



GOVERNMENT OF
WESTERN AUSTRALIA



2018-19 ANNUAL REPORT

Pilbara Development Commission

pdc.wa.gov.au

Welcome to our 2018-19 Annual Report

This report is an important tool used to ensure transparency and accountability of the Pilbara Development Commission to Parliament, our stakeholders and the community we serve. It is an account of our achievements during the reporting period and a look at the emerging challenges and opportunities that lie ahead for the Pilbara, and for the Commission.

Online report

To reduce printing costs and environmental impact, this report has been published in an electronic format. It is available to download in PDF format from our [website](#).

Accessibility

This report is available in different formats on request. If you would like a printed copy of the report please contact our head office in Karratha on telephone 1800 THE PILBARA (1800 843 745) or send us an email via pdc@pdc.wa.gov.au.

Feedback

Making our annual report transparent, accurate and relevant is important to us, so we'd like to know what you think.

To share your feedback on this report please contact us on telephone 1800 THE PILBARA (1800 843 745) or send us an email via pdc@pdc.wa.gov.au.



West End Markets, Port Hedland. Photo: Bewley Shaylor, image courtesy of FORM





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Statement of Compliance

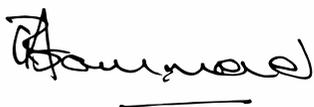
For the year ended 30 June 2019

HON ALANNAH MACTIERNAN MLC

MINISTER FOR REGIONAL DEVELOPMENT

In accordance with section 63 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament, the Annual Report of the Pilbara Development Commission for the reporting period ended 30 June 2019.

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



Mr Brendan Hammond
Chairperson
23 August, 2019



Mr Terry Hill
Chief Executive Officer
23 August, 2019

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Acknowledgement of Country

The Pilbara Development Commission acknowledges the Traditional Owners throughout the Pilbara and their continuing connection to the land, waters and culture. We pay our respects to Elders past, present and emerging.

Our vision

To be a progressive agency leading the development of the Pilbara

Our mission

To be the catalyst for development and growth in the Pilbara.

Our values

The Commission's values are:

Excellence

in all we deliver

Integrity

to act ethically, honestly and with transparency

Unite

to connect, respect and collaborate

Care

to be positive and supportive

Impact

to make a difference

Peedamulla Campground



“I am very proud to present the 2018-19 Annual Report, my second as Chair of the Pilbara Development Commission.”

Brendan Hammond,
Chairperson

Overview of the agency

Executive summary

A message from the Chair

What a rewarding year it has been. Confidence is strong in the region, among businesses and communities.

It is hard to find a Pilbara resident who is not passionate about ensuring this region remains a great place to work, do business, invest and raise a family into the long term, and I am glad to say this sentiment is held strongly by the staff and Board of the Commission.

There is much to be excited about, with more than \$100 billion worth of new resources projects committed or planned in the Pilbara over the next decade. Many of these projects will be under construction within the next five years and there is broad recognition throughout the Pilbara of the need to ensure that their economic benefits are spread as widely as possible across all the region's communities and that disruptive influences associated with the last boom are better managed.

As such, the Commission is undertaking a project to identify the potential impacts on our communities that will arise from the implementation of these projects. This critical piece of work includes fine-grained analysis of population growth, demographic trends and future service needs that will be important in informing all agencies and levels of government, as well as non-government organisations and private companies in planning for the region.

The need for residential, rather than fly-in-fly-out, operational workforces, when feasible, has been widely accepted. Many companies are now committing to establishing residential workforces, or to drive-in drive-out where practical

Large resources projects are continuing to commit to local content and improving the capacity of local businesses, including Aboriginal-owned enterprise.

Meanwhile, the Commission is highly focused on diversifying the Pilbara economy through supporting medium and small enterprises to grow and by working to ensure our communities are vibrant, attractive places to live long-term. To name just a few of the activities undertaken in 2018-19 by the Commission to drive diversification:

- Leading, facilitating and delivering the first round of the State Government's Regional Economic Development grants program, to create new jobs in industries ranging from tourism to manufacturing, waste management and renewable energies.
- Working with Yindjibarndi Aboriginal Corporation and other project partners to redevelop the Victoria Hotel in Roebourne as a cultural centre.
- Establishing an Innovation Network across the Pilbara, through completion of Port Hedland's The WEB, the Karratha Enterprise Hub and The Edge in Newman. These three hubs will help to diversify the regional economy through providing business services and co-working spaces to new and growing businesses.
- Securing \$70 million in State Government funding and commencing detailed design work on the Spoilbank Marina in Port Hedland.
- By creating a business case, helping to secure \$1.33 million in State Government funds to progress planning for the Murujuga Living Knowledge Centre and Tourism Precinct on the Burrup Peninsula.

- Securing \$1.5 million for the Jiji Project in a transformational partnership with Puntukurnu Aboriginal Medical Service (PAMS) that will provide speech and occupational therapy to improve education and health outcomes for Martu children in communities in the Western Desert.

The Commission has been busy in many other areas during the year. I particularly want to acknowledge the care and professionalism that Commission staff continue to demonstrate in their consultation with residents of Pilbara Town Based Reserves as part of the project to improve their economic and social wellbeing in collaboration with the traditional owners of the reserve lands, other government agencies and community partners.

While the Commission's focus continues to be outwards on the Pilbara, 2018-19 also saw continued settling-in of new systems as a result of Machinery of Government changes that occurred in 2017-18. For a second year, I wish to thank Commission Chief Executive Officer Terry Hill for his advocacy on behalf of the Pilbara region, the Commission and regional development in general.

I also wish to acknowledge and thank the Minister for Regional Development Hon. Alannah MacTiernan, MLC, for her leadership and support for the Pilbara, to which she is a frequent visitor, and her interest in, and continued hard work for regional Western Australia.

During 2018-19, we experienced considerable change on the Commission's Board with Dr Alan Eggleston's term expiring in October; Cr Jeton Ahmedi's resignation in November; and the expiration of Cr Julie Arif's and Cr Gerry Parson's terms. Meanwhile, Mr Chris Cottier's term was extended to December 2019. Many thanks to all the Board members, both departed and continuing, for their excellent contributions and advice during the year.

As we look forward to 2019-20, I am excited for the Pilbara and the Commission's role as an active agent in its future. Collaboration with others, both within and outside the region, will continue to be our focus as we seek to achieve our overarching value of excellence in both how the Commission operates and in what we help to deliver.



Brendan Hammond | Chairperson

2018-19

Performance highlights

To achieve its mission to be the catalyst for regional development and growth, the Commission works towards four strategic goals which underpin all decision-making and provide the basis for evaluating the organisation's effectiveness. The four strategic goals are:

1. A prosperous and diverse economy
2. Vibrant and sustainable communities
3. Transformational partnerships
4. Skilled and capable people

During 2018-19, the Pilbara Development Commission led, collaborated and invested in a wide range of projects and initiatives to support the sustainable development of the Pilbara.

This work was guided by the Commission's four strategic goals listed on its [website](#).

Highlights of the Commission's performance in 2018-19 are grouped here under the strategic goals, while noting many activities supported multiple goals.

The Commission is currently developing its strategic plan 2019-2021, which will be implemented in 2019-20. The new plan will include key themes for regional development which have been developed by the Western Australian Regional Development Trust. These themes will be common to all nine regional development commissions.

GOAL 1

Prosperous and diverse economy



The Commission, Innovation Hubs and local chambers of commerce and industry worked together to develop the

PILBARA LAUNCH PAD
program with

\$100,000

secured from the Regional
New Industries Fund.



The Commission assisted the City of Karratha to become the host city of the annual

**DEVELOPING
NORTHERN AUSTRALIA
CONFERENCE**

making it the first time in its 5 year history that the conference has been held in WA.



PILBARA TOURISM ASSOCIATION

officially formed with representation from the Commission.



8 initiatives that will help
CREATE 60 JOBS
 and diversify the economy
 were awarded a total
\$690,455
 in Round 1 of Regional
 Economic Development grants.



Victoria Hotel Roebourne
redevelopment
 achieved practical completion with
 targets for local contracts and
 Aboriginal employment
exceeded

CASE STUDY 1

\$1.33 MILLION
 secured to progress planning for the
MURUJUGA
 LIVING KNOWLEDGE CENTRE
 and Tourism Precinct
 on the Burrup Peninsula

Complementary studies were released with the City of Karratha on establishing a
DIRECT MARITIME FREIGHT SERVICE TO THE PILBARA.

The Commission's report found that such a service would significantly
 increase gross regional product, while creating 30 additional jobs.

\$70 MILLION
 in State Government funding secured for the
SPOILBANK MARINA
PORT HEDLAND

Other project achievements included a public
 forum held on landside activation; commencement
 of detailed design work; establishment of a
 community reference group and invitations
 made to register interest in boat pens.



PORT HEDLAND'S
THE WEB

was completed, creating a Regional Innovation
 Network with two other business hubs located
 in Newman and Karratha.

CASE STUDY 2

PILBARA
ROCK OYSTER
AQUACULTURE

trial survived Cyclone Veronica, with
 juvenile oysters showing increased
 growth in the warmer weather.

The project's success has led to further
 investment in research and development
 by the Cooperative Research Centre for
 Northern Australia and the State Government.

GOAL 2

Vibrant and sustainable communities



The Commission secured

\$550,000

in State Government funding for the Pilbara University Centre

which will be based in Karratha and Port Hedland.



ONSLOW HEALTH SERVICE

redevelopment was completed comprising a new hospital and new facilities.



Transition plans for five Pilbara TOWN BASED RESERVES

were progressed in consultation with residents, Traditional Owners and government and non-government stakeholders, and a process of implementation begun.

PARABURDOO SPORTS, FITNESS & COMMUNITY COMPLEX

completed, representing the biggest investment in community infrastructure in Paraburdoo in 30 years.

CASE STUDY 3

Karratha Health Campus



KARRATHA HEALTH CAMPUS

opened with state-of-the-art facilities. At

\$207.15 million

it was the biggest investment ever undertaken in a public hospital in regional WA.

GOAL 3

Transformational Partnerships

The Commission secured
\$1.5 million
 for the Jiji Project

in a partnership with Puntukurnu Aboriginal Medical Service (PAMS) that will provide speech and occupational therapy to improve education and health outcomes for Martu children in communities in the Western Desert.



The Commission is a key member on the working group for the North West
Aboriginal Housing Fund,
 a **\$200 million**

initiative to provide transitional housing to support Aboriginal people into work for better economic and social outcomes.



The Commission allocated a total of
\$53,500
 in sponsorship to 9 events

across the region in partnership with regional stakeholders that aligned with the Commission's strategic goals.



With LandCorp,
 the Commission co-hosted
Business After Hours
Networking

events in Newman, Port Hedland and Karratha, in conjunction with local chambers of commerce.

The Commission continued to communicate to stakeholders via electronic and conventional media, including website updates, e-newsletter and media releases and responses.

In June 2019, the number of followers on the Commission's LinkedIn page exceeded 1,000, reflecting

70%
 organic growth
 over the preceding 12 months

The Commission is participating in the
HEDLAND
COLLECTIVE

which brings together community, industry, NGO's and Government agencies to work collaboratively on improving outcomes for the

Town of Port Hedland

The Commission led the formation of the
WESTERN AUSTRALIA
REGIONAL
DEVELOPMENT
ALLIANCE

(WARDA), to enhance collaboration between the State's nine Regional Development Commissions. WARDA's membership is made up of the chief executive officers of each development commission and a senior representative from the Department of Primary Industries and Regional Development. In 2018-19, it was chaired by the Pilbara Development Commission CEO.

The Commission collaborated with FORM to hold the Pilbara
CREATIVE
& CULTURAL
INDUSTRIES FORUM

in Newman, sparking development of a strategy in collaboration with art centres, cultural organisations, Aboriginal groups and other stakeholders to support the growth of the creative sector.

CASE STUDY 4



The Commission is a
values driven organisation
 Commission staff regularly discuss their performance against the values and recognise examples of this at monthly team meetings.

Commission Directors Justin Fromm (left) and Trish Barron (right), with Commission CEO Terry Hill (centre)

GOAL 4

Skilled and capable people

The annual stakeholder survey is a key evaluation measure to inform the Commission about the effectiveness of its work against its key values. In the 2019 survey, more than

88% of respondents agreed

with the Commission's 5 value statements as shown in the table below.

