



GREAT SOUTHERN DEVELOPMENT COMMISSION

# **ANNUAL REPORT 2019-20**

# Great Southern Development Commission

Annual Report  
2019-2020

## **CONTACT DETAILS:**

Great Southern Development Commission  
Pymont House  
110 Serpentine Road  
ALBANY WA 6330  
Telephone: (08) 9842 4888  
Email: [gsdc@gsdc.wa.gov.au](mailto:gsdc@gsdc.wa.gov.au)

Great Southern Development Commission  
10 Dore Street  
KATANNING WA 6317  
Telephone: (08) 9821 3211  
Email: [katanning@gsdc.wa.gov.au](mailto:katanning@gsdc.wa.gov.au)

Website: [www.gsdw.wa.gov.au](http://www.gsdw.wa.gov.au)

## **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.

## **Production**

Printed by Hidewood Enterprises, Hercules Crescent, Albany.

## TABLE OF CONTENTS

<b>STATEMENT OF COMPLIANCE .....</b>	<b>1</b>
<b>CHAIR'S FOREWORD .....</b>	<b>3</b>
<b>CHIEF EXECUTIVE OFFICER'S REPORT .....</b>	<b>5</b>
<b>OVERVIEW .....</b>	<b>7</b>
EXECUTIVE SUMMARY .....	7
<b>OPERATIONAL STRUCTURE .....</b>	<b>8</b>
ENABLING LEGISLATION .....	8
RESPONSIBLE MINISTER .....	8
OBJECTS AND FUNCTIONS .....	8
ORGANISATIONAL STRUCTURE.....	9
BOARD MEMBERSHIP.....	10
OPERATIONAL STAFF.....	11
<b>PERFORMANCE MANAGEMENT FRAMEWORK .....</b>	<b>12</b>
OUTCOME BASED MANAGEMENT FRAMEWORK.....	12
CHANGES TO OUTCOME BASED MANAGEMENT FRAMEWORK .....	12
SHARED RESPONSIBILITIES WITH OTHER AGENCIES.....	13
<b>AGENCY PERFORMANCE .....</b>	<b>13</b>
PERFORMANCE TARGETS.....	13
<b>REPORT ON OPERATIONS .....</b>	<b>15</b>
COVID-19 IMPACTS .....	15
AGRIBUSINESS .....	19
ABORIGINAL DEVELOPMENT .....	20
ENERGY FUTURES .....	22
ECONOMIC INFRASTRUCTURE .....	23
DIGITAL CONNECTIVITY .....	30
KNOWLEDGE AND INNOVATION .....	30
LOCAL CONTENT .....	31
CULTURAL INFRASTRUCTURE.....	33
EFFICIENT AGENCY PERFORMANCE .....	37
<b>SIGNIFICANT ISSUES .....</b>	<b>39</b>
<b>AUDIT OPINION .....</b>	<b>43</b>
<b>DISCLOSURES AND LEGAL COMPLIANCE.....</b>	<b>47</b>
FINANCIAL STATEMENTS.....	47
CERTIFICATION OF FINANCIAL STATEMENTS .....	47

STATEMENT OF COMPREHENSIVE INCOME .....	48
STATEMENT OF FINANCIAL POSITION .....	49
STATEMENT OF CHANGES IN EQUITY .....	50
STATEMENT OF CASH FLOWS .....	51
SUMMARY OF CONSOLIDATED ACCOUNT APPROPRIATIONS.....	52
NOTES TO THE FINANCIAL STATEMENTS .....	53
<b>KEY PERFORMANCE INDICATORS.....</b>	<b>70</b>
CERTIFICATION OF KEY PERFORMANCE INDICATORS .....	70
KEY PERFORMANCE INDICATORS .....	71
RELATIONSHIP TO GOVERNMENT GOALS .....	71
KEY EFFECTIVENESS INDICATOR .....	71
KEY EFFICIENCY INDICATOR .....	72
MINISTERIAL DIRECTIVES .....	72
<b>OTHER FINANCIAL DISCLOSURES.....</b>	<b>73</b>
PRICING POLICY OF GOODS AND SERVICES PROVIDED .....	73
CAPITAL WORKS .....	73
EMPLOYMENT AND INDUSTRIAL RELATIONS .....	73
STAFF TRAINING, RECRUITMENT AND DEVELOPMENT .....	73
WORKERS' COMPENSATION AND REHABILITATION .....	73
<b>GOVERNANCE DISCLOSURES.....</b>	<b>74</b>
CONTRACTS WITH SENIOR OFFICERS .....	74
BOARD AND COMMITTEE REMUNERATION.....	74
UNAUTHORISED USE OF CREDIT CARDS.....	75
<b>OTHER LEGAL REQUIREMENTS.....</b>	<b>76</b>
COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES.....	76
ANNUAL ESTIMATES.....	77
ELECTORAL ACT COMPLIANCE .....	77
DISABILITY ACCESS AND INCLUSION PLAN .....	77
RECORD-KEEPING PLAN .....	78
FREEDOM OF INFORMATION .....	78
<b>GOVERNMENT POLICY REQUIREMENTS.....</b>	<b>79</b>
SUBSTANTIVE EQUALITY .....	79
OCCUPATIONAL SAFETY AND HEALTH.....	79

## 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 2020.

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*

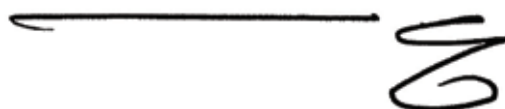
*State Supply Commission Act 1991*

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.



VERONICA FLEAY  
ACTING CHAIR  
7 SEPTEMBER 2020



BRUCE MANNING  
CHIEF EXECUTIVE OFFICER  
7 SEPTEMBER 2020





**The Merinj Kaartdijin Aboriginal Food Knowledge Forum in November 2019 featured contributions from Great Southern Noongar people. From left: Kim Scott, Averil Dean, Vernice Gillies, Lester Coyne and Ezzard Flowers. See page 21.**

The Great Southern Development Commission acknowledges the Noongar people, the traditional custodians in the Great Southern, and their continuing connection to the region's land, waters and community. We pay our respects to all members of Noongar communities, and to elders past, present and emerging.

## CHAIR'S FOREWORD

Unprecedented disruption and uncertainty marked 2019-20, both within the Great Southern and on a global scale. Like many organisations, the Great Southern Development Commission (GSDC) was required to adapt, evolve and recalibrate its operations to respond to the unique challenges of the COVID-19 pandemic.

Throughout the year, we were guided by the priorities identified in our 2019-20 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). In the second half of 2019-20, our activities were also guided by the State Government's COVID-19 response and roadmap.

I am pleased to look back and observe that the Commission functioned very well before the COVID-19 pandemic and was well placed to rise to the challenge during the subsequent disruption. Details of our response are given elsewhere in this report; suffice it to say that the Board and staff went above and beyond to address emerging regional issues in a professional and resilient manner.

The resolve and resilience of the Great Southern community was also tested by several large bushfires. Over December 2019 and January 2020, a series of fires consumed almost half of the Stirling Range National Park, placing pressure on threatened flora and fauna within the park and closing large sections for an extended period. In February 2020, Katanning also came under threat by a bushfire which tore through farmland and destroyed property and infrastructure. In both instances the regional community rallied to address the immediate threat to life and property and has since worked tirelessly to rebuild the lost infrastructure.

Importantly, we continued to support the community at a local level. This included the delivery and governance of grants, through which we provide support to many valued programs and initiatives across the Great Southern. In 2019-20, that included the second round of the State Government's Regional Economic Development (RED) grants. Eight successful applicants in round two were announced in January 2020, sharing \$797,995 in funding for projects in the Great Southern. Projects included initiatives in manufacturing, food processing, technical services and Noongar enterprises. Once operational, these projects are expected to generate up to 40 jobs across the region.

Projects funded in the first round of RED grants continued throughout 2019-20. The nine approved projects include the National Trust's new visitor amenities at the Old Farm Strawberry Hill and the repurposing of the Albany Town Hall. A couple of projects were adversely impacted by the COVID-19 pandemic, requiring adjustments to timelines, but most proceeded as planned, helping to build the economic and social wellbeing of the Great Southern.

Regional housing options continued to increase through the Great Southern Housing Initiative, supported by \$2.6 million of State Government funding through the Regional Aged Accommodation Program. Importantly, the project will deliver 21 independent living units in the Shires of Broomehill-Tambellup, Kojonup, Cranbrook, Katanning and Jerramungup. These housing options are vitally important for regional



towns to enable seniors to downsize but retain their independence while remaining in their home community.

Major elements of the Katanning Heritage Centre project, including the much-loved All Ages Playground, the Lions Park and the skatepark in the Welcome Precinct, were completed in November 2019. The playground opened for a period, then closed during the pandemic shutdown, only to reopen as restrictions lifted. The heritage centre project, supported by \$12.7 million of State Government funding, will also deliver improvements around Piesse Lake, including a botanic garden and a medium density residential land development.

Events are a significant part of our year, and 2019-20 brought mixed outcomes. In spring and early summer 2019, we supported events including Mountains and Murals, Great Southern Treasures Bloom Festival and Opera in the Valley. Mountains and Murals is a new event that brought international mural artists to Mount Barker to lead a community project of large-scale street art referencing the town's history and culture, including its Noongar heritage.

In Albany, another significant event was delivered in late 2019, before the pandemic disruption. The Merinj Kaartdijin Aboriginal Food Knowledge Forum brought together local, state, national and international indigenous leaders to explore the value and potential of Aboriginal expertise in bush foods. The forum espoused the contribution of indigenous food knowledge in processes of cultural renewal for Aboriginal people.

Unfortunately, events planned for early 2020 were disrupted by the pandemic, including the GSDC-supported Taste Great Southern, Food for Thought Festival and Katanning Harmony Festival. By the end of 2019-20, attention had turned to developing proactive approaches to achieving many of the aims of these events programs, such as promoting tourism and increasing regional economic activity. Some project coordinators looked at presenting events in safe formats and others explored online promotional opportunities.

As well as the diligence of the Commission's leadership and staff, mentioned above, I note the valued contributions during the year of my Board colleagues, including the service of Brad Williamson as Board member and Chair in 2019-20.

Our work in 2019-20 was well supported by the Minister for Regional Development, Hon. Alannah MacTiernan MLC, and her Ministerial Office.

Despite the challenges faced in 2019-20, I am optimistic for the future and confident the Commission will continue to deliver meaningful results for the region. Finally, I acknowledge the many stakeholders we partner with in the business of region-building and meeting our continued challenge of providing opportunities and securing prosperity for all who live in the Great Southern.

**VERONICA FLEAY**  
**ACTING CHAIR**

## CHIEF EXECUTIVE OFFICER'S REPORT

During the first half of 2019-20, the Great Southern economy performed well, in line with expectations. Despite the challenge of dry conditions and water deficiency declarations in parts of the region, nominal gross regional product lifted by 10 per cent to \$4.88 billion in 2019, the most recent reporting period. By the end of 2019, unemployment had fallen to 3.3 per cent. From March 2020, the regional economy was significantly affected by the COVID-19 pandemic. Reflecting other regions, monthly output in the Great Southern fell by 21.7 per cent and total employment fell by 12.8 per cent. Agricultural activities were less affected than other sectors, but the need for social distancing and regional travel restrictions had a serious impact on tourism, hospitality and recreation services.

In response to the State Government's request for accurate information on the situation, the Commission took a key leadership role and coordinated the provision of critical information on a daily basis to our Minister about the pandemic's economic and social impacts in our region. We fully engaged with our networks (albeit virtually) to produce such material, including running a weekly COVID-19 Response and Recovery Working Group with the region's 11 local governments, business associations and relevant public sector agencies. Our regional local government CEOs' participation and contribution to the forum, and their support generally in this difficult period is much appreciated. Similarly, I acknowledge the work and co-operation of regional WA Police Superintendent Ian Clarke and WA Country Health Regional Director Geraldine Ennis. By June 2020, the region stood ready to respond to the Government's COVID-19 recovery plan.

Projects brought forward by the State Government will help to stimulate the regional economy in the recovery phase. Local content work already undertaken through the GSDC was refined in 2019-20 to further promote the potential for regional contractors to take part in State Government projects and procurement. Work on the \$25 million Albany-Denmark water pipeline started in 2019-20 and included potential opportunities for subcontractors. By the end of 2019-20, subcontractor registers were being established by the GSDC's Local Content Adviser for potential work on the \$175 million Albany Ring Road and the \$15.2 million Mount Lockyer Primary School upgrade project. Both projects will proceed in 2020-21, as will other significant regional works brought forward by the State Government.

A key objective of the GSDC over the past decade has been to increase the region's economic diversity, and thereby its ability to withstand exogenous shocks compared to those less diverse. However, in terms of industry concentration, the Great Southern has WA's most diverse regional economy, despite a common perception that it is overly dependent on agriculture.

With respect to economic diversity, we have worked over many years to establish a foundation for aquaculture enterprises, culminating in the opening of the Albany Shellfish Hatchery in 2017. In 2019-20, production continued to grow at the hatchery, and it is set to soar following a significant investment in the region by a major WA company. The sector's growth in the Great Southern is expected to generate up to 200 jobs, further growth in exports and greater diversity in the regional economy.

