



Statement of Corporate Intent

2018/2019

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ChemCentre is Western Australia's leading chemical and forensic science service provider. We play a key role in matters of public and environmental health, justice, safety and security.

ChemCentre exists to provide specialised chemical and forensic services to ensure a safe and prosperous Western Australian (WA) community. It applies technical knowledge to practical problems to achieve effective outcomes for communities, government and industry. The business model for delivering these services is currently undergoing change to achieve financial sustainability and thus ensure ChemCentre's continuing role in mitigating State risks. Within its areas of expertise, ChemCentre contributes to scientific education and knowledge in WA and operates a successful consulting business.

ChemCentre operates within the scope of its five-year Strategic Development Plan (2018/19–2022/23), which outlines ChemCentre's strategic objectives and the operational targets to achieve these objectives. In summary, ChemCentre will:

1. Mitigate risks to government associated with public health, public safety and the environment.
2. Keep WA safe during times of emergency and crisis.
3. Support WA's justice and policing systems.
4. Support the sustainable economic development of WA.
5. Support science capability and engagement in WA.
6. Develop our people to enhance organisational capability and financial sustainability.

This Statement of Corporate Intent (SCI) outlines and describes:

- How ChemCentre's Board and Management will function in the 2018/19 financial year to achieve the operational targets and the metrics by which performance will be measured.
- ChemCentre's anticipated operating income and expenditure and the capital expenditure for the 2018/19 financial year.
- How ChemCentre will achieve its community service obligations and how the services to achieve these obligations will be costed and funded.

Finally, the SCI reports on ChemCentre's performance in the 2018/19 financial year against the operational targets set in the SCI for that year (subject to the availability of final data).

1. Introduction

The Chemistry Centre WA, trading as “ChemCentre”, provides essential chemical and forensic services to ensure a safe and prosperous Western Australian community. As a Statutory Authority established under the *Chemistry Centre (WA) Act 2007*, it applies technical knowledge to practical problems to achieve effective outcomes for communities, government and industry. The business model for delivering these services is currently changing to achieve financial sustainability and thus ensure ChemCentre’s continuing role in mitigating State risks. ChemCentre also contributes to research and development (R&D) outcomes and scientific education and knowledge in WA.

A Statement of Corporate Intent (SCI) for ChemCentre for each financial year is required under the Chemistry Centre (WA) Regulations 2007 (the Regulations). Within this context, the SCI must be consistent with the Strategic Development Plan (SDP) for ChemCentre. The Regulations set out the matters that must be covered in the SCI. This SCI covers the period 1 July 2018 to 30 June 2019, and addresses the matters required by the Regulations.

2. Strategic Direction

While the community of Western Australia is the primary beneficiary of ChemCentre’s services, major clients of ChemCentre include the Government of Western Australia, Government Trading Enterprises (GTEs) and industry. ChemCentre strives to achieve its mission of ensuring a safe and prosperous Western Australia by providing specialised services to a range of government agencies and chemical services to the Western Australian community.

OUR VISION:

ChemCentre is Western Australia’s leading provider of specialised chemical and forensic science services.

OUR MISSION:

ChemCentre provides chemical and forensic science services for a safe and prosperous Western Australia.

Our **Vision** and **Mission** are set within the context of ChemCentre's functions as outlined in Section 9 of the *Chemistry Centre (WA) Act 2007* (the Act). ChemCentre's strategic objectives are in line with the Principles of Operation (s10 of the Act) and its Powers (s11 of the Act).

To achieve this mission by 2022/23 ChemCentre has adopted the following strategic objectives:

1. Mitigate risks to government associated with public health, public safety and the environment.
2. Keep the State safe during times of emergency and crisis.
3. Support the State justice and policing systems.
4. Support the sustainable economic development of the State.
5. Support science capability and engagement in the State.
6. Develop our people, enhance organisational capability and financial sustainability.