Value	2017-18 result	2018-19 result
The Pilbara Development Commission demonstrates excellence in its decisions, behaviours and actions	88%	88%
The Pilbara Development Commission acts ethically, honestly and with transparency	89%	92%
The Pilbara Development Commission staff are positive and supportive of stakeholders and the community	94%	95%
The Pilbara Development Commission connects and collaborates with stakeholders to inform strategic decision making	94%	91%
The Pilbara Development Commission inspires, leads and delivers outcomes that make a difference for the region	90%	89%

Operational structure

The Pilbara Development Commission is working to make the Pilbara a great place to do business, build a career, raise a family and invest long into the future. The Commission provides the regional link between government policy and planning, and regional aspirations and needs.

To enable effective delivery against these strategic goals, the Commission operates with two directorates, supported by the Office of the CEO.

Economic Development, Land & Infrastructure

The Economic Development, Land and Infrastructure directorate is responsible for placing the Pilbara in the best possible position to capitalise on opportunities to attract new industries that will diversify the region's economy.

- Land and infrastructure
- Logistics, engineering and supply chains
- Innovation and advanced technology
- Small to medium enterprise
- Agriculture
- Aquaculture
- Energy
- Tourism

A key part of enabling this diversification is ensuring access to essential economic infrastructure and development-ready land.

People, Place & Community

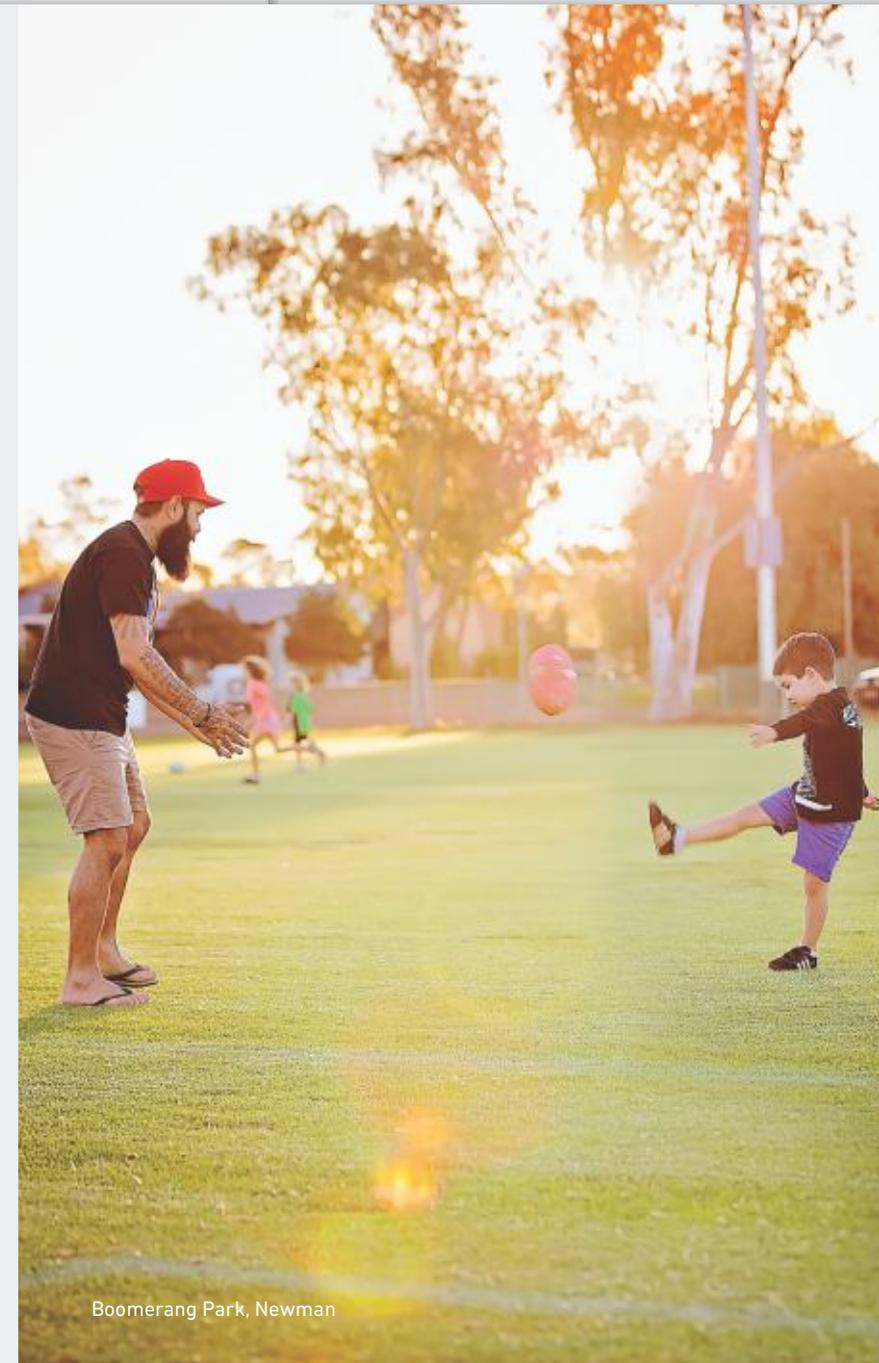
The People, Place and Community directorate is responsible for ensuring communities in the Pilbara have access to a high level of education, health and recreational facilities and support services. Delivering a level of amenity that attracts and retains residents and builds healthy communities continues to improve the liveability of the region. The directorate focuses on projects and initiatives in:

- Education
- Health
- People and communities
- Arts and culture

Office of the CEO

The Office of the CEO function of the Commission supports the overall strategic direction and effective management of the organisation including finance, governance and communication.

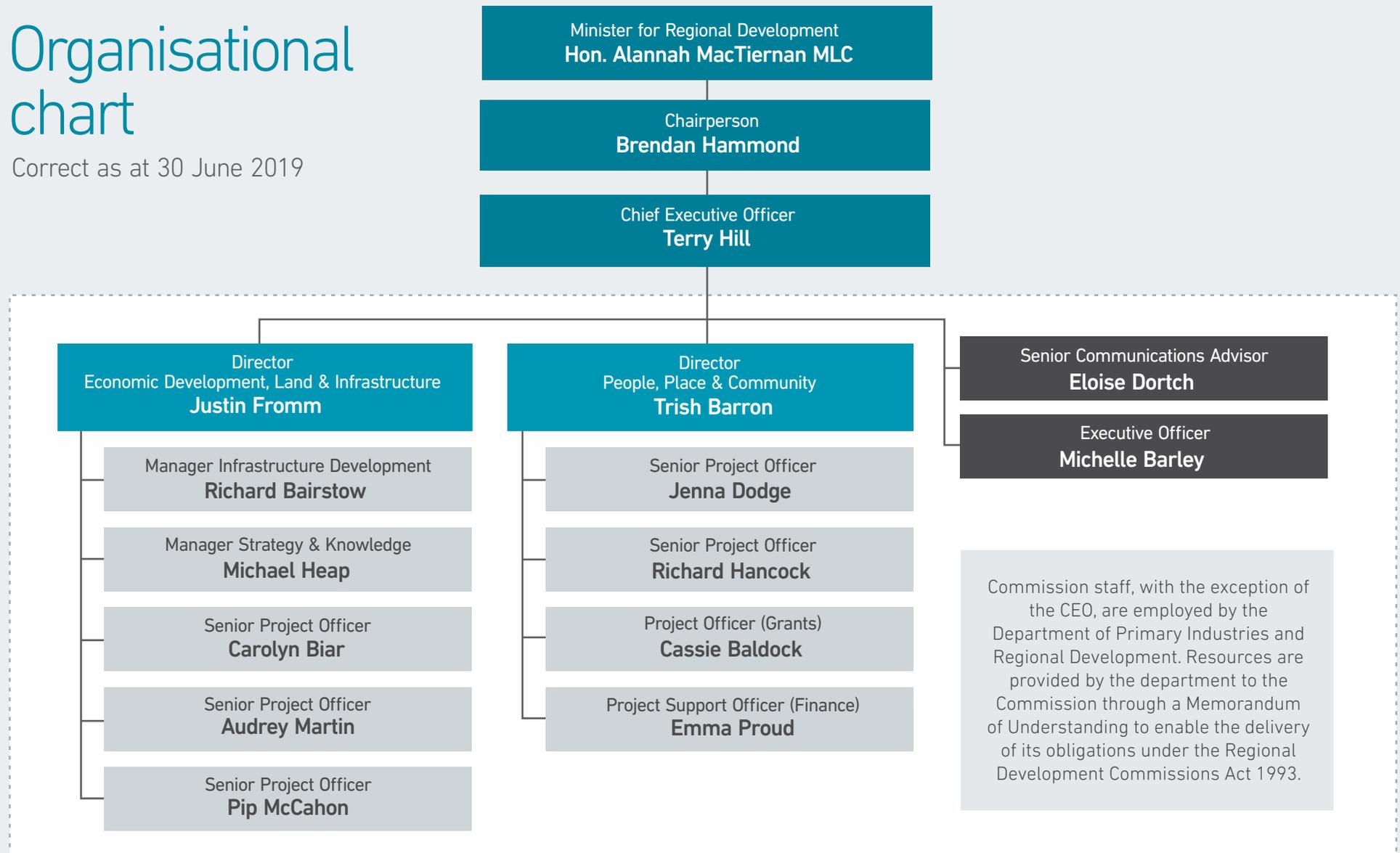
In 2018-19, the Commission led the formation of the Western Australia Regional Development Alliance (WARDA), which formed in February 2019 to enhance collaboration between the State's nine regional development commissions. WARDA's membership is made up of the CEOs of each development commission and is currently chaired by the CEO of the Pilbara Development Commission.



Boomerang Park, Newman

Organisational chart

Correct as at 30 June 2019





Irrigated agriculture, Pardoo Beef Corporation

Enabling legislation

The Commission was established under the *Regional Development Commissions Act 1993* (RDC Act 1993), listed as a statutory authority on Schedule 1 of the *Financial Management Act 2006* and is subject to the provisions of the *Public Sector Management Act 1994*.

The RDC Act 1993 established regional development commissions in each of Western Australia's nine regions to coordinate and promote economic development to maximise prosperity and wellbeing for the regions, and for Western Australia.

The objectives of the Commission under the Act are:

- Maximising job creation and improving career opportunities in the region
- Developing and broadening the economic base of the region
- Identifying infrastructure services to promote economic and social development within the region
- Providing information and advice to promote business development within the region
- Seeking 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; and
- Taking steps to encourage, promote, facilitate and monitor the economic development in the region.

Responsible minister

The Commission is responsible to the Minister for Regional Development, the Hon. Alannah MacTiernan MLC.

The Minister has the power to direct the Commission, either generally or with respect to a particular matter, on the exercise and performance of its powers, functions and duties under the *Regional Development Commissions Act 1993*.



Commission Board

Responsible to the Minister for Regional Development, the Board is the governing body of the Commission, ensuring the efficient and effective operation of the organisation. The Board meets regularly to consider matters of economic and social importance to the Pilbara, to formulate advice to the Minister on appropriate matters, to set policy directions for the Commission and to formulate budget priorities. The Board is comprised of six members including community, local government and Ministerial appointments, and the Chief Executive Officer, who is a member of the Board by virtue of office. All Board members contribute skills, experience and local knowledge that benefit the Commission and the region.

One third of the Board (two members) are to be resident in the Pilbara region and nominated in accordance with the regulations; one third are to be members of the council of a local government in the Pilbara and are to be nominated by local governments in the region in accordance with the regulations; and two members are to be appointed at the Minister's discretion.

Primary activities

- Set the overall strategic direction and goals of the Commission
- Provide guidance on specific projects and initiatives
- Formulate Commission policy
- Review progress at regular intervals to ensure established goals are being achieved
- Monitor Commission expenditure
- Promote economic development
- Represent the Commission at relevant meetings and functions
- Advocate for the Pilbara region

The Board's strategic role of oversight, direction and advice is distinct from the role of the CEO, who is responsible for managing the day-to-day operations of the Commission.



Karratha town centre

Board activity in 2018-19

Six meetings were scheduled in 2018-19, with five going ahead following a decision by the Board in April 2019 to reduce the number of meetings held annually from six to four. No extraordinary meetings were held. The table below reports meeting attendance of each Board member during the reporting period, based on eligibility to attend.

Brendan Hammond	3/5	Jeton Ahmedi	1/2
Chris Cottier	4/5	Alan Eggleston	3/3
Geraldine Parsons	5/5	Terry Hill	4/5
Julie Arif	5/5		

During 2018-19, Board meetings were held in Newman, Karratha and Perth. The Board meets regularly in different towns across the region, enabling members to connect with local businesses and residents and providing members with valuable insight into the challenges and issues facing the region, and the priorities for regional development.