Our economic development work in traditional sectors continued, including TradeStart activities to boost regional businesses' export readiness. Development activities for wine and beverage industries included hosting buyer groups and setting up a three-year international wine trade program. We supported initiatives that encouraged firms to grow domestic markets, including supply of major retail chains.

We continued our support of and involvement in the Wave Energy Research Centre (WERC), based in the University of Western Australia's Great Southern Marine Research Facility in Albany. WERC is collaborating with commercial and research partners in Australia and internationally to test and assess wave energy systems that may contribute to renewable energy production.

The Commission continued to liaise with film and television producers as a means of showcasing the region's many attractions to national and global audiences. Apart from the promotional benefits, film and television productions since *Breath* in 2016 have injected an aggregated spend of more than \$4.2 million directly into the regional economy, supporting almost 200 work and training opportunities. The ten-part children's television series *Itch* was broadcast on ABC ME in 2020 and was selected for programming by the BBC. Feature film *Hi is for Happiness* opened in cinemas in 2020 to a warm reception. The producers established a dazzling online guide to their Great Southern locations. The feature film *Rams*, shot in Mount Barker, was due for cinema release in May 2020 but was delayed by pandemic restrictions. *Rams* will be the Great Southern's third feature film release in three years. Pre-production work commenced in early 2020 on the filming of Tim Winton's *Blueback*.

In a year of significant change, the GSDC also encountered changes in its Board and staff. On behalf of staff at the Commission, I acknowledge Brad Williamson for his contribution as Chair in 2019-20 and express my thanks to the other Board members who guided the Commission's work. The support of our Minister, Hon. Alannah MacTiernan MLC, and her Ministerial staff is greatly appreciated.

The disruptive events of 2019-20 tested the mettle of staff at the GSDC and I acknowledge with thanks their commitment and dedication to the Commission's work, both before and during the pandemic. We farewelled several staff during the year whose contributions are appreciated. In particular, Senior Development Officer Jessica Ngeh played a key role in re-establishing our TradeStart activities, a development that has been highly valued by industry in the region. Russell Pritchard, Regional Manager Industry and Infrastructure, retired in late 2019 after 30 years in public service, including 25 at the GSDC. Russell can be rightly proud of the many projects that he facilitated through his persistent positive energy and deep connection to the Great Southern.

On a sadder note, we farewelled Gavin Ellis, who passed away in June 2020 after a period of illness. In his five years at the Commission, Gavin filled the roles of Strategic Projects Manager and Local Content Adviser, and his final role was Acting Regional Manager Industry and Infrastructure. He was a valued staff member who is remembered fondly for his keen intellect and gentle humour.

**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 2019-20* provides the road map for the agency in addressing the Government's goals. The Commission's projects and achievements, outlined from page 15, are guided by the GSDC *Business Plan 2019-20*.

The GSDC achieved an efficiency indicator of \$17,364 per project.

In 2019-20, the net cost of the GSDC's services was \$1,848,000.

At 30 June 2020, the work of the GSDC was supported by 10.6 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 73 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

Our purpose is to assist the Great Southern region in achieving its economic development potential.

### Role

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

### OBJECTS AND FUNCTIONS

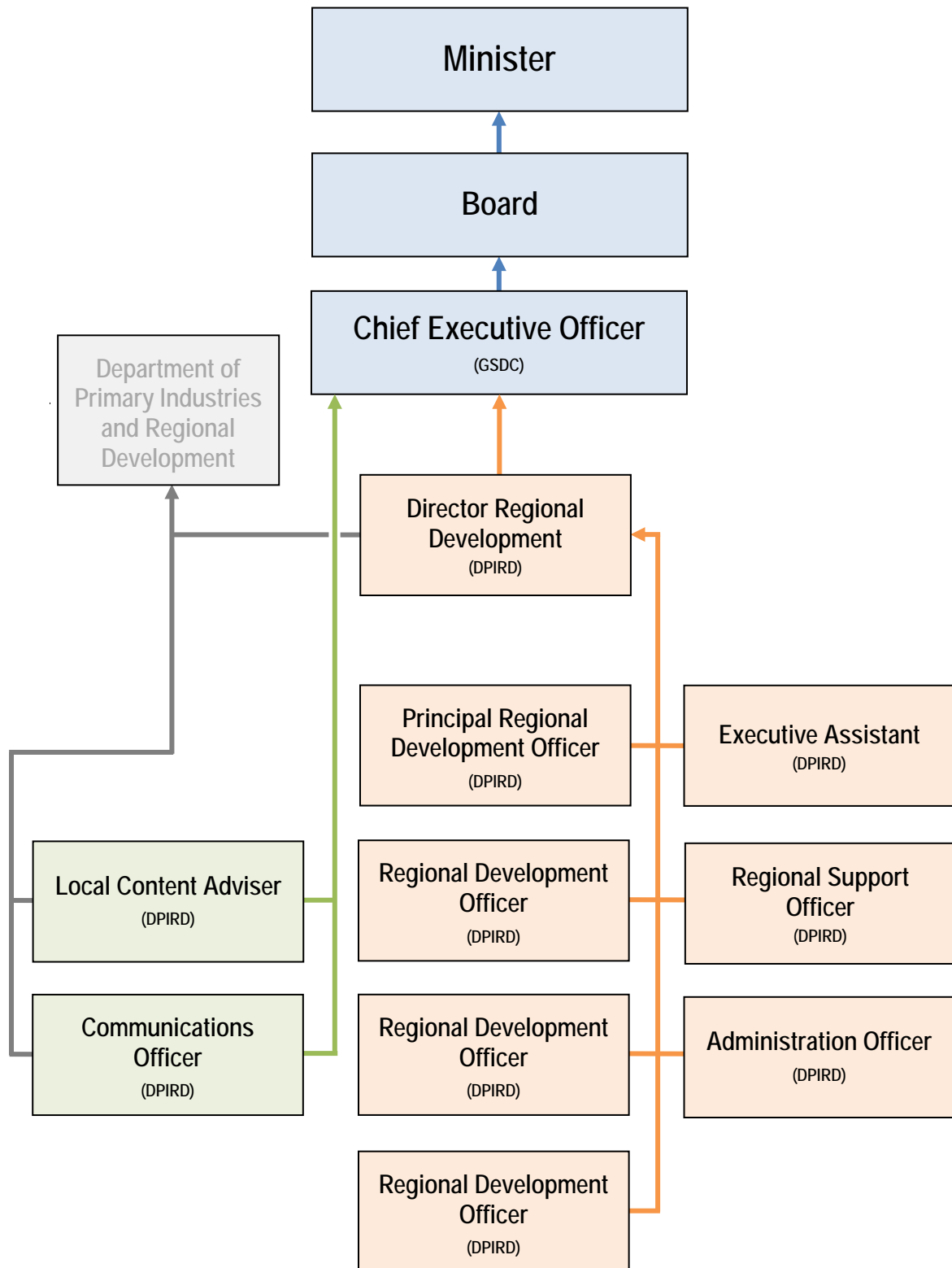
(Based on the *Regional Development Commissions Act 1993* and amendments)

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 2020





## 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. During 2019-20, Board members by nomination categories were:

### Ministerially Nominated

**Brad Williamson** (Board Chair to January 2020) 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 various community committees including the Australia Day Council, Great Southern Grammar School and the Albany Aero Club.

### 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.

**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.

### Local Government Nominated

**Veronica Fleay** (Deputy Chair and subsequently Acting 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.

**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 2020, the GSDC staff member was:

Bruce Manning, Chief Executive Officer

Commission-based DPIRD staff included:

Jarrad Gardner, Director Regional Development

Danielle Killey, Principal Regional Development Officer

Duane Schouten, Senior Development Officer

Jessica van der Waag, Senior Regional Officer

Charlotte McIntyre, Local Content Adviser

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 2019-20, resignations were accepted from the following staff:

Russell Pritchard, Regional Manager Industry & Infrastructure

Gina McPharlin, Acting Regional Director

Randall Jasper, Acting Director Regional Development

Jude Tyzack, Acting Regional Manager Community & Corporate

Gavin Ellis, Local Content Adviser

Jessica Ngeh, Senior Development Officer

## PERFORMANCE MANAGEMENT FRAMEWORK

### OUTCOME BASED MANAGEMENT FRAMEWORK

The GSDC delivers regional development services in accordance with our corporate vision expressed through our 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. Our 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.

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.

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 our 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 2019-20.

## SHARED RESPONSIBILITIES WITH OTHER AGENCIES

The Commission's financial and human resource services are largely provided by DPIRD. To ensure transparency and accountability, the Commission, in partnership with other Regional Development Commissions, has worked intensively with DPIRD to develop a Service Level Agreement (SLA) for the delivery of these services. At the time of this report the SLA is in its final authorisation stage.

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 \$43,658 and the actual average cost per project in 2019-20 was \$17,364.

### Actual Results Versus Budget Targets

Financial targets 2019-20:

	<b>2019-20 Target <sup>(1)</sup> \$000</b>	<b>2019-20 Actual \$000</b>	<b>Variation <sup>(2)</sup> \$000</b>
Total cost of services (expense limit)	1,877	1,853	(24) <sup>(a)</sup>
Net cost of services	1,877	1,848	(29) <sup>(b)</sup>
Total equity	597	448	(149) <sup>(c)</sup>
Net increase / (decrease) in cash held	-	(280)	(280) <sup>(d)</sup>
Approved salary expense level	206	209	3 <sup>(e)</sup>

(1) As specified in the Minister approved Section 40 estimates.

(2) The variation is the difference between the Target and Actual for each line item.

(a) Total cost of services is lower than the budget estimates (the 2020 Target) by \$24,000. This primarily relates to reduced expenditure in the resources received free of charge resulting from the delay in filling positions following an organisational redesign.

(b) Net cost of services is lower than the budget estimates (the 2020 Target) by \$29,000. This primarily relates to reduced expenditure in the resources received free of charge resulting from the delay in filling positions following an organisational redesign, and \$5,000 return of unspent grant revenue from a grant recipient.

(c) The variance of \$149,000 in equity results from the actual opening equity being \$47,000 lower than forecast in the budget process, and a reduction in income from other State government agencies of approximately \$100,000 to work towards achieving the working cash target reflected in the table below.

- (d) The decrease in cash in the period mainly relates to the payment of grants in 2019-20 of \$261,000 which were not included in the budget, and the reduction in cash received from other State government agencies of approximately \$100,000 as mentioned above, offset by a higher opening cash balance than that forecast when setting the 2019-20 budget.
- (e) Variance in approved salary expense level arises from a minor understatement in the approved budget.

### Working Cash Targets

	<b>2020 Agreed limit \$000</b>	<b>2020 Target <sup>(1)</sup> / Actual <sup>(2)</sup> \$000</b>	<b>Variation \$000</b>	<b>Explanation of Variation</b>
Agreed working cash limit (at Budget)	24	24	N/A	N/A
Agreed working cash limit (at Actuals)	49	338	289	This variation is due to brought forward cash balances, which is planned to be spent in 2020-21.

(1) Target to reflect the Commission's anticipated working cash for the 2019-20 financial year.

(2) Actual is the actual working cash held at the close of the financial year.

### Client Survey

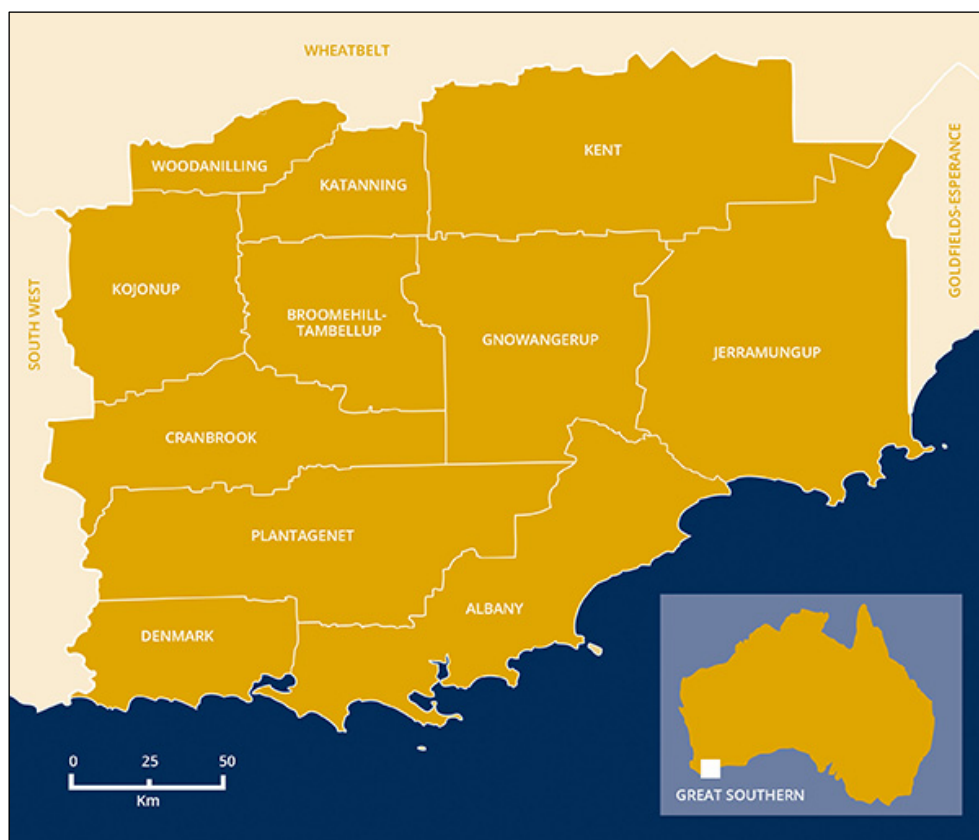
The Commission measures its effectiveness indicators through an annual client perceptions survey, conducted by an independent market research company. The Commission's clients include local governments, Commonwealth and State government agencies, community groups and private organisations. Due to COVID-19 restrictions, and pursuant to Treasurer's instruction (TI) 904 para (3) (i), the Commission sought and obtained an exemption from reporting the key effectiveness indicator for the 2019-20 financial year.

