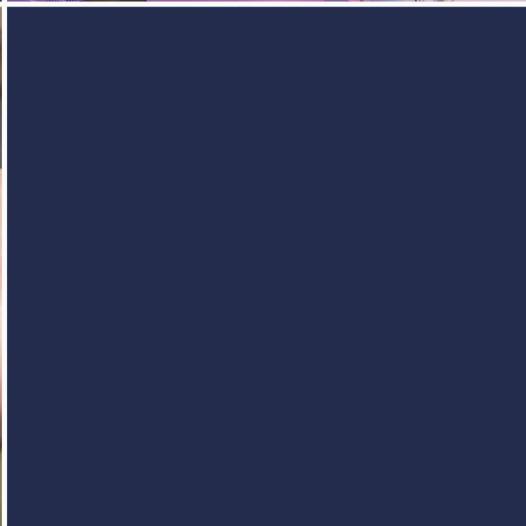
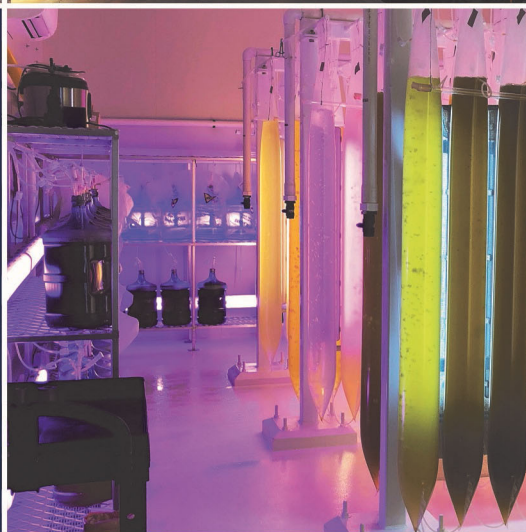




ANNUAL REPORT

20¹⁸₁₉



Great Southern Development Commission

Annual Report
2018-2019

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Other Formats

This Annual Report is available in other formats on request. The Great Southern Development Commission encourages readers to access the Report online through the Commission website and to use recycled paper if they print a copy. The online Annual Report is in PDF format.

Photo

Cover photo of Shire of Katanning administration building courtesy of FIRM Construction.

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STATEMENT OF COMPLIANCE

Hon. Alannah MacTiernan MLC

Minister for Regional Development; Agriculture and Food; Ports; Minister Assisting the Minister for State Development, Jobs and Trade

In accordance with Section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament the Annual Report of the Great Southern Development Commission for the financial year ended 30 June 2019.

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

Regional Development Commissions Act 1993 (as amended)

Corruption and Crime Commission Act 2003

Disability Services Act 1993

Equal Opportunity Act 1984

Financial Management Act 2006

Freedom of Information Act 1992

Industrial Relations Act 1979

Minimum Conditions of Employment Act 1993

Occupational Safety and Health Act 1984

Public Interest Disclosure Act 2003

Public Sector Management Act 1994

Royalties for Regions Act 2009

Salaries and Allowances Act 1975

State Records Act 2000

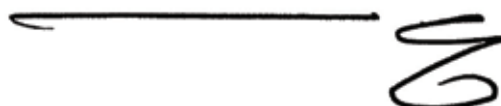
State Supply Commission Act 1991

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

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



BRAD WILLIAMSON
CHAIRMAN
6 SEPTEMBER 2019



BRUCE MANNING
CHIEF EXECUTIVE OFFICER
6 SEPTEMBER 2019

CHAIRMAN'S FOREWORD

In 2018-19, the Great Southern Development Commission's (GSDC) tasks were guided by the priorities identified in its current Business Plan, which are aligned with the State Government goals and with the strategic intent of the Department of Primary Industries and Regional Development (DPIRD).

Significant developments in 2018-19 included the allocation of State Government funding through the \$4.5 million Regional New Industries Fund to support projects that will benefit the Great Southern. Creative Albany received a \$340,000 grant to set up its Design and Innovation Great Southern Hub, which is a network to support business development and innovation across the region. The hub complements a second project, the Meshpoints Building Capacity in Regions initiative, which covers most of regional Western Australia and works with more than twenty regional facilitators.

The Shire of Kojonup was allocated \$2.6 million through the Regional Aged Accommodation Program for the Great Southern Housing Initiative. The project will deliver 21 independent living units in the Shires of Broomehill-Tambellup, Kojonup, Cranbrook, Katanning and Jerramungup. Such housing options are vitally important for regional towns to enable seniors to downsize but retain their independence while remaining in their chosen community.

In 2018, the GSDC invited applications for funding support through the State Government's Regional Economic Development (RED) grants. The RED grants initiative is a \$28.8 million program over five years aimed at creating long-term economic growth and jobs in the regions. Nine Great Southern projects were successful, bringing more than \$700,000 of funding to projects with a total value of \$7.4 million. Projects approved for funding included several which will build tourism product and sector capacity.

GSDC-supported projects in Albany's CBD are delivering a major enhancement of the town centre. Improvements at Alison Hartman Gardens will provide an activity hub with new opportunities for public art, cultural interpretation and community events. A RED grant through the Commission supports the redevelopment of the Albany Town Hall.

In Katanning, work continued on the town's heritage centre project, complementing the completion of the Shire of Katanning's new administration centre. The heritage centre project includes the refurbishment of the iconic all-ages playground as part of a welcome precinct, along with a botanic garden, nature playground and residential development around Piesse Lake. The Shire is also developing a tourism strategy, which is also supported by a RED grant.

The Commission continued its investment in regional events, which stimulate the economy by bringing visitors to the Great Southern. Taste Great Southern delivered a successful program of food and beverage events, and another popular Bloom Festival was presented by Hidden Treasures Great Southern. The GSDC supported Hidden Treasures as it undertook a significant rebranding program, and by the end of

2018-19, the organisation was promoting its new identity as Great Southern Treasures through a revamped website and fresh promotional material.

In 2018-19, the Commission celebrated with communities across the region as various GSDC-supported projects were completed. Nyabing opened its Community Hub, a project the GSDC has supported since 2013. The hub provides the town with a social centre, professional offices, meeting spaces and accommodation units for seasonal workers and visitors. In another project in the Shire of Kent, Pingrup residents celebrated the upgrade of their sports pavilion.

Bremer Bay held a double celebration in September 2018 when it opened improvements to its airstrip on the same day that it held a gala opening of its civic square and skate park. Both projects were supported by funding through the GSDC.

In Mount Barker, the community welcomed the completion of stages two and three of the Collet Barker Court project. The GSDC supported the development, which added seven new two- and three-bedroom homes and an on-site clubhouse to the precinct.

During 2018-19, the Board farewelled Cameron Taylor, Dennis Wellington, Margaret Gorman, Len Handasyde and Fiona Gaze, all long-serving members whose terms of appointment had expired. The service and contributions of each member are acknowledged and greatly valued. New appointments in the period were, Vernice Gillies and Annie Roberts and myself.

The diligence of the GSDC Chief Executive Officer and staff in undertaking the Commission's activities in 2018-19 is also very much appreciated. In another year of challenges and solid advance for the Great Southern's economy and its communities, the Commission was well supported in its activities by the Minister for Regional Development, Hon. Alannah MacTiernan MLC, and her Ministerial Office.

I was appointed to the position of Chair on 25 July 2019, and I take this opportunity to acknowledge the service and commitment of the previous Board Chair Ross Thornton and his achievements during his term from 2016 to 2019. The Commission has established itself as a highly regarded facilitator of development in the region, and I look forward to working with the Minister, Board and staff to build upon this valuable work.

BRAD WILLIAMSON
CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REPORT

Reflecting the strength of the Great Southern's agricultural sector and its prevailing commodity prices, data from various sources again showed that the Great Southern had the fastest growing economy in regional Western Australia over the past five years. From 2013 to 2018, the Great Southern's nominal gross regional product grew at an annualised rate of 7.3 per cent. Despite a difficult season in parts of the region, nominal gross regional product lifted by 4.7 per cent to \$4.46 billion in 2018, the most recent reporting period, and unemployment fell to 3.4 per cent. In comparison to some other Western Australian regions however, the Great Southern's per capita income figures were not as strong. This reflects the continued need to add value to and diversify the region's economy.

In pursuit of the region's continuing growth prospects, the Commission referenced its strategic intentions to the State Government priorities to deliver a stronger regional economy including an emphasis on more jobs, sound financial management, Aboriginal wellbeing, enhanced education outcomes, a sustainable environment and safer communities.

In a significant development for the region, the Commission formalised a cross-regional partnership with the South West Development Commission and the Goldfields-Esperance Development Commission in a successful bid to deliver Austrade's TradeStart services across the three regions for at least the next four years. DPIRD is supporting the initiative with a staffing allocation. Export activity has already benefitted from access to TradeStart expertise, networks and data, in that the GSDC hosted trade visits in 2018-19 including a buyer delegation from the Association of South East Asian Nations.

Industry sectors expected to benefit from the TradeStart initiative include Great Southern wine producers. While it is well accepted that the high quality of Great Southern beverages and food enhances the region's tourism industry, in that it is a key factor in attracting visitors, our produce also continues to draw the attention of trade delegates and aficionados. For example, the selection of a Great Southern Riesling as the 2019 Australian wine of the year, by the nation's most respected wine critic, is further testament to the excellence of the region's product.

Local content support activities through the GSDC helped to maximise the participation of regional enterprises in the Government's procurement processes. The activities of the GSDC's local content adviser, along with targeted information forums, provided opportunities for businesses to improve their competitiveness in regional procurement. Development of a database of Aboriginal businesses and organisations will enhance Aboriginal engagement with procurement processes. Further work was undertaken in Aboriginal economic development through the presentation of governance training to support future partnerships in relation to the implementation of the South West Native Title Settlement.

In June 2019, the Commission hosted a forum in Albany on shellfish aquaculture in Western Australia, in partnership with DPIRD, the Aquaculture Council of Western Australia and the Albany Shellfish Hatchery. The success of the fully-subscribed

forum highlighted the strategic importance of the Hatchery, which is making a major contribution to investor confidence in shellfish aquaculture development throughout the state. In its first year of operation the Hatchery supplied more than 70 million bivalve spat to shellfish farmers in Western Australia and interstate. It has already played a key role in trials to test the commercial viability of certain shellfish species.

The Wave Energy Research Centre, established in Albany by the University of Western Australia's (UWA) Oceans Institute with the support of a \$3.75 million State Government grant, will enhance the state's capacity to deliver renewable energy from marine resources. The Centre occupies the UWA's Great Southern Marine Research Facility, established near the Albany Waterfront precinct in June 2019.

The region's research capacity is also enhanced by the Commission's continued focus on building tertiary education capacity in the region. In 1999, with support from the GSDC and others, the UWA established a presence in Albany. Given this 20-year milestone, it is important to reflect on the significant contribution of the former Vice Chancellor of UWA (then Deputy Vice Chancellor) Emeritus Professor Alan Robson AO, who was instrumental in the success of the initiative. The Commission continues to foster developments in education through initiatives such as increasing access to affordable student accommodation. GSDC aims in this sector include greater retention of young adults in the region as well as bringing students from elsewhere, including overseas, to pursue technical and higher studies in the region.

The making of the feature film *Breath* in the Great Southern in 2016 has contributed to a step change in film production in the region. In 2018-19, the region hosted two feature films and a television production: the feature films *Rams* and *H is for Happiness* and the ten-part children's television series *Itch*. With an aggregated regional spend of more than \$4.2 million, this film and television activity supported almost 200 opportunities for work and training for local residents. However, the key gain of attracting film productions to the Great Southern is that they significantly increase the region's capacity to showcase its natural and other assets to the world.

Continuing its long-term focus on actively encouraging the sound management of the region's natural resources, the Commission presented the thirteenth GSDC Medal in 2018-19. Cranbrook farmer Ian Walsh received the award for his innovative methods in addressing rising salinity on his property by successfully establishing a range of salt-tolerant plants to reclaim degraded land. The award again attracted several other high-quality finalists who demonstrated natural resource management excellence in areas such as conservation, renewable energy and education.

The Commission's work in 2018-19 took place in the context of continuing implementation of organisational changes flowing from the establishment of DPIRD in July 2017. Staff at the GSDC implemented the changes as they rolled out, and sustained their commitment to the agency's activities in support of the State Government's objectives. Their efforts are appreciated, as are those of Perth-based DPIRD staff who provided assistance. On behalf of those working at the Commission, I wish to acknowledge the leadership and support of former Chair Ross Thornton from 2016 to 2019, and other Board members in 2018-19.

BRUCE MANNING
CHIEF EXECUTIVE OFFICER

OVERVIEW

EXECUTIVE SUMMARY

The Great Southern Development Commission (GSDC) operates under the *Regional Development Commissions Act 1993* and reports to the Hon. Alannah MacTiernan MLC, Minister for Regional Development; Agriculture and Food; Ports; Minister assisting the Minister for State Development, Jobs and Trade.

The GSDC has complied with the requirements of the *Financial Management Act 2006*, the *Public Sector Management Act 1994* and all other relevant laws.

The GSDC's *Business Plan 2018-19* provides the road map for the agency in addressing the Government goals. The Commission's projects and achievements, outlined from page 17, are guided by the GSDC *Business Plan 2018-19*.

An independent survey of key performance indicators showed that 83 per cent of the GSDC's clients rated the Commission as being effective or very effective in its delivery of services to coordinate and promote economic development in the Great Southern. This result exceeds the target of 80 per cent.

The GSDC achieved an efficiency indicator of \$29,265 per project.

In 2018-19, the net cost of the GSDC's services was \$2,323,929.

At 30 June 2019, the work of the GSDC was supported by 11.2 full-time staff equivalents to achieve regional economic and social development outcomes for the Great Southern.

The GSDC's compliance with Government policy and law is reported in the Governance Disclosures and Other Legal Requirements sections from page 77 of this report.

OPERATIONAL STRUCTURE

ENABLING LEGISLATION

The Great Southern Development Commission was established by the *Regional Development Commissions Act 1993*.

RESPONSIBLE MINISTER

The GSDC reports to the Hon. Alannah MacTiernan, Minister for Regional Development; Agriculture and Food; Ports; Minister assisting the Minister for State Development, Jobs and Trade.

Purpose

The purpose of the GSDC is to assist the Great Southern region in achieving its economic development potential.

Role

The role of the GSDC is to coordinate and promote the economic development of the Great Southern region of Western Australia.

OBJECTS AND FUNCTIONS

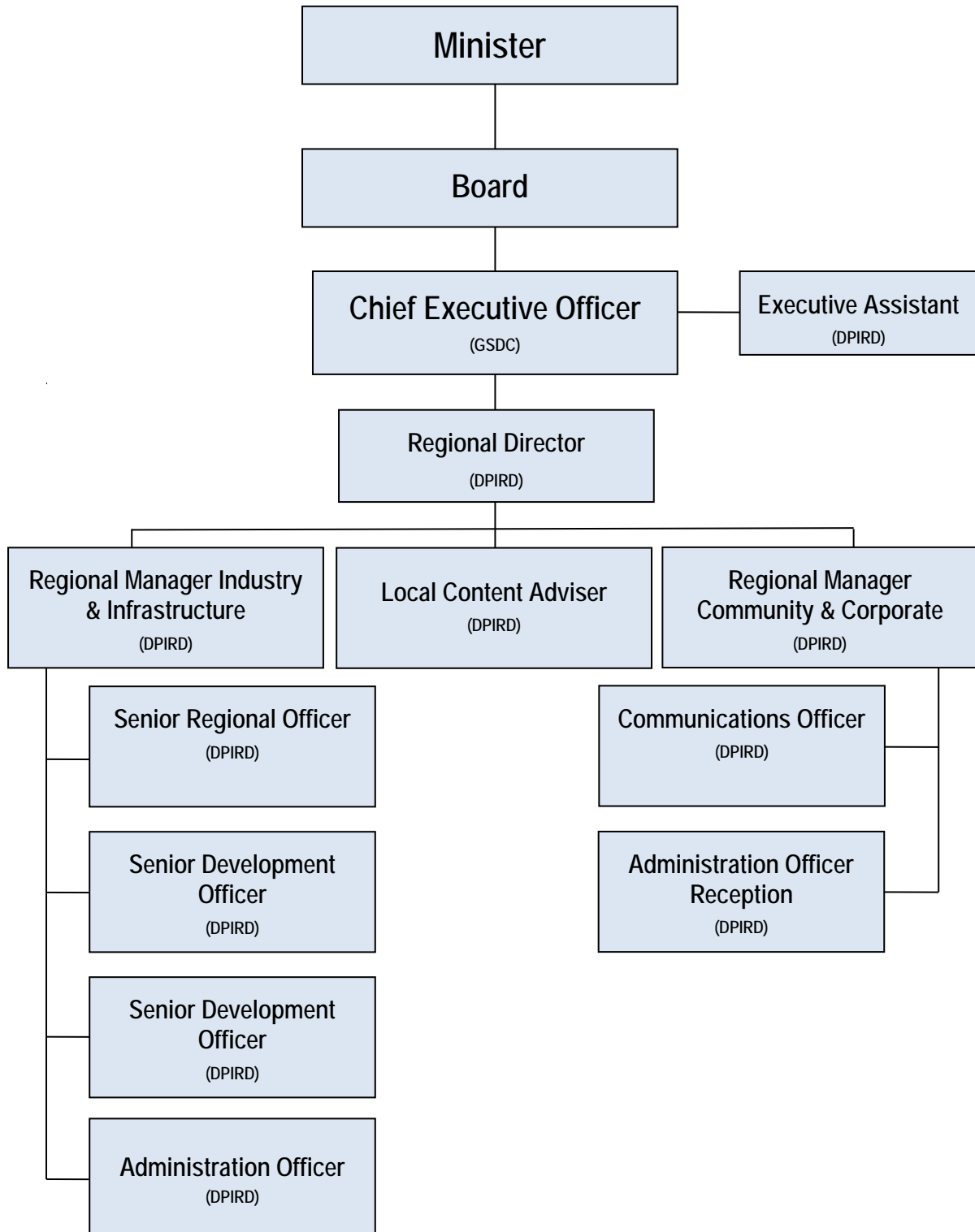
(Based on the *Regional Development Commissions Act 1993* and amendments)

The objects and functions of the GSDC are to:

- Maximise job creation and improve career opportunities in the region
- Develop and broaden the economic base of the region
- Identify infrastructure services to promote economic and social development within the region
- Provide information and advice to promote business development within the region
- Seek to ensure that the general standard of government services and access to those services in the region is comparable to that which applies in the metropolitan area
- Generally take steps to encourage, promote, facilitate and monitor the economic development of the region.

