



Government of Western Australia
Department of State Development



ANNUAL REPORT 2014-15

DEPARTMENT OF STATE DEVELOPMENT

About this report

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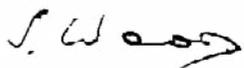
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Statement of Compliance

In accordance with Section 61 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of State Development for the financial year ended 30 June 2015.

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



Stephen Wood
Director General
DEPARTMENT OF STATE DEVELOPMENT
10 September 2015



Executive summary

Strong growth in Western Australia's business investment and economic infrastructure in recent years has left the State well placed to weather more challenging economic conditions.

A number of significant projects the department has assisted will reach completion in the near future, including the Roy Hill iron ore mine, rail and port project and the Gorgon and Wheatstone liquefied natural gas (LNG) projects.

In relation to the Gorgon LNG project, the Barrow Island Amendment Bill 2015 received royal assent on 8 May 2015. This amendment provides the Gorgon Joint Venture with post-closure indemnity from third party claims that may potentially arise from the operation of the carbon dioxide injection project under Barrow Island.

Two agreements negotiated by the department this year will contribute to the State's energy security and foster important new gas developments. These agreements ensure LNG projects continue to supply gas into the State in line with the Government's domestic gas policy.

The Government approval for export by the North West Shelf project of 86 million tonnes of LNG required the project proponents to make the equivalent of 15 per cent of LNG production available for the domestic market. Legislation giving effect to the changes passed through

Parliament in February 2015. Some of the gas will come from new developments at Persephone and Greater Western Flank Two, which will underpin the project's future production.

The Government also signed a Key Principles Agreement with the Browse LNG Joint Venture during 2014-15. In it, the proponents committed to establishing a supply chain in Western Australia and to supplying domestic gas. The agreement paved the way for the project to enter front-end engineering and design in June 2015.

Working with the Department of Mines and Petroleum, the department completed a major review of the State's mineral royalty system, culminating in the release of the Mineral Royalty Rate Analysis in March 2015.

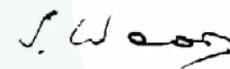
The department continues to work with industry and communities to ensure that the State secures long-term benefits from major projects, and that the supply and operation of industrial land for major industries is appropriate for the State's development.

Through our International Trade and Investment team, and our network of overseas offices, we foster close relationships across the Asian region and beyond, and explore new markets and opportunities for the State. This has included importantly the Premier's recent trip to India and Singapore.

In April 2016, Perth will welcome delegates to the 18th International Conference & Exhibition on Liquefied Natural Gas, also known as LNG 18. This is the world's largest LNG conference, expected to attract 5,000 visitors. The conference underlines Western Australia's prominence as a leading exporter of LNG, which by 2017 should be 12 per cent of global production capacity.

I would like to thank all of the department's staff, who continue to display dedication and passion in their work. The achievements in these pages are yours, and I commend you.

I thank also the staff from many government agencies who have worked closely with us throughout the year.



Stephen Wood
Director General



About the department

The Department of State Development was established in 2009 under the *Public Sector Management Act 1994* and reports to the Premier and Minister for State Development, the Honourable Colin Barnett MEd, MLA.

Who we are

We are the Western Australian Government's lead agency for the promotion, coordination and execution of responsible development in Western Australia.

We work to achieve growth for the State through building strategic infrastructure and by leading and coordinating Government and industry projects that create jobs and underpin Western Australia's long term development.

The way we do business

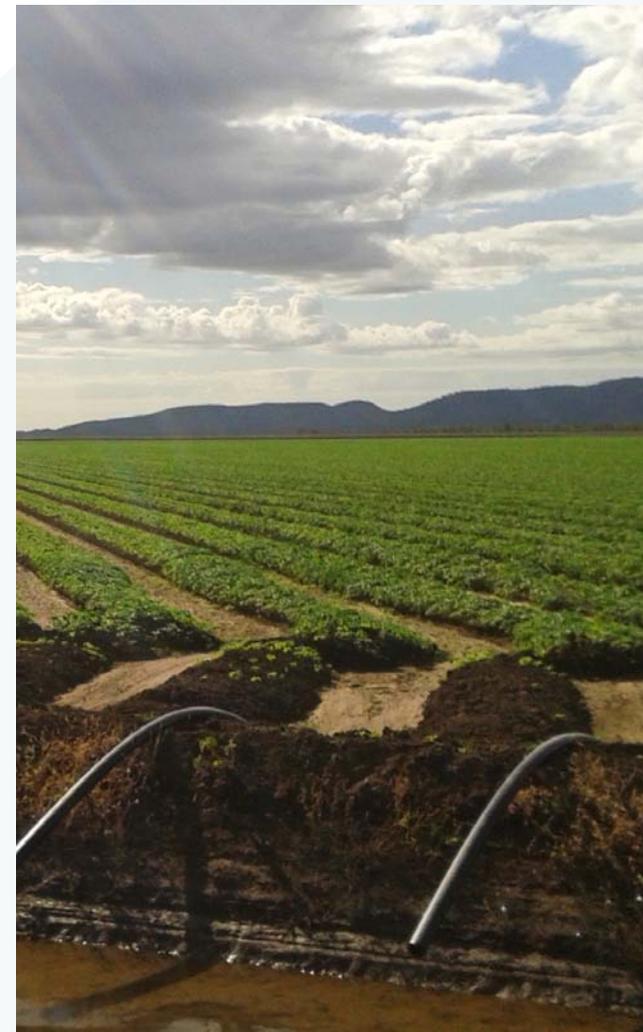
Our key roles are to:

- develop and coordinate State significant projects;
- lead the coordination of approvals processes across Government for major resources and infrastructure projects;
- negotiate and manage agreements between development proponents and the Western Australian Government;
- enable the development of strategic industrial land and infrastructure to meet industry needs;
- assist the development of export markets; and
- provide strategic policy advice on state development issues.

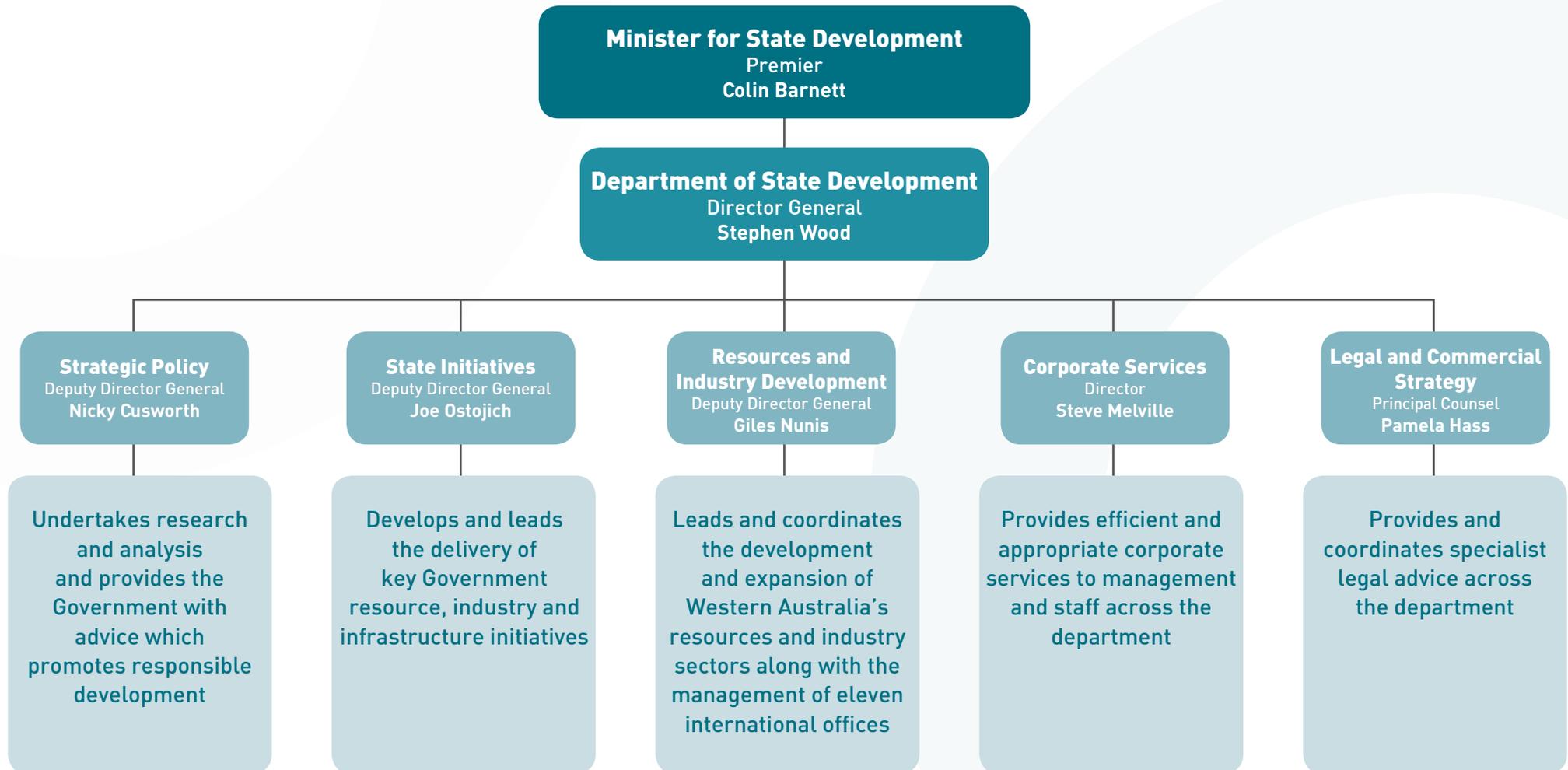
Our organisation

Our organisational structure consists of three operational divisions and two areas that provide services across the department:

- Strategic Policy
- State Initiatives
- Resources and Industry Development
- Corporate Services
- Legal and Commercial Strategy.



Ord East Kimberley Expansion project.
Photo: Department of State Development (DSD).



Executive teams

Strategic Corporate Executive

This group comprises the Director General and the five divisional heads.



Stephen Wood
B.Psych, MPub Ad
Director General

Steve joined the department as Director General in 2011. He has worked in three Commonwealth and three State public sector agencies and was a

Commissioner of the Western Australian Industrial Relations Commission for 10 years.



Nicky Cusworth
BA (Hons), MA
Deputy Director General Strategic Policy

Nicky joined the department in 2010. Previous roles include Director of Macro-Economic Policy for the Department of Treasury

and Finance, and Chief Economist for the Chamber of Commerce and Industry of Western Australia.



Joe Ostojich,
Deputy Director General State Initiatives

Joe has been with the department since 2006, and was appointed to his current position in 2014. Prior to joining the department, Joe worked for the Australian

Government in the area of international trade, finance and risk management.



Giles Nunis
BBus
Deputy Director General Resources and Industry Development

Giles has an extensive senior commercial and government information technology background, with prior senior roles in the Departments of Justice and Lands. He joined the department in 2010.

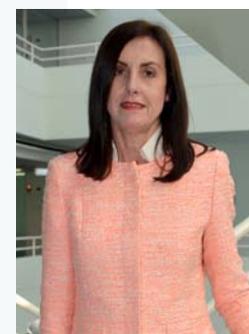
the Departments of Justice and Lands. He joined the department in 2010.



Steve Melville
BBus, FCPA, GAICD
Director Corporate Services

Steve joined the department in 2011 from the Forest Products Commission of Western Australia. He has a range of financial, marketing and

management experience in both government and the private sector.



Pamela Hass
LLB (hons), LLM, BA
Principal Counsel Legal and Commercial Strategy

Joining the department in 2011, Pamela's previous positions include University Secretary and Special Legal Counsel at the University of

Western Australia and General Counsel at Curtin University.

Corporate Executive

The Corporate Executive comprises the senior leadership of the department and includes the members of the Strategic Corporate Executive, major project directors and communications staff.



Our Corporate Executive team members.

Performance management framework

Strategic Plan

Our Strategic Plan outlines our goals, objectives and targets. The plan has five priority strategic objectives, critical in achieving our goals:

1. Establish foundations for responsible development.
2. Develop frameworks and policies to support responsible development and infrastructure investment.
3. Coordinate and deliver significant projects and State initiatives.
4. Build capability and capacity to achieve objectives.
5. Communicate effectively and build robust internal and external relationships.

Shared responsibilities with other agencies

Operating under the lead agency framework, the department strives to achieve better cooperation and greater efficiency across Government for the delivery of projects that benefit the State. Formal governance arrangements and clear reporting frameworks assist in clarifying roles and responsibilities.



Workers loading and unloading containers on the Gorgon project.
Photo: DSD.



AGENCY PERFORMANCE

Summary

Our function is to support sustainable and responsible development and to promote Western Australia as a growing and dynamic economy in which to invest and operate.

As the Western Australian Government's lead economic development agency, the department:

- administers more than 60 State Agreements and two State Development Agreements;
- negotiates new agreements to support major resource developments and infrastructure;
- oversees and develops the State's Strategic Industrial Areas in key locations to support heavy industry and major projects;
- operates, in conjunction with the Department of the Premier and Cabinet, a network of overseas offices to promote the State and encourage trade and investment;
- acts as lead agency to coordinate the development of significant economic developments like the Roy Hill iron ore project, the Gorgon, Wheatstone and Browse LNG projects, and the Oakajee and Anketell ports; and
- develops key policies for the continued economic benefit of the State.



Chevron Australia's Wheatstone LNG project. Photo: Chevron.



The Onslow airport redevelopment project. Photos: Shire of Ashburton (top), DSD (bottom).

Report on operations

Lead agency overview

The lead agency framework was implemented by the State Government to support the approvals processes for major resource projects.

Under the framework, the department manages projects through negotiating agreements with companies, and by coordinating planning, environmental, Aboriginal heritage, native title and other relevant approval processes across Government.

The department is the lead agency for more than 35 significant projects, including developments for a range of mineral, oil and gas products, infrastructure projects including ports and rail operations, and industrial land.

Major resource projects

Ashburton North Strategic Industrial Area

The Western Australian Government continues to develop the Ashburton North Strategic Industrial Area (ANSIA) as a new precinct for hydrocarbon processing on the Pilbara coast.

AGENCY PERFORMANCE

Chevron Australia's Wheatstone LNG project within the ANSIA is now around 60 per cent complete. Key industrial infrastructure for the new Port of Ashburton, built by Chevron for the State, became operational during 2014-15, including the shipping channel, breakwater and materials offloading facility.

Chevron has committed in excess of \$250 million to the improvement of critical and social infrastructure in Onslow as part of its obligations under the Wheatstone State Development Agreement. Together with State Government contributions, projects either complete, underway or in an advanced stage of planning include a new airport, power plant, hospital, government employee housing, swimming pool, access road into Onslow and housing subdivision.

Land use planning was completed during 2014-15, with the Western Australian Planning Commission endorsing an Industrial Development Plan for strategic industrial sites in Stage 1B of the ANSIA.



An Indigenous Land Use Agreement for the Anketell Port and Strategic Industrial Area project was signed with Traditional Owners in 2014. Photos: DSD.



Anketell Port and Strategic Industrial Area

The Western Australian Government is progressing the development of a multi-user deep water port and industrial precinct at Anketell in the Pilbara. It is expected that the port, located 30 kilometres east of Karratha, will have an annual export capacity of at least 350 million tonnes at full development.

The department is the lead agency for the Anketell port project.

After signing an Indigenous Land Use Agreement with Traditional Owners in April 2014, a comprehensive Aboriginal heritage site assessment, conducted over 4,300 hectares of project land, was completed in December 2014.

In May 2015, the State Government issued taking orders and created reserved port lands, pursuant to the *Land Administration Act 1997*, providing certainty for potential proponents.

In September 2014, a consortium of major companies including Aurizon, AMCI, Baosteel and POSCO announced their intentions to proceed with a feasibility study for a port and rail development at Anketell, with an initial capacity of 40 million tonnes per annum of iron ore.

Geotechnical investigations on site commenced in June 2015.

Roy Hill

The Roy Hill project comprises an open pit iron ore mine, a processing plant, 344 kilometres of heavy haul railway, and export facilities at Port Hedland, with an annual capacity of 55 million tonnes at full development.

The department is working with the project proponents, both as lead agency for all project approvals and through the ongoing management of the *Railway (Roy Hill Infrastructure Pty Ltd) Agreement Act 2010*.

First shipments of iron ore are expected in 2015. At the conclusion of 2014-15, about \$6.3 billion, or 73 per cent of total project expenditure, had been committed within Western Australia.



Roy Hill mine processing plant. Photo: Roy Hill.

Oakajee

The Western Australian Government remains committed to using the Oakajee site, located about 25 kilometres north of Geraldton, for a future port and industrial estate to support the continued development of the Mid West. However, while long term planning continues, at this point in time there is insufficient demand and commercial interest for the project to progress.

During 2014-15, the department substantially completed work on concept plans identifying options for the development of Oakajee on

a scaled and staged approach over time. The work will inform development plans for Oakajee in the future.

The department, together with the Department of Planning, is currently progressing plans for acquiring land for the Oakajee-Narngulu Infrastructure Corridor, which will link the Oakajee site with the Narngulu Industrial Estate to the south. In 2014-15, work focussed on land planning, further engineering and alignment refinement and identifying a preferred approach for undertaking the land acquisition.

AGENCY PERFORMANCE

Browse

The Western Australian Government has established the Browse LNG Precinct to provide a single location in the Kimberley for gas processing. The Precinct, located 60 kilometres north of Broome, is designed to accommodate at least two LNG processing facilities.

In developing the Precinct, the State aims to maximise benefits to the State while minimising adverse impacts on the environment, including significant cultural and heritage sites.

The department is also working closely with the Browse Joint Venture to ensure Western Australia realises substantial benefits from the development of the Torosa gas field, if floating LNG (FLNG) technologies are utilised.

During 2014-15, much work has been done to secure the State's share of the Torosa gas field, following a change to maritime boundaries. This has been achieved through the passing of the Petroleum Titles (Browse Basin) Bill 2014 extending Western Australia's territorial waters, and also through agreement between the Commonwealth, State and Browse Joint Venture as to the apportionment

of Torosa. Sixty-five per cent of Torosa is now within State waters, while 35 per cent is within Commonwealth jurisdiction.