## REPORT ON OPERATIONS

### COVID-19 IMPACTS

The social and economic impact of the COVID-19 pandemic has been felt across the Great Southern. From the onset of the pandemic in February 2020 through to 30 June 2020, nine active COVID-19 cases were reported in the region. All confirmed cases were low level and treated at home and all nine patients have since recovered. The Hon Roger Cook MLA, WA Minister for Health, announced the region free from COVID-19 for 24 hours on 20 April 2020. As at 30 June 2020, no further cases had been reported in the region.

In April 2020, Pioneer Health in the City of Albany was approved by the Australian Government as a **respiratory clinic**. The clinic continues to operate, offering drive-through appointments to assess, test and diagnose mild-to-moderate respiratory conditions, including COVID-19, influenza and pneumonia. In addition to swab test samples transported to Perth for assessment, a point-of-care machine is now located at the Albany Health Campus, which can provide rapid on-site test results for concerning cases in vulnerable patients.



From an economic perspective, the impact of COVID-19 was felt keenly in the **lower Great Southern**, which includes the City of Albany and Shires of Denmark and Plantagenet. In particular, the tourism, accommodation, hospitality and arts sectors were significantly impacted by the border closures and social distancing measures, with a range of prominent festivals and events cancelled. The wine industry was



impacted by liquor restrictions and reduced access to international markets and tourists.

The economic impacts of the pandemic measures in the **northern Great Southern**—including the Shires of Woodanilling, Kent, Jerramungup, Katanning, Gnowangerup, Broomehill-Tambellup, Kojonup and Cranbrook—were more contained, as the agricultural sector did not experience the supply and logistics issues to the extent seen in other sectors.

As the pandemic situation unfolded, the Chief Executive Officers of the nine Regional Development Commissions, under the WA Regional Development Commission Alliance (WARDA), came together to provide daily **WARDA Regional Intelligence Reports** to the Minister for Regional Development, identifying, monitoring and escalating emerging issues within regional communities. This included, for example: shortages in critical supplies such as personal protective equipment and other essential items; aviation and freight concerns; and the impact of rapidly evolving State and Australian Government policy on employment and local businesses.

A **Transport Industry Advisory Group** met regularly with the objective of ensuring continuity of local and regional transport services during COVID-19. Chaired by WA Police, the committee comprised representatives of the GSDC, Department of Transport, Main Roads, City of Albany, Department of Fire and Emergency Services, and the local transport industry.

At a local level, the GSDC is a member of the **Operational Area Support Group**, an executive-level leadership group chaired by WA Police, responsible for coordinating the delivery of the region's COVID-19 response.

The GSDC is also a member of the **Great Southern Human Services Forum**, an established not-for-profit and State Government operational leadership group which met frequently during the initial COVID-19 outbreak to monitor the overall wellbeing of regional communities and identify issues with the potential to be exacerbated during the pandemic, for example family and domestic violence, food security and mental health.

In addition to contributing to the region's health and welfare COVID-19 response via participation in the above local groups, the GSDC assumed a local leadership role in the coordination of the business and economic response in the region. As the situation worsened, in March 2020 we established the **COVID Regional Response and Recovery Group**. This weekly cross-sector leadership group chaired by the GSDC includes the CEOs of the region's local governments, the CEOs of the Denmark and Albany chambers of commerce and the President of the Katanning Regional Business Association (KRBA), as well as local State and Australian Government agency representatives.

The overarching aim of this group is to provide reassurance and confidence in the business and services community in the Great Southern during the pandemic. Initially, the group focused on identifying and escalating issues to responsible State and Australian Government agencies and emergency management committees, and it promoted collaboration and sharing of information across local governments. This

included, for example, addressing supply chain issues which created a critical shortage of essential items during the early stages of the pandemic across the region (particularly for small independent grocers), escalating the digital equipment and connectivity issues being faced by rural students learning remotely from home, and supporting the wellbeing of local business owners and their families.

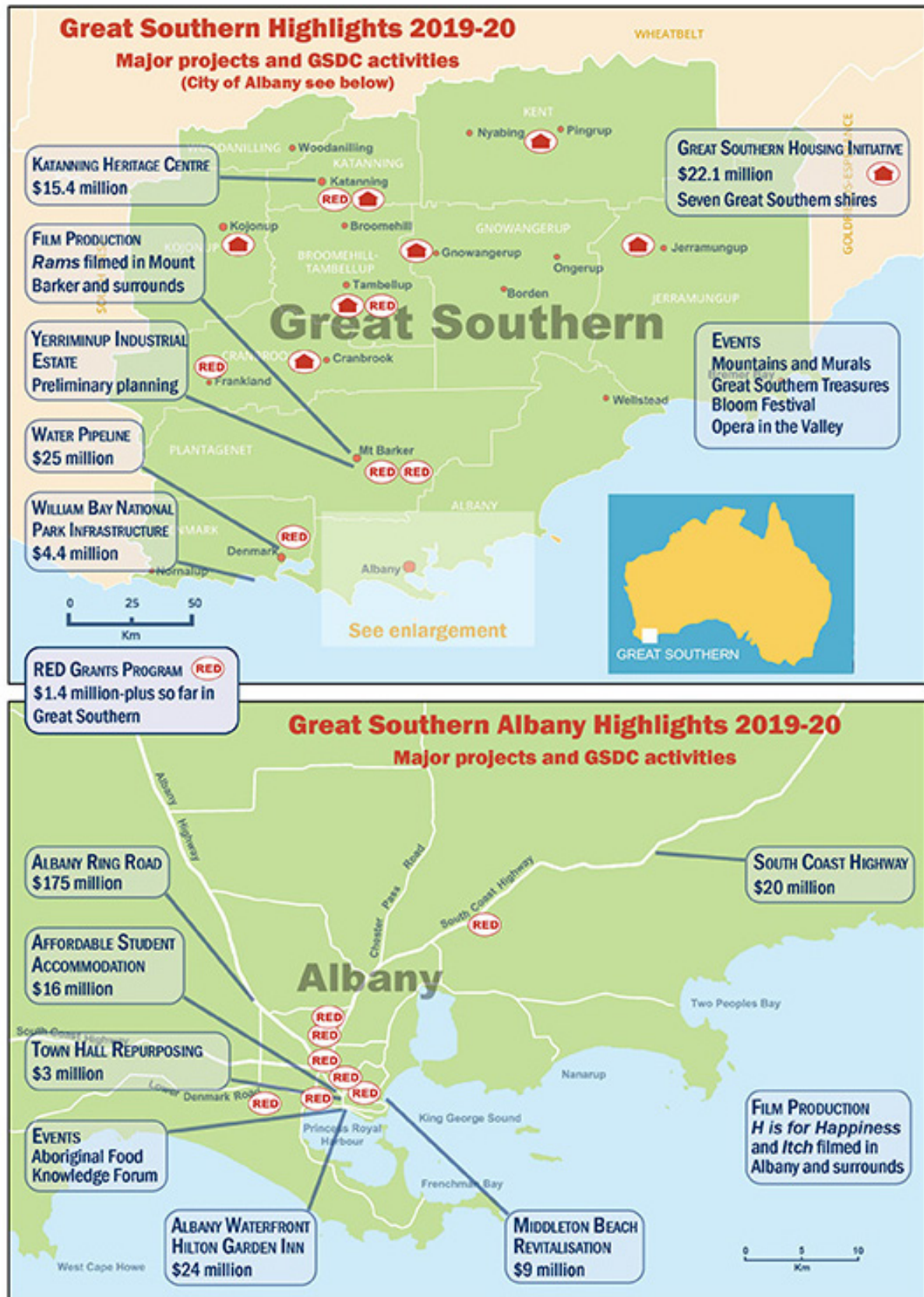
The focus of the group has now shifted to collaborating to identify opportunities and solutions to **support economic recovery**. For example, members from this group led by the Albany Chamber of Commerce and Industry, and including the City of Albany, Business Great Southern and the GSDC, have worked separately to co-design a strategy for business recovery and economic rebuilding. We are developing a similar approach with the Denmark Chamber of Commerce in the Shire of Denmark and the KRBA in Katanning, with an additional focus on operational support, including building the online capacity of these associations and their member base. Complementing this approach, in line with State Government's commitment to support the viability of local chambers and businesses during COVID recovery, we provided each of these three business associations with \$10,000 funding.



Many businesses in the region modified their work practices to sustain operations during the pandemic. In this case, at Himac Attachments, staff split into small teams that took breaks together in their group's defined work area. Each team had separate toilet and hand washing facilities.

## AT A GLANCE

Significant activities in the Great Southern in 2019-20.



## 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.

In January, we convened the **Beaufort Intensive Agriculture Precinct Working Group** to develop a cohesive, integrated and coordinated approach to managing water resources and related land condition impacts in the upper Great Southern to support the sustainable expansion of intensive agriculture in the region, and the associated livability of regional communities to attract and retain workforce.

In 2019-20, we led or took part in events aimed at building the region's **wine and beverage exports**. In July 2019, we supported the Great Southern Wine and Beverage Showcase for Malaysian buyer groups in Frankland, Mount Barker, Denmark and Albany. We hosted the visit in conjunction with the South West Development Commission (SWDC) as part of the TradeStart Contract and the five-day South West Inbound Trade Program Cabin Fever 2019 (Margaret River). The program included four events showcasing more than 20 wineries and a brewery.

In November 2019, eight **delegates from Singapore and Malaysia** travelled to the Great Southern to meet with export-ready wine and beer producers in Frankland, Mount Barker, Albany and Denmark. The visit was hosted in conjunction with the SWDC as part of the TradeStart contract and the seven-day South West Inbound Trade Program Gourmet Escape. The itinerary included six tasting events covering 15 Great Southern wineries and two breweries.

We are part of the **Great Southern International Wine Trade Program**, a three-year initiative to host international wine trade, travel and wine media in the Great Southern in 2020, 2021 and 2022. The program's aim is to build awareness in selected markets, grow the region's reputation, promote the region as a wine tourism destination and support wine export sales. The GSDC, Great Southern Wine Producers Association and TradeStart work in partnership with the SWDC, Australia's South West, Wines of WA, Wines Australia, DPIRD and AgKnowledge to drive the annual inbound event through partnerships, grants and participation. Due to COVID-19, the 2020 program was rescheduled from May to October. However, in a proactive response to uncertainty about international travel, the group started investigating a series of virtual wine sessions.

In October 2019, in collaboration with the SWDC, we delivered an **Export Readiness Workshop** as part of the TradeStart contract. Sixteen participants from local businesses in the region attended the workshop, many of whom were looking to export in the near future. The workshop provided an overview of key issues to consider before exporting, global trends, key agencies and services, export market selection, free trade agreements and export assistance programs. The workshop was well received with many businesses better informed about what to consider before exporting and armed with tools and strategies for navigating export markets.



**Tactics for Engaging with Retail Buyers** was a workshop presented through the Food Industry Innovation team at DPIRD. Great Southern food and beverage producers and processors were coached on interactions with current and potential buyers for major retail chains.



Retail buyer expert Sam Watson gave regional producers insights into the buying needs of major retail chains at the Food Industry Innovation event.

During 2019-20, we continued to **market the region** to potential industry sector investors and companies that have expressed an interest in relocating to or expanding existing operations in the Great Southern. Our marketing efforts focus on the Great Southern's comparative advantage and capacities. We also provide information to assist enterprise planning related to infrastructure provision, government policy and projections of final demand in domestic and international product markets. Among the clients who met with the GSDC during the year were potential investors in radar services, tourism, renewable energy, mining, aquaculture, and fish and agricultural processing.

## 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. We also continue to support **regional Aboriginal Corporations** in project planning and partnership development where these align with economic outcomes for Noongar people in the Great Southern, within the context of the pending South West Native Title Settlement.

