purchases		(40)	(402)
Other payments		(120)	(43)
Receipts			
Other government grants and contributions		-	140
GST receipts on sales		(43)	148
GST receipts from taxation Commission		-	292
Other receipts		419	938
Net cash provided by/(used in) operating activities	22	(5,802)	(4,671)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(29)	(16)
Net cash provided by/(used in) investing activities		(29)	(16)
CASH FLOWS FROM FINANCE ACTIVITIES			
Net increase (decrease) in cash and cash equivalents		(1,190)	2,058
Cash and cash equivalents at the beginning of period		7,545	5,487
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	22	6,355	7,545

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

**PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010**

Note 1 Australian Accounting Standards

Note 2 Summary of significant accounting policies

Note 3 Judgements made by management in applying accounting policies

Note 4 Disclosure of changes in accounting policy and estimates

Note 5 Employee benefit expenses

Note 6 Supplies and services

Note 7 Depreciation and amortisation expenses

Note 8 Accommodation expenses

Note 9 Grants and subsidies

Note 10 Other expenses

Note 11 Other revenue

Note 12 Income from State Government

Note 13 Restricted cash & cash equivalents

Note 14 Receivables

Note 15 Amounts receivable for services

Note 16 Other assets

Note 17 Plant and equipment

Note 18 Intangible assets

Note 19 Payables

Note 20 Provisions

Note 21 Equity

Note 22 Notes to the Statement of Cash Flows

Note 23 Commitments

Note 24 Contingent liabilities and contingent assets

Note 25 Events occurring after the end of the reporting period

Note 26 Explanatory statement

Note 27 Financial instruments

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

Note 29 Remuneration of auditor

Note 30 Supplementary financial information

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

Note 1 Australian Accounting Standards

General

The Commission's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

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

Early adoption of standards

The Commission cannot early adopt an Australian Accounting Standard 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 2010.

Note 2 Summary of significant accounting policies

(a) General Statement

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

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

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

(b) Basis of Preparation

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

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

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

The judgments that have been made in the process of applying the 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'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 5 'Key sources of estimation uncertainty'.

(c) Reporting Entity

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

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

(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.

Grants, donations, gifts and other non-reciprocal contributions

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

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

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

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.

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

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

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

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.

(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.

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

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

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.

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'.

**PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010**

(m) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the 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 end of the reporting period.

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 reporting period.

Superannuation

The Government Employees Superannuation Board (GESB) in accordance with legislative requirements administers public sector superannuation arrangements in Western Australia.

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

The 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.

**PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010**

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 2 (p) 'Superannuation expenses'.

(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 note 10 'Other expenses' and note 20 'Provisions'.

(p) Superannuation Expenses

The superannuation expense in the Statement of Comprehensive Income comprises employer contributions paid to the GSS (concurrent contributions), the West State Superannuation Scheme (WSS), and the GESB Super Scheme (GESBS).

The GSS Scheme is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by the 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.

Where assets or services are received from another State Government agency, these are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(r) Comparative Figures

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

Note 3 Judgements made by management in applying accounting policies

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

Operating Lease Commitments

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

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

Note 4 Disclosure of changes in accounting policy and estimates

AASB101

Presentation of Financial Statements (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

AASB 2007-10

Further Amendments to Australian Accounting Standards arising from AASB 101. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

AASB 2008-13

Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Commission where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Commission does not expect any financial impact when the Standard is first applied prospectively.

AASB 2009-2

Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

Future impact of Australian Accounting Standards not yet operative

AASB 2009-11 Operative for reporting periods beginning on/after 1 Jan 2013

Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12).

The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Commission does not expect any financial impact when the Standard is first applied.

Changes in Accounting Estimates

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

Note 5 Employee benefit expenses

	2010 \$000	2009 \$000
Wages and salaries (a)	1,213	1,282
Superannuation - defined contribution plans	114	91
Long service leave (b)	59	3
Annual leave (c)	93	195
Other related expenses	207	468
Total	1,686	2,039

- (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) Includes a superannuation contribution component.