On 22 June 2015, the State Government and the Browse Joint Venture participants executed the Browse FLNG Development Domestic Gas and Supply Chain Key Principles Agreement. The Agreement includes a commitment by the Joint Venture to provide 15 per cent of LNG production from the State's interest in the Torosa gas field for domestic use, and a commitment to leverage existing and emerging infrastructure and services to support a cost effective supply chain in Western Australia.

Gorgon

The Gorgon project involves the construction of a three-train, 15 million tonnes per annum LNG facility, and a 300 terajoule per day domestic gas plant, and is now more than 90 per cent complete.

In April 2015, the project celebrated the successful commissioning of the first gas turbine generator, which forms part of the process required to start-up the domestic gas plant. Train one commissioning and first

shipments of LNG are expected towards the end of 2015. Trains two and three are expected to be commissioned in 2016.

Around \$33 billion has been committed to Western Australian workers, suppliers and companies to date. By the time construction is complete in 2016, it is estimated that more than 60 per cent of the project's total expenditure will have been spent within Australia.

Regulatory reform

The department plays an active role in the State's regulatory reform agenda. Notable work in the past year included supporting the negotiation of a bilateral agreement between the State and Commonwealth Governments to create a single environmental assessment and approval process.

State Agreements

Proposals and projects

In October 2014, the Minister for State Development granted approval for the department to commence the negotiation of a State Agreement for the West Pilbara Infrastructure Project with Aurizon and its partners. These negotiations are ongoing.

In December 2014, the Minister for State Development granted approval for the department to commence the negotiation of a State Agreement for the Balla Balla Infrastructure project with proponent Rutila Resources.

Legislative program

The Barrow Island Amendment Bill 2015 received royal assent on 8 May 2015. The amendment provides the Gorgon Joint Venture with post-closure indemnity from independent third party claims that may arise from the operations of the carbon dioxide injection project under Barrow Island. The passage of this Bill also enlivened the State-Commonwealth agreement, whereby the Commonwealth will indemnify the State with a back-to-back indemnity of 80 per cent of any post closure claims, should they be made.

The North West Gas Development (Woodside) Agreement Amendment Bill 2014 received royal

assent on 16 March 2015. This amendment ratified an agreement between the State and the North West Shelf Joint Venture approving the continued export of LNG, and securing new domestic gas supply for the State consistent with the Government's domestic gas policy.

Legislation was introduced into Parliament in March 2015 to terminate the *Alumina Refinery (Mitchell Plateau) Agreement 1971*. The termination of this State Agreement will allow more than 175,000 hectares of land on the Mitchell Plateau to be included in the proposed Kimberley National Park, which would extend over more than two million hectares across the Kimberley. The State Agreement was originally intended to facilitate the development of an alumina refinery and bauxite mine, when economic conditions were favourable.

In June 2015, legislation was introduced into Parliament to vary the *Cement Works (Cockburn Cement Limited) Agreement 1971* for the purpose of removing Cockburn Cement's obligation to manufacture clinker (a component of cement) at its Munster site. The cessation of clinker manufacturing at Munster will have environmental benefits with the closure of limestone quarries in the area and a reduction in dust emissions. Cockburn Cement's strategy reflects an Australia-wide trend in the use of imported clinker to manufacture cement.



LNG storage tanks at the North West Shelf project. Photo: DSD.

Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002

The State, through the department, has sought leave to intervene in two court matters regarding the Sino Iron project, involving Mineralogy Pty Ltd and parties related to the Citic Group.

These interventions have been made to ensure the courts have an understanding of the proper construction and operation of the *Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002* and State Agreements in general.

International trade and investment activities

The department, in conjunction with the Department of the Premier and Cabinet, operates a network of overseas operations in Shanghai, Hangzhou, London, Dubai, Nairobi, Mumbai, Tokyo, Kobe, Seoul, Jakarta and Singapore.

The department's International Trade and Investment division coordinated 101 international trade activities during 2014-15, with a focus on promoting, attracting and developing export markets and investment linkages for Western Australia.

These included coordinating the annual Western Australia-Korea Energy and Resources Forum in Seoul, with 11 business leaders from Perth joining the Minister for Mines and Petroleum and 110 Korean delegates to explore opportunities for future investment and collaboration.

The department also assisted in Japanese Prime Minister Shinzo Abe's visit to Western Australia and supported a seminar delivered by China's State-owned Assets Supervision and Administration Commission on doing business in Western Australia.



Department staff with delegates at the Africa Down Under 2014 conference. Photo: DSD.

Outside of Asia, the department organised a week-long program on innovation and education in Western Australia for representatives from 26 European Union nations, and hosted members of the Common Market for Eastern and Southern Africa in Perth to advance a Memorandum of Understanding signed in February 2014.

This year, the department coordinated the recruitment of two new offshore representatives for Western Australia. Department executive Peter Baldwin was appointed as Regional Director, India, while Chris Barnes, former national president of the Australia Indonesia Business Council, was appointed Regional Director, Indonesia.

AGENCY PERFORMANCE



Premier and State Development Minister Colin Barnett and Western Australian Government delegates meeting with Singapore Prime Minister Lee Hsien Loong.
Photo: Ministry of Communications and Information, Singapore.



Premier Colin Barnett in Singapore (top) and in Mumbai, India (bottom).
Photos: Department of the Premier and Cabinet.

Minister's mission

In April, Premier and Minister for State Development Colin Barnett travelled to India and Singapore in a visit coordinated by the department.

During the trip to India, Mr Barnett's first as Premier, export opportunities in the fields of energy, mining expertise, agricultural

and fishing practices, and education and training for the rapidly developing Indian market were explored.

In Singapore, the Premier engaged with key Government and industry representatives, and fostered the State's ties with the community by extending assistance to the

Singapore Hockey Federation. He also met with the Prime Minister of Singapore Lee Hsien Loong, and delivered the keynote address at the University of Western Australia's 'In the Zone - Venture Asia' conference.

LNG 18 conference

In April 2016, Perth will host the 18th International Conference & Exhibition on Liquefied Natural Gas, known as LNG 18. This triennial event is expected to draw more than 5,000 participants, including leaders from the world's most influential and significant oil and gas companies.

During 2014-15, the department established the Perth Host Committee and a number of Government working groups to consider security, transport, community engagement, events and communications in the lead-up to the event, and promoted the conference internationally.

Investment leads

Over the past two years, the department has assisted 20 international companies which then established a presence in Western Australia. The department also continues to assess sectors and industries across the State to identify and promote opportunities for international investment.

The Australia-China Natural Gas Technology Partnership Fund

The Australia-China Natural Gas Technology Partnership Fund (LNG Fund) was established in 2002 as part of a historic agreement to supply LNG to China. A joint initiative of the Western Australian



LNG Fund graduation ceremony, November 2014. Photo: Australia-China Natural Gas Technology Partnership Fund.

Government, Australian Government and North West Shelf Joint Venture, the LNG Fund supports activities aimed at establishing genuine, long-term partnerships within the energy sector and enhancing the relationship between Australia and China.

During 2014-15, the LNG Fund successfully trained in Perth 32 managers and government officers involved in China's oil and gas sector,

and supported the Chinese Training Centre in Guangdong which trains technicians.

The LNG Fund also hosted a health, safety and environment workshop in China for the National Development and Reform Commission and oil and gas company participants, and managed a gas business delegation visit to China comprised of department, Federal Department of Industry and North West Shelf representatives.

Strategic Industrial Areas

The department is the lead agency responsible for developing Strategic Industrial Areas (SIAs) in key locations around the State. SIAs support the development of major projects and heavy industries.

The department works to ensure SIAs are made project-ready by undertaking studies, obtaining approvals, and conducting appropriate zoning. Project-ready land provides greater certainty and takes less time for proponents to develop.

The department works with proponents to identify suitable sites and obtain the approvals necessary to undertake investigations, construction and operation, as well as promoting investment opportunities to potential investors.

Improvement Plans and Schemes

Improvement Plans are strategic instruments used to facilitate the development of land in areas identified as requiring special planning. Improvement Schemes are statutory instruments used to regulate the planning and development of an Improvement Plan area.



The proposed Anketell Port and Strategic Industrial Area site. Photo: DSD.

The department has made significant progress through the preparation and lodgement of Improvement Plans for the Anketell and Ashburton North SIAs, with both Plans gazetted in early 2015. Improvement Schemes are now being prepared for these SIAs and are expected to be gazetted in early 2016.

Boodarie SIA

The department has made significant progress through the preparation and lodgement of the Boodarie SIA development plan and supporting scheme amendment to the Town of Port Hedland's local planning scheme. These changes were adopted by the Town of Port Hedland in June 2015.

The department has secured the Boodarie Infrastructure Corridor to provide access between the estate and the Port Hedland Port, at the inner harbour and future outer harbour.

Maitland SIA

The department is undertaking investigations to help inform the Improvement Plan and Improvement Scheme for the Maitland SIA, and to ultimately progress estate-based approvals and project-ready land. An Improvement Plan for the Maitland SIA is expected to be gazetted by the end of 2015.

Kemerton SIA

The department has prepared and lodged the Kemerton SIA Structure Plan and supporting local scheme amendment with the Shire of Harvey.

The department is also preparing a region scheme amendment that is expected to be lodged with the Western Australian Planning Commission in 2015.

Following adoption of the structure plan and local scheme amendment by the Shire of Harvey, these documents will then be referred to the Western Australian Planning Commission for its endorsement during 2015-16.

Burrup SIA

The department has completed infrastructure servicing reports and other studies, incorporating recent industrial developments, to ensure the remaining sites on the Burrup are project-ready.

Western Trade Coast

Together with the Department of Planning, the department has drafted legislation to protect Western Australia's most significant industrial precinct, located in Perth's southern suburbs, by formalising the boundaries of the Western Trade Coast in the form of a Protection Area.

This will provide clarity about permitted land use within the Protection Area and protect residential populations into the future from potential impacts of industry, including reduced air quality, risk, noise, odour and amenity.

It will also ensure that industries which provide jobs and play an important role in the economy are not faced with future restrictions on their operations due to encroachment by other developments.

Strategic policy

Mineral Royalty Rate Analysis

A three-year review of the State's mineral royalties concluded in March 2015, with the Minister for Mines and Petroleum tabling the final report in Parliament. The review was undertaken jointly with the Department of Mines and Petroleum and found that Western Australia's mineral royalty system has successfully delivered a return to the community while providing industry with a straightforward, transparent and predictable cost structure.

The review recommended some adjustments in the royalty structure to reflect changes in mining and processing technology, and to ensure the community receives a fair return for its minerals.

Local government rating of resource projects

On 1 July 2012, the Government implemented a three year trial for rating land associated with mining and petroleum activity. The trial means that local governments can apply rates based on gross rental valuation to improvements such as accommodation, recreation and administration buildings.

The department initiated a review of the policy in conjunction with the Department of Local Government and Communities, in preparation for the trial ending on 30 June 2015. The Chamber of Minerals and Energy, the Association of Mining and Exploration Companies and the Western Australian Local Government Association provided feedback on the trial policy.

The trial period was extended to 30 September 2015 to allow time for further consultation with affected groups.

Port Hedland dust

The department leads the Port Hedland Dust Management Taskforce, which is made up of industry, State, and local government representatives. During the year, studies on the distribution of dust in Port Hedland under different scenarios were completed. Due to an assessment of health risks from dust in the town being delayed, the Taskforce will not finalise its advice to government on noise and dust in Port Hedland until the second half of 2015.

Infrastructure

Infrastructure and Services Assessment

The Infrastructure and Services Assessment framework (ISA) is an initiative developed by the department to improve project facilitation and project planning across Government to support major projects. The ISA gives major project proponents the responsibility to assess the potential infrastructure and services impacts of their projects, and provides the opportunity for Government and local communities to assist through effective coordination and planning. It enables Government and industry collaboration to achieve mutually-beneficial outcomes.

The ISA has helped underpin discussions with the Browse Joint Venture and other oil and gas companies regarding developments in the Kimberley.

Bunbury to Albany Gas Pipeline

The Bunbury to Albany Gas Pipeline project aims to support economic growth in the South West and Great Southern, and to address the gap in energy supply through the delivery of secure, reliable and safe natural gas.

As lead agency for the project, the department continues to progress due diligence work on the Bunbury to Albany Gas Pipeline, including planning for the statutory approvals of the land corridor along the preferred route through Donnybrook, Bridgetown, Manjimup and Mount Barker to Albany.

AGENCY PERFORMANCE

Corporate services

New website

The department successfully launched its new website in early 2015. The website is more dynamic and provides users with current information about the department's activities together with advice and guidance on how the department can assist local and overseas companies to invest in Western Australia.

Performance overview

The department's goal of driving responsible development makes a major contribution to the Government's strategic objective State Building – Major Projects. We also make contributions to other State Government goals, particularly a stronger focus on the regions, and social and environmental responsibility.

State Government's strategic goal: State building - major projects

Build strategic infrastructure that will create jobs and underpin Western Australia's long-term economic growth

Agency-desired outcomes

Responsible industry development and resources investment

Service

Industry development and investment facilitation

AGENCY PERFORMANCE

Key Performance Indicators

Through the Outcome Based Management Framework the department measures its performance through agreed Key Performance Indicators (KPIs). These KPIs have been used to measure the department's performance since 2009 and help evaluate our performance in achieving desired outcomes. The following is a summary of the department's performance against those KPIs for 2014-15.

Effectiveness KPI #1	Target	Actual 2014-15	Actual 2013-14	Actual 2012-13
Extent to which agreed milestones for projects where the department is the lead agency are achieved within the reporting period	85%	75%	81%	76%

This indicator measures the extent to which agreed milestones across major projects where the department is the lead agency were achieved. The department achieved 75 per cent of these milestones against a target of 85 per cent. There are many external variables involved in achieving these milestones including the decision making process of the various proponent companies associated with these projects.

Audited KPI effectiveness indicators

Effectiveness indicators provide information regarding the effectiveness of the department in achieving its objectives. The department has two effectiveness indicators:

Effectiveness KPI #2	Target	Actual 2014-15	Actual 2013-14	Actual 2012-13
Extent to which State Agreement proponents comply with their reporting obligations and meet the agreement objectives	95%	95%	99%	98.5%

This indicator measures the extent to which companies subject to State Agreement Act reporting requirements met their annual reporting obligations. The result of 95 per cent meets our target and indicates that the department has ensured companies perform against their reporting obligations under the various State Agreement Acts.

AGENCY PERFORMANCE

Audited KPI efficiency indicators

The efficiency indicators measure the cost efficiency of the department in delivering the projects where it is the lead agency.

The department has two efficiency indicators.

The first indicator measures the average cost incurred by the department in facilitating major resource projects proposed by industry and State-promoted resource development projects.

The second indicator measures the average cost incurred by the department in facilitating the development of five major resource development initiatives where the State, through the department, is the proponent for the project.

The five projects are:

- Browse LNG Precinct
- Oakajee Mid West Development
- Bunbury to Albany Gas Pipeline
- Anketell Port and Strategic Industrial Area
- Ashburton North Strategic Industrial Area.

Efficiency KPI #1	Target 2014-15	Actual 2014-15	Actual 2013-14	Actual 2012-13
Average cost per project facilitated	\$468,750	\$458,000	\$499,000	\$466,000

The actual cost per project facilitated was favourable, with a result 2.3 per cent lower than budgeted for the year. The number of projects for the year was slightly down on budget (53 actual compared to 60 budgeted). This acted to push up the average cost per project, but this was more than offset by the department maintaining overheads well below budget for 2014-15.

Efficiency KPI #2	Target 2014-15	Actual 2014-15	Actual 2013-14
Average cost per major State initiative	\$5,045,800	\$3,531,800	\$2,243,200

The original target for average cost per major State initiative included the spending of \$4 million for the Bunbury to Albany Gas Pipeline, which was subsequently moved to 2015-16 consistent with project timelines. Spending of \$4.2 million for the Macedon community development fund was also moved to 2015-16, along with \$1.8 million in planned spending for three other major projects.

Offsetting the deferrals, an additional \$5.8 million was brought forward from future years in the Wheatstone Onslow Community Development Fund to complete the Onslow airport project. Spending on Oakajee was under budget for the year and allocated overheads were maintained at lower than budget levels.

AGENCY PERFORMANCE

Financial performance

The department operates in a project-based environment. Consequently, timing and variation in funding for specific projects determines that financial results, as reflected in total cost of services, will not necessarily demonstrate consistency on a year-to-year basis, or to budget. The department carefully monitors project milestones against its budget to ensure funds are appropriately allocated and controlled over the life of each project.

The department entered the 2014-15 financial year with a cost of services budget of \$53.4 million, including significant funding for major state projects. The department's actual cost of services for 2014-15 was \$41.9 million.

The original budget estimate was initially adjusted following the reassessment of timelines for major projects, moving some expenditure planned for 2014-15 to 2015-16 on major State projects including the Anketell Port project, the Bunbury to Albany Gas Pipeline, and the community development funds for Onslow in respect to the Wheatstone and Macedon projects.