To maximise this opportunity, the Commission partnered with the chambers of commerce in Newman, Port Hedland and Karratha to host Business-After-Hours networking events where the Board had the opportunity to present the current activities and priorities of the Commission and network with businesses. These events aligns with the Commission's strategic objective to be accessible and visible in the region.

Extension or completion of terms during 2018-19

- Dr. Alan Eggleston's term expired in October 2018.
- Cr Jeton Ahmedi resigned in November 2018.
- Mr Chris Cottier's term was extended to 31 December 2019.
- Cr Julie Arif's and Cr Gerry Parsons' terms expired in January 2019. As local government elections are due in October 2019, their terms were extended.

Independent external advice

Individual Board members have the right to seek independent professional advice on particular matters before the Board, subject to approval by the Chairman, at the Commission's expense.

Declarations of interest

The Board has a standing declaration of interest process included in the Board Charter. A standing agenda item at all meetings provides for the declaration and management of any potential conflicts of interest and a Board Members' Interest Register is maintained on an ongoing basis.

Application process to become a Board member

Calls for nominations to the Board are made through advertisements placed in relevant news outlets and letters to individual councillors, chambers of commerce and other regional organisations. People may nominate themselves or others, and organisations may also nominate individuals. Terms of appointment are for up to three years.

After the specified closing date, all nominations are reviewed by the Commission's CEO, who makes a recommendation to the Minister for Regional Development.

The Minister for Regional Development, Hon Alannah MacTiernan MLC, makes the appointments, which require endorsement by Cabinet.

In May 2019, nominations closed to fill one community vacancy on the Commission's Board. Applications for this position were still under review and the appointment pending as of 30 June 2019.

The Minister is still to appoint a sixth board member to fill the final Ministerial vacancy as of 30 June 2019.

Commission Board remuneration during 2018-19

Chair	\$63,000 per annum
Deputy Chair	\$5,000 per annum plus fee of \$790 per day or \$513 per half day
Members	Fee of \$622 per full day or \$403 per half day

Board profiles



Mr Brendan Hammond
Chairperson
Ministerial appointment
Current term 2017 – 2020

A skilled executive and senior leader, Brendan has more than 25 years of experience in senior roles across energy, water, ports and resources sectors, including as Managing Director of Rio Tinto Argyle Diamonds. He has more than ten years of experience as a board Chair of listed businesses and government trading enterprises, including Horizon Power and Dampier Port Authority. Brendan has a proven track record of working with regional communities, in Western Australia and around the world, to drive economic and social change. He is a partner in Centric Digital LLC (New York), the owner of Seymour Associates Pty Ltd, and contributes widely in the not-for-profit sector. In 2011, Brendan was awarded the Western Australian Citizen of the Year award for his contribution to regional development.



Mr Chris Cottier
Deputy Chairman
Community appointment
Current term 2014 – 2019

Mr Cottier is a long-term Port Hedland resident and currently works for BHP in its Corporate Affairs department. He has held a range of senior leadership positions within the public, private and community sector including Community Relations Manager, Corporate Affairs Manager and Manager of Indigenous Affairs for BHP Billiton. He has served as Acting Director General for the Department of Indigenous Affairs, and has worked in various other state and federal government roles across the South West, Kimberley and Pilbara. Mr Cottier also sits on the Western Australian Football Commission board as a Commissioner and brings a strong focus on junior and master's participation and regional and club administration.



Mr Terry Hill
Chief Executive Officer
Ex officio

Prior to taking up his current position as Chief Executive Officer of the Pilbara Development Commission, Mr Hill was an Executive Director at the Department of Agriculture and Food, working with the irrigated agriculture sector. Mr Hill has held a number of senior roles in the Western Australian government, and at a national level. He has carried out the role as the Deputy Chair of the Grape and Wine Research and Development Corporation and was a foundation Director of Horticulture Australia Ltd. He has also worked internationally leading a significant project in Indonesia, industry trade missions to Asia and managing the commercialisation of intellectual property. Mr Hill holds a Bachelor of Science in Agriculture, a Masters in Agribusiness and is a Fellow of the Australian Institute of Company Directors.



Cr Julie Arif

Local government appointment
Current term 2016 - 2019

Cr Arif is a long-term Port Hedland resident and local historian with experience in local government and regional development. Cr Arif worked in education for 22 years and is an active member of the community. She is involved with the Port Hedland Historical Society and Care for Hedland Environmental Group. Cr Arif has authored 4 local history books and one children's book. She is an occasional tour guide and is the Assistant Manager of the Dalgety House Museum in Port Hedland.



Cr Geraldine (Gerry) Parsons

Local government appointment
Current term 2016 - 2019

Cr Parsons has resided in Newman since 2000 and has served as a Councillor for the Shire of East Pilbara since 2011. Cr Parsons currently sits on the Newman Chamber of Commerce and Industry, Newman Turf Club, Newman Recreation Centre Management Committee, South Newman Primary School Board and is the secretary for the Catholic Church. She has been awarded Newman Volunteer of the Year, Newman International Women's Day recipient and is a Life Member of the Newman Tee Ball and Junior Soccer Associations. Her key focus is on sustainable growth of the Pilbara region and towns opening channels for economic development and improved infrastructure.

Served on the
Board in 2018-19



Dr Alan Eggleston

Ministerial appointment
Term expired October 2018

Dr Eggleston moved to Port Hedland in 1974 establishing a private medical practice in South Hedland in 1976. Dr Eggleston was Mayor of Port Hedland before entering the Australian Senate in 1996 where he served three six-year terms. While in the Senate he participated in a number of Senate Committees and was a member of the Abbott government's Joint Select Committee on Northern Australia.



Cr Jeton (Jay) Ahmedi

Local government appointment
Resigned November 2018

Cr Ahmedi was appointed as Shire of East Pilbara Councillor (South Ward) for a four-year term. He is passionate about supporting his local community and plays an active role as Justice of the Peace and holds various volunteer positions for local junior sporting associations.

Governance

As a Statutory Authority, the Commission has legal responsibilities in accordance with the *Western Australian Regional Development Commissions Act 1993* (the Act) and operates in compliance with State Government policies.

The *Public Sector Management Act 1994*, the Western Australian Public Sector Code of Ethics and the Public Sector Commission's Good Governance for Western Australia Public Sector Boards and Committees, inform the Commission's high level of governance.

The Commission operates to a Code of Conduct which identifies personal integrity, relationships with others and accountability as the three guiding principles in accordance with the *Public Sector Management Act 1994*. The Code of Conduct also includes specific standards that Commission employees adhere to, ensuring best practice conduct and integrity.

Key legislation impacting on the Pilbara Development Commission

In the performance of its functions, the Commission complies with the following relevant written laws:

- *Regional Development Commissions Act 1993;*
- *Auditor General Act 2006;*
- *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 Sector Management Act 1994;*
- *Salaries and Allowances Act 1975;*
- *State Records Act 2000; and*
- *State Supply Commission Act 1991.*

Shared responsibilities with other agencies

The Commission did not share any responsibilities with other agencies in 2018-19. The Commission works in partnership with government departments and agencies, industry, small business and not-for-profit organisations to achieve regional development outcomes for the Pilbara. As part of its role as a facilitator and partner, the Commission leads and participates in a number of working groups and advisory committees.

The Commission held roles on a number of external advisory groups during 2018-19, including:

- Wanggalili Project Steering Committee;
- Western Australian Tropical Research Institute (WATARI) Project Steering Committee;
- Port Hedland Spoilbank Marina Steering Committee;
- Northern Beef Development Reference Group;
- Developing Northern Australia WA Sub Committee and Program Advisory Committee;
- Transforming Agriculture in the Pilbara (TAP) Project Steering Committee;
- Hedland Collective;
- NorthWest Aboriginal Housing Fund;
- Murujuga Rock Art Stakeholder Reference Group;
- Pilbara District Leadership Group;
- Woodside, BHP and other resource sector community reference groups;
- Wickham Community Stakeholders Forum; and
- Newman Futures.

Complaints

The Pilbara Development Commission recognises the need to have an accessible process to receive complaints. The Commission will develop a section on its website where the public can learn how to make a complaint, our processes for logging, investigating, responding to and addressing complaints. The Commission did not receive any formal complaints in 2018-19.

Performance management framework

Relationship to government goals

The Government's desired outcome from the activities of the Pilbara Development Commission is the enhancement of the Pilbara's economic and social development. The Commission achieves this outcome by providing a coordination and facilitation function to deliver beneficial outcomes to business, community groups and to people living and working in the region.

Performance measures for the Commission's strategic goals are defined and monitored through the Western Australian Government Budget Statements.

Government Goal	Desired Outcome	Services
<p>Stronger focus on the Regions:</p> <p>Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.</p>	<p>Enhancement of the Pilbara Region's economic and social development</p>	<ol style="list-style-type: none"> 1. Facilitation, Coordination and Governance 2. Regional Promotion and Information Services



Echidna petroglyph, Murujuga National Park



2019 NAIDOC Awards at Yule River, sponsored by the Commission in 2018-19.

Agency performance

Annual stakeholder survey

The following table illustrates results achieved against the Commission's performance indicators compared to the previous year.

The results shown here for 2017-18 net agreement differ slightly from results in the Commission's 2017-18 annual report, because in the 2017-18 report, 'don't know' answers were included as net agreement. This has been addressed in this table, with 'don't know' answers excluded from net agreement for both years.

Performance indicator	2017-18 net agreement	2018-19 net agreement	% change
The Pilbara Development Commission makes a positive contribution to economic and social development of the Pilbara	93%	94%	^ 1%
The Pilbara Development Commission's support to industry and enterprise makes a positive contribution to regional development	92%	90%	v 2%
Pilbara Development Commission staff provide professional, timely and helpful services	93%	93%	0%
I am aware and informed of the projects and activities being undertaken by the Commission that aim to develop and broaden the economic base of the region	78%	80%	^ 2%
I understand the role and purpose of the Pilbara Development Commission	98%	94%	v 4%
The Pilbara Development Commission demonstrates excellence in its decisions, behaviours and actions	88%	88%	0%
The Pilbara Development Commission acts ethically, honestly and with transparency	89%	92%	^ 3%
The Pilbara Development Commission staff are positive and supportive of stakeholders and the community	94%	95%	^ 1%
The Pilbara Development Commission connects and collaborates with stakeholders to inform strategic decision making	94%	91%	v 3%
The Pilbara Development Commission inspires, leads and delivers outcomes that make a difference for the region	90%	89%	v 1%

The 2019 survey results show that overall, stakeholders were strongly aware of the Commission's positive contribution to economic and social development of the Pilbara (94%, compared to 93% in 2017-18).

A high score was also achieved in relation to Commission staff being considered by surveyed stakeholders as positive and supportive of stakeholders and the community (95% compared to 94% in 2017-18).

Of potential concern was the consistently lower score achieved in relation to awareness of the projects and activities being undertaken by the Commission to develop and broaden the economic base of the region. This will be considered in future Commission communications planning.

Case studies

“The rebuild of the Victoria Hotel would embrace the often-maligned pub's history. Even having some of the people come in and tell stories about it, that would be good.”

“At the end of the day, a lot of people know what the pub used to represent and what it did to the families but look, it's not something we should hide from and be ashamed of, because it is something which has become part of the history.”

Yindjibarndi Aboriginal Corporation CEO,
Michael Woodley



The renovated Victoria Hotel in Roebourne

Case study 1

VICTORIA HOTEL - ROEBOURNE

In 2014, the Yindjibarndi Aboriginal Corporation (YAC) purchased the Victoria Hotel in Roebourne for more than \$2 million, as a commitment to improving the quality of life of its people based in Roebourne through the creation of economic opportunities.

This commitment resulted in an innovative partnership between YAC and the Federal and State governments to transform the ageing historic building.

A creative Procurement Plan, incorporating an Aboriginal Engagement and Employment Model to support local Aboriginal employment and contract opportunities, has led to outstanding results, including project targets for Aboriginal employment hours being exceeded more than four times over.

Among those working on the major renovation and reconstruction of the hotel were inmates from the Roebourne Regional Prison through the Department of Justice; school-based trainees from Roebourne District High School; and participants registered with the local Community Development Program provider.

In addition, YAC contracted a joint venture between the Geraldton Building and Services Company (GBSC) and Yurra, a Pilbara-based Aboriginal contracting and services company, to deliver the project.

Representing cultural and entrepreneurial opportunity, the Victoria Hotel, to be formally opened as the Ganalili Centre in 2019-20, also reflects self-empowerment and the power of collaboration.

In June 2019, the project was awarded a Bronze Award in 'Best Practice in Collaboration Between Government and Non-Government Organisations' from the Institute of Public Administration Australia.



Victoria Hotel redevelopment project partners receiving an Institute of Public Administration WA award for best practice in collaboration between government and non-government organisations.

