

SOUTH WEST DEVELOPMENT COMMISSION
ANNUAL REPORT 2011



creating a region of excellence



SOUTH WEST
DEVELOPMENT COMMISSION



About this report

In this report you will find an overview of the South West Development Commission's activities for 2010/11.

You will learn how our projects benefited the region during the year in review.

Gain insight into how local decision-making is helping to

shape the region.

And discover how we are planning for the future.

Most of the information about our projects is contained in chapters structured around the Commission's strategic plan, which guides the Commission's delivery of services into three key areas:

People and Place

We focus on projects which engage the community in developing a vibrant region. This includes planning, civic engagement, community leadership, community infrastructure and services, and urban renewal.

Infrastructure and Environment

Our aim is to build modern infrastructure which supports industry, maintains a sense of place for our communities and values our natural environment.

Knowledge, Enterprise and Innovation

We aim to create jobs, develop greater job diversity and increase incomes through a diverse industrial base. Projects focus on attracting knowledge-based industries and maximising the region's trade potential.



Royalties for Regions

has been allocated its own chapter to highlight the impact it has across our three strategic service areas.

Our performance

A summary of our corporate performance and audited financial statements are also provided in this report.

Read the report online

This report is available to read online. The electronic format has been designed for ease of use, without the need to download documents. We encourage people to access our web-friendly annual report on the Commission's website –

www.swdc.wa.gov.au



This document is available in alternative formats on request.

The Commission encourages people to access this report online at www.swdc.wa.gov.au

Photo credits

Front: Forest photo courtesy Tourism Western Australia.
Page 26: Kate Ceberano photo courtesy Derek Tickner.

Faces, places and breathing
new life into public spaces.

How we made a difference in 2010/2011



We are creating a region of excellence.

We have a vision...

By 2025 the South West of Western Australia will be recognised internationally as a region of excellence.

To achieve this vision we have a strategic plan...

Think of the strategic plan as a sort of roadmap we need to follow to reach our destination: A Region of Excellence by 2025.

Supporting this vision is our team...

Our staff members work with stakeholders in the region to achieve our vision. Our stakeholders are people like you, representing areas such as government, community and industry.





Statement of compliance

The Honourable Brendon Grylls, MLA
Minister for Regional Development

In accordance with Section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the South West Development Commission, for the financial year ended 30 June 2011.

The South West Development Commission was established under the *Regional Development Commissions Act 1993*.

In the performance of its functions, the South West Development Commission complies with all relevant written laws including but not limited to:

- Regional Development Commissions Act 1993
- Financial Management Act 2006
- Contaminated Sites Act 2003
- Disability Services Act 1993
- Equal Opportunity Act 1984
- Freedom of Information Act 1992
- Industrial Relations Act 1979
- Minimum Conditions of Employment Act 1993
- Occupational Safety and Health Act 1984
- Public Sector Management Act 1994
- Salaries and Allowances Act 1975
- State Records Act 2000
- State Supply Commission Act 1991
- Public Interest Disclosure Act 2003
- Royalties for Regions Act 2009

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

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



Stephen Harrison
BOARD CHAIRMAN
19 July 2011



Don Punch
CHIEF EXECUTIVE OFFICER
19 July 2011

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Royalties for Regions

The South West Development Commission administers the South West Regional Grants Scheme component of the State Government's Royalties for Regions initiative.

Find out how the scheme is making a difference by supporting projects that benefit our local communities....[page 17](#).



\$7.47million for expansion of the Bunbury Regional Entertainment Centre.

Chairman's message



with
Stephen Harrison

The past year has been a memorable one for the South West Development Commission.

From stepping in to meet changes in delivery of tourism development, to assisting communities affected by major employers shutting their doors, to exploring international trade opportunities for local businesses, the Commission carried out a valuable service to the region.

A notable aspect of the Commission's work in 2010/11 was working in partnership with Regional Development Australia – South West, local government authorities and other organisations to identify funding priorities and help secure grants for projects important to the growth of the region. Helping to attract Royalties for Regions funding for the expansion of the Bunbury Regional Entertainment Centre was one of our wins over the past 12 months.

It's also worth noting that the Commission had to rewrite its record books on more than one occasion.

In what was a record-breaking year for the Commission, in the course of assisting businesses and organisations to secure suitable employees vital to their operations, staff processed more skilled

migration certificates than in any other year.

The Commission also received more applications for funding through the South West Events Program than in any previous year, and received more applications for funding through the Regional Grants Scheme component of Royalties for Regions than any other region in WA.

These grants schemes are important because they provide organisations with the finances required for projects to make the leap from paper to reality. They also supply the necessary funds to carry out vital community services, many of which are run by volunteers. In particular, it was exciting to see how Royalties for Regions funding is helping to breathe new life into the South West region, with some significant projects completed in the year in review – an urban renewal project in Brunswick was one of them.

During 2010/2011 a review of the structure and operation of the State's nine regional development commissions was undertaken. Whilst the review generated some uncertainty about the future, it helped to emphasise the importance of the Commission to the region. The CEO and staff of the

Commission demonstrated immense professionalism despite the anxieties that naturally occur in such a period of review. Amongst the review recommendations accepted by the Government was a new and exciting role in coordinating the production of regional blueprints to guide development in the region.

With 2010/11 behind us, I would like to recognise the role of my fellow board members in guiding the work of the Commission. Each board member brings valuable skills and experience to the table, not to mention a passion for making the place an even greater place to live, work and invest.

I would also like to thank all staff at the Commission for their continued efforts to create a region of excellence during the year in review.

Finally, I would like to acknowledge the Minister, the Hon Brendon Grylls, and his staff for their continued leadership, inspiration and support for our wonderful region.

Q&A

with
Don Punch,
CEO

A look back at
2010/11

When you look back on 2010/11, what were some of the highlights?

One of the key highlights was to see the benefits of Royalties for Regions funding flowing into the region. The year in review saw completion of planning and successful funding for a number of important projects. These projects have been in the pipeline for a long period, some as long as 10 years, and represent considerable community effort and support in making them get to the stage where they are funded and ready to start on construction. The projects include the expansion of the Bunbury Regional Entertainment Centre, development of a Coronary Care Unit in Bunbury, and redevelopment of the Busselton and Dunsborough foreshores.

Other highlights included securing funding for the filming of Drift to take place in the South West during 2011/12, and the completion of the Busselton Jetty, a major rebuild undertaken by the Shire of Busselton.

Another highlight has been the demonstration of community strength and resilience at Manjimup in the face of the closure of Gunns Limited's local operations. This led to the establishment of a one-stop information and support centre, as well as regular community



briefing sessions chaired by the local member, Terry Redman. The town responded quickly to not only address the needs of workers and businesses affected by the closure but also to look at new opportunities for Manjimup. One of these is the district's re-emergence as a primary food source for the State and a growing provider of premium quality produce and wine.

Manjimup hosted the 2011 Critical Horizons conference, which examined the future of agriculture and food and explored new emerging themes in consumer demand. The conference highlighted the role Manjimup can play in premium quality food production.

The SWDC also entered into a Memorandum of Understanding with Tourism WA to undertake responsibility for coordinating and supporting the development

“A highlight has been the demonstration of community strength and resilience at Manjimup in the face of the closure of Gunns Limited's local operations.”

of the tourism sector in the region. Tourism WA saw its strategic future in marketing to create demand for local product. The Commission took on the role of building and modernising South West product to meet new consumer taste.

What will be the Commission's focus going into 2011/12?

With a population growth rate of 3.1 per cent, the South West is growing at a rate higher than the State and nationally. Growth is therefore a significant aspect of our region. An important part of the Commission's work will be to continue to develop community infrastructure to meet the needs of a growing population. A significant area of work will be in regard to the region's ageing population.

We will have a major focus on supporting planning for security of water supply for industry in the Bunbury-Wellington region. This will be a project with both short

and long-term objectives.

At a broader level the Commission believes the future for many medium-sized enterprises is in export, particularly to India and China, so we will build further on these strategies with support from inward trade visits and overseas trade delegations.

Infrastructure is also a key element and we will be working with industry and government stakeholders to advance planning and funding for the Roads to Export agenda. Released in 2009/10, the Roads to Export report identified a series of projects that required funding to ensure the region was able to cope with projected industry and population growth, and ensure continued quality of life through jobs creation and road safety.

The SuperTowns agenda is expected to be a major area of work for the Commission in 2011/12.

Highlights

a look back
at how we
helped the
region in
2010/11

Investing in People and Place

- People living in the Manjimup area are invited to help plan for the future of their district through the Manjimup Futures initiative.
- The South West receives more applications for funding through the Regional Grants Scheme component of Royalties for Regions than any other region in the State.
- The South West Academy of Sport expands its high performance programs, adding cricket, netball and tennis.
- Governor of Western Australia, Dr Ken Michael AC, tours the South West region.
- Planning gets underway to link the greater Bunbury area with quality cycle ways.
- Work is undertaken to make the South West more age-friendly.



South West Academy of Sport.



Gayle Gray with the Regional Grants Scheme applications.



Governor of WA, Dr Ken Michael AC, at the Augusta Historical Museum.

~ Diversity
~ Equity
~ Participation
~ Volunteerism
~ Self reliance
~ Access to services

- ~ Efficient infrastructure
- ~ Competitive industry
- ~ Jobs growth
- ~ Biodiversity protection

Investing in Infrastructure and Environment

- The Busselton Jetty officially reopens after a multi-million dollar refurbishment.
- Funding is announced for a number of large-scale projects including the redevelopment of the Busselton and Dunsborough foreshores.
- Brunswick Junction reveals its new look after a townscape improvement project.
- Urban renewal projects are carried out through the region, including in Cowaramup and Collie.
- A billboard is erected on the Forrest Highway to encourage people to turn off the main road and explore the Harvey and Waroona areas.
- A study into the health of the Leschenault Estuary winds up.
- Jewel Cave reopens after a major redevelopment, transforming the site into a world-class tourism attraction.



Jewel Cave's new café.



Busselton Foreshore concept plan.



Leschenault Estuary study.

Investing in Knowledge, Enterprise and Innovation

- A trial of a new bushfire warning system takes place in Jalbarragup.
- The South West Development Commission receives a record number of applications for funding through its South West Events Program.
- The Amadea makes its maiden voyage to Bunbury, highlighting the city's growing popularity as a destination for cruise ships.
- The Commission processes a record number of employer-sponsored skilled migration certificates.
- The Commission supports excellence in business by sponsoring the South West Small Business Awards.
- Local residents hear from two Australian heroes – Australian of the Year Patrick McGorry and West Australian of the Year Professor Ralph Martins – at a Critical Horizons event.
- Overseas food and wine events serve up new export opportunities for South West food and wine producers.
- The Featured Wood Gallery and Museum in Australind becomes a member of the Working Life Heritage Trail.
- The Manjimup Timber Park is identified as the proposed home for a new museum highlighting the history of energy in Western Australia.
- Bunbury and Jiaying celebrate the 10-year anniversary of their sister city relationship.



Food and wine showcase in Jakarta.



Skilled migrants working at St John of God Hospital.

~ Education
~ Competitiveness
~ Efficiency
~ Research
~ Excellence
~ Communication



The Featured Wood Gallery and Museum.

The year in numbers



The Dolphin Discovery Centre benefited from funding.



The Amadea docked in Bunbury.



Funding for Ngilgi Cave's adventure park.



Funding for the 2010 WAPGA Championship in Bunbury.

\$37.8m

The total value of grants administered by the Commission.

204

The number of employer-sponsored skilled worker applications from business operators processed and certified.

118

The number of applications for funding received through the South West Regional Grants Scheme.

9

The number of experts who spoke at the agriculture-themed Critical Horizons conference in Manjimup.

39

The number of events given a financial boost through the South West Events Program.

207

The number of public submissions received by the Regional Development Review Committee, the group overseeing the review of the State's nine regional development commissions.

7

The number of cruise ships which docked at Bunbury.

Governance



The Regional Development Council, the peak advisory body to the State Government on regional development issues, visited the South West in December 2010. Pictured is SWDC chairman Stephen Harrison and Simcoa vice president Jim Brosnan taking a look at an example of silicon produced at the Kemerton plant.

ABOUT US

The South West Development Commission is a statutory authority of the Western Australian government, with a board of management selected from the community and local governments complemented with ministerial appointments.

Our aim is to make the South West region an exciting place to live, work and invest.

We do so by partnering with communities, government, business and industry to identify and support projects that benefit the region.

Developing the region's economy and improving quality of life are key areas of focus.

Strategic direction

To help us achieve a region of excellence, we invest in:

- People and Place
- Infrastructure and Environment
- Knowledge, Enterprise and Innovation

These areas of investment are highlighted in the South West Development Commission's Strategic Plan 2010-2025.

The document guides the Commission towards realising its vision by listing outcomes to be achieved over a 15 year period.

How we help

We aim to:

- Support the sustainable development of communities and towns
- Identify and address gaps in government services and infrastructure
- Maximise local job opportunities by attracting new business and industry to the region, while helping existing business and industry to grow

Our services include:

- Community development
- Export assistance
- Business investment support
- Skilled migration certification
- Interagency facilitation
- Advocacy
- Grant administration
- Research and provision of information
- Briefing governments on issues and funding opportunities
- Future planning

Our vision

By 2025 the South West of Western Australia is recognised internationally as a region of excellence.

Our mission

To develop the region's economy and enhance quality of life.

Our promise to you

We are leaders: We provide leadership to the region that is inspiring, motivating and relevant.

We are professional: We act at all times with honesty, integrity and fairness, recognising the importance of being open and accountable in our actions.

We embrace sustainable practice: We take a well-planned, considered approach to our projects to ensure the qualities and opportunities of the region are enhanced for both present and future generations.

We display excellent service: We aim to be global leaders in regional development, with valued and skilled personnel and a responsive attitude to people.

Minister



The Hon. Brendon Grylls MLA
Minister for Regional Development

Our history

The South West Development Commission was enacted in April 1994 under the Regional Development Commissions Act 1993, and is one of nine uniformly legislated agencies, each serving a different region of Western Australia.

Prior to 1994, the South West Development Commission was known as the South West Development Authority.

The Authority was established by its own act of parliament in 1984 to plan, coordinate and promote the economic and social development of the South West region of Western Australia.

Our responsibility

The South West Development Commission is responsible to the Minister for Regional Development, the Hon. Brendon Grylls. The Minister has the power to direct the Commission, either generally or with respect to a particular matter, on the exercise and performance of its power, functions and duties.

About the Minister

The Hon. Brendon Grylls was elected to State Parliament when he won a by-election for the seat of Merredin in 2001 and became the leader of the Nationals WA in July 2005. Following the 2008 election he led the party into a power sharing alliance with the Liberals. In the lead-up to the September 2008 election, Mr Grylls and The Nationals WA campaigned on the Royalties for Regions plan which now underpins the Liberal-Nationals alliance in Government.



Regional Development Minister Brendon Grylls attended the official reopening of Jewel Cave in February 2011.



Minister Brendon Grylls spoke at the launch of the new-look Brunswick Junction in March 2011.

Our Board



Back: Cr Brad Day, Mr Stan Liaros, Mr Brian Piesse, Mr Stephen Harrison (Chairman), Cr Ian Stubbs, Cr Wade De Campo
Front: Ms Posy Barnes, Mrs Patricia Hughes, Mrs Suzanne Daubney, Mr Don Punch (CEO)

The South West Development Commission Board is the governing body responsible to the Regional Development Minister for setting the direction and priorities of the Commission.

It has 10 members selected from community and local government nominations, and ministerial appointments. The Commission's Chief Executive Officer is also a member of the Board.

Primary activities include:

- Setting the overall strategic direction and goals of the Commission
- Providing guidance on specific projects and initiatives
- Formulating Commission policy
- Reviewing progress at regular intervals to ensure established goals are being achieved
- Monitoring Commission expenditure
- Promoting economic development
- Representing the Commission at relevant meetings and functions
- Providing a conduit between the Commission and the community
- Facilitating cooperation between organisations in the region

A total of 10 Board meetings were held during the financial year.