The prime driver of the variance between budget and actual was expenditure on community projects in Onslow which were \$5.8 million over original budget after planned spending from future years

was brought forward to 2014-15 to complete the Onslow airport. The Macedon project for Onslow deferred \$3.7 million of budgeted expenditure to 2015-16. Funding for other projects, amounting to \$3.2 million, was deferred from 2014-15 to 2015-16. Discretionary expenditure, comprising

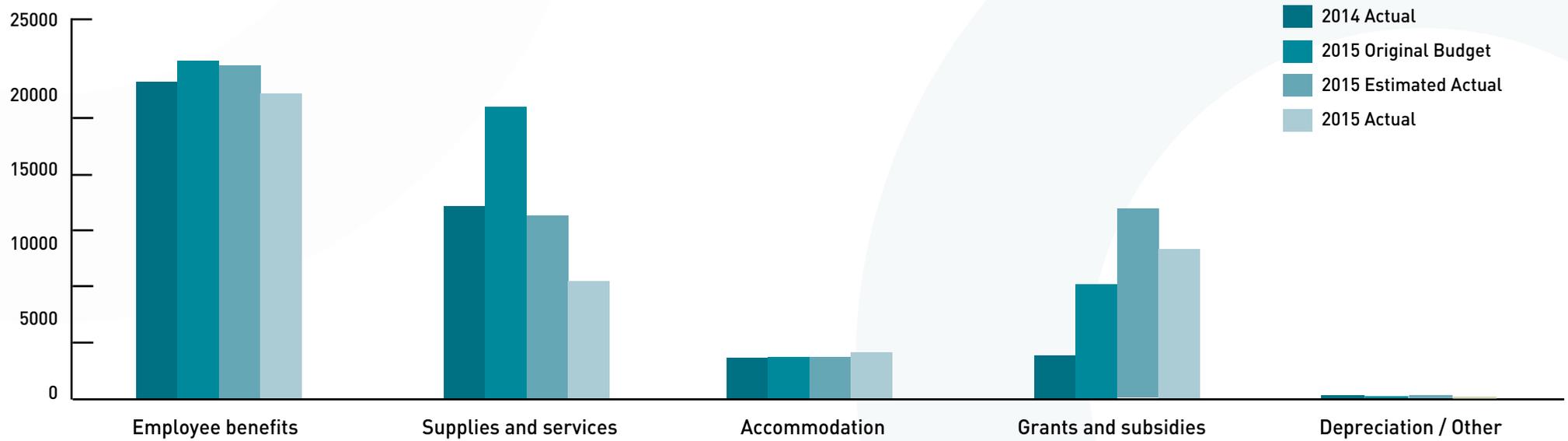
the department's core non-project budget, including employee benefits expense, travel and general operating expenses, were held at below budget levels, contributing favourably to the budget variance. See note 33 Explanatory Statement for more detail.



Former Chevron Australia Wheatstone Project General Manager Eric Dunning with Premier and State Development Minister Colin Barnett and DSD Deputy Director General Giles Nunis in Onslow. Photo: Chevron.

AGENCY PERFORMANCE

Cost of services by expense category \$'000



Our people

Senior staff changes

In September 2014, Joe Ostojich was appointed to the position of Deputy Director General, State Initiatives. In April 2015, Giles Nunis, Deputy Director General, Resources and Industry Development, was seconded to the Department of Finance to establish the new Office of the Chief Information Officer.

Workforce planning

The department continues to develop its people through a range of initiatives from the Workforce and Diversity Plan including:

- Continued provision of capability enhancing sessions for managers on workplace adaptability, developing staff, negotiation and human resource standards. These development needs were identified through a department-wide analysis conducted in 2012.
- Mandatory equal opportunity training for staff in May and June 2015. The training comprised of an interactive play followed by a short workshop on the topics of bullying, sexual harassment and inappropriate workplace behaviours.



2015 graduates, Danielle Yow and Jane MacDonald. Photo: DSD.

- Our successful internal mentoring program, which was conducted again this year with 28 participants.
- Continued development of leadership capability by supporting four potential leaders to participate in leadership development programs.

In 2014-15, 32 fixed-term or permanent vacancies were advertised.

Career development

Career development assistance is identified and provided through our performance management system (known as Employee Development Plans). Emphasis this year was placed on ensuring individual development and training aligned with the agency's Training and Development Framework and Leadership Development Strategy.

Financial assistance and support was also available through the department's Career Development Support Scheme, which provides subsidies to staff to undertake higher education or attend professional conferences and other learning programs.

AGENCY PERFORMANCE

The department also continued to provide staff with access to information sessions on various topics, including legal professional privilege; State Agreements; Western Australia's planning framework; and the *Mining Act 1978*. Other targeted training has been offered on a range of topics including impact assessments, Tengraph; finance for projects; Prince 2 project management; job application and interview skills; and Plain English writing skills.

Comparative FTE allocation by category

The department managed its resourcing requirements within the constraints of its approved salary budget for 2014-15.

Industrial relations

Most departmental staff are employed under the Public Sector and Government Officers General Agreement 2014, with three staff employed under the *Salaries and Allowances Tribunal Act 1975*.

The department's payroll services are delivered by the Department of Mines and Petroleum under a Service Level Agreement.

There were no significant industrial relations issues in 2014-15.

Employment Status	2012-13	2013-14	2014-15
Permanent full-time	127.5	127.74	128.34
Contract full-time	15	17	13.7
Part-time – permanent & contract	14.08	12.1	13.8
Seconded in	2	2	0
Seconded out	2	2	3
Total	160.58	160.84	158.84

Employee performance and review

The department is committed to managing and developing its people through a performance management system, known as Employee Development Plans. The plans underpin the department's approach to individual learning, career development and succession planning which are aligned to the agency's strategic and operational objectives.

Youth employment initiatives

In January 2015, two graduates commenced with the department through an initiative undertaken with three other government agencies. This is an 18 month program that offers the graduates an opportunity to work across participating agencies to build their skills and knowledge, and participate in the Graduate Future Leaders Program coordinated by the Public Sector Commission.



SIGNIFICANT ISSUES IMPACTING THE AGENCY

Economic conditions

Western Australia's economy has been transformed in the past decade by extraordinary investment in the resources sector. As major projects reach completion, exports are likely to overtake investment as the main driver of the State's economic growth. Business investment has fallen since its peak in 2012-13, while the State's mineral and petroleum exports are growing.

In 2014, the volume of Western Australia's exports rose by 12.5 per cent, the strongest growth in 17 years. With commodity prices declining, however, the value of exports is now growing less strongly.

The total value of resources projects under construction at the end of 2014-15 was \$179 billion, but this will fall once the Gorgon and Wheatstone LNG projects are completed over the next two years.

The department expects future business investment to be directed towards the expansion of existing projects, with less investment in major new projects.

Lower commodity prices, particularly lower iron ore prices, have prompted companies to find ways to reduce their operating costs. This has included

renegotiating supplier contracts, improving the efficiency of plants and equipment, and reducing the number of employees.

Combined with the transition of some projects from construction to production, which is less labour intensive, these changes caused mining employment to fall by 12 per cent in 2014-15.

Overall employment in the State is still growing, however, although the unemployment rate rose from 4.8 per cent in 2013-14 to 5.4 per cent in 2014-15.

Energy security

Secure and competitive energy supplies underpin Western Australia's economic development. The department works with coal and gas producers to ensure the State's energy needs are met.

In 2014-15, the department negotiated amendments to the *North West Gas Development (Woodside) Agreement Act 1979*. The revised agreement secures 100 terajoules a day of new gas supply for the State from the North West Shelf Joint Venture. It also requires developers of other fields, who use the North West Shelf's facilities to export gas, to supply domestic gas equivalent to 15 per cent of their LNG production.

In addition, the department negotiated a Key Principles Agreement with the Browse Joint Venture which includes the supply of domestic gas. This is the first time the State's domestic gas policy has been applied to an FLNG processing facility.

Freedom of Information

On 8 May 2015, the department lodged an appeal in the Supreme Court against the decision of the Information Commissioner regarding a Freedom of Information request from Latro Lawyers.

The Commissioner's decision requires release of two documents containing confidential commercial information, provided under those conditions, by the proponent of a major project. The proponent objected to their release.

The department is of the view that, if allowed to stand, the Commissioner's decision will have a substantial adverse effect on the willingness of commercial entities to provide such information to Government in the future and on the department's ability to effectively manage its interactions and agreements with business.



DISCLOSURES AND LEGAL COMPLIANCE

Auditor's opinion



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF STATE DEVELOPMENT

Report on the Financial Statements

I have audited the accounts and financial statements of the Department of State Development.

The financial statements comprise the Statement of Financial Position as at 30 June 2015, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

Director General's Responsibility for the Financial Statements

The Director General is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the Treasurer's Instructions, and for such internal control as the Director General 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 Department'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 Director General, 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.

DISCLOSURES AND LEGAL COMPLIANCE

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of State Development at 30 June 2015 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 Department of State Development during the year ended 30 June 2015.

Controls exercised by the Department of State Development are those policies and procedures established by the Director General to ensure 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.

Director General's Responsibility for Controls

The Director General is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Department complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Opinion

In my opinion, the controls exercised by the Department of State Development 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 during the year ended 30 June 2015.

DISCLOSURES AND LEGAL COMPLIANCE

Report on the Key Performance Indicators

I have audited the key performance indicators of the Department of State Development for the year ended 30 June 2015.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Director General's Responsibility for the Key Performance Indicators

The Director General 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 and for such controls as the Director General determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

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 and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Director General's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

Opinion

In my opinion, the key performance indicators of the Department of State Development are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2015.

Independence

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

DISCLOSURES AND LEGAL COMPLIANCE

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Department of State Development for the year ended 30 June 2015 included on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
8 September 2015

DISCLOSURES AND LEGAL COMPLIANCE

Certification of Financial Statements

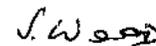
**Department of State Development
Certification of Financial Statements
For the Year Ended 30 June 2015**

The accompanying financial statements of the Department of State Development have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2015 and the financial position as at 30 June 2015.

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



Peter Carden
Chief Finance Officer
Date: 1st September 2015



Stephen Wood
Accountable Authority
Date: 1st September 2015

DISCLOSURES AND LEGAL COMPLIANCE

Financial Statements

**Department of State Development
Statement of Comprehensive Income
For the year ended 30 June 2015**

	Note	2015 \$'000	2014 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	7	20,709	21,532
Supplies and services	8	7,767	13,082
Depreciation	9	94	121
Finance Costs	10	-	12
Accommodation expenses	11	3,102	2,817
Grants and subsidies	12	10,254	3,024
Other expenses	13	20	105,479
Total cost of services		41,946	146,067
Income			
Revenue			
Commonwealth grants and contributions	14	750	3,890
Other revenue	15	1,518	1,696
Total revenue		2,268	5,586
Gains			
Gain on disposal of non-current assets	16	-	-
Total Gains		-	-
Total income other than income from State Government		2,268	5,586
NET COST OF SERVICES			
		39,678	140,481
Income from State Government			
Service appropriation	17	35,252	37,214
Services received free of charge		685	795
Royalties for Regions Fund		-	-
Total income from State Government		35,937	38,009
DEFICIT / TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(3,741)	(102,472)

As the Department provides a single service, the above Statement of Comprehensive Income represents the schedule of income and expenses for Service 1.
The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Statement of Financial Position As At 30 June 2015

	Note	2015 \$'000	2014 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	26	10,302	25,261
Restricted cash and cash equivalents	18	14,995	22,638
Receivables	19	949	1,679
Other current assets	21	687	622
Infrastructure Works in Progress	22	-	186,626
Total Current Assets		26,933	236,826
Non-Current Assets			
Restricted cash and cash equivalents - held in trust at Treasury	18	-	730
Receivables	19	-	577
Amounts receivable for services	20	743	838
Property, plant, equipment and vehicles	22	222	247
Total Non-Current Assets		965	2,392
TOTAL ASSETS		27,898	239,218
LIABILITIES			
Current Liabilities			
Payables	23	1,539	3,552
Provisions	24	4,223	4,288
Total Current Liabilities		5,762	7,840
Non-Current Liabilities			
Provisions	24	924	1,040
Bonds Repayable	23	104	104
Total Non-Current Liabilities		1,028	1,144
TOTAL LIABILITIES		6,790	8,984
NET ASSETS		21,108	230,234
EQUITY			
Contributed equity	25	109,851	296,477
Accumulated deficit		(88,743)	(66,243)
TOTAL EQUITY		21,108	230,234

As the Department provides a single service, the above Statement of Financial Position represents the schedule of assets and liabilities for service 1.
The Statement of Financial Position should be read in conjunction with the accompanying notes.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Statement of Changes in Equity For the year ended 30 June 2015

	Note	Contributed equity \$'000	Accumulated surplus/ (deficit) \$'000	Total equity \$'000
Balance of equity at 1 July 2013		244,597	44,953	289,550
Total comprehensive income for the year			(102,472)	(102,472)
Transactions with the owners in their capacity as owners:				
Capital appropriations		-	-	-
Royalties for Regions Capital Appropriations		51,880	-	51,880
Distributions to owners		-	(8,724)	(8,724)
Movement for the period		51,880	(111,196)	(59,316)
Balance of equity at 30 June 2014		296,477	(66,243)	230,234
Balance of equity at 1 July 2014		296,477	(66,243)	230,234
Total comprehensive income for the year			(3,741)	(3,741)
Transactions with the owners in their capacity as owners:				
Capital appropriations		-	-	-
Transfer of Ord Irrigation Assets		(186,626)	-	(186,626)
Royalties for Regions Capital Appropriations		-	-	-
Distributions to owners		-	(18,759)	(18,759)
Movement for the period		(186,626)	(22,500)	(209,126)
Balance of equity at 30 June 2015		109,851	(88,743)	21,108

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

DISCLOSURES AND LEGAL COMPLIANCE

**Department of State Development
Statement of Cash Flows
For the year ended 30 June 2015**

	Note	2015 \$'000	2014 \$'000		Note	2015 \$'000	2014 \$'000
CASH FLOWS FROM STATE GOVERNMENT				Receipts			
Service appropriations		35,127	37,071	Commonwealth grants and contributions		-	3,890
Holding account drawdowns		220	-	Other grants and contributions		1,050	5,001
Prior year service appropriations returned to owner		(18,759)	(8,724)	GST receipts on sales		1,440	2,096
Royalties for Regions Fund - Capital		-	51,880	GST receipts from taxation authority		2,076	10,365
Net cash provided by State Government		16,588	80,227	Other receipts		468	630
				Total Receipts used in Operating Activities		5,034	21,982
				Net cash provided by/(used in) operating activities	26	(41,016)	(29,529)
Utilised as follows:				CASH FLOWS FROM INVESTING ACTIVITIES			
CASH FLOWS FROM OPERATING ACTIVITIES				Payments for infrastructure assets			
Payments						-	(51,904)
Employee benefits		(20,802)	(21,559)	Purchase of non-current physical assets		(69)	(29)
Supplies and services		(8,624)	(11,472)	Proceeds from sale of non-current assets		-	-
Accommodation		(3,102)	(2,817)	Net cash provided by/(used in) investing activities		(69)	(51,933)
Grants and subsidies		(10,254)	(3,024)	CASH FLOWS FROM LENDING ACTIVITIES			
GST payments on purchases		(2,786)	(12,079)	Loan issued from Special Purpose Account		-	(225)
GST Payments to taxation authority		(391)	(382)	Repayments received into Special Purpose Account		1,165	1,165
Other payments		(91)	(178)	Net cash provided by/(used in) lending activities		1,165	940
Total Payments used in Operating Activities		(46,050)	(51,511)	Net increase/(decrease) in cash and cash equivalents		(23,332)	(295)
				Cash and cash equivalents at the beginning of the period		48,629	48,924
				Cash and cash equivalents at the end of the period	26	25,297	48,629

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

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Summary of Consolidated Account Appropriations and Income Estimates
For the Year Ended 30 June 2015

	2015 Original Budget ^(a)	2015 Revised Estimate ^(b)	2015 Actual	Variance to Original Budget \$'000	Variance to Revised Estimate \$'000	2014 Actual \$'000	2014-15 Variance to prior year \$'000
Delivery of Services							
Net amount appropriated to deliver services	38,285	34,582	34,582	(3,703)	-	36,544	(1,962)
Royalties for Regions Fund - recurrent ^(d)	4,000	-	-	(4,000)	-	-	-
Amount authorised by Other Statutes - <i>Salaries and Allowances Act 1975</i>	670	670	670	-	-	670	-
Total appropriations provided to deliver services	42,955	35,252	35,252	(7,703)	-	37,214	(1,962)
Capital							
Capital appropriations (Royalties for Regions)	-	-	-	-	-	51,880	(51,880)
Total Capital	-	-	-	-	-	51,880	(51,880)
Administered Transactions							
Administered grants, subsidies and other transfer payments	17,299	17,299	17,299	-	-	16,318	981
Total Administered transactions	17,299	17,299	17,299	-	-	16,318	981
GRAND TOTAL	60,254	52,551	52,551	(7,703)	-	105,412	(52,861)

The Summary of Consolidated Account Appropriations and Income Estimates should be read in conjunction with the accompanying notes.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Summary of Consolidated Account Appropriations and Income Estimates For the Year Ended 30 June 2015

	2015 Original Budget ^(a)	2015 Revised Estimate ^(b)	2015 Actual	Variance to Original Budget \$'000	Variance to Revised Estimate \$'000	2014 Actual \$'000	2014-15 Variance to prior year \$'000
Details of Expenses by Service							
Industry Development and Investment Facilitation	53,354	51,083	41,946	(11,408)	(9,137)	146,067	(104,121)
Less total income	1,850	1,996	2,268	418	272	5,586	(3,318)
Net Cost of Services	51,504	49,087	39,678	(11,826)	(9,409)	140,481	(100,803)
Adjustment for movement in cash balances & other accrual items ^(c)	(8,549)	(13,835)	(4,426)	4,123	9,409	(103,267)	98,841
Total appropriations provided to deliver services	42,955	35,252	35,252	(7,703)	-	37,214	(1,962)
Capital Expenditure							
Purchase of non-current physical assets	-	-	69	69	69	29	40
Payments for infrastructure assets	-	-	-	-	-	51,904	(51,904)
Capital appropriation from State Government	-	-	69	69	69	51,933	(51,864)
Details of Income Estimates - Administered							
Administered income from the consolidated account	17,299	17,299	17,299	-	-	16,318	981
Administered Income from sources other than the consolidated fund	30,284	37,581	13,199	(17,085)	(24,382)	13,432	(233)
Total Income disclosed as administered income	47,583	54,880	30,498	(17,085)	(24,382)	29,750	748

- (a) "Original Budget" refers to original budget estimate published in the 2014-15 budget papers. A portion of the original budget was subsequently deferred to future years, which along with other approved spending adjustments, resulted in a revised Net Appropriation of \$34,582,000 (\$38,285,000 original budget) representing the Department's controlled "Estimated Actual" for the period as published in the 2015-16 budget papers.
- (b) "Revised Estimate" refers to original budget, plus/minus subsequent adjustments approved by Government, including repositioning of funds between years, based on major project milestones. Refer 2015-16 official budget papers. See also note ^(a).
- (c) Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation. 2013-14 Actual includes \$105,432,000 cost of infrastructure asset transfers in relation to the Ord Irrigation Project (non-cash transaction).
- (d) Royalties for Regions in 2014-15 budget comprises \$4,000,000 for the Bunbury to Albany Gas Pipeline. Revised Estimate for 2014-15 was \$ Nil, Actual was \$ Nil.