Measure	Project Target	Outcome (to Date)
Total Aboriginal employment hours	2,300	10,551
Department of Justice workers	N/A	3
Total hours Department of Justice workers	N/A	3,853
Total Aboriginal employees	14	31
High school traineeships' work experience	6	8
New Aboriginal apprenticeships	2	4
Apprentices working on-site	2	8
Certified trainee numbers	6	41
New training courses delivered	3	11
Local business spend	\$3,003,848	\$3,218,903
Aboriginal business spend	\$1,938,879	\$2,087,487

The WEB Business Hub, Port Hedland

“The WEB Business Hub is set to be the go-to location in Hedland that offers collaboration, creativity, motivation and multifunctional areas with supportive services that both fosters and supports existing and start-up businesses. Hedland Collective is enjoying being a part of this exciting new chapter in the Pilbara.”

Hedland Collective, on The WEB opening



Case study 2

THE WEB BUSINESS HUB - PORT HEDLAND

The WEB Business Hub, opened in October 2018 by the Minister for Regional Development, is a purpose-built facility in the heart of Port Hedland's historic West End that provides flexible co-working accommodation and tailor-made innovation programs to encourage entrepreneurship and support new and existing small businesses.

Together with The Edge in Newman and the Karratha Enterprise Hub, The WEB is one of three business innovation centres established in the Pilbara by the State Government through the Pilbara Development Commission, designed to work together to accelerate small business growth and development in the region.

The WEB's service-based programs focus on management, financial, training and technology support to enable businesses to develop and enhance their long-term sustainability.

The new facility comprises seven private offices, of which all are leased to local businesses; a co-working area with 11 hot desks; a dedicated workspace with a further 12 desks; three meeting rooms; and multifunctional indoor and outdoor event spaces.

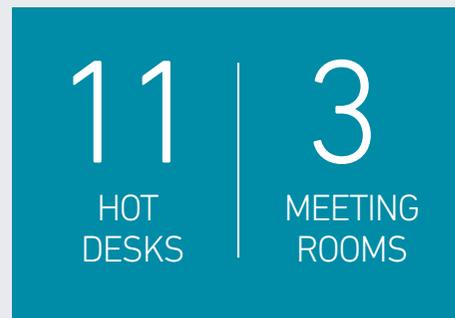
A total of 23 Pilbara businesses were contracted as part of the construction of The WEB, with 60% of the furnishings for the facility fit-out purchased from local businesses.

The WEB's mission is to be at the forefront of business development and innovation for the Pilbara region.

For example, in early 2019, The WEB partnered with METS Ignited to livestream the Workforce 2025 learning event, thus providing Pilbara businesses with an insight around future workforce innovation through engaging in an ongoing dialogue around practical next steps to address and respond to the changing workforce and Industry 4.0.

The WEB's programming aims to support businesses in the Pilbara and create a narrative and conversation around a collective vision for Hedland's workforce in 2025.

This will be fostered through further understanding of changing workforce cultures, digitally enhanced operation models and the enhancement of 'soft skills' in collaboration and problem solving leading to a more agile and responsive small business sector.



“Everyone's really been looking forward to this. There's heaps more space and it's nice and clean and fresh,”

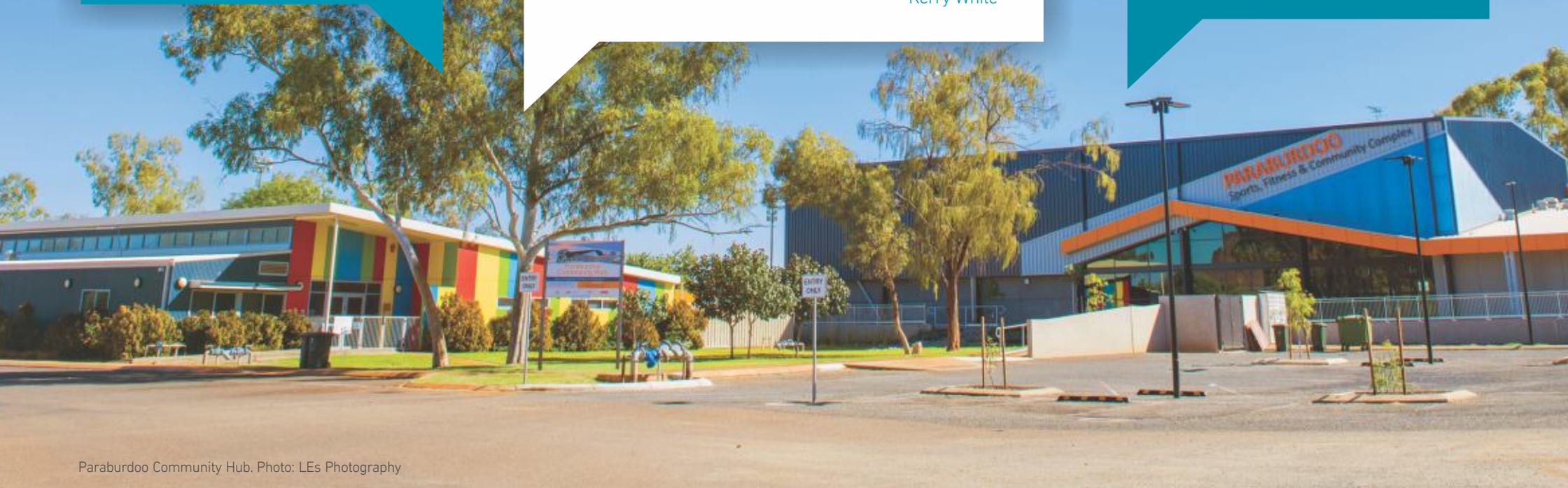
Paraburdoo Gym Co-ordinator,
Skye Baxter

“It will be a hub for friends, families, colleagues, and even neighbouring Pilbara towns, to come together through sport or recreation and to enjoy a lifestyle that is synonymous with our region.”

Shire of Ashburton President,
Kerry White

“The Paraburdoo community hub is more than just a building, it will become the heart of the town as a place people connect, learn and grow together.”

Pilbara Development Commission CEO,
Terry Hill



Paraburdoo Community Hub. Photo: LEs Photography

Case study 3

SPORTS, FITNESS AND COMMUNITY HUB - PARABURDOO

The \$15.7 million Paraburdoo Sports, Fitness and Community Complex represents the biggest investment in community infrastructure in Paraburdoo in 30 years.

Opened on 21 June 2019, the complex will benefit the Paraburdoo community for years to come while also breathing new life into the town centre.

The project was funded a total of \$10.7 million by project partners Shire of Ashburton and Rio Tinto, with the State Government contributing a further \$5 million through the Pilbara Development Commission.

The complex includes a new multipurpose sports court and refurbished courts, the repurposing of an existing sports pavilion into the Karingal Neighbourhood Centre, a purpose-built gym, pool side amenities, oval amenities, installation of a permanent softball diamond, improvements to the lesser hall and conversion of club rooms for storage.

The new gym will serve as an emergency centre during cyclones, while the repurposing of the existing pavilion into the Karingal Neighbourhood Centre, has enabled improvements to disability access and availability of mental health and counselling services.

New community and health services to be provided at the facility include child health nurses, counselling, physiotherapists and specialist education programs.



Paraburdoo Community Hub opening, June 2019

NEW MULTIPURPOSE
SPORTS COURT

KARINGAL
NEIGHBOURHOOD CENTRE



Paraburdoo Hub basketball court

PURPOSE-BUILT GYM

OVAL AMENITIES

MENTAL HEALTH &
COUNSELLING SERVICES



“The forum was a special moment in time for the Pilbara. It brought the sector together to celebrate the strengths of current initiatives and find new opportunities that are possible through collaboration and stronger partnerships.”

Executive Director, FORM,
Lynda Dorrington



Martumili Artist, Wokka Taylor | Photos: Bewley Shaylor, Image courtesy of FORM

Case study 4

PILBARA CREATIVE AND CULTURAL FORUM - NEWMAN

In September 2018, the Commission, in partnership with FORM, hosted more than 220 delegates from across Australia to a first-of-its-kind Creative and Cultural Forum in Newman in the East Pilbara.

The forum, which was opened by the Minister for Culture and the Arts, was initiated by the Commission in recognition of the important role the creative and cultural sector can play in diversifying the Pilbara economy as a creator of employment and new economic growth.

Delegates represented a broad cross section drawn from local and State Government, Aboriginal corporations and art centres, industry and business and included artists, change-makers, Aboriginal and non-Aboriginal creative practitioners, legislators and cultural personnel from across the Pilbara, the State and the country.

Held over three days with a total of 12 events featuring 44 sessions and more than 39 speakers, the forum covered subjects such as creative and artistic strategy; cultural tourism opportunities; place branding, caring for country; public art; and examples of best practice approaches when working with cultural content and regional communities.

The forum recognised that in an environment the size and complexity of the Pilbara, successful creative and cultural outcomes depend on collaboration and community. And not only are creativity and culture vital to economic diversification, they are also central to the identity and inclusiveness of a community. As the Minister for Culture and the Arts, Hon. David Templeman MLA, noted in his opening speech, "the creative elements of our culture are vital to who we are and who we want to be."

FORM Executive Director Lynda Dorrington said the forum's program was driven by a need to provide alternative models of thinking and practice to present back to the region's creative and cultural sector, its capacity and its opportunities for growth.

As an initial consultation point, the forum has formed the basis for the Commission's development of a Pilbara Creative and Cultural Strategy, which is to be released in 2019-20. The strategy builds on the foundations of the creative and cultural sector, setting out actions and strategies to ensure that the sector grows into a prominent, valued and valuable part of the Pilbara.

95% of survey respondents strongly agree they are open to collaborating with others in the Pilbara because they attended the forum.



95% of survey respondents left the forum feeling empowered to contribute to the future of the Pilbara's creative and cultural sector.

90% of survey respondents learned something new from the invited national speakers.

"In the Pilbara your toughness is your distinctiveness. Never hide it, you have something unique."

Communications Director,
Jirra Lulla Harvey

"WA has always been a land of giants. Of space, beauty and possibility. And there are certain moments in time when everything is to play for. What is the Pilbara's next big thing? How do we use our distinctiveness, reframe the cultural landscape and contribute to liveability and a diversified economy through the arts?"

Festival Director,
Jonathan Holloway

"Business can be a force for good and has a critical role in social impact."

Chair, UN Global Compact Network Australia,
Catherine Hunte

All videos of the presentations are available on www.pilbaracreativeforum.com.au

Investment overview



Opening dinner, Developing Northern Australia Conference at Hearsons Cove, Murujuga

Regional Economic Development (RED) Grants

In April 2019, the Minister for Regional Development Hon. Alannah MacTiernan MLC, announced eight Pilbara projects as recipients of a total \$690,455 in Round 1 of the State Government's Regional Economic Development (RED) grants scheme.

Intended to drive diversification of the Pilbara economy, the grants support projects that will create jobs, such as through boosting tourism and encouraging innovation and new industries.

Round One, Regional Economic Development (RED) Grant Program		
Applicant	Project	Funding
North West Brewing Company Pty Ltd	North West Brewing Company	\$185,000
Tabba Tabba Pty Ltd	Pilbara Tours 4WD Bus	\$150,000
City of Karratha	Seven Mile Landfill Composting Trial	\$100,000
Cove Holiday Village	Point Samson Adventure Rentals	\$60,000
Marnda Advanced Coatings Pty Ltd	Feasibility study for Marnda Galvanising Facility	\$50,000
Pilbara Solar Pty Ltd	Building Solar Capacity for Remote Indigenous Communities	\$50,000
Juluwarlu Group Aboriginal Corporation	Yindjibarndi Interactive Media Cultural Awareness Training	\$50,000
Association for Sustainability in Business Incorporated	Developing Northern Australia Conference - 2019	\$45,455

Community Chest Fund

In 2018-19, the Commission continued to manage the delivery of projects under the State Government's Community Chest Fund; Regional Grant Scheme; and Local Projects, Local Jobs program. The largest grant delivered under these schemes was \$300,000 for the Ian Blair Boardwalk, refurbishment and installation of interpretive signage in Onslow.