Board information

Board members can be appointed for one, two or three year terms. They are eligible to apply for a further term to a maximum of six years.

Board remuneration is as follows:

- Chairman:** \$770 per full day or \$500 per half day plus \$9,000 per annum (maximum \$19,100 per annum).
- Deputy Chairman:** Deputy Chairman is entitled to \$630 per full day or \$410 per half day, plus \$4,400 per annum (maximum \$14,350 per annum).
- Board Members:** Board members are entitled to sitting fees of \$500 per full day or \$330 per half day, plus travel and accommodation allowances as they pertain to board meetings.

In addition to sitting fees, Board members are also entitled to be reimbursed for travel (private vehicles only), as per ATO rates.

Our Board Members

Stephen Harrison Chairman

Stephen Harrison currently works as a cave guide, having previously been a part-time lecturer with Curtin University, worked in a Margaret River vineyard, and operated a retail and wholesale clothing business. He has also worked as a consultant in the public and private sectors, specialising in education, IT and multimedia resources. Mr Harrison currently lives in Witchcliffe and is a former president of the Augusta-Margaret River Shire and Margaret River Chamber of Commerce and Industry.

Don Punch Chief Executive Officer

Don Punch is the Chief Executive Officer of the South West Development Commission and has been a career public servant in Western Australia for 29 years. He has worked throughout regional Western Australia on many infrastructure projects and has special expertise in both community and economic planning. Mr Punch is a member of the Governing Council of the South West Institute of Technology, a member of the South West Region Planning Committee and member of the Curtin Water Quality Research Centre Advisory Board (Curtin University of Technology). He holds a Masters of Business Administration and primary qualifications in Psychology and Community Planning.

Stan Liaros

Stan Liaros is Chief Executive Officer of Group Training South West Inc, Chairman of Group Training Australia WA, National Board Member – Group Training Australia and the Chairman of the Aqwest Board (the Bunbury Water Board). Mr Liaros is involved in several regional chambers of commerce. His company supports and sponsors local football, hockey, cricket and surf lifesaving organisations.

Posy Barnes

Posy Barnes is Chief Executive Officer of Jobs South West, a community services and training organisation with offices throughout the South West region. She has a strong background in management, public relations and marketing and has worked extensively throughout Western Australia and in London. Posy has an MBA, is Chair of Regional Development Australia and Chair of the South West Community Foundation. Ms Barnes brings a wealth of experience to the Commission in employment, training and community matters.

Brad Day

Brad Day is the director of a real estate agency based in Eaton and president of the Shire of Dardanup. A member of the Dardanup Council since 1995, he has been involved with the development of Eaton's commercial, residential and recreational areas.

Patricia Hughes

Patricia Hughes has a history of community involvement stemming from a lifetime association with dairy, beef, grain and sheep farming and living in rural areas. She has been involved in numerous agricultural groups including the Australian Women in Agriculture Ltd and the National Rural Women's Coalition. A teacher for almost 30 years, Mrs Hughes has also worked in school environments to deliver effective policy outcomes for students.

Ian Stubbs

Ian Stubbs has more than four decades of experience in local government. He has been the Chief Executive Officer of the Shires of Dandaragan, Wyndham-East Kimberley, Busselton and Toodyay and has worked as a consultant to local government. Mr Stubbs is currently the president of the Shire of Busselton.

Wade De Campo

Wade De Campo is the president of the Shire of Manjimup. He has held numerous positions over the years, including with the Warren-Blackwood Economic Alliance, Pemberton Chamber of Commerce, Rotary Club of Manjimup and Manjimup Cherry Harmony Festival.

Sue Daubney

Sue Daubney is the managing director of Bannister Downs Dairy Company. In 2006 Mrs Daubney was awarded the Telstra Business Women's Innovation Award for WA. She was further honoured to be announced the First Amongst Equals at the WA Business News 40 under 40 for 2010. She was recently appointed director of the Food Industry Association Board (WA), and is a member of the Small Business Finance Panel (Reserve Bank of Australia). She lives in Northcliffe.

Brian Piesse

Brian Piesse lives in Argyle and operates businesses in Busselton and Margaret River. A former Shire of Capel councillor, Mr Piesse is a member of the Rotary Club of Bunbury, the Bunbury Wellington Economic Alliance, a fellow of the Australian Institute of Management and a fellow of the Australian Institute of Company Directors. He has backgrounds in strategic planning, executive management, business and market development, and education governance and held senior executive roles in several major international chemical and fertiliser companies before returning to Western Australia in 1997. He is a former board member of the CRC for Soil and Land Management.

Leadership team

Our Executive

The Commission's executive officers provide leadership to the Commission's staff. With diverse backgrounds in regional development, members of the executive have experience across a number of fields including economics, human services, policy and finance.

Don Punch
Chief Executive Officer
Term of Appointment 1998-2012. MBA, Bachelor of Psychology, Bachelor of Social Work, Graduate of the Company of Directors.
 Don has extensive experience working throughout regional Western Australia within the Western Australian Public Service and is responsible for the overall operations of the South West Development Commission.

Graeme Baesjou
Manager Regional Development
Graduate Diploma in Management Studies, Diploma of Administration Studies.
 Graeme has 13 years experience in regional development. He has been at the South West Development Commission for five years and has a planning and operations background with the military.

Vanessa Lewis
Principal Policy Officer
Bachelor of Economics.
 Vanessa has more than 30 years experience in regional development, particularly in the areas of research, regional planning and policy development.

Anna Oades
Principal Communities Officer
Bachelor of Arts, Graduate Diploma in Education, Teachers Certificate.
 Anna has wide-ranging experience in the WA public sector in diverse areas such as community development and funding, social policy and research, and social planning.

Val Cartwright
Chief Finance Officer
Advanced Diploma of Accounting.
 Val is responsible for the management of the Commission's finance, human resource, information technology and administration services.

Organisation chart at 30 June 2011



About the region

Location

Situated in the picturesque south-west corner of Australia, the region boasts extensive natural beauty and enviable climate. It covers an area of 23,970 square kilometres and has a typically Mediterranean climate. It is bordered by the Indian and Southern oceans, and the northern gateway to the region is only about an hour from Perth by road.

The port city of Bunbury is the South West's regional hub, while many smaller towns offer attractive lifestyles throughout the region's 12 local government areas.

Our challenge:

- Improving urban centres while retaining the qualities of the towns that make them attractive to residents, visitors and investors.
- Protecting the region's natural environment and biodiversity.
- Transforming Bunbury into the State's second city.



Harvey Harvest Festival.



The South West region of Western Australia is noted for its natural beauty and economic diversity.

Fast-growing population

The South West of Western Australia is a fast-growing region, with an increasing number of people choosing to call it home each year.

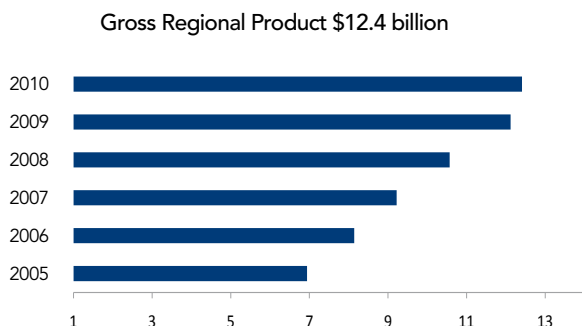
Over the past five years the South West's average annual growth rate was 3.1 per cent, resulting in an extra 23,161 people living in the region.

Currently more than 162,000 people are residents of the South West. By 2027 it is anticipated about 216,000 people will reside in the region.

Significantly, the number of people in the South West aged 55 years and above is expected to grow from 24 per cent in 2006 to 35 per cent in 2031.

Our challenge:

- Improving quality of life for the region's growing population through the provision of community infrastructure and services.
- Planning for the region's ageing population.



Regional economic powerhouse

The South West has the most diverse economy in regional Western Australia. Its thriving economy generated \$12.4 billion during 2009/10.

The region derived most of its wealth from mining and manufacturing sectors, which latest figures show produced \$1.7 billion and \$2.7 billion respectively.

Our challenge:

- Ensuring the provision of infrastructure necessary to cope with planned industry expansions, especially export trade.
- Addressing skills shortages.
- Facilitating trade.

A look back at the issues and trends that defined the region in 2010/11

- The South West continues to be Western Australia's major growth region.
- Infrastructure provision and biodiversity issues continue to be major challenges.
- Enhancing career diversity, job and educational opportunities in the region.
- The number of people in the region aged 55 years and above is expected to grow from 24 per cent in 2006 to 35 per cent in 2031.
- Some industry sectors continue to experience skills shortages.
- Changes to the operation of a number of companies in the South West affected local communities.

Achieving the Government's goals



Funding from Royalties for Regions has given Meals on Wheels volunteers in Bunbury the resources they require to support the local community.

The South West Development Commission was enacted in April 1994, under the Regional Development Commissions Act 1993. Our role under the Act is to foster the economic development of the South West region.

To meet this aim, we develop and support projects that fit under the three strategic priority areas of People and Place, Infrastructure and Environment, and Knowledge, Enterprise and Innovation.

Working collaboratively with other agencies is an important part of achieving outcomes for the South West. In addition to

informal partnerships, in 2010/11 we signed memorandums of understanding with both Tourism WA and ScreenWest. We also renewed our TradeStart contract with Austrade.

We also worked to carry out specific Government-directed priorities.

During the year in review, this included the continued administration of the South West Regional Grants Scheme component of Royalties for Regions.

Through this funding scheme, the equivalent of 25 per cent of the State's mining and

petroleum royalty revenue (up to a maximum of \$1billion per annum) is being reinvested in regional Western Australia's infrastructure, services and community projects.

Our priority is to fund projects that will assist in attracting investment, increasing jobs or help to improve quality of life.

Now in its third year, the benefits of the scheme can be seen in the projects taking shape across the region, from the completion of the Dolphinarium digital theatre at Bunbury's Dolphin Discovery Centre, to support for Meals on Wheels in Bunbury.



ROYALTIES
FOR REGIONS

Special report

Royalties for Regions

Over the past three years, the Regional Grants Scheme component of Royalties for Regions has given us the ability to fund a range of projects and services across the South West region.

Throughout 2008/09, 2009/10 and 2010/11 we have seen first-hand how communities have benefited from our decisions about funding allocations through this scheme.

Recent examples of Regional Grants Scheme-funded success stories include Jewel Cave reopening after being transformed into a world-class tourism site, a helipad for emergency services being constructed at Busselton Regional Airport, and Meals on Wheels volunteers in Bunbury receiving the resources they need to continue making a difference to the lives of South West residents.

And as important as this scheme has been in providing groups across the South West with the

funds required to get projects off the ground and carry out important community services, in 2010/11 Royalties for Regions took on a new dimension and began to shape the South West at another level.

In addition to administering the Regional Grants Scheme, this year we also played a role in helping organisations bring major projects closer to reality by unlocking larger amounts of money from the Royalties for Regions funding pool.

To secure funding, we worked with the individual project proponents to ensure the planning and negotiations necessary for the projects to be 'shovel-ready' were complete.

The extent of our role in obtaining funding varied from project to project, but in all cases one of our officers worked with proponents to finalise the required business case and ensure the practical stage of the project was ready to go ahead.

Some of the projects we helped achieve funding for were included in the South West Action Statement, a blueprint for regional investment we initiated to attract funding for projects important to the future of the

region.

This document highlighted projects that the South West Development Commission, Regional Development Australia – South West and the South West Local Government Association agreed were priorities for funding.

We were pleased that our efforts to work together for the benefit of the region paid off – and we helped to acquire \$7.47million for the expansion of the Bunbury Regional Entertainment Centre, \$5million for a coronary care unit at St John of Hospital in Bunbury and \$9.745million towards upgrading the Busselton and Dunsborough foreshores.

In addition, we teamed up with Royalties for Regions to put \$1million towards filming of a surf-themed movie called Drift, which will be shot in the South West region in 2011/12.

These projects will make a significant difference to the South West region. The expansion of the Bunbury Regional Entertainment Centre will allow the facility to host a more diverse range of cultural events, while meeting the demand for conference, function and meeting spaces. The

coronary care unit will save lives and improve quality of life. The upgrading of the Busselton and Dunsborough foreshores will add to the appeal of the towns for locals and tourists alike. And the filming of Drift in the South West will heighten awareness of the region as an international surfing and tourism destination.

In addition to achieving financial support for major projects and watching as ventures funded through past rounds of the Regional Grants Scheme took shape, we also began administering the 2010/11 round of the Regional Grants Scheme, which had received 118 applications for funding when it closed in March 2011.

For the second consecutive year, the South West received more applications for grants through this round of the scheme than any other region in the State, highlighting the demand for funding from organisations in our fast-growing region.

The recipients of the 2010/11 Regional Grants Scheme are expected to be announced in 2011/12.



Bunbury Regional Entertainment Centre expansion plans.

Examples of how the Regional Grants Scheme component of Royalties for Regions made a difference in 2010/11:

Augusta's Jewel Cave is sparkling more than ever following a multi-million dollar polish.

A \$3.1million redevelopment, aided by \$443,828 in funding from Royalties for Regions, transformed the popular tourist attraction, with upgrades made to both preserve and enhance the ancient wonder.

As part of the revamp, 50-year-old buildings and associated infrastructure were removed from above the cave, a new cave entrance and tunnel constructed, and a striking new visitor centre housing a cafe, shop and interpretative display built.

The removal of buildings from above the cave has been designed to allowed filtration of water back into the natural structure, protecting threatened ecological communities of stygofauna.

The cave officially reopened in February 2011, following the completion of the redevelopment works and reopening to the public on December 18 2010.

Since reopening, the cave has proven to be more popular than ever with

tourists, with 25,546 people visiting the attraction between December 18 2010 and June 30 2011 – up 10.2 per cent on the same period in 2009/10.

A helicopter pad at Busselton Regional Airport was completed in time for a FESA helicopter to be stationed at Busselton over the 2010/11 bushfire season.

A first for the airport, the new facility provided an appropriate landing and take-off area for the helicopter, which serviced the entire South West region.

The helipad, which received a \$50,000 grant through our allocation of Royalties for Regions funding, can also be used by other emergency services.

The former South Perth Zoo train, which took scores of animal-loving visitors around the popular attraction between 1954 and 1973, is closer to getting back on the tracks.

The train was recently restored with Royalties for Regions funding and is being housed at the Boyup Brook Pioneer Museum while the Shire of Boyup Brook works towards establishing a rail link through the town.

The proposed railway would provide a novel way for tourists to get around Boyup Brook and could be used during events such as the Boyup Brook Country Music Festival.

Regional Grants Scheme – Statewide

Applications received by each Regional Development Commission for the 2010/11 Regional Grants Scheme – how we stacked up:

South West	118
Great Southern	71
Kimberley	55
Wheatbelt	50
Mid-West	50
Pilbara	41
Goldfields-Esperance	40
Peel	31
Gascoyne	20



Ian Stubbs and Don Punch inspect the new helipad at the Busselton Regional Airport.

People and Place



They say that liveable cities are cyclable cities. And it's little wonder why. Cycling can improve health and fitness, and is a relatively inexpensive and environmentally-friendly mode of transport.

To encourage more people to pedal – and enhance their wellbeing in the process, we began working to transform the Bunbury region into a more bicycle-friendly area through the creation of the Greater Bunbury Bicycle Master Plan.

The Greater Bunbury Bicycle Master Plan is an excellent example of how we are connecting people and places to create more liveable communities.

The project involves improving bicycle links between Bunbury, its suburbs and nearby towns with the intention of encouraging more people to cycle for commuter and recreational purposes.

To help achieve our vision of developing an integrated bicycle plan for the greater Bunbury area, we put together a steering group – comprising representatives from local government, Main Roads and local bike groups – to progress the proposal.