### ***Focus: Aboriginal Food Knowledge Forum***



*Indigenous leaders Oral McGuire, Ben Sherman and Joe Morrison were among the lead presenters at the Aboriginal food knowledge forum.*

Aboriginal knowledge about bush foods can contribute to long overdue cultural renewal, according to presenters and audience members at the Merinj Kaartdijin Aboriginal Food Knowledge Forum held in Albany on 21 November 2019.

Presented by South Coast Natural Resource Management, the forum was supported by National Landcare, DPIRD and the GSDC.

Speakers included Joe Morrison, the former Chief Executive Officer of the Northern Lands Council, who delivered the keynote address.

Lawyers Charisma Cubillo and Desiree Leha presented information on the potential and limitations of using intellectual property law to protect bush food knowledge.

American Indian tourism leader Ben Sherman, of the Oglala Lakota (Sioux) nation, gave a presentation on first nation peoples and cultural renewal, and joined Noongar elders Oral McGuire and Vernice Gillies in a conversation on bush foods as a pathway to cultural renewal and community well-being.

Dr Geoff Woodall, a GSDC Medallist, presented information on two decades of research into bush food cultivation. Speakers also addressed the implications of foraging, and product development of saline bush foods.

In the breaks during the day-long program, delegates were treated to snacks and lunch prepared with bush food ingredients by Kinjarling Djinda Ngardak, a training initiative developing hospitality skills among young Aboriginal people.



In 2019-20, under round two of the Regional Economic Development (RED) grant program, South Coast Natural Resource Management received a \$149,860 grant to develop the Seeding Great Southern Noongar Enterprises Project. The project will provide training, equipment and mentoring for Tambellup and Gnowangerup Aboriginal communities to establish seed and seedling propagation businesses to meet growing demand through the emerging native bush food industry and environmental restoration projects.

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.

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

In 2019-20, we supported IPS Management Consultants, a majority Aboriginal-owned organisation, to deliver training programs to local indigenous businesses to improve their capacity to find and tender for government work.

## ENERGY FUTURES

The GSDC continued its membership of the **Wave Energy Research Centre** (WERC) Advisory Committee in 2019-20, which was convened to provide advice and guidance to the University of Western Australia (UWA) Albany-based WERC management team. WERC occupies the UWA's Great Southern Marine Research Facility, established in the refurbished old railway station near the Albany Waterfront precinct in June 2019. The facility offers the opportunity for marine fieldwork and for visiting academic or industry partners to co-work for extended periods.

WERC is a steering committee member of the industry consortium Australian Ocean Energy Group, and a partner in the federally funded Blue Economy Cooperative Research Centre. In 2019-20, WERC collaborated with several wave energy partners including:

- Bombora, a wave energy company, originally based in Western Australia and now operating out of the United Kingdom. The company explores commercial opportunities for a project in Albany.
- CorPower Ocean, a Swedish wave energy developer with a successful track record of scale model tests at EMEC in Scotland. The WERC Hydrodynamics and Geotechnics programs conduct joint research projects.
- University of Manchester, where the M4 wave energy converter has been developed. The WERC pursues plans to deploy a 20m scale model in King George Sound for research and development purposes.

- EcoWave Power, a European developer of wave energy systems that attach to existing structures such as jetties or breakwaters. The joint research program with the WERC is currently being formulated.

We provided funding support to WERC in 2019-20 for a **Marine Renewable Energy Summer School Project**. The focus of the two-week program, scheduled for late January 2021, is on oceanographic field techniques as they relate to the scoping, development, deployment and analysis of wave energy technology. This has been identified as a common skill deficit in academic and industry environments, but it is an outstanding expertise within the WERC.

## 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.

Our partnership with (the then) LandCorp, now DevelopmentWA, in the \$130 million **Albany Waterfront** project to develop land on the foreshore continues to bear fruit. After the completion of the Albany Entertainment Centre, the marina, a tavern and a liquor outlet, the next major development is coming to fruition in the form of a Hilton-managed hotel with 100-plus rooms. The \$24 million Hilton Garden Inn, targeted for completion in 2021, will facilitate access to the Hilton loyalty program and increased tourism accommodation packaging.

The waterfront project's key stakeholders included the City of Albany, the GSDC, DevelopmentWA and the Department of Transport. The land development was completed in June 2011.

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 second round of funding in 2019-20 delivered a State Government investment of \$797,995 for eight projects in the Great Southern, as shown in the following table.

Applicant	Project	RED grant funding
Shire of Cranbrook	Expansion of accommodation facilities at Frankland River.	\$150,000
West Coast Analytical Services	Construction of a custom laboratory in the Shire of Plantagenet.	\$150,000
South Coast Natural Resource Management Inc.	Seeding Great Southern Noongar Enterprises – establishment of seed and seedling propagation businesses at Gnowangerup and Tambellup.	\$149,860
Woodlands Distillery Pty Ltd	Development of a micro-distillery near Porongurup.	\$98,660
Dellendale Creamery	Construction of a ripening cellar for cheese to expand cheese production facilities in the Shire of Denmark.	\$76,177
Albany Seafoods Pty Ltd	Factory expansion to increase capacity and progress towards gaining approvals as an export facility.	\$75,000
Monty's Leap winery	Monty's Leap Winery Boardwalk and Rustic Wedding Venue.	\$51,150
Himac Attachments	Manufacturing digital infrastructure – development of a fully interactive platform for fabrication and welding processes.	\$47,148

The total value of the eight projects supported through round two of the Great Southern RED grants was \$4.8 million.

Our **Major Projects Register** informs interested parties and the community of the status of major projects within the region and helps to maximise local and regional business and employment opportunities. In 2019-20, we continued to maintain the register to provide regular updates on significant industry, infrastructure and construction-related initiatives. New developments are listed on our website and publicised through the *GSDC Bulletin*. Highlights during the year included the Albany Ring Road, Albany Waterfront Hotel, the Albany to Denmark Water Pipeline, Great Southern Housing Initiative, Affordable Student Accommodation Stage Two and the Katanning Heritage Centre.

***Focus: Katanning Heritage Centre***

*Katanning's All Ages Playground features a variety of colourful play equipment big enough for adults. Perth company Plan E's work on the playground won three category awards in the WA Landscape Architecture Awards.*

Major elements of the Katanning Heritage Centre project, including the much-loved All Ages Playground, Lions Park and skatepark in the Welcome Precinct, were completed in November 2019.

The Shire of Katanning continued work in 2019-20 on further elements of the Heritage Centre project, which 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. We worked with the Shire on securing a variation to the funding agreement to reflect revisions to the 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 remaining elements of the Katanning Heritage Centre project, including the Piesse Lake residential development, will be completed in late 2020-21.

In response to an expanded scope, the Middleton Beach Activity Centre Working Group transformed into the **Great Southern Major Planning Projects Working Group** in 2019-20. The working group continued to be chaired by the Department of Planning Lands and Heritage and comprised representatives of the GSDC, City of Albany, DevelopmentWA and Main Roads. The working group provides a useful forum whereby relevant agencies can raise and discuss planning issues impacting major projects in the region. Some of the projects considered by the working group in 2019-20 included the Middleton Beach redevelopment, Amity Quays and the Albany Ring Road.

**Infrastructure WA** (IWA) was formally established on 24 July 2019, reporting to the Premier. IWA has been set up to provide advice on the State's infrastructure needs and priorities, to maximise the value to all Western Australians from the State's infrastructure, and to create a pipeline of investment in WA to support job creation. IWA's priority task is to develop the first 20-year State Infrastructure Strategy. In December 2019, we helped to organise a stakeholder engagement forum in Albany.

The GSDC was a member of the **Albany Artificial Surf Reef** steering group in 2019-20. The steering group, mainly comprising government agency representatives, was convened by the City of Albany and provides strategic oversight and direction for the planning and implementation of the surf reef project. The City of Albany received \$5 million from the State Government in 2017 for the project, which is currently in the detailed designed phase.

The **Revitalising Agricultural Region Freight** (RARF) Strategy was released in 2019-20 and sets the direction for future investment in freight infrastructure in the key agricultural regions of WA. The RARF Strategy identifies and prioritises specific infrastructure upgrades and suggests regulatory and policy measures that will help make freight transport in WA's agricultural regions more productive, more efficient and safer. It provides a framework and consolidated project packages that prioritise future investment in road, rail, intermodal and port infrastructure projects for the next 10 to 15 years. As a member of the project working group, the GSDC coordinated key stakeholder engagement processes in the Great Southern.

The **Albany Aviation Community Consultation Group** is convened by the Department of Transport and provides a forum for Albany's servicing airline to periodically meet with key regional stakeholders. In 2019-20, the GSDC continued its membership of the committee which provided feedback on a range of issues including airport infrastructure, fees and charges, ticket prices and service frequency. Regional Express has been Albany's servicing airline since February 2016.

In 2019-20, we continued to liaise with Grange Resources and its joint venture partners regarding the proposed \$3 billion **magnetite mine at Wellstead**. The partners are seeking additional project investors and, in the meantime, have examined alternative development models. To date, Grange has invested about \$170 million to progress the licensing and other statutory requirements, demonstrating a continued high level of commitment to the project. A substantial portion of this investment was expended on the purchase of goods and services in the Great Southern.

The **Mining Regional Coordination Group (RCG)** was formed as a partnership between the Goldfields-Esperance Development Commission, GSDC, the Ravensthorpe, Esperance, Jerramungup and Albany local government authorities, Southern Ports Authority and mining resource companies. The RCG seeks to optimise the local benefits stemming from a potential increase in mining sector investment in the region. Each partner, including the GSDC, contributed \$10,000 to a study looking at the socioeconomic impacts of the commencement, resumption and intensification of resource projects within the Ravensthorpe-Esperance region, namely the Ravensthorpe Nickel, Mount Cattlin Spodumene, Munglinup Graphite and Ravensthorpe Gold Projects. The final report was endorsed by the RCG in 2019-20 and the resulting action plan is being implemented.

In 2019-20 the State Government provided \$300,000 to support preliminary planning work at the **Yerriminup Industrial Estate**, located seven kilometres south of Mount Barker. The estate, owned by DevelopmentWA, is already zoned for industrial purposes. The funding is being used to complete an approved subdivision plan and costed detailed design for Western Australian Planning Commission approval, which will encourage downstream processing and value adding agricultural opportunities at the site. The planning work, which was let to tender, is being managed by DevelopmentWA in association with the GSDC and the Shire of Plantagenet. We assisted DevelopmentWA in preparing the investment proposal that secured project funding.

In 2019-20, we 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 2019-20			
Project	Proponent	State Government Funding	Progress as at 30 June 2020
Katanning Heritage Centre Project	Shire of Katanning	\$15,720,000	The Welcome Precinct element was completed in November 2019. The remaining works will be completed over 2020-21.
Stage 2 Affordable Student Housing	Advance Housing	\$10,997,000	The project is under construction and completion is anticipated in February 2021.
Katanning Early Childhood Hub	Shire of Katanning	\$5,725,000	The project is on hold pending a review by the Minister for Regional Development.
Regional Waste Management	Shires of Jerramungup, Ravensthorpe, Katanning, Kent and Gnowangerup	\$3,112,240	Works at Jerramungup, Ravensthorpe and Gnowangerup are complete. The proponent is currently working through a



STRATEGIC PROJECTS 2019-20			
Project	Proponent	State Government Funding	Progress as at 30 June 2020
			variation to the timeframe for Katanning and Kent.
Denmark East Industrial Precinct	Shire of Denmark	\$2,817,815	The industrial land component has been completed. The Denmark Mount Barker Road and East River Road intersection are expected by early 2020-21.
Great Southern Aged Accommodation Project	Shires of Kojonup, Broomehill-Tambellup, Cranbrook, Katanning and Jerramungup	\$2,600,000	As of June 2020, 9 of the 21 housing units had achieved practical completion and a further 8 were close to completion. Completion is anticipated for late 2020.

Liaison between the GSDC and **Regional Development Australia Great Southern (RDA-GS)** continued in 2019-20 across 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 longstanding interagency Memorandum of Understanding.

In 2019-20 this inter-agency consultation included RDA-GS participation in the COVID-19 Regional Response and Recovery Group chaired by the GSDC to coordinate COVID economic response and recovery in the region.

Implementation of successful projects under rounds two and three of the Building Better Regions Fund (BBRF) Infrastructure and Community streams continued. Active projects include the Middleton Beach Foreshore Enhancement, the Fitzgerald Biosphere Group development program, the Great Southern Regional Trails Master Plan and the Great Southern Housing Initiative.

In 2019-20 the successful applicants under **round four of the BBRF Infrastructure Projects Stream Drought Support** were announced. Under round four of the BBRF, all funds were dedicated to support the construction, upgrade or extension of infrastructure in drought-affected areas to provide both social and economic benefits.

The Shire of Jerramungup was successful under this round in securing \$2.1 million for the Jerramungup Swimming Pool Upgrade project, which will deliver a new public swimming pool and supporting infrastructure to replace current pool facilities located within the Jerramungup District High School Precinct. The Boxwood Hill Combined Sports Club, which is also in the Shire of Jerramungup, was successful in securing \$542,985 for the refurbishment of clubhouse facilities.