Project name	Recipient	Grant amount	Total project cost
Martu School Holiday Program	Ngurra Kujungka	\$20,175	\$291,000
From Pujiman to Millennial A collaboration between Martumili Artists and Spinifex Hills Artists	Shire of East Pilbara for Martumili Artists	\$49,916	\$124,966
Cultural eco-tourism	Yaburara and Coastal Mardudhunera Aboriginal Corporation	\$20,174	\$46,136
Tourism signage	Town of Port Hedland	\$27,333	\$85,740
Books in Pilbara Homes	The Charitable Foundation for Books in Homes Australia	\$7,590	\$9,009
Health and Wellbeing Centre redevelopment	The Nintirri Centre Inc.	\$20,000	\$202,702

Regional Grants Scheme

Project name	Recipient	Grant amount	Total project cost
OCCI Business Support Program (BSP)	Onslow Chamber of Commerce and Industry Inc.	\$162,780	\$258,388
Forward to Fellowship Program - Pilbara	Western Australian Centre for Remote and Rural Medicine Limited	\$106,386	\$509,800
Reinvigoration of Warlu Way signage	Pilbara Regional Council (PRC)	\$299,500	\$303,000
Roebourne Training Lab	Big hART Incorporated	\$100,000	\$504,804
Program Design - Aboriginal Male Healing Centre	Aboriginal Male's Healing Centre Strong Spirit Strong Families Strong Culture Incorporated	\$273,000	\$375,000
Ian Blair Boardwalk, Onslow Refurbishment and installation of interpretive signage	Shire of Ashburton	\$300,000	\$799,454
Newman Business Activation Program	Shire of East Pilbara	\$214,801	\$2,490,514
Developing and improving the education and training needs of the Indigenous cultural sector	Wangka Maya Pilbara Aboriginal Language Centre	\$135,758	\$215,758

Local Projects, Local Jobs

Project name	Recipient	Grant amount	Total project cost
Wickham Skate Park shade	City of Karratha	\$35,000	\$35,000
Broadcasting equipment upgrade	Hedland Community Radio	\$15,000	\$15,020
Purchase of new equipment and uniforms	Hedland Little Athletics	\$2,000	\$10,366
Upgrade to security and resources	Hedland Well Women's Centre	\$10,000	\$10,000
Juluwarlu's Nanna's Program annex	Juluwarlu Group Aboriginal Corporation	\$15,000	\$15,000
Ngurrawaana Remote Community visitor information signage	Juluwarlu Group Aboriginal Corporation	\$10,000	\$10,000
Community safety and youth services	City of Karratha	\$250,000	\$250,000
Play equipment	Jigalong Remote Community School	\$10,000	\$10,000
Minor repairs at Mingullatharndo Community	Mingullatharndo Association	\$55,000	\$55,000
IT and resources upgrade	Parngurr Remote Community School	\$10,000	\$10,000
Warralong basketball court lighting upgrade	Pilbara Meta Maya Regional Aboriginal Corporation	\$12,000	\$17,000

Local Projects Local Jobs

Project name	Recipient	Grant amount	Total project cost
Establishment of the Tom Price Men's Shed	Tom Price Men's Shed	\$150,000	\$150,000
Improved road signage and traffic calming devices	Town of Port Hedland	\$50,000	\$50,000
Nature playgrounds and library resources at schools	Punmu Remote Community School (RAWA)	\$10,000	\$10,000
Purchase of equipment and uniforms	Newman Netball Association	\$1,000	\$1,079
Purchase and upgrade of equipment and uniforms	Karratha Filipino Basketball Association	\$3,000	\$3,000
Purchase of equipment for the club	Newman Gymnastics Club	\$1,490	\$1,490
Rubbish removal and water leak detection	Cheeditha Group Aboriginal Corporation	\$20,000	\$20,000
Purchase of equipment and uniforms	Hedland Touch Association	\$2,000	\$2,000
Purchase of new equipment and uniforms	Kapu Wanparijalu Aboriginal Corporation	\$1,960	\$1,990
Purchase of new equipment and uniforms	Unit 2 Boxing Club	\$1,853.50	\$1,853.50

Significant issues impacting the agency

Current and emerging issues and trends

The future growth and development of the Pilbara's economy will be underpinned by the region's ability to attract new businesses and investors to the region.

Projects aimed at reducing the cost of doing business – particularly logistics and freight and energy – will have significant benefits for the Pilbara economy.

Establishing a strong freight network will ensure the Pilbara's businesses and communities have reliable access to goods and services and will underpin the capacity to move goods and services efficiently into and around the region. The WA Regional Freight Transport Plan identified the completion of the Karratha-Tom Price Road as the top road infrastructure priority for the Pilbara. The State Government has committed to complete stage 3 of the road which will commence in September 2019.

The Commission has identified that the development of a direct shipping service into the region from Asia would dramatically reduce the cost of doing business in the Pilbara. The Commission is progressing a study into the opportunity of direct freight to quantify the impact on economic activity in the region.

The Pilbara was identified by the International Energy Agency as one of the top six locations in the world for developing large scale renewable energy projects. Developing a large-scale renewable energy industry would not only create new regional employment, but it has the potential to dramatically reduce the cost of power creating a major competitive advantage for the region in attracting new projects and businesses.

A consistent and reliable energy supply is integral to regional areas, and investment in technology improvements such as microgrids, energy storage and renewable energy means it is becoming easier for remote and off-grid communities to look after their own energy needs, and drastically reduce the cost of doing business in the Pilbara.

With around \$100 billion worth of projects under construction or under consideration in the Pilbara over the next ten years, maximising the value of the resources sector will be critical to the sustainable development of the region. The Pilbara Collaborative Charter, signed off by the Premier, the Minister for Regional Development and executives from major resource companies, will be vital to developing pathways to job creation, employment and training to ensure people living in the Pilbara benefit from the ongoing investment from industry. The State Government, through the WA Industry Link initiative, will play an important role in ensuring major construction projects benefit the residents and businesses in the Pilbara.

With around \$100 billion worth of projects under construction or under consideration in the Pilbara over the next ten years, maximising the value of the resources sector will be vital

Diversification of the economy will be vital to securing a prosperous future for the Pilbara and WA. Tourism visitation continues to grow in the region, however destination marketing and tourism product are still underdeveloped. Similarly, the agriculture and aquaculture sectors both have significant opportunity for growth to capitalise on the region's natural assets. Arts and culture and mine repurposing are also emerging as key growth sectors for the region.

Access to land, for both residential and industrial uses, will continue to underpin the region's ability to grow. Many of the region's infrastructure assets are fragmented and in private ownership while much of the region's land is subject to native title. The future development of the Pilbara will hinge on the ability of government, industry and Traditional Owner groups to work collaboratively for shared gain.

Economic trends

The Pilbara continues to be an economic powerhouse for the state and national economies, producing \$32.3 billion in Gross Regional Product (GRP) in 2018, which represents more than 40% of regional WA's total GRP. Unemployment in the Pilbara is around 2.9%, which is 3% below the state average, creating a tight job market resulting in challenges for small businesses to attract and retain staff.

More than 20,000 construction jobs and more than 8,000 operational jobs over the next 10 years

The Pilbara's economy is dominated by the mining sector, which accounts for 68% of GRP and 45% of total jobs. The resource sector is showing signs of renewed confidence with more than \$100 billion worth of projects either committed or under consideration for the Pilbara over the next ten years, creating more than 20,000 construction jobs and more than 8,000 operational jobs.

However, the lack of economic complexity in the region's economic make-up leaves Pilbara businesses and communities vulnerable to commodity price fluctuations and rising costs, making this one of the Pilbara's biggest challenges.

Economic trends

More than 60,000 people call the Pilbara home and on the surface the region is prosperous and wealthy with a low unemployment rate and high income. In recent years the Pilbara's communities have begun a transformation from mining towns to liveable cities, boasting high quality health and education services as well as modern community amenities.

Where once the population came and went with the cycle of the resource industries, nowadays more and more people are choosing to call the region home. The Pilbara has seen a 15% growth in population from 2008 to 2018, while at the same time a shift in demographics has seen young people making up an increasing portion of the population.

However, there is a hidden inequality in the region. Aboriginal people represent 14% of the Pilbara's population and on average they earn less than one third of non-Aboriginal residents and are six times more likely to be unemployed.

To unlock the true potential of the Pilbara we need to ensure all residents benefit from the region's wealth and that they receive the same level of opportunity, quality of life and access to services.

Changes in written law

There were no changes in any written law that affected the Commission during the financial year.

Likely developments and forecast results of operations

As a result of Machinery of Government (MOG) changes, the staff of the Pilbara Development Commission were amalgamated with the former departments of Agriculture and Food, Fisheries and Regional Development. The Chief Executive Officer of the Commission remains employed directly by the Commission. Resources, including staff and assets, are provided to the Commission under the day-to-day management of the Chief Executive Officer, under agreement with the Department of Primary Industries and Regional Development (DPIRD) Director General. A Service Level Agreement (SLA) will be finalised in the coming year to further define the relationship between the Commission and DPIRD.

The Commission's annual survey showed that the reputation of the Commission has remained very positive with key stakeholders and partners, those critical to it carrying out its role successfully. It will be an important consideration as the organisational design of DPIRD is finalised to ensure the Commission retains its positive reputation and importance with regional stakeholders and are able to meet the objectives and requirements of the *Regional Development Commissions Act*.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PILBARA DEVELOPMENT COMMISSION

Report on the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibility of the Board for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Pilbara Development Commission. The controls exercised by the Commission are those policies and procedures established by the Board 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 Pilbara Development Commission are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2019.

The Board's Responsibilities

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

Auditor General's Responsibilities

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

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

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

Limitations of Controls

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

Report on the Key Performance Indicators**Opinion**

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

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

The Board's Responsibility for the Key Performance Indicators

The Board is responsible for the preparation and fair presentation of the key performance indicators in accordance with the *Financial Management Act 2006* and the Treasurer's Instructions and for such internal control as the Board 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 Board is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

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

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

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

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

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

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

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

This auditor's report relates to the financial statements and key performance indicators of the Pilbara Development Commission for the year ended 30 June 2019 included on the Commission's website. The Commission's management is responsible for the integrity of the Commission's website. This audit does not provide assurance on the integrity of the Commission's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



JORDAN LANGFORD-SMITH
ACTING ASSISTANT AUDITOR GENERAL FINANCIAL AUDIT
Delegate of the Auditor General for Western Australia
Perth, Western Australia
17 August 2019

Disclosures and Legal Compliance

Pilbara Development Commission - 30 June 2019

Disclosures and Legal Compliance

Financial Statements

Certification of Financial Statements

For the year ended 30 June 2019

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

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



Cameron Patterson
Chief Finance Officer
15 August 2019



Terry Hill
Chief Executive Officer
15 August 2019



Brendan Hammond
Chairman
15 August 2019

Pilbara Development Commission - 30 June 2019

Statement of comprehensive income
 For the year ended 30 June 2019

	Notes	2019 \$000	2018 \$000
COST OF SERVICES			
Expenses			
Employee benefits expense	2.1	339	383
Supplies and services	2.3	3,125	2,960
Depreciation and amortisation expense	4.1, 4.2	2	7
Accommodation expenses	2.3	6	135
Grants and subsidies	2.2	1	2,654
Other expenses	2.3	20	4
Total cost of services		3,493	6,143
Income			
<i>Revenue</i>			
Other revenue	3.2	9	33
Total Revenue		9	33
Total income other than income from State Government		9	33
NET COST OF SERVICES		3,484	6,110
Income from State Government			
Service Appropriation	3.1	266	266
Grants received from Other State Agencies	3.1	1	47
Services received free of charge	3.1	2,531	2,305
Royalties for Regions Fund	3.1	-	3,625
Total income from State Government		2,798	6,243
SURPLUS/(DEFICIT) FOR THE PERIOD		(686)	133
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		(686)	133

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

Pilbara Development Commission - 30 June 2019

Statement of financial position
 As at 30 June 2019

	Notes	2019 \$000	2018 \$000
ASSETS			
Current Assets			
Restricted cash and cash equivalents	6.1	1,317	1,907
Receivables	5.1	36	82
Total Current Assets		1,353	1,989
Non-Current Assets			
Restricted cash and cash equivalents	6.1	8	8
Amounts receivable for services	5.2	48	48
Property, plant and equipment	4.1	3	4
Intangible assets	4.2	2	3
Total Non-Current Assets		61	63
TOTAL ASSETS		1,414	2,052
LIABILITIES			
Current Liabilities			
Payables	5.3	73	29
Provisions	2.1	79	83
Total Current Liabilities		152	112
Non-Current Liabilities			
Provisions	2.1	16	8
Total Non-Current Liabilities		16	8
TOTAL LIABILITIES		168	120
NET ASSETS		1,246	1,932
EQUITY			
Contributed Equity	8.9	353	353
Accumulated surplus	8.9	893	1,579
TOTAL EQUITY		1,246	1,932

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

Pilbara Development Commission - 30 June 2019

Statement of changes in equity
 For the year ended 30 June 2019

Notes	Contributed	Accumulated		Total equity \$000
	equity \$000	Reserves \$000	surplus / (deficit) \$000	
	353	-	1,446	1,799
	-	-	133	133
8.9	-	-	133	133
	353	-	1,579	1,932
	353	-	1,579	1,932
	-	-	(686)	(686)
8.9	-	-	(686)	(686)
	353	-	893	1,246

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

Pilbara Development Commission - 30 June 2019

Statement of cash flows
 For the year ended 30 June 2019

Notes	2019 \$000	2018 \$000
CASH FLOWS FROM STATE GOVERNMENT		
	266	266
	-	3,625
	1	47
	267	3,938
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
	(335)	(800)
	(550)	(612)
	(1)	(2,654)
	(20)	(4)
	(53)	(310)
	(6)	(135)
Receipts		
	1	7
	103	480
	5	32
	(856)	(3,996)
Net cash used in operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments		
	-	(6)
	-	(6)
Net cash used in investing activities		
	(590)	(64)
	1,915	1,979
6.1	1,325	1,915

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

Pilbara Development Commission - 30 June 2019

Notes to the Financial Statements**Note 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) and it has no cash generating units.