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

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

Note 6 Supplies and services

	2010 \$000	2009 \$000
Communication	110	46
Consultants and contractors	408	339
Consumables	95	199
Travel	151	160
Other	75	136
Total	839	880

Note 7 Depreciation and amortisation expenses

	2010 \$000	2009 \$000
Depreciation		
Plant and equipment	10	5
Computer equipment	4	17
Balance at the end of the Total depreciation	<u>14</u>	<u>22</u>
Amortisation		
Intangible asset	<u>5</u>	<u>6</u>
Total	19	28

Note 8 Accommodation expenses

	2010 \$000	2009 \$000
Lease rentals	139	146
Cleaning	13	27
Total	152	173

Note 9 Grants and subsidies

	2010 \$000	2009 \$000
Recurrent - donations	-	31
Capital - Pilbara Funds and PRDS	2,767	2,161
Total	2,767	2,192

Note 10 Other expenses

	2010 \$000	2009 \$000
Equipment repairs and maintenance	20	14
Employment on-costs (a)	3	7
Audit fees (b)	78	22
Total	101	43

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

- (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'.

Note 11 Other revenue

	2010 \$000	2009 \$000
Miscellaneous including Commonwealth recoups and grant refunds	564	1,214
Total	564	1,214

Note 12 Income from State Government

	2010 \$000	2009 \$000
Appropriation received during the year		
Service appropriation (a)	2,401	1,825
State grants	865	500
Royalties for Regions Fund (b)		
- Regional Infrastructure and Headworks	1,375	4,440
Total	4,641	6,765

- (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.

Note 13 Restricted cash & cash equivalents

	2010 \$000	2009 \$000
Current		
Business and industry development	1,235	429
Infrastructure and service identification and coordination	1,366	1,798
Regional promotion and information services	-	845
Royalties for Regions	3,182	4,440
Other	-	32
Total	5,783	7,544

Note 14 Receivables

	2010 \$000	2009 \$000
Current		
Receivables	543	496
GST receivables	-	5
Total	543	501

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

Note 15 Amounts receivable for services

	2010 \$000	2009 \$000
Current	-	-
Non-current	79	79
Total	79	79

Note 16 Other assets

	2010 \$000	2009 \$000
Current		
Prepayments	108	4
Total	108	4

Note 17 Plant and equipment

	2010 \$000	2009 \$000
Plant		
At cost	66	37
Accumulated depreciation	(31)	(29)
Total	35	8
Equipment		
At cost	136	136
Accumulated depreciation	(128)	(117)
Total	8	19

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

	Plant & Furniture \$000	Equipment \$000	Total \$000
2010			
Carrying amount at start of year	8	19	27
Additions	29	-	29
Disposals	(-)	(-)	(-)
Depreciations	(2)	(11)	(13)
Carrying amount at end of year	35	8	43

	Plant & Furniture \$000	Equipment \$000	Total \$000
2009			
Carrying amount at start of year	13	29	42
Additions	-	7	7
Disposals	-	-	-
Depreciations	(5)	(17)	(22)
Carrying amount at end of year	8	19	27

Note 18 Intangible assets

2010	2009
------	------

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

	\$000	\$000
Computer software		
At cost	30	30
Accumulated depreciation	(27)	(22)
Total	3	8

Reconciliations - computer software

Carrying amount at start of year	8	5
Additions	-	9
Amortisations	(5)	(6)
Carrying amount at end of year	3	8

Note 19 Payables

	2010 \$000	2009 \$000
Current		
Trade payables	121	122
Other payables	206	96
Accrued expenses	268	352
Accrued salaries	33	20
Committed grants	2,514	3,239
Total	3,142	3,829

Note 20 Provisions

	2010 \$000	2009 \$000
Current		
Employee benefit provisions		
Annual leave (a)	117	148
Long Service leave (b)	92	-
Total current	209	148
Non-current		
Employee benefit provisions		
Long Service leave (b)	104	157
Total non-current	104	157