3. Operational Targets and Approach

ChemCentre sets high level operational targets for the objectives outlined above within the context of the SDP. For the 2018/19 financial year ChemCentre will be taking the following approach:

1. Ensuring it meets targeted productivity gains, required government efficiency dividends (2%, \$273,000 for 2018/19) and projected external sales.
2. Providing transparent costing for services to government.
3. Aligning its risk assessment for public good services against government's risk appetite.
4. Achieving continued improvement in customer satisfaction through efficient and effective delivery of fit-for-purpose services. The current KPI of 83% across all customers, against a target of 80% is excellent, however our aim is always to improve in this area.
5. Ensuring staffing costs align to whole-of-government policy.
6. Ensuring that ChemCentre's strategic asset plan identifies the capital required to meet mandated statutory obligations, considering equipment reliability and maintenance requirements.

By taking this approach ChemCentre will be able to pursue revenue opportunities with government agencies and the private sector consistent with its mandate and strategic objectives. The opportunities that complement the skill sets ChemCentre must maintain to address the State's risks will be of particular interest.

In 2018/19, in order to contribute to the costs of running ChemCentre and to the development of the State, ChemCentre will concentrate on providing commercial services to the private sector in the areas of:

1. Community health toxicology and occupational hygiene testing and consultancy services.
2. Food and compositional analysis to support industry regulation, safety, development, and certification.
3. Environmental analysis and consultancy services, especially for lower levels of detection.
4. Soil and plant analysis supporting the State's agricultural sector.
5. Consultancy and analytical services pertinent to mining operation and the related environmental impacts and associated industry risk management.
6. Consultancy and analytical services to the oil and gas sector.
7. Research and development (R&D) for waste use and sustainability.

While pursuing these opportunities ChemCentre will take the following approach:

1. Ensuring it is a premium provider, with recognised excellence in service delivery for timeliness, quality, and scientific innovation.
2. Providing invaluable consultancy services including forensic intelligence for criminal investigations.
3. Being an employer of choice with a commitment to staff development, rewarding working conditions and recognition of individual excellence.
4. Maintaining appropriate state-of-the-art equipment and systems.
5. Fostering high quality relationships at State, national and international level.

To achieve this ChemCentre will be striving to ensure it:

1. Maintains the breadth of skills and instruments required to rapidly respond to major risk events.
2. Develops and maintains relationships with first responder agencies and other organisations to ensure it can meet its emergency response requirements.
3. Informs where possible policies, regulations and practices that address the State's emergency, forensic and chemical risks.
4. Partners with its clients, suppliers and other relevant parties through collaborative agreements and commercial arrangements.
5. Engages in formal and informal partnerships with other stakeholders to leverage the ChemCentre brand in service arrangements.
6. Explores and, where economically feasible, applies vertical integration in some service lines from supply through to delivery.

4. Major Initiatives for Achieving Strategic Objectives

Given the strategic objectives outlined above, ChemCentre intends to undertake several major initiatives during 2018-19, which will make a significant contribution towards these five-year objectives. These are outlined in Table 1.

Table 1: Major initiatives planned for 2018/19.

Core responsibility	Implementation	2018/19 Goals
<p>1. Mitigate risks to government associated with public health, public safety and the environment</p>	<ul style="list-style-type: none"> • Identify and assess chemical risks to the health, safety and environment of the State and its citizens • Collaborate with key government agencies to mitigate these chemical risks • Deliver quality chemistry-based scientific services to assist in addressing risks to the State • Maintain and expand the suite of memorandums of understanding (MoU) and Heads of Agreement (HoA) underpinning collaboration with key State and Commonwealth government organisations 	<ul style="list-style-type: none"> • Review the government engagement program to determine shared responses to State chemical risks particularly in high risk areas of crisis response, public health, and environmental incidents • Determine the State’s risk profile and appetite, acknowledged by the Minister and major government clients • Build on the existing R&D program based on identified and emerging State risks, aligning with the objectives of the <i>Chemistry Centre (WA) Act 2007</i> and published State government science priorities • Review the mechanisms utilised to increase profile and understanding of ChemCentre’s capability to address risks across government agencies, customers and the public