ORGANISATIONAL STRUCTURE

At 30 June 2019



BOARD MEMBERSHIP

The Board of Management is the governing body of the GSDC and meets regularly to set major policy directions including budgets, major expenditure approvals and advice to the Minister on regional matters. In 2018-19, the State Government implemented a reduction in the number of appointed members from nine to six.

In 2018-19, Board members by nomination categories were:

Ministerially Nominated

Ross Thornton (Chair) is a qualified town planner and registered builder and has been involved in property development. He is a member of the Western Australian Planning Commission. Mr Thornton is a former Councillor and President of the Shire of Denmark.

Brad Williamson was Chief Executive Officer of the Albany Port Authority from 2002 to 2014. Following the merger of the Albany Port Authority into the Southern Ports Authority, he was the General Manager of the Port of Albany from 2014 to 2016. Mr Williamson is now a consultant on port and marine issues. He has served on the various community committees including the Australia Day Council, Great Southern Grammar School and the Albany Aero Club. (Appointed November 2018.)

Cameron Taylor is a Katanning-based partner and director of national accounting firm RSM Australia, for which he manages the Great Southern zone covering Albany, Katanning and Narrogin offices. He is also RSM's National Head of Agribusiness. Mr Taylor is involved in various community and sporting organisations in the Great Southern, including Katanning Regional Business Association and the local Project Advisory Group. (Term ended December 2018.)

Len Handasyde has been a member of the Plantagenet Shire Council since 2009. He farms strawberries, sheep and grains in the Plantagenet district. He is the Chair of the Regional Road Group and serves on various Plantagenet Shire committees. (Term ended December 2018.)

Community Nominated

Vernice Gillies is a Noongar elder and part of Kurrah Mia, an Aboriginal-owned tour and retail business in Albany. Ms Gillies was formerly an Aboriginal Learning and Community Liaison Officer with the Museum of the Great Southern. She has served on committees including the Aboriginal Heritage Reference Group, the South Coast Natural Resource Management Heritage Committee and the WA Aboriginal Justice Committee. (Appointed April 2019.)

Annie Roberts is Australia Post's Postal Manager, Regional and Rural Post Office Network. Through Australia Post, Ms Roberts has taken up roles as a small business champion, community advocate and supporter of traineeships for diversity and Aboriginal students. She is president of the Australia Postal Institute Albany branch,

and has supported Albany Headspace and networking group Great Southern Women. (Appointed April 2019.)

Dennis Wellington is the Mayor of the City of Albany, an office he has filled since 2011. Apart from a short break, he has been a member of the Council since 2000, and has also served as Deputy Mayor. Mr Wellington worked in real estate for 16 years, was in tourism for three years and ran a small business in Albany for 22 years. (Term ended April 2019.)

Margaret Gorman is a farmer and retired teacher from Wellstead. She has a long involvement with various community groups in Wellstead and played a key role in the development of the Wellstead Community Resource Centre. Mrs Gorman is a member of the Wellstead Historical and Heritage Committee, the Wellstead Community Resource Centre and the Wellstead Progress Association. (Term ended April 2019.)

Local Government Nominated

Veronica Fleay (Deputy Chair) is President of the Shire of Kojonup. She is a member of the Western Australian Planning Commission and a former Chair of the Gascoyne Development Commission.

Fiona Gaze is the Principal of the Gnowangerup District High School and has a strong focus on enhancing career development and alternatives for at-risk students. She is the Deputy President of the Shire of Gnowangerup, where she has been a Councillor since 2009. Cr Gaze has served on a range of council committees. She has also contributed through a variety of community groups, with an emphasis on families, youth and leadership. (Term ended June 2019)

Joanne Iffla is a long-term resident of Bremer Bay where she owns and manages an extensive mixed farming enterprise. Cr Iffla has been a Shire of Jerramungup councillor since 2005 and was elected Deputy Shire President in November 2012, a position she still holds. Cr Iffla is active in the community and represents the Shire of Jerramungup on a range of regional committees.

By Virtue of Office

Bruce Manning is the Chief Executive Officer of the GSDC.

OPERATIONAL STAFF

At 30 June 2019, the GSDC staff member was:

Bruce Manning, Chief Executive Officer

Commission-based DPIRD staff included:

Gina McPharlin, Regional Director

Russell Pritchard, Regional Manager Industry & Infrastructure

Jude Tyzack, Regional Manager Community & Corporate

Gavin Ellis, Local Content Advisor

Duane Schouten, Senior Development Officer

Jessica van der Waag, Senior Regional Officer

Jessica Ngeh, Senior Development Officer

Steve Pontin, Communications Officer

Clare Hodgson, Executive Assistant

Karen Petty, Administration Officer

Roslyn Loxton, Administration Officer Reception.

Other DPIRD staff supporting the GSDC included officers in the fields of information technology, human resources and finance.

In 2018-19, resignations were accepted from the following staff:

Nicola Edwards, Communications Officer

Randall Jasper, Regional Manager Community & Corporate

Angela Simpson, Regional Director.

PERFORMANCE MANAGEMENT FRAMEWORK

OUTCOME BASED MANAGEMENT FRAMEWORK

The GSDC delivers regional development services in accordance with its corporate vision expressed through its corporate goals.

Vision: The Great Southern is recognised internationally as a natural choice for opportunity and lifestyle.

Goals: In accordance with the GSDC's *Strategic Directions 2014-2020*, the agency delivers its projects by addressing the following goal areas:

- Economic Growth and Diversification
- Essential Infrastructure and Services
- Community and Environment
- Knowledge and Innovation
- Efficient Agency Performance

Core activities of the agency in providing regional leadership include undertaking regional planning, advising the State Government on the regional economy, linking Government and stakeholders and efficiently managing agency resources. The GSDC's activities take place within the context of DPIRD's strategic intent to protect, grow and innovate in primary industries and regional development in Western Australia, and address the State Government goals:

- **A strong economy:** Create jobs and repair the State's finances
- **A bright future:** Improve the health, wellbeing and education of children
- **A safer community:** Reduce youth reoffending and illicit drug use in the community
- **A liveable environment:** Link homes to transport, conserve land and reduce waste
- **Aboriginal wellbeing:** Reduce the overrepresentation of Aboriginal people in custody
- **Regional prosperity:** Deliver strong regional economies.

Government Goal	Desired Outcome	Service
Regional prosperity: Deliver stronger regional economies	The sustainable economic and social development of the Great Southern	Regional Development

The GSDC delivers one service, being regional development, which is reported through its Business Plan in the areas of:

- Agribusiness
- Aboriginal Development
- Energy Futures
- Economic Infrastructure
- Digital Connectivity
- Knowledge and Innovation
- Local Content
- Cultural Infrastructure

CHANGES TO OUTCOME BASED MANAGEMENT FRAMEWORK

There have been no changes to the outcome-based management framework during 2018-19.

SHARED RESPONSIBILITIES WITH OTHER AGENCIES

The Department of Primary Industries and Regional Development was created on 1 July 2017 from the amalgamation of the former Departments of Agriculture and Food; Fisheries; and Regional Development, together with staff from the nine Regional Development Commissions. DPIRD now provides finance, human resources and information technology services for the GSDC.

The GSDC also works collaboratively with a broad range of other agencies to achieve the Government's desired outcomes in the Great Southern.

AGENCY PERFORMANCE

PERFORMANCE TARGETS

The Commission reports its efficiency as average cost per project. The target cost was \$64,500 and the actual average cost per project in 2018-19 was \$29,265.

In 2018-19 the GSDC exceeded its target for client satisfaction with the agency's coordination and promotion of Great Southern economic development.

Actual Results Versus Budget Targets

Financial targets 2018-19:

	2018-19 Target ⁽¹⁾ \$	2018-19 Actual \$	Variation ⁽²⁾ \$
Total cost of services (expense limit)	979,000	2,328,709	1,349,709 ^(a)
Net cost of services	979,000	2,323,929	1,344,929 ^(b)
Total equity	668,000	552,042	(115,958) ^(c)
Net increase / (decrease) in cash held	659,000	682,813	23,813 ^(d)
Approved salary expense level	227,000	227,000	-

(1) As specified in the Section 40 estimates.

(2) Further explanations are contained in Note 8.10 Explanatory Statement to the financial statements.

(a) The increase in the 2018-19 actual total cost of services when compared to the 2018-19 target (\$1.35 million) is predominantly due to the Commission's 2018-19 Section 40 budget not accounting for services provided free of charge by DPIRD in the 2018-19 financial year.

(b) The increase in the 2018-19 actual net cost of services (\$1.345 million) is primarily attributed to the Commission's 2018-19 Section 40 budget not accounting for services provided free of charge by DPIRD in the 2018-19 financial year.

(c) The variation (\$115,958) between the target and actual in total equity is due to utilisation of carry over funds from previous financial year and less revenue received in 2018-19 financial year.

(d) The variation (\$23,813) in restricted cash and cash equivalents between the target and the actual is due to higher Royalties for Regions project carry over funds at the end of 2018-19 financial year.

Client Survey

The Commission engaged independent entity Perth Market Research to conduct a client survey, which drew 155 responses from 215 clients contacted.

A target rating of 80 per cent was set for the GSDC's coordination and promotion of development in the Great Southern. The GSDC achieved a rating of 83 per cent of respondents who thought its coordination and promotion of development in the Great Southern was effective or very effective.

Very Effective or Effective						Ineffective or Very Ineffective				
2019 Target	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual	2019 Actual	2018 Actual	2017 Actual	2016 Actual	2015 Actual
80%	83%	81%	81%	83%	83%	3%	2%	1%	2%	2%

Specific activity areas were also rated, such as providing business advice, lobbying for improved infrastructure and improving access to services. The results of the independently conducted client survey, showing clients' ratings of the GSDC against various items, are reported in the following table.

	Effective or Very Effective					Ineffective or Very Ineffective				
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015
Lobbying to improve infrastructure development	75%	78%	79%	77%	80%	1%	1%	1%	3%	2%
Enhancing investment opportunities	71%	73%	75%	77%	78%	3%	2%	2%	3%	1%
Providing business information and advice	77%	75%	88%	91%	88%	4%	5%	0%	1%	-
Creating economically sustainable development	78%	77%	75%	77%	76%	3%	2%	2%	0%	4%
Improving access to services	70%	68%	80%	83%	80%	6%	5%	2%	1%	1%
Improving quality of life	73%	72%	62%	71%	63%	3%	2%	8%	7%	6%
Developing career opportunities	62%	58%	61%	63%	68%	11%	10%	7%	5%	6%

REPORT ON OPERATIONS

AGRIBUSINESS

The GSDC collaborates with the agribusiness sector and industry stakeholders on strategic projects to improve local employment opportunities and promote growth and investment across agriculture, aquaculture, forestry and horticulture.

The Commission chairs the Western Australian Meat Marketing Cooperative (WAMMCO) **Water Solutions Working Group**. The group, established in May 2017, includes Department of Primary Industries and Regional Development, Water Corporation, Shire of Katanning and WAMMCO representatives and has been investigating options to ameliorate the cost of water delivered to the Cooperative's Katanning plant. WAMMCO contributes significantly to the regional and State economy as a buyer of approximately one million sheep per annum, an employer of 320 workers and through the export of value-added products. The water supply options examined have included the desalination of available groundwater, recycling, on-site water harvesting, and upgrading Pinwernying Dam, which is a Water Corporation asset. WAMMCO is working with the Water Corporation through its Innovations Partnership project to implement a range of water efficiency measures at the facility.

The GSDC continued to **assist and support the region's exporters** in identifying and accessing new and emerging markets for their products. In a significant strategic development for the region, the Commission entered a cross-regional partnership with the South West Development Commission and the Goldfields-Esperance Development Commission for a



Members of a trade delegation from Association of South East Asian Nations sample Great Southern produce at a mini expo hosted by the GSDC.

successful bid to deliver Austrade's TradeStart services across the three regions. Set to span at least four years, the initiative will enable the Commission to access TradeStart expertise, networks and data to identify opportunities to develop export initiatives. The full range of services will be targeted to assist small to medium enterprises across all sectors. Up-to-date advice will also be provided on international trade and investment opportunities.

Related activities in 2018-19 included delivering a wine export workshop, which was designed to equip Great Southern wine producers with practical export tools. The Commission also hosted several inbound investor and food-and-wine familiarisation delegations.

Focus: Aquaculture

Delegates at the WA Aquaculture Shellfish Industry Forum in Albany.

As part of its strategic aim for growth in aquaculture, the GSDC delivered a major forum on shellfish aquaculture in June 2019. The WA Aquaculture Shellfish Industry Forum was presented in partnership with DPIRD, the Aquaculture Council of Western Australia and the Albany Shellfish Hatchery.

It brought together delegates from government, private enterprise and not-for-profit organisations to hear about recent research, innovation and opportunities in the sector. The fully-subscribed forum considered topics including: a research and development overview; the role of government; innovation; investment issues; models for marketing, packaging and distribution; and indigenous involvement.

In the final session of the day, the delegates contributed to a workshop session on the opportunities and challenges facing the industry, and potential solutions that could be implemented.

The forum complemented other GSDC activities in 2018-19. These included the Commission continuing to chair the Albany Shellfish Hatchery Advisory Committee, which was formed by DPIRD to provide strategic and operational advice to the department regarding the new hatchery in the Albany Aquaculture Park. Progress was also made toward the establishment of the south coast aquaculture development zone, which aims to reduce development approval times for marine aquaculture projects from several years to several months. The State Government provided \$1.66 million towards the initiative and the GSDC was a member of the project management group in 2018-19.

A key GSDC activity is to **market the Great Southern to potential investors** and to those seeking to relocate to the region. During 2018-19, the GSDC provided relevant industry settings and market information to these client groups in order to help them make informed investment decisions. The researched material is often used by the companies which have reached the stage of developing scoping and feasibility studies, and other business planning tools. The GSDC's investment clients during the period included potential proponents in the fields of satellite launching, agricultural products, fish processing, aquaculture, tourism and renewable energy generation. The GSDC also liaises with both local and Perth-based enterprises where there is an identified opportunity to expand business operations in the Great Southern.

ABORIGINAL DEVELOPMENT

The GSDC aims to facilitate opportunities for Aboriginal businesses to develop an increased capability to participate in government procurement, thereby creating jobs and economic growth. It continues to support the development of governance arrangements that will support the implementation of the South West Native Title Settlement. The intent is to maximise the economic and social outcomes for Noongar people in the Great Southern. In 2018-19, the GSDC worked on a range of education, training, employment and business opportunities with Aboriginal organisations, community-based groups and individuals. External partners included State and Australian Government agencies.

In this context, the GSDC worked on updating and making available information on Aboriginal businesses and organisations in the region, including:

- Aboriginal corporations, their office-bearers and members, activities, land holdings and location
- Registered Aboriginal Businesses (registered on the Aboriginal Business Directory WA and/or Supply Nation Indigenous Business Directory; contact details were shared with all Government agencies in the region for their reference when seeking goods and services suppliers)
- The full range of Aboriginal businesses and their activities and locations.

The GSDC is continuing to confirm and update the data that allows for more direct and effective connection with the region's Aboriginal business community.