Once complete, the project is likely to encourage greater levels of cycling, leading to improvements in people's health and fitness, as well as a reduction in traffic congestion as more people take advantage of the improved bicycle path network and choose to ride instead of drive to work.

Throughout 2010/11 our team was also involved in efforts to transform Bunbury's central business district into the most pedestrian-friendly city centre in Western Australia.

Since the release of the Bunbury CBD Walkability and Wayfinding Strategy in March 2010, we have been pleased with the steps taken to improve the design of Bunbury's city centre for

pedestrians and expect to see directional signage and traffic calming devices installed in 2011/12.

Our endeavours to make the region 'friendlier' to different groups in the South West community was a focus in 2010/11. In addition to working to make the region more bike and pedestrian friendly, we persisted with our efforts to make the region more age-friendly.

Building on the recommendations in the South West Active Ageing Research Project, which highlighted how the planning and delivery of infrastructure and services to senior members of the South West community could be improved, we were involved

in carrying out age-friendly workshops.

Senior citizens from Nannup, Capel, Greenbushes and Bridgetown were asked to see how their towns could be improved for older people at age-friendly workshops. Information provided at the workshops will be used in future planning.

We worked to brighten the future of aged care in Harvey, teaming up with the Hocart Lodge Aged Care Centre board to assess the opportunity for expanding and upgrading the facility. Similarly, we worked to secure funding for accommodation for seniors in Walpole.

Accommodation was a theme throughout 2010/11 – but not solely in terms of developing suitable housing for the region's elderly residents. We also supported a study into the future office accommodation requirements of not-for-profit community services in the Greater Bunbury region. The report will aid the City of Bunbury in planning for future office space that will meet the demand of the city's growing not-for-profit sector.

In transforming a former mission into a place of opportunity for its former residents, we seconded an employee of Roelands Village. This employee continued to

oversee the restoration of the former mission's buildings, with the view to renovating the village for cultural and tourism purposes. In addition, steps were taken to identify cultural material relating to the history of Roelands Village. This included tracing the history of past residents to ensure accurate records are available to the community.

Together with the Shire of Manjimup, we empowered residents of the Manjimup area to have a say about the future of their district through the Manjimup Futures project. The initiative gave people an opportunity to share their thoughts about how the region

should develop in the years ahead and will be important for future planning.

Once again we were grateful for Royalties for Regions, which enabled us to fund a number of community projects. Past recipients have included the Bridgetown Volunteer Bushfire Support Brigade which received funding towards a vehicle and storage shed, and the South West Women's Health and Information Centre which received money for a wellness program for women.

We also assisted numerous community

groups by reviewing their business plans, helping to source funding for projects, facilitating partnerships and meetings, and providing media and marketing advice and assistance.

Furthermore, we provided practical support to projects by participating on committees and boards. For example we sat on a steering committee to develop a proposal to establish a South West branch of Headspace, the national youth mental health foundation.

QUICK READ

Other ways we invested in people and place – at a glance:

- Facilitated the development of the Manjimup Region Family and Domestic Violence Education and Support Group's business plan
- Worked with the Shire of Nannup to develop and support a 'health pit stop' for men, which attracted over 50 participants
- Facilitated the development of the Warren Blackwood Agricultural Society business plan
- Assisted with funding, and engaging and managing a consultant to undertake business planning for Deanmill Heritage Society
- Part of a committee reference group guiding the development of the Busselton Health Campus
- Supported the Manjimup Volunteer and Resource Centre building and enhancement project.

The South West Women's Health and Information Centre was able to run a wellness program for women thanks to Royalties for Regions funding.



PROJECT IN FOCUS

South West Academy of Sport

Making it to the highest representative levels in sport is a tough journey that requires dedication, sacrifice and a lot of hard work. The journey to the top is even more challenging for regional athletes who have the added hurdle of distance to overcome.

When we worked to create the South West Academy of Sport, we did so in order to create opportunities for the region's up-and-coming athletes to reach their potential – without the added burdens associated with having to travel – or relocate – to Perth to access specialised training.

We were pleased to see in its third year of operation that the academy was not only producing State, national and international-level athletes, but had also

grown to nurture the talent development of an even more diverse field of young sports men and women.

During the year in review, the academy expanded its partner sports programs from four to seven, resulting in a greater number of high performance programs in the region.

The expansion of the academy's family of programs enabled talented teenagers living in the South West to access talent development pathways in Australian Rules Football, basketball, cricket, hockey, netball, soccer and tennis in the region they call home.

In addition, the academy continued to offer its individual scholarship program, which supports the development of

young athletes excelling in sports not covered by the academy's partner programs.

A total of 154 athletes benefited from the academy in 2010/11, with many athletes achieving success in the sporting arena.

Highlights of 2010/11 include basketball player Cory Richardson, who represented Australia at the 2010 FIBA U17 World Championships in Germany, being named SWAS Sports Star of the Year at the annual dinner and awards night held in December 2010.

Other notable achievements include track talent Shenae Peterson being selected to wear the green and gold at the 2011 Commonwealth Youth Games, young gun Creed McTaggart representing Australia at the

2011 Quiksilver ISA World Surfing Championships, and BMX champion Lauren Reynolds racing at events around the world as part of her bid for 2012 Olympic Games selection.

We were pleased to play a role in helping young people like Cory, Shenae, Creed and Lauren along the road to success through our continued support of the South West Academy of Sport.



Right to left: SWAS basketball player Cory Richardson, SWAS chairman Don Punch, SWAS scholarship holder Shenae Peterson and SWAS scholarship holder Ashlee Bailie, with Julius Matthys representing SWAS sponsor Worsley Alumina.



Connor Blakely had the distinction of being part of two South West Academy of Sport programs – cricket and Australian Rules football.

PROJECT IN FOCUS

Aged care accommodation for Walpole

Many elderly people find moving out of their home and into a retirement village or aged care to be trying enough without the additional worry of also having to move to a new town – away from family and friends. But that is the reality faced by people living in regional towns that do not have specialised accommodation for senior citizens.

As part of our efforts to improve quality of life in the region and build on the recommendations contained in our South West Active Ageing Strategy, we worked to address the need for seniors accommodation in Walpole.

With an ageing population and alternative accommodation options more than 100 kilometres away, the lack of specialised housing for seniors in

Walpole was forcing people to leave town, and also deterring people from moving there.

To help solve this problem, we teamed up with the Walpole and Districts Seniors Accommodation group to turn the Jarrah Glen Lifestyle Village project into a reality.

The \$1.82million project will see the construction of six two-bedroom, self-contained units that would provide affordable and appropriate accommodation for aged and dependant people.

To help progress the project, we developed the business case for funding. We also provided ongoing support to the Walpole and Districts Seniors Accommodation committee to help secure incorporation status, develop concept plans, and

secure headworks funding.

So we were pleased when our combined efforts paid off and the project was awarded State Government funding.

On July 1 2011 it was officially announced that \$1.05million from Royalties for Regions had been allocated towards the project. The grant will provide the financial aid necessary for the Walpole and Districts Seniors Accommodation group to have four units constructed.

The funding announcement, together with funding from the Shire of Manjimup's allocation of Royalties for Regions County Local Government Fund money, will allow the planned six units to be built.



Walpole residents have worked to turn the Jarrah Glen Lifestyle Village project into a reality.

Infrastructure and Environment



During the year in review, underground power was installed in the main street of Cowaramup, kicking off a streetscape improvement project designed to enhance the town for visitors and locals alike.

Urban renewal was a major area of focus for us during the year. As a result, we were involved with efforts to enhance main streets and transform suburbs across the region – with many of these urban renewal projects reaching milestones in the year in review.

For example, a townscape improvement project in Brunswick Junction came to a conclusion with the installation of underground power, completion of major streetscape works and creation of a civic hub – all of which was officially launched in March 2011.

We were also involved in the redevelopment of the Collie town centre, the revitalisation of Collie's Wilson Park, and

improvement works to Cowaramup and Balingup's main streets.

Across in the Harvey region, funding we provided to a tourism committee led by the Harvey Visitor Centre saw the implementation of a range of initiatives to raise awareness of the Pinjarra-Brunswick area as a tourist destination. The installation of a billboard on the Forrest Highway in April 2011 to encourage people to turn off the main road to explore Waroona and Harvey was a significant achievement by the committee.

We continued our association with Lake Kepwari, a project to turn a flooded former coal mine into a recreational playground. While we had hoped to be able

to report that the lake had been opened to the public by now, its completion has been held up by issues surrounding liability of the site.

In addition to urban renewal projects, we continued with our efforts to ensure industry in the South West has room to grow in the future. In 2010/11 we were once again a member of the Kemerton Industrial Park Coordinating Committee, and we continued to support the land development of the Shotts Industrial Park near Collie.

As part of our efforts to ensure local industries remain competitive and sustainable, we saw the completion of a two-stage study into the timber industry in the Manjimup shire

that we commissioned. And we were pleased the first two stages of the South West Region Industrial Land Study, a report designed to guide the future of industrial land supply in the South West, were completed.

In terms of natural resource management, we were involved in a study into the health of the Leschenault Estuary. We also continued our support for Murdoch University's South West Marine Research Program, our commitment to the Busselton Wetlands project, and our support for the Collie River restoration project.

“Whether transforming the main streets of towns like Cowaramup, revitalising ageing infrastructure like the Busselton Jetty, ensuring the provision of industry land for the future or keeping an eye on the natural environment, our investment in infrastructure and environment made a positive difference to the South West in 2010/11.”

QUICK READ

Other ways we invested in infrastructure and environment – at a glance:

- Supported the Busselton Wetlands project, a nature-based tourist experience and walking trails
- Supported the South West Region Industrial Land Study, a project to address the future industrial land supply needs of the South West
- Continued to support endeavours to increase the capacity of the Busselton Regional Airport to accept domestic and international flights as well as fly-in, fly-out charters
- Revised the Roads to Export submission to Infrastructure Australia, which then progressed from an ‘early stage’ project to one of ‘real potential’

Graeme Baesjou supported the Kemerton Industrial Park by handling enquiries from potential tenants.



Efforts were made to secure funding for port-related infrastructure as part of the Roads to Export agenda.



PROJECT IN FOCUS

Busselton Jetty refurbishment

There was sun, sand and Ceberano when the iconic Busselton Jetty was officially reopened in February 2011 with one of the biggest community celebrations ever seen in the beachside town – and there was every reason to celebrate.

The Busselton Jetty Fiesta, which incorporated a ribbon-cutting ceremony with Premier Colin Barnett and a concert headlined by Australian singer Kate Ceberano, marked the popular tourist attraction's return to its former glory after a \$27.1million refurbishment.

It also represented a job well done by the South West Development Commission.

Even before efforts to rebuild the structurally unsafe Busselton Jetty got underway in 2009, we had been working behind the

scenes to ensure the success of the refurbishment project.

Not only did we administer the State Government's \$24million grant and contribute \$10,000 towards the Busselton Jetty Fiesta, we also provided project support during the refurbishment works.

We are proud to say that the venture was a success. The timber jetty is now re-established as one of Western Australia's top tourist attractions, with more than 100,000 visitors recorded between reopening and June 30 2011.

The Busselton Jetty refurbishment is just one example of how we are investing in infrastructure in the region.

The refurbishment of the jetty, together with the planned

upgrades to the Busselton foreshore, will help improve Busselton's waterfront for visitors and tourists alike.



Kate Ceberano performed at the Busselton Jetty Fiesta.



The restored Busselton Jetty, with its mini train and underwater observatory, is a drawcard for tourists.

PROJECT IN FOCUS

Deanmill

The historic timber town of Deanmill is leased by Gunns Limited. So when the timber products company closed the doors on its jarrah sawmill in 2010/11, residents of the town and mill workers faced an uncertain future.

We immediately began working with Gunns Limited, the Shire of Manjimup and State Government agencies to explore opportunities for tenants of the town's mill houses.

Our initial work involved

investigating affordable options to allow current tenants to purchase the houses they had been renting.

To achieve an affordable housing strategy for Deanmill residents, we commissioned a study to confirm if there were any impediments to such a proposal.

Once this study is complete, a detailed financial and business case for the proposal will be developed. It will also be necessary to identify any infrastructure upgrades.

The rationale for us undertaking this work is to give the Deanmill community certainty for the future, while preserving a village with significant heritage qualities.

Our efforts will provide an affordable housing strategy and, most importantly, provide an opportunity for existing tenants to gain security over the houses they occupy.



The Commission worked to achieve security for residents of Deanmill.

Knowledge, Enterprise and Innovation

Through grants schemes such as the South West Events Program, initiatives like the Working Life Heritage Trail and support for events such as the Anaconda Adventure Race, the South West Development Commission has always played a role in tourism development in the region.



In 2010/11, we took on greater responsibility for enhancing the tourism potential of the region.

When Tourism WA closed its Bunbury office to concentrate on marketing Western Australia from its headquarters in Perth, we put our hands up to take on a more significant role in the development of the region's tourism infrastructure and events.

This move was positively received and we signed a memorandum of understanding with Tourism WA to undertake responsibility for coordinating and supporting the development of the region's tourism sector.

As part of our new role, we employed a dedicated tourism development officer, set up a tourism committee to provide

guidance to the Commission's board on tourism issues and opportunities, and began work on creating a strategic tourism plan.

Throughout 2010/11, we were active in identifying opportunities to grow the region's tourism sector through funding, successfully unlocking \$800,000 from Tourism WA for development commissions to improve tourism infrastructure and increase marketing in drought affected communities in Western Australia.

And in addition to allocating grants to a number of tourism initiatives including the development of Western Australia's first high wire adventure park at Yallingup's

Ngilgi Cave, we teamed up with Royalties for Regions to provide \$1million towards the filming of a surf-themed movie in the region.

In recognition of the role of events in attracting tourists and the benefits they provide to the communities in which they are held, we increased the funding pool available through our annual South West Events Program from \$70,000 to \$100,000. A total of 39 events, including the Harvey Harvest Festival, Blues at Bridgetown and Flourish Margaret River, were allocated funding through the scheme in 2010/11. We also provided a separate grant of \$10,000 to the Professional Golfers Association of Australia Ltd to help host the 2010 WAPGA Championship in

Bunbury.

We built on our efforts to strengthen Bunbury's reputation as an attractive cruise ship destination through our involvement with the Bunbury Cruise Ship Committee. The continuation of a free shuttle bus service to transport passengers to the central business district encouraged visitors into town, while the introduction of markets outside the city's visitor centre created a welcoming atmosphere for visitors.

In other tourism ventures, the Featured Wood Gallery and Museum in Australind became a member of the Working Life Heritage Trail, a link of heritage-themed sites across the region. And the Manjimup Timber and

Heritage Park was identified as a home for a new museum highlighting the history of electricity production in Western Australia.

But our focus wasn't all on tourism in the 2010/11 financial year. In our efforts to enhance the region's competitive edge and boost the South West economy, we invested in knowledge, enterprise and innovation in a number of ways.

For starters, our TradeStart officer continued to explore new trade opportunities for South West businesses. Creating new international markets for the region's fine wine and premium produce was a particular focus, and in pursuing this agenda we organised a number of promotional and trade events. For example, the Taste of the

Southern Forests dinner held in Jakarta in July 2010 served up new export opportunities for food and wine producers in the Warren-Blackwood area, while the 10-day Indulgence festival in India in December 2010 highlighted gourmet food and wine from the region.

We also continued to explore trade opportunities through our Bunbury-Jiaxing Business Office, which hosted a series of visits by senior Chinese business figures in 2010/11. The region's relationship with China reached a significant milestone, with Bunbury and Jiaxing commemorating the 10-year anniversary of their sister city friendship. This relationship with Jiaxing has provided a solid platform for economic cooperation between the South

West region of Australia and China.