In June, the RDA-GS was announced as a successful recipient of Australian Government funding to establish an independent **Regional University Centre** in Albany. The Australian Government will provide \$15 million to establish nine new centres across regional Australia, which includes the centre in Albany. The funding also covers \$6 million for student places.

Since 1997, the GSDC and the Port of Albany have partnered on several examinations into the viability of a **container service** to Albany. Markets, cost structures and shipping services have changed over time, which warranted an updated look at the potential for a container service. In 2019-20, the GSDC provided funding support and partnered with the Southern Port Authority to look again at this opportunity. The study will be completed in early 2020-21.



**The Bibbulmun Track and Munda Biddi Trail currently have start/finish points near the Great Southern Marine Research Facility but will soon finish in the Albany town centre.**

The **Munda Biddi Trail** and the **Bibbulmun Track** are the State's two iconic long-distance trails, each appealing to a broad market and attracting mass visitation. The trails wind their way from the Perth hills through the heart of the scenic South West to Albany. Both trails share a terminus in Albany. Since the relocation of the Albany Visitor Centre, the southern combined terminus for both trails has been considered underwhelming. In 2019-20, we provided \$30,000 to the Department of Biodiversity Conservation and Attractions to support the relocation of the terminus to the Albany town centre.

As part of an initiative to support local **chambers of commerce** in the aftermath of the initial impact of the COVID-19 pandemic, we provided \$30,000 to the Denmark Chamber of Commerce, Albany Chamber of Commerce and Industry, and the Katanning Regional Business Association. The funding was used to support the

production of updated business directories that will assist in promoting local services and products to drive awareness and revenue in the local economy.

We also provided \$10,000 to the Shire of Denmark to support an **economic impact assessment** of COVID-19 on the local economy. The information will assist in identifying emerging economic development opportunities and areas where further planning and industry support may be required.

## 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 across the region in partnership with mobile network operators. We also support 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 2019-20. 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 2019-20, new services were activated at Narrikup West, Cheynes, Mettler and Gnowangerup-Jerramungup Road. These additions brought the total under the RTP in the region to 49 base stations. Further sites will be provided through arrangements between Telstra and the Australian Government program and future rounds of the Mobile Black Spot Program.

## KNOWLEDGE AND INNOVATION

During 2019-20, 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. We continued to work with prospective applicants to the **Regional New Industries Fund (RNIF)**. The RNIF grants support venture creation, accelerate small to medium enterprise growth and seed innovation initiatives.

Fourteen grants have been announced across WA, including \$340,000 to Creative Albany for the Design and Innovation Great Southern (DIGS) Hub (now Fathom Co.). Southern Dirt received \$100,000 to help develop a new flax industry in the region. Great Southern Centre for Outdoor Recreation Excellence received \$77,831 to deliver a destination-wide innovation incubator and accelerator that will enhance skills, talent and entrepreneurship capability and capacity across the tourism sector in the lower Great Southern. Stirlings to Coast Farmers was awarded \$225,000 to develop a world-class vertically integrated digital supply chain logistics model to access high value chilled meat export opportunities for WA branded meat products, offering added value and an alternative business model to the live export trade.

In 2019-20 we provided full operational support to the Creative Albany-Fathom Co. coordinator at no cost, including office, vehicle and administrative functions at the GSDC. The Fathom Co. executive committee continued to focus on the identification of an appropriate premises to use as an innovation base in Albany.

In June 2020, the State Government launched the **RNIF Groundswell Program** to help small regional businesses accelerate their growth, create jobs, become more globally competitive and ride out the effects of COVID-19. Expressions of interest were sought from organisations that run entrepreneurship and technology programs, with grants of up to \$200,000 available under this co-investment program.

The 2019 **GSDC Medal** was awarded to Ian Walsh, a pioneer of salt land rehabilitation. Mr Walsh put his \$5,000 grant towards establishing a grazing trial of grey saltbush. If the trial is successful, the availability of a more palatable saltbush variety available may encourage broader use in grazing systems, benefiting stock production and saline land reclamation.

We continued to work with the **Great Southern Centre for Outdoor Recreation Excellence** (GSCORE) in 2019-20 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. The GSDC contributed \$375,000 to the partnership. In 2019, the GSDC Board approved the provision to GSCORE, at their request, of a number of the GSDC's tourism and trails planning documents, including the **Great Southern Adventure Trails Business Case**, developed by the GSDC to identify a coherent and clearly outlined program of adventure trails infrastructure for the region. The suite of documents focused on a range of trail experiences suited to different user groups. The ultimate objective was for the Great Southern to be internationally recognised as a tourism trail destination. This intellectual capital was provided to GSCORE for the development of a *Great Southern Regional Trails Master Plan* (RTMP). At the end of 2019-20, GSCORE was close to finalising the RTMP.

Our engagement with **South Coast Natural Resource Management** continued into 2019-20. SCNRM is funded by the Australian Government through the National Landcare program and State NRM to undertake its lead agency role in natural resource management. Increasingly, significant fee-for-service projects contribute to the group's revenue stream. South Coast NRM forums provided an opportunity for people in the natural resource management sector to gather and share information on how we should protect our unique plants, animals and landscapes.

## LOCAL CONTENT

The GSDC works to support the State Government priority of ensuring that regional businesses benefit from the annual \$27 billion spend on goods, services and works in WA. The **Local Content Adviser** for the Great Southern is based at the GSDC and employed as a team member of the DPIRD Local Content Adviser Network (LCAN). The network has an adviser in each of Western Australia's nine regions and has been engaging businesses and government to improve local content outcomes.



The first LCAN annual report was published in 2020 and is available on the regional development pages of the DPIRD website. It details local content outcomes for government contracts across WA. The report features a regional summary of local content outcomes for region specific contracts, showing for example how much of that spend went to local businesses.

There is also a breakdown of Local Content Adviser activities for the last year, including for example:

- Monitoring the announcements of regionally relevant tender opportunities and promoting these to Great Southern businesses
- Delivering a forum to inform suppliers of opportunities for securing government work with the Department of Finance minor works panel
- Assisting to organise and present the Regional Communications Forum in Albany in November 2019
- Facilitating workshops to help suppliers to be able to tender and quote competitively for government contracts
- Monitoring the outcomes of regional tenders and reporting outcomes to LCAN to inform government policy makers, for example over the revision of the Buy Local Policy 2020.



**Main Roads WA Great Southern regional manager Andrew Duffield was among the presenters at the Regional Communications Forum in November 2019.**

Early indications of the local content outcomes for 2019-20 show that 39 per cent of the total contracts awarded went to Great Southern tenderers, although outcomes cannot be confirmed until after publication of the 2019-20 WA Who Buys What report. In 2019-20, a reduced number of contracts was awarded in the fourth quarter, which

is typically the most active procurement period. Outcomes in 2019-20 could be affected by the pandemic and working from home, but the period was marked by low activity compared to most previous years.

The Local Content Adviser is planning activities to aid the implementation of the 2020 Buy Local Policy in the Great Southern during the next year.

## CULTURAL INFRASTRUCTURE

In the first half of 2019-20, the arts, hospitality and tourism sectors continued to build on previous years' activities in **tourism industry development and promotion**, supported by the involvement of the GSDC. Events we supported included:

- Great Southern Treasures Bloom Festival, in eight participating local government areas
- Mountains and Murals Festival, in Mount Barker
- Opera in the Valley, at the Valley of the Giants near Nornalup.



**Volunteer Francesca van der Horst at work on a Mount Barker mural during the Mountains and Murals Festival.**

The **Mountains and Murals Festival** was a new event, presented by the Shire of Plantagenet in the Mount Barker town centre in December 2019. It focused on large-scale street art. Internationally renowned street artists the Walldogs created murals with local historic, cultural and indigenous significance. GSDC funding supported marketing for the event, artist fees and costs to design two of the murals: *Bella Kelly* and the *Founding of Mount Barker*. The Festival also included markets, food and

wine tastings and a long table dinner with celebrity chef Scott Brannigan from Bread in Common, Fremantle.

We continued to work 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 to partner on a range of projects to support and develop the tourism industry in the Great Southern and South West. The Lower Great Southern Economic Alliance, a partnership between the City of Albany and the Shires of Denmark and Plantagenet, delivers the Amazing South Coast campaign.

In the second half of 2019-20, activities in arts, hospitality and tourism were affected by the COVID-19 pandemic border closures and social distancing measures. Among the region's many activities and events that were cancelled or postponed were events supported by the GSDC, including:

- Taste Great Southern
- Food for Thought
- Katanning Harmony Festival.

To support the sector's recovery, we provided funding support to organisations developing online offerings and planning for 2021 events. This includes funding auspiced by the Shire of Broomehill-Tambellup to enhance the Great Southern Treasures Bloom Festival online platform with set itineraries, and plan for the 10-year anniversary festival event in 2021. Funding has also been provided to the Shire of Katanning to prepare for the 2021 Katanning Harmony Festival.

**Tourism-related 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.

**Growing Spencer Park** is a project led by the Department of Communities in partnership with the City of Albany and the GSDC. It aims to improve the core precinct's liveability and connectivity while planning for a new mix of modern housing. Extensive stakeholder and community consultation informed 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. The steering group has provided in-principle support for the department to lodge the LDP with the City of Albany; it is expected to be lodged and advertised in early 2020-21.



**Focus: Great Southern Films**

*H is for Happiness stars Daisy Axon and Wes Patten, pictured, along with Richard Roxburgh, Emma Booth, Miriam Margolies and Deborah Mailman. Photo by David Dare Parker.*

Since the 2018 release of the GSDC-supported feature film *Breath*, we have continued to support film production in the region. The GSDC works in partnership with Screenwest and liaises with productions supported through the WA Screen Fund.

*H is for Happiness*, a feature film shot in and around Albany in 2018-19, was released in 2020 and gained an enthusiastic reception. *H is for Happiness*, based on Barry Jonsberg's award-winning novel *My Life as an Alphabet*, is the story of a young girl determined to save her dysfunctional family. The producers set up an attractive online guide to their Great Southern locations.

*Rams* was shot in Mount Barker and surrounds in 2018-19, and stars 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. *Rams* was due for cinema release in May 2020 but was delayed by restrictions related to COVID-19.

*Itch* is a ten-part children's television series, also shot in Albany in 2018-19, which tells an action adventure story of a teenager who discovers a new chemical element, attracting the interest of a sinister organisation. It is based on a best-selling book by Simon Mayo. *Itch* aired on ABC ME in 2020 and has been selected by the BBC for broadcast on its children's channel CBBC.

Film and television productions offer significant promotional dividends to the Great Southern by increasing global audience awareness of its natural and other attractions.

**Lake Ewlyamartup** was one of two lakes (with Lake Yealering) selected for inclusion in DPIRD's Living Lakes program. 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.



**Work on the main channel at Lake Ewlyamartup was undertaken in 2019-20.**

Works at Lake Ewlyamartup continued through 2019-20, including completion of the main channel excavation, roadworks and a stop board weir. Onsite amenity and landscaping work is under way and will be completed in early 2020-21. 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.

Through 2019-20, we 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 in 2001 to meet locally identified needs. The program provides families with children from birth to four years with the foundation skills required for lifelong learning and social interaction, plus physical and mental wellbeing. 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 2019-20 was on securing existing and new partnerships. ASSGS was invited by the Minderoo Foundation to submit a proposal to support families with children aged 3-5 years during the COVID-19 restrictions. Three hundred and fifty packs of resources covering education, play, health and hygiene

were distributed to families in the Shires of Katanning, Gnowangerup, Broomehill-Tambellup, Kojonup and Kent. The project was delivered by ASSGS in partnership with the Department of Health, and with the support of the Baldjamaar Foundation and local schools. As of June 2020, ASSGS was being delivered to 653 children across eight local government areas.

## **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 2019-20, the Commission made significant equipment purchases to facilitate ongoing operations and working from home arrangements during the Covid-19 period. These included:

- Two Microsoft Surface Pro 7s
- Three Lenovo personal computers
- Four mobile phone devices.

### **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 2019-20.

### **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 our 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 2019-20, audits were finalised on procurement processes including credit card expenditure, delegations register, property and asset management, management of grant funding and travel claims.