Core responsibility	Implementation	2018/19 Goals
2. Keep the State safe during times of emergency and crisis	<ul style="list-style-type: none"> • Deliver emergency response and chemical hazard response services to the State • Collaborate on all relevant State Emergency Management Plans (WestPlans) • Manage national and international relationships with chemical hazard, emergency response and counterterrorism agencies • Maintain core capacity to respond to emergencies and crises within agreed timelines • Ensure that systems and capabilities established to respond to emergencies and crises can mobilise within required timeframes 	<ul style="list-style-type: none"> • Continue to develop protocols based on a collaborative approach and agreed best practice, with national and international partners to inform decision making when responding to chemical hazards, emergencies, and terrorism incidents • Review and determine appropriate levels of emergency response equipment and expertise to respond to hazardous incidents in response to 'market' conditions • Implement the framework to audit ChemCentre responsiveness against identified risks, including a program of incident exercises
3. Support the State justice and policing systems	<ul style="list-style-type: none"> • Deliver evidentiary forensic science services that meet key agency requirements • Provide new or improved services in forensic science to meet emerging requirements • Expand services to WA Police and justice system to support science based policing 	<ul style="list-style-type: none"> • Document multi-year plans, as agreed with justice and policing agencies, are implemented for forensic science service requirements • Review the comprehensive capabilities of new forensic science equipment. Ensure expertise and methods are brought on line to support the needs of the police and justice systems of the State • Expand forensic intelligence services, based on international trends and targeted laboratory investigations, to improve efficient and reliable delivery of client outcomes

Core responsibility	Implementation	2018/19 Goals
<p>4. Support the sustainable economic development of the State</p>	<ul style="list-style-type: none"> • Partner with government and industry to investigate risks to State development • Deliver a comprehensive, fee-for-service program of analytical services to support sustainable economic development for the State • Increase nimbleness in responding to identified opportunities to support State development • Develop innovative and commercial products aligned to core business to provide new income streams 	<ul style="list-style-type: none"> • Enhance and expand equipment, expertise and services available to industry in line with risk priorities and private sector business opportunities in areas of differentiated capabilities • Review and improve sales and marketing plans • Implemented sales performance monitoring and reporting framework • Implement scenario planning to map contingencies and response to opportunities using an established risk-based framework • Capability developed in community health testing to complement current workplace testing service offering • Deliver services for government and industry to manage potential impacts on land systems and waterways • Targeted research associated with mining material re-use and mining legacy issues developed and delivered

Core responsibility	Implementation	2018/19 Goals
5. Support science capability and engagement in the State	<ul style="list-style-type: none"> • Collaborate with key bodies to support State science capability • Identify and respond to R&D opportunities to which ChemCentre can contribute • Deliver a chemistry-based education and outreach program that supports science capability and engagement 	<ul style="list-style-type: none"> • Processes for active collaboration with State science research and engagement groups in place • Reviewed current R&D initiatives and undertake collaborative funding opportunities • Develop proteomics capabilities to support racing and forensic science requirements in association with partner agencies and clients • Reviewed outreach and community engagement programs, aligned with State science engagement and STEM priorities

Core responsibility	Implementation	2018/19 Goals
<p>6. Develop our people, enhance organisational capability and financial sustainability</p>	<ul style="list-style-type: none"> • Plan and support staff development, including leadership capabilities, skills training, mentoring programs and performance development • Review and refine our organisational systems and processes to provide efficient and cost-effective services that meet the needs of our clients and key stakeholders • Enhance ChemCentre culture of client engagement • Maintain a governance and accountability framework for ChemCentre • Maintain and expand business opportunities arising from access to NMI's former clients • Enhance financial sustainability by driving financial accountability in all areas of business 	<ul style="list-style-type: none"> • Continue to develop workplace culture change and employee engagement programs • Continue to build on targeted performance development, mentoring and succession planning • Continue to develop staff skills in line with forecast business requirements (e.g. forensic reporting scientists), ensuring staff flexibility and appropriate succession planning, through multi-skilling and internal secondment and redeployment • Implement business process productivity improvements based on a return on investment • Continue to implement information and communication technology (ICT) strategy in line with State ICT initiatives including GovNext. • Distribute the Premier's instruction regarding requests for quotations from government agencies • Review and revise financial accounting and reporting services to ensure financial accountability across all business areas, with reference to new accounting standards

5. Operations and Accountability

ChemCentre undertakes a range of activities required by government. ChemCentre ensures all activities are undertaken to a high standard in the most efficient manner possible, and are fit for purpose to achieve what is required.