We also continued to make places across the South West more attractive to residents and visitors alike through the upgrading of technology. Examples of this included commissioning a report into the impact the rollout of the National Broadband Network could have on the region, examining how innovative use of animation and lighting could improve the visual amenity of Bunbury, and installing a free wi-fi service in Bunbury's town centre.

We continued to run Critical Horizons with the aim of fostering new ideas

and thinking to equip our local leaders to make decisions in the future. We held two events during the year in review. In October 2010, Australian of the Year Professor Patrick McGorry was among the guest speakers who explored the future of mental health at a seminar in Bunbury. And in May 2011, people pondered the future direction of agriculture and food at a conference in Manjimup.

QUICK READ

Other ways we invested in Knowledge, Enterprise and Innovation – at a glance:

- Continued to facilitate and develop the South West Creative Cluster, a network to support people in the smart and creative industries
- Supported the second stage of a research project into the genetics, habitat and viability of Bunbury's dolphin population
- Led a project into the supply/costs and industry demand for water in the Upper Collie Wellington Dam

A grant provided support to the second stage of a study into Bunbury's dolphin population.



PROJECT IN FOCUS

The China connection

Good relationships are often touted as the keys to business success. And there's no doubt our friendship with Jiaxing has provided a solid platform for economic cooperation between the South West region of Australia and China.

In the year that Bunbury and Jiaxing commemorated the 10-year anniversary of their sister city friendship, we saw the region's business relationship with China flourish.

For instance, the Bunbury-Jiaxing Business Office – which is overseen by the Commission and its partner agencies – hosted a series of visits by senior Chinese business figures. These delegations led to investments in the region, including the purchase of a beachside block of land in Bunbury for the purpose of developing resort-style accommodation.

There was also a positive flow of activity surrounding China's interest in the South West's

premium wine industry. An example of this was in April 2011 when the Commission partnered with Austrade, the Margaret River Wine Industry and Wine Australia to host a wine-focused delegation from China as part of efforts to open up new markets for local wine labels.

Such was China's thirst for wine that we also began planning for the establishment of a South West wine centre in China. While the project is in the early stages, it is intended that the wine centre would be used to promote wines from the South West, while also showcasing the region as a tourist destination.

These activities have been able to run smoothly with the aid of the Bunbury-Jiaxing Business Office, which opened its doors in the Bunbury Tower in November 2008 and is complemented by its counterpart in the Jiaxing Foreign Economic and Trade Cooperation Bureau. Staff in the office can assist prospective

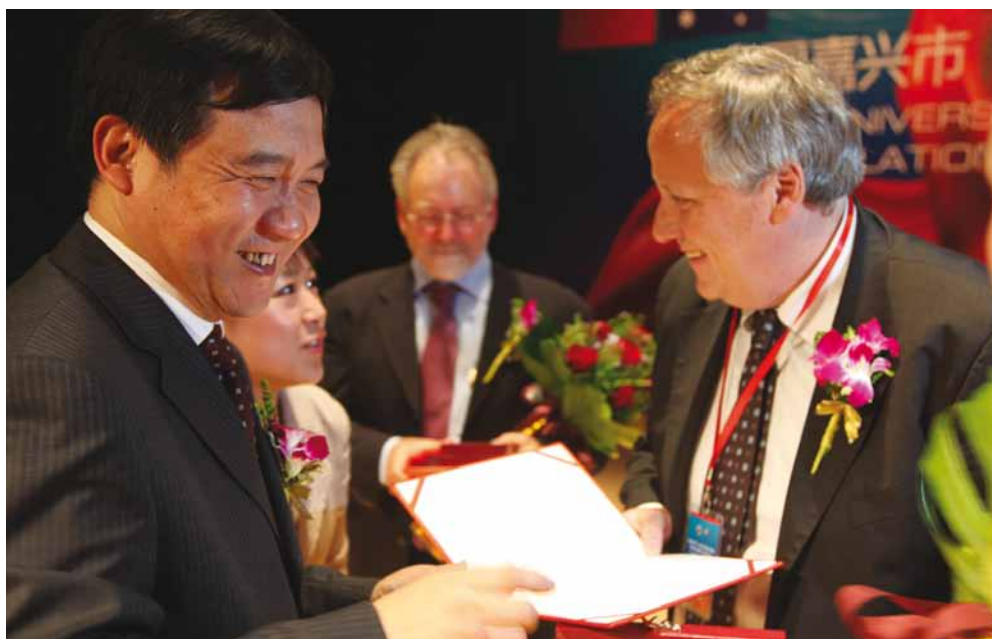
importers and exporters with communications and advice, while helping to facilitate trade opportunities.

To help local business people intending to do business with China, the Bunbury-Jiaxing Business Office in conjunction with the Confucius Institute of The University of Western Australia continued to run a Mandarin course. Classes were particularly beneficial for people intending to visit China as part of business delegations organised by the Bunbury Chambers of Commerce and Industries.

The Bunbury-Jiaxing Office also played an important role in planning for the events to mark 10 years of Bunbury and Jiaxing's friendship. As part of this, the office hosted an exchange officer from Jiaxing between August 2010 and January 2011. During the exchange officer's stay, he was placed in a number of government agencies and given the opportunity to

explore local government and business practice. The exchange officer also spent time with the Commission in Manjimup and Margaret River promoting sister city relationships and potential business opportunities.

We were also honoured to participate in the celebrations marking the 10th anniversary of Bunbury and Jiaxing's sister city relationship. As well as assisting with preparations for the event through the Bunbury-Jiaxing Business Office, representatives from the Commission travelled to Jiaxing in November 2010 to attend the celebrations, which included photo exhibitions, the opening of an international friendship park, and local industry displays and visits. During the celebrations, the Commission's chief executive officer was made an honorary citizen of the City of Jiaxing.



The 10th anniversary of Bunbury and Jiaxing's sister city celebrations was celebrated in China in November 2010.



PROJECT IN FOCUS

Bushfire warning system trial

With its beautiful natural environment and distance from the often fast-paced metropolitan area of the State, the South West corner of Western Australia offers an attractive lifestyle. But it's this very same combination of forest and isolation that can prove deadly in a natural disaster such as a bushfire.

So when an opportunity to potentially enhance ways people in remote and rural areas of the region are alerted to bushfires came about, we were keen to support it.

We provided a grant of \$95,000 to enable a trial of the new Sentinel Alert emergency bushfire system to go ahead at Jalbarragup, a settlement in the Nannup shire which is surrounded by forest and does not receive mobile phone or ABC Radio coverage.

The trial at Jalbarragup, which got underway in April 2011, saw

almost every home in the town fitted out with a Sentinel Alert warning system.

About 70 emergency warning systems were set up in houses in Jalbarragup to test the effectiveness of the newly-created technology, which uses a unique combination of satellite and wireless technologies to activate individual household alarms encoded with GPS.

The trial at Jalbarragup followed a smaller-scale test of the warning system which commenced in Yallingup in February 2011 with the practical support of the Commission.

Both the Yallingup and Jalbarragup trials follow a small-scale, proof-of-concept assessment which was carried



A trial of Sentinel Alert was launched at Jalbarragup in April 2011.

out with the backing of the Commission in March 2011.

Once the trials are complete and the effectiveness of the system has been determined, a report will be compiled and made available to relevant authorities to consider.



PROJECT IN FOCUS

Supporting the region through challenging times

In the year in review, changes to the operations of major employers adversely affected local communities.

The South West Development Commission reached out to support people through these challenging times.

In response to news Gunns Limited planned to close its sawmill at Deannmill and timber processing centre in Manjimup unless a buyer could be found, we set up a support centre in Manjimup.

The centre opened in October 2010 with the assistance of the Shire of Manjimup and the Manjimup Volunteer & Resource Centre, and during its three months of operation provided information to people about a range of services including employment options, retraining and financial management.

We also teamed up with Gunns Limited to make a training pool of \$20,000 available to assist

people, who were affected by the changes, to prepare for the future by gaining new skills and qualifications. The grants were delivered through the Manjimup Volunteer and Resource Centre, which assessed requests for assistance on a case-by-case basis.

We also coordinated an industry coordination and information group, led by local member Terry Redman and comprising representatives from the fields of industry, government and human services. This group worked to communicate relevant information and investigate positive outcomes for the community, including the possibility of establishing a fly-in, fly-out service to mining operations at the local airport.

Similarly, we provided assistance to workers and farmers affected by Challenge Dairy Australia going into receivership and Challenge Dairy Co-operative ceasing to trade.

Our support included the establishment of a support desk at the Capel Community Centre, arranged by the Shire of Capel, and staffed by the Commission, CentreLink and Jobs South West. About 30 workers visited this one-stop-shop, which was opened periodically when the staged laying off of workers was occurring.

Challenge Dairy farmers were offered support and expert consultancy through a visiting service arranged and resourced by the Commission. As well as about 40 farmers being visited by a counsellor on their properties and having access to business advice lessons, farmers also received a Christmas parcel of ham, wine and Christmas cake. The hampers were sponsored by local companies and community groups, and were very well received by the farmers.

In addition to supporting people affected by changes to operations in the South West, we

also provided a valuable service to organisations unable to fill job vacancies locally.

In 2010/11, we processed and certified 204 employer-sponsored skilled worker applications from a diverse range of operators in the South West. This was both a 21 per cent increase on the previous financial year and the greatest number certified in any previous year on record.

The top five occupations sponsored by South West organisations were in the engineering, hospitality and medical industries.

“The South West is a regional economic powerhouse that contributes more to the State’s economy than any other regional area in Western Australia. But despite its prosperity, it is still vulnerable.”



Performance summary

With the success of the South West Academy of Sport fresh in our minds, you'll forgive us for using a few sports terms to sum up how we performed in the 2010/2011 financial year.

So, let's say if our performance ratings for 2010/2011 were scores in a gymnastics or diving event, we'd end the year in review up on the podium.

Our Client Satisfaction Survey carried out by independent consultancy firm Savant Surveys and Strategies certainly gave us a scorecard worth cheering about – the overall level of satisfaction with the quality of performance by the Commission was rated at 97 per cent.

This outstanding result was achieved as we carried out the business of creating a region of excellence, while simultaneously going through the process of a State Government-initiated review of the operations of development commissions across the State.

Our activities during 2010/2011 included the administration of \$37.8million in grants, the processing and certification of 204 employer-sponsored skilled worker applications, the sourcing of funds for strategic infrastructure projects, and the hosting of a number of visitors to the region including the then Governor of Western Australia, Dr Ken Michael AC.

In addition, we continued our commitment towards education and training in the region by opening our office to work experience students and exchange officers, including a Creative Industries student from Edith Cowan University's Bunbury campus and an exchange officer from Jiaxing, China.

Several staff members also took advantage of our professional development program – something that will help us to perform even better in the future.

How we performed

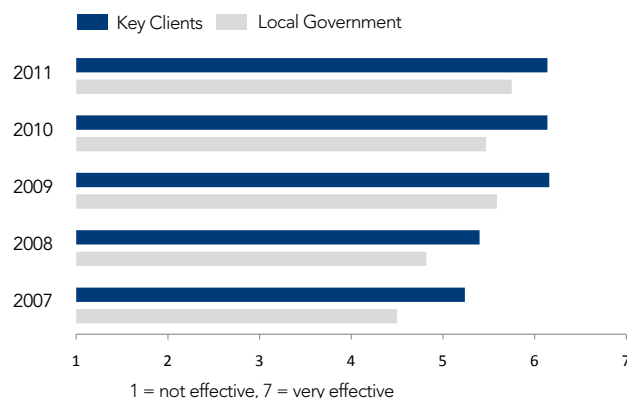
Our 2011 client survey asked local government representatives and key clients to rate the effectiveness of the Commission in assisting or contributing to the region's development through its work in:

- Investing in People and Place
- Investing in Infrastructure and Environment
- Investing in Knowledge, Enterprise and Innovation

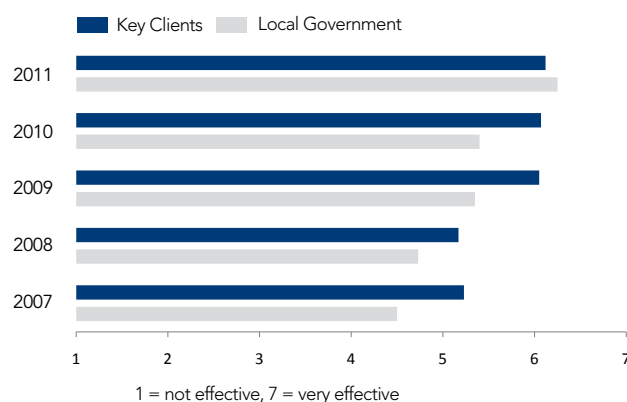
From 225 clients invited to participate in the survey, 114 completed the questionnaire.

Client survey results

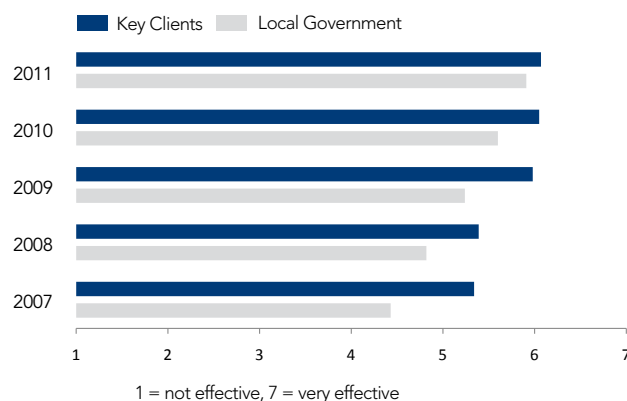
Investing in People and Place



Investing in Infrastructure and Environment

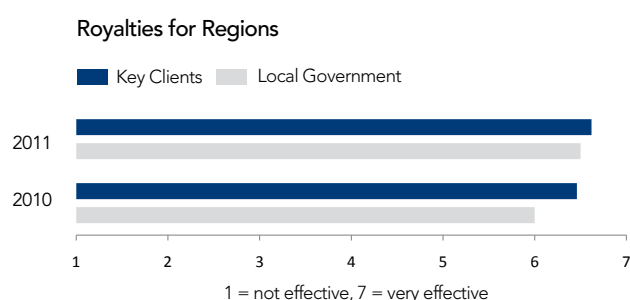


Investing in Knowledge, Enterprise and Innovation

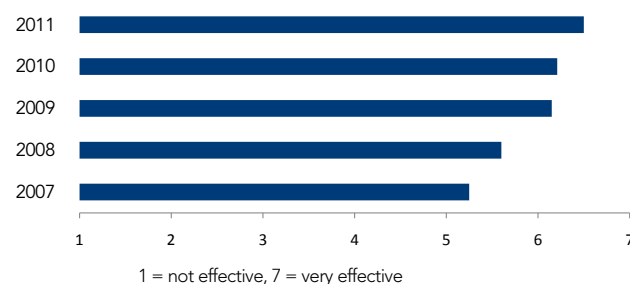


Royalties for Regions

Our 2011 client survey asked local government representatives and key clients to rate how effectively the Royalties for Regions South West Regional Grants Scheme added value to communities.



Quality of customer service



Government performance framework

Each year the South West Development Commission is required to meet a number of targets set by the State Government. These targets relate to Government-desired outcomes, services to be delivered and performance targets to be achieved. The agreement is a transparent way for the State Government to monitor the operational performance of the Commission.