- (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:

	2010 \$000	2009 \$000
Within 12 months of balance sheet date	117	148
More than 12 months after balance sheet date	-	-
Total	117	148

- (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:

2010	2009
------	------

**PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
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	\$000	\$000
Within 12 months of balance sheet date	92	157
More than 12 months after balance sheet date	104	-
Total	196	157

Note 21 Equity

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

	2010 \$000	2009 \$000
Contributed equity		
Balance at start of period	258	258
Contributions by owner		
Capital appropriation	5	-
Other contributions by owners		
Royalties for Regions Fund - Regional Infrastructure and Headworks Account	-	-
Other contribution by owners	-	-
Total distribution to owners	263	258
Balance at end of period	263	258
Accumulated surplus (deficit)		
Balance at start of year	3,772	1,148
Result for the period		
Income and expenditure recognised directly in equity	(359)	2,624
Other contribution by owners	-	-
Balance at end of year	3,413	3,772

Note 22 Notes to the Statement of Cash Flows

Reconciliation of cash

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

	2010 \$000	2009 \$000
Cash and cash equivalents	572	1
Restricted cash and cash equivalents to note 13 'Restricted cash and cash equivalents'	5,783	7,544
Total distribution to owners	6,355	7,545

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

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

	2010 \$000	2009 \$000
Net cost of services	(5,000)	(4,141)
Non-cash items		
Depreciation and amortisation items	19	29
(Increase)/decrease in assets		
Current receivables	(41)	(116)
Other current assets	(101)	24
Increase/(decrease) in liabilities		
Current payables	(687)	(538)
Current provisions	61	83
Non-current provisions	(53)	9
Change in GST in receivables/payables	-	(8)
Net GST receipts/(payments)	-	(13)
Net cash used in operating activities	(5,802)	(4,671)

Note 23 Commitments

	2010 \$000	2009 \$000
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	-	-
Total	-	-

Lease commitments

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

Within 1 year	48	115
Later than 1 year and not later than 5 years	-	24
Later than 5 years	-	-
Total	48	139

Note 24 Contingent liabilities and contingent assets

Contingent liabilities
Nil

Lease commitments
Nil

Note 25 Events occurring after the end of the reporting period

**PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010**

Nil

Note 26 Explanatory statement

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

Significant variations between estimated and actual results for the financial year

	2010 Estimates \$000	2010 Actual \$000	2010 Variation \$000
Supplies and services	244	839	(595)
User charges and fees	257	272	(15)
Sales	-	-	-

Supplies and services:

The significant variance in supplies and services is:

- Redirection in contractors fees amounting to \$116,000; and
- Increase cost of travel amounting to \$20,000.
- \$500,000 minimum difference in real operational costs verses current and out-year estimates.

User charges and fees:

The variance is due to an estimated increase in audit fees of \$60,000.

Significant variances between actual and prior years actual

	2010 \$000	2009 \$000	Variation \$000
Income			
State grants	865	500	365
Other revenue	564	1,214	(650)
Expenses			
Employee benefits	1,686	2,039	(353)
Supplies and services	839	880	(41)
Grants and subsidies	2,767	2,192	575

Grants and subsidies (Revenue)

The variance is due to the increased level of grant applications successfully processed.

Other revenue

This variance is due to grant allocated monies in the previous year that did not progress and were returned to the Commission.

Employee benefits expense

This variance is due to a reduction in staff levels from 12 to 9 during the course of the financial year.

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 2010**

Note 27 Financial instruments

(a) Financial Risk Management objectives and policies

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.