Note 33, "Explanatory Statement" and note 41, "Explanatory Statement - Administered Funds" provide details of any significant variations between estimates (budget) and actual results for 2015 and the actual results for 2014 and 2015.

The Summary of Consolidated Account Appropriations and Income Estimates should be read in conjunction with the accompanying notes.

DISCLOSURES AND LEGAL COMPLIANCE

Notes to the Financial Statements

**Department of State Development
Notes to the Financial Statements
For the year ended 30 June 2015**

Note 1. The Department

The Department of State Development was established on 1st January 2009, and is responsible for Industry Development and Investment Facilitation and a major portion of the State Economic Development Policy function.

Note 2. Australian Accounting Standards

General

The Department's financial statements for the year ended 30 June 2015 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 Department has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Partial exemption permitting early adoption of AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities* has been granted. Aside from AASB 2015-7, there has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by the Department for the annual reporting period ended 30 June 2015.

Note 3. Summary of significant accounting policies

(a) General Statement

The Department is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 2006 and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention. *Infrastructure Works in Progress* represents the capitalisation of Ord East Kimberley Expansion 'Royalties for Regions' project development expenditure shown at historical cost.

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

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

Note 4 'Judgements made by management in applying accounting policies', discloses judgements that have been made in the process of applying the Department's accounting policies resulting in the most significant effect on the amounts recognised in the financial statements.

Note 5 '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 year.

(c) Reporting Entity

The reporting entity comprises the Department.

Mission

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

The Department works with industry, communities and Government agencies to:-

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

The Department is predominantly funded by Parliamentary appropriations. A net appropriation agreement between the Treasurer and the Accountable Authority is in place to allow the Department to retain its operating revenue. The Department also acts as Lead Agency for certain programs under the State Government's Royalties for Regions Program, and, when relevant, as Lead Agency for certain projects under the Commonwealth Government's Nation Building Program. Specific funding is received for each of these programs. Certain projects include agreements which may result in the Department receiving and redistributing funding provided by parties external to Government.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

Services

The Department provides a single service: "Industry Development and Investment Facilitation".

Administered Transactions

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

(d) Contributed Equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers 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 TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed equity.

The transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 25 'Equity'.

The transfer of net assets to/from other agencies as a result of a restructure of administrative arrangements, are designated as distributions to owners and contributions by owners respectively. Refer to note 25 'Equity'.

(e) Income

Revenue recognition

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

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

Service Appropriations

Service Appropriations are recognised as revenues at fair value in the period in which the Department gains control of the appropriated funds. The Department gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury. See Note 17 'Income from State Government' for further information.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of the Department. In accordance with the determination as quantified in the 2014-2015 Budget Statements, the Department retained control of receipts from the following:

- Commonwealth specific grants and contributions
- Contributions from private sector project proponents
- Sale of goods
- Other departmental revenue

Grants and other non-reciprocal contributions

Revenue is recognised at fair value when the Department obtains control over the assets comprising the contributions. Control is normally obtained upon receipt, when a legitimate claim is made or when the funds are disbursable.

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

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

Interest

Revenue is recognised as the interest accrues.

Discount unwound on loan

Revenue is recognised on an accrual basis.

Gains

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

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
For the year ended 30 June 2015

Translation of foreign currency transactions

Foreign currency transactions are translated at the exchange rate applicable on the date the transactions occur. Exchange gains and losses are brought to account in determining the result for the year. Foreign currency assets and liabilities are converted to Australian dollars using exchange rates prevailing at balance date.

(f) Property, Plant and Equipment and Infrastructure

Capitalisation/Expensing of assets

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets 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]*. Royalties for Regions infrastructure assets are recognised as assets in the books of the Department when the funds to pay for those assets are transferred to recipient agencies.

Initial recognition and measurement

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

At the end of the financial year, the department has no assets that fall into a category requiring revaluation. Infrastructure works in progress is carried at cost until transferred to its eventual custodians on completion, in a manner approved by State Cabinet. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. The Department has no land and buildings assets recorded on the Statement of Financial Position at balance date.

The Department's Infrastructure Works In Progress assets relate to Royalties for Regions projects in the East Kimberley area. Costs were capitalised as Infrastructure Works in Progress when funds were transferred from the Department to other Government departments and authorities who undertook the actual construction work. The value of the assets was maintained at historical cost. On completion, the assets were divested by the Department and handed over to responsible departments or authorities on either a free of charge basis or as equity transfers between general wholly owned Government entities. Transfer of all assets was finalised in 2014-15.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, the cost and accumulated depreciation are transferred out. The Department does not hold any assets subject to revaluation.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
For the year ended 30 June 2015

Depreciation

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

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

Computer hardware and software ^(a)	3	years
Motor vehicles	5	years
Furniture, plant and equipment	5	years

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

(g) Intangible Assets

Capitalisation/Expensing of assets

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income. At balance date, the department has no intangible assets on its Statement of Financial Position.

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.

Proprietary computer software, for which the Department pays a user licence fee, is not capitalised.

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 phase 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 reliably be measured, are capitalised. The Department's website is not linked to the delivery of services of the agency and the Department has no capitalised website costs in its Statement of Financial Position at balance date.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
For the year ended 30 June 2015

(h) Impairment of Assets

Property, plant & equipment and infrastructure works in progress 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 considered impaired and is written down to the recoverable amount and an impairment loss is recognised. Where an asset measured at cost is written down to recoverable amount, an impairment loss is recognised in the Statement of Comprehensive Income. As the Department is a not-for-profit entity, unless a specialised 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 Department holds no revalued assets at balance date.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

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

See note 22 'Property Plant and Equipment', 'Impairment of assets' for the outcome of impairment reviews and testing.

See note 3(o) 'Receivables' and note 19 'Receivables' for impairment of receivables.

(i) Leases

The Department has entered into a number of operating lease arrangements for the rent of office buildings and motor vehicles. 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 and vehicles. The Department has not entered into any finance leases.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
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(j) Financial Instruments

In addition to cash, the Department 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
- Loans and Advances

Financial Liabilities

- Payables
- Bonds Repayable

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

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

(k) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value. The Department has no bank overdraft at balance date.

(l) Amounts Receivable for Services (Holding Account)

The Department receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

See also note 17 'Income from State Government' and note 20 'Amounts receivable for services'.

(m) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period. See note 24 'Provisions'.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
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(i) Provisions - Employee Benefits

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

Annual Leave

Annual leave is not expected to be settled wholly within 12 months after the end of the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as 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.

The provision for annual leave is classified as a current liability as the Department does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Long Service Leave

A liability for long service leave is recognised after an employee has completed three years of service based on remuneration rates current as at the end of the reporting period.

An actuarial assessment of long service leave undertaken by PriceWaterhouseCoopers Securities Limited, Actuaries, at 30 June 2015 determined that the liability measured using the short-hand measurement technique above was not materially different from the liability determined using the present value of expected future payments. This calculation is consistent with the Department's experience of employee retention and leave taken.

Unconditional long service leave provisions are classified as current liabilities as the Department does not have an unconditional right to defer the settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service

Sick Leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income for this leave as it is taken.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
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Deferred Leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional twelve months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

Purchased Leave

The provision for purchased leave, when applicable, relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at undiscounted amounts expected to be paid when the liabilities are settled.

Superannuation

The Government Employees Superannuation Board (GESB) and other fund providers administer public sector superannuation arrangements in Western Australia in accordance with legislative requirements. Eligibility criteria for membership in particular schemes for public sector employees vary according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme 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.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme 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). From 30 March 2012, existing members of the WSS or GESBS and new employees have been able to choose their preferred superannuation fund provider. The Department makes contributions to GESB or other fund providers on behalf of employees in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*. Contributions to these accumulation schemes extinguish the Department's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

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 Department to GESB extinguishes the agency's obligations to the related superannuation liability.

The Department has no liabilities under the Pension Scheme 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 Department to the GESB.

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

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

(ii) Provisions - Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other Expenses' and are not included as part of the Department's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'. See note 13 'Other Expenses' and note 24 'Provisions'.

(n) Superannuation Expense

Superannuation expense is recognised in the profit or loss of the Statement of Comprehensive Income and comprises employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation funds. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

(o) Receivables

Receivables are recognised at original invoice amount less an allowance for uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Department will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 3(j) 'Financial Instruments' and note 19 'Receivables'.

(p) Accrued salaries

Accrued salaries (refer note 23 'Payables') represent the amount due to staff but unpaid at the end of the financial year as the end of the last pay period for the financial year does not always coincide with the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. The Department considers the carrying amount of accrued salaries to be equivalent to its net fair value.

The accrued salaries suspense account (refer note 18 'Restricted cash and cash equivalent') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each 11th year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

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Department of State Development
Notes to the Financial Statements
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(q) Payables

Payables are recognised at the amounts payable when the Department becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as settlement is generally within 30 days.

(r) Assets and Services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost that the Department would otherwise purchase if not donated, are recognised as income at the fair value of the assets or services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

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

(s) Comparative figures

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

Note 4: 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 Department evaluates these judgements regularly.

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

Note 5: Key sources of estimation uncertainty

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

Long Service Leave

Several estimations and assumptions used in calculating the Department'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.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
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Note 6: Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

The Department has applied the following Australian Accounting Standards effective, or adopted, for annual reporting periods beginning on or after 1 July 2014 that impacted on the Department.

<i>Int 21</i>	<i>Levies</i> This Interpretation clarifies the circumstances under which a liability to pay a government levy imposed should be recognised. There is no financial impact for the Department at reporting date.
<i>AASB 10</i>	<i>Consolidated Financial Statements</i> This Standard, issued in August 2011, supersedes AASB 127 Consolidated and Separate Financial Statements and Int 112 Consolidation – Special Purpose Entities, introducing a number of changes to accounting treatments. The adoption of the new Standard has no financial impact for the Department as it does not impact accounting for related bodies and the Department has no interests in other entities.
<i>AASB 11</i>	<i>Joint Arrangements</i> <i>This Standard, issued in August 2011, supersedes AASB 131 Interests in Joint Ventures, introduces new principles for determining the type of joint arrangement that exists, which are more aligned to the actual rights and obligations of the parties to the arrangement.</i> There is no financial impact for the Department as the new standard continues to require the recognition of the Department's share of assets and share of liabilities for the unincorporated joint operation.
<i>AASB 12</i>	<i>Disclosure of Interests in Other Entities</i> This Standard, issued in August 2011, supersedes disclosure requirements in AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. There is no financial impact.

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**Department of State Development
Notes to the Financial Statements
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AASB 127	<i>Separate Financial Statements</i>
	This Standard, issued in August 2011, supersedes AASB 127 <i>Consolidated and Separate Financial Statements</i> removing the consolidation requirements of the earlier standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. There is no financial impact
AASB 128	<i>Investments in Associates and Joint Ventures</i>
	This Standard supersedes AASB 128 <i>Investments in Associates</i> , introducing a number of clarifications for the accounting treatments of changed ownership interest. The adoption of the new Standard has no financial impact for the Department as it does not hold investments in associates and joint ventures.
AASB 1031	<i>Materiality</i>
	This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.
AASB 1055	<i>Budgetary Reporting</i>
	This Standard requires specific budgetary disclosures in the general purpose financial statements of not-for-profit entities within the General Government Sector. The Department will be required to disclose additional budgetary information and explanations of major variances between actual and budgeted amounts, though there is no financial impact.
AASB 2011-7	<i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]</i> This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i> . There is no financial impact for the Department.

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Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

AASB 2012-3	<p><i>Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB 132]</i></p> <p>This Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of “currently has a legally enforceable right of set-off” and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.</p>
AASB 2013-3	<p><i>Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets</i></p> <p>This Standard introduces editorial and disclosure changes. There is no financial impact.</p>
AASB 2013-4	<p><i>Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]</i></p> <p>This Standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The Model Department does not routinely enter into derivatives or hedges, therefore there is no financial impact.</p>
AASB 2013-8	<p><i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]</i></p> <p>The amendments, issued in October 2013, provide significant guidance in determining whether a not-for-profit entity controls another entity when financial returns are not a key attribute of the investor’s relationship. The Standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10.</p>
AASB 2013-9	<p><i>Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments</i></p> <p>Part B of this omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014. It has no financial impact.</p>

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AASB 2014-1

Amendments to Australian Accounting Standards

Part A of this Standard consists primarily of clarifications to Accounting Standards and has no financial impact for the Department.

Part B of this Standard has no financial impact as the Department contributes to schemes that are either defined contribution plans, or deemed to be defined contribution plans.

Part C of this Standard has no financial impact as it removes references to AASB 1031 *Materiality* from a number of Accounting Standards.

AASB 2015-7

Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities

This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact.

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Department of State Development
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Future impact of Australian Accounting Standards not yet operative

The Department cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101*. By virtue of a limited exemption, the Department has early adopted AASB 2015-7 *Amendments to Australian Accounting Standards - Fair Value Disclosures of Not-for-Profit Public Sector Entities*. Where applicable, the Department plans to apply the following Australian Accounting Standards from their application date.

Title	Operative for reporting periods beginning on/after
AASB 9	<p><i>Financial Instruments</i></p> <p>1 Jan 2018</p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>. The Department has not yet determined the application or the potential impact of the Standard.</p>
AASB 15	<p><i>Revenue from Contracts with Customers</i></p> <p>1 Jan 2017</p> <p>This Standard establishes the principles that the Department shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The Department has not yet determined the application or the potential impact of the Standard.</p>

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AASB 2010-7	<p><i>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 Int 2, 5, 10, 12, 19 & 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2013-9	<p><i>Amendments to Australian Accounting Standards Conceptual Framework, Materiality and Financial Instruments.</i></p> <p>Part C of this omnibus Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. The Department has not yet determined the application or the potential impact of AASB 9.</p>	1 Jan 2015
AASB 2014-1	<p><i>Amendments to Australian Accounting Standards</i></p> <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Department to determine the application or potential impact of the Standard.</p>	1 Jan 2018
AASB 2014-3	<p><i>Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]</i></p> <p>The Department establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.</p>	1 Jan 2016

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AASB 2014-4	<p><i>Amendments to Australian Accounting Standards –Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]</i></p> <p>The adoption of this Standard has no financial impact for the Model Department as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.</p>	1 Jan 2016
AASB 2014-15	<p><i>Amendments to Australian Accounting Standards arising from AASB 15</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2017
AASB 2014-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jul 2018
AASB 2014-8	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]</i></p> <p>This Standard makes amendments to AASB 9 <i>Financial Instruments</i> (December 2009) and AASB 9 <i>Financial Instruments</i> (December 2010), arising from the issuance of AASB 9 <i>Financial Instruments</i> in December 2014. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2015

DISCLOSURES AND LEGAL COMPLIANCE

**Department of State Development
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AASB 2014-9	<p><i>Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]</i></p> <p>This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
AASB 2014-10	<p><i>Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & 128]</i></p> <p>This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
AASB 2015-1	<p><i>Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]</i></p> <p>These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2016
AASB 2015-2	<p><i>Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]</i></p> <p>This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.</p>	1 Jan 2016

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

AASB 2015-3	<i>Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality</i>	1 Jan 2015
	<p>This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.</p>	
AASB 2015-6	<i>Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]</i>	1 Jul 2016
	<p>The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. The Department has not yet determined the application of the Standard, though there is no financial impact.</p>	

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Note 7: Employee benefits expense		
Wages and salaries ^(a)	16,480	17,309
Superannuation - defined contribution plans ^(b)	2,042	1,812
Long service leave ^(c)	643	655
Annual leave ^(c)	1,544	1,756
	<u>20,709</u>	<u>21,532</u>

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Defined contribution plans include West State, Gold State and GESB and other eligible funds.

(c) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 13 'Other Expenses'. The employment on-costs liability is included at note 24 'Provisions'.

Note 8: Supplies and services

Consultants and contractors (includes resources received free of charge)	4,982	10,479
Advertising and promotion	113	94
Travel	417	433
Communication	236	239
Consumables	488	403
Maintenance	167	131
Lease payments	16	42
Insurance	85	94
Printing	64	69
Other staff costs	676	639
Legal Fees	137	200
Other	386	259
	<u>7,767</u>	<u>13,082</u>

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Note 9: Depreciation expense		
<u>Depreciation</u>		
Computer hardware and software	39	66
Vehicles	55	55
Total depreciation	<u>94</u>	<u>121</u>
Note 10: Finance Costs		
Discounting of Non-Interest Bearing Loan	-	12
	<u>-</u>	<u>12</u>
Note 11: Accommodation expenses		
Lease rentals	2,889	2,553
Repairs and maintenance	25	22
Cleaning	13	14
Electricity	109	166
Other accommodation expenses	66	62
	<u>3,102</u>	<u>2,817</u>
Note 12: Grants and subsidies expense		
Special Purpose Funds		
Australia China Natural Gas Technology Partnership Fund		
Private training providers	649	573
Ashburton North Social Infrastructure Fund (Onslow Community Development Fund)		
Grants to local government authorities	9,060	86
Grants relating to major State projects and other departmental initiatives		
Grants to Public Non-Financial Corporations	237	224
Grants to Indigenous Organisations	-	100
Grants to organisations external to the public sector	308	2,041
	<u>10,254</u>	<u>3,024</u>

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Note 13: Other expenses		
Net loss on foreign currency exchange	20	65
Employment on-costs ^(a)	-	(18)
Transfer of Infrastructure Works in Progress ^(b)	-	105,432
	<u>20</u>	<u>105,479</u>

^(a) Includes increments to provisions for 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 24 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

^(b) This cost represents the transfer of roads, constructed as part of the Ord Irrigation Project funded by Royalties for Regions, to the Shire of Wyndham-East Kimberley. The roads were dedicated under Section 28 of The Land Administration Act on 24 June 2014.

Note 14: Commonwealth grants and contributions

Commonwealth grants received for recurrent purposes ^(c)	750	3,890
	<u>750</u>	<u>3,890</u>

^(c) 2014-15 represents \$750,000 funding received from the Commonwealth Government for the special purpose fund "Australia China Natural Gas Technology Partnership Trust Fund". See note 37 "Special Purpose Accounts", and 2013-14 includes \$3,140,000 Commonwealth Infrastructure Australia funding for the State's Strategic Industrial Lands Strategy a addition to the Commonwealth contribution of \$750,000 to the Australia China Natural Gas Technology Partnership Fund.