Resource agreement

Financial targets	2010/11 target ¹	2010/11 actual	2010/11 variation ²
Total Cost of Services (i.e. endorsed expense limit)	\$9,897	\$13,943	\$4,046
Net Cost of Services (details in the Income Statement)	\$9,772	\$13,574	\$3,802
Total Equity (details in the Balance Sheet)	\$12,164	\$15,920	\$3,756
Net Increase/(Decrease) in Cash Held (details in Cash Flow Statement)	(\$1,412)	(\$5,495)	\$4,083
Full Time Equivalent (FTE) staff level	25	24	1

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

2. Explanations are contained in Note 38 Explanatory Statement.

Key performance indicators	2010/11 target ¹	2010/11 actual	2010/11 variation ²
REGIONAL DEVELOPMENT			
Key Effectiveness Indicator – Customer satisfaction survey	78%	82%	4%
Key Efficiency Indicator – Average cost per hour of service	\$180	\$151	(\$29)

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

2. Explanations for the variations between target and actual results are presented in the Performance Indicators.

Funding programs

Royalties for Regions South West Regional Grants Scheme – contestable grants

The scheme is administered by the Commission as part of the Royalties for Regions, a State Government program designed to promote long-term development in Western Australia's regions.

Under this contestable scheme, the Government provided \$1 million during the reporting period for the South West Development Commission to administer contestable grants to assist in:

- Infrastructure
- Services
- Provision of headworks

The Commission, through the scheme, provides new opportunities for local communities to improve and develop infrastructure and services in the South West region. The scheme attracted 118 applications requesting grants totalling \$9.5 million. The total funds leveraged was \$19.4 million (cash and in-kind) and the total value of projects \$28.9 million.

The Commission is awaiting the Ministerial announcement of successful applications approved under this scheme for 2010/11.

The South West Development Commission administered two contestable grant programs during 2010/11.

They were the Royalties for Regions – South West Regional Grants Scheme and the South West Events Program. The Commission also administered non-contestable grants during the financial year.

Project approved in Regional Grants Scheme 2008/09 round – funding received this financial year.

Recipient	Project	Grant (GST exc.)
Department of Environment and Conservation (in partnership with Munda Biddi Trail Foundation)	Munda Biddi Trail from Nannup to Albany	\$ 500,000



Deanna Furze from the South West Development Commission and Daly Winter from the Shire of Boyup Brook inspect the former South Perth Zoo train which was restored in 2010/2011.

South West Events Program

Through the South West Events Program, the South West Development Commission provides financial support to community groups, non-profit organisations and local governments to promote and coordinate festivals and events. A total of 75 applications were received this year, surpassing the previous record of 73 set in 2009/10.

The objectives are to:

- Promote visitation to the South West to events which are of regional significance
- Provide an experience of high quality

The following 39 successful grant applications were approved under this program in 2010/11.

Recipient	Project	Grant (GST exc.)
Artatac – Busselton Beach Festival Inc	Busselton Beach Festival	\$4,000
Arts Margaret River Inc	Arts Margaret River Readers & Writers Festival 2011	\$1,600
Augusta Chamber of Commerce & Industry	Whale Song Augusta	\$2,000
Augusta Margaret River Tourism Association	Flourish Margaret River	\$2,000
Augusta River Festival Inc	2011 Augusta River Festival	\$4,000
Balingup & Districts Tourism Association Inc	Telling Tales in Balingup	\$1,000
Blues at Bridgetown Inc	Blues at Bridgetown	\$3,000
Bridgetown Greenbushes Tourism Association	Winter in the Blackwood	\$3,000
Bunbury Agricultural Society Inc	Bunbury Horse & Country Music Show & Market Carnival	\$2,000
Bunbury BMX Club Inc	2011 Rock Energy Drinks Champbikx/Probikx National Series	\$2,000
Bunbury Dolphin Discovery Inc	Dolphin Festival	\$3,000
Bunbury Geographe Marketing Alliance Inc	Geographe Crush Food & Wine Festival 2011	\$2,500
Bunbury Multicultural Group Inc	Multicultural Night Under the Stars	\$3,000
Bunbury Regional Art Galleries	Dandjoo Koorliny – Coming Together	\$2,000
CapelFest Inc	CapelFest 2011	\$3,000
City of Bunbury	Australia Day Celebrations & Fireworks Spectacular 2011	\$3,000
City of Bunbury	City of Bunbury Children's Festival	\$4,000
City of Bunbury	Viva Bunbury 2011	\$3,000
Collie Country Music Club Inc	Collie Country Music Round-Up	\$2,500
Country Music Club of Boyup Brook Inc	Boyup Brook Arts Awards & Exhibition	\$3,000
Cowaramup Hall and Reserve Association Inc	24 Hours in Cowaramup	\$1,600
Donnybrook Wineries & Producers Inc	Gourmet Wine & Food Fest 2011	\$2,000
Dunsborough & Districts Progress Association Inc	Dunsborough Arts Festival	\$2,000
Harvey Mainstreet Inc	Harvey Harvest Festival	\$3,000
LAMP Inc	Black Dog Ride for Lamp Inc	\$3,000
Manjimup Speedway Club Inc	World Series Sprintcars	\$4,000
Margaret River Wine Industry Association Inc	Margaret River Wine Region Festival	\$4,000
Nannup Community Resource Centre Inc (on behalf of Nannup Garden Village Inc)	Nannup Flower & Garden Festival	\$2,000
Nannup Music Club Inc	Nannup Music Festival 2011	\$5,000
Northcliffe Visitor Centre Inc	Karri Cup MTB Challenge	\$3,000
Pemberton Visitor Centre Inc	Relentless Blue XC Mountain Bike State Round	\$2,000
Shire of Dardanup (auspicing Dardanup Art Spectacular Committee)	Dardanup Art Spectacular 2011	\$3,000
South West Cricket Association	27th Commonwealth Bank Australian Country Cricket Championships - Bunbury Region 2011	\$1,000
South West District Rifle Association Inc	South West District Rifle Association Open Championships	\$2,800
Stirling Street Arts Centre Management Committee Inc.	Fire, Fibre & Fine Arts Exhibition	\$1,500
The Australian Truffle Growers Association Inc	Australian Truffle Growers Association AGM and Conference 2011	\$2,000
The Dardanup Bull & Barrel Festival Inc	The Dardanup Bull & Barrel Festival	\$2,000
The Outback Heritage Horse Association of WA Inc	Equine Art Exhibit	\$1,500
Warren District Agricultural, Horticultural & Industrial Society Inc	Warren District Agricultural Show	\$1,000

Other non-contestable grants

The Commission also administered 53 non-contestable grants during 2010/11.

Recipient	Project	Grant (GST exc.)
Advocacy South West Inc	Contribution to Art Partners	\$500.00
Augusta-Margaret River Tourism Association Inc.	Jewel Cave Interpretive Centre Enhancements	\$30,000.00
Augusta-Margaret River Tourism Association Inc.	South Coast National Landscape Destination Strategy	\$5,000.00
Blackwood River Foundation Inc.	Establishment funding for Blackwood River Foundation	\$10,000.00
Bunbury Dolphin Discovery Inc	FESA Building Safety Requirements	\$81,277.00
Bunbury Geographe Marketing Alliance Inc.	Geographe Crush Food and Wine Festival 2010	\$2,500.00
Bunbury Women Aboriginal Corporation	Annual Indigenous Football Carnival Bunbury 2010	\$1,000.00
City of Bunbury	DVD production and entertainment for Bunbury delegation to Jiaying, China	\$3,500.00
Collie Chamber of Commerce and Industry Inc	Spring into Collie Events 2011	\$2,272.73
Deanmill Heritage Society Inc.	Deanmill School Heritage Plan	\$5,000.00
Edith Cowan University	ECU Graduate Prizes (2011-2012)	\$2,000.00
Federation of WA Police & Citizens Youth Club	Collie Police & Citizens Auto Workshop	\$10,000.00
Federation of WA Police & Citizens Youth Club	Temporary Youth Workers Funding for Bunbury PCYC	\$3,000.00
Geographe Bay Tourism Association	Ngilgi Adventure Park - Stage 2	\$16,968.50
Geographe Bay Tourism Association	Ngilgi Cave Adventure Park Stage 1 - Flora and Fauna Survey	\$8,340.00
Geographe French Australian Festivals Inc.	CineFest OZ Business Plan 2011-2016	\$10,000.00
Geographe Vignerons Association Inc	Displays for Wine Region	\$4,000.00
Great South West Edge Inc	Great South West Edge National Landscapes Program	\$40,000.00
Greenbushes Aged Community Committee Inc.	Site Plan Greenbushes Aged Care Development	\$400.00
Hocart Lodge Aged Care Centre Inc.	Scope Strategy for Aged Care Services in Harvey	\$5,000.00
Investing in our Youth Inc	Training Program - FACE	\$300.00
Koombana Bay Sailing Club Inc.	Bunbury Mooring Facilities	\$240,000.00
Manjimup Chamber of Commerce & Industry Inc	Event Management Course Costs	\$3,200.00
Margaret River Wine Industry Association Inc.	Regional Heroes Project	\$10,000.00
Milligan Community Learning and Resource Centre	Read to Me Project - Bunbury Early Years Network	\$1,000.00
Murdoch University	South West Marine Research Program (Dolphin Research - Stage 2)	\$27,000.00
Ngalang Boodja Council Aboriginal Corporation	Aboriginal Heritage Bus Trip	\$2,091.24
Ngalang Boodja Council Aboriginal Corporation	Aboriginal Heritage Exhibition Sydney	\$1,000.00
Ngalang Boodja Council Aboriginal Corporation	Valuation of 154 Forrest Street, Collie	\$1,500.00
Origins Centre Inc	Woodlands Clearing and Fire Prevention Project	\$10,000.00
Professional Golfers Association of Australia Ltd.	WAPGA 2010 Championship	\$10,000.00
Shire of Augusta-Margaret River	Margaret River Main Street	\$10,000.00
Shire of Boyup Brook	Infrastructure upgrades to support the new road from Bunbury to Albany via Boyup Brook	\$10,000.00
Shire of Boyup Brook	Television Promotional Campaign - Boyup Brook	\$5,000.00
Shire of Bridgetown-Greenbushes	Aged Friendly Communities Project - Bridgetown-Greenbushes	\$6,000.00
Shire of Busselton	Aged Friendly Communities Project - Busselton	\$4,000.00
Shire of Busselton	Busselton Airport Engineering Design Study	\$50,000.00
Shire of Capel	Age Friendly Communities Project, Capel	\$3,500.00
Shire of Manjimup	Contribution costs of Chinese delegation to Manjimup	\$4,512.21

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Recipient	Project	Grant (GST exc.)
Shire of Nannup	Aged Friendly Communities Project - Nannup	\$5,000.00
Shire of Nannup	Bushfire Early Warning System Trial	\$95,000.00
Shire of Nannup	Community Transport Project - Shire of Nannup	\$5,000.00
Shire of Nannup	Family Fun Day, Nannup	\$500.00
Shire of Nannup	Youth Strategy for the Shire of Nannup	\$1,000.00
Small Business Centre Bunbury-Wellington	2011 South West Small Business Awards	\$2,850.00
South West Business Association Inc.	Bunbury Cruise Ship Shuttle Bus Service 2010/11	\$5,000.00
SWAMS Aboriginal Corporation	NAIDOC Ball 2011	\$300.00
The Bethanie Group Inc.	Indigenous Senior's Day Care Centre Fit-Out	\$40,000.00
Volunteer Resource Centre Manjimup Inc.	Lease Costs for Timber Industry Coordination Centre, Manjimup (extension to 24/12/2010)	\$600.00
Volunteer Resource Centre Manjimup Inc.	Lease Costs for Timber Industry Coordination Centre, Manjimup (extension to 7/01/2011)	\$400.00
Volunteer Resource Centre Manjimup Inc.	Lease Costs for Timber Industry Coordination Centre, Manjimup	\$1,760.00
Volunteer Resource Centre Manjimup Inc.	Training - Displaced Gunns' Workers and Manjimup Small Businesses	\$13,000.00
Walpole Nornalup Visitor Centre Inc.	Information Technology Upgrades at the Walpole Nornalup Visitor Centre.	\$4,500.00

The South West Development Commission is a member of CoastSwap, a group which promotes the protection of the South West and Peel's coastal areas. Pictured are CoastSwap chairman Mark Kennedy and Alan Cross from the South West Development Commission.



Financial statements



Don Carlson is a fire warden for the South West Development Commission.

THE FINANCIAL STATEMENTS
AND KEY PERFORMANCE
INDICATORS REPORT
ON OUR PERFORMANCE
THROUGHOUT THE YEAR

Certification of Financial Statements

The accompanying financial statements of the South West 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 2011 and the financial position as at 30 June 2011.

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

Stephen Harrison
Chairman of accountable authority
19 July, 2011

Don Punch
Member of accountable authority
19 July, 2011

Val Cartwright
Chief Finance Officer
19 July, 2011



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

SOUTH WEST DEVELOPMENT COMMISSION

Report on the Financial Statements

I have audited the accounts and financial statements of the South West Development Commission.

The financial statements comprise the Statement of Financial Position as at 30 June 2011, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Board's Responsibility for the Financial Statements

The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the South West Development Commission at 30 June 2011 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by the South West Development Commission. The Board is responsible for ensuring that adequate control is maintained over the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Board based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the controls exercised by the South West Development Commission are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions.

Report on the Key Performance Indicators

I have audited the key performance indicators of the South West Development Commission. The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions.

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing Standards.

Opinion

In my opinion, the key performance indicators of the South West Development Commission are relevant and appropriate to assist users to assess the Commission's performance and fairly represent indicated performance for the year ended 30 June 2011.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and the Australian Auditing Standards, and other relevant ethical requirements.

COLIN MURPHY
AUDITOR GENERAL
30 August 2011

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2011

	Note	2011 \$	2010 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	6	2,304,428	1,873,540
Supplies and services	7	1,244,282	1,373,580
Depreciation and amortisation expense	8	131,253	142,466
Finance costs	9	-	76,010
Accommodation expenses	10	347,299	305,899
Grants and subsidies	11	9,819,246	21,488,003
Other expenses	12	96,830	89,492
Total cost of services		13,943,338	25,348,990
Income			
Revenue			
User charges and fees	13	27	212
Grants and contributions	14	17,500	12,500
Commonwealth grants and contributions	15	-	15,000
Other revenue	16	307,119	274,552
Total revenue		324,646	302,264
Gains			
Gain on disposal of non-current assets	17	-	2,839
Total gains		-	2,839
Total income other than income from State Government		324,646	305,103
NET COST OF SERVICES	32	(13,618,692)	(25,043,887)
INCOME FROM STATE GOVERNMENT			
18			
Service appropriation		4,034,000	21,110,000
Grants from government agencies		50,000	22,500
Asset assumed		-	1,786,560
Resources received free of charge		12,590	10,823
Royalties for Regions funds		4,000,000	1,225,000
Total income from State Government		8,096,590	24,154,883
(DEFICIT)/SURPLUS FOR THE PERIOD		(5,522,102)	(889,004)
OTHER COMPREHENSIVE INCOME			
Changes in asset revaluation surplus	30	895,213	(394,200)
Total other comprehensive income		895,213	(394,200)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(4,626,889)	(1,283,204)

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

STATEMENT OF FINANCIAL POSITION as at 30 June 2011

	Note	2011 \$	2010 \$
ASSETS			
Current assets			
Cash and cash equivalents	31	713,794	696,823
Restricted cash and cash equivalents	19	5,433,554	10,952,179
Inventories	20	1,251,518	1,251,518
Receivables	21	72,140	196,150
Amounts receivable for services	22	30,000	30,000
Total current assets		7,501,006	13,126,670
Non-current assets			
Restricted cash and cash equivalents	19	35,574	29,534
Amounts receivable for services	22	992,000	894,000
Property, plant and equipment	23	7,387,341	6,573,489
Infrastructure	24	1,057,840	1,104,000
Intangible assets	25	3,559	9,746
Total non-current assets		9,476,314	8,610,769
TOTAL ASSETS		16,977,320	21,737,439
LIABILITIES			
Current liabilities			
Payables	27	381,907	658,946
Provisions	28	545,791	491,733
Other liabilities	29	4,357	1,681
Total current liabilities		932,055	1,152,360
Non-current liabilities			
Provisions	28	169,685	82,610
Total non-current liabilities		169,685	82,610
TOTAL LIABILITIES		1,101,740	1,234,970
NET ASSETS		15,875,850	20,502,469
Equity			
Contributed equity	30	11,389,177	11,389,177
Reserves		4,389,272	3,494,059
Accumulated surplus		97,131	5,619,233
TOTAL EQUITY		15,875,580	20,502,469