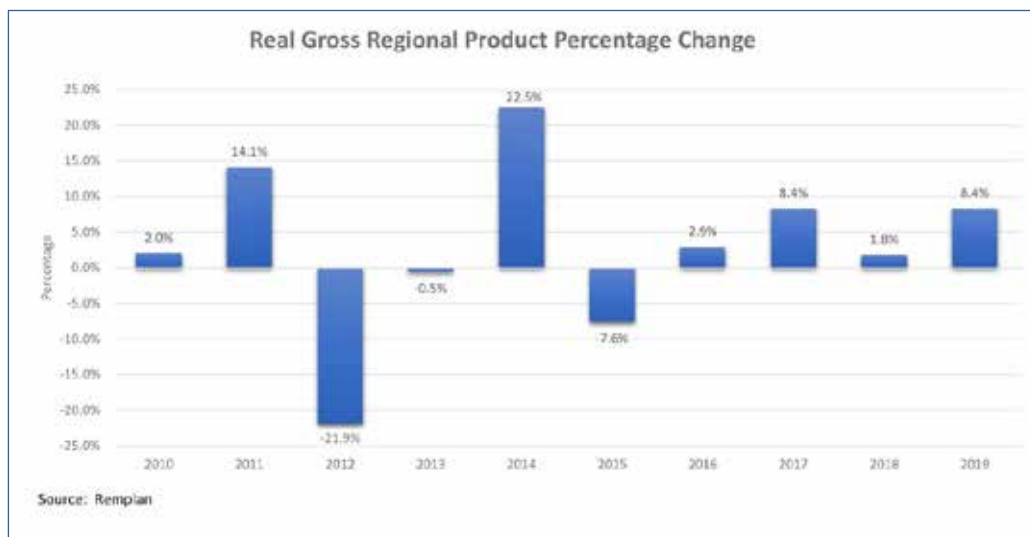


## SIGNIFICANT ISSUES

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. The statistics and graphs do not reflect changes in early 2020 due to the COVID-19 pandemic. They are included in this report to enable comparison with similar information in previous GSDC annual reports. The *GSDC Annual Report 2020-21* will present a more complete picture of the impact of the pandemic.

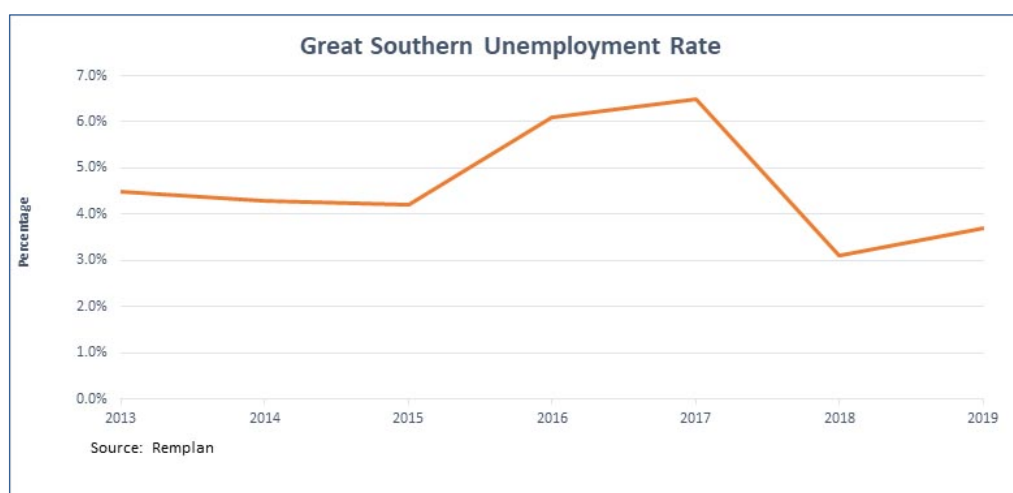
### Gross Regional Product

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 \$4.80 billion in 2019, up from \$4.43 billion in 2018.



### Unemployment

The Great Southern's unemployment rate in 2019 was 3.7 per cent, up from the previous year's figure of 3.1 per cent.



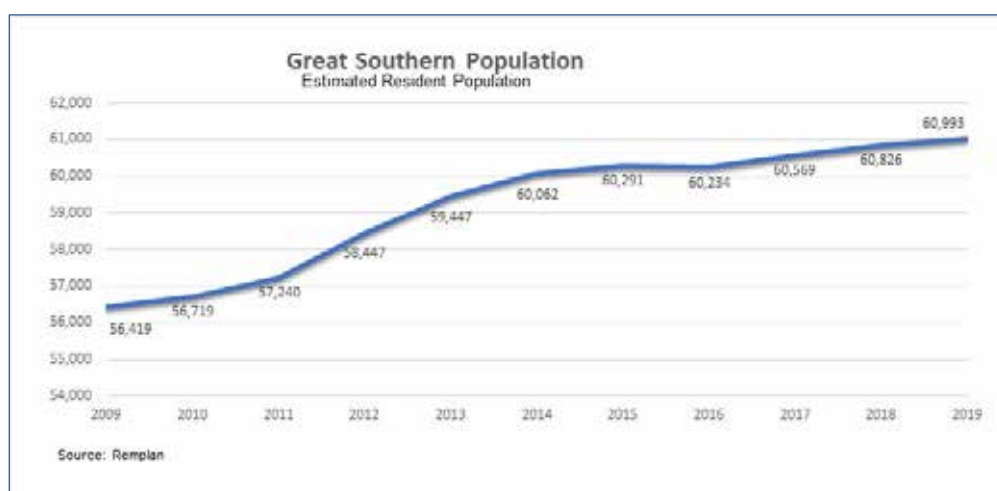
## Construction and Building

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 2018-19 were valued at \$166.2 million, down 9.8 per cent from the previous year. Construction activity in Albany made up 75 per cent of the value of approvals in 2018-19.



## Population

The 2019 estimated resident population of the Great Southern was 60,993, an increase of 0.27 per cent from 2018. The graph shows that the region has experienced steady population growth over the past decade.



## Regional Economy

In 2019, total gross revenue generated by businesses and organisations in the Great Southern was estimated at \$9.4 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 \$1.4 billion in 2019, the third largest of Western Australia's regions, and employed 3,470 workers. In 2019-20 the region produced 3.2 million tonnes of grain, down 3.2 per cent from the previous year.

In May 2020, barley growers braced for the impact of an 80 per cent price tariff on Australian barley imports by the Chinese government. Some growers were able to divert plantings to wheat or oats but many in the Great Southern already had barley crops in the ground. China is the largest single importer of Australian barley and consequently the State and Australian Governments have committed to identifying alternative opportunities and markets.

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.

As agriculture is an established strength, so aquaculture is an emerging strength. The State Government has supported aquaculture in the Great Southern through the establishment of the \$3.6 million Albany Shellfish Hatchery, operating since December 2017. The establishment of South Coast Aquaculture Development Zone, supported with \$1.7 million in State Government funding, is nearing completion and will provide 'investment ready' locations to marine aquaculture investors. Confidence in the industry has already been demonstrated by the Harvest Road Group, one of WA's largest integrated agriculture businesses, through its significant investment in mussel and oyster production at Albany.

Construction was the second largest contributor to regional gross revenue at \$1.2 billion in 2019 and employed 2,055 workers (8.2 per cent of the workforce). Building approvals for the Great Southern have been relatively stable since recovering from a dip in 2011 and 2012, due to new building legislation in April 2012 and associated approvals processes. Around 75 per cent of building activity takes place in the City of Albany. Major construction projects underway or imminent at the end of 2019-20 include the Great Southern Housing Initiative (\$22.1 million), Albany Waterfront Hotel (\$24 million), Affordable Student Accommodation Stage 2 (\$16 million), Katanning Heritage Centre (\$15.4 million), Albany Ring Road (\$175 million) and the Albany-Denmark Water Pipeline (\$25 million).

Manufacturing made a valuable contribution to the region's economy, employing about 6 per cent of workers and contributing approximately 12 per cent to regional turnover (\$1.1 billion). The sector is focused primarily on supplying equipment and machinery to the primary production sector, and to the processing of commodities. Meat processing through the region's export abattoirs is measured as a manufacturing output.

Other key sectors contributing to regional output in 2019 included rental hiring and real estate services (\$940 million), health care and social assistance (\$497 million), education and training (\$452 million) and retail trade (\$399 million).



Tourism (an amalgam of activities across various industry sectors such as retail, accommodation and food services, and arts and recreation services) contributed an estimated \$414 million in 2019, based on an average of 750,000 visitors per year.

In March 2020 the impacts of the global COVID-19 pandemic began to affect economic activity within the Great Southern. Physical distancing policies, travel restrictions and general uncertainty contributed to some of the most severe changes to economic activity that the region has seen for many decades.

According to REMPLAN, before COVID-19 and the introduction of social lockdown measures to manage the pandemic, the total employment in the Great Southern across all local industry sectors was estimated at 25,042. For May 2020, total employment was estimated at 21,848, a fall of 12.8 per cent. The greatest decrease in employment was in retail trade (-674) and in percentage terms, accommodation and food services (-35 per cent).

The total monthly output across all local industry sectors was estimated at \$780 million prior to COVID-19. For May 2020, industry output was estimated at \$611 million, a fall of 21.7 per cent. The greatest decrease in output was in manufacturing (-\$23.9 million) and in percentage terms, arts and recreation services (-55 per cent).

As the spread of the virus is contained and the social lockdown policies are gradually relaxed, it is anticipated that the negative impacts of the pandemic will lessen. The State Government is also expected to progressively release a State Recovery Plan in early 2020-21, which will detail opportunities to support WA's recovery from the pandemic and supported by five recovery sub-plans in health, regions, social, industry, and economic and infrastructure.

## 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 2020, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and Summary of Consolidated Account Appropriations 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 2020 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 Responsibility 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 entity'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.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at [https://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of my auditor's report.

**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 2020.

**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 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 non-compliance 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 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and 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 2020.

#### ***Matter of Significance***

The Commission received an exemption from the Under Treasurer from reporting the following key performance indicator in its annual report for the year ended 30 June 2020:

- Favourable responses from a minimum of 75% of clients from the Client Survey

The exemption was approved due to the difficulty in collecting information from stakeholders because of COVID-19 restrictions. Consequently, this KPI will not be reported. My opinion is not modified in respect of this matter.

#### ***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 entity'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 2020 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 contact the entity to confirm the information contained in the 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  
3 September 2020

## DISCLOSURES AND LEGAL COMPLIANCE

### FINANCIAL STATEMENTS

#### CERTIFICATION OF FINANCIAL STATEMENTS

##### For the reporting period ended 30 June 2020

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 2020 and the financial position as at 30 June 2020.

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.



CAROLYN GIBBON  
CHIEF FINANCE OFFICER  
31 AUGUST 2020



BRUCE MANNING  
CHIEF EXECUTIVE OFFICER  
31 AUGUST 2020



VERONICA FLEAY  
ACTING CHAIR  
31 AUGUST 2020



## Statement of Comprehensive Income

### For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	2.1(a)	237	252
Supplies and services	2.3	1,458	1,499
Depreciation and amortisation expense	4.1(b)		
	4.2(b)	14	2
Grants and subsidies	2.2	129	543
Other expenses	2.3	15	32
<b>Total cost of services</b>		<b>1,853</b>	<b>2,328</b>
<b>Income</b>			
<b>Revenue</b>			
User charges and fees	3.2	-	5
Other revenue	3.3	5	-
<b>Total revenue</b>		<b>5</b>	<b>5</b>
<b>Total income other than income from State Government</b>		<b>5</b>	<b>5</b>
<b>NET COST OF SERVICES</b>		<b>1,848</b>	<b>2,323</b>
<b>Income from State Government</b>			
Service Appropriation	3.1	235	227
Resources received free of charge	3.1	1,386	1,259
Royalties for Regions Fund	3.1	-	516
Income Received from other State Agencies	3.1	123	169
<b>Total income from State Government</b>		<b>1,744</b>	<b>2,171</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(104)</b>	<b>(152)</b>
<b>OTHER COMPREHENSIVE INCOME</b>			
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD</b>		<b>(104)</b>	<b>(152)</b>

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

## Statement of Financial Position

### As at 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	6.2	338	279
Restricted cash and cash equivalents	6.2	65	404
Receivables	5.1	14	39
<b>Total Current Assets</b>		<b>417</b>	<b>722</b>
<b>Non-Current Assets</b>			
Amounts receivable for services	5.2	226	226
Property, plant and equipment	4.1(a)	5	7
Right-of-use assets	4.2(a)	7	-
<b>Total Non-Current Assets</b>		<b>238</b>	<b>233</b>
<b>TOTAL ASSETS</b>		<b>655</b>	<b>955</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5.3	34	248
Lease liabilities	6.1	7	-
Employee related provisions	2.1(b)	151	123
<b>Total Current Liabilities</b>		<b>192</b>	<b>371</b>
<b>Non-Current Liabilities</b>			
Lease liabilities	6.1	-	-
Employee related provisions	2.1(b)	-	17
Other non-current liabilities	5.4	15	15
<b>Total Non-Current Liabilities</b>		<b>15</b>	<b>32</b>
<b>TOTAL LIABILITIES</b>		<b>207</b>	<b>403</b>
<b>NET ASSETS</b>		<b>448</b>	<b>552</b>
<b>EQUITY</b>			
Accumulated surplus/(deficit)	8.8	448	552
<b>TOTAL EQUITY</b>		<b>448</b>	<b>552</b>

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 2020

	Notes	Accumulated surplus/(deficit) \$'000	Total equity \$'000
<b>Balance at 1 July 2018</b>		704	704
Deficit		(152)	(152)
Total comprehensive loss for the period	8.8	(152)	(152)
<b>Balance at 30 June 2019</b>		552	552
<b>Balance at 1 July 2019</b>		552	552
Deficit		(104)	(104)
Total comprehensive income/(loss) for the period	8.8	(104)	(104)
<b>Balance at 30 June 2020</b>		448	448