DISCLOSURES AND LEGAL COMPLIANCE

**Department of State Development
Notes to the Financial Statements
For the year ended 30 June 2015**

	2015 \$'000	2014 \$'000
Note 15: Other revenue		
Special purpose account revenue ^(a)		
Australia China Natural Gas Technology Partnership Fund	1,050	1,042
Miscellaneous revenue ^(b)	468	654
	1,518	1,696
	1,518	1,696

(a) See also Note 37 "Special Purpose Accounts".

(b) Includes funding received from industry project proponents \$100,000 (\$100,000 in 2013-14); and other miscellaneous items.

Note 16: Net gain/(loss) on disposal of non-current assets

Proceeds from Disposal of Non-Current Assets

Plant equipment and vehicles

-

-

Carrying amount of non-current assets disposed

Plant equipment and vehicles

-

-

Net gain / (loss)

-

-

-

-

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

Note 17: Income from State Government

Appropriation received during the period:

Service appropriations ^(a)

Royalties for Regions Fund - Bunbury to Albany Gas Pipeline ^(b)

Total Royalties for Regions

Services received free of charge from other State government agencies. ^(c)

State Solicitors Office

- legal services

Department of Finance

- accommodation lease services

No assets or liabilities were assumed by or transferred to other State government agencies during the period.

- (a) Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.
- (b) This is a sub-fund within the over-arching 'Royalties for Regions Fund'. Funding budgeted for 2014-15 was deferred until 2015-16.
- (c) Where assets or services have been received free of charge or for nominal cost, the agency recognises revenue (and assets or expenses) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated.

	2015 \$'000	2014 \$'000
Service appropriations ^(a)	35,252	37,214
Royalties for Regions Fund - Bunbury to Albany Gas Pipeline ^(b)	-	-
Total Royalties for Regions	<u>35,252</u>	<u>37,214</u>
Services received free of charge from other State government agencies. ^(c)		
State Solicitors Office		
- legal services	676	787
Department of Finance		
- accommodation lease services	9	8
	<u>685</u>	<u>795</u>
	<u>35,937</u>	<u>38,009</u>

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Note 18: Restricted cash and cash equivalents		
<u>Current - in operating account</u>		
Australia China Natural Gas Technology Partnership Trust Fund ^(a)	3,532	3,966
Ashburton North Social Infrastructure Fund (Onslow Community Development Fund) ^(b) (see note 37)	5,150	13,044
Onslow Macedon Social Infrastructure Fund ^(b) (see note 37)	4,955	5,000
DSD Special Projects Trust Fund ^(c)	628	628
	14,265	22,638
<u>Current - held in suspense at Department of Treasury & Finance</u>		
Accrued salaries suspense account ^(d)	730	-
	730	-
<u>Non-current - held in suspense at Department of Treasury & Finance</u>		
Accrued salaries suspense account ^(d)	-	730
	-	730

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

(b) The Onslow Community Development Fund is part of the Ashburton North - Wheatstone project. Initial contributions for the fund were \$10,000,000 from the State Government Royalties for Regions Fund, and \$5,000,000 from industry proponent, Chevron Australia Pty Ltd. A loan to the Shire of Ashburton was approved from contributed funds in 2012-13 and 2013-14 (see note 19 'Receivables') and is being repaid in quarterly instalments to November 2015. The Macedon Onslow Social Infrastructure Fund was created from contributions received from the BHP Billiton Petroleum (Australia) Pty Ltd / Apache PVG Pty Ltd joint venture.

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

(d) Funds held in this suspense account for the purpose of meeting the 27th pay in a financial year that occurs every 11th year. The next 27th pay year occurs in 2015-16. Consequently the restricted cash has been reclassified from non-current to current in 2014-15 as payment to the Department is expected within one year of balance date.

DISCLOSURES AND LEGAL COMPLIANCE

**Department of State Development
Notes to the Financial Statements
For the year ended 30 June 2015**

	2015 \$'000	2014 \$'000
Note 19: Receivables		
<u>Current</u>		
Receivables ^{(a) (b)}	228	64
GST receivable	144	483
	372	547
Loans and Advances		
Loans ^(c)	583	1,165
Less: Loan Discounting	(6)	(33)
Net Loan Receivable - Current	577	1,132
	949	1,679
<u>Non Current</u>		
Loans and Advances ^(c)	-	583
Less: Loan Discounting	-	(6)
Total Non Current	-	577
Total Receivables	949	2,256

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

(b) The Department does not consider any of its receivables materially impaired and has not recorded an allowance for impairment of receivables at the end of the reporting period.

(c) Relates to a non-interest bearing loan issued to the Shire of Ashburton, from the Special Purpose Account, for the purpose of building a workers camp to accommodate workers for the Wheatstone project (Onslow). The loan is being repaid in quarterly instalments to November 2015. The non-current portion of the loan was reclassified as current at June 30 2015.

DISCLOSURES AND LEGAL COMPLIANCE

**Department of State Development
Notes to the Financial Statements
For the year ended 30 June 2015**

	2015 \$'000	2014 \$'000
Note 20: Amounts receivable for services (Holding Account)		
Non-current	743	838
	<u>743</u>	<u>838</u>

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

Note 21: Other assets

Current

Refundable rental bonds on overseas and local accommodation	152	155
Prepayments	535	467
	<u>687</u>	<u>622</u>

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Note 22: Property, plant and equipment		
Furniture, plant and equipment - at cost	35	35
Accumulated depreciation	(35)	(35)
	<u>-</u>	<u>-</u>
Computer hardware and software - at cost	312	242
Accumulated depreciation	(214)	(174)
	<u>98</u>	<u>68</u>
Vehicles - at cost	276	276
Accumulated depreciation	(152)	(97)
	<u>124</u>	<u>179</u>
Total Property, plant equipment and vehicles	<u>222</u>	<u>247</u>
Infrastructure Works in progress - at cost ^(a)	-	186,626
Total of property, plant and equipment	<u>222</u>	<u>186,873</u>

(a) Ord River Expansion project development costs - this is a sub-fund within the over-arching 'Royalties for Regions Fund'. Costs were accumulated into "Infrastructure Works in Progress" in the Department's financial statements as the funds were passed through to other participating Government Departments and Authorities. In 2013-14, the Department finalised the disbursement of all approved capital funds on the project. The capitalised infrastructure has been divested by the Department and transferred to responsible Departments and Authorities. All assets were transferred out by June 30 2015.

Reconciliations of the carrying amounts (Written Down Value) of property, plant and equipment and vehicles at the beginning of the reporting period are set out in the table below.

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Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

Note 22 Property, plant and equipment (continued).

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

	Furniture, Plant and Equipment \$ 000	Computer Hardware and Software \$ 000	Vehicles \$ 000	Infrastructure Works in Progress ^(a) \$ 000	Total \$ 000
2015					
Carrying amount at start of period	-	68	179	186,626	186,873
Additions	-	69	-	-	69
Transfers ^(b)	-	-	-	(186,626)	(186,626)
Disposals	-	-	-	-	-
Depreciation	-	(39)	(55)	-	(94)
Carrying amount at end of period	-	98	124	-	222

	Furniture, Plant and Equipment \$ 000	Computer Hardware and Software \$ 000	Vehicles \$ 000	Infrastructure Works in Progress ^(a) \$ 000	Total \$ 000
2014					
Carrying amount at start of period	-	104	235	240,154	240,493
Additions	-	30	(1)	51,904	51,933
Transfers ^(b)	-	-	-	(105,432)	(105,432)
Disposals	-	-	-	-	-
Depreciation	-	(66)	(55)	-	(121)
Carrying amount at end of period	-	68	179	186,626	186,873

(a) Infrastructure Works in Progress comprises Ord River Expansion project development costs - this is a sub-fund within the over-arching 'Royalties for Regions Fund', carried at cost in the accounts of the Department until transfer to other entities was completed in 2014-15.

(b) In 2013-14, \$105,432,000 in road assets were transferred to the Shire of Wyndham-East Kimberley for no charge. The remainder of Infrastructure Works in Progress were transferred to other Government agencies or enterprises in 2014-15 at cost, through equity, and have therefore been removed from the Department's assets at June 30 2015.

Impairment of assets

There were no indications of impairment of property, plant and equipment and infrastructure at the end of the reporting period.

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

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
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	2015 \$'000	2014 \$'000
Note 23: Payables		
<u>Current</u>		
Trade payables	555	1,570
Accrued salaries	618	531
Accrued expenses	366	701
Revenue and other funds received in advance	-	750
Total current	1,539	3,552
<u>Non Current</u>		
Bonds held and repayable	104	104
Total non-current	104	104
Note 24: Provisions		
<u>Current</u>		
Employee benefits provisions		
Annual leave ^(a)	1,451	1,703
Long service leave ^(b)	2,739	2,502
Deferred Salary Scheme ^(d)	11	61
	4,201	4,266
Other provisions		
Employment on-costs ^(c)	22	22
	22	22
Total Current	4,223	4,288
<u>Non-current</u>		
Employee benefits provisions		
Long service leave ^(b)	919	1,035
	919	1,035
Other provisions		
Employment on-costs ^(c)	5	5
	5	5
Total non-current	924	1,040

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**Department of State Development
Notes to the Financial Statements
For the year ended 30 June 2015**

	2015 \$'000	2014 \$'000
Note 24: Provisions (continued)		
(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	1,077	1,200
More than 12 months after the end of the reporting period	374	503
	1,451	1,703
(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 end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows (including on-costs, which are shown separately above):		
Within 12 months of the end of the reporting period	976	1,073
More than 12 months after the end of the reporting period	2,682	2,464
	3,658	3,537
(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is disclosed at note 13 'Other expenses'.		

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
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	2015 \$'000	2014 \$'000
Note 24: Provisions (continued)		
^(d) Deferred salary scheme liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	-	61
More than 12 months after the end of the reporting period	11	-
	11	61
<u>Movements in employment on-cost provision</u>		
Carrying amount at start of period	27	45
Amount transferred in		
Additional/(reversals of) provisions recognised	-	(18)
Payments/other sacrifices of economic benefits	-	-
Carrying amount at end of period	27	27

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
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	2015 \$'000	2014 \$'000
Note 25: Equity		
The Government holds the equity interest in the Department on behalf of the community. Equity represents the residual interest in the net assets of the Department.		
Contributed equity		
Balance at the start of the period	296,477	244,597
Contributions by owners		
<u>Other contributions by owners:</u>		
Transfer of Ord irrigation assets to other Government entities	(186,626)	-
Royalties for Regions Fund - Regional Infrastructure and Headworks Account	-	51,880
Total contributions by owners	<u>(186,626)</u>	<u>51,880</u>
Balance at end of the period	<u>109,851</u>	<u>296,477</u>
Accumulated surplus/(deficit)		
Balance at the start of period	(66,243)	44,953
Result for the period	(3,741)	(102,472)
Distribution to Owners - return of cash surplus	(18,759)	(8 724)
Balance at the end of period	<u>(88,743)</u>	<u>(66,243)</u>
Total equity at end of period	<u>21,108</u>	<u>230,234</u>

DISCLOSURES AND LEGAL COMPLIANCE

**Department of State Development
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For the year ended 30 June 2015**

	2015 \$'000	2014 \$'000
Note 26: 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 Equivalents	10,302	25,261
Cash In operating account - restricted (note 18 'Restricted Cash and Cash Equivalents')	14,265	22,638
Total available cash and cash equivalents	24,567	47,899
Restricted cash held in suspense at Department of Treasury (note 18 "Restricted Cash and Cash Equivalents")	730	730
Total cash	25,297	48,629
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(39,678)	(140,481)
<u>Non-cash items:</u>		
Depreciation expense (note 9 'Depreciation and amortisation expense')	94	121
Loan Discounting	33	47
Services received free of charge (note 17 'Income from State Government')	685	795
Assets transferred out to non-wholly owned public sector entities	-	105,432
Written down value of non-current asset disposals (note 16 'Net gain/(loss) on disposal of non-current assets')	-	-
<u>(Increase)/Decrease in assets:</u>		
Receivables ^(a)	(164)	681
Other assets	(190)	(163)
<u>Increase/(Decrease) in liabilities</u>		
Payables	(1,954)	1,224
Provisions - Employee benefits	(181)	(27)
Net GST payments ^(b)		
Change in GST in receivables/payables ^(c)	339	2,842
Net cash provided by/(used in) operating activities per Statement of Cash Flows	(41,016)	(29,529)

(a) 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.

(b) This is the net GST paid/received, i.e.. cash transactions.

(c) This reverses out the GST in receivables and payables.

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**Department of State Development
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	2015 \$'000	2014 \$'000
Note 27: Services provided free of charge		
During the period no services were provided to other agencies free of charge for functions outside the normal operations of the Department.	-	-
Note 28: Commitments		
<u>Capital expenditure commitments</u>		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	-	-
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	-	-
	-	-

The Department has no finance leases in place at the end of the reporting period.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
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	2015 \$'000	2014 \$'000
Note 28: Commitments (continued)		
<u>Non-cancellable operating lease commitments</u>		
The Department has a number of property leases for its operations both within the State and for overseas representative offices. The leases have various terms and conditions and expiry dates including rent reviews. The Department also has lease commitments in respect to motor vehicles.		
Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:		
Within 1 year	3,101	2,156
Later than 1 year and not later than 5 years	7,047	325
Later than 5 years	-	-
	10,148	2,481
Representing:		
Non-cancellable operating leases	10,148	2,481

These commitments are exclusive of GST that may be applicable.

Note: Lease costs for the Department's accommodation at 1 Adelaide Terrace has been included in this note notwithstanding the lease document remained unsigned at balance date. Execution of the lease is expected in 2015-16.

Note 29: Contingent liabilities and contingent assets

Contingent liabilities:

Following arbitration it is possible that damages may be claimed by a party to a State Agreement. The Department is unable to quantify the potential liability, if any.

There are no other known contingent liabilities.

Contingent assets:

There are no known contingent assets.

Note 30: Events occurring after the end of the reporting period

No known event occurred after the end of the reporting period which materially affects the results reflected in these financial statements.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
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	2015 \$'000	2014 \$'000
Note 31: Remuneration of senior officers		
<u>Remuneration</u>		
The number of senior officers whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:		
Remuneration Band \$	2015	2014
\$30 001 to \$100 000	1	2
\$120 001 to \$130 000	-	2
\$140 001 to \$150 000	1	-
\$150 001 to \$160 000	-	1
\$160 001 to \$170 000	1	2
\$170 001 to \$180 000	2	2
\$180 001 to \$190 000	5	2
\$190 001 to \$200 000	1	2
\$200 001 to \$210 000	-	2
\$210 001 to \$220 000	1	-
\$220 001 to \$230 000	1	1
\$230 001 to \$240 000	-	1
\$240 001 to \$250 000	1	-
\$260 001 to \$270 000	1	-
\$300 001 to \$310 000	-	2
\$360 001 to \$370 000	1	-
\$440 001 to \$450 000	-	1
\$450 001 to \$460 000	1	-
The total remuneration of senior officers is:	3,616	3,886
Base remuneration and superannuation	3,516	3,856
Annual leave and long service leave accruals (vested entitlements)	(38)	(99)
Other Benefits	138	129
Total Remuneration of Senior Officers	3,616	3,886
Total remuneration includes the superannuation expense incurred by the Department in respect of senior officers.		
Note 32: Remuneration of Auditor		
Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:		
Auditing the accounts, financial statements and key performance indicators.	54	53

Note 33: Explanatory Statement

Major variances between estimates (original budget) and actual results 2015, and between actual results for 2014 and 2015 for controlled funds are shown below. Major variances are considered to be those greater than 10% or \$10 million. Explanatory statement for Administered funds appears in note 41.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
For the year ended 30 June 2015

Note 33: Explanatory Statement (continued)

Statement of Comprehensive Income

	Variance Note ^(a)	Estimate ^(b) 2015 \$'000	Actual 2015 \$'000	Actual 2014 \$'000	Variance between estimate and actual for 2015 \$'000	Variance between actual results for 2015 and 2014 \$'000
COST OF SERVICES						
Expenses						
Employee benefits expense	1	22,920	20,709	21,532	(2,211)	(823)
Supplies and services	2,7	19,388	7,767	13,082	(11,621)	(5,315)
Depreciation		128	94	121	(34)	(27)
Finance Costs		-	-	12	-	(12)
Accommodation expenses	8	3,004	3,102	2,817	98	285
Grants and subsidies	3,9	7,914	10,254	3,024	2,340	7,230
Other expenses	10	-	20	105,479	20	(105,459)
Total cost of services		53,354	41,946	146,067	(11,408)	(104,121)
Income						
Revenue						
Commonwealth grants and contributions	11	750	750	3,890	-	(3,140)
Other revenue	4,12	1,100	1,518	1,696	418	(178)
Total revenue		1,850	2,268	5,586	418	(3,318)
Gains						
Gain on disposal of non-current assets		-	-	-	-	-
Total Gains		-	-	-	-	-
Total income other than income from State Government		1,850	2,268	5,586	418	(3,318)
NET COST OF SERVICES		51,504	39,678	140,481	(11,826)	(100,803)
Income from State Government						
Service appropriation		38,955	35,252	37,214	(3,703)	(1,962)
Services received free of charge	5,13	1,116	685	795	(431)	(110)
Royalties for Regions Fund	6	4,000	-	-	(4,000)	-
Total income from State Government		44,071	35,937	38,009	(8,134)	(2,072)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(7,433)	(3,741)	(102,472)	3,692	98,731

^(a) Notes to the variances are shown on the following page

^(b) Where applicable, budget amounts have been reclassified to match financial statement classification.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
For the year ended 30 June 2015

Note 33: Explanatory Statement (continued)

Statement of Comprehensive Income - Narratives for major variances

Variances between actual and estimate for 2015

- 1 **Employee Benefits Expense.** The Department's commitment to curtailing growth in accrued leave entitlements resulted in actual leave taken during the year exceeding new leave accruals, resulting in a reduction in overall employee benefits expense. The number of full time equivalent employees (FTE) throughout the year was below internally budgeted levels.
- 2 **Supplies and Services.** A number of projects depend on parties external to the Department to achieve certain milestones before the next stage of the project can proceed. Consequently \$7,276,000 in project funding was deferred from the 2014-15 estimates and transferred to the 2015-16 estimates (Anketell, Browse, Ashburton North, Bunbury to Albany Gas Pipeline, Burrup Heritage Studies, Australia China Natural Gas Technology Partnership Fund). The Department's core budget underspend accounted for the remainder of the variance.
- 3 **Grants and Subsidies.** Funding for the Onslow airstrip upgrade, supplemented through the Wheatstone Project Community Development Fund (special purpose account), was brought forward from future years' estimates resulting in grants of \$9,060,000 being paid out in the financial year, against an original budget of \$3,245,000. Grants in respect to the Onslow Community Development Fund for the Macedon project, originally budgeted at \$4,200,000 for the Onslow Basketball Complex, were moved to the 2015-16 estimates due to delays in delays caused by asbestos located at the proposed location.
- 4 **Other Revenue.** 2014-15 includes \$1,000,000 budgeted for the Australia China Natural Gas Technology Partnership Fund against actual income of \$1,050,000. 2014-15 also included an unexpected recoupment of prior year expenses of \$195,000.
- 5 **Services Free of Charge.** Services free of charge represent legal services received from the State Solicitor's Office. The quantum of services required in 2014-15 were less than the budget allowance.
- 6 **Royalties for Regions Fund.** Funding included in the 2015 estimates related to the Bunbury to Albany Gas Pipeline. The project was progressed using internal Department resources in 2014-15 and consequently the Royalties for Regions funding was moved to 2015-16 when spending on external services is expected to commence.