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

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2011

	Note	Contributed equity \$	Reserves \$	Accumulated surplus/(deficit) \$	Total Equity \$
Balance at 1 July 2009	30	7,323,177	3,888,259	6,508,237	17,719,673
Total comprehensive income for the year		-	(394,200)	(889,004)	(1,283,204)
Transactions with owners in their capacity as owners:					
Capital appropriations		4,066,000	-	-	4,066,000
Total		4,066,000	-	-	4,066,000
Balance at 30 June 2010		11,389,177	3,494,059	5,619,233	20,502,469
Balance at 1 July 2010	30	11,389,177	3,494,059	5,619,233	20,502,469
Total comprehensive income for the year		-	895,213	(5,522,102)	(4,626,889)
Transactions with owners in their capacity as owners:					
Capital appropriations			-	-	
Total			-	-	
Balance at 30 June 2011		11,389,177	4,389,272	97,131	15,875,580

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

STATEMENT OF CASH FLOWS for the year ended 30 June 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		3,906,000	20,988,000
Capital contributions		-	4,066,000
Holding account drawdowns		30,000	30,000
Grant from state government agency		50,000	22,500
Royalties for the Regions fund		4,000,000	1,225,000
Net cash provided by State Government		7,986,000	26,331,500
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(2,142,487)	(1,934,093)
Supplies and services		(1,251,316)	(1,272,620)
Finance costs		-	(67,780)
Accommodation		(347,299)	(305,900)
Grants and subsidies		(10,104,916)	(20,966,557)
GST payments on purchases		(1,139,212)	(2,222,017)
Other payments		(96,830)	(112,511)
Receipts			
Sale of Goods and Services		122,156	120,149
User charges and fees		27	36,195
Grants and contributions		17,500	27,500
GST receipts on sales		30,427	30,066
GST receipts from taxation authority		1,214,461	2,239,734
Other receipts		215,875	80,777
Net cash (used in) operating activities	32	(13,481,614)	(24,347,057)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current physical assets		-	(34,485)
Receipts			
Proceeds from sale of non current physical assets		-	4,312
Net cash (used in) investing activities		-	(30,173)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Repayment of borrowings		-	(3,827,557)
Net cash (used in) financing activities		-	(3,827,557)
Net (decrease)/increase in cash and cash equivalents held		(5,495,614)	(1,873,287)
Cash and cash equivalents at the beginning of period		11,678,536	13,551,823
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	31	6,182,922	11,678,536

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2011

1. Australian equivalents to International Financial Reporting Standards

General

The Commission's financial statements for the year ended 30 June 2011 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 unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Australian Accounting Standard that have been issued or amended but not operative have been early adopted by the Commission for the annual reporting period ended 30 June 2011.

2. Summary of significant accounting policies

(a) General statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with 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 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, except for 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.

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Commission's accounting policies resulting in the the most significant effect on the amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses 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.

(c) Reporting entity

The reporting entity is South West Development Commission.

(d) Contributed equity

AASB Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by 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.

(e) Income

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised for the major business activities as follows:

Service appropriations

Service Appropriations are recognised as revenues at fair 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 'Amounts receivable for services' (holding account) held at Treasury.

Sale of goods

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

Provision of services

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

Interest

Revenue is recognised as the interest accrues.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at the 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.

Gains

Realised or unrealised gains are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations of non-current assets.

(f) Borrowing costs

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. Other borrowing costs are expensed when incurred.

(g) Property, plant and equipment and infrastructure

Capitalisation/expensing of assets

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

Initial recognition and measurement

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

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

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land, buildings and Infrastructure and historical cost for all other property, plant and equipment. Land,

buildings and infrastructure are carried at fair value less accumulated depreciation (buildings and infrastructure only) and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

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

In the absence of market-based evidence, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is dependent on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuation Services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Fair value of infrastructure has been determined by reference to the depreciated replacement cost (existing use basis) as the assets are specialised and no market-based evidence of value is available.

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

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

Derecognition

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

Asset Revaluation Reserve

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in note 23 'Property, plant and equipment'.

Depreciation

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

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

Buildings	20 years - 40 years
Office equipment	5 years
Infrastructure	30 years

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

Land is not depreciated.

(h) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing over \$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 Statement of Comprehensive Income.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, 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 of this class of intangible asset are:

- Software 2 years

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.

Website costs

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

measured, are capitalised.

(i) Impairment of assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting period. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and impairment 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 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 an 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 the end of each reporting period 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 impairments at the end of each reporting period.

(j) Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) held for sale are recognised at the lower of

carrying amount and fair value less costs to sell and are presented separately from other assets in the Statement of Financial Position. Assets classified as held for sale are not depreciated or amortised.

(k) Inventories

Inventories consist of land held for development and resale. Inventories are measured at the lower of cost or net realisable value. Development costs are capitalised and maintenance costs are expensed.

(l) Leases

The Commission holds operating leases for head office and a number of branch 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.

(m) Financial instruments

In addition to cash, the Commission has two categories of financial instrument:

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

Financial instruments have been disaggregated into the following classes:

Financial assets

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

Financial liabilities

- Payables

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

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

(n) Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalents (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 change in value.

(o) Accrued salaries

The accrued salaries expense account (see note 19 '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 pays occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (see note 27 'Payables') represent the amount due to staff but unpaid at 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.

(p) Amounts receivable for services (holding account)

The Commission receives income from the State Government partly in cash and partly as an asset (holding account receivable). The accrued amount is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(q) Receivables

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

(r) Payables

Payables are recognised when the Commission becomes obliged to make future payments as a result of a purchase of assets or services at fair value, as they are generally settled within 30 days.

(s) Borrowings

All loans are initially recognised at cost, being the fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method.

(t) 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 the end of each reporting period.

Provisions – employee benefits

All annual leave and long service leave provisions are in respect of employee's services up to the end of the reporting period.

Annual leave and long service leave

The liability for annual and long service leave expected to be settled within 12 months after the reporting period 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 reporting period 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 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 end of the reporting period 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.

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional ten weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

Superannuation

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

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members since 1987, or the Gold State Superannuation Scheme (GSS) a defined benefit lump sum scheme closed to new members since 1995.

The GSS 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 Commission to GESB extinguishes the agency's obligations to the related superannuation liability.

The Commission has no liabilities under the Pension or the GSS. The liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable

to members, who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Commission to GESB. The concurrently funded part of the GSS is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS obligations.

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The 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.

Provisions – other

Employment on-costs

Employment on-costs, including worker's 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'.

(u) Superannuation expense

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).

(v) Resources received free of charge or for nominal consideration

Resources received free of charge or for nominal cost that can be reliably measured are recognised as income at fair value. Where the resource received represents a service that the Commission would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services are received from other State Government agencies, are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(w) Comparative figures

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

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 commitment

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 subsequently all risks and rewards incidental to ownership. Accordingly, the lease has been classified as operating leases.

4. Key sources of estimation uncertainty

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

Long Service Leave

Several estimations and assumptions used in calculating the Commission's long service leave provision include expected future salary rates, discount rates, employee retention rates and expected future payments. Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Commission has not applied any Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2010 that would have had an impact on the Commission:

2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] Under amendments to AASB 117, the classification of land elements of all existing leases has been reassessed to determine whether they are in the nature of operating or finance leases. As leases of land and buildings recognised in the financial statements have not been found to significantly expose the Commission to the risks/rewards attributable to control of land, no changes to accounting estimates have been included in the Financial Statements and Notes to the Financial Statements. Under amendments to AASB 107, only expenditures that result in a recognised asset are eligible for classification as investing activities in the Statement of Cash Flows. All investing cash flows recognised in the Commission's Statement of Cash Flows relate to increases in recognised assets.
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Future impact of Australian Accounting Standards not yet operative

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Commission has not applied early any following Australian Accounting Standards that have been issued that may impact the Commission. Where applicable, the Commission plans to apply these Australian Accounting Standards from their application date:

Operative for reporting periods beginning on/after 1/1/2011

AASB 2009-12	Amendments to Australian Accounting Standards arising [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and interpretations 2, 4, 16, 1039 & 1052] This standard introduces a number of terminology changes. There is no financial impact resulting from the application of this revised standard.
AASB 2010-5	Amendments to Australian Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] (October 2010) This standard introduces a number of terminology changes as well as minor presentation changes to the Notes to the Financial Statements. There is no financial impact resulting from the application of this revised standard.

Operative for reporting periods beginning on/after 1/7/2011

AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] This standard makes amendments to Australian Accounting Standards, introducing additional presentation and disclosure requirements for Financial Assets. The Standard is not expected to have any financial impact on the Commission. DTF has not yet determined the application or the potential impact of the amendments to these Standards for Agencies.
AASB 2011-2	Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054] This Amending Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.
AASB 1054	Australian Additional Disclosures This Standard, in conjunction with AASB 2011-1 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i> , removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.

AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113]

This Amending Standard, in conjunction with *AASB 1054 Australian Additional Disclosures*, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards.

Operative for reporting periods beginning on/after 1/1/2013

AASB 2009-11 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 Financial Instruments Disclosures* requires modification to the disclosure of categories of financial assets. The Commission does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.

AASB 9 **Financial Instruments**

This standard supersedes *AASB 139 Financial Instruments: Recognition and Measurement*, introducing a number of accounting treatments.

This Standard was reissued on 6 Dec 2010 and the Commission is currently determining the impact of the Standard. DTF has not yet determined the application or the potential impact of the Standard for agencies.

AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]

This Amending Standard makes consequential adjustments to other Standards as a result of issuing *AASB 9 Financial Instruments* in December 2010. DTF has not yet determined the application or the potential impact of the Standard for agencies.

Operative for reporting periods beginning on/after 1/7/2013

AASB1053 **Application of Tiers of Australian Accounting Standards**

This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.

The Standard does not have any financial impact on the Commission. However it may affect disclosures in the financial statements of the Commission if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.

AASB 2010-2 **Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements**

This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities.

The Standard is not expected to have any financial impact on the Commission. However this Standard may reduce some note disclosures in the financial statements of the Commission. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies

	2011 \$	2010 \$
6. Employee benefits expense		
Wages and salaries (a)	2,090,223	1,707,318
Superannuation - defined contribution plans (b)	214,205	166,222
	2,304,428	1,873,540

a. Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

b. Defined contribution plans include West State and Gold State and GESB Super Scheme (contributions paid).

Employment on-costs such as workers' compensation insurance are included at note 12 'Other expenses'. The employment on-costs liability is included at note 28 'Provisions'.

7. Supplies and services		
Communication	71,591	62,574
Consultants and contractors	840,091	917,519
Consumables	132,131	147,853
Travel	26,673	46,834
Other	173,796	198,800
	1,244,282	1,373,580

8. Depreciation and amortisation expense		
<i>Depreciation</i>		
Office equipment	33,742	39,673
Buildings	46,013	50,000
Infrastructure	46,160	46,000
Total depreciation	125,915	135,673
<i>Amortisation</i>		
Intangible assets	5,338	6,793
Total amortisation	5,338	6,793
Total depreciation and amortisation	131,253	142,466

9. Finance costs		
Interest paid	-	76,010
	-	76,010

10. Accommodation expenses		
Lease rentals	275,669	238,194
Repairs and maintenance	39,570	47,517
Cleaning	32,060	20,188
	347,299	305,899

	2011 \$	2010 \$
11. Grants and subsidies		
<i>Recurrent</i>		
Non public organisations (a)	1,506,004	372,962
Public organisations (a)	29,000	510,500
Shire of Busselton – Jetty Refurbishment	3,622,694	16,987,882
Royalties for Regions funds – Regional Community Services Account	4,661,548	3,616,659
	9,819,246	21,488,003
a. Refer to annual report for detail of grant recipients.		
12. Other expenses		
Guarantee fee for loan	-	961
Repairs and maintenance	19,667	15,065
Employment on-costs (a)	1,091	1,961
Other employment costs	42,872	41,705
Audit costs (b)	33,200	29,800
	96,830	89,492
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 28 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.		
b. Audit fees, see note 34 'Remuneration of auditor'.		
13. User charges and fees		
FOI Charges	27	212
	27	212
14. Grants and contributions		
Non public organisations	5,000	12,500
Public organisations	12,500	-
	17,500	12,500
15. Commonwealth grants and contributions		
Department of Foreign Affairs and Trade	-	15,000
	-	15,000
16. Other revenue		
Sundry income	17,766	77,372
Recoup expenses Tourism WA	94,617	-
Prior year grant refund	52,000	-
Austrade Service Contract	111,614	123,801
Recoup Conference Expenses	26,933	69,975
Rental from property	836	864
Government vehicle scheme	3,353	2,540
	307,119	274,552

2011 \$

2010 \$

17. Net Gain/(loss) on disposal of non-current assets

Costs of disposal of non-current assets:

Office equipment	-	(1,473)
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Proceeds from disposal of non-current assets:

Office equipment	-	4,312
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Net gain	-	2,839
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18. Income from State Government

Appropriation received during the year:

Service appropriation (a)	4,034,000	21,110,000
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	4,034,000	21,110,000
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Grant from government agencies:

Department of Commerce	-	22,500
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Tourism WA	50,000	-
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	50,000	22,500
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Resources received free of charge (c)

Determined on the basis of the following estimates provided by agencies:

DTF-Building Management and Works	12,590	10,823
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	12,590	10,823
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Asset assumed (b)

World of Energy Museum Collection	-	1,786,560
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	-	1,786,560
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Royalties for Regions Fund:

Regional Infrastructure and Headwork's Account (d)	-	1,125,000
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Regional Community Services Account (d)	4,000,000	-
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Country Local Government Fund	-	100,000
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	4,000,000	1,225,000
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Total revenue from State Government

8,096,590

24,154,883

- 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.
- Discretionary transfers of assets between State Government agencies are reported as assets assumed/(transferred) under Income from State Government. Non discretionary non reciprocal transfers of net assets (ie. restructuring of administrative arrangements) have been classified as Contributions by Owners (CBOs) under TI 955 and are taken directly to equity.
- Assets or services received free of charge or for nominal cost are recognised as revenue at fair value of the asset and/or services that can reliably measured and which would have been purchased if not donated. Contributions or assets or services in the nature of contributions by owners are recognised direct to equity.
- This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas.

	2011 \$	2010 \$
19. Restricted cash and cash equivalents		
Current		
<i>Restricted projects</i>		
Cash held in the account to be used specifically for the approved projects listed:		
Lake Kepwari	2,873,900	2,873,900
Ngalang Boodja	-	17,500
South West Indigenous Mapping	-	5,573
Escape for A While	27,670	73,805
Building a Better Harvey	175,000	175,000
Busselton Jetty Refurbishment	-	3,993,487
Bunbury-Jiaxing Development Office	56,368	60,090
Active Ageing Strategy	77,332	66,335
Kemerton Landscaping	-	8,436
Coastal Enhancement	-	20,000
Picton Land Development	592,551	758,061
Balingup Main Street Development	87,500	150,000
Collie Town Centre Redevelopment	175,000	425,000
National Broadband Positioning	54,830	117,500
Fish Stock Survey	-	20,000
Tradestart	18,439	-
Drift	152,500	-
Tourism WA Projects	50,000	-
Board Approved Funds	139,055	238,703
Royalties for Regions (a)	953,409	1,948,789
Total current restricted cash	5,433,554	10,952,179
Non-current		
Accrued salaries suspense (b)	35,574	29,534
Total non-current restricted cash	35,574	29,534

a. Unspent funds are committed to projects in WA regional areas.

b. Amount held is only to be used for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

20. Inventories

Current		
Land, at cost	1,251,518	1,209,152
Development costs	-	42,366
Total current	1,251,518	1,251,518

The Commission values inventories at the lower of cost or net realisable value and is land held for sale.