ChemCentre applies an appropriate margin to all its fee-for-service activities. For a range of other activities such as Emergency Response and meeting Community Service Obligations (see below) no margin is applied but costs are recovered from appropriations. The activity to which a business rule is applied is determined annually by the Board as part of ChemCentre's budget process.

Some ChemCentre services are required where there is no specific funding body to pay for those services or no government body has specific responsibility. Within its remit, ChemCentre funds these services as Community Service Obligations through its appropriations as outlined in Table 2.

In aggregate these activities typically represent around 25% of the activities of ChemCentre, although, due to operational imperatives, the specific percentage at both an aggregate and individual level varies from year to year.

Importantly, the development of ChemCentre's cost model involves Treasury, thereby ensuring that it is objectively assessed prior to implementation.

Research and Development

ChemCentre undertakes work in the areas of Research and Development (R&D) within the context of the CSO obligations. The R&D plan is approved by the Board to ensure consistency with the major strategic objectives and therefore with the State's risk exposure.

R&D objectives are determined as part of and consistent with ChemCentre's strategic planning and are in line with its strategic objectives. ChemCentre's efforts centre on applied and collaborative R&D to solve problems for government and the State's industrial, mining, water, food and agricultural, and forensic science sectors. Although the Act stipulates that pure research could be undertaken ChemCentre concentrates on applied, most often collaborative, R&D including advanced method development of scientific techniques and process improvements.

ChemCentre maximizes its R&D budget by leveraging funds from external funding organisations and collaboration with other government agencies, the university sector and industry. This provides greater returns for the State than would be the case if ChemCentre only used State received funds. The ratio of appropriation (Public Good) funding to external funding of R&D from year to year is generally more favourable than 1:1. ChemCentre is increasingly being contracted by private industry to solve applied research problems at full cost recovery. This is a beneficial outcome for both industry and government.

Within the context of appropriation expenditure the amount proposed for 2018/19 is set out in Table 2.

Table 2: Appropriations by area.

Appropriation Expenditure by Area	2018/19 (\$)	2018/19 (%)
Essential Infrastructure	855,740	12.7
Public Health and Safety — Emergency Response	3,100,000	46.1
Public Health and Safety — Other	626,150	9.3
Sustainable Industry	1,147,950	17.1
Law and Order	380,910	5.7
Education and Outreach	365,250	5.4
Salaries and Allowances Act 1975	251,000	3.7
TOTAL APPROPRIATIONS	6,727,000	

Infrastructure

ChemCentre is located in leased premises at Building 500 on the Curtin University of Technology (Curtin) campus on a 20-year lease that commenced in 2009. Government has entered into an agreement with Curtin whereby, through the WA Treasury Corporation (WATC), it has provided a loan to build these facilities for ChemCentre and for Curtin's Department of Chemistry. As part of this agreement the Minister for Finance pays Curtin rent (equivalent to the principal and interest and other costs charged by WATC) on a term of 20 years. At the conclusion of this arrangement Curtin will be the owner of the building.

Assets

ChemCentre has a ten-year rolling strategic asset plan (SAP) within the context of government's Strategic Asset Management Framework. ChemCentre's assets are managed in accordance with the requirements of TI 406 "Custody of Public Property" and s10.c.ii of the Act. Expenditure associated with the Plan is published in the budget papers. Funds for capital acquisition are currently derived from appropriations.

ChemCentre's SAP is predicated on routine replacement of many minor capital items, the timely replacement of fully depreciated and outmoded analytical equipment for existing business lines and the periodic acquisition of scientific instruments with new capabilities to enhance service offerings and/or offer improved efficiency. Investment of resources into the development of software for laboratory information and systems and other information technology upgrades is also considered essential.