Variances between actual results for 2015 and 2014

- 7 **Supplies and Services.** Project based expenditures vary between years depending on specific project funding levels and milestones that are required to be met prior to funding proceeding to the next stage. Consistency is not necessarily expected in this category of expense. Prior year included spending of a one-off Commonwealth Grant of \$3,140,000 for strategic industrial lands programs. Expenditure on the Oakajee, Browse and Ashburton North projects were lower in 2014-15 than 2013-14 due to timing and maturity of project milestones.
- 8 **Accommodation Expenses.** Lease accommodation expenses at the Department's offices were renegotiated at higher levels commencing late in 2014-15. Leasing accommodation costs are also incurred at various locations within the Department's International Trade and Investment Division.
- 9 **Grants and Subsidies.** Funding for the Onslow airstrip upgrade, supplemented through the Wheatstone Project Community Development Fund (special purpose account), was brought forward from future years' estimates resulting in grants of \$9,060,000 being paid out in the 2014-15 year, in addition to \$649,000 for the Australia China Natural Gas Technology Partnership Fund special purpose account. Grants paid out of the Wheatstone Community Development Fund in the prior year were \$85,000. Prior year grants also included \$2,000,000 to the Australian Gas Industry Trust for infrastructure in respect to the LNG18 Conference and Exhibition in Perth in 2016, and \$573,000 paid from the Australia China Natural Gas Technology Partnership Fund.
- 10 **Other Expenses.** Actual result for 2014 includes \$105,432,000 cost for the transfer of roads constructed as part of the Ord Irrigation Project to the Shire of Wyndham-East Kimberley on a free of charge basis.
- 11 **Commonwealth Grants and Contributions.** Actual Results in 2014 included an Infrastructure Australia Grant of \$3,140,000 for Strategic Industrial Lands projects, and \$750,000 final grant in respect to the Australia China Natural Gas Technology Partnership Fund. 2014-15 comprised \$750,000 for the Australia China Natural Gas Technology Partnership Fund.
- 12 **Other Revenue.** 2014-15 includes \$1,050,000 for the Australia China Natural Gas Technology Partnership Fund and a \$195,000 prior year expense recoupment. 2013-14 included \$1,042,000 for the Australia China Natural Gas Technology Partnership Fund and \$416,000 in prior year expense recoupments.
- 13 **Services Free of Charge.** Services free of charge represent legal services received from the State Solicitor's Office. The requirement for services varies from year to year in line with project requirements.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
As At 30 June 2015

Note 33: Explanatory Statement (continued)

Statement of Financial Position

	Variance Note ^(a)	Estimate ^(b) 2015 \$'000	Actual 2015 \$'000	Actual 2014 \$'000	Variance between estimate and actual for 2015 \$'000	Variance between actual results for 2015 and 2014 \$'000
ASSETS						
Current Assets						
Cash and cash equivalents	1,6	18,971	10,302	25,261	(8,669)	(14,959)
Restricted cash and cash equivalents	7	13,422	14,995	22,638	1,573	(7,643)
Receivables	2,8	4,070	949	1,679	(3,121)	(730)
Other current assets		602	687	622	85	65
Infrastructure Works in Progress	5,9	2,958	-	186,626	(2,958)	(186,626)
Total Current Assets		40,023	26,933	236,826	(13,090)	(209,893)
Non-Current Assets						
Restricted cash and cash equivalents		643	-	730	(643)	(730)
Receivables	3,10	270	-	577	(270)	(577)
Amounts receivable for services		981	743	838	(238)	(95)
Property, plant, equipment and vehicles		83	222	247	139	(25)
Total Non-Current Assets		1,977	965	2,392	(1,012)	(1,427)
TOTAL ASSETS		42,000	27,898	239,218	(14,102)	(211,320)
LIABILITIES						
Current Liabilities						
Payables	4,11	2,383	1,539	3,552	(844)	(2,013)
Provisions		4,452	4,223	4,288	(229)	(65)
Total Current Liabilities		6,835	5,762	7,840	(1,073)	(2,078)
Non-Current Liabilities						
Provisions		785	924	1,040	139	(116)
Bonds Repayable		104	104	104	-	-
Total Non-Current Liabilities		889	1,028	1,144	139	(116)
TOTAL LIABILITIES		7,724	6,790	8,984	(934)	(2,194)
NET ASSETS		34,276	21,108	230,234	(13,168)	(209,126)
EQUITY						
Contributed equity	12	104,109	109,851	296,477	5,742	(186,626)
Accumulated surplus / (deficit)		(69,833)	(88,743)	(66,243)	(18,910)	(22,500)
TOTAL EQUITY		34,276	21,108	230,234	(13,168)	(209,126)

^(a) Notes to the variances are shown on the following page

^(b) Where applicable, budget amounts have been reclassified to match financial statement classification.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements As At 30 June 2015

Note 33: Explanatory Statement (continued)

Statement of Financial Position - Narratives for major variances

Variances between actual and estimate

- 1 **Cash and Cash Equivalents.** During the 2014-15 year the application of the Treasury Cash Management Policy resulted in \$18,759,000 surplus cash being returned to the consolidated fund. The Department's underspend against its cost of services budget, balance sheet movements (receivables and payables) and the adjustment of budgeted opening cash balances to prior year ending balances accounted for the remainder of the variance.
- 2 **Receivables.** A significant component of Receivables is GST Receivable, which can vary significantly from period to period depending on timing of project related payments. GST receivables are not specifically budgeted. Receivables also includes a non-interest bearing loan to the Shire of Ashburton, issued from the Onslow Community Development Fund (Special Purpose Account) scheduled to be repaid by the first half of 2015-16. The loan was reclassified from non-current to current in the Financial Statements for June 2015 and is consistent with budget.
- 3 **Receivables - Non Current.** Prior year included a non-interest bearing loan to the Shire of Ashburton, through the Onslow Community Development Fund (Special Purpose Account) scheduled to be repaid by the first half of 2015-16. The remaining loan was reclassified as current in the financial statements for 2014-15.
- 4 **Payables.** The timing of the payment cycle in relation to payables, combined with the Department's project environment results in payables balances that do not show consistency from period to period. The budget included a revenue received in advance liability, amounting to \$794,000 - the requirement to recognise actual revenue received in advance did not arise in 2014-15. General creditors at June 2015 were \$555,000, compared to a budget of \$460,000.
- 5 **Infrastructure Works in Progress.** Relates to the Ord Irrigation Project. All assets were transferred to other Government departments/entities through the contributed equity account during the 2014-15 year. The profile for asset transfers was not sufficiently advanced to be fully incorporated into the published budget papers for 2014-15.

Variances between actual results for 2015 and 2014

- 6 **Cash and Cash Equivalents.** During the 2014-15 year the application of the Treasury Cash Management Policy resulted in \$18,759,000 surplus cash being returned to the consolidated fund. In the prior year \$8,724,000 in surplus cash was returned. Lower level of expenditure on major projects between the two years accounts for the majority of the difference.
- 7 **Restricted Cash and Cash Equivalents.** Restricted cash includes cash reserves held for the Australia China Natural Gas Technology Fund, the Onslow Community Development Fund (Wheatstone Project) and the Onslow Community Development Fund (Macedon Project). Use of those funds for the purpose of the projects results in reduction in cash balances over time. In 2014-15, \$9,060,000 was disbursed out of the Special Purpose Account for the Onslow Community Development Fund (Wheatstone).
- 8 **Receivables.** A significant component of Receivables is GST Receivable, which can vary significantly from period to period depending on timing of project related payments. GST receivables were \$144,000 in 2014-15 compared with \$483,000 in the prior year. Includes a non-interest bearing loan to the Shire of Ashburton, issued from of the Onslow Community Development Fund (Special Purpose Account) scheduled to be repaid by the first half of 2015-16. Payments were received on schedule throughout 2014-15. The non-current portion of the loan was reclassified as current in 2014-15. The current loan receivable was \$1,132,000 in the prior year, compared with \$577,000 in 2014-15.
- 9 **Infrastructure Works in Progress.** Relates to the Ord Irrigation Project. All assets were transferred to other Government departments/entities through the contributed equity account during the 2014-15 year.
- 10 **Receivables - Non Current.** Includes a non-interest bearing loan to the Shire of Ashburton, through the Onslow Community Development Fund (Special Purpose Account) scheduled to be repaid by the first half of 2015-16. The loan was reclassified as current in the Financial Statements for June 2015. The non-current portion of the loan was \$577,000 in the prior year and zero in 2014-15 (moved to current).
- 11 **Payables.** The timing of the payment cycle in relation to payables, combined with the Department's project environment results in payables balances that do not show consistency from period to period. The prior year included a revenue received in advance liability, amounting to \$750,000 - the requirement to recognise revenue received in advance did not arise in 2014-15. General creditors at June 2015 were \$555,000, compared to \$1,570,000 in the prior year. Accrued expenses and accrued salaries amounted to \$987,000 in 2014-15 compared to \$1,232,000 in the prior year.
- 12 **Contributed Equity.** Movement in equity from 2013-14 to 2014-15 relates to the Ord Irrigation Project. All assets for the project previously held in Infrastructure Works in Progress were transferred to other Government departments/corporations through the contributed equity account during the 2014-15 year.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

Note 33: Explanatory Statement (continued)

Statement of Cash Flows

	Variance Note (a)	Estimate 2015 (b)	Actual 2015	Actual 2014	Variance between estimate and actual for 2015 and 2014	Variance between actual results and for 2015 and 2014		Variance Note (a)	Estimate 2015 (b)	Actual 2015	Actual 2014	Variance between estimate and actual for 2015 and 2014	Variance between actual results and for 2015 and 2014
CASH FLOWS FROM STATE GOVERNMENT													
Service appropriations	1,9	38,812	35,127	37,071	(3,685)	(1,944)	Receipts						
Holding account drawdowns			220	-	220	220	Commonwealth grants and contributions	7,16	750	-	3,890	(750)	(3,890)
Equity Contribution Repayments	2	(97,461)	-	-	97,461	-	Other grants and contributions	17	1,100	1,050	5,001	(50)	(3,951)
Prior year service appropriations returned to owner	3,10		(18,759)	(8,724)	(18,759)	(10,035)	GST receipts on sales	8,15	9,746	1,440	2,096	(8,306)	(656)
Royalties for Regions Fund: Capital	11	-	-	51,880	-	(51,880)	GST receipts from taxation authority	8,15	-	2,076	10,365	2,076	(8,289)
Royalties for Regions Fund: Recurrent	4	4,000	-	-	(4,000)	-	Other receipts			468	630	468	(162)
Net cash provided by State Government		(54,649)	16,588	80,227	71,237	(63,639)	Total Receipts used in Operating Activities		11,596	5,034	21,982	(6,562)	(16,948)
							Net cash provided by/(used in) operating activities		(50,257)	(41,016)	(29,529)	9,241	(11,487)
Utilised as follows:													
CASH FLOWS FROM OPERATING ACTIVITIES													
Payments													
Employee benefits	5	(22,720)	(20,802)	(21,559)	1,918	757	CASH FLOWS FROM INVESTING ACTIVITIES						
Supplies and services	6,12	(17,787)	(8,624)	(11,472)	9,163	2,848	Proceeds: sale of infrastructure assets	2	97,461	-	-	(97,461)	-
Accommodation	13	(2,984)	(3,102)	(2,817)	(118)	(285)	Payments: infrastructure assets	11	-	-	(51,904)	-	51,904
Grants and subsidies	7,14	(7,914)	(10,254)	(3,024)	(2,340)	(7,230)	Purchase of non-current physical assets		-	(69)	(29)	(69)	(40)
							Proceeds from sale of non-current assets		-	-	-	-	-
GST payments on purchases	8,15	-	(2,786)	(12,079)	(2,786)	9,293	Net cash provided by/(used in) investing activities		97,461	(69)	(51,933)	(97,530)	51,864
GST Payments to taxation authority	8,15	(9,746)	(391)	(382)	9,355	(9)	CASH FLOWS FROM LENDING ACTIVITIES						
Other payments		(702)	(91)	(178)	611	87	Loan issued: Special Purpose Account		-	-	(225)	-	225
Total Payments used in Operating Activities		(61,853)	(46,050)	(51,511)	15,803	5,461	Repayments received: Special Purpose Account		1,166	1,165	1,165	(1)	-
							Net cash provided by lending activities		1,166	1,165	940	(1)	225
							Net increase/(decrease) in cash and cash equivalents		(6,279)	(23,332)	(295)	(17,053)	(23,037)
							Cash and cash equivalents at the beginning of the period		39,315	48,629	48,924	9,314	(295)
							Cash and cash equivalents at the end of the period		33,036	25,297	48,629	(7,739)	(23,332)

(a) Notes to the variances are shown on the following page

(b) Where applicable, budget amounts have been reclassified to match financial statement classification.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ended 30 June 2015

Note 33: Explanatory Statement (continued) Statement of Cash Flows - Narratives for major variances

Variances between actual and estimate

- 1 **Service Appropriation.** Includes deferral of drawdowns in respect to certain project expenditure amounting to \$3,235,000 (Browse LNG Precinct, Anketell Rail and Port, Ashburton North Industrial Precinct and Burrup heritage studies).
- 2 **Equity Contribution Repayments / Proceeds from Sale of Infrastructure Assets.** Represents transfer of Ord irrigation projects (primary channels) to Water Corporation, originally budgeted to be transacted through a cash sale followed by return of proceeds by the Department to Treasury as a return of Equity. The transfer ultimately took place through non-cash equity between wholly owned Government entities, thus eliminating the need to physically move cash.
- 3 **Prior Year Service Appropriations Returned to Owner.** During the 2014-15 year the application of the Treasury Cash Management Policy resulted in \$18,759,000 surplus cash being returned to the consolidated fund.
- 4 Budgeted **Royalties for Regions Recurrent receipts** relate to the Bunbury to Albany Gas Pipeline (see Explanatory Statement to the Statement of Comprehensive Income, note 6) - these receipts were deferred until the 2015-16 year.
- 5 **Employee Benefits Expense.** The Department's commitment to curtailing growth in accrued leave entitlements resulted in actual leave taken during the year exceeding new leave accruals, resulting in a reduction in overall employee benefits expense. The number of full time equivalent employees (FTE) throughout the year was below budgeted levels.
- 6 **Supplies and Services.** A number of projects depend on parties external to the Department to achieve certain milestones before the next stage of the project can proceed. Consequently \$7,276,000 in project funding was deferred from the 2014-15 estimates and transferred to the 2015-16 estimates (Anketell, Browse, Ashburton North, Bunbury to Albany Gas Pipeline, Burrup Heritage Studies, Australia China Natural Gas Technology Partnership Fund). The Department's core budget underspend accounted for the majority of the difference.
- 7 **Grants and Subsidies.** Funding for the Onslow airstrip upgrade, supplemented through the Wheatstone Project Community Development Fund (special purpose account), was brought forward from future years' estimates resulting in grants of \$9,060,000 being paid out in the financial year, against an original budget of \$3,245,000 for that particular project.
- 8 **GST payments and receipts,** except for significant individual transactions, are not profiled in the Department's budget papers. The budgeted **GST Payments to Taxation Authority** and **GST Receipts on Sale** were in relation to the sale of Ord Irrigation assets to Water Corporation, which was ultimately transacted by non-cash means (see note 2, above), and deemed to be GST exempt.

Variances between actual results for 2015 and 2014

- 9 **Service Appropriation.** Prior year drawdowns for project expenditure (Browse LNG Precinct, Oakajee Rail and Port, Anketell Rail and Port, Ashburton North) amounted to \$3,608,000 compared with \$1,770,000 for the same projects in 2014-15.
- 10 **Prior Year Service Appropriations Returned to Owner.** During the 2014-15 year the application of the Treasury Cash Management Policy resulted in \$18,759,000 surplus cash being returned to the consolidated fund. In the prior year \$8,724,000 in surplus cash was returned.
- 11 **Royalties for Regions capital receipts / Payments for Infrastructure Assets** in respect to the Ord Irrigation project were finalised in 2013-14.
- 12 **Supplies and Services.** Project based expenditures vary between years depending on specific project funding levels and milestones that are required to be met prior to funding proceeding to the next stage. Consistency is not necessarily expected in this category of expense. Prior year included spending of a one-off Commonwealth Grant of \$3,140,000 for strategic industrial lands programs. Expenditure on the Oakajee, Browse and Ashburton North projects were lower in 2014-15 than 2015-16 due to timing and maturity of project milestones.
- 13 **Accommodation Expenses.** Lease accommodation expenses at the Department's offices were renegotiated at higher levels commencing late in 2014-15. Leasing accommodation costs are also incurred at various locations within the Department's International Trade and Investment Division.
- 14 **Grants and Subsidies.** Funding for the Onslow airstrip upgrade, supplemented through the Wheatstone Project Community Development Fund (special purpose account), was brought forward from future years' estimates resulting in grants of \$9,060,000 being paid out in the 2014-15 year (prior year \$85,000) along with \$649,000 paid on behalf of the Australia China Natural Gas Technology Partnership Fund special purpose account. Prior year grants also included \$2,000,000 to the Australian Gas Industry Trust for infrastructure in respect to the LNG18 Conference and Exhibition in Perth in 2016, and \$573,000 paid from the Australia China Natural Gas Technology Partnership Fund special purpose account.
- 15 **GST payments and receipts.** The level of GST transactions passing through the Department's books can vary depending on project expenditure incurred. In 2013-14, the Ord irrigation project resulted in a higher level of GST paid and received compared with 2014-15.
- 16 **Commonwealth Grants and Contributions.** Actual Results in 2014 included a on-off Infrastructure Australia Grant of \$3,140,000 for Strategic Industrial Lands projects, and \$750,000 final grant in respect to the Australia China Natural Gas Technology Partnership Fund (prepaid and taken to income in 2014-15).
- 17 **Other Grants and Contributions (Receipts).** Prior year included a significant inflow from receivables outstanding at June 30 2013.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ending 30 June 2015

Note 34: Financial Instruments

(a) Financial Risk Management Objectives and Policies

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

Credit risk

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

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of these assets inclusive of any allowance for impairment, as shown in the table at note 34(c) 'Financial instruments disclosures' and note 19 'Receivables'.