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 3 September 2019.

Statement of compliance

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

- 1) The *Financial Management Act 2006 (FMA)*
- 2) The Treasurer's Instructions (**the Instructions or TI**)
- 3) Australian Accounting Standards (**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 (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. Where modification is required and has had a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest dollar.

Judgements and estimates

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

Contributed equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior, to transfer) before such transfers can be recognised as equity contributions. Capital appropriations have been designated as contributions by owners by TI 955 *Contributions by Owners made to Wholly Owned Public Sector Entities* and have been credited directly to Contributed Equity.

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

Pilbara Development Commission - 30 June 2019

2. Use of our funding**Expenses incurred in the delivery of services**

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

	Notes	2019 \$000	2018 \$000
Employee benefits expenses	2.1 (a)	339	383
Employee related provisions	2.1 (b)	95	91
Grants and subsidies	2.2	1	2,654
Other expenses	2.3	3,151	3,099

2.1 (a) Employee benefits expenses

	2019 \$000	2018 \$000
Wages and Salaries	243	263
Superannuation - defined contribution plans ^(a)	37	38
Government Regional Officers Housing expense	59	82
Total employee benefits expenses	339	383

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

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

Termination benefits: Payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the Commission is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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

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

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

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

Pilbara Development Commission - 30 June 2019

2.1 (b) Employee related provisions

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

	2019 \$000	2018 \$000
Current		
<u>Employee benefits provisions</u>		
Annual leave ^(a)	16	21
Long service leave ^(b)	58	58
Deferred salary scheme ^(c)	3	3
	78	82
<u>Other provisions</u>		
Employment on-costs ^(d)	1	1
Total current employee benefits provisions	79	83
Non-current		
<u>Employee benefits provisions</u>		
Long service leave ^(b)	16	8
<u>Other provisions</u>		
Employment on-costs ^(d)	-	-
Total non-current employee benefits provisions	16	8
Total employee related provisions	95	91

^(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 components of the long service leave liabilities are 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) **Deferred salary scheme liabilities:** Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Pilbara Development Commission - 30 June 2019

^(d) **Employment on-costs:** The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation insurance. The provision is the present value of expected future payments.

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses, Note 2.3 (apart from the unwinding of the discount (finance cost))' and are not included as part of the Commission's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

	2019 \$000	2018 \$000
Employment on-cost provision		
Carrying amount at start of period	2	7
Additional/(reversals of) provisions recognised	(1)	(5)
Carrying amount at end of period	1	2

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

Recurrent

Pilbara Aboriginal Town Based Reserves	-	-
Regional Grants	-	2,077
Community Chest	-	555
Local Projects Local Jobs	1	22
Total grants and subsidies	1	2,654

	2019 \$000	2018 \$000
Pilbara Aboriginal Town Based Reserves	-	-
Regional Grants	-	2,077
Community Chest	-	555
Local Projects Local Jobs	1	22
Total grants and subsidies	1	2,654

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

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

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

Pilbara Development Commission - 30 June 2019

2.3 Other expenses

	2019 \$000	2018 \$000
Supplies and services		
Communications	2	68
Consultants and contractors	485	412
Consumables	5	33
Travel	83	99
Operating leases - vehicles	15	15
Other	4	28
Support Services provided by DPIRD ^(a)	2,531	2,305
Total supplies and services expenses	3,125	2,960
Accommodation expenses		
Lease rentals	6	132
Repairs and Maintenance	-	3
Total accommodation expenses	6	135
Other expenditures		
Internal audit fees	6	9
Employment on-costs	1	(5)
Other expenses	13	-
Total other expenses	20	4
Total other expenditure	3,151	3,099

^(a) Support Services provided by Department of Primary Industries and Regional Development (DPIRD) to support the Commission in the fulfilment of its statutory functions and obligations und the Regional Development Commission 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.

Accommodation expenses:

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

Power and Water costs are recognised as expenses as incurred.

Other:

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

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

Pilbara Development Commission - 30 June 2019

3. Our funding sources

How we obtain our funding

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

	Notes	2019 \$000	2018 \$000
Income from State Government	3.1	2,798	6,243
Other Revenue	3.2	9	33
3.1 Income from State Government		2019 \$000	2018 \$000
Appropriation received during the period:			
Service appropriation ^(a)		266	266
		266	266
Income received from Other State Agencies		1	47
		1	47
Services received free of charge ^(b)			
Department of Primary Industries and Regional Development- Support services provided ^(c)		2,531	2,305
		2,531	2,305
Royalties for Regions Fund:			
Regional Community Services Account ^(d)		-	2,778
Regional & Statewide Initiative ^(d)		-	847
Total Royalties for Regions Fund		-	3,625
Total Income from State Government		2,798	6,243

^(a) **Service appropriations** received from the Department of Treasury fund the net cost of services delivered. The appropriations revenue comprises a cash component only.

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

^(c) **Department of Primary Industries and Regional Development (DPIRD)** - Support Services provided by DPIRD to support the Commission's in the fulfilment of its statutory functions and obligations und the Regional Development Commission Act 1993.

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

3.2 Other revenue

	2019 \$000	2018 \$000
Other revenue	9	33
	9	33

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

Gains and losses on the disposal of non-current assets are presented by deducting from the proceeds on disposal the carrying amount of the asset and related selling expenses. Gains and losses are recognised in profit or loss in the statement of comprehensive income (from the proceeds of sale).

Selling expenses (e.g. sales commissions netted from receipts) are ordinarily immaterial. Where the amounts are material, additional disclosure is warranted.

Pilbara Development Commission - 30 June 2019

Insured non-current assets written-off as a result of an insurable event should be treated as other expenses (write-off of assets destroyed by fire/storm/earthquake etc.). The subsequent insurance recovery is to be treated as other income when it is received or receivable.

4. Key assets

Assets the Commission utilises for economic benefit or service potential

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

	Notes	2019 \$000	2018 \$000
Property, plant and equipment	4.1	3	4
Intangibles	4.2	2	3
Total key assets		5	7

4.1 Property, plant and equipment

Year ended 30 June 2019	Plant & equipment	Computer hardware	Total
1 July 2018	\$	\$	\$
Gross carrying amount	22	38	60
Accumulated depreciation	(18)	(38)	(55)
Carrying amount at start of year	4	-	4
Depreciation	(1)	-	(1)
Carrying amount at 30 June 2019	3	-	3
Gross carrying amount	22	38	60
Accumulated depreciation	(19)	(38)	(56)

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).

4.1.1 Depreciation and impairment

Change for the period

	2019 \$000	2018 \$000
<u>Depreciation</u>		
Office equipment	1	3
Communications equipment	-	3
Total depreciation for the period	1	6

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

Please refer to note 4.2 for guidance in relation to the impairment assessment that has been performed for intangible assets.

Pilbara Development Commission - 30 June 2019

Finite useful lives

All infrastructure, 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: years
Plant and equipment	10 to 15 years
Office equipment	5 years
Software ^(a)	3 to 5 years

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

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.

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 Intangibles

Year ended 30 June 2019	Website	Total
1 July 2018	\$	\$
Gross carrying amount	6	6
Accumulated amortisation	(3)	(3)
Carrying amount at start of year	3	3
Amortisation	(1)	(1)
Carrying amount at 30 June 2019	2	2
Gross carrying amount	6	6
Accumulated amortisation	(4)	(4)
Accumulated impairment loss	-	-

Pilbara Development Commission - 30 June 2019

Initial recognition

Acquisitions of intangible assets costing \$5,000 or more and internally generated intangible assets costing \$50,000 or more that comply with the recognition criteria as per AASB 138.57 (as noted below), are capitalised.

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income.

Intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

Subsequent measurement

The cost model is applied for subsequent measurement of intangible assets, requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

4.2.1 Amortisation and impairment

Charge for the period

	2019 \$000	2018 \$000
Intangible assets	1	1
Total amortisation for the period	1	1

As at 30 June 2019 there were no indications of impairment to intangible assets.

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

Amortisation of finite life intangible assets is calculated on a straight line basis at rates that allocate the asset's value over its estimated useful life. All intangible assets controlled by the Commission have a finite useful life and zero residual value. Estimated useful lives are reviewed annually.

The estimated useful lives for each class of intangible asset are:

Computer Software ^(a)	3 to 5 years
----------------------------------	--------------

^(a) Software that is not integral to the operation of any related hardware

Impairment of intangible assets

Intangible assets with finite useful lives are tested for impairment annually or when an indication of impairment is identified.

The policy in connection with testing for impairment is outlined in note 4.1.1.

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:

	Notes	2019 \$000	2018 \$000
Receivables	5.1	36	82
Amounts receivable for services	5.2	48	48
Payables	5.3	73	29
5.1 Receivables		2019 \$000	2018 \$000
Current			
Trade Debtors		28	24
GST Receivable		8	58
Total current		36	82

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

Receivables are recognised at original invoice amount less any allowances for uncollectible amounts (i.e. impairment). The carrying amount of net trade receivables is equivalent to fair value as it is due for settlement within 30 days.

Pilbara Development Commission - 30 June 2019

5.2 Amounts receivable for services (Holding Account)

	2019 \$000	2018 \$000
Non-Current	48	48
	48	48

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

5.3 Payables

	2019 \$000	2018 \$000
Current		
Accrued salaries	1	1
Accrued expenses	-	1
Trade payables	72	27
Total current	73	29
Balance at end of period	73	29

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.

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.

The accrued salaries suspense account (See Note 6.1 'Restricted cash and cash equivalents') consists of amounts paid annually, from the Commission's appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

6. Financing

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

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

6.1 Cash and cash equivalents

	Notes	2019 \$000	2018 \$000
Restricted cash and cash equivalents	6.1	1,325	1,915
- Royalties for Regions Fund ^(a)		1,317	1,867
- Restricted Non RFR		-	40
		1,317	1,907
Accrued salaries suspense account ^(b)		8	8
Balance at end of period		1,325	1,915

^(a) These unspent funds are committed to projects and programs in the region.

^(b) Funds held in the suspense account used only for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

Pilbara Development Commission - 30 June 2019

6.2 Commitments

6.2.1 Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

	2019 \$000	2018 \$000
Within 1 year	65	65
Later than 1 year and not later than 5 years	85	4
	150	69

7. Financial Instruments and Contingencies

	Notes
Financial Instruments	7.1
Contingent assets	7.2.1
Contingent liabilities	7.2.2

7.1 Financial Instruments

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

	2019 \$000	2018 \$000
Financial Assets		
Restricted cash and cash equivalents	1,325	1,915
Receivables ^(a)	28	24
Amounts receivable for services	48	48
Total financial assets	1,401	1,987
Financial Liabilities		
Financial liabilities measured at amortised cost	73	29
Total financial liability	73	29

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

Pilbara Development Commission - 30 June 2019

7.2 Contingent assets and liabilities

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

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

7.2.1 Contingent assets

There are no contingent assets as at the end of June 2019.

7.2.2 Contingent liabilities

There are no contingent liabilities as at the end of June 2019.