The SAP is designed to take advantage of the rapid advances in technology in the chemical analytical field in both sensitivity and efficiency strategies for asset management and to meet with client requirements. Major improvements in instrument capability and capacity allow scope to offset the capital acquisition costs for equipment to support major new business initiatives.

Fee-for Service Activities

ChemCentre's enabling legislation permits it to engage in commercial activities. ChemCentre regularly reviews fees and charges for the annual across government review in accordance with Treasurer's Instruction (TI 810). The Minister for Science, under the *State Trading Concerns Act 1916*, also authorises ChemCentre's CEO to set rates and charges out of cycle in response, for example, to market conditions or specific commercial opportunities.

ChemCentre's Board approves charges for the following financial year as part of its adoption of ChemCentre's annual internal budget. ChemCentre charges cover direct costs and indirect costs plus a margin which varies according to the client, the nature of the service provided and the competitive environment.

ChemCentre charges customers on a fee-for-service basis under various purchase orders, contracts and, for government clients, Memorandums of Understanding (MoU) and Service Level Agreements (SLA). Its charges are determined with consideration of the WA government's "*Costing and Pricing Government Services*" guideline (Department of Treasury).

The SLAs which underpin the MoUs with, for example, the Western Australia Police and the Office of the State Coroner, are renegotiated each year if required. Other prices are negotiated in accordance with market factors, contract terms and conditions, the specific nature of the work to be undertaken, volume to be tested, length of contract etc.

The range of services provided by ChemCentre in each of its functional areas are outlined in Table 3.

A Premier's instruction was issued in the 2015/16 financial year that encourages government agency to seek a quote for relevant services from ChemCentre. Increasing the number of government agencies using ChemCentre will increase volumes and decrease the unit cost of analysis in many areas and have a positive impact on ChemCentre's sustainability (and hence a more favourable return to government). Activity arising from this initiative is being monitored and will be further evaluated in 2019-20.

ChemCentre also currently provides high level scientific advice and related policy opinions to government via both formal interagency committees and less formally via specific problem solving for key issues in the justice system, in areas of environmental testing, and assisting in the legislative reform process.

The planned operating income and expenditure for ChemCentre over the planning period is outlined in Appendix 2. The planned operating income takes into account the current and expected future economic environment in which ChemCentre is operating.

Under section 27 of the Act the Minister may, with the concurrence of the Treasurer, fix an amount that ChemCentre is required to pay to the Treasurer by way of financial return to the State; and direct the ChemCentre Centre to make the payment. However, such a direction has not been received to date.

Under section 31 of the Act ChemCentre is liable for duties taxes and other statutory imposts. This includes the Company Tax equivalence regime operated by government. Given current trading conditions it is not expected that ChemCentre will be required to meet either a dividend or a Company Tax equivalent payment in 2018-19.

Table 3: Services provided by ChemCentre’s functional areas.

<i>Physical Evidence</i>	<i>Emergency Response</i>	<i>Environmental Chemistry</i>
Analysis of accelerants, explosives, gunshot residue, glass, paint, polymers, fibres, metals, soils, personal defence sprays, lotions and cosmetics, ink and dyes, and other miscellaneous materials	Maintenance of Emergency Response capability	Water analysis for potable, irrigation, stock or industrial use
Maintenance of a library of comparison materials	Maintenance of a Gamma-irradiation unit for sterilization of materials	Water and waste-water analysis for assessment of contamination and treatment alternatives
<i>Illicit Drugs</i>	Maintenance of a mobile laboratory	Occupational health sample analysis including blood and urine analysis
Drug profiling analysis	Identification of “unknown” chemical hazards	Cyanide and cyanide speciation analysis of mining processing fluids and waste materials
Clandestine laboratory attendance and analysis	Training external agencies (e.g. Department of Fire and Emergency Services) in hazard mitigation/response	Carbon and sulfur analysis for environmental, industrial, and occupational health purposes
Certificates related to seized illicit drugs and associated paraphernalia	Provide expert advice to State, national and international emergency response agencies	<i>Petroleum Chemistry</i>