	2011 \$	2010 \$
21. Receivables		
Current		
External	16,077	33,992
Accrued revenue	-	10,541
GST receivable	45,941	151,617
Prepayments	10,122	-
	72,140	196,150

22. Amounts receivable for services		
Current	30,000	30,000
Non-current	992,000	894,000
	1,022,000	924,000

Represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

23. Property, plant and equipment		
Office equipment		
At cost	152,328	160,615
Accumulated depreciation	(97,547)	(70,486)
	54,781	90,129
Buildings		
At fair value (a)	1,850,000	1,058,300
	1,850,000	1,058,300
Land		
At fair value (a)	3,684,000	3,626,500
	3,684,000	3,626,500
Works of art		
At fair value(b)	1,798,560	1,798,560
	1,798,560	1,798,560
Total property, plant and equipment	7,387,341	6,573,489

- Freehold land and buildings were revalued as at 1 July 2010 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2011 and recognised at 30 June 2011. In undertaking the revaluation, fair value was determined by reference to market values for land: \$400,000 and buildings: \$Nil. For the remaining balance, fair value of land was determined by reference to current use and buildings were determined on the basis of depreciated replacement cost.
- The latest revaluation of work of Art was performed in accordance with an independent valuation by the Wayne Gardiner (Valuers and Auction Consultant). Fair value (depreciated replacement value) was determined by existing use. The effective date of the valuation is March 2010.

Reconciliations

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

2011	Land \$	Buildings \$	Office Equipment & Works of Art \$	Total \$
Carrying amount at start of year	3,626,500	1,058,300	1,888,689	6,573,489
Disposals	-	-	(5,832)	(5,832)
Revaluation/adjustments	57,500	837,713	(2,454)	892,759
Depreciation written back	-	-	5,832	5,832
Depreciation	-	(46,013)	(32,894)	(78,907)
Carrying amount at end of year	3,684,000	1,850,000	1,853,341	7,387,341

2010	Land \$	Buildings \$	Office Equipment & Works of Art \$	Total \$
Carrying amount at start of year	3,929,000	1,200,000	108,790	5,237,790
Additions	-	-	1,821,045	1,821,045
Disposals	-	-	(1,473)	(1,473)
Revaluation	(302,500)	(91,700)	-	(394,200)
Depreciation	-	(50,000)	(39,673)	(89,673)
Carrying amount at end of year	3,626,500	1,058,300	1,888,689	6,573,489

2011 \$ 2010 \$

24. Infrastructure

At fair value	1,150,000	1,150,000
Accumulated depreciation	(92,160)	(46,000)
	1,057,840	1,104,000

The latest revaluation of infrastructure was performed in accordance with an independent valuation by the Western Australian Land Information Authority (Valuation Services). Fair value (depreciated replacement value) was determined by existing use. The effective date of the valuation is 1 April 2009.

Reconciliations

Carrying amount at start of year	1,104,000	1,150,000
Depreciation	(46,161)	(46,000)
Carrying amount at end of year	1,057,840	1,104,000

25. Intangible assets

Computer software:

At cost	15,890	22,640
Accumulated depreciation	(12,331)	(12,894)
Carrying amount at end of year	3,559	9,746

Reconciliations

Carrying amount at start of year	9,746	16,539
Disposals	(6,750)	-
Depreciation written back	5,901	5,901
Depreciation	(5,338)	(6,793)
Carrying amount at end of year	3,559	9,746

2011 \$

2010 \$

26. Impairment of assets

There were no indications of impairment of property, plant and equipment, infrastructure and intangible assets at 30 June 2011.

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

All surplus assets at 30 June 2011 have been classified as assets held for sale or written off.

27. Payables

Current

Other payables	41,839	14,367
Accrued expenses	289,647	618,193
Accrued salaries	50,421	26,386
	381,907	658,946

28. Provisions

Current

Employee benefits provision

Annual leave (a)	320,228	241,922
Long service leave (b)	220,779	245,325
	541,007	487,247

Other provisions

Employment on-costs (c)	4,784	4,486
	4,784	4,486

Total current provisions	545,791	491,733
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Non-current

Long service leave (b)	168,142	81,859
	168,142	81,859

Other provisions

Employment on-costs (c)	1,543	751
	1,543	751

Total non-current provisions	169,685	82,610
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Total provisions	715,476	574,343
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a. Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of the end of the reporting period	320,288	241,922
More than 12 months after reporting date	-	-
	320,288	241,922

	2011 \$	2010 \$
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 the reporting period. Assessments indicate that actual settlement of the liabilities will occur as follows:		
Within 12 months of the end of the reporting period	135,332	96,892
More than 12 months after the reporting period	253,589	230,292
	388,921	327,184

- c. The settlement of annual and long service leave liabilities give rise to the payment of employment on-costs including workers compensation insurance. The provision is the present value of expected future payments. The associated expense is included at note 12 'Other expenses'.

Movements in provisions

Movements in provisions during the financial year, other than employee benefits, are set out below:

Employment on-cost provision

Carrying amount at start of year	5,237	5,406
Additional provisions recognised	1,316	120
Payments/other sacrifices of economic benefits	(225)	(289)
Carrying amount at end of year	6,328	5,237

29. Other liabilities

Current

Accrued superannuation	4,357	1,681
	4,357	1,681

30. Equity

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

Contributed equity

Balance at start of year	11,389,177	7,323,177
<i>Contributions by owners</i>		
Capital contribution (a)	-	4,066,000
Balance at end of year	11,389,177	11,389,177

Reserves

Asset revaluation reserve:

Balance at start of year	3,494,059	3,888,259
<i>Net revaluation increments:</i>		
Land	57,500	(302,500)
Buildings	837,713	(91,700)
Balance at end of year	4,389,272	3,494,059

Accumulated surplus

Balance at start of year	5,619,233	6,508,237
Result for the period	(5,522,102)	(889,004)
Balance at end of year	97,131	5,619,233

- a. Capital contributions (appropriations) have been designated as contributions by owners in Treasurer's Instruction 955 and are credited directly to equity in the Balance Sheet.

2011 \$

2010 \$

31. 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:

Cash and cash equivalent	713,794	696,823
Restricted cash and cash equivalent (refer to note 19)	5,469,128	10,981,713
	6,182,922	11,678,536

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

Net cost of services	(13,618,692)	(25,043,887)
<i>Non-cash items:</i>		
Depreciation expense	131,253	142,466
Resources received free of charge	12,590	10,823
Net (gain)/loss on sale of non-current assets	-	(2,839)
Adjustment	2,455	-
<i>(Increase)/decrease in assets:</i>		
Current receivables	18,334	(26,729)
Inventory	-	(42,366)
<i>Increase/(decrease) in liabilities:</i>		
Current accounts payable	(277,039)	595,123
Current provisions	54,058	(2,529)
Other current liabilities	2,676	(213)
Non-current provisions	87,075	(24,558)
Net GST receipts/ (payments) (a)	105,676	47,652
Net cash (used in) operating activities	(13,481,614)	(24,347,057)

a. This is the net GST paid/received, i.e. cash transactions.

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

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

Remuneration of members of the accountable authority

The numbers of members of the accountable authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

	2011	2010
\$ 0 - \$10,000	9	10
\$10,001 - \$20,000	1	2
\$20,001 - \$30,000	1	-

The total remuneration of the members of the accountable authority is:	70,762	75,249
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The superannuation included here represents the superannuation expenses incurred by the Commission in respect of members of the accountable authority.

No members of the accountable authority are members of the Pension Scheme.

	2011 \$	2010 \$
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 and other benefits for the financial year, fall within the following bands is:		
	2011	2010
\$80,001 - \$110,000	1	1
\$110,001 - \$150,000	3	3
\$150,001 - \$250,000	1	1
The total remuneration of senior officers is:	691,254	648,732

The superannuation included here represents 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.

34. Remuneration of auditor

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

Auditing the accounts, financial statements and performance indicators	27,000	26,000
Payment for auditing services is paid in the following year. Audit fee for 2010-11 will be paid in 2011-12.		

35. Lease commitments

Non cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Motor vehicle – not later than one year	50,829	57,085
Motor vehicle – later than one year, not later than five years	43,746	31,317
Office rentals – not later than one year	292,038	342,873
Office rentals – later than one year, not later than five years	1,107,284	85,718
Office rentals – later than five years	1,629,795	-

New Memorandum of Understanding signed for occupation of premises in the Bunbury Tower, expiry September 2021.

36. Contingent liabilities and contingent assets

There are no contingent liabilities or assets that the Commission is aware of as at 30 June 2011.

Contaminated Sites

Under the *Contaminated Sites Act 2003*, the Commission is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as *contaminated – remediation required* or *possibly contaminated – investigation required*, the Commission may have a liability in respect of investigation or remediation expenses.

The Commission has no known or suspected contaminated sites.

37. Events occurring after the end of the reporting period

There are no events occurring after the balance sheet date that the Commission is aware of as at the date of this report.

38. 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 \$30,000.

Significant variances between estimated and actual results for 2011

	Actual 2011 \$	Estimates 2011 \$	Variance \$
Expenses			
Supplies and services	1,244,282	1,681,000	(436,718)
Other expenses	96,830	361,000	(264,170)
Income			
Grants and contributions	67,500	100,000	(32,500)
Other revenue	307,119	25,000	282,119
Royalties for Regions	4,000,000	4,720,000	(720,000)

Supplies and services

Project activity is included in supplies and services and of which some have not been fully completed as estimated.

Other expenses

The variance is due to overestimation of other expenses.

Grants and contributions

Grants and contributions are sourced from external sources and the estimated 2010-11 amount was not fully sourced.

Other revenue

The variance is due to the recoup of conference expenses (Critical Horizon Seminar Series), funds for the Bunbury-Jiaxing Development Office and other minor recoups unknown at the time of budget estimates.

Royalties for Regions

The variance is due the 2008-09 approved Regional Grant Schemes forward out year allocations being included in the 2010-11 budget but not received.

Significant variances between actual results for 2010 and 2011

	2011 \$	2010 \$	Variance \$
Expenses			
Employee benefit expenses	2,304,428	1,873,540	430,888
Finance costs	-	76,010	(76,510)
Grants and subsidies	9,819,246	21,488,003	(11,668,757)
Accommodation expenses	347,299	305,899	41,400
Income			
Other revenue	307,119	274,552	32,567
Service appropriation	4,034,000	21,110,000	(17,067,000)
Royalties for Regions funds	4,000,000	1,225,000	2,775,000
Asset assumed	-	1,786,560	(1,786,560)

Employee benefit expense

The variance is due to an increase in provisions for leave liability, increase in FTE (within approved limit) and estimated back pay for the new PSA GA.

Finance costs

The WATC loan was paid out in 2009-10.

Grants and subsidies

The 2009-10 year grants contained a large component for the Busselton Jetty Refurbishment Project.

Accommodation expense

The variance is due to an increase in Bunbury Tower outgoings associated with maintenance and cleaning.

Other revenue

Other revenue fluctuates with the activities undertaken and the variance is due to the recoup of conference expenses and refunds of previous year grants returned.

Service appropriation

Appropriations in 2009-10 included funds for the Busselton Jetty refurbishment project.

Royalties for Regions funds

The amount allocated to the Regional Grant Scheme is determined by the Department of Regional Development and Land. This year included 2009-10 allocations.

Asset assumed

The World of Energy Museum Collection was donated to the Commission in 2009-10.

39. Financial instruments

a. Financial risk management objectives and policies

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

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 end of the reporting period 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 Note 39(c).

Credit risk associated with the Commission's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Commission trades only with recognised, creditworthy third parties. The Commission has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Commission's exposure to bad debts is minimal. At the end of the reporting period there are no significant concentrations of credit risk.

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.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Commission's income or the value of its holdings of financial instruments. The Commission's does not trade in foreign currency and is not materially exposed to other price risks.

b. Categories of financial instruments

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

	2011 \$	2010 \$
Financial assets		
Cash and cash equivalents	713,794	696,823
Restricted cash and cash equivalents	5,469,128	10,981,713
Receivables ⁽¹⁾	26,199	44,533
Amounts receivable for services	1,022,000	924,000
Financial liabilities		
Financial liabilities measured at amortised cost	386,264	660,627

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

c. Financial Instruments Disclosure

Credit risk, liquidity risk and interest risk exposure

The following table details the exposure to liquidity risk and interest rate exposures and the ageing analysis of financial assets. The Commission's maximum exposure to credit risk at the end of the reporting date is the carrying amount of the 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 table is based on information provided to senior management of the Commission.

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

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

Interest rate exposures and ageing analysis of financial assets

	Carrying amount \$	Interest rate exposure non-interest bearing \$	Past due but not impaired			Impaired financial assets \$
			Up to 3 months \$	3 - 12 months \$	1 - 5 years \$	
2011						
<i>Financial assets</i>						
Cash and cash equivalents	713,794	713,794	-	-	-	-
Restricted cash and cash equivalents	5,469,128	5,469,128	-	-	-	-
Receivables (a)	26,199	26,199	26,199	-	-	-
Amounts receivable for services	1,022,000	1,022,000	-	-	-	-
	7,231,121	7,231,121	26,199	-	-	-
2010						
<i>Financial assets</i>						
Cash and cash equivalents	696,823	696,823	-	-	-	-
Restricted cash and cash equivalents	10,981,713	10,981,713	-	-	-	-
Receivables (a)	44,533	44,533	44,533	-	-	-
Amounts receivable for services	924,000	924,000	-	-	-	-
	12,647,069	12,647,069	44,533	-	-	-

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

Interest rate exposure and maturity analysis of financial liabilities

	Carrying amount \$	Interest rate exposure non-interest bearing \$	Maturity date		
			Up to 3 months \$	3 - 12 months \$	1 - 5 years \$
2011					
<i>Financial liabilities</i>					
Payables	(381,907)	(381,907)	(381,907)	-	-
Other liabilities	(4,357)	(4,357)	-	-	-
	(386,264)	(386,264)	(381,907)	-	-
2010					
<i>Financial liabilities</i>					
Payables	(658,946)	(658,946)	(658,946)	-	-
Other liabilities	(1,681)	(1,681)	-	-	-
	(660,627)	(660,627)	(658,946)	-	-

Fair values

All financial assets and liabilities recognised in the Statement of Financial Position, 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.

Interest rate sensitivity analysis not required as the Commission holds no Interest Bearing financial assets or liabilities.

Key performance indicators



The South West Development Commission continued to encourage excellence in business through its support of the South West Small Business Awards.

THE FINANCIAL STATEMENTS
AND KEY PERFORMANCE
INDICATORS REPORT
ON OUR PERFORMANCE
THROUGHOUT THE YEAR

Certification of Key Performance Indicators

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the South West Development Commission's performance, and fairly represent the performance of the South West Development Commission for the financial year ended 30 June 2011.

Stephen Harrison
Chairman of accountable authority
19 July, 2011

Don Punch
Member of accountable authority
19 July, 2011

Desired outcome

The South West Development Commission's outcome is to coordinate and promote an environment which is conducive to the balanced economic and social development of the South West Region.

Key Service

The Commission aims to build quality of life in the South West Region through the development of new industries, more diverse opportunities for its residents, and community and industry infrastructure, while advancing sustainable jobs growth.

Relationship with Government policy

The South West Development Commission delivers its services through three strategic themes: Investing in People and Place, Investing in Infrastructure and Environment, and Investing in Knowledge, Enterprise and Innovation.

These three strategic themes together provide a balanced approach to regional development. They are also aligned with the State Government's strategic planning framework, 'Stronger Focus on the Regions', with greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.

The activities of the Commission aim to ensure that the South West is a strong and vibrant region.

Key effectiveness indicators

As in previous years, the Commission's effectiveness indicators are based on an evaluation survey conducted by an independent consultant.