8. Other disclosures

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

	Notes
Events occurring after the end of the reporting period	8.1
Initial application of Australian Accounting Standards	8.2
Key management personnel	8.3
Related parties transactions	8.4
Related bodies	8.5
Affiliated bodies	8.6
Special purpose accounts	8.7
Remuneration of auditors	8.8
Equity	8.9
Supplementary financial information	8.10
Explanatory statement	8.11

8.1 Events occurring after the end of the reporting period

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

8.2 Initial application of Australian Accounting Standards

AASB 9 Financial Instruments

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

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

Classification and measurement

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

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

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

Impairment

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

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

Pilbara Development Commission - 30 June 2019

8.3 Key management personnel

The Commission has determined key management personnel to include the 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 senior officers of the Commission for the reporting period are presented within the following bands:

	2019	2018
Compensation of Board members (\$)		
1,001-2,000	1	-
2,001-3,000	-	4
3,001-10,000	3	1
10,001-20,000	-	1
50,001-60,000	-	1
70,001 -80,000	1	-
Compensation of senior officers (\$)		
180,001-190,000	-	1
190,001-200,000	2	-
310,001-320,000	1	1
	2019	2018
	\$000	\$000
Short term employee benefits	689	504
Post employment benefits	54	42
Other long term benefits	55	40
Total compensation of key management personnel	798	586

As of the 1st of July 2017, all Commission's staff were transferred to the Department of Primary Industries and Regional Development (DPIRD), except for the Chief Executive Officer. The disclosure for senior officers compensation represents both the CEO's employee benefits met by the Commission and the other senior officer's employee benefits now met by DPIRD.

8.4 Related parties transactions

The Commission is a wholly owned and controlled public sector entity that is controlled by the State of Western Australia.

Related parties of the Commission include:

- all cabinet ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures, of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Material transactions with other related parties

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.

Pilbara Development Commission - 30 June 2019

8.5 Related bodies

The Commission had no related bodies during the reporting period.

8.6 Affiliated bodies

The Commission had no affiliated bodies during the period.

8.7 Special purpose accounts

The Commission had no special purpose accounts during the reporting period.

8.8 Remuneration of auditors

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

	2019	2018
	\$000	\$000
Auditing the accounts, financial statements controls, and key performance indicators	25	30
8.9 Equity	2019	2018
	\$000	\$000
Contributed equity		
Balance at start of period	353	353
<i>Contributions by owners</i>		
Capital appropriation	-	-
Total contributions by owners	-	-
Balance at end of period	353	353
Accumulated surplus/(deficit)	2019	2018
	\$000	\$000
Balance at start of period	1,579	1,446
Result for the period	(686)	133
Balance at end of period	893	1,579
Total equity at end of period	1,246	1,932

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

There were no write-off of debts during the financial year.

(b) Losses through theft, defaults and other causes

There have been no losses through theft, defaults or from other causes.

(c) Gifts of public property

There has been no gifts of public property provided by the Commission in this financial year.

Pilbara Development Commission - 30 June 2019

8.11 Explanatory statement

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

5% and \$12,980 for the Statement of Statements of Comprehensive Income and Cash Flows

2% and \$920 for the Statement of Financial Position.

8.11.1 Statement of Comprehensive Income
Income Variances

	Variance note	Estimate 2019 \$000	Actual 2019 \$000	Actual 2018 \$000	Variance between estimated and actual \$000	Variance between actual results for 2019 and 2018 \$000
<u>Expenses</u>						
Employee benefits expense	1, A	400	339	383	(61)	(44)
Supplies and services	2, B	194	3,125	2,960	2,931	165
Depreciation and amortisation expense		7	2	7	(5)	(5)
Accommodation expenses	C	-	6	135	6	(129)
Grants and subsidies	D	-	1	2,654	1	(2,653)
Other expenses	3, E	48	20	4	(28)	16
Total cost of services		649	3,493	6,143	2,844	(2,650)
<u>Income</u>						
<u>Revenue</u>						
Other revenue	F	-	9	33	9	(24)
Total Revenue		-	9	33	9	(24)
Total income other than income from State Government		-	9	33	9	(24)
NET COST OF SERVICES		649	3,484	6,110	2,835	(2,626)
Income from State Government						
Service Appropriation		266	266	266	-	-
Grants received from Other State Agencies	G	-	1	47	1	(46)
Services received free of charge	4, H	-	2,531	2,305	2,531	226
Royalties for Regions Fund	5, I	376	-	3,625	(376)	(3,625)
Total income from State Government		642	2,798	6,243	2,156	(3,445)
SURPLUS/(DEFICIT) FOR THE PERIOD		(7)	(686)	133	(679)	(819)

Pilbara Development Commission - 30 June 2019

8.11.2 Statement of Financial Position
Variances

	Estimate 2019 \$000	Actual 2019 \$000	Actual 2018 \$000	Variance between estimated and actual \$000	Variance between actual results for 2019 and 2018 \$000	
Assets						
Current Assets						
Restricted cash and cash equivalents	6, J	-	1,317	1,907	1,317	(590)
Receivables	7, K	-	36	82	36	(46)
Total Current Assets		-	1,353	1,989	1,353	(636)
Non-Current Assets						
Restricted cash and cash equivalents	8	-	8	8	8	-
Amounts receivable for services	9	9	48	48	39	-
Property, plant and equipment	10	37	3	4	(34)	(1)
Intangible assets	11, L	-	2	3	2	(1)
Total Non-Current Assets		46	61	63	15	(2)
TOTAL ASSETS		46	1,414	2,052	1,368	(638)
LIABILITIES						
Current Liabilities						
Payables	12, M	-	73	29	73	44
Provisions	13, N	70	79	83	9	(4)
Total Current Liabilities		70	152	112	82	40
Non-Current Liabilities						
Provisions	14, O	-	16	8	16	8
Total Non-Current Liabilities		-	16	8	16	8
TOTAL LIABILITIES		70	168	120	98	48
NET ASSETS		(24)	1,246	1,932	1,270	(686)
EQUITY						
Contributed Equity	15	-	353	353	353	-
Accumulated surplus	16, P	(24)	893	1,579	917	(686)
TOTAL EQUITY		(24)	1,246	1,932	1,270	(686)

Pilbara Development Commission - 30 June 2019

8.11.3 Statement of Cash Flows Variances

	Estimate 2019 \$000	Actual 2019 \$000	Actual 2018 \$000	Variance between estimated and actual \$000	Variance between actual results for 2019 and 2018 \$000
<u>CASH FLOWS FROM STATE GOVERNMENT</u>					
Service appropriation	266	266	266	-	-
Income received from Other State Agencies	-	1	47	1	(46)
Royalties for Regions Fund	375	-	3,625	(375)	(3,625)
Net cash provided by State Government	641	267	3,938	(374)	(3,671)
Utilised as follows:					
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>					
<u>Payments</u>					
Employee benefits	(400)	(335)	(800)	65	465
Supplies and services	(193)	(550)	(612)	(357)	62
Accommodation	-	(6)	(135)	(6)	129
Grants and subsidies	-	(1)	(2,654)	(1)	2,653
GST payments on purchases	-	(53)	(310)	(53)	257
Other expenses	(48)	(20)	(4)	28	(16)
<u>Receipts</u>					
GST receipts on sales	-	1	7	1	(6)
GST receipts from taxation authority	-	103	480	103	(377)
Other receipts	-	5	32	5	(27)
Net cash provided by/(used in) operating activities	(641)	(856)	(3,996)	(215)	3,140
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>					
<u>Payments</u>					
Purchase of non-current assets	-	-	(6)	-	6
Net cash provided by/(used in) investing activities	-	-	(6)	-	6
Net increase/(decrease) in cash and cash equivalents	-	(590)	(64)	(590)	(526)
Cash and cash equivalents at the beginning of the period	-	1,915	1,979	1,915	(64)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	-	1,325	1,915	1,325	(590)

Pilbara Development Commission - 30 June 2019

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

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

Major Estimates and Actuals (2019) Variance Narratives

- 1 Employee benefits expenses variance of \$61,000 is due to travel budgeted for as employee benefits and travel expenses have been costed to supplies and services.
- 2 Supplies and services expense variance of \$2.931 million is a result of the Commission's 2018-19 Section 40 budget not accounting for services provided free of charge by DPIRD.
- 3 Other expenses variance of \$28,000 is due to non-staff travel and vehicle lease budgeted as other expenses and actual expenditure being costed to supplies and services.
- 4 Services received free of charge variance of \$2.531 million is a result of the Commission's Section 40 budget not accounting for services provided free of charge by DPIRD in the 2018-19 financial year.
- 5 Royalties for Regions (RfR) Fund variance of \$0.376 million is due to the Commission's utilising retained cash to fund operational activities for 2018-19 financial year.
- 6 Restricted cash and cash equivalents variance of \$1.319 million is due to higher RfR funds carry over at the end of 2018-19 financial year.
- 7 Receivables variance of \$36,000 is a result of higher than anticipated trade debtors at the end of the 2018-19 financial year.
- 8 Restricted cash and cash equivalents - non current budget variance of \$8,000 is due not accounting for this item in the 2018-19 Section 40 budget.
- 9 Amounts receivable for services - non current variance of \$39,000 is a result of this item's budget for 2018-19 being combined with Property, plant and equipment.
- 10 Property, plant and equipment variance of \$34,000 is a result of the 2018-19 budget includes the Amounts receivable for services - non current budget.
- 11 Intangible assets variance of \$2,000 is a result of this item's budget for 2018-19 being combined with Property, plant and equipment.
- 12 Payables - current budget variance of \$74,000 is due to higher than anticipated supplier invoices at the end of 2018-19 financial year.
- 13 Provisions - current budget variance of \$9,000 is due to budget for 2018-19 being understated.
- 14 Provisions - non current budget variance of \$16,000 is a result of not accounting for this item in the 2018-19 Section 40 budget.
- 15 Contributed equity budget variance of \$0.353 million is a result of not accounting for this item in the 2018-19 Section 40 budget.

Pilbara Development Commission - 30 June 2019

- 16 Accumulated surplus variance of \$0.917 million is a result of the budget not taking into account the Retained cash funds held from previous years.
- 17 Royalties for Regions Fund variance of \$0.375 million is due to the Commission's utilising retained cash to fund operational activities for 2018-19 financial year.
- 18 Employee benefits payments variance of \$65,000 is due to travel budgeted for as employee benefits and actual travel payments being costed to supplies and services.
- 19 Supplies and services payments exceeded estimate by \$0.357 million is due to payments relating to approved carry over funds for Pilbara Aboriginal Town Based Reserves project in 2018-19 financial year.
- 20 GST payments on purchases increased by \$53,000 is a result of not accounting for this item in the 2018-19 Section 40 budget.
- 21 Other expenses variance of \$28,000 is due to non-staff travel and vehicle lease budgeted as other expenses and actual expenditure being costed to supplies and services.
- 22 GST receipts from the taxation authority exceeded estimates by \$103,000 is a result of not accounting for this item in the 2018-19 Section 40 budget.

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

- A Employee benefits expense decreased by \$44,000 due to lower staff housing expense for the 2018-19 financial year.
- B Supplies and services increased by \$165,000 due to higher services provided free of charge from DPIRD in 2018-19 financial year.
- C Accommodation expenses decreased by \$129,000 due to funding arrangement from the MoG changes and the transfer of lease from the Commission to DPIRD in 2017-18 financial year..
- D Grants and subsidies expense decreased by \$2.653 million due to the completion of RfR legacy projects in 2017-18 financial year.
- E Other expenses increased by \$16,000 due to higher than anticipated expenses for sponsorship in 2018-19 financial year.
- F Other revenue decreased by \$24,000 due to returned grant payments from the previous financial year relating Community Chest Fund project.
- G Grants received from Other State Agencies decreased by \$46,000 predominantly due to a contribution of \$40,000 to the Pilbara Creative and Cultural Industries Strategy received from DPIRD in 2017-18 financial year.
- H Services received free of charge increased by \$226,000 due to higher services provided free of charge from DPIRD in 2018-19 financial year.
- I Royalties for Regions Fund decreased by \$3.625 million is due to the completion of fundings for legacy projects in 2017-18 financial year
- J Restricted cash and cash equivalents decreased by \$0.588 million due to the Commission's utilising carry over funds from previous financial year in 2018-19 financial year.