In June 2019, the GSDC hosted a two-day **Governance for Partnerships** training program for indigenous corporations in the central Great Southern. The training was provided by Mr Teik Oh from OTS Management. The program aimed to help the participants, the principal representatives of regional organisations, better understand what makes a best



Participants in the GSDC-initiated and supported governance training workshop.

practice partnership. The training was presented in the context of an increasing interest in the region to develop and work together on projects, by corporations, businesses, not for profit organisations, public agencies and others. The attendees, drawn from the region's leadership group, represented Katanning, Kojoonup, Tambellup, and Gnowangerup. The workshop covered definitions and legal structures of partnerships, selecting the appropriate structure and knowing the implications (including when a partnership may not be required), how to initiate and negotiate partnership discussions, principles of a good partnership, governance, documentation and resources and support.

ENERGY FUTURES

The Commission aims to ensure the Great Southern has access to a range of energy sources that are affordable, sustainable, secure and able to meet the requirements of industry and the community. The GSDC continued its membership of the **Wave Energy Research Centre** (WERC) Advisory Committee, which was convened to provide advice and guidance to the UWA Albany-based WERC Management Team.



The Wave Energy Research Centre is in the Great Southern Marine Research Facility at Albany's former railway station.

WERC is housed in Albany's old railway station building, which was refurbished in 2019. UWA received \$3.75 million from the State Government to develop WERC, and activities will build on expertise already developed at the UWA Oceans Institute.

In 2018-19 the GSDC continued to work with **alternative and emergent energy** companies. The strategic aim is to explore options for commercial, cheaper alternatives to conventional high voltage transmission lines to provide electricity to remote locations for industrial operations. Some of these companies are at the forefront of alternative energy innovation in WA, including several focused on using hydrogen as a fuel source.

ECONOMIC INFRASTRUCTURE

The Commission supports coordinated approaches to the development of economic infrastructure and investment that advances the growth and diversification of the regional economy and the attraction and retention of industry.

Significant projects in 2018-19 included the completion of the **Bremer Bay Town Centre and Heritage Trail**, a \$2.2 million Shire of Jerramungup project, which was supported by \$1.7 million in State Government funding. The works included construction of a civic square with nature playground, a shared-use trail and civil

works, including road construction, landscaping, footpaths, street furniture, lighting and public art. In addition, the Shire and community secured \$580,000 for a skatepark, which was identified as a priority asset during planning and design. The civic square was officially opened by the Hon. Peter Watson MLA on the 22 September 2018.

The Shire of Katanning continued work on the **Katanning Heritage Centre** project, which includes the All Ages Playground plus the Welcome and Piesse Lake Precincts. The project was developed to deliver a range of economic diversification and population growth outcomes for Katanning and its communities.

The GSDC is a member of the project advisory group and, since February 2018, has managed the funding assistance agreement for the project. The Commission worked with the Shire on securing a variation to the funding agreement to reflect the revised project, and the recommendations of the Master Plan. The plan's objectives are to deliver efficiencies, sustainability outcomes and an overall cohesive project. This will deliver a stronger emphasis on visitor experience, attraction and engagement, and will maximise benefits across community and business sectors. The All Ages Playground and Welcome Precinct elements of the project are expected to be completed in early 2019-20.

The **Albany Waterfront** development is the outcome of a partnership between the GSDC and LandCorp. The project's key stakeholders are the City of Albany, the GSDC, LandCorp and the Department of Transport. The GSDC delivered the Albany Entertainment Centre component of the project, which was opened in 2010. In 2018-19, work started on a 108-room, five-storey hotel on the Waterfront lot east of the Albany Entertainment Centre. The GSDC is a member of the Albany Maritime Advisory Group, a forum for providing feedback into management decisions affecting the Department of Transport's maritime facilities, including the Albany Waterfront Marina.

The GSDC is a member of the **Middleton Beach Activity Centre Working Group**, which is chaired by the Department of Planning Lands and Heritage. The group was formed to assist with the preparation of an improvement plan for vacant land at Middleton Beach in Albany, including the former Esplanade Hotel site. Other members include LandCorp and the City of Albany. LandCorp continued to market the hotel site to qualified developers throughout the period.

The Foreshore Management Plan for the Middleton Beach Activity Centre was endorsed by the WA Planning Commission in 2018-19. The City of Albany was successful in applying for \$4.5 million from the Australian Government's Building Better Regions Fund to undertake foreshore development, revitalisation and coastal protection measures. Additional funding is being provided through the City and LandCorp to the \$8 million project, which is scheduled to be completed in two years.

The State Government initiated the **Regional Economic Development (RED) grant program** in 2018-19. RED grants will invest \$28.8 million into regional Western Australia over five years. The first round of funding delivered a State Government investment of more than \$700,000 for nine projects in the Great Southern, as shown in the following table.

Applicant	Project	RED grant funding
Alzheimer's Australia WA	Dementia specialist respite cottage	\$200,000
National Trust of Australia	Visitor accessibility and amenity at the Old Farm Strawberry Hill	\$191,964
City of Albany	Albany Town Hall redevelopment	\$100,000
Gondwana Link	Working with biodiversity and cultural values to stimulate inland economies and communities in the eastern Great Southern	\$84,212
Albany Hospice	Store and studio to recycle, up-cycle and design	\$39,068
Shire of Broomehill-Tambellup	Auspice the Great Southern Treasures group in tourism enabling and capacity building	\$37,382
Shire of Katanning	Tourism attraction and product development	\$35,960
Great Southern Tourism Events	Taste Great Southern 2019	\$25,000
Sustain: The Australian Food Network	Food for Thought Festival	\$10,000

The total value of the nine projects supported through the Great Southern RED grants was \$7.4 million.

In 2018-19, the GSDC finalised the administration and acquittal of a number of allocated grants under the State Government's \$1 million **Local Projects – Local Jobs** program. The Commission also oversaw the finalisation of several remaining grants under legacy programs.

The GSDC continued to maintain a **Major Projects register** to provide regular updates on significant industry, infrastructure and construction-related initiatives that are being undertaken in the region. The aim of the register is to inform interested parties and the community of the status of major projects and to maximise local and regional business and employment opportunities. New developments are listed on the GSDC's website and publicised through the *GSDC Bulletin*.

Focus: Affordable Student Accommodation

Construction was under way on the student housing initiative in 2019.

Early in 2019, construction started on stage two of Advance Housing's project to provide affordable student accommodation in Albany. The student housing initiative is aimed at ensuring that affordable options are available for Albany-based tertiary education students from the Great Southern and overseas. The State Government's overall goal is to double the number of international student enrolments in Western Australia to 100,000 by 2025, and this will include the regions.

Stage One opened in early 2018, providing a 20-bed facility in the historic Norman House precinct on Stirling Terrace.

Stage Two is a \$16 million project, supported by \$10.997 million of State Government funding, to provide 40 units of accommodation at the old Albany Primary School site on Serpentine Road. The new accommodation is being built on the site's former car parking areas. Its design complements the integrity of the existing buildings, which have been refurbished.

The student accommodation initiative will be consistent with other developments in the centre of Albany, including improvements at Alison Hartman Gardens and the redeveloped Albany Town Hall.

The Alison Hartman Gardens refurbishments were supported by a \$188,382 State Government investment through the GSDC. The Albany Town Hall redevelopment attracted \$100,000 in RED grant funding.

The **Revitalising Agricultural Regions Freight Strategy** identifies and prioritises specific infrastructure upgrades and makes recommendations on regulatory and policy measures that will help make freight transport in Western Australia's agricultural regions more productive, efficient and safer. The project area covers significant parts of the Mid West, Wheatbelt, Great Southern and Goldfields-Esperance regions. As a member of the project working group, the GSDC coordinated key stakeholder engagement processes in the Great Southern. The draft report was released for public comment in June 2019.

In 2018-19, the GSDC continued its membership of the **Albany Aviation Community Consultation Group**. The group, convened by the Department of Transport, provides a forum whereby Albany's servicing airline can regularly brief key regional stakeholders. The committee provides feedback on a range of issues including fees and charges, ticket prices, airport service frequency and infrastructure.

The GSDC continued to liaise with Grange Resources and its joint venture partners during 2018-19. Grange and its partners have proposed the development of a \$3 billion **magnetite mine at Wellstead**. During the year the GSDC introduced a number of potential renewable energy suppliers to the project partners to highlight the range of emerging energy options. The commencement of the project is subject to Grange achieving financial closure.

The **Mining Regional Coordination Group (MRCG)** was convened in 2018-19 to support the development of mining operations in the Ravensthorpe-Esperance area and monitor their impact on the region. The MRCG is another cross-regional partnership, comprising the Goldfields-Esperance Development Commission (chair), GSDC, Southern Ports Authority, Shires of Ravensthorpe and Esperance, the City of Albany and representatives of the mining industry. The GSDC contributed \$10,000 to support an assessment of the cumulative economic and social impacts of new mining operations under development in the Ravensthorpe-Esperance area. There is the potential for an increase in workers likely to be sourced from the City of Albany and the Shire of Jerramungup. The work will also deliver an action plan to be used as a tool to guide the MRCG to support the developing mining operations, optimise the benefits and address any issues.

The GSDC continued to work with LandCorp and local governments in the Great Southern during 2018-19 in planning to ensure a continuing supply of serviced industrial land. This included early stage discussions with potential users of land at **Yerriminup Industrial Estate** near Mount Barker. This extensive LandCorp-owned estate is currently undeveloped, but has the potential to be a key enabler of infrastructure extension and, ultimately, private sector investment in agriculture sector value adding.

Stage One of the **Denmark Light Industrial Area** achieved practical completion during 2018-19. The subdivision fronts McIntosh Road in Denmark and consists of 15 lots, the first six of which were developed and are being released by LandCorp through its Regional Development Assistance program. The remaining nine lots will be developed and released by the Shire of Denmark. The project includes an upgrade of East River Road and the intersection at Denmark-Mount Barker Road to

Main Roads standards in order to enable road train access to the industrial area. The \$7.8 million project included funding of \$2.8 million through the State Government's Royalty for Regions program and \$2.5 million from LandCorp.

In 2018-19, the Commission continued to work with a wide range of project partners to support the delivery of **strategic projects** approved by Cabinet, as detailed below.

STRATEGIC PROJECTS 2018-19			
Project	Proponent	State Government Funding	Progress as at 30 June 2019
Katanning Heritage Centre Project	Shire of Katanning	\$15,720,000	The project is underway. The Welcome Precinct will be completed in the first half of the 2019-20 financial year.
Stage 2 Affordable Student Housing	Advance Housing	\$10,997,000	The project is under construction with completion anticipated in September 2020.
Bremer Bay Town Centre and Trail Project	Shire of Jerramungup	\$1,696,383	The project is completed. A formal opening was held in September 2018.
Katanning Early Childhood Hub	Shire of Katanning	\$5,725,000	The project is on hold pending a review by the Department of Education and the Department of Primary Industries and Regional Development.
Regional Waste Management	Shires of Jerramungup, Ravensthorpe, Katanning, Kent and Gnowangerup	\$3,112,240	The project is under way. The proponent is currently working through a variation to activities and timeframe.
Denmark East Industrial Precinct	Shire of Denmark	\$2,817,815	The industrial land component was completed with the Denmark Mount Barker Road and East River Road intersection expected by late 2019.
Road system upgrade – East River Road Bridge	Shire of Denmark	\$4,133,495	The project was suspended by the Shire of Denmark in July 2017.
Great Southern Aged Accommodation Project	Shires of Kojonup, Broomehill-Tambellup, Cranbrook, Katanning and Jerramungup	\$2,600,000	The project is under way, with tenders being called for construction of independent living units and key worker accommodation.

Liaison between the GSDC and **Regional Development Australia Great Southern** (RDA-GS) continued in 2018-19 on a range of economic and social development initiatives. The high level of cooperation, which includes Board membership and regular interagency consultation, is consistent with the provisions of the long-standing interagency Memorandum of Understanding.

In 2018-19, successful applicants under Rounds Two and Three of the Building Better Regions Fund Infrastructure and Community streams were announced, including:

- \$4,513,500 for the Middleton Beach Foreshore Enhancement project (City of Albany)
- \$129,482 for the Great Southern Regional Trails Master Plan (Great Southern Centre for Outdoor Recreation Excellence)
- \$20,000 for the Great Southern Learning Adventures Strategic Marketing Plan (Great Southern Learning Adventures Strategic Marketing Plan)
- \$19,715 for the Growing the Fitzgerald Biosphere; Regional Capacity and Capability project (Fitzgerald Biosphere Group Inc.)
- \$19,836 for the Fitzgerald Biosphere: Mapping the Gaps, Planning for Growth project (Fitzgerald Biosphere Group Inc.)
- \$20,000 for the Butterflies of Corbie Exhibition at the National Anzac Centre, Albany (City of Albany)
- \$20,000 for the Katanning Economic Activation Project (Shire of Katanning)
- \$33,160 for the Digital Education: A Cultural Change in the Community (Shire of Gnowangerup)

Round Four is expected to open in the first half of 2019-20.

RDA-GS continued to be active across the region in 2018-19 with a strong level of engagement with local government, industry sectors, business groups and the community. The organisation's involvement, through partnerships, in strategic initiatives has added to its direct support of events through sponsorships.

Following the successful renomination and launch of the **Fitzgerald Biosphere** in March 2018, the Fitzgerald Biosphere Community Collective (FBCC) focused on reviewing its action plan and developing a strategic plan to guide activities in the Biosphere over the next five years. This work has included the preparation of successful applications to the Building Better Regions Fund. In February 2019, the GSDC entered into a Memorandum of Understanding with the FBCC, which formally outlines the relationship between its partners. The aim is to support cooperation and collaboration in implementing the Fitzgerald Biosphere Action Plan.

Focus: Nyabing Community Hub*Nyabing's new community hub.*

The Nyabing Community Hub was officially opened on 7 March 2019 at an event attended by approximately 200 people including Nyabing Progress Association (NPA) members, Shire of Kent representatives and community members from nearby towns.

The opening represented the culmination of six years' work by the NPA. The project incorporated new accommodation units, construction of a manager's residence and the hub building (including meeting and consultation rooms, restaurant and bar area). The final cost was more than \$2.2 million and included an \$850,000 contribution through the National Stronger Regions Fund and \$350,000 of State Government funding through the GSDC. Approximately 85 per cent of the total budget went back into the local and regional economies through the purchase of goods and services. The project was noted for the funds raised by the local community. This was achieved through a significant farmer-driven cropping program.

The hub now provides a place for community groups and organisations to meet, and for workers and visitors to stay when they come to the town. The centre also provides a venue for specialists, consultants and business people to meet clients, and for friends, family and community to socialise and enjoy a meal.



DIGITAL CONNECTIVITY

The Commission aims to ensure that maximum benefit is delivered by the State and Australian Governments' co-investment in mobile phone base station infrastructure development across the region in partnership with mobile network operators. It also supports local government, community and business groups in the region in understanding the opportunities and options available in digital technology and in adopting technologies in an appropriate and timely manner.

Mobile phone users in the Great Southern benefited from additional coverage through additional and improved infrastructure provided via the **Regional Telecommunications Project** (RTP) in 2018-19. The RTP is a State-wide telecommunications initiative to improve the State's mobile telecommunications coverage, broadly in partnership with the Australian Government and mobile telecommunications carriers through the Mobile Black Spot Program.

In 2018-19, new services were activated at Denbarker, Kalgan, Peaceful Bay (South Coast Highway) and Plantagenet (Tindale Road). These additions brought the total under the RTP in the region to 35 base stations. A further three sites will be provided through arrangements between Telstra and the Australian Government program.

The GSDC attended a public meeting in Albany and provided written feedback to the federal Regional Telecommunications Independent Review Committee, which evaluates telecommunications services in regional, rural and remote Australia every three years.

The rollout of the **National Broadband Network** infrastructure was completed for the Great Southern during 2018-19, with regional coverage achieved through a combination of technologies including fibre to the premises, fibre to the node, fixed wireless and Skymuster satellite.

In 2018-19 the State Government initiated a \$5 million **Digital Farm Grants** program under the Agricultural Telecommunications Infrastructure Fund, funded by Royalties for Regions and administered by DPIRD. Two applicants were granted funds in the Great Southern.

Superloop (Australia) secured a \$500,000 grant to improve connectivity services to farms through a large-scale fixed wireless network in the Great Southern and adjacent areas, taking in Narrogin, Wagin, Katanning, Gnowangerup, Borden and Ongerup. The proposal includes the deployment of 10 to 12 high-speed wireless link towers from Bremer Bay to Narrogin and is expected to cover over 500 farms, 10,000 households and 3,000 local businesses.

Pivotel Group secured a \$277,500 grant for the Mount Barker Pivotel Ecosphere Network in conjunction with the Stirlings to Coast Farmers (SCF) group. This project targets the construction of a high-speed 4G cellular network in the Mount Barker area. Pivotel and SCF predict 50 farms will be connected as part of this first stage of the SCF Digital Farms initiative by the end of 2019. Two mixed farming operations focused on cropping and livestock will become 'smart farm' pilot sites for the initiative where digital tools and systems will be demonstrated and tested.