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 2020

	Notes	2020 \$'000	2019 \$'000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		235	227
Royalties for Regions Fund		-	516
Grants received from Other State Agencies		123	169
<b>Net cash provided by State Government</b>		<b>358</b>	<b>912</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(227)	(237)
Supplies and services		(54)	(25)
GST payments on purchases		(18)	(61)
Grants and subsidies		(361)	(543)
Other payments		(14)	(5)
<b>Receipts</b>			
User charges and fees		-	5
GST receipts on sales		1	-
GST receipts from taxation authority		45	119
Other receipts		2	-
<b>Net cash used in operating activities</b>		<b>(626)</b>	<b>(747)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Payments</b>			
Purchase of non-current assets		-	-
<b>Net cash used in investing activities</b>		<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Payments</b>			
Principal elements of lease payments		(12)	-
<b>Net cash used in financing activities</b>		<b>(12)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(280)</b>	<b>165</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>683</b>	<b>518</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	6.2	<b>403</b>	<b>683</b>

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

## Summary of Consolidated Account Appropriations

### For the year ended 30 June 2020

	Budget estimate 2020 \$'000	Supple- mentary Funding 2020 \$'000	Revised Budget 2020 \$'000	Actual 2020 \$'000	Variance 2020 \$'000
<u>Delivery of Services</u>					
Amount Authorised by Other Statutes					
- <i>Salaries and Allowances Act 1975</i>	235	-	235	235	-
Total appropriations provided to deliver services	235	-	235	235	-
<b>GRAND TOTAL</b>	<b>235</b>	<b>-</b>	<b>235</b>	<b>235</b>	<b>-</b>

## Table of contents

1.	Basis of Preparation	54
2.	Use of Our Funding	55
2.1.	(a) Employee benefits expenses	55
2.1.	(b) Employee benefits provision	55
2.2.	Grants and Subsidies	56
2.3.	Other Expenditure	57
3.	Our Funding Sources	57
3.1.	Income from State Government	58
3.2.	User charges and fees	58
3.3.	Other revenue	58
4.	Key Assets	58
4.1.	(a) Property, plant and equipment	59
4.1.	(b) Depreciation and impairment	59
4.2.	(a) Right-of-use assets	60
4.2.	(b) Depreciation charge of right-of-use assets	61
5.	Other Assets and Liabilities	61
5.1.	Receivables	61
5.2.	Amounts receivable for services (Holding Account)	62
5.3.	Payables	62
5.4.	Other non-current liabilities	62
6.	Financing	62
6.1.	Lease liabilities	63
6.2.	Cash and Cash Equivalents	63
6.3.	Commitments	64
7.	Financial instruments and Contingencies	64
7.1.	Financial Instruments	64
7.2.	Contingent assets and liabilities	64
8.	Other Disclosures	65
8.1.	Events occurring after the end of the reporting period	65
8.2.	Initial application of Australian Accounting Standards	65
8.3.	Key management personnel	67
8.4.	Related party transactions	67
8.5.	Related bodies	68
8.6.	Affiliated bodies	68
8.7.	Remuneration of auditors	68
8.8.	Equity	68
8.9.	Supplementary financial information	68
8.10.	Explanatory statement	68



## Notes to the financial statements

### 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 31<sup>st</sup> August 2020.

### 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 (AASs) - 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 take precedence over AASs. Several AASs 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 thousand dollars (\$'000).

### 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.

Significant judgements and estimates have been made to meet the requirements of the new standards AASB 16 and AASB 1058.

Refer to Note 8.2 for the impact of the initial adoption and the practical expedients applied in the initial recognition.

### 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.

## Notes to the financial statements

### 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	2020 \$'000	2019 \$'000
Employee benefits expenses	2.1(a)	237	252
Employee benefits provisions	2.1(b)	151	140
Grants and subsidies	2.2	129	543
Other expenses	2.3	1,473	1,531

#### 2.1. (a) Employee benefits expenses

	2020 \$'000	2019 \$'000
Wages and salaries	211	215
Other Employee Expenses	1	2
Superannuation <sup>(a)</sup>	25	35
<b>Total employee benefits expenses</b>	<b>237</b>	<b>252</b>
Add: AASB 16 Non-monetary benefits	12	-
<b>Net employee benefits</b>	<b>249</b>	<b>252</b>

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

**Wages and salaries:** Include all costs related to employment including wages and salaries, annual leave and long service leave entitlements.

**Other Employee expenses:** Include fringe benefits tax 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.

**AASB 16 Non-monetary benefits:** Non-monetary employee benefits expenses, predominantly relate to the provision of Vehicle and Housing benefits are measured at the cost incurred by the agency.

#### 2.1. (b) Employee benefits provision

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.

	2020 \$'000	2019 \$'000
<b>Current</b>		
<u>Employee benefits provisions</u>		
Annual leave <sup>(a)</sup>	50	48
Long service leave <sup>(b)</sup>	89	73
	<b>139</b>	<b>121</b>
<u>Other provisions</u>		
Employment on-costs <sup>(c)</sup>	12	2
<b>Total current employee related provisions</b>	<b>151</b>	<b>123</b>
<b>Non-Current</b>		
<u>Employee benefits provisions</u>		
Long service leave <sup>(b)</sup>	-	17
<u>Other provisions</u>		
Employment on-costs <sup>(c)</sup>	-	-
<b>Total non-current employee related provisions</b>	<b>-</b>	<b>17</b>
<b>Total employee related provisions</b>	<b>151</b>	<b>140</b>

## Notes to the financial statements

- (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'.

	2020	2019
	\$'000	\$'000
<b>Employment on cost provision</b>		
Carrying amount at start of period	2	2
Additional/(reversals of) provisions recognised	10	-
<b>Carrying amount at end of period</b>	<b>12</b>	<b>2</b>

### 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

	2020	2019
	\$'000	\$'000
<u>Recurrent</u>		
Royalties for Regions Fund	129	543
<b>Total grants and subsidies</b>	<b>129</b>	<b>543</b>

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.

## Notes to the financial statements

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

	2020 \$'000	2019 \$'000
<b>Supplies and services</b>		
Communications	3	2
Consultants and contractors	-	-
Consumables	7	20
Travel	14	16
Services and contracts	46	201
Other	2	1
Resources provided free of charge by DPIRD <sup>(a)</sup>	1,386	1,259
<b>Total supplies and services expense</b>	<b>1,458</b>	<b>1,499</b>
<b>Other expenses</b>		
Equipment repairs and maintenance	4	2
Other administrative expenses	11	30
<b>Total other expenses</b>	<b>15</b>	<b>32</b>
<b>Total other expenditure</b>	<b>1,473</b>	<b>1,531</b>

(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.

**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.

**Other expenses** generally represent the day-to-day running costs incurred in normal operations.

**Other administrative expenses** 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 benefits 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	2020 \$'000	2019 \$'000
Income from State Government	3.1	1,744	2,171
User charges and fees	3.2	-	5
Other revenue	3.3	5	-

## Notes to the financial statements

### 3.1. Income from State Government

	2020 \$'000	2019 \$'000
Appropriations received during the period: <sup>(a)</sup>		
Salaries and Allowances Act 1975	235	227
	<u>235</u>	<u>227</u>
Grants received from Other State Agencies	123	169
	<u>123</u>	<u>169</u>
Department of Primary Industries and Regional Development <sup>(b)</sup>	1,386	1,259
	<u>1,386</u>	<u>1,259</u>
Royalties for Regions Fund:		
Regional Community Services Account <sup>(c)</sup>	-	516
	<u>-</u>	<u>516</u>
<b>Total income from State Government</b>	<b>1,744</b>	<b>2,171</b>

- (a) **Service Appropriations** and **Regional and State-wide Initiatives** received from the Department of Treasury, fund the net cost of services delivered. Appropriation revenue comprises a cash component only.
- (b) **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* are received free of charge
- (c) **The Regional Community Services Account** is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas and are recognised as revenue when the Commission gains control of the funds.

The application of AASB 15 and AASB 1058 from 1 July 2019 has no impact on the treatment of income from State Government.

### 3.2. User charges and fees

	2020 \$'000	2019 \$'000
Project fees	-	5
<b>Total user charges and fees</b>	<u>-</u>	<u>5</u>

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

### 3.3. Other revenue

	2020 \$'000	2019 \$'000
Other revenue	5	-
	<u>5</u>	<u>-</u>

The application of AASB 15 and AASB 1058 from 1 July 2019 has no impact on the treatment of other revenue.

## 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	2020 \$'000	2019 \$'000
Property, plant and equipment	4.1(a)	5	7
Right-of-use assets	4.2(a)	7	-
<b>Total key assets</b>		<u>12</u>	<u>7</u>

## Notes to the financial statements

### 4.1. (a) Property, plant and equipment

Year ended 30 June 2020	Office equipment \$'000	Computer hardware \$'000	Furniture, fixtures and fittings \$'000	Total \$'000
<b>1 July 2019</b>				
Gross carrying amount	12	51	5	68
Accumulated depreciation	(5)	(51)	(5)	(61)
Carrying amount at start of period	7	-	-	7
Additions	-	-	-	-
Disposals (written down value)	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-
Depreciation	(2)	-	-	(2)
<b>Carrying amount at 30 June 2020</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>5</b>
Gross carrying amount	12	51	5	68
Accumulated depreciation	(7)	(51)	(5)	(63)
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. (b) Depreciation and impairment

#### Charge for the period

	2020 \$'000	2019 \$'000
<b>Depreciation</b>		
Office equipment	2	2
<b>Total depreciation for the period</b>	<b>2</b>	<b>2</b>

As at 30 June 2020 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

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments should be made where appropriate.



## Notes to the financial statements

### 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.

### 4.2. (a) Right-of-use assets

#### Year ended 30 June 2020

#### 1 July 2019

Gross carrying amount

Accumulated amortisation

#### Carrying amount at start of period

Recognition of right-of-use asset on initial application of AASB 16

Adjusted balance at 1 July 2019

Additions

Disposals

Transfers

Impairment loss

Depreciation

#### Carrying amount at 30 June 2020

Gross carrying amount

Accumulated depreciation

Accumulated impairment loss

	Vehicles \$'000	Total \$'000
	-	-
	-	-
	-	-
	19	19
	19	19
	-	-
	-	-
	-	-
	-	-
	(12)	(12)
	7	7
	19	19
	(12)	(12)
	-	-

### Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset.

## Notes to the financial statements

### Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at the cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

### Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Commission at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment of outlined in note 4.1(b).

#### 4.2. (b) Depreciation charge of right-of-use assets

	2020 \$'000	2019 \$'000
Vehicles	12	-
<b>Total right-of-use asset depreciation</b>	<b>12</b>	<b>-</b>
Lease interest expense (included in Finance Cost)	-	-

The total cash outflow for leases in 2019-20 was \$10,888.

*The Commission's leasing activities for and how these are accounted for:*

The Commission has leases for vehicles.

The Commission has also entered in a Memorandum of Understanding Agreement (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

Up to the 30 June 2019, the Commission classified lease as either finance leases or operating leases, From the 1 July, the Commission recognised leases as right-of-assets and associated leases liabilities in the Statement of Financial Position.

The corresponding leases liabilities in relation to these right-of-use assets have been disclosed in note 6.1.

## 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:

	Note	2020 \$'000	2019 \$'000
Receivables	5.1	14	39
Amounts receivable for services (Holding Account)	5.2	226	226
Payables	5.3	34	248
Other non-current liabilities	5.4	15	15

### 5.1. Receivables

	2020 \$'000	2019 \$'000
<b>Current</b>		
GST receivable	11	39
Other debtors	3	-
<b>Total current</b>	<b>14</b>	<b>39</b>

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

## Notes to the financial statements

### 5.2. Amounts receivable for services (Holding Account)

	2020 \$'000	2019 \$'000
Non-current	226	226
	<b>226</b>	<b>226</b>

**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.

Amounts receivable for services are considered not impaired (ie. there is no expected credit loss of the Holding Account).

### 5.3 Payables

	2020 \$'000	2019 \$'000
<b>Current</b>		
Accrued salaries	-	1
Accrued expenditure	33	-
Trade payables	1	247
<b>Total current</b>	<b>34</b>	<b>248</b>

**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.

### 5.4 Other non-current liabilities

	2020 \$'000	2019 \$'000
<b>Non-Current</b>		
Grant liabilities <sup>(a)</sup>	15	15
	<b>15</b>	<b>15</b>

(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
Lease liabilities	6.1
Cash and cash equivalents	6.2
Commitments	6.3

## Notes to the financial statements

### 6.1. Lease liabilities

	2020 \$'000	2019 \$'000
Current	7	-
Non-current	-	-
	<u>7</u>	<u>-</u>

The Commission measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Commission uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Commission as part of the present values calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the Commission exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Commission if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Commission in profit or loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with Note 4.2(a).

#### **Subsequent Measurement**

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modification.