Credit risk associated with the Department's financial assets is minimal. For receivables other than government, the Department trades only with recognised, creditworthy third parties. The department 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 Department's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

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

Liquidity risk

Liquidity risk arises when the Department is unable to meet its financial obligations as they fall due.

The Department is exposed to liquidity risk through its trading in the normal course of business.

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

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ending 30 June 2015

Note 34: Financial Instruments (continued)

Market risk

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

(b) Categories of Financial Instruments

The carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are:

	2015 \$'000	2014 \$'000
Financial Assets		
Cash and cash equivalents	10,302	25,261
Restricted cash and cash equivalents - Salaries Suspense Account	730	730
Restricted cash and cash equivalents	14,265	22,638
Total cash assets	<u>25,297</u>	<u>48,629</u>
Loans and receivables ^{(a) (b)}	1,548	2,611
Financial Liabilities		
Financial liabilities measured at amortised cost	1,643	3,656

^(a) Excludes GST recoverable from the ATO (statutory receivable)

^(b) Includes non-interest bearing loan to the Shire of Ashburton (see note 19 'Receivables')

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ending 30 June 2015

Note 34(c): Financial Instrument disclosures

Credit Risk

The following table details the Department's maximum exposure to credit risk and the ageing analysis of financial assets. The Department's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Department.

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

Ageing analysis of financial assets ^(a)

	Carrying Amount	Not past due and not impaired	Past due but not impaired					Impaired financial assets
			Up to 1 Month	1 to 3 months	3 months to 1 year	1- 5 years	More than 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015								
Cash and cash equivalents	10,302	10,302	-	-	-	-	-	-
Restricted cash and cash equivalents	14,995	14,995	-	-	-	-	-	-
Receivables (a)	228	228	-	-	-	-	-	-
Loans and Advances	583	583	-	-	-	-	-	-
Amounts receivable for services	743	743	-	-	-	-	-	-
	26,851	26,851	-	-	-	-	-	-
2014								
Cash and cash equivalents	25,261	25,261	-	-	-	-	-	-
Restricted cash and cash equivalents	23,368	23,368	-	-	-	-	-	-
Receivables (a)	64	56	-	8	-	-	-	-
Loans and Advances	1,748	1,748	-	-	-	-	-	-
Amounts receivable for services	838	838	-	-	-	-	-	-
	51,279	51,271	-	8	-	-	-	-

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

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ending 30 June 2015

Note 34(c): Financial Instrument disclosures (continued)

Liquidity Risk and interest rate exposure

The following table details the Department's interest rate exposure and the contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposures and maturity analysis of financial assets and financial liabilities ^(a)

	Interest Rate Exposure					Maturity Dates					
	Weighted Average Effective Interest Rate %	Carrying Amount \$'000	Fixed Interest rate \$'000	Variable Interest Rate \$'000	Non-interest Bearing \$'000	Nominal Amount \$'000	Up to 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2015											
Financial Assets											
Cash and Cash Equivalents	-	10,302	-	-	10,302	10,302	10,302	-	-	-	-
Restricted cash and cash equivalents	-	14,995	-	-	14,995	14,995	14,265	-	730	-	-
Receivables ^(a)	-	228	-	-	228	228	228	-	-	-	-
Loans and Advances	-	583	-	-	583	583	-	291	292	-	-
Amounts receivable for services	-	743	-	-	743	743	-	-	-	743	-
		26,851		-	26,851	26,851	24,795	291	1,022	743	-
2015											
Financial Liabilities											
Payables	-	1,539	-	-	1,539	1,539	1,539	-	-	-	-
Bonds Repayable	-	104	-	-	104	104	-	-	-	-	104
Amounts due to the Treasurer	-	-	-	-	-	-	-	-	-	-	-
		1,643		-	1,643	1,643	1,539	-	-	-	104

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

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ending 30 June 2015

Note 34(c): Financial Instrument disclosures (continued)

	Interest Rate Exposure					Maturity Dates					
	Weighted Average Effective Interest Rate %	Carrying Amount \$'000	Fixed Interest rate \$'000	Variable Interest Rate \$'000	Non- interest Bearing \$'000	Nominal Amount \$'000	Up to 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2014											
Financial Assets											
Cash and Cash Equivalents	-	25,261	-	-	25,261	25,261	25,261	-	-	-	-
Restricted cash and cash equivalents	-	23,368	-	-	23,368	23,368	22,638	-	-	730	-
Receivables ^(a)	-	64	-	-	64	64	64	-	-	-	-
Loans and Advances	-	1,748	-	-	1,748	1,748	-	291	874	583	-
Amounts receivable for services	-	838	-	-	838	838	-	-	-	838	-
		51,279		-	51,279	51,279	47,963	291	874	2,151	-
2014											
Financial Liabilities											
Payables	-	3,552	-	-	3,552	3,552	3,552	-	-	-	-
Bonds Repayable	-	104	-	-	104	104	-	-	-	-	104
Amounts due to the Treasurer	-	-	-	-	-	-	-	-	-	-	-
		3,656		-	3,656	3,656	3,552	-	-	-	104

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

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ending 30 June 2015

Note 34(c): Financial Instrument disclosures (continued)

Interest rate sensitivity analysis

The Department has no material interest rate exposure.

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. The loan to the Shire of Ashburton is non-interest bearing and has been discounted to net present value at balance date (*see note 19 'Receivables'*)

Note 35: Related Bodies

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

Note 36: Affiliated Bodies

The Department had no affiliated bodies.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ending 30 June 2015

	2015 \$'000	2014 \$'000
Note 37: Special Purpose Accounts		
Special Purpose Account - section 16 (1) of the Financial Management Act 2006		
Special Projects Fund:		
The account was created to hold funds for the purpose of participating in significant projects with other countries, the Commonwealth and the private sector to the mutual benefit of the other participants and the State of Western Australia.		
This is a controlled fund and figures are incorporated into the Department's general Financial Statements.		
Balance at start of the period	628	628
<u>Add</u> receipts	-	-
<u>Less</u> payments	-	-
Balance at end of the period	<u>628</u>	<u>628</u>
Australia China Natural Gas Technology Partnership Trust Fund		
The account holds funds for the purpose of training Chinese managers from the natural gas industry in China, as well as joint Australia/China research programs. Training is conducted in both countries.		
Balance at start of the period	3,966	3,132
<u>Add</u> receipts		
Contribution from State Government	450	750
Contribution from Commonwealth ^(a)	-	750
Contribution from Industry	1,050	1,436
Total Receipts	<u>1,500</u>	<u>2,936</u>
<u>Less</u> payments		
Salaries	191	150
Consultants	939	1,011
Accommodation	102	115
Grants - Training	501	573
Other Services - Training Related	-	-
Allowances	108	104
Other payments	93	149
Total Payments	<u>1,934</u>	<u>2,102</u>
Balance at end of the period	<u>3,532</u>	<u>3,966</u>

^(a) \$750,000 contribution from 2014-15 was received as cash in advance in 2013-14.

This is a controlled fund and figures are incorporated into the Department's general Financial Statements.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
For the year ending 30 June 2015

	2015 \$'000	2014 \$'000
Note 37: Special Purpose Accounts (continued)		
Ashburton North Social Infrastructure Fund (Onslow Community Development Fund - Controlled)		
<p>The purpose of the special purpose account is to quarantine funds received and paid in respect to social infrastructure under the Ashburton North State Development Agreement (Wheatstone Project) in the township of Onslow.</p> <p>There shall be credited to the account such moneys as are received from Chevron Australia Pty Ltd and the State of Western Australia for the purposes of developing social infrastructure for the township of Onslow in terms of the agreement entered into between the State of Western Australia and Chevron Australia Pty Ltd.</p> <p>Moneys standing to the credit of the Account may be applied for the purpose of the fund as agreed between the parties, subject to the terms of the Ashburton North State Development Agreement (Wheatstone Project).</p> <p>The fund is separated into Controlled and Administered sections.</p>		
Balance at start of the period	13,044	12,312
<u>Add</u> receipts		
Repayment of Loan from Shire of Ashburton	1,165	1,165
Total Receipts	<u>1,165</u>	<u>1,165</u>
<u>Less</u> payments		
Shire of Ashburton:-		
Project expenditures	9,059	208
Loan issued to Shire of Ashburton ^(a)	-	225
Total Payments	<u>9,059</u>	<u>433</u>
Balance at end of the period	<u>5,150</u>	<u>13,044</u>

^(a) Loan discounting is not included in the Special Purpose Account statement as it is a non-cash transaction

This is a controlled fund and figures are incorporated into the Department's general Financial Statements.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
For the year ending 30 June 2015

	2015 \$'000	2014 \$'000
Note 37: Special Purpose Accounts (continued)		
Ashburton North Social Infrastructure Fund (Administered)		
<p>The purpose of the special purpose account is to quarantine funds received and paid in respect to social infrastructure under the Ashburton North State Development Agreement (Wheatstone Project) in the township of Onslow.</p> <p>There shall be credited to the account such moneys as are received from Chevron Australia Pty Ltd and the State of Western Australia for the purposes of developing social infrastructure for the township of Onslow in terms of the agreement entered into between the State of Western Australia and Chevron Australia Pty Ltd.</p> <p>Moneys standing to the credit of the Account may be applied for the purpose of the fund as agreed between the parties, subject to the terms of the Ashburton North State Development Agreement (Wheatstone Project).</p> <p>Funds are generally received from Chevron Australia Pty Ltd and applied to the project within the same financial year.</p> <p>The fund is separated into Controlled and Administered sections.</p>		
Balance at start of the period	(601)	-
<u>Add receipts</u>		
Chevron Australia Pty Ltd	421	12,922
Net GST Receipts (includes prior year balance)	563	
	984	12,922
<u>Less payments</u>		
Shire of Ashburton	339	13,523
	339	13,523
Balance at end of the period ^(a)	44	(601)

(a) Prior year has been restated to include the cash flow impact of GST payments & receipts and movement in receivables and payables. All cash balances reflect the timing of GST and receivables and payables balances and do not indicate that the fund has overdrawn its account. The bank account will return to zero when all transactions have finalised.

This is an administered fund and is incorporated into the Department's administered Financial Statements which appear in notes 39-40.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
For the year ending 30 June 2015

	2015 \$'000	2014 \$'000
Note 37: Special Purpose Accounts (continued)		
Ashburton North Critical Services Infrastructure Fund (Administered)		
<p>The purpose of the special purpose account is to quarantine funds received and paid in respect to critical services infrastructure under the Ashburton North State Development Agreement (Wheatstone Project) in the township of Onslow.</p> <p>There shall be credited to the account such moneys as are received from Chevron Australia Pty Ltd and the State of Western Australia for the purposes of developing critical services infrastructure for the township of Onslow in terms of the agreement entered into between the State of Western Australia and Chevron Australia Pty Ltd.</p> <p>Moneys standing to the credit of the Account may be applied for the purpose of the fund as agreed between the parties, subject to the terms of the Ashburton North State Development Agreement (Wheatstone Project).</p> <p>Funds are generally received from Chevron Australia Pty Ltd and applied to the project within the same financial year.</p>		
Balance at start of the period	-	-
<u>Add receipts</u>		
Chevron Australia Pty Ltd	12,412	321
	12,412	321
<u>Less payments</u>		
Shire of Ashburton	12,010	321
Net GST Receipts (includes prior year balance)	809	
	12,819	321
Balance at end of the period ^(a)	(407)	-

This is an administered fund and is incorporated into the Department's administered Financial Statements which appear in notes 39-40.

(a) The cash balance includes the cash flow impact of GST payments & receipts and movement in receivables and payables. All cash balances reflect the timing of GST and receivables and payables balances and do not indicate that the fund has overdrawn its account. The bank account will return to zero when all transactions have finalised.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
For the year ending 30 June 2015

	2015 \$'000	2014 \$'000
Note 37: Special Purpose Accounts (continued)		
Onslow Macedon Social Infrastructure Fund - (Controlled)		
<p>The purpose of the special purpose account is to quarantine funds received and paid in respect to social infrastructure under the Macedon State Development Agreement (Domestic Gas) in the township of Onslow.</p> <p>There shall be credited to the account such moneys as are received from the Macedon Joint Venturers - BHP Billiton Petroleum (Australia) Pty Ltd and Apache PVG Pty Ltd for the purposes of developing social infrastructure in and around the township of Onslow in terms of the agreement entered into between the State of Western Australia and the Macedon Joint Venturers.</p> <p>Moneys standing to the credit of the Account may be applied for the purpose of the fund as agreed by the Onslow Macedon Social Infrastructure Working Group, subject to the terms of the Macedon State Development Agreement.</p>		
Balance at start of the period	5,000	5,000
<u>Add</u> receipts		
Macedon Joint Venturers	-	-
	-	-
<u>Less</u> payments		
Shire of Ashburton	45	-
	45	-
Balance at end of the period	4,955	5,000

This is a controlled fund and figures are incorporated into the Department's general Financial Statements.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
For the year ending 30 June 2015

	2015 \$'000	2014 \$'000
Note 38: Supplementary financial information		
<u>(a) Losses Through Theft, Defaults and Other Causes</u>		
Losses of public moneys and public or other property through theft or default	-	-
Amount recovered	-	-
	<u>-</u>	<u>-</u>
<u>(b) Write Offs</u>		
During the financial year, Nil (2013: \$2) was written off the Department's asset register under the authority of:		
The Accountable Authority	-	-
The Minister	-	-
Executive Council	-	-
	<u>-</u>	<u>-</u>
<u>(c) Gifts of Public Property</u>		
Gifts of public property provided by the Department	-	-
	<u>-</u>	<u>-</u>

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Notes to the Financial Statements For the year ending 30 June 2015

Note 39: Disclosure of Administered Income and Expenses by Service ^(a)

	2015 \$'000	2014 \$'000
COST OF SERVICES		
Expenses		
Grants and subsidies - State Programs ^(b)	17,564	16,318
Grants and subsidies - Onslow Social and Critical Infrastructure ^(c)	13,010	13,243
Total administered expenses	30,574	29,561
INCOME AND APPROPRIATION		
Service Appropriation	17,299	16,318
Total Income from State Government	17,299	16,318
Income		
Income from external project proponents ^(d)	13,010	13,243
Other income (unwinding of discount on loan receivable)	189	189
Total administered revenue	13,199	13,432
Total Administered Income and Appropriation	30,498	29,750
Administered Surplus/(Deficit) for the year ^(e)	(76)	189

(a) The Department provides a single service, "Industry Development and Investment Facilitation"

(b) 2014-15 includes Burrup Seawater Pipeline Subsidy \$9.4 million (2013-14 \$9.1 million), Dampier Port Authority Bulk Liquids Berth Subsidy \$8.2 million (2013-14 \$7.2 million). \$265,000 of the subsidy for the Dampier Bulk Liquids Berth was met from agency cash reserves and not appropriated.

(c) Grants paid out from income received from Chevron Australia in respect to the Wheatstone critical and social infrastructure programs in respect to the township of Onslow.

(d) Income received from Chevron Australia in respect to the Wheatstone critical and social infrastructure programs in respect to the township of Onslow.

(e) Surplus for the year represents loan discount unwinding (non-cash transaction) less cash utilised for the Dampier Bulk Liquids Berth subsidy.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
For the year ending 30 June 2015

Note 40: Administered assets and liabilities

Current Assets

Cash and cash equivalents
Receivables
GST Receivable

Total Administered Current Assets

Non-Current Assets

Loan Receivable ^(a)

Total Administered Non-Current Assets

TOTAL ADMINISTERED ASSETS

Current Liabilities

Accounts payable

Total Administered Current Liabilities

TOTAL ADMINISTERED LIABILITIES

NET ASSETS

Equity

Contributed equity
Surplus/(deficit) for the period
Accumulated surplus/(deficit)

TOTAL EQUITY

^(a) This represents the discounted value of a non-interest bearing loan receivable from a company due in 2016 and renewable for five year terms until 2026. 2011-12 was the start of a new five year term and movement from 2013-14 to 2014-15 consists of discount unwinding only.

	2015 \$'000	2014 \$'000
	3,525	3,553
	178	-
	847	601
	<u>4,550</u>	<u>4,154</u>
	6,066	5,877
	<u>6,066</u>	<u>5,877</u>
	<u>10,616</u>	<u>10,031</u>
	661	-
	<u>661</u>	<u>-</u>
	<u>661</u>	<u>-</u>
	<u>9,955</u>	<u>10,031</u>
	18,222	18,222
	(76)	189
	(8,191)	(8,380)
	<u>9,955</u>	<u>10,031</u>

Administered Contingent Liabilities and Assets

There are no known administered contingent assets and liabilities.