KNOWLEDGE AND INNOVATION

The Commission recognises the trend that future improvements in industry knowledge, productivity, business profitability and household incomes will be underpinned by a greater focus on knowledge-intensive services and innovation across all sectors.

During 2018-19, the GSDC undertook a range of innovation activities to support the State Government's commitment to building regional economies that are creative, technology driven and entrepreneurial. The GSDC continued to work with prospective applicants to the **Regional New Industries Fund (RNIF)**. The RNIF grants support venture creation, accelerate small-medium enterprise growth and seed innovation initiatives. To date, five grants have been announced across the state, including \$340,000 to Creative Albany for the Design and Innovation Great Southern (DIGS) Hub. These projects will encourage innovation and creativity by providing designers, community organisations and businesses with virtual and physical spaces to meet, work, learn and collaborate. Creative Albany appointed a Hub coordinator in April 2019, who will be supported by an executive committee. The organisation aims to:

- Establish a network that supports business development and drives innovation
- Develop a long-term sustainable model for the operation of the Hub
- Deliver a series of innovation activities across the region.

The GSDC hosted two **innovation workshops** in 2018-19, Possibilities of Novelty in Ageing in Albany in February and Possibilities of Novelty in Rural Communities in Katanning in June. The workshops introduced attendees to the innovation space, common terms and their meanings, and global and regional developments in the innovation sector. Staff capacity in innovation was supported through attendance at the innovation bootcamp hosted by Meshpoints and delivered by the Skills of the Modern Age (SoMA). The training aimed to support entrepreneurship with innovation leaders from each regional area, including representatives from the Wheatbelt Business Network and Creative Albany.

The GSDC works with both Creative Albany and the Wheatbelt Business Network to support innovative solutions to issues facing regional community organisations and businesses. In the central Great Southern, the Wheatbelt Business Network has been active in Katanning and Gnowangerup providing innovation planning, business and strategic development and supporting not-for-profit organisations. It is anticipated the partnership with Creative Albany will be further developed with collaborative projects in 2019-20.

In September 2018, an **Innovation Roadmap** was prepared for the Regional Innovation Partnership that analysed the current innovation ecosystem and developed a shared vision. It also generated an implementable action plan for innovation with opportunities for projects across the region. The partnership was established in early 2018 with the participation of 26 individuals and organisations from across the Great Southern.

Focus: GSDC Medal

Member for Albany Peter Watson presented the GSDC Medal to Ian Walsh.

Nominations were called for the thirteenth GSDC Medal in 2018-19. On Friday 7 June 2019, the Commission hosted the prestigious GSDC Medal dinner at Carlyle's Function Centre in Albany. The dinner honoured the four finalists:

- Darryl Outhwaite is an entrepreneur who established WA Biofuels to support the timber industry and create a sustainable energy sector in the region around an underutilised resource, stranded plantation assets and waste product from in-field processing.
- Dr Harriet Paterson is a scientist working to energise and direct efforts of the local community to monitor the incidence of plastic fragments and pellets (nurdles). This is an international issue which is also impacting beaches on the south coast.
- Bill and Jane Thompson are former fruit-growers whose unconventional retirement involved purchasing a 1500-hectare property near Ongerup and working to dedicate it to conservation values connecting the Stirling Range and Fitzgerald River National Parks.
- Ian Walsh is a pioneer of saltland rehabilitation who undertook innovative approaches in collaboration with researchers. He has built a healthy farm ecosystem using salt-tolerant plants to reclaim degraded land.

The Member for Albany, the Hon. Peter Watson presented the GSDC Medal to Mr Walsh, who received a \$5,000 grant to support his work. The three runner-up finalists each received a \$1,000 grant.

The GSDC continues its close involvement with the **Centre of Excellence in Natural Resource Management** (CENRM), the Albany-based research and teaching centre at the University of Western Australia. It was established as an initiative of UWA and the GSDC, with the financial and in-kind support of several other agencies. The Great Southern environment continues to provide a focus for current research programs, which are diverse and ongoing. Research staff were particularly active in the fields of rivers and wetlands, flora of the south-west, and climate change. Throughout 2018,

CENRM continued its involvement in a wide range of regional, national and international research initiatives. Major research programs included:

- Restoring native oyster beds in Oyster Harbour for broad eco-system and potential commercial benefits
- Three-way Science: Integrating Noongar, western science and historical knowledge systems through historical museum collections to better understand ecological changes.
- Environmental management in farm forestry: Impacts of blue gum plantations on water quality and biodiversity in small streams
- Health of soils in agricultural landscapes
- Using citizen scientists to test the effectiveness of biofertilisers for improving soil health
- Conserving the western ringtail possum.

In collaboration with UWA's Albany and Perth campuses, CENRM continued to develop undergraduate and postgraduate teaching portfolios. Student numbers continue to increase with staff supervising 12 PhD candidates, seven Master's degree students and five Bachelor of Science Honours students.

CENRM employs 12 teaching, research and administration staff and an additional 16 casual teaching and research staff. Nine adjunct research staff and one senior honorary research fellow are also attached to the centre. CENRM attracted a total income of \$500,000 in 2018 and produced approximately 30 peer-reviewed publications, technical reports and conference proceedings.

Since 2012, the GSDC has financially supported the Chair in Biodiversity at CENRM, which is currently filled by eminent plant biologist Professor Stephen Hopper AC. In this role, Professor Hopper has provided strategic advice on biodiversity to the Governor of Western Australia and CEOs of the Department of Biodiversity, Conservation and Attractions, WA Museum, and the City of Albany. He has led tours with UWA Alumni (Kings Park and Geraldton) and with the Cook Society of London (Albany). He delivered public lectures on aspects of his research to six community organisations, including two at Government House with Her Excellency Kerry Sanderson AC present. He currently holds two Australian Research Council grants.

The GSDC continued to work with the **Great Southern Centre for Outdoor Recreation Excellence** (GSCORE) in 2018-19 to build programs and enterprises focused on outdoor recreation in the region. GSCORE was established in 2017 through a partnership between the GSDC, the Department of Local Government, Sport and Cultural Industries and the Albany Chamber of Commerce and Industry. During 2018-19, GSCORE worked closely with industry members to provide business development capability through a range of training opportunities. Industry support was also provided through liaison with the School Excursion and School Camp Marketing Cooperative, which supports businesses in this sector.

GSCORE activities in 2018-19 included workshops to inform the centre's Great Southern Regional Trails Master Plan. The plan is intended to identify a program of trail infrastructure development and supporting services, across the region over a 10-

year period (2019-2029). The plan is supported by the 11 local government authorities in the region and workshops were held in towns across the region. Preliminary feedback identified common themes, particularly around the need for cultural trail development, the importance of trails for local use as well as to appeal to visitors, and the importance of using and developing existing regional trails such as the Great Southern Treasures and the Southern Art and Craft Trail.

Through 2018-2019, the GSDC continued to be represented on the **South Coast Natural Resource Management** Advisory Committee. In undertaking its lead agency role in natural resource management, this organisation continued to be funded by the Australian Government through the National Landcare program and State NRM. Increasingly, significant fee-for-service projects have contributed to the group's revenue stream.

Through its Albany and Esperance offices, and wider network of operatives, South Coast NRM has sustained a strong level of community, industry and government support. Positive and strategic environmental outcomes have continued to generate program funding for its associated catchment and other stakeholder groups.

South Coast NRM underwent a significant budget-driven restructure in 2018-19. Even given this reduced allocation of resources, the organisation still managed significant achievements including a partnership with the Gnowangerup Aboriginal Corporation to develop a project for the State Ranger program and a revision of the Southern Prospects 2019-2024 Natural Resource Management Strategy, supported by funding through the Australian Government's Building Better Regions Fund.

LOCAL CONTENT

The Commission is working to ensure more regional content is included in State Government purchasing and construction projects, and to support business and communities in their capacity to win government tenders to create more jobs in regional WA.

The State Government's Buy Local initiative continued to be supported via the GSDC **Local Content Adviser** to maximise the success of regional contractors and suppliers in Government tendering opportunities. The adviser's major activities included:

- Engaging in regional projects likely to provide local supplier and employment opportunities
- Facilitating tender information sessions with local firms, potential suppliers and business groups
- Providing tender and contracting assistance
- Supporting government agencies and local respondents in the procurement process
- Bringing industry members and agencies together where synergies exist
- Monitoring regionally specific tenders and ensuring local contractors are aware of opportunities
- Monitoring the outcomes of region-specific contracts and enquiring about the awarding of contracts for major works to non-regional contractors.

Across the 2018-19 financial year, Great Southern businesses were awarded 27 of 52 contracts specific to the region (52 per cent to regional businesses) worth almost \$12.7 million of a total contract value of \$31.2 million (41 per cent to regional businesses). Throughout the year, approximately 500 interactions with government agencies, industry, tender promotion, capacity building, Aboriginal business engagement and the WA Industry Participation Strategy were recorded.

CULTURAL INFRASTRUCTURE

The Commission's focus on social investment is about maintaining and enhancing the region's communities to ensure that the Great Southern is able to invest in a range of job and investment opportunities into the future, through strong, effective social and cultural facilities. The work it undertakes with community groups recognises the importance of assisting the community to build social infrastructure and services, which enhance the quality of life for people in the regions.

In 2018-19, the GSDC continued to build on previous years' activities in **tourism industry development and promotion**. The Commission worked in partnership with Australia's South West and with the Lower Great Southern Economic Alliance to promote the region to emerging inbound tourism markets. The GSDC has a memorandum of understanding with Australia's South West (ASW) to partner on a range of projects to support and develop the tourism industry in the Great Southern and South West. The aim is to encourage product development and to maximise marketing opportunities in order to achieve the State's tourism goal of a \$2 billion visitor spend in the ASW region by 2020.

The Lower Great Southern Economic Alliance is a partnership between the City of Albany and the Shires of Denmark and Plantagenet. It delivers the Amazing South Coast campaign, which is supported by \$1 million in State Government funding over four years through Tourism WA and ASW. This intrastate destination marketing campaign focuses primarily on the Perth metropolitan area and includes outdoor, digital, radio and television advertising. A key metric for the success of the strategy implementation will be the achievement of three million bed nights by 2021.

Other tourism-based infrastructure supported by the GSDC included the Old Farm Strawberry Hill, a National Trust of WA asset. The venue's visitor accessibility and amenity are being improved with the help of a RED grant of \$191,964. The Shire of Katanning undertook tourism attraction and development activities with support from a RED grant of \$35,960.

The GSDC supported **key events** in 2018-19, including Taste Great Southern and the Hidden Treasures Bloom Festival (now known as Great Southern Treasures Bloom Festival). Taste was supported by a \$25,000 RED grant and the Bloom Festival was supported by \$50,000 over three years through legacy funding. The GSDC is a founding supporter and principal regional partner for both well-established events.

Taste Great Southern 2019 comprised 30 events over 11 days across five local government areas. The total attendance was down on the 2018 event due to a shorter program but this year's offerings attracted more visitors from outside the

region. Drawcards for Taste Great Southern included celebrity cook Adam Liaw, Chris Salans from Bali's Mozaic Restaurant, celebrity cook Anna Gare and native food chef Paul 'Yoda' Iskov.

The Bloom Festival comprised 82 events across nine local government areas, attracting 12,000 regional and inbound participants.

Other events supported by the Commission in 2018-19 included:

- Food for Thought Festival
- Opera in the Valley
- Sustainable Living Festival
- Katanning Harmony Festival

Growing Spencer Park is a project led by the Department of Communities in partnership with the City of Albany and the GSDC that aims to improve the core precinct's liveability and connectivity while planning for a new mix of modern housing. During 2018-19 there was extensive stakeholder and community consultation undertaken towards the preparation of a Local Development Plan (LDP), which will guide future improvements and development in the precinct surrounding the Spencer Park Shopping Centre. The precinct includes the primary school, Bellingham Street and part of Hillman Street. Once completed, the LDP will provide a framework for how the precinct can be developed, including streetscapes, design elements, open space and the linkages with surrounding areas. The GSDC chairs the Growing Spencer Park Steering Group and is a member of the project's Working Group.

Production of the GSDC-supported feature film *Breath* in 2016 and its release in 2018 contributed to a step-change in **film production** in the region. The Great Southern hosted two film productions and a children's television series in 2018-19. *Rams* was shot in Mount Barker, and starred Sam Neill, Michael Caton and Miranda Richardson. Based on an Icelandic film, it is the story of estranged brothers who must reconnect when their sheep flocks face a common threat. *It is for Happiness*, featuring Richard Roxburgh, Emma Booth and Miriam Margolies, was shot in and around Albany. It is the story of a young girl determined to save her dysfunctional family. *Itch* is a ten-part children's television series, also shot in Albany, which tells an action adventure story of a teenager who discovers a new chemical element, attracting the interest of a sinister organisation.

All the productions gained funding support through Screenwest. With an aggregated regional spend of more than \$4.2 million, this film and television activity supported almost 200 opportunities for work and training for local residents. The GSDC liaised with Screenwest and the producers to continue to build the Great Southern's profile through film. Film and television productions offer significant promotional dividends to the Great Southern by increasing global audience awareness of its natural and other attractions.

Focus: Great Southern Treasures

Great Southern Treasures coordinator Emily Hardie and GSDC chair Ross Thornton launch the new branding.

Great Southern Treasures (formerly Hidden Treasures of the Great Southern) is active in the eight central and northern shires of the region. Its aim is to jointly promote the tourism product, experiences and events in those shires and in the relevant communities.

State Government funding through the GSDC supported key activities in the group's tourism marketing plan including its rebranding project and the annual Bloom Festival. In 2018-19, Great Southern Treasures undertook the following major activities:

- The group hosted an information stand at the Caravan and Camping Show in Perth in March 2019, combined with Australia South West and Amazing South Coast, at which 1,125 copies of the tourist guide and 7,500 *Amazing Albany and Great Southern* maps were distributed.
- In June 2019, the group launched its new name, logo, signage and website (greatsoutherntreasures.com.au). The website is a contemporary resource for visitors to the region, which allows them to explore what its communities have to offer and to access information on local events. Twenty new signs have been installed to identify the Great Southern Treasures region and key attractions.
- The group coordinated the 2018 Bloom Festival and started planning for the 2019 Bloom Festival, to be held from 21 September to 20 October 2019.
- A Regional Economic Development grant was secured for a tourism enabling and capacity building project.

Lake Ewlyamartup was one of two lakes (with Lake Yealering) selected for inclusion in DPIRD's Living Lakes program. The department had previously appointed consultants to develop costed engineering and implementation plans to improve the targeted lakes' water quality. Continuing progress at Lake Ewlyamartup builds on the efforts of the Katanning Landcare Working Group under its Restoring Lake Ewlyamartup project. In 2016, the State Government announced \$3.7 million under the Living Lakes program to implement engineering solutions to enhance water quality at Lake Ewlyamartup and Lake Yealering.

Works at Lake Ewlyamartup continued through 2018-19, including main channel excavation, roadworks and a stop board weir. In addition to the environmental outcomes, the initiative is expected to increase opportunities for recreational and tourism activities which will draw visitors from across the central Great Southern catchment and beyond. An activation plan is being prepared as part of the project through engagement with the relevant local governments.

Through 2018-19, the GSDC continued to work with and support the committee of **A Smart Start Great Southern**. A Smart Start is an early childhood intervention initiative, which was developed in the Great Southern region in 2001 to meet locally identified needs. The program provides families with children from birth to four years with the foundation skills required for life-long learning and social interaction, plus physical and mental well-being. The initiative supports health and development milestones across all five developmental domains and aims to improve outcomes for children in the years before school.

The committee's focus in 2018-19 was on securing existing and new funding partnerships. The committee also worked to support the planning and development of the Early Years Initiative in the central Great Southern. The initiative is funded by the Minderoo Foundation and Department of Communities in partnership with the Telethon Kids Institute. The coordinators supported and strengthened local working parties and champions and worked to engage target groups. As of May 2019, ASSGS was being delivered to 886 children across nine local government areas.

The GSDC funded and provided input to a **homelessness steering group** to undertake a scoping study into the feasibility of developing crisis accommodation facilities to service the at-risk population mainly in the Great Southern. In May 2019, the Homelessness Forum group published *Addressing Homelessness in the Great Southern – A Feasibility Study*. The study recommended several short- and medium-term objectives for consideration. The group met regularly through 2018-19. In order to investigate innovative ways to service this community need, the GSDC facilitated a workshop in early 2019 with a private developer and manager of low-cost accommodation focused on housing homeless people in and around Fremantle. The briefing led to a renewed consideration by the forum of possible sites in Albany and a model through which its objectives could be achieved.

EFFICIENT AGENCY PERFORMANCE

Capital Purchases

In April 2009 the asset capitalisation limit was raised from \$1,000 to \$5,000. The Commission replaces capital items as per its 10-year Asset Replacement Plan. During 2018-19, the Commission made no significant equipment purchases.