### 6.2. Cash and Cash Equivalents

	2020 \$'000	2019 \$'000
Cash and cash equivalents	338	279
Total cash and cash equivalents	<u>338</u>	<u>279</u>
Restricted cash and cash equivalents		
- Royalties for Regions Fund	21	359
- Restricted cash other	20	30
- Regional Development Scheme <sup>(a)</sup>	24	15
Total restricted cash and cash equivalents	<u>65</u>	<u>404</u>
<b>Balance at end of period</b>	<u><b>403</b></u>	<u><b>683</b></u>

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

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

## Notes to the financial statements

### 6.3. Commitments

#### Non-cancellable operating lease commitments

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.

	2020 \$'000	2019 \$'000
Commitments for minimum lease payments are payable as follows		
Within 1 year	-	12
Later than 1 year and not later than 5 years	-	9
	<u>-</u>	<u>21</u>

From 1 July 2019, the Commission has recognised the right-of-use assets and corresponding lease liability for all non-cancellable operating lease commitments, apart from short term and low value leases. Refer to Note 8.2.

### 7. Financial instruments and Contingencies

	Notes
Financial instruments	7.1
Contingent assets and liabilities	7.2

#### 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:

	2020 \$'000	2019 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	338	279
Restricted cash and cash equivalents	65	404
Amounts receivable for services (holding account)	229	226
<b>Total financial assets</b>	<u>632</u>	<u>909</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	49	263
<b>Total financial liabilities</b>	<u>49</u>	<u>263</u>

(a) Financial assets 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.

##### Contingent assets

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

##### Contingent liabilities

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

## Notes to the financial statements

### 8. Other Disclosures

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

	Note
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 party 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 15 – Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities**

AASB 15 *Revenue from Contracts with Customers* replaces AASB 118 *Revenue* and AASB 111 *Construction Contracts* for annual reporting periods on or after 1 July 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 income of Not-for-Profit Entities. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the agency.

The Commission adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information will be restated under this approach and the agency recognises the cumulative effect of initially applying the Standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Refer to Note 3.1, 3.2 and 3.3 for the revenue and income accounting policies adopted from 1 July 2019.

There was no impact on retained earnings on 1 July 2019 as a result of adopting AASB 15 and AASB 1058.



## Notes to the financial statements

### AASB 16 – Leases

From 1 July 2019, AASB 16 *Leases* supersedes AASB 117 *Leases*, Interpretation 4 *Determining whether an Arrangement contains a Lease*, Interpretation 115 *Operating Leases – Incentives* and Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The main changes introduced by the new Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as a right-of-use asset and lease liability, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (valued less than \$5,000) where the lessor is not a WA State Government agency. The operating lease and finance lease distinction for lessees no longer exists.

The Commission has applied the modified retrospective approach on initial adoption. As permitted under the specific transition provisions in the standard, comparatives have not been restated. Lease liabilities recognised are measured at present value of the remaining lease payments, discounted using the incremental borrowing rate. Upon initial application, the value of leased right-of-use assets are equal to the recognised leased liabilities.

The Commission is permitted on a lease-by-lease basis to apply the following practical expedients.

- (a) A single discount rate may be applied to a portfolio of leases with reasonably similar characteristics.
- (b) Commission relies on its assessment of whether leases are onerous applying AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* immediately before 1 July 2019 as an alternative to performing an impairment review, the agency shall adjust the right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application.
- (c) Exclusion of initial direct costs from the measurement of right-of-use asset at the date of initial application.
- (d) Use of hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

AASB 16 takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- (a) Right of use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.5%) on 1 July 2019.
- (b) Depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income.
- (c) The total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the statement of cash flows.

Measurement of lease liabilities:

	\$'000
Operating lease commitments disclosed as at 30 June 2019	21
Discounted using incremental borrowing rate at date of initial application	19
<b>Lease liability recognised at 1 July 2019</b>	<b>19</b>
Current lease liabilities	11
Non-current lease liabilities	8

## Notes to the financial statements

### 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:

<b>Compensation of members of the accountable authority</b>	<b>2020</b>	<b>2019</b>
<b>Compensation band (\$)</b>		
0 - 10,000	4	8
20,001 - 30,000	1	-
50,001 - 60,000	-	1
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	39	72
Post-employment benefits	3	6
<b>Total compensation of members of the Commission</b>	<b>42</b>	<b>78</b>
<b>Compensation of senior officers</b>		
<b>Compensation band (\$)</b>		
50,001 - 60,000	-	1
70,001 - 80,000	1	-
100,001 - 110,000	-	1
230,001 - 240,000	1	1
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Short-term employee benefits	258	318
Post-employment benefits	27	34
Other long-term benefits	30	38
<b>Total compensation of senior officers of the Commission</b>	<b>316</b>	<b>390</b>
<b>Total compensation of key management personnel</b>	<b>358</b>	<b>468</b>

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

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 party 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).

## Notes to the financial statements

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

### Material transactions with other related entities

Outside of normal citizen type transactions with the Commission, there were no other related party transactions that involved key management personnel and/or their close family members and/or their controlled (or jointly controlled) entities.

#### 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:

	2020 \$'000	2019 \$'000
Auditing the accounts, financial statement controls, and key performance indicators	25	25

#### 8.8. Equity

	2020 \$'000	2019 \$'000
<b><u>Accumulated surplus/(deficit)</u></b>		
Balance at start of year	552	704
Result for the year	(104)	(152)
<b>Balance at end of year</b>	<b>448</b>	<b>552</b>

#### 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) Gift of public property

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

#### 8.10. Explanatory statement

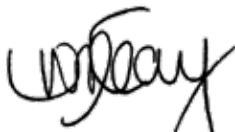
The Commission is exempt from TI 945 Explanatory Statement as their Total Cost of Services is below \$10 million for the two most recent consecutive comparative periods.

## KEY PERFORMANCE INDICATORS

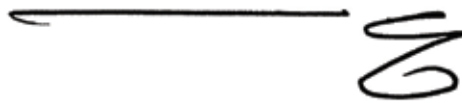
### CERTIFICATION OF KEY PERFORMANCE INDICATORS

#### For the year ended 30 June 2020

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 2020.



VERONICA FLEAY  
ACTING CHAIR  
31 AUGUST 2020



BRUCE MANNING  
CHIEF EXECUTIVE OFFICER  
31 AUGUST 2020

## KEY PERFORMANCE INDICATORS

Treasurer's Instruction 904 requires the disclosure of performance information in the Commission's Annual Report. This information assists interested parties such as Government, Parliament, the community and client groups to assess agency performance in achieving a government desired outcome and obtaining value for public funds from services delivered.

The following illustrates the relationship between the Commission's service and desired outcome, and the Government goal to which it contributes.

## 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: Delivering stronger regional economies	The sustainable economic and social development of the Great Southern	Regional Development

## KEY EFFECTIVENESS INDICATOR

### Client Survey

The Commission measures its effectiveness indicators through an annual client perceptions survey, conducted by an independent market research company. The Commission's clients include local governments, Commonwealth and State government agencies, community groups and private organisations.

Due to COVID-19 restrictions, and pursuant to Treasurer's instruction (TI) 904 para (3)(i) the Commission sought and obtained an exemption from reporting the key effectiveness indicator for the 2019-20 financial year. The results presented below are the prior year results.

In prior years, respondents were asked if the Commission is effective or very effective in its coordination and promotion of development in the Great Southern.

The Commission is effective or very effective in its coordination and promotion of development in the Great Southern	2015 Actual	2016 Actual	2017 Actual	2018 Actual	2019 Actual
	83%	83%	81%	81%	83%

## 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.

	2017-18	2018-19	2019-20 Target	2019-20 Actual	Variation 2018-19 to 2019-20 Actuals	Variation 2019-20 Target to Actual
Average cost per project	\$32,634	\$29,265	<b>\$43,658</b>	<b>\$17,364</b>	<b>\$11,901</b>	<b>\$26,294</b>

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

(b) The variation between 2018-19 and 2019-20 actual average cost per project is due to:

- i. A minor decrease in the total cost of services in this financial year compared to the previous following the implementation of the Organisational Design Phase 2 project; and
  - ii. A substantial increase in the number of projects facilitated due to the ongoing nature of the Regional Economic Development grant projects supported under Round 1 and 2 of the program and COVID-19 support projects that align with the State Government's Recovery Plan.
- (c) The 2019-20 target and actual variation is attributed a 130% higher number of projects progressed or completed during the year that target and an 8% lower cost of service. This resulted in the actual cost per project being 60% lower than target.

## 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 2019-20.

#### Capital projects complete

The GSDC did not complete any capital works projects during 2019-20.

### EMPLOYMENT AND INDUSTRIAL RELATIONS

<b>Staff Profile</b> (at 30 June 2020; includes GSDC staff and GSDC-based DPIRD staff)		
	2018-19	2019-20
Full-time permanent	5	9
Full-time contract	5	1
Part-time permanent (FTE)	1.2	0.6
	11.2	10.6

### 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.

### WORKERS' COMPENSATION AND REHABILITATION

The GSDC did not have any new workers' compensation claims in 2019-2020.

## 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	Remuneration type and rate	Period of membership in 2019-20	Gross/actual remuneration 2019-20 (\$)
Chair	Ross Thornton	Annual (\$47,250)	July 2019	4,956
Chair	Brad Williamson	Annual (\$47,250)	July 2019 to January 2020	25,526
Deputy Chair	Veronica Fleay	Annual (\$5,000) and per meeting (\$513)	Full period	9,052
Member	Joanne Iffla	Per meeting (\$403)	Full period	2,735
Member	Vernice Gillies	Per meeting (\$403)	Full period	2,709
Member	Annie Roberts	Per meeting (\$403)	Full period	2,028
Member/CEO	Bruce Manning*	Not applicable	Full period	0
<b>Total</b>				46,968

\* 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 2020, there were no instances of personal use of a credit card.

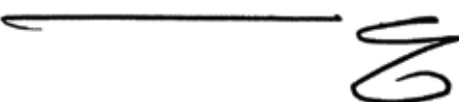
Personal use expenditure (aggregate)	\$0
Personal use expenditure settled by due date (within five working days)	\$0
Personal use expenditure settled after the period (after five working days)	\$0
Personal use expenditure outstanding at balance date	\$0

## 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 Great Southern Development Commission staff have been made aware of the necessity to comply with Western Australian Public Sector Code of Ethics and the Great Southern Development Commission 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 Great Southern Development Commission 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 2019-20 year, I advise the following:

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

  
 BRUCE MANNING  
 CHIEF EXECUTIVE OFFICER  
 31 AUGUST 2020

## ANNUAL ESTIMATES

Treasurers Instruction 953 (Item 3) requires the publication of the annual estimates for the coming year (S40 Submission) in the Annual Report. Due to the COVID-19 pandemic, the State Government's budget process was rescheduled in 2019-20 and the annual estimates were not available at the time of publication. The estimates will be published on the GSDC website when they become available.

## 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 2019-20 was \$2,762.

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	Great Southern Weekender	759	2,762
	Albany Advertiser	450	
	Denmark Bulletin	318	
	Albany Chamber of Commerce & Industry	559	
	Denmark Chamber of Commerce	176	
	Katanning Regional Business Association	500	

## DISABILITY ACCESS AND INCLUSION PLAN

The Commission is committed to promoting an inclusive environment in which all people can access our services and facilities. In this regard, we supported the development of DPIRD's Disability Access and Inclusion Plan (DAIP) 2018-23, which was implemented in 2018.

The DAIP was developed in consultation with the DAIP Working Group, Department of Communities, Regional Development Commissions, peak bodies and people with disability and the DPIRD Communications branch.

Our approach complements our commitment to ensuring an inclusive region in which all people enjoy a high quality of life and are able to participate in community life and pursue interests without restriction based on ability. We are supportive of agencies and businesses that facilitate the employment of people with disabilities and we regularly engage the services of enterprises that employ people with disabilities.

## RECORD-KEEPING PLAN

The Commission updated its Record Keeping Plan (RKP) in 2015, with the State Records Office endorsing the updated plan on 10 March 2016, as required under section 19 of the State Records Act (2000). The RKP is next due to be reviewed in March 2021.

All staff are aware they have a responsibility to create and maintain public records in a manner which not only complies with legislative requirement, but allows for quick and easy location, identification and retrieval of such documents or electronic data.

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 and ensured induction processes for new staff members incorporated record awareness training and information.

## 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. Except for 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 reserves the right to recoup costs in accordance with the *Freedom of Information Act 1992*. The contact details of the Freedom of Information Coordinator are:

Director Regional Development  
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 2019-20.



## 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.

We implement 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 our work.

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

In 2019-20, the GSDC provided funding for projects designed to meet the needs of diverse community groups including the following:

- 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.
- Norman House Transitional Accommodation – business case for the redevelopment of Albany's historic Norman House to provide an accommodation option for young people experiencing homelessness or at risk of homelessness.
- Great Southern Housing Initiative – providing 52 housing units across seven Great Southern local government areas (21 units for independent seniors and 31 for regional employees).

### 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.

We canvass OSH issues at our weekly management and fortnightly team meetings, which are chaired by the CEO. All OSH-related procedures and forms are easily accessible on the DPIRD intranet and the GSDC file server.

Our 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 were 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 2017-18 Base year	Results 2018-19 Prior year	Results 2019-20 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	25%	0%	100%	Greater than or equal to 80%	