Client Satisfaction Survey 2011

As a requirement of its strategic plan, the Commission undertook an evaluation of its operations in April 2011. Clients were surveyed to determine their views and understanding of the Commission's role, activities and performance. Similar surveys have been undertaken on an annual basis over the past ten years.

An independent consultant, Savant Surveys & Strategies,

undertook the survey. The Commission provided Savant Surveys & Strategies with a database comprising 205 key clients and 20 representatives from South West local governments. The key clients were made up of Commonwealth and State government agencies and private organisations having regular contact with the Commission over the last 12 months.

This year involved using an online self completion methodology. The contacts were sent an email invitation to complete the annual client survey online. The survey questionnaire was distributed to all of the key clients (205) and all local government representatives (20). A total of 114 clients were interviewed, out of a possible 223 (useable sample). This results in a maximum survey error of +/- 6.43 per cent at 95 per cent level of confidence.

As often occurs with surveys of small populations (i.e. <500), the Sample obtained (N=114) fell just short of the minimum number required (N=141) to meet the OAG's statistical standard for the given Population (N223). Therefore, although generalisations from the sample to the population should be made with caution, a response rate of 51.12 per cent is commendable and a great deal of valuable data has been obtained.

In terms of client subgroups, a total of 12 local government representatives responded equating to a response rate of 60 per cent. 102 key clients responded, from a useable population of 203. This equates to a response rate of 45.74 per cent. The overall survey response rate was 51.12 per cent.

The overall level of satisfaction with the quality of performance of the Commission in 2010-11 was 97% increased from 94% in 2009-10

The results for key clients showed a marginally increased level of use for many of the services provided by the Commission. The key areas of service use were (in order of frequency):

- Source of funds;
- Information about the region/Commission;
- Advocacy;
- Community consultation;
- Planning assistance, and
- Project development.

Effectiveness of the South West Development Commission

	2010/11		2009/10		2008/09		2007/08		2006/07	
Target	78%	5.46	76%	5.32	76%	5.32	76%	5.32	76%	5.32
Total Client Average	82%	5.74	79%	5.60	83%	5.75	83%	5.41	72%	5.05
Local Governments	83%	5.81	58%	5.00	71%	5.00	55%	4.82	71%	4.93
Key Clients	82%	5.74	83%	5.70	85%	5.85	85%	5.46	70%	5.06

% = response rate ~ 1 = not effective, 7 = very effective

Service: regional development

Key efficiency indicator

Average cost per hour of service

The operating costs of the South West Development Commission are based on the Statement of Comprehensive Income total cost of services (excluding grants) for the relevant period. Hourly cost is determined by dividing the expenditure for the period by the total hours worked for the period.

Average cost per hour	Note	2010/11	2009/10	2008/09	2007/08	2006/07
Operating cost	1	\$4,124,092	\$3,860,987	\$3,959,443	\$3,736,373	\$4,634,601
Project / service hours	2	27,327	26,728	23,374	20,793	25,328
Cost per hour	3	\$151	\$144	\$169	\$180	\$182
Target	4	\$180	\$175	\$165	\$160	\$175

Notes on variance between reporting periods

Note 1 Operating cost information is sourced from the Statement of Comprehensive Income excluding grants and project costs paid direct to other agencies. A net movement of \$263,105 is shown. Fluctuations are to be expected, given the variable nature of project costs associated with projects managed by the Commission. In 2010-11 there was an increased FTE count (within approved limits) that resulted in an increase in project operating costs.

Note 2 Project hours are taken from employees' individual time sheets and can be influenced by the number and intensity of project activity. This year's project hours increase has been influenced by the introduction of the Royalties for Regions Regional Grant Scheme that has a project management component.

Note 3 Hours directly attributable to projects or services are used to calculate cost per hour and the variance is based on the increase in project hours.

Note 4 The target cost per hour is an estimated figure based on expected staffing levels and positions. Extra project hours are required for the Royalties for Regions Schemes.

Disclosures and legal requirements

Other financial disclosures

Employment and industrial relations

As at the end of June 2011 the Commission had 24 full-time equivalent employees. The Commission's employees are employed under the *Public Service General Agreement 2008*.

There were no workers' compensation claims during the year.

Staff Profile

The Commission recognises the benefits of workplace diversity and has a continued commitment to furthering these principles.

Seventy six per cent of employees were aged over 45 with no employees aged less than 25 years. Fifty six per cent of employees were female and 4 per cent Aboriginal, with no non-English speaking background employees. On a regular basis the Commission hosts school-based work experience students and TAFE structured workplace learning students.

Staff profile	2010/11	2009/10	2008/09	2007/08
Full-time permanent	17	16	18	20
Full-time contract	2	1	1	3
Part-time measured on FTE basis	5	5	4	2
Total	24	22	23	25

Work-Life Balance

The Commission is committed to providing a working environment that takes into consideration the needs of employees and their families. The approach taken by the Commission is to provide flexible working arrangements that include the opportunity for employees to adjust their working hours through the use of flexi-time and to work from home.

Type of flexible arrangement	Permanent staff (headcount)	Contract staff (headcount)	Proportion of total staff
Working from home	1	1	8%
Working part-time	6	0	24%
Flexible start/finish	23	1	100%
Purchased leave arrangements	1	0	4%

Employee Volunteering

The South West Development Commission is committed to providing services for the community and as a part of that service we encourage and support our employees to participate in community volunteering on a personal level as well as on behalf of the Commission.

Employees are able to undertake volunteering duties by utilising the Commission's flexible working arrangements, donating during fundraising activities and community organised events, and taking advantage of donation schemes through payroll deductions.

Professional development

The purpose of the Commission's Professional Development Policy is to encourage and support employees to actively pursue their professional and career development as an integral element of their employment with the Commission. The Commission acknowledges that continuing professional development contributes to personal job satisfaction, workplace productivity, reward and recognition.

The Commission identifies organisational goals and priorities, and develops and implements a range of strategies and programs to enhance and build the capacity, skills and professionalism of employees to enable them to contribute effectively to the Commission's mission and strategic directions. The Commission is committed to providing employees with:

- The opportunity to develop capabilities that complement organisational and work goals.
- The opportunity to develop a career plan and participate in career development activities that extend and enhance their capabilities and capacity for advancement within the Public Sector.
- Equity of access to professional development opportunities.

	2010/11
Total training hours provided to staff	528
Average hours per FTE	22
Total training costs	\$24,549
Average training investment	\$1,023 pp
Number of staff receiving study assistance	1
Number of staff receiving professional development assistance	2
Number of staff supported to attend/present at professional conferences	3

Training initiatives in 2010/11 included:

- Accountable and ethical decision making
- Chinese language class
- Waste and recycle conference
- WA Export Infrastructure
- Broadband Australia
- Community Resource Network Conference
- Growing your business through Good Governance
- Company Directors
- Best Practice in Grants Management
- Women in Property
- Human Resource Training
- Strategic Management Professional Practice
- Business and Professional Ethics
- Happiness: What does that mean for workforce sustainability?
- Happiness and its causes
- Rural Health Conference

Governance disclosures

Contracts with senior officers

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 had any interest in existing or proposed contracts with the Commission and senior officers.

Directors liability insurance

The Commission maintained Directors Liability Insurance for 2010/11 with the total premium being \$1,840.

Ministerial directives

The following Ministerial Directives have been received.

22 November 2010 – to provide advice on commitments, including contractual arrangements, and whether it has sufficient funds reserved for projects that fall into the category of Cabinet endorsed 2008-09 and 2009-10 RGS projects with out-year funding requirements by 26 November 2010.

27 April 2011 – to provide details through the quarterly reporting process to the Department of Regional Development and Land of any projects that involve returned funds through the Royalties for Regions Regional Grants Scheme 2008/09, 2009/10 and 2010/11 (Strategic and Contestable) during the quarter.

Other legal requirements

Disability access and inclusion plan outcomes

The South West Development Commission has a Disability Access and Inclusion Plan designed to ensure all people are considered in all its activities and services. The plan ensures access to Commission activities and events, buildings and facilities and information. All people receive the same quality of service and opportunities to participate at the Commission as everyone else. The plan can be accessed from the Commission's website or by phoning (08) 9792 2000.

1. All people have the same opportunities to access services of, and any events organised by the Commission – Ensuring there is flexibility and adaptability in responding to any barriers experienced by people accessing services or events is considered a key initiative to achieve this outcome. Policies and procedures are adapted where required.
2. All people have the same opportunities to access the buildings and other facilities of the Commission – The Commission works in conjunction with the landlords to ensure that all buildings present no barriers to access and are developing a culture of awareness within the Commission to ensuring no barriers to access occur.
3. All people receive information from the Commission in a

format that will enable them to access information readily – All information on services and public functions are produced using clear and concise language with an option of accessing this information in alternative formats if required upon request.

4. All people receive the same level and quality of service from the staff of the Commission – Customer service officers are fully trained to provide a professional and courteous customer service to all people.
5. All people have the same opportunities to make complaints to the Commission – Access to the Commissions complaints system is offered in a variety of formats.
6. All people have the same opportunities to participate in any public consultation by the Commission – The Commission ensures that all people are encouraged to take an active role in their community and worked to overcome any barriers.

Compliance with public sector standards and ethical codes

The following compliance issues arose during 2010/11:

- Public Sector Standards: No breach claims were lodged
- WA Code of Ethics: No breach claims were lodged
- SWDC Code of Conduct: No breach of conducts occurred

The Commission has developed policy, guidelines and processes to support compliance with Public Sector standards and ensures that all associated activities are undertaken in a professional and unbiased manner. Employees are continually kept informed and standards reinforced during performance management, training and during inductions.

All staff participated in accountability and ethical decision making training and information sessions provided by the Corruption and Crime Commission.

During the year the following policy was reviewed:

- SWDC Disciplinary Process

Reporting on record keeping plans

The South West Development Commission's Record Keeping Plan details the record keeping program for the agency including which records are to be created and how those records are to be kept. Measures to ensure compliance with the State Records Commission – Standard 2 Record Keeping Plans: Principle 6 – include:

- A review of the record keeping plan has been completed and a revised plan submitted to the State Records Commission.
- The provision of record keeping induction programs for new employees addressing their roles and responsibilities. Existing staff are given the opportunity to attend record keeping training and information sessions.
- An annual review of the record keeping training program in order to ensure that it is efficient and effective.

Electoral Act compliance

In accordance with s175ZE of the *Electoral Act 1907*, the Commission incurred the following expenditure in advertising, market research, polling, direct mail and media advertising.

The total expenditure for 2010/11 was \$26,468. Expenditure was incurred in the following areas:

	\$	\$
Expenditure with Advertising Agencies		0
Expenditure with Market Research Agencies:		14,525
– Savant Surveys & Strategies	8,375	
– Patterson Market Research	6,150	
Expenditure with Polling Agencies		0
Expenditure with Direct Mail Agencies		0
Expenditure with Media Advertising Agencies:		11,943
– Rural Press Regional Media (WA)	2,186	
– South West Printing & Publishing	5,873	
– Farm Weekly	897	
– West Australian Newspapers	245	
– Harvey Reporter	563	
– Countryman	323	
– Ag in Focus	1,250	
– Government Gazette	46	
– Collie Chamber of Commerce	560	
Total expenditure		26,468

Freedom of information

The Commission maintains a range of documents relating to its business activities in both hard copy and electronic form. These documents include inward and outward correspondence, contracts, agreements, reports, administrative files, personnel records, project files, financial records, internal manuals, statistical information, meeting minutes, promotional material, pamphlets and brochures, human resource information and asset records.

The Commission does not charge for brochures and publications. No charge is levied on requests for information or access to files although the Commission does reserve the right to recoup costs.

The South West Development Commission has a policy of providing personal information on request. Requests can also be made under the provisions of the *Freedom of Information Act 1992* for which a \$30.00 charge applies.

The contact details of the Freedom of Information Officer are as follows:

Chief Finance Officer
South West Development Commission
9th Floor Bunbury Tower
61 Victoria Street
Bunbury WA 6230

The Commission received one Freedom of Information request during the year.

Government policy requirements

Occupational safety and health

The South West Development Commission is committed to achieving a high standard of occupational safety and health performance. This is achieved in accordance with the *Occupational Safety and Health Act 1984* and the Government of Western Australia's *Occupational Safety and Health in the Western Australian Public Sector*.

The objective of the Commission's policy is to have workplaces that are free of work-related injuries and diseases.

The Commission does this by operating in accordance with occupational safety and health legislation, regulations, approved codes of practice and WorkSafe Plan. The Commission makes all employees and contractors aware of their OSH responsibilities through access to OSH information and training, and by encouraging senior management to take leadership in OSH matters with a common view to improve OSH outcomes.

The following actions form the basis of the Commission's consultation mechanism:

- Employee involvement in hazard identification, risk assessment and risk control process through the reporting of potential risk to either their manager or by entering that incident in the central register.
 - Accidents that occur.
 - Near miss accidents.
 - Potential hazards in work areas.
- Feedback from employees on occupational safety and health issues.
 - By survey on an annual basis.
 - During team meetings.
- Communication to employees of the OSH management system on implementation and on review.
- Inclusion of OSH management system requirements in employee inductions.
- Regular reporting of OSH issues at corporate executive meetings.
- Reporting of any irregular OSH risks or incidents to the SWDC Audit and Risk Assurance Committee.

The Commission is committed to providing quality and prompt injury management support to all employees of SWDC who sustain a work-related injury or illness, with a focus on safe and early return to meaningful work and in accordance with the *Workers' Compensation and Injury Management Act 1981*.

The expected injury management outcomes are:

1. Return to work in the same position
2. Return to work in a new position
3. Return to work in a position with another agency

A review of the Occupational Safety and Health Policy was undertaken in 2008 by internal auditors with the following findings. Further work on strengthening the areas identified is ongoing.

Finding

While the OSH Policy prepared to date is consistent with OSH Code of Practice requirements, the Policy was not complete at the time of our visit. Areas yet to be drafted include a 'Risk Management Plan' and 'Register of OSH'.

Recommendation

The Work Safe Plan is reviewed in detail in relation to the OSH Policy to ensure that the Policy encompasses all stated requirements.

Progress

The Commission has drafted an OSH 'Risk Management Plan' and 'Register of OSH' for executive endorsement.

Annual performance for 2010/11

	Target 2010/11	Actual 2010/11
Number of fatalities	0	0
Lost time injury/diseases (LTI/D) incidence rate	0	0
Lost time injury severity rate	0	0
Percentage of injured workers returned to work within 28 weeks		N/A
Percentage of managers trained in occupational safety, health and injury management responsibilities	Greater than or equal to 50%	25%

Occupational Safety and Health Initiatives in 2010/11 included:

Employees are encouraged to undertake healthy activity and a reimbursement up to \$500 each financial year is available upon the production of receipts for physical activity through a gym or other classes.

Other activities that are encouraged but not funded are:

- Lunchtime walking groups
- Workplace sports teams
- Meditation, massage
- A healthy catering policy for workplace functions
- Using flexible work options to undertake activity or sports before or after work.

New employees undertake driver awareness training on commencement with the Commission and all employees on a five year rotational basis.

Annual Flu vaccinations are available to all employees.

Complaints management

The Commission is committed to providing customers with high quality services to meet their needs, and if customers are dissatisfied with the services provided, or the way in which they are provided, the Commission is keen to investigate and if necessary rectify any problems.

As such, the Commission has complaints management policy and procedures. Access to the policy is available by phone, in person or via our website. A customer feedback service has been established to ensure that customer complaints are heard and dealt with fairly and quickly without prejudice or bias. A variety of formats such as telephone, email, written and in person are available for the lodgement of complaints to the Commission.

Confidentiality is maintained at all times.

The Commission's Executive Officer has been appointed the Complaints Officer.

There were no complaints received during the reporting period.

creating a region of excellence

South West Development Commission

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