Toxicology	Attendance at site of emergency	Marine samples (water, sediment, biota) for hydrocarbons for the oil and gas sector
Alcohol analysis for traffic offences	Soil and Mining	Freshwater samples for hydrocarbons and tracer chemicals (e.g. fracking)
Drug analysis for traffic offences	Soil analysis for agronomic purposes	Residues and Compositional Chemistry
Confirmation of oral fluid drug tests	Soil analysis for land rehabilitation purpose	Pesticide and herbicide residues in food
Toxicology for criminal cases	Soil analysis for environmental purposes	Pesticide residues in water
Toxicology for the Office of the Coroner	Soil amelioration services	Disinfection by-products (DBP) in treated water
Community health toxicology, including workplace drug testing	Plant analysis for agronomic and nutritional purposes	Trace contaminants (e.g. pharmaceuticals, hormones, PFAS, etc.) in water
Racing Chemistry	Plant analysis for land rehabilitation purpose	Occupational Health and Investigations
Anti-doping Toxicology for the equine and canine racing codes	Plant analysis for environmental purposes	Analysis of occupational exposure; fumes, dusts, biological samples
Work place drug testing of employees involved in equine and canine racing codes	Mine site analysis for potential acidiferous mine drainage	Analysis of diving gases for commercial sector and the armed forces
	Mineral and waste analysis for reuse	Analysis of materials from contaminated sites
	By-product analysis for safe re-use	Identification of unknown materials in licenced waste sites

Appendix 1: Financial Forecast

**INCOME STATEMENT ^(a)
(Controlled)**

	2018-19 Budget Estimate \$'000
COST OF SERVICES	
Expenses	
Employee benefits	14,833
Supplies and services.....	2,095
Accommodation	5,711
Depreciation and amortisation	1,455
Other expenses.....	2,356
TOTAL COST OF SERVICES.....	26,450
Income	
Sale of goods and services.....	18,695
Other revenue	57
Total Income	18,752
NET COST OF SERVICES	7,698
INCOME FROM STATE GOVERNMENT	
Service appropriations.....	6,727
TOTAL INCOME FROM STATE GOVERNMENT	6,727
SURPLUS/(DEFICIENCY) FOR THE PERIOD	(971)

(a) Full audited financial statements are published in the agency's Annual Report.

**STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)**

	2018-19 Budget Estimate \$'000
CURRENT ASSETS	
Cash assets.....	1,763
Holding account receivables	-
Receivables.....	2,545
Other	331
Total current assets	4,639
NON-CURRENT ASSETS	
Property, plant and equipment	4,594
Intangibles.....	390
Other	3,813
Total non-current assets	8,797
TOTAL ASSETS	13,436
CURRENT LIABILITIES	
Employee provisions.....	2,464
Payables	315
Other	1,153
Total current liabilities	3,932
NON-CURRENT LIABILITIES	
Employee provisions.....	864
Total non-current liabilities	864
TOTAL LIABILITIES	4,796
EQUITY	
Contributed equity	12,026
Accumulated surplus/(deficit)	(3,386)
Total equity	8,640
TOTAL LIABILITIES AND EQUITY	13,436

(a) Full audited financial statements are published in the agency's Annual Report.

STATEMENT OF CASHFLOWS ^(A)
(Controlled)

	2018-19 Budget Estimate \$'000
CASHFLOWS FROM STATE GOVERNMENT	
Service appropriations.....	6,727
Capital appropriation	1,000
Holding account drawdowns.....	-
Net cash provided by State Government.....	7,727
CASHFLOWS FROM OPERATING ACTIVITIES	
Payments	
Employee benefits.....	(14,677)
Supplies and services	(2,086)
Accommodation	(5,977)
Other payments.....	(4,306)
Receipts	
Sale of goods and services.....	18,599
GST receipts	1,860
Other receipts	-
Net cash from operating activities	(6,587)
CASHFLOWS FROM INVESTING ACTIVITIES	
Purchase of non-current assets	(1,000)
Net cash from investing activities.....	(1,000)
NET INCREASE/(DECREASE) IN CASH HELD	140
Cash assets at the beginning of the reporting period	1,623
Cash assets at the end of the reporting period	1,763

(a) Full audited financial statements are published in the agency's Annual Report.