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development
Notes to the Financial Statements
For the year ending 30 June 2015

Note 41: Explanatory Statement - Administered Funds

	Variance Note	Estimate 2015 (a)	Actual 2015	Actual 2014	Variance between estimate and actual for 2015	Variance between actual and results for 2015 and 2014
Administered Income and Expense						
COST OF SERVICES						
Expenses						
Loan Discounting		-	-	-	-	-
Grants and subsidies - State Programs		17,299	17,564	16,318	265	1,246
Grants and subsidies - Commonwealth		-	-	-	-	-
Grants and subsidies - Onslow Infrastructure	1	30,284	13,010	13,243	(17,274)	(233)
Total administered expenses		47,583	30,574	29,561	(17,009)	1,013
INCOME AND APPROPRIATION						
Service Appropriation		17,299	17,299	16,318	-	981
Total Income from State Government		17,299	17,299	16,318	-	981
Income						
Income from external project proponents	1	30,284	13,010	13,243	(17,274)	(233)
Unwinding of discount on loan receivable		225	189	189	(36)	-
Commonwealth Grants		-	-	-	-	-
Total administered revenue		30,509	13,199	13,432	(17,310)	(233)
Total Administered Income and Appropriation		47,808	30,498	29,750	(17,310)	748
Administered Surplus/(Deficit) for the year		225	(76)	189	(301)	(265)

^(b) Where applicable, budget amounts have been reclassified to match financial statement classification.

Narratives for major variances

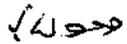
- Grants and Subsidies and Income from External Proponents.** Grants relate to the Wheatstone project for social and critical infrastructure in the township of Onslow. The timing of project funds is dependent upon milestones being met prior to moving to the next stage of funding. The budget is based on the most up to date timing estimates available. Funding is deferred or brought forward regularly in line with the latest project timelines although the outlook for total expenditure over the life of the project, in terms of budget and actual expenditure, remains consistent with original project approvals. Projects for Onslow include electricity upgrades, waste water, housing and health services. The interaction of payments and milestones results in an expenditure profile that will not show a consistent pattern from year to year, although the outlook for total project expenditure, over the full life of the project, remains unchanged. Funds passing through the Department are externally funded, through the project proponent, resulting in receipts and expenditure remaining balanced in each year of the project. Consequently, all differences, budget to actual or current year to prior year, are timing differences only.
- GST Receivable.** GST receivable is dependent on outstanding transactions at year end. The Department has a low and irregular volume of administered transactions, and GST is wholly dependent on the timing of those transactions.

	Variance Note	Estimate 2015 (a)	Actual 2015	Actual 2014	Variance between estimate and actual for 2015	Variance between actual and results for 2015 and 2014
Administered Assets and Liabilities						
Current Assets						
Cash and cash equivalents		3,553	3,525	3,553	(28)	(28)
Restricted cash		-	-	-	-	-
Receivables		-	178	-	178	178
GST Receivable	2	601	847	601	246	246
Total Administered Current Assets		4,154	4,550	4,154	396	396
Non-Current Assets						
Loan Receivable		6,130	6,066	5,877	(64)	189
Total Administered Non-Current Assets		6,130	6,066	5,877	(64)	189
TOTAL ADMINISTERED ASSETS		10,284	10,616	10,031	332	585
Liabilities						
Current Liabilities		-	661	-	661	661
Total Administered Liabilities		-	661	-	661	661
NET ASSETS		10,284	9,955	10,031	(329)	(76)
Equity						
Contributed equity		18,222	18,222	18,222	-	-
Surplus/(deficit) for the period		225	(76)	189	(301)	(265)
Accumulated surplus/(deficit)		(8,163)	(8,191)	(8,380)	(28)	189
TOTAL EQUITY		10,284	9,955	10,031	(329)	(76)

DISCLOSURES AND LEGAL COMPLIANCE

Department of State Development Certification of Key Performance Indicators

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of State Development's performance and fairly represent the performance of the Department of State Development for the financial year ending 30 June 2015.



Stephen Wood
Director General

1st September 2015

DISCLOSURES AND LEGAL COMPLIANCE

Ministerial directives

Treasurer's instruction 903(12) required the department to disclose information on any Ministerial directives relevant to the setting and achievement of desired outcomes or operational objectives, investment activities and financing activities. There were no directives issued by the responsible Ministers during 2014-15.

Other financial disclosures

Capital projects

The department has funding responsibility for the Western Australian Government Royalties for Regions initiative for the Ord East Kimberley Expansion. The project involved building economic infrastructure including irrigation and roads and providing education, health and community infrastructure in the East Kimberley.

The project is now substantially complete and during 2014-15 the department finalised the transfer of the new assets to the various government agencies that will have ultimate ownership of the assets. These agencies included the Water Corporation, Shire of Wyndham-East Kimberley, and the Departments of Lands and Regional Development.

Pricing policies

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

Governance disclosures

Contracts with senior officers

During 2014-15, other than normal contracts of employment of services, no senior officers or firms of which senior officers are members, or entities in which senior officers have substantial interest, had any interests in existing or proposed contracts with the department.

Other legal requirements

Advertising

The department incurred the following expenditure in advertising, market research, polling, direct mail and media advertising (see table right).

Type of spend	Amount
Advertising agencies	
Adcorp (recruitment)	26928
Adcorp (other)	492
Rare	13368
Key2Creative	19540
Media advertising and promotion	
Indo-Australia Chamber of Commerce	1021
Paydirt Media (Africa Downunder)	4090
Elephant Productions	13034
Oil and gas promotion	5829
Singapore trade promotion	2864
India trade promotion	1825
China trade promotion	3330
Indonesia trade promotion	121
Africa trade promotion	487
Market Research	NIL
Direct mail	NIL
Total expenditure	92929

DISCLOSURES AND LEGAL COMPLIANCE

Disability Access and Inclusion Plan outcomes

The department is committed to ensuring that people with disability, their families and carers are able to fully access our services and facilities and provide them with the same opportunities, rights and responsibilities that are enjoyed by all people in the community.

The department's plan was reviewed in 2014-15 with the assistance of an internal working group. Outcomes for this financial year include:

- Redevelopment of the department's website, including its design, ensuring it complies with best-practice accessibility requirements and presentation for people with disability.
- Conducting training that ensures fire wardens are trained in evacuation procedures for people with disability.
- Continuing to provide onsite parking for people with disability.

Compliance with public sector standards and ethical codes

Ethical standards

The department is committed to fostering a culture of ethical behaviour, ensuring the highest standards of integrity and transparency in all interactions. The agency actively discourages corrupt acts and deals promptly and fairly with instances of misconduct.

All new employees receive a comprehensive induction with a strong focus on the expectation of highly ethical behaviour, declarations of conflicts of interest and responsibility for reporting suspected unethical behaviours or actions.

Departmental policies are available to all employees, including the code of conduct and conflict of interest policy. Employees are aware there is an obligation to disclose interests that could reasonably create a perception of bias, or an actual conflict of interest.

Four new peer support officers were trained and appointed under the department's grievance resolution policy in support of resolving interpersonal and grievance issues in the workplace.

During 2014-15 the department continued to review its human resources management policies and procedures to ensure they met legislative and governance responsibilities in regards to managing people.

In accordance with the *Public Interest Disclosure Act 2003*, the department has duly appointed Public Interest Disclosure officers and has published and promoted internal policies and procedures related to its obligations.

During 2014-15 there were:

- no Public Interest Disclosures;
- no formal grievances;
- no disciplinary matters; and
- one breach of standard claim relating to employment. The claim was withdrawn following a successful resolution with the claimant.

DISCLOSURES AND LEGAL COMPLIANCE

Recordkeeping

The department's updated recordkeeping plan was approved by the State Records Office in December 2014. The retention and disposal schedule was approved by the State Records Office in October 2014.

Freedom of Information

Corporate Services manages this process for the department under the *Freedom of Information Act 1992*. The department's information statement was updated during the year and made available on our website. The information statement describes the functions of the department, the nature of the information held by the department and the type of information which is made available to the public.

The department received 12 applications for access to information. The average time taken to process each application was 40 days.

The department received two applications for internal review of the department's decisions. One decision was varied and the other decision was confirmed. This confirmed decision resulted in an external review which is currently in process.

Government policy requirements

Substantive equality

The department is committed to the principles of substantive equality. Although the department does not deliver services directly to Indigenous or minority groups in our community, there is interaction with Indigenous people through consultation and forums, where community members are invited to give feedback on proposed and existing State projects

Occupational Safety and Health

The department reports information on Occupational Safety and Health (OSH) in accordance with the requirements of the Public Sector Commissioner's Circular 2012-01: Annual Reporting and the Annual Reporting Framework 2011-12; the Code of Practice: Occupational Safety and Health in the Western Australian Public Sector and in support of the Western Australian Government commitment to the goals of the National Occupational Health and Safety (OHS) Strategy 2002-2012.

The department is committed to developing a culture of safety awareness at all levels of the organisation. The executive works to support the work of managers, employees and other stakeholders in identifying and managing safety and health issues in the workplace.

Staff are encouraged to be proactive and identify and report hazards, as well as suggest improvements to practices and procedures. All OSH-related information is readily available to staff.

As required under the *Occupational Safety and Health Act 1984*, the department has elected safety and health representatives who play a valuable role in hazard management and act as a conduit for staff consultation on OSH. The formal consultative mechanism is the OSH committee, with meetings held quarterly.

During 2014-15 one new OSH representative was appointed. Our OSH representatives conducted regular workplace inspections to ensure the workplace was free of hazards. Facilities management staff work closely with OSH representatives and the department's safety coordinator to resolve OSH matters.

DISCLOSURES AND LEGAL COMPLIANCE

The department's Safety Management Strategic Plan was established in 2012-13. A key initiative in the plan was to review the OSH training needs of staff. All new managers and staff are provided with an OSH induction by our agency OSH representatives. Our newly appointed OSH representative undertook accredited introductory courses. A presentation was organised for staff and managers on the topic of work health, safety and harmonisation laws during 2014-15.

Wellness program

In 2014-15 the department and Club 1AT, the department's social club, again conducted a number of wellness activities, which provided the opportunity for ongoing employee participation to improve morale and related health outcomes.

Around 100 staff participated in sporting activities including Corporate Challenges for netball, soccer, volleyball, croquet and petanque, and regular on-site yoga and pilates classes. Support was also provided for staff participation in external events like the City to Surf.

All staff had an opportunity to receive skin cancer screenings and flu vaccinations earlier this year, and in June 2015, 60 staff participated in a walking challenge sponsored by BUPA.



Director General Steve Wood (centre) with staff participating in the wellness program. Photo: DSD.

Injury management

The department complies with the *Worker Compensation and Injury Management Act 1981* with a focus on the officer being able to return safely to meaningful work following illness and injury. Our policy outlines the steps to be taken to assist an officer impacted by these circumstances.

In 2014-15 no employees required assistance with return to work following injury or illness.

When new employees commence, ergonomic assessments are provided to reduce risk of overuse and postural injuries. The department also offers free counselling to staff, partners and immediate family through an employee assistance provider.

DISCLOSURES AND LEGAL COMPLIANCE

Occupational Safety and Health – statistics

Measure	Actual results		Results against target	
	2012-13 (1)	2014-15 (2)	Target	Comment on result
Number of fatalities	0	0	0	Achieved
Lost time injury and/or disease incidence rate	0%	0%	0 or 10% percent improvement on the previous (3) years	Achieved
Lost time injury and/or disease severity rate	0%	0%	0 or 10% percent improvement on the previous (3) years	Achieved
Percentage of injured workers returned to work:				Achieved
(i) Within 13 weeks	n/a	n/a	n/a	
(ii) Within 26 weeks	n/a	n/a	Greater than or equal to 80%	
Percentage of managers trained in occupational safety, health and injury management responsibilities	50%	50%	Greater than or equal to 80%	Not Achieved

Note (1) This is a three year trend and as such the year is to be three years prior to the current reporting year i.e. 2012-13.

Note (2) The current year i.e. 2014-15.

Note (3) The reduction may be calculated over a three year period.



Appendix 1: Legislation and changes to legislation

The department administers two Statutes and more than 60 State Agreements on behalf of the Western Australian Government. As part of this responsibility, we also negotiate new agreements, variations, terminations and repeals of State Agreement Acts as required.

This list outlines the Acts and Agreement Acts, by commodity, as at the end of the 2014-15 reporting year.

Statutes administered by the department

- *Government Agreements Act 1979*
- *Nuclear Activities Regulation Act 1978*

Agreement Acts administered by the department

Alumina

- *Alumina Refinery Agreement Act 1961*
- *Alumina Refinery (Mitchell Plateau) Agreement Act 1971* (Termination Agreement currently before Parliament)

- *Alumina Refinery (Pinjarra) Agreement Act 1969*
- *Alumina Refinery (Wagerup) Agreement and Acts Amendment Act 1978*
- *Alumina Refinery (Worsley) Agreement Act 1973*

Charcoal iron and steel

- *Wundowie Charcoal Iron Industry Sale Agreement Act 1974*

Coal

- *Collie Coal (Griffin) Agreement Act 1979*
- *Collie Coal (Western Collieries) Agreement Act 1979*

Copper

- *Western Mining Corporation Limited (Throssell Range) Agreement Act 1985*

Diamonds

- *Diamond (Argyle Diamond Mines Joint Venture) Agreement Act 1981*

Energy

- *Goldfields Gas Pipeline Agreement Act 1994*
- *Ord River Hydro Energy Project Agreement Act 1994*

Forest products

- *Albany Hardwood Plantation Agreement Act 1993*
- *Bunbury Treefarm Project Agreement Act 1995*
- *Collie Hardwood Plantation Agreement Act 1995*
- *Dardanup Pine Log Sawmill Agreement Act 1992*
- *Paper Mill Agreement Act 1960*
- *Wood Processing (WESFI) Agreement Act 2000*
- *Wood Processing (Wesbeam) Agreement Act 2002*

Gas

- *North West Gas Development (Woodside) Agreement Act 1979*
- *Barrow Island Act 2003* (which incorporates the *Gorgon Gas Processing and Infrastructure Project Agreement*)
- *Natural Gas (Canning Basin Joint Venture) Agreement Act 2013*

Gold

- *Tailings Treatment (Kalgoorlie) Agreement Act 1988*

Iron ore and steel

- *Iron Ore (Channar Joint Venture) Agreement Act 1987*
- *Iron Ore (FMG Chichester Pty Ltd) Agreement Act 2006*
- *Iron Ore (Goldsworthy-Nimingarra) Agreement Act 1972*
- *Iron Ore (Hamersley Range) Agreement Act 1963*
- *Iron Ore (Hamersley Range) Agreement Act Amendment Act 1968*
- *Iron Ore (Hope Downs) Agreement Act 1992*
- *Iron Ore (McCamey's Monster) Agreement Authorization Act 1972*
- *Iron Ore (Marillana Creek) Agreement Act 1991*
- *Iron Ore (Mount Bruce) Agreement Act 1972*
- *Iron Ore (Mount Goldsworthy) Agreement Act 1964*
- *Iron Ore (Mount Newman) Agreement Act 1964*
- *Iron Ore (Murchison) Agreement Authorization Act 1973*
- *Iron Ore (Rhodes Ridge) Agreement Authorisation Act 1972*
- *Iron Ore (Robe River) Agreement Act 1964*

- *Iron Ore (Wittenoom) Agreement Act 1972*
- *Iron Ore (Yandicoogina) Agreement Act 1996*
- *Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002*

Mineral sands

- *Mineral Sands (Eneabba) Agreement Act 1975*
- *Mineral Sands (Cooljarloo) Mining and Processing Agreement Act 1988*
- *Mineral Sands (Beenup) Agreement Act 1995*

Nickel

- *Nickel (Agnew) Agreement Act 1974*
- *Poseidon Nickel Agreement Act 1971*

Oil

- *Oil Refinery (Kwinana) Agreement Act 1952*

Salt

- *Dampier Solar Salt Industry Agreement Act 1967*
- *Evaporites (Lake MacLeod) Agreement Act 1967*
- *Leslie Solar Salt Industry Agreement Act 1966*
- *Onslow Solar Salt Agreement Act 1992*
- *Shark Bay Solar Salt Industry Agreement Act 1983*

Uranium

- *Uranium (Yeelirrie) Agreement Act 1978*

Miscellaneous

- *Cement Works (Cockburn Cement Limited) Agreement Act 1971*
- *Industrial Lands (CSBP & Farmers Limited) Agreement Act 1976*
- *Industrial Lands (Kwinana) Agreement Act 1964*
- *Pigment Factory (Australind) Agreement Act 1986 (Agreement terminated)*
- *Railway (Roy Hill Infrastructure Pty Ltd) Agreement Act 2010*
- *Railway and Port (The Pilbara Infrastructure Pty Ltd) Agreement Act 2004*
- *Silicon (Kemerton) Agreement Act 1987*
- *Texas Company (Australasia) Limited (Private) Act 1928*
- *The Commonwealth Oil Refineries, Limited (Private), Act, 1940*

Agreements terminated

- *BHP Billiton (Termination of Agreements) Agreement Act 2006*
- *Iron Ore Agreements Legislation (Amendment, Termination and Repeals) Act 2011*
- *Nickel Refinery (BHP Billiton Nickel West Pty Ltd) (Termination of Agreements) Agreement Act 2008*
- *Pilbara Energy Project Agreement Act 1994* (includes Termination Agreement as Schedule 2)

New Agreement Acts ratified

Nil

New Statutes

Nil

Variations

- *North West Gas Development (Woodside) Agreement Amendment Act 2015* [16 March 2015]
- *Barrow Island Amendment Act 2015* [08 May 2015]

Agreement Acts repealed

Nil

Appendix 2: Key staff

Office of the Director General

Stephen Wood

Director General

Strategic Policy

Nicky Cusworth

Deputy Director General

Amy Lomas

Director, State Development Policy

Resources and Industry Development

Giles Nunis (currently on secondment)

Deputy Director General

Milka Klobucar

Executive Director, Project Facilitation

Chris Clark

Executive Director, Strategic Infrastructure

Gary Simmons

Executive Director, Strategic Projects

Stuart Crockett

Director, International Trade and Investment

State Initiatives

Joe Ostojich

Deputy Director General

Brett Sadler

Executive Director, Oakajee

Tim Fraser

Executive Director, Infrastructure Planning and Implementation

Jenness Gardner

Executive Director, Browse

Peter Baldwin

Director, Project Approvals Strategy

Christine Ginbey

Director, Strategic Industrial Lands

Corporate Services

Steve Melville

Director, Corporate Services

Legal and Commercial Strategy

Pamela Hass

Principal Counsel

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