Complaints Management Policy

The GSDC values its working relationships and partnerships and is committed to providing its customers with high quality services. A Complaints Management Policy (CMP) is in place to manage client criticisms. Through the CMP process, any complaints received are investigated and, if shown to be necessary, improvements are made to the Commission's operational methodology.

The CMP accords with Government policy and its provisions are accessible through the GSDC website. The contact details of the Complaints Officer are:

Chief Executive Officer
Great Southern Development Commission
PO Box 280
ALBANY WA 6331

The GSDC received no complaints during 2018-19.

Risk Management and Internal Audit Arrangements

The GSDC takes a strategic risk-based approach to the management of the organisation and has established the Risk Management and Audit Committee, a subcommittee of the Board. All recommendations from the Risk Management and Audit Committee are referred to the full Board.

In addition to an annual review of the Commission's Risk Management Plan and regular reassessment of all business risks, the Risk Management and Audit Committee oversees the implementation of internal audit arrangements.

The scope of audit is to cover the assessment of the adequacy and effectiveness of the following core business risk management areas:

- Grant programs
- Projects
- Financial management
- Assets
- Information systems
- Board governance.

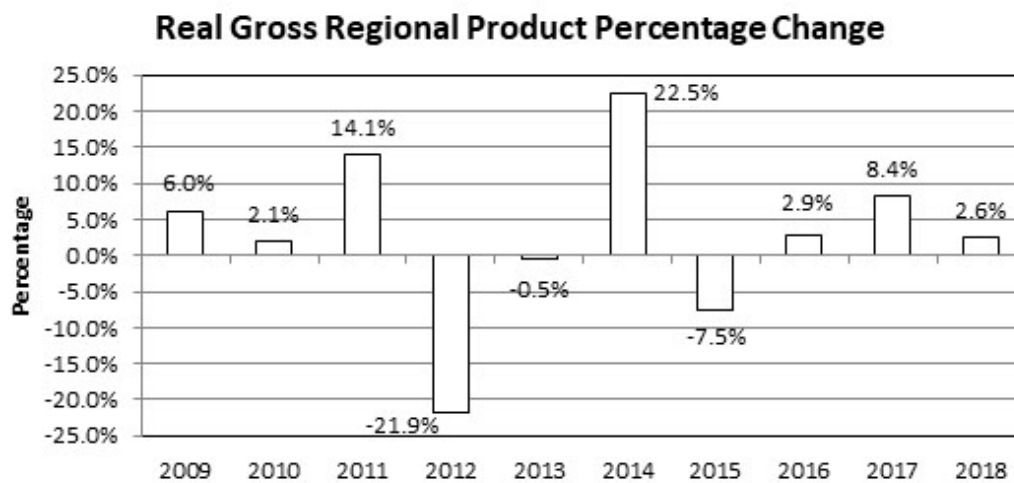
On an annual basis, the Committee prioritises the activities to be audited. During 2018-19, audits were finalised on procurement processes including credit card expenditure, property and asset management, management of grant funding and risk management.

SIGNIFICANT ISSUES

The following information provides an overview of the environment in which the GSDC operates and reports on the economic health of the region. Statistics in this section are the latest available at the time of publication.

Gross Regional Product

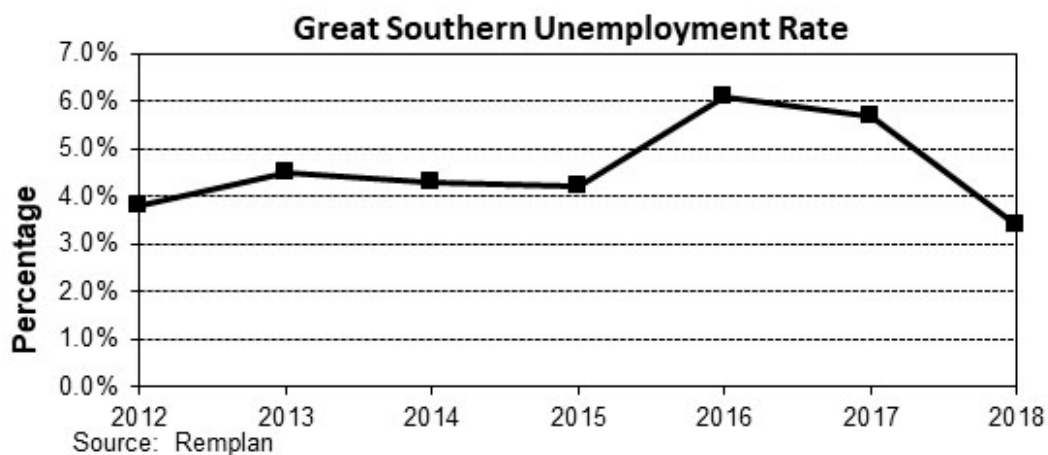
Gross Regional Product (GRP) measures the region's economic wealth. It represents the value of production within the region at market prices. The chart shows the annual percentage change in real GRP (adjusted for inflation) over the past ten years. Real GRP was \$4.37 billion in 2018, up from \$4.26 billion in 2017.



Source: Remplan

Unemployment

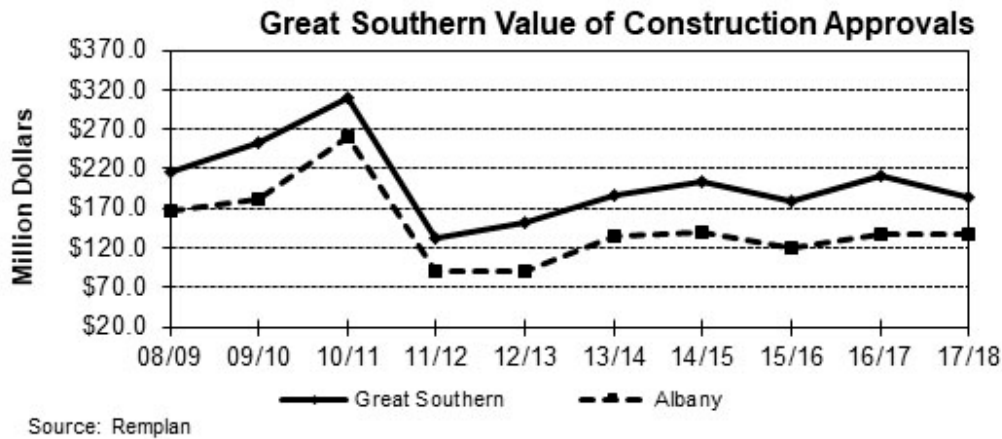
The Great Southern's unemployment rate in 2018 was 3.4 per cent, down from the previous year's figure of 5.7 per cent.



Source: Remplan

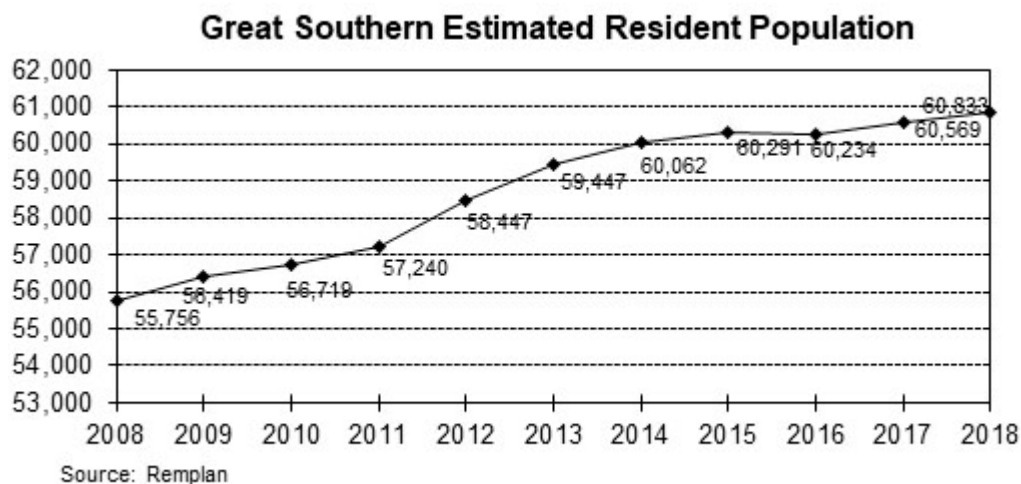
Construction and Building

The graph below shows the value of construction approvals for the Great Southern as a whole and for the City of Albany. Construction approvals for the region in 2017-18 were valued at \$184.2 million, down 13 per cent from the previous year. Construction activity in Albany made up 74 per cent of the value of approvals in 2017-18.



Population

The 2018 estimated resident population of the Great Southern was 60,833, an increase of 0.44 per cent from 2017. The graph shows that the region has experienced steady population growth over the past decade.



Regional Economy

In 2018, total gross revenue generated by businesses and organisations in the Great Southern was estimated at \$8.7 billion. The agriculture, forestry and fishing sector continued to be the backbone of the economy, including grain and livestock production. The agricultural sector generated gross revenue of \$1.6 billion in 2018, the third largest of Western Australia's regions, and employed 4,100 workers. In

2018-19 the region produced 3.3 million tonnes of grain, down 5.5 per cent from the previous year.

Other significant primary industry sectors were plantation blue gum timber, viticulture and horticulture. There are emerging opportunities in most sectors, including aquaculture and fishing, to diversify the product mix or value-add through processing.

There was substantial progress towards achieving the necessary approvals for the establishment of aquaculture development zones on the South Coast by the State Government during the past year. Once approved, the aquaculture zones will provide 'investment ready' locations to marine aquaculture investors. The sector has already been boosted by the commissioning of the \$2.3 million Albany Shellfish Hatchery by the State Government.

Tourism WA estimates that on average just under 750,000 people visited the region annually over 2016, 2017 and 2018. The Field of Lights display at Albany was reported to have attracted nearly 30,000 visitors from outside the region between October 2018 and April 2019 to commemorate the 100th anniversary of the end of World War I and honour the Anzacs. The event attracted more than 186,000 attendees in total. The tourism sector's main growth opportunities remain connected to the regional assets that are associated with the natural environment and with heritage and cultural-based attractions. The extended killer whale observation season at Bremer Bay, whale watching at Albany and the increasing interest in the Great Southern Treasures districts are all linked to the region's nature-based and cultural assets. With its Amazing South Coast destination marketing campaign, the Lower Great Southern Economic Alliance has a strong immediate focus on destination marketing and a commitment to its longer-term subregional economic development strategy.

The number and quality of tertiary education institutions in the region is unique in regional WA, providing locally-educated workers and scope for a critical mass of research and development to support industry. The region has the potential to expand its high-quality education offering through the digitally connected world, and by attracting more international students. The Affordable Student Accommodation project aims to provide dedicated and affordable student accommodation facilities to encourage more international and domestic students to attend tertiary and vocational institutions in the Great Southern. Stage 1 involved the construction of 20 units opposite the UWA Albany Centre in the Norman House precinct and was completed in December 2017. Construction of Stage 2, supported by \$11 million in State Government funding, commenced in 2019 and will see the construction of a 40-bed accommodation facility at the old Albany Primary School site on Serpentine Road. It is due for completion in 2020.

The Wave Energy Research Centre (WERC) was founded this year at UWA Albany to uncover the best methods for harnessing renewable energy from the oceans. The multidisciplinary research undertaken at WERC is critical to finding cost-effective ways of generating wave energy on an industrial scale. The centre received a \$3.75 million grant from the State Government to establish the facility, putting WA on the

map as a leader in offshore marine renewable energy research and technology. More than 30 researchers from UWA work within the centre.

Mining has potential in the region with the Southdown Magnetite Mining project near Wellstead awaiting an investment decision. The recovering magnetite price and a shift towards cleaner and more efficient steel manufacturing plants in China continue to improve the prospects for the project. Southdown would produce one of the highest-grade direct shipping ore concentrates in the world at 69.5 per cent magnetite content.

The region has one of the most dynamic small business sectors in the State which brings diversity and contributes to the region's economic resilience. The State Government's Local Content initiative is aimed at supporting all levels of government, local businesses and communities to generate more jobs by maximising local content in the purchasing of goods and services. The initiative continues to target supply opportunities for local contractors in building and construction projects.

Attracting skills to the region is essential for increased growth. A focus on Indigenous education, training and employment is important to address a significantly higher overall level of socioeconomic disadvantage.

AUDIT OPINION



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

GREAT SOUTHERN DEVELOPMENT COMMISSION

Report on the Financial Statements

Opinion

I have audited the financial statements of the Great Southern Development Commission which comprise the Statement of Financial Position as at 30 June 2019, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Great Southern Development Commission for the year ended 30 June 2019 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Commission in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Commission for the Financial Statements

The Commission is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions, and for such internal control as the Commission determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Commission is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Commission.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commission.
- Conclude on the appropriateness of the Commission's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Commission regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Great Southern Development Commission. The controls exercised by the Commission are those policies and procedures established by the Commission 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, the controls exercised by the Great Southern Development Commission are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2019.

The Commission's Responsibilities

The Commission is responsible for designing, implementing and maintaining controls to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities are in accordance with the *Financial Management Act 2006*, the Treasurer's Instructions and other relevant written law.

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators**Opinion**

I have undertaken a reasonable assurance engagement on the key performance indicators of the Great Southern Development Commission for the year ended 30 June 2019. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Great Southern Development Commission are relevant and appropriate to assist users to assess the Commission's performance and fairly represent indicated performance for the year ended 30 June 2019.

The Commission's Responsibility for the Key Performance Indicators

The Commission 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 internal control as the Commission determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Commission is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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 Great Southern Development Commission for the year ended 30 June 2019 included on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance on the integrity of the Commission'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.



DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
6 September 2019

DISCLOSURES AND LEGAL COMPLIANCE

FINANCIAL STATEMENTS

CERTIFICATION OF FINANCIAL STATEMENTS

For the reporting period ended 30 June 2019

The accompanying financial statements of the Great Southern Development Commission have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the reporting period ended 30 June 2019 and the financial position as at 30 June 2019.

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



CAMERON PATTERSON
CHIEF FINANCE OFFICER
4 SEPTEMBER 2019



BRUCE MANNING
CHIEF EXECUTIVE OFFICER
4 SEPTEMBER 2019



BRAD WILLIAMSON
CHAIRMAN
4 SEPTEMBER 2019

Statement of comprehensive income

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1	250,412	246,124
Supplies and services	2.3	1,527,890	1,587,178
Depreciation and amortisation expense	4.1.1	2,644	5,801
Accommodation expenses	2.3	-	38,807
Grants and subsidies	2.2	543,133	2,217,053
Other expenses	2.3	4,630	14,842
Total cost of services		2,328,709	4,109,805
Income			
<i>Revenue</i>			
User charges and fees	3.2	4,780	9,978
Total Revenue		4,780	9,978
Total income other than income from State Government		4,780	9,978
NET COST OF SERVICES		2,323,929	4,099,827
Income from State Government			
Service appropriation	3.1	227,000	227,000
Resources received free of charge	3.1	1,259,769	1,341,707
Royalties for Regions Fund	3.1	515,555	2,743,473
Grants received from Other State Agencies	3.1	168,770	-
Total income from State Government		2,171,094	4,312,180
SURPLUS / (DEFICIT) FOR THE PERIOD		(152,835)	212,353
OTHER COMPREHENSIVE INCOME			
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(152,835)	212,353

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

Statement of financial position**As at 30 June 2019**

	Notes	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6.1	279,141	279,141
Restricted cash and cash equivalents	6.1	403,672	238,782
Receivables	5.1	39,425	97,419
Other current assets	5.3	-	1,534
Total Current Assets		722,238	616,876
Non-Current Assets			
Amounts receivable for services	5.2	226,000	226,000
Property, plant and equipment	4.1	6,943	9,587
Total Non-Current Assets		232,943	235,587
TOTAL ASSETS		955,181	852,463
LIABILITIES			
Current Liabilities			
Payables	5.4	248,148	5,879
Provisions	2.1	122,967	118,550
Total Current Liabilities		371,115	124,429
Non-Current Liabilities			
Provisions	2.1	17,023	8,157
Other non-current liabilities	5.5	15,001	15,001
Total Non-Current Liabilities		32,024	23,158
TOTAL LIABILITIES		403,139	147,587
NET ASSETS		552,042	704,877
EQUITY			
Accumulated surplus	8.8	552,042	704,877
TOTAL EQUITY		552,042	704,877

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

Statement of changes in equity

For the year ended 30 June 2019

	Notes	Accumulated surplus / (deficit) \$	Total equity \$
Balance at 1 July 2017		492,524	492,524
Surplus		212,353	212,353
Total comprehensive loss for the period	8.8	212,353	212,353
Balance at 30 June 2018		704,877	704,877
Balance at 1 July 2018		704,877	704,877
Deficit		(152,835)	(152,835)
Total comprehensive income for the period	8.8	(152,835)	(152,835)
Balance at 30 June 2019		552,042	552,042

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

Statement of cash flows

For the year ended 30 June 2019

	Notes	2019 \$	2018 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		227,000	227,000
Royalties for Regions Fund		515,555	2,743,473
Grants received from Other State Agencies		168,770	-
Net cash provided by State Government		911,325	2,970,473
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(237,125)	(462,342)
Supplies and services		(24,801)	(239,307)
Accommodation		-	(38,807)
GST payments on purchases		(60,756)	(241,927)
Grants and subsidies		(543,133)	(2,299,465)
Other payments		(4,630)	(14,842)
Receipts			
User charges and fees		4,780	9,978
GST receipts on sales		199	1,098
GST receipts from taxation authority		119,031	294,819
Net cash used in operating activities		(746,435)	(2,990,795)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		-	-
Net cash used in investing activities		-	-
Net increase/(decrease) in cash and cash equivalents		164,890	(20,322)
Cash and cash equivalents at the beginning of the period		517,923	538,245
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	6.1	682,813	517,923

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

Notes to the Financial Statements

For the year ended 30 June 2019

1. Basis of preparation

The Commission is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Commission is a not-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and its principal activities have been included in the 'Overview' which does not form part of these financial statements.