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
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INTEREST RATE EXPOSURES AND AGEING ANALYSIS OF FINANCIAL ASSETS

	Weighted Average Interest Effective Interest Rate %	Variable Interest Rate \$	Non Interest Bearing \$	Within 1 Year \$	1-2 Years \$	2-5 Years \$	More than 5 Years \$	Adjustment for discounting \$	Carrying Amount \$
2010									
<u>Financial Assets</u>									
Cash and cash equivalents	-	-	572,921	-	-	-	-	-	572,921
Restricted cash and cash equivalents	4.535	3,181,657	2,601,546	-	-	-	-	-	5,783,203
Receivables	-	-	649,963	649,963	-	-	-	-	649,963
<u>Financial Liabilities</u>									
Payables	6.3	-	1,802,515	1,802,515	-	-	-	-	1,802,515
	-	-	-	-	-	-	-	-	-
2009									
<u>Financial Assets</u>									
Cash and cash equivalents	-	-	33,649	-	-	-	-	-	33,649
Restricted cash and cash equivalents	3.213	4,440,000	3,138,542	-	-	-	-	-	7,578,542
Receivables	-	-	501,147	-	-	-	-	-	501,147
			-	-	-	-	-	-	-
<u>Financial Liabilities</u>									
Payables	6.3	-	3,976,755	1,375,209	2,601,546	-	-	-	3,976,755

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

Note 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:

\$	2010	2009
0 - 10,000	9	8
10,001 - 20,000	1	1

The total remuneration of members of the accountable authority is	\$46,873	\$18,266
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The total remuneration includes the superannuation expense incurred by the Commission in respect of members of the Accountable Authority.

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:

\$	2010	2009
50,001 - 60,000	1	-
60,001 - 70,000	4	-
70,001 - 80,000	3	-
90,001 - 100,000	1	-
130,001 - 140,000	1	1
150,001 - 160,000	-	1
160,001 - 170,000	-	1

The total remuneration of senior officers is:	<u><u>\$742,325</u></u>	<u><u>\$460,217</u></u>
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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.

Note 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><u>30</u></u>	<u><u>19</u></u>
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**PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010**

Note 30 Supplementary financial information

Write-Offs

Public property written-off by the Executive Council during the financial year	- -
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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	-	-
	- -	- -

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 2010

Schedule of Income and Expenses by Service

	Business & Industry Development		Infrastructure, Service Identification & Coordination		Regional Promotion & Information Service		Total	
	2010	2009	2010	2009	2010	2009	2010	2009
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
COST OF SERVICES								
Expenses								
Employee benefits expense	338	408	1,179	1,426	169	204	1,686	2,038
Supplies and services	168	176	590	612	81	88	839	876
Depreciation & amortisation expense	3	6	13	20	3	3	19	29
Accommodation expenses	30	35	107	121	15	17	152	173
Grants and subsidies	553	438	1,936	1,534	278	220	2,767	2,192
Other expenses	21	9	70	30	10	4	101	43
Total cost of services	1,113	1,072	3,895	3,743	556	536	5,564	5,351
Income								
Other revenue	113	243	395	850	56	121	564	1,214
Total income other than income from State Government	113	243	395	850	56	121	564	1,214
NET COST OF SERVICES	(1,000)	(829)	(3,500)	(2,893)	(500)	(415)	(5,000)	(4,137)
INCOME FROM STATE GOVERNMENT								
Service appropriation	480	364	1,680	1,278	241	182	2,401	1,824
State grants	173	100	605	350	87	50	865	500
Royalties for Regions Fund	275	888	962	3,108	138	444	1,375	4,440
Total income from State Government	928	1,352	3,247	4,736	466	676	4,641	6,764
Surplus/ (deficit) for the period	(72)	523	(253)	1,843	(34)	261	(359)	2,627

PILBARA DEVELOPMENT COMMISSION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 30 June 2010

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Commission's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 100 basis point change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

-100 basis points + 100 basis points

	Carrying Amount \$	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
2010					
<u>Financial Assets</u>					
Restricted cash and cash equivalents		(3,182)	(3,182)	(3,182)	(3,182)
	3,181,657				
Total increase (decrease)		(3,182)	(3,182)	(3,182)	(3,182)
2009					
<u>Financial Assets</u>					
Restricted cash and cash equivalents		(4,440)	(4,440)	(4,440)	(4,440)
	4,440,000				
Total increase (decrease)		(4,440)	(4,440)	(4,440)	(4,440)

Fair Value

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

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 2010.