Pilbara Development Commission - 30 June 2019

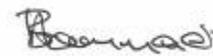
- K Receivables decreased by \$46,000 due to higher trade debtors at the end of 2018-19 financial year.
- L Intangible assets decreased by \$1,000 due to the amortisation of the asset over its useful life
- M Payables increased by \$45,000 due to an invoice related to the Pilbara Direct Maritime Freight Study of \$0.049 million due in early July 2019.
- N Provisions - current decreased by \$4,000 as due leave utilised in 2018-19 financial year.
- O Provisions -non current increased by \$8,000 due to leave liability provisions for 2018-19 financial year.
- P Accumulated surplus decreased by \$0.686 million due to utilisation of carry over funds from previous financial year and less revenue received in 2018-19 financial year.
- Q Income received from Other State Agencies decreased by \$46,000 due to a contribution of \$40,000 to the Pilbara Creative and Cultural Industries Strategy received from DPIRD in 2017-18 financial year.
- R Royalties for Regions Fund decreased by \$3.625 million due to the completion of legacy projects in 2017-18 financial year.
- S Employee benefits decreased by \$0.465 million due to the cash transfer of leave liability in 2017-18 to DPIRD.
- T Supplies and services decreased by \$62,000 due to the MoG changes and the transfer of supplier invoices to DPIRD in 2017-18.
- U Accommodation decreased by \$129,000 due to the MoG changes and the transfer of lease from the Commission to DPIRD.
- V Grants and subsidies decreased by \$2.653 million due to the completion of RfR legacy projects in 2017-18 financial year.
- W GST payments on purchases decreased by \$0.257 million due to the MoG changes taxable invoice payments transferred from the Commission to DPIRD.
- X Other expenses increased by \$16,000 due to payments relating sponsorship made in 2018-19 financial year.
- Y GST receipts from taxation authority decreased by \$0.377 million due to a higher GST refunds in 2017-18 related to higher grants payments in financial year.
- Z Other receipts decreased by \$27,000 due to lower trade debtors in 2018-19 financial year.

Certification of Key Performance Indicators

PILBARA DEVELOPMENT COMMISSION

Certification of Key Performance Indicators

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



Brendan Hammond
Chairman
15 August 2019



Terry Hill
Chief Executive Officer
15 August 2019

Detailed Information in Support of Key Performance Indicators

Relationship to Government Goals

The Government's desired outcome from the activities of the Pilbara Development Commission is the enhancement of the Pilbara's economic and social development. The Commission achieves this outcome by providing a coordination and facilitation function to deliver beneficial outcomes to business, community groups and to people living and working in the Pilbara region.

Performance measures are defined and monitored for the Commission's strategic goals through the Western Australian Government Budget Statements.

Government Goal	Desired Outcome	Services
Stronger focus on the Regions: Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.	Enhancement of the Pilbara Region's economic and social development	1. Facilitation, Coordination and Governance 2. Regional Promotion and Information Services

Key Effectiveness Indicators

The key effectiveness indicator measures the extent to which performance contributes to improved client satisfaction.

The Commission's effectiveness in achieving its government desired outcome is measured by undertaking an annual survey of key clients and stakeholders. This survey is conducted by an independent market researcher. 132 stakeholders were identified, comprising of Local, State and Commonwealth agencies, as well as private entities and non-government agencies. A total of 102 completed surveys were obtained from this client contact list (a response rate of 77%), giving a maximum standard error ratio of +/-4.8% at the 95% confidence level.

The primary objective of the research was to obtain information from clients and stakeholders to provide a measure as to whether the Commission has met its primary goals, around the following key areas:

- The Pilbara Development Commission makes a positive contribution to the economic and social development of the Pilbara.
- The Pilbara Development Commission's support to industry and enterprise makes a positive contribution to regional development.

The Commission will continue to work towards achieving its targets. A comparison with previous years is summarised in the following table.

Key Effectiveness Indicator	2016	2017	2018	2019	Target
Client satisfaction that the Pilbara Development Commission is effective in meeting its service objectives.	95%	95%	92%	92%	92%

Key Efficiency Indicators

The key efficiency performance indicators measure the overall efficiency in achieving the desired outcomes. These outcomes are linked to Government goals.

The following efficiency indicators are based on the total operational cost for each of the two service areas, including an allocation of general costs and overheads.

Service 1 – Facilitation, Coordination and Governance

Service Description: Facilitate high level stakeholder group discussion including requirements and strategies for the future development of the region. Coordinate liaison and collaboration between state government agencies. Develop, implement and review good governance models, particularly in the area of grants management and effective agency operation.

Key Efficiency Indicator	2016	2017	2018	2019	2019 Target
Average operational costs (excluding grants) per working hour	\$212	\$210	\$150	\$195	\$222

The variance of \$45 between actuals for 2017-18 and 2018-19 is due to the decrease in the total number of hours worked during the 2018-19 financial year. The variance of \$27 between the target and actual for 2018-19 is the result of the actual total cost of services for the year being lower than the budgeted amount.

Service 2 – Regional Promotion and Information Services

Service Description: Provide and regularly update a range of relevant planning and community information to facilitate and support the sustainable economic and social development of the region.

Key Efficiency Indicator	2016	2017	2018	2019	2019 Target
Average operational costs (excluding grants) per working hour	\$142	\$140	\$100	\$130	\$148

The variance of \$30 between actuals for 2017-18 and 2018-19 is due to the decrease in the total number of hours worked during the 2018-19 financial year. The variance of \$18 between the target and actual for 2018-19 is the result of the actual total cost of services for the year being lower than the budgeted amount.

Detailed information in support of Key Performance Indicators

Key Effectiveness Indicator

The key effectiveness indicator measures the extent to which performance contributes to improved client satisfaction.

The Commission's effectiveness in achieving its government desired outcome is measured by undertaking an annual survey of key stakeholders. This survey is conducted by an independent market researcher. In the 2019 survey, 132 stakeholders were identified, comprising of local, State and Commonwealth agencies, as well as private entities and non-government agencies. A total of 102 completed surveys were obtained from this client contact list (a response rate of 77%), giving a maximum standard error ratio of +/-4.8% at the 95% confidence level.

The primary objective of the research was to obtain information from clients and stakeholders to provide a measure as to whether the Commission has met its primary goals, around the following key areas:

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The Commission will continue to work towards achieving its targets. A comparison with previous years is summarised in the following table.

Key Effectiveness Indicator	2016	2017	2018	2019	Target
Client satisfaction that the Pilbara Development Commission is effective in meeting its service objectives.	95%	95%	92%	92%	92%

Key Efficiency Indicators

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The following efficiency indicators are based on the total operational cost for each of the two service areas, including an allocation of general costs and overheads.

Service 1 – Facilitation, Coordination and Governance

Service Description: Facilitate high level stakeholder group discussion including requirements and strategies for the future development of the region. Coordinate liaison and collaboration between state government agencies. Develop, implement and review good governance models, particularly in the area of grants management and effective agency operation.

Key Efficiency Indicator	2016	2017	2018	2019	2019 Target
Average operational costs (excluding grants) per working hour	\$212	\$210	\$150	\$190	\$222

The variance of \$40 between actuals for 2017-18 and 2018-19 is due to the decrease in the total number of hours worked during the 2018-19 financial year. The variance of \$32 between the target and actual for 2018-19 is the result of the actual total cost of services for the year being lower than the budgeted amount.

Service 2 – Regional Promotion and Information Services

Service Description: Provide and regularly update a range of relevant planning and community information to facilitate and support the sustainable economic and social development of the region.

Key Efficiency Indicator	2016	2017	2018	2019	2019 Target
Average operational costs (excluding grants) per working hour	\$142	\$140	\$100	\$127	\$148

The variance of \$27 between actuals for 2017-18 and 2018-19 is due to the decrease in the total number of hours worked during the 2018-19 financial year. The variance of \$21 between the target and actual for 2018-19 is the result of the actual total cost of services for the year being lower than the budgeted amount.

Ministerial directions

No Ministerial directives were received during the financial year.

Other financial disclosures

Pricing policies of services provided

The Commission did not have any incomplete capital projects at the end of the reporting period.

Capital works

Capital projects incomplete

The Commission did not have any incomplete capital projects at the end of the reporting period.

Capital projects complete

The Commission did not complete any capital projects during the reporting period.

Employment and industrial relations

The Commission employed one staff member in 2018-19, being the Commission CEO. All other Commission staff are employed by the Department of Primary Industries and Regional Development.

Positions	As at 30 June 2018	As at 30 June 2019
Full-time permanent	1	1
Full-time contract	0	0
Part-time measured on a FTE basis	0	0
On secondment	0	0
Temporary	0	0
TOTAL	1	0

Staff development

The Commission is committed to the continuous development of staff working for the Commission with the aim of building a highly skilled and professional team with the ability to adapt to a changing economic and social environment.

Workers' compensation

There have been no workers' compensation claims during the reporting period.

Governance disclosures

Contracts with senior officers

As at the date of reporting, no senior officers, or firms of which senior officers are members, or entities in which senior officers have substantial interests, had any interests in existing or proposed contracts with the Pilbara Development Commission other than normal contracts of employment of service.

Unauthorised use of credit cards

The Chief Executive Officer of the Commission holds a corporate credit card where their functions warrant usage of this facility. No unauthorised use of this facility was recorded in the financial year.

	2018-19 \$
Personal use expenditure for the reporting period	Nil
Personal use expenditure settled by the due date (within 5 working days)	Nil
Personal use expenditure settled after the period (after 5 working days)	Nil
Personal use expenditure outstanding at balance date	Nil

Other legal requirements

Expenditure on advertising, market research, polling and direct mail

In accordance with section 175ZE of the *Electoral Act 1907* the Commission incurred the following expenditure in advertising, market research, polling, direct mail and media advertising.

Total expenditure for 2018-19 was \$952.90. This was incurred through media advertisements inviting nominations to the Commission's Board.

Expenditure	Total
Advertising	Nil
Market research	Nil
Polling	Nil
Direct mail	Nil
Media advertising	\$952.90
	\$952.90

Disability access and inclusion plan outcomes

The aim of Disability Access and Inclusion Plans (DAIP) is to make a positive difference to the lives of people with disabilities, their families and carers by focusing efforts to improve access to services, information and facilities. The Commission's DAIP provides an important mechanism for monitoring and evaluating its services to help ensure that it meets the accessibility needs of people with disabilities, their families and carers. As part of the DAIP, an annual action plan is developed with strategies to maximise accessibility.

Specific strategies related to the DAIP outcomes continue to be implemented on an ongoing basis and are subject to review.

Compliance with public sector standards and ethical codes

The Pilbara Development Commission has had no (nil) compliance issues during the financial year regarding the Public Sector Standards, the WA Code of Ethics or the internal Code of Conduct.

The Commission continues to regularly review and update internal policies to ensure currency with Public Sector Commission updates. The Commission has a 'Code of Conduct' staff manual incorporating the Public Sector's 'Code of Ethics'. The Code of Conduct forms part of the Commission's induction program for new staff and is also regularly discussed at staff meetings to ensure all staff remain conversant with policy and requirements. The Pilbara Development Commission has, in its administration, complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.

Record keeping plans

The Commission updated its Record Keeping Plan in early 2017, with the State Records Office endorsing the updated plan on 6 April 2017, as required under section 19 of the State Records Act (2000). The plan, in the form of a manual, is designed to provide staff working for the Commission with a guide to the organisation's policies, procedures and standards for handling public records. 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.

The Commission confirms the following:

- The Record Keeping Plan and system is aligned with the Commission's record management procedures and Retention and Disposal Schedule;
- The efficiency and effectiveness of the Commission's record keeping system is evaluated not less than once every five years; and
- The Commission conducts record keeping training for staff through its staff induction program as well as annual refresher training.

Government policy requirements

Occupational safety, health and injury management

The Commission acknowledges its responsibilities under the *Occupational Safety and Health Act 1984* to provide and maintain a safe and healthy environment and exercise a duty of care to ensure employees, clients and visitors to the Commission's workplaces, as far as practical, are not exposed to hazards.

The Commission's record of performance against annual performance data requirements are tabled as follows.

Measure	Actual results		Results against target
	2017-18	2018-19	Target
Number of fatalities	0	0	0
Lost time injury and/or disease incidence rate	0	0	0 or 10% reduction
Lost time injury and/or disease severity rate	0	0	0 or 10% reduction
Percentage of injured workers returned to work: (i) within 13 weeks (ii) within 26 weeks	n/a n/a	n/a n/a	Greater than or equal to 80%
Percentage of managers trained in occupational safety, health and injury management responsibilities	0%	0%	Greater than or equal to 80%

Due to the 2017 Machinery of Government changes, the Chief Executive Officer is the only employee of the Pilbara Development Commission. Resources, including staff, are provided by the Department of Primary Industries and Regional Development to enable the Commission to meet its legislative objectives. As such the current number of managers employed by the Commission who are trained in OS&H responsibilities is nil.

Government Building Training Policy

The Commission has a commitment to the Government Building Training Policy. The Commission was not responsible for building construction or maintenance of a greater duration than three months and greater value than \$2 million.

Annual Estimates

In accordance with Treasurers Instruction 953, the annual estimates for the 2019-20 year are hereby included in the 2018-19 Annual Report.

These estimates do not form part of the 2018-19 financial statements and are not subject to audit.

2019-20 S40 SUBMISSION	FOT 2018-19	Budget 2018-19	Budget 2019-20
	\$'000s	\$'000s	\$'000s
EXPENSES			
Employee benefits	