These annual financial statements were authorised for issue by the Accountable Authority of the Commission on 4 September 2019.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- 1) The *Financial Management Act 2006* (**FMA**)
- 2) The Treasurer's Instructions (**the Instructions or TI**)
- 3) Australian Accounting Standards (**AAS**) - Reduced Disclosure Requirements
- 4) Where appropriate, those **AAS** paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had 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.

Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention. 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. All values are rounded to the nearest dollar.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

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.

2. Use of our funding

Expenses incurred in the delivery of services

This section provides additional information about how the Commission's funding is applied and the accounting policies that are relevant for an understanding of the items recognised in the financial statements. The primary expenses incurred by the Commission in achieving its objectives and the relevant notes are:

	Notes	2019 \$	2018 \$
Employee benefits expenses	2.1(a)	250,412	246,124
Employee related provisions	2.1(b)	139,990	126,707
Grants and subsidies	2.2	543,133	2,217,053
Other expenditure	2.3	1,532,520	1,640,827

2.1(a) Employee benefits expenses

	2019 \$	2018 \$
Wages and Salaries	215,087	210,321
Superannuation - defined contribution plans ^(a)	35,325	35,803
Total employee benefits expenses	250,412	246,124

^(a) Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employees Superannuation Board Schemes (GESBs).

Wages and salaries: Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, annual leave and long service leave entitlements, termination payments and WorkCover premiums.

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

GSS (concurrent contributions) is a defined benefit scheme for the purposes of employees and whole-of-government reporting. It is however a defined contribution plan for Commission purposes because the concurrent contributions (defined contributions) made by the Commission to GESB extinguishes the Commission's obligations to the related superannuation liability.

The Commission does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. The Liabilities for the unfunded Pension Scheme and the unfunded GSS transfer benefits attributable to members who transferred from the Pension Scheme, are assumed by the Treasurer. All other GSS obligations are funded by concurrent contributions made by the Commission to the GESB.

The 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.

2.1(b) Employee related provisions

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered up to the reporting date and recorded as an expense in the period the leave is taken.

	2019 \$	2018 \$
Current		
<u>Employee benefits provisions</u>		
Annual leave ^(a)	48,724	44,177
Long service leave ^(b)	72,588	72,778
	121,312	116,955
<u>Other provisions</u>		
Employment on-costs ^(c)	1,655	1,595
Total current employee benefits provisions	122,967	118,550
Non-current		
<u>Employee benefits provisions</u>		
Long service leave ^(b)	16,794	8,047
<u>Other provisions</u>		
Employment on-costs ^(c)	229	110
Total non-current employee benefits provisions	17,023	8,157
Total employee benefits provisions	139,990	126,707

^(a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

^(b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as **current** liabilities as the Commission does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Pre-conditional and conditional long service leave provisions are classified as **non-current** liabilities because the Commission has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

The provision for long service leave is calculated at present value as the Commission does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, 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.

^(c) **Employment on-costs:** 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.

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, Note 2.3 (apart from the unwinding of the discount (finance cost)) and are not included as part of the Commission's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2019 \$	2018 \$
Employment on-cost provision		
Carrying amount at start of period	1,705	4,494
Additional/(reversals of) provisions recognised	179	(2,789)
Carrying amount at end of period	1,884	1,705

Key sources of estimation uncertainty – long service leave

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.

Several estimates and assumptions are used in calculating the Commission's long service leave provision. These 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.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

2.2 Grants and subsidies

	2019 \$	2018 \$
Recurrent		
Royalties for Regions Fund	543,133	2,217,053
Total grants and subsidies	543,133	2,217,053

Transactions in which the Commission provides goods, services, assets (or extinguishes a liability) or labour to another party without receiving approximately equal value in return are categorised as 'Grant expenses'. Grants can either be operating or capital in nature.

Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as: grants, subsidies, personal benefit payments made in cash to individuals, other transfer payments made to public sector agencies, local government, non-government schools, and community groups.

2.3 Other expenditure

	2019	2018
	\$	\$
Supplies and services		
Communications	2,511	11,590
Consultants and contractors	208	37,212
Consumables	23,217	26,738
Travel	15,388	15,153
Services and contracts	216,197	154,727
Other	10,600	51
Support services provided by DPIRD ^(a)	1,259,769	1,341,707
Total supplies and services expenses	1,527,890	1,587,178
Accommodation expenses		
Lease rentals	-	36,315
Cleaning	-	2,492
Total accommodation expenses	-	38,807
Other expenses		
Equipment repairs and maintenance	2,175	4,588
Other administrative expenses ^(b)	2,455	10,254
Total other expenses	4,630	14,842
Total other expenditure	1,532,520	1,640,827

^(a) Support services provided by the Department of Primary Industries and Regional Development to support the Commission in the fulfilment of its statutory functions and obligations under the *Regional Development Commissions Act 1993*. See Note 3.1 Income from State Government.

^(b) Other administrative expenses includes worker's compensation insurance and other employment on-costs. The on-cost liability associated with the recognition of annual and long service leave liability is included at note 2.1(b) 'employee related provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Supplies and services:

Supplies and services are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any materials held for distribution are expensed when the materials are distributed.

Accommodation expenses:

Operating lease payments are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. [AASB 117.33].

Electricity and cleaning costs are recognised as expenses as incurred.

Other expenses:

Other operating expenses generally represent the day-to-day running costs incurred in normal

Employment on-cost includes workers' compensation insurance and other employment on-costs.

The on costs liability associated with the recognition of annual and long service leave liabilities is included at Note 2.1(b) Employee benefit provision. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

3. Our funding sources

How we obtain our funding

This section provides additional information about how the Commission obtains its funding and the relevant accounting policy notes that govern the recognition and measurement of this funding. The primary income received by the Commission and the relevant notes are:

	Notes	2019 \$	2018 \$
Income from State Government	3.1	2,171,094	4,312,180
User charges and fees	3.2	4,780	9,978
Other revenue	3.3	-	-

3.1 Income from State Government

	2019 \$	2018 \$
Appropriation received during the period: ^(a)		
Salaries and Allowances Act 1975	227,000	227,000
	227,000	227,000
Grants received from Other State Agencies	168,770	-
	168,770	-
Services received free of charge: ^(b)		
Department of Primary Industries and Regional Development ^(c)	1,259,769	1,341,707
	1,259,769	1,341,707
Royalties for Regions Fund:		
Regional & Statewide Initiative ^(d)	-	481,250
Regional Community Services Account ^(d)	515,555	2,262,223
	515,555	2,743,473
Total Income from State Government	2,171,094	4,312,180

^(a) **Service appropriations and Salaries and Allowances Tribunal**, received from the Department of Treasury, are recognised as revenues at fair value in the period in which the Commission gains control of the appropriated funds. The Commission gains control of appropriated funds at the time those funds are deposited in the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Service appropriations and Salaries and Allowances Tribunal fund the net cost of services delivered. Appropriation revenue comprises the following:

- Cash component; and
- A receivable (asset)

The receivable (holding account - note 5.2) comprises the following:

- The budgeted depreciation expense for the year; and
- Any agreed increase in leave liabilities during the year.

^(b) **Assets or services** received free of charge are recognised as revenue at fair value of the assets and/or services that can be reliably measured and which would have been purchased if they were not donated. Contributions of assets or services in the nature of contributions by owners are recognised direct to equity

^(c) **Support Services provided by DPIRD** to support the Commission in the fulfilment of its statutory functions and obligations under the *Regional Development Commissions Act 1993*.

^(d) **Regional & Statewide Initiative** and **The Regional Community Services Account** are sub-funds within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas and are recognised as revenue when the Commission gains control of the funds.

3.2 User charges and fees

	2019 \$	2018 \$
Project fees	4,780	9,978
Total user charges and fees	4,780	9,978

Project fees are recognised as revenue at fair value when the Commission gains control of the funds.

4. Key assets

Assets the Commission utilises for economic benefit or service potential

This section includes information regarding the key assets the Commission utilises to gain economic benefits or provide service potential. The section sets out both the key accounting policies and financial information about the performance of these assets:

	Notes	2019 \$	2018 \$
Property, plant and equipment	4.1	6,943	9,587
Total key assets		6,943	9,587

4.1 Property, plant and equipment

	Office Equipment	Computer Hardware	Furniture Fixture and Fittings	Total
Year ended 30 June 2019				
1 July 2018	\$	\$	\$	\$
Gross carrying amount	11,900	50,773	5,290	67,963
Accumulated depreciation	(2,577)	(50,509)	(5,290)	(58,376)
Accumulated impairment loss	-	-	-	-
Carrying amount at start of period	9,323	264	-	9,587
Depreciation	(2,380)	(264)	-	(2,644)
Impairment loss	-	-	-	-
Carrying amount at 30 June 2019	6,943	-	-	6,943
Gross carrying amount	11,900	50,773	5,290	67,963
Accumulated depreciation	(4,957)	(50,773)	(5,290)	(61,020)
Accumulated impairment loss	-	-	-	-

Initial recognition

Items of property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. 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).

Subsequent measurement

Subsequent to initial recognition as an asset, the historical cost model is used for the measurement of property, plant and equipment. All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

4.1.1 Depreciation and impairment

Change for the period

	2019 \$	2018 \$
Depreciation		
Office equipment	2,380	2,695
Computer hardware	264	3,106
Total depreciation for the period	2,644	5,801

As at 30 June 2019 there were no indications of impairment to property, plant and equipment.

Finite useful lives

All property, plant and equipment 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. The exceptions to this rule include items under operating leases, assets held for sale, land and investment properties.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful life
Office equipment	5 years
Computer hardware	3 years
Furniture and fittings	10 years

Impairment

Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. 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 its recoverable amount, an impairment loss is recognised through profit or loss.

Where a previously revalued asset is written down to its recoverable amount, the loss is recognised as a revaluation decrement through other comprehensive income.

As the Commission is a not-for-profit entity, unless a specialised asset has been identified as a surplus asset, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount. However this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

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 the asset's future economic benefits and to evaluate any impairment risk from declining replacement costs.

5. Other assets and liabilities

This section sets out those assets and liabilities that arose from the Commission's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2019 \$	2018 \$
Receivables	5.1	39,425	97,419
Amounts receivable for services (Holding Account)	5.2	226,000	226,000
Other current assets	5.3	-	1,534
Payables	5.4	248,148	5,879
Other non-current liabilities	5.5	15,001	15,001

5.1 Receivables

	2019 \$	2018 \$
<u>Current</u>		
GST receivable	39,425	97,419
Total current	39,425	97,419

The Commission does not hold any collateral or other credit enhancements as security for receivables.

5.2 Amounts receivable for services (Holding Account)

	2019 \$	2018 \$
Non-Current	226,000	226,000
	226,000	226,000

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

5.3 Other current assets

	2019 \$	2018 \$
<u>Current</u>		
Prepayments	-	1,534
Total other current assets	-	1,534
<u>Non-current</u>		
Prepayments	-	-
Total non-current	-	-
Total other current assets	-	1,534

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

5.4 Payables

	2019 \$	2018 \$
<u>Current</u>		
Accrued Salaries	800	796
Accruals General	19	2,199
Trade Payables	247,329	2,884
Total current	248,148	5,879
Balance at end of period	248,148	5,879

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The Commission considers the carrying amount of accrued salaries to be equivalent to its fair value.

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

5.5 Other non-current liabilities

	2019 \$	2018 \$
<u>Non-Current</u>		
Grant liabilities ^(a)	15,001	15,001
	15,001	15,001

^(a) Grant Liability for Regional Development Scheme grants paid on completion of milestones, as per contract.

6. Financing

This section sets out the material balances and disclosures associated with the financing and cash flows of the Commission.

	Notes
Cash and cash equivalents	6.1
Commitments	6.2
Non-cancellable operating lease commitments	6.2.1

6.1 Cash and cash equivalents

	Note	2019 \$	2018 \$
Cash and cash equivalents	6.1	279,141	279,141
Restricted cash and cash equivalents			
- Royalties for Regions Fund		359,074	194,184
- Restricted cash other		29,597	29,597
- Regional Development Scheme ^(a)		15,001	15,001
Balance at end of period		682,813	517,923

^(a) Unspent funds are committed to projects and programs in WA regional areas.

6.2 Commitments

6.2.1 Non-cancellable operating lease commitments

	2019 \$	2018 \$
Commitments for minimum lease payments are payable as follows:		
Within 1 year ^(a)	11,977	10,159
Later than 1 year and not later than 5 years ^(a)	8,982	-
	20,959	10,159

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

The Commission had entered into a property lease which is a non-cancellable lease with a five year term, with rent payable monthly in advance. The lease commitments have been transferred to DPIRD as part of the Machinery of Government.

^(a) The Commission has lease commitments of \$20,959 with the Department of Finance State Fleet, for vehicle leasing.

^(b) The amounts presented are GST inclusive

Judgements made by management in applying accounting policies - operating lease commitments

The Commission has entered into a building lease for office accommodation. This lease relates to a building of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, this lease has been classified as an operating lease.

7. Financial instruments and Contingencies

	Note
Financial instruments	7.1
Contingent assets	7.2.1
Contingent liabilities	7.2.2

7.1 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:

	2019 \$	2018 \$
Financial Assets		
Cash and cash equivalents	279,141	279,141
Restricted cash and cash equivalents	403,672	238,782
Amounts receivable for services (holding account)	226,000	226,000
Total financial assets	908,813	743,923
Financial Liabilities		
Financial liabilities measured at amortised cost	263,149	20,880
Total financial liability	263,149	20,880

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

7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

7.2.1 Contingent assets

At the end of the reporting period the Commission had no contingent assets.

7.2.2 Contingent liabilities

At the end of the reporting period the Commission had no contingent liabilities.

8. Other disclosures

This section includes additional material disclosures required by accounting standards or other pronouncements, for the understanding of this financial report.

	Notes
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related parties transactions	8.4
Related Bodies	8.5
Affiliated Bodies	8.6
Remuneration of auditors	8.7
Equity	8.8
Supplementary financial information	8.9
Explanatory Statement	8.10

8.1 Events occurring after the end of the reporting period

No events, matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Commission, the results of those operations, or the state of affairs of the Commission in future financial years.

8.2 Initial application of Australian Accounting Standards

AASB 9 *Financial Instruments*

AASB 9 Financial instruments replaces AASB 139 Financial instruments: Recognition and Measurement for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Commission applied AASB 9 prospectively, with an initial application date of 1 July 2018. Although the adoption of AASB 9 has resulted in changes in accounting policies, there are no adjustments to the amounts recognised in the financial statements. The transition to AASB 9 has therefore no impact on the opening balance of retained earnings. In accordance with AASB 9.7.2.15, the Commission has not restated the comparative information which continues to be reported under AASB 139

Classification and measurement

Under AASB 9, financial assets are subsequently measured at amortised cost, fair value through other comprehensive income (fair value through OCI) or fair value through profit or loss (fair value through P/L). The classification is based on two criteria: the Commission's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Commission's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB 9 did not have any impact to the Commission.

8.2 Initial application of Australian Accounting Standards (continued)

Impairment

The adoption of AASB 9 has fundamentally changed the Commission's accounting for impairment losses for financial assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach. AASB 9 requires the Commission to recognise an allowance for ECLs for all financial assets not held at fair value through P/L.

The Commission has determined that the application of AASB 9's impairment requirements at 1 July 2018 results in no allowance for impairment.

8.3 Key management personnel

The Commission has determined key management personnel to include Chief Executive Officer, members of the accountable authority, senior officers of the Commission and the Minister that the Commission assists. The Commission does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for key management personnel, comprising members and senior officers of the Commission for the reporting period are presented within the following bands:

Compensation of members of the accountable authority

Compensation band (\$)

	2019	2018
0 - 10,000	8	7
50,001 - 60,000	1	1
	2019	2018
	\$	\$
Short term employee benefits	71,545	71,741
Post employment benefits	6,110	6,023
Total compensation of members of the Commission	77,655	77,764

The total compensation includes the superannuation expense incurred by the Commission in respect of members of the Commission.