Mr Tim Shanahan
Chairman
Date: 22 OCTOBER 2010



Mr Stephen Webster
Chief Executive Officer
Date: 22 OCTOBER 2010

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 107 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, 85 responded giving the survey a response rate of 80% 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. All questions were developed to establish client satisfaction with a variety of elements of the Commission's services and 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	2009-10 Actual	2009-10 Target	2008-09 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, 16% neither agreed nor disagreed and only 4% disagreed. This result is on target and in line with last year's response levels.

KEY EFFICIENCY INDICATORS

The Commission 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 2009-10	Target 2009-10	Actual 2008-09
Cost of Service	\$1,113,000	\$2,135,000	\$1,072,000
Projects completed or strategic objectives met within agreed timeframes	73%	80%	80%

Cost of Service

The variance between the 2009-10 Cost of Service target and the actual reflects the assumptions used to prepare the target. The budget assumed a greater level of grant finalisation of process, whereby the Commission's workload was heavier than expected and the timing of documentation throughput slower than expected in particular with some large and complicated projects. Additionally, there was a reduction in staff numbers compared with previous years and this placed increased pressure on the progression of applications.

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 2009-10	Target 2009-10	Actual 2008-09
Cost of Service	\$3,895,000	\$5,455,000	\$3,747,000
Projects completed or strategic objectives met within agreed timeframes	67%	80%	80%

Cost of Service

The variance between the 2009-10 Cost of Service target and the actual reflects the assumptions used to prepare the target. The budget assumed a greater level of grant finalisation of process, whereby the Commission's workload was heavier than expected and the timing of documentation throughput slower than expected in particular with some large and complicated projects. Additionally, there was a reduction in staff numbers compared with previous years and this placed increased pressure on the progression of applications.

Project Completion

Approved projects are also 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	Actual 2009-10	Target 2009-10	Actual 2008-09
Cost of Service	\$556,000	\$2,180,000	\$536,000
Projects completed or strategic objectives met within agreed timeframes	72%	80%	80%

Cost of Service

The variance between the 2009-10 Cost of Service target and the actual reflects the assumptions used to prepare the target. The budget assumed a greater level of grant finalisation of process, whereby the Commission's workload was heavier than expected and the timing of documentation throughput slower than expected in particular with some large and complicated projects. Additionally, there was a reduction in staff numbers compared with previous years and this placed increased pressure on the progression of applications.

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

	2009-10	2008-09
Full-time permanent	6	7
Full-time contract	4	5
Part-time measured on a FTE basis	0	0
On secondment	0	0

Note: There was significant movement of staff during 2009-10 and the above numbers reflect the staff quota at any given time.

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.

In light of the Cities of the North vision the Commission will be up skilling staff in anticipation of the challenges and opportunities that this vision will present.

WORKERS COMPENSATION

No compensation claims were made during the 2009-10 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.

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 and completed early 2010.



MR STEPHEN WEBSTER
CHIEF EXECUTIVE OFFICER

DATE: 22 OCTOBER 2010

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 2009-10 was \$12,458.

Expenditure was incurred in the following areas:

Advertising Agencies	
Adcorp	\$2,068
Market Research Organisations	
Patterson Market Research	\$8,190
Media Advertising Agencies	
Market Creations	\$2,200

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 10 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 continues to incorporate the outcomes of the 2007/08 review.

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 2009-10	Target 2009-10
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

Pilbara Government Agencies Directory 2010

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.

Housing and Land Snapshot

The Commission produces a quarterly 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 2010-2015

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.

Pilbara Resources Map 2010

This map, produced by the Department of Water; Spatial Services, provides important key features of the Pilbara Region.