Compensation of senior officers**Compensation band (\$)**

	2019	2018
50,001 - 60,000	2	-
90,001 - 100,000	1	-
100,001 - 110,000	1	-
120,001 - 130,000	1	-
130,001 - 140,000	-	1
140,001 - 150,000	-	1
210,001- 220,000	-	1
230,001 - 240,000	1	-
	2019	2018
	\$	\$
Short term employee benefits	538,889	400,968
Post employment benefits	57,344	43,015
Other long term benefits	66,322	51,823
Total compensation of senior officers of the Commission	662,555	495,806

Total compensation of key management personnel

740,210	573,570
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As of the first of July 2017, all Commission employees, except for the Chief Executive Officer, were transferred to the Department of Primary Industries and Regional Development (DPIRD). The disclosure for senior officers' compensation represents both the CEO's employee benefits met by the Commission and all other senior officers' employee benefits now met by DPIRD.

8.4 Related parties transactions

The Commission is a wholly owned and controlled entity of the State of Western Australia. In conducting its activities, the Commission is required to pay various taxes and levies based on the standard terms and conditions that apply to all tax and levy payers to the State and entities related to State.

Related parties of the Commission include:

- All senior officers, their close family members, and their controlled or jointly controlled entities;
- All cabinet ministers, their close family members, and their controlled or jointly controlled entities;
- Other departments and statutory authorities, including related bodies included in the whole of government consolidated financial statements;
- Associates and joint ventures, that are included in the whole of government consolidated financial statements;
- The Government Employees Superannuation Board (GESB).

All related party transactions have been entered into on an arm's length basis.

Material transactions with other related entities

The Commission has made no material related party transactions with Ministers/senior officers or their close family members or their controlled (or jointly controlled) entities for disclosure.

8.5 Related Bodies

A related body is a body that receives more than half its funding and resources from an agency, but is not subject to operational control by that agency.

The Commission has no related bodies as defined by the Treasurer's Instruction 951.

8.6 Affiliated Bodies

An affiliated body is a body that receives more than half its funding and resources from an agency but is not subject to operational control by that agency.

The Commission has no affiliated bodies.

8.7 Remuneration of auditors

Remuneration paid or payable to the Auditor General in respect of the audit for the current financial year is as follows:

	2019	2018
	\$	\$
Auditing the accounts, financial statements controls, and key performance indicators	25,000	30,530

8.8 Equity**Accumulated surplus/ (deficit)**

	2019	2018
	\$	\$
Balance at start of period	704,877	492,524
Result for the period	(152,835)	212,353
Balance at end of period	552,042	704,877

8.9 Supplementary financial information**(a) Write-offs**

There was no public property written off by the Commission during the reporting period.

(b) Losses through theft, defaults and other causes

There were no losses through theft, defaults and other causes during the reporting period.

(c) Gifts of public property

There were no gifts of public property provided by the Commission during the reporting period.

8.10 Explanatory Statement

All variances between estimates (original budget) and actual results for 2019, and between the actual results for 2019 and 2018 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:

- 5% and \$19,580 for the Statement of Comprehensive Income and Cash Flows; and
- 5% and \$15,580 for the Statement of Financial Position

8.10.1 Statement of Comprehensive Income Variances

	Variance Note	Estimate 2019 \$	Actual 2019 \$	Actual 2018 \$	Variance between estimate and actual for 2019 \$	Variance between actual results for 2019 and 2018 \$
Expenses						
Employee benefits expense		255,000	250,412	246,124	(4,588)	4,288
Supplies and services	1, A	170,000	1,527,890	1,587,178	1,357,890	(59,288)
Depreciation and amortisation expense		6,000	2,644	5,801	(3,356)	(3,157)
Accommodation expenses	B	-	-	38,807	-	(38,807)
Grants and subsidies	2, C	515,000	543,133	2,217,053	28,133	(1,673,920)
Other expenses	3	33,000	4,630	14,842	(28,370)	(10,212)
Total cost of services		979,000	2,328,709	4,109,805	1,349,709	(1,781,096)
Income						
Revenue						
User charges and fees		-	4,780	9,978	4,780	(5,198)
Total Revenue		-	4,780	9,978	4,780	(5,198)
Total income other than income from State Government		-	4,780	9,978	4,780	(5,198)
NET COST OF SERVICES		979,000	2,323,929	4,099,827	1,344,929	(1,775,898)
Income from State Government						
Service appropriation		227,000	227,000	227,000	-	-
Resources received free of charge	4, D	-	1,259,769	1,341,707	1,259,769	(81,938)
Royalties for Regions Fund	5, E	746,000	515,555	2,743,473	(230,445)	(2,227,918)
Grants and subsidies State Government	6, F	-	168,770	-	168,770	168,770
Total income from State Government		973,000	2,171,094	4,312,180	1,198,094	(2,141,086)
SURPLUS/(DEFICIT) FOR THE PERIOD		(6,000)	(152,835)	212,353	(146,835)	(365,188)
Other Comprehensive Income						
Total Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income for the period		(6,000)	(152,835)	212,353	(146,835)	(365,188)

8.10.2 Statement of Financial Position Variances

	Variance Note	Estimate 2019 \$	Actual 2019 \$	Actual 2018 \$	Variance between estimate and actual for 2019 \$	Variance between actual results for 2019 and 2018 \$
ASSETS						
<u>Current Assets</u>						
Cash and cash equivalents		279,000	279,141	279,141	141	-
Restricted cash and cash equivalents	7, G	380,000	403,672	238,782	23,672	164,890
Receivables	8, H	-	39,425	97,419	39,425	(57,994)
Other current assets		-	-	1,534	-	(1,534)
Total Current Assets		659,000	722,238	616,876	63,238	105,362
<u>Non-Current Assets</u>						
Amount receivable for services	9	111,000	226,000	226,000	115,000	-
Property, Plant and equipment		9,000	6,943	9,587	(2,057)	(2,644)
Total Non-Current Assets		120,000	232,943	235,587	112,943	(2,644)
TOTAL ASSETS		779,000	955,181	852,463	176,181	102,718
<u>LIABILITIES</u>						
<u>Current Liabilities</u>						
Payables	10, I	-	248,148	5,879	248,148	242,269
Provisions		111,000	122,967	118,550	11,967	4,417
Total Current Liabilities		111,000	371,115	124,429	260,115	246,686
<u>Non-Current Liabilities</u>						
Provisions	11	-	17,023	8,157	17,023	8,866
Other non-current liabilities		-	15,001	15,001	15,001	-
Total Non-Current Liabilities		-	32,024	23,158	32,024	8,866
TOTAL LIABILITIES		111,000	403,139	147,587	292,139	255,552
NET ASSETS		668,000	552,042	704,877	(115,958)	(152,835)
<u>EQUITY</u>						
Accumulated surplus/(deficit)	12, J	668,000	552,042	704,877	(115,958)	(152,835)
TOTAL EQUITY		668,000	552,042	704,877	(115,958)	(152,835)

8.10.3 Statement of Cash Flows Variances

	Variance Note	Estimate 2019 \$	Actual 2019 \$	Actual 2018 \$	Variance between estimate and actual for 2019 \$	Variance between actual results for 2019 and 2018 \$
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation		227,000	227,000	227,000	-	-
Royalties for Regions Fund	13, K	746,000	515,555	2,743,473	(230,445)	(2,227,918)
Grants and contributions from government age	14, L	-	168,770	-	168,770	168,770
Net cash provided by State Government		973,000	911,325	2,970,473	(61,675)	(2,059,148)
CASH FLOWS FROM OPERATING ACTIVITIES						
<u>Payments</u>						
Employee benefits	15, M	(255,000)	(237,125)	(462,342)	17,875	225,217
Supplies and services	16, N	(170,000)	(24,801)	(239,307)	145,199	214,506
Accommodation	O	-	-	(38,807)	-	38,807
GST payments on purchases	17, P	-	(60,756)	(241,927)	(60,756)	181,171
Grants and subsidies	18, Q	(515,000)	(543,133)	(2,299,465)	(28,133)	1,756,332
Other payments	19	(33,000)	(4,630)	(14,842)	28,370	10,212
<u>Receipts</u>						
User Charges and fees		-	4,780	9,978	4,780	(5,198)
GST receipts on sales		-	199	1,098	199	(899)
GST receipts from taxation authority	20, R	-	119,031	294,819	119,031	(175,788)
Net cash provided by/(used in) operating activities		(973,000)	(746,435)	(2,990,795)	226,565	2,244,360
CASH FLOWS FROM INVESTING ACTIVITIES						
<u>Payments</u>						
Purchase of non-current physical assets		-	-	-	-	-
Net cash provided by/(used in) investing activities		-	-	-	-	-
Net increase/(decrease) in cash and cash equivalents		-	164,890	(20,322)	164,890	185,212
Cash and cash equivalents at the beginning of the period		659,000	517,923	538,245	(141,077)	(20,322)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		659,000	682,813	517,923	23,813	164,890

From the 1st of July 2017 as part of the recent Machinery of Government (MoG) changes, all Regional Development Commissions (RDCs) employees were transferred to Department of Primary Industries and Regional Development (DPIRD) except for the Chief Executive Officers (CEOs). Under this new arrangement DPIRD provides the Commission with the necessary supplies and services to support the Accountable Authority of the Commission in the fulfilment of its statutory functions and obligations under the *Regional Development Commissions Act 1993*.

For the 2018/19 the Commission's Section 40 budget was set to only reflect board related costs, CEO salaries and travel costs, legacy projects and grants. This has resulted in a budget variance by not accounting for the value of services provided free of charge by DPIRD in the Commission's original budget. This support service is recognised as expenditure incurred by the Commission representing full cost of service by the Statutory Authority.

Major Estimates and Actuals (2019) Variance Narratives

- 1 Supplies and services expense variance of \$1,357,890 is a result of the Commission's 2018-19 Section 40 budget not accounting for services provided free of charge by DPIRD in the 2018-19 financial year.
- 2 Grants and subsidies expense exceeded estimate by \$28,133 is due to increase in grants expenditure related to approved carry over funds from 2017-18 financial year.
- 3 Other expenses variance of \$28,370 is due to non-staff travel and vehicle lease budgeted as other expenses and actual expenses being costed to supplies and services.
- 4 Resources received free of charge variance of \$1,259,769 is a result of the Commission's Section 40 budget not accounting for services provided free of charge by DPIRD.
- 5 Royalties for Regions fund variance of \$230,445 is due to the fundings to support the Commission's operational activity now being budgeted and receipted as Grants and subsidies State Government.
- 6 Grants and subsidies State Government variance of \$168,770 is due to funding to support the Commission's operational activity budgeted for as Royalties for Regions fund where as actual revenue have been receipted to Grants and contributions from government agencies.
- 7 Restricted cash and cash equivalents variance of \$23,672 is due to higher RfR project carry over funds at the end of 2018-19 financial year.
- 8 Receivable exceeded estimate by \$39,425 due to higher GST receivable on invoice payments at the end of 2018-19 financial year.
- 9 Amounts receivable for services variance of \$115,000 is due to Section 40 budget for 2018-19 being understated.
- 10 Payables variance of \$248,148 is due to higher suppliers invoices due at the end of 2018-19 relating grants payments and recoup of expenses for Regional Grants Scheme.
- 11 Provisions - non current variance of \$17,023 is a result of not accounting for this item in the 2018-19 Section 40 budget.
- 12 Accumulated surplus/(deficit) variance of \$115,958 due to utilisation of carry over funds from previous financial year and less revenue received in 2018-19 financial year.
- 13 Royalties for Regions Fund variance of \$230,445 is due to the fundings to support the Commission's operational activity now being budgeted and receipted as Grants and subsidies State Government.

- 14 Grants and contributions from government agencies variance of \$168,770 is due to funding to support the Commission's operational activity budgeted for as Royalties for Regions fund where as actual revenue have been receipted to Grants and contributions from government agencies.
- 15 Employee benefits variance of \$17,875 is due to travel budgeted for as employee benefits and actual expenses being costed to supplies and services.
- 16 Supplies and services variance of \$145,199 is due to higher trades payable at the end of 2018-19 financial year.
- 17 GST payments on purchases variance of 60,756 is a result of not accounting for this item in the 2018-19 Section 40 budget.
- 18 Grants and subsidies variance of \$28,133 is due to increased grants payments relating approved carryover funds from previous financial year.
- 19 Other payments exceeded estimates by \$28,370 due to non-staff travel and vehicle lease budgeted as other expenses where as actual expenses have been costed to supplies and services.
- 20 GST receipts from the taxation authority exceeded estimates by \$119,031 is a result of not accounting for this item in the 2018-19 Section 40 budget.

Major Actuals (2019) and Comparative (2018) Variance Narratives

- A Supplies and services decreased by \$59,288 due to lower services provided free of charge from DPIRD in 2018-19 financial year.
- B Accommodation expenses decreased by \$38,807 due to funding arrangement from the MoG changes and the transfer of lease from the Commission to DPIRD in 2017-18 financial year.
- C Grants and subsidies expense decreased by \$1,673,920 due to the completion stage of RfR legacy projects in 2017-18 financial year.
- D Resources received free of charge decreased by \$81,938 is due to lower services provided free of charge from DPIRD in 2018-19 financial year.
- E Royalties for Regions fund decrease by \$2,227,918 is due the completion stage of RfR legacy projects funding in 2017-18 financial year.
- F Grants and subsidies State Government increased by \$168,770 is due to funding received from DPIRD to support the Commission's operational activities in 2018-19 financial year.
- G Restricted cash and cash equivalents increased by \$164,890 is due to unspent RfR project carry over funds at the end of 2018-19 financial year.
- H Receivable decreased by \$57,994 due to lower GST receivable on invoice payments at the end of 2018-19 financial year.
- I Payables increase by \$242,269 due to higher outstanding suppliers invoices at the end of 2018-19 relating grants payments and recoup of expenses for Regional Grants Scheme.
- J Accumulated surplus/(deficit) decrease by \$152,835 due to utilisation of carry over funds from previous financial year and less revenue received in 2018-19 financial year.

- K** Royalties for Regions fund decreased by \$2,227,918 due to the completion stage of fundings for RfR legacy projects in 2017-18 financial year.
- L** Grants and contributions from government agencies increased by \$168,770 is due to funding received from DPIRD to support the Commission's operational activity in 2018-19 financial year.
- M** Employee benefits decreased by \$225,217 due to the cash transfer of leave liability in 2017-18 to DPIRD.
- N** Supplies and services decreased by \$214,506 due to the MoG changes and the transfer of supplier invoices to DPIRD in 2017-18.
- O** Accommodation decreased by \$38,807 due to funding arrangement from the MoG changes and the transfer of lease in 2017-18 from the Commission to DPIRD.
- P** GST payments on purchases decreased by \$181,171 due to the MoG changes and taxable invoices payments transferred from the Commission to DPIRD in 2017-18 financial year.
- Q** Grants and subsidies decreased by \$1,756,332 due to the completion stage of RfR legacy projects in 2017-18 financial year.
- R** GST receipts from taxation authority decreased by \$175,788 due to lower taxable purchases in 2018-19 financial year.

KEY PERFORMANCE INDICATORS

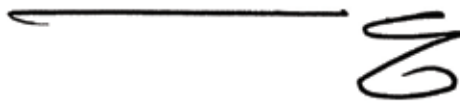
CERTIFICATION OF KEY PERFORMANCE INDICATORS

For the year ended 30 June 2019

We hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Great Southern Development Commission's performance, and fairly represent the performance of the Great Southern Development Commission for the financial year ended 30 June 2019.

A handwritten signature in black ink, appearing to read 'B. Williamson', with a long horizontal line underneath.

BRAD WILLIAMSON
CHAIR
4 SEPTEMBER 2019

A handwritten signature in black ink, appearing to read 'Bruce Manning', with a long horizontal line underneath.

BRUCE MANNING
CHIEF EXECUTIVE OFFICER
4 SEPTEMBER 2019

RELATIONSHIP TO GOVERNMENT GOALS

Broad government goals are supported at agency level by specific outcomes. Agencies deliver services to achieve these outcomes. The following table illustrates the relationship between the Commission's service and desired outcome, and the government goal it contributes to. The key effectiveness indicator measures the extent of impact of the delivery of services on the achievement of desired outcome. The key efficiency indicator monitors the relationship between the service delivered and the resources used to produce the service.

Government Goal	Desired Outcome	Service
Regional prosperity: Deliver stronger regional economies	The sustainable economic and social development of the Great Southern	Regional Development

KEY EFFECTIVENESS INDICATOR

The Commission engaged Perth Market Research to conduct the annual client survey, which drew 155 responses from 215 clients contacted. The Commission's clients include local governments, Commonwealth and State government agencies, community groups and private organisations. The surveys were completed online or by telephone.

The Commission set a target of achieving favourable responses from a minimum of 80 per cent of clients surveyed in 2018-19. The Commission exceeded its target by achieving favourable responses from 83 per cent of respondents, who rated the Commission as effective or very effective in its coordination and promotion of development in the Great Southern.

Key effectiveness indicator: Favourable responses from a minimum of 75% of clients from the client survey					
2018-19 Target	2018-19 Actual	2017-18 Actual	2016-17 Actual	2015-16 Actual	2014-15 Actual
80%	83%	81%	81%	83%	83%

Source: Perth Market Research (215 clients contacted; 155 responses; 72% response rate; +/-4.9 per cent at 95 per cent confidence level)

KEY EFFICIENCY INDICATOR

Service: Regional Development

This service incorporates project management work, the facilitation and support of new and existing enterprises and businesses, promotional and information services, and the development of strategic partnerships with government, business and community groups to ensure the development of the Great Southern.

Key efficiency indicator	2016-17 Actual	2017-18 Actual	2018-19 Actual	2018-19 Target	Variation 2017-18 to 2018-19 Actuals	Variation 2018-19 Target to Actual
Average cost per project ^(a)	\$54,943	\$32,634	\$29,265	\$64,500	-\$3,369 ^(b)	-\$35,235 ^(c)

(a) Average cost per project is calculated by dividing the cost of services (as reported in the Statement of Comprehensive Income), less grants and subsidies, and divided by the number of projects completed or progressed by the Commission in the year.

(b) The variation between 2017-18 and 2018-19 actual average cost per project is mainly attributed to a decrease in the total cost of services in this financial year compared to the previous year.

(c) The variation between the 2018-19 target and actual average cost per project is attributed to a combination of a higher number of projects completed or progressed during the year, and the total cost of services being lower than estimated. The current year target was set using only the number of projects to be completed during the year, whereas the actuals are based on both the number of projects completed and projects progressed by the Commission during the year.

MINISTERIAL DIRECTIVES

No Ministerial Directives were received during the financial year.

OTHER FINANCIAL DISCLOSURES

PRICING POLICY OF GOODS AND SERVICES PROVIDED

The GSDC provides no chargeable goods and services for its core business.

CAPITAL WORKS

Capital projects incomplete

The GSDC did not have any incomplete capital works projects at the end of 2018-19.

Capital projects complete

The GSDC did not complete any capital works projects during 2018-19.

EMPLOYMENT AND INDUSTRIAL RELATIONS

Staff Profile (at 30 June 2019; includes GSDC staff and GSDC-based DPIRD staff)		
	2017-18	2018-19
Full-time permanent	5	5
Full-time contract	6	5
Part-time contract measured on an FTE basis	1.2	1.2
	12.2	11.2

STAFF TRAINING, RECRUITMENT AND DEVELOPMENT

The GSDC is committed to the recruitment of skilled staff and their professional development in accordance with Government policy guidelines. Development needs are identified by the Commission's performance appraisal system. Online, external and in-house training is undertaken throughout the year. Multi-skilling and cross-training are encouraged across the Commission, particularly in key functional positions. The GSDC spent \$2,205 in 2018-19 on a variety of professional development activities (excluding related travel and accommodation costs).

WORKERS' COMPENSATION AND REHABILITATION

The GSDC did not have any new workers' compensation claims in 2018-19.

GOVERNANCE DISCLOSURES

CONTRACTS WITH SENIOR OFFICERS

At the date of reporting, other than normal contracts of employment of service, no Senior Officers, or firms of which Senior Officers are members, or entities in which Senior Officers have substantial interests, have had any interests in existing or proposed contracts with the GSDC and Senior Officers.

BOARD AND COMMITTEE REMUNERATION

Position	Name	Type of remuneration	Period of membership	Gross/actual remuneration (\$)
Chair	Ross Thornton	Annual	5 years 8 months	54,971
Deputy Chair	Veronica Fleay	Annual and Per meeting	4 years 4 months	9,076
Member	Len Handasyde	Per meeting	3 years 4 months	1,377
Member	Cameron Taylor	Per meeting	6 years 3 months	1,818
Member	Dennis Wellington	Per meeting	6 years 8 months	1,324
Member	Margaret Gorman	Per meeting	6 years 5 months	3,148
Member	Fiona Gaze*	Not applicable	5 years 11 months	687
Member	Joanne Iffla	Per meeting	5 years 5 months	4,139
Member	Brad Williamson	Per meeting	7 months	1,324
Member	Vernice Gillies	Per meeting	2 months	441
Member	Annie Roberts	Per meeting	2 months	441
Member/CEO	Bruce Manning*	Not applicable	18 years, 6 months	0
TOTAL				78,746

* Full-time WA Public Sector employees are not eligible to receive Board sitting fees.

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

UNAUTHORISED USE OF CREDIT CARDS

Officers of the Commission hold corporate credit cards where their functions warrant usage of this facility. Cardholders sign a 'conditions of use' declaration and are reminded periodically of their obligations under the Commission's Corporate Purchasing Card Holders Policy and Procedures.

For the year ended 30 June 2019, there were no instances of personal use of a credit card.

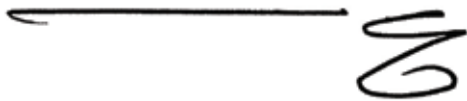
Personal use expenditure (aggregate)	\$0
Personal use expenditure settled by due date (within five working days)	\$0
Personal use expenditure settled after the period (after five working days)	\$0
Personal use expenditure outstanding at balance date	\$0

OTHER LEGAL REQUIREMENTS

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

1. In the administration of the Great Southern Development Commission, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and internal Codes of Conduct. All GSDC staff have been made aware of the necessity to comply with Western Australian Public Sector Code of Ethics and the GSDC Code of Conduct. In May 2017 the Department of Primary Industries and Regional Development produced a Code of Conduct and Guide for all DPIRD employees. All current and new staff working at the GSDC were advised of the new Code and other control policies on such topics as internet and email use and travel allowances. The GSDC Code of Conduct for Board Members was updated in June 2018.
2. I have put in place procedures designed to ensure such compliance by all staff of the Great Southern Development Commission and conducted appropriate internal assessments to satisfy myself that the statement made in Paragraph 1 is correct. These assessments have included obtaining confirmatory advice from central agencies such as the Public Sector Commission, comparison of proposed activities to relevant public sector standards and reports by our Risk Management and Audit Committee.
3. With respect to the number of applications made against breach of standards review and corresponding outcomes for the 2018-19 year, I advise the following:

Number lodged	0
Breaches found (including multiple breaches)	0
Applications still under review	0



BRUCE MANNING
CHIEF EXECUTIVE OFFICER
6 SEPTEMBER 2019

Annual Estimates

In accordance with Treasurers Instruction 953 (Item 3), the annual estimates for the 2019-20 year are hereby included in the 2018-19 Annual Report. These estimates do not form part of the 2018-19 financial statements and are not subject to audit.

S40 SUBMISSION

STATEMENT OF COMPREHENSIVE INCOME

	FOT	Budget	Budget
	2018-19	2018-19	2019-20
	\$,000s	\$,000s	\$,000s
EXPENSES			
Employee benefits	241	255	269
Supplies and services	79	170	176
Services received free of charge	1,328	-	1,403
Depreciation and amortisation	3	6	3
Accommodation	-	-	-
Grants and subsidies	162	515	-
Other expenses	26	33	26
TOTAL COST OF SERVICES	1,839	979	1,877
INCOME			
Other revenue	-	-	-
TOTAL INCOME	-	-	-
NET COST OF SERVICES	1,839	979	1,877
INCOME FROM STATE GOVERNMENT			
Service appropriation	236	227	235
Income received from other state agencies	169	746	236
Services received free of charge	1,328	-	1,403
TOTAL INCOME FROM STATE GOVERNMENT	1,733	973	1,874
SURPLUS/(DEFICIT)	(106)	(6)	(3)

STATEMENT OF FINANCIAL POSITION

	FOT	Budget	Budget
	2018-19	2018-19	2019-20
	\$,000s	\$,000s	\$,000s
ASSETS			
Current Assets			
Cash and cash equivalents	279	279	279
Restricted cash and cash equivalents	136	380	136
Receivables	99	-	99
Non-Current Assets			
Amounts receivable for services	226	111	226
Property, plant and equipment	7	9	5
Intangible assets			
TOTAL ASSETS	747	779	745
LIABILITIES			
Current Liabilities			
Payables	6	-	6
Provisions	119	111	119
Non-Current Liabilities			
Provisions	23	-	23
TOTAL LIABILITIES	148	111	148
NET ASSETS	599	668	597
EQUITY			
Contributed equity	-	-	-
Reserves	-	-	-
Accumulated surplus/(deficiency)	599	668	597

STATEMENT OF CASH FLOW

	FOT	Budget	Budget
	2018-19	2018-19	2019-20
	\$,000s	\$,000s	\$,000s
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation	236	227	235
Capital appropriation	-	-	-
Income received from other state agencies	169	746	236
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits	(241)	(255)	(269)
Supplies and services	(79)	(170)	(176)
Grants and subsidies	(162)	(515)	-
Other payments	(26)	(33)	(26)
Receipts			
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets	-	-	-
Net increase/(decrease) in cash held and cash equivalents	(103)	-	-
Cash and cash equivalents at the beginning of the period	518	659	415
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	415	659	415

ELECTORAL ACT COMPLIANCE

In accordance with Section 175ZE of the *Electoral Act 1907*, the GSDC reports that it incurred the following expenditure in advertising, market research, polling, direct mail and media advertising. Total expenditure (ex-GST) for 2018-19 was nil. Expenditure was incurred as shown in the table.

Expenditure class	Organisation	(\$)	Total (\$)
Advertising Agencies	Nil	0	0
Market Research Agencies	Nil	0	0
Polling Organisations	Nil	0	0
Direct Mail Organisations	Nil	0	0
Media advertising	Nil	0	0
		Total	0

DISABILITY ACCESS AND INCLUSION PLAN

The GSDC seeks to provide its services equally to all people interested in regional economic development. The Commission operates under the umbrella of the DPIRD Disability Access and Inclusion Plan 2018-23, which helps to ensure all members of the public can access the department and the Commission's services and facilities. The plan and its accompanying Implementation Plan 2018-20 outline 25 strategies under seven outcomes. The seven outcomes are:

- People with disability have the same opportunities as other people to access the services of, and any events organised by the department and the Regional Development Commissions.
- People with disability have the same opportunities as other people to access the buildings and other facilities of the department and the Regional Development Commissions.
- People with disability receive information from the department and the Regional Development Commissions in a format that will enable them to access the information as readily as other people are able to access it.
- People with disability receive the same level and quality of service from the staff of the department and the Regional Development Commissions as other people receive.
- People with disability have the same opportunities as other people to make complaints to the department and the Regional Development Commissions.
- People with disability have the same opportunities as other people to participate in any public consultation by the department and the Regional Development Commissions.
- People with disability have the same opportunities as other people to obtain and maintain employment with the department and the Regional Development Commissions.

The implementation of the DAIP will be according to 51 actions that will be led by the department. GSDC staff members are encouraged to be aware of the varying needs of all people in the community in planning their work and to ensure that all people have access to the Commission's services.

The GSDC is supportive of agencies and businesses that facilitate the employment of people with disabilities. The Commission regularly engages the services of enterprises that employ people with disabilities.

RECORD-KEEPING PLAN

As required by the *State Records Act 2000*, the GSDC developed a Record-Keeping Plan (RKP) which was first approved for a period of five years by the State Records Office (SRO) in 2004. The RKP was reviewed in 2010 and again in 2015. Following the comprehensive review in mid-2015 a new RKP was approved on 10 March 2016. The RKP is next due to be reviewed in March 2021.

As in previous years, the GSDC provided regular ongoing in-house training on record-keeping to assist staff with clear procedures on records management functions. The GSDC consulted with staff on the efficiency and effectiveness of its record-keeping systems. This process is repeated annually.

As part of induction processes, all new staff members are made aware of the importance that the State Government places on its public records and the need to comply with the GSDC's RKP. The GSDC has allocated responsibilities to all staff to maintain and protect public records and a specific officer has been charged with special records management functions.

FREEDOM OF INFORMATION

The GSDC holds information in hard copy and electronic form. Documents held include inward and outward correspondence, contracts, agreements, reports, administrative files, personnel records, project files, financial records, internal manuals, statistical information, minutes of meetings, promotional material, pamphlets and brochures, human resource information and asset records.

The GSDC does not charge for brochures. With the exception of requests lodged under the *Freedom of Information Act 1992*, no charge is levied on requests for information or for access to files, although the agency does reserve the right to recoup costs in accordance with the *Freedom of Information Act 1992*. The contact details of the Freedom of Information Coordinator are:

Regional Director
Great Southern Development Commission
PO Box 280
ALBANY WA 6331

The GSDC received no direct requests for information under the *Freedom of Information Act 1992* in 2018-19.

GOVERNMENT POLICY REQUIREMENTS

SUBSTANTIVE EQUALITY

In accordance with the Public Sector Commissioner's Circular 2015-01 *Implementation of the Policy Framework for Substantive Equality*, the GSDC is committed to eliminating systemic forms of discrimination in the provision of its services and is sensitive to the different needs of client groups.

The GSDC implements substantive equality by regularly reviewing structures and policies to ensure that the specific needs of Aboriginal people, ethnic minorities, people of different age groups and religious beliefs, as well as those with impairments, are considered in the course of the agency's work.

All new employees undertake WA Cultural Competency training as part of induction processes.

In 2018-19, the GSDC provided funding for projects designed to meet the needs of diverse community groups including the following:

- Sailability Albany constructed a ramp and disabled toilets to provide universal access to toilet and shower facilities, and wheelchair access to the lower level of the clubhouse for Sailability members and others with disabilities.
- The visitor centre at Walpole installed a new roof, improved disabled access and signage and general enhancements to the surrounding Pioneer Park.
- A study was undertaken into the feasibility of the establishment of a dementia specialist respite cottage in Albany. Appropriate overnight respite for people living with dementia has a strong evidence base as a critical community service.
- The Shire of Cranbrook established a speech therapy program for the 0-8 age group as a direct result of the 2015 Australian Early Development Census which revealed that 25 per cent of children in the Shire were at risk with speech and cognitive skills and 18 per cent with communication skills.

OCCUPATIONAL SAFETY AND HEALTH

The Commission recognises its duty to ensure the safety and health of its employees, GSDC-based staff, contractors and visitors and in meeting this duty will comply with the requirements of the *Occupational Safety and Health Act 1984* and any other legislation and supporting documents that apply to its operations.

The GSDC, through its CEO, is committed to achieving the highest standards of occupational safety and health (OSH) in accordance with best practice. It is agency policy aims to:

- Meet OSH statutory requirements and standards to provide and maintain a safe workplace, plant and system of work.
- Foster ownership of resolving OSH matters through effective employee and management consultation.
- Provide employees with sources of OSH information and guidance.

Consultation on OSH issues takes place at the fortnightly team meetings, which are chaired by the CEO. All OSH-related procedures and forms are easily accessible on the department's intranet and the Commission's file server.

The GSDC's OSH management system was reviewed by an independent external assessor in April 2019 and key recommendations identified to improve the system in line with current best practice approaches, including consolidating OSH documentation in an over-arching OSH Management Plan, providing OSH Management training for managers, and formalising OSH induction processes for contractors. These recommendations will be implemented in 2019-20.

The GSDC has a documented Injury Management System (IMS) in place, which is in accordance with the *Workers' Compensation and Injury Management Act 1981* and is accessible for all staff on the Commission's file server. The IMS is implemented at the time a worker reports a work-related injury or illness and continues until a full return to work is achieved or is no longer a realistic goal as determined in consultation with the staff member, the GSDC, the treating medical practitioner and RiskCover. All return to work programs are developed in accordance with the Act.

OSH results are reported in the following table.

Measure	Results 2016-17 Base year	Results 2017-18 Prior year	Results 2018-19 Current year	Targets	Comments toward targets
Number of fatalities	0	0	0	0	
Lost time injury and disease incidence rate	0%	0%	0%	0	
Lost time injury and disease severity rate	0	0	0	0	
Percentage of injured workers returned to work: (i) within 13 weeks	N/A	N/A	N/A	100%	
Percentage of injured workers returned to work: (ii) within 26 weeks	N/A	N/A	N/A	100%	
Percentage of GSDC-based managers trained in occupational safety, health and injury management responsibilities, including refresher training within 3 years	50%	25%	0%	Greater than or equal to 80%	Refer Note a) below

- a) The GSDC is part of the amalgamation of the Departments of Agriculture and Food, Fisheries and Regional Development, and staff from the nine Regional Development Commissions. The changes and staff turnover resulting from the ongoing amalgamation have resulted in fewer managers trained in occupational safety, health and injury management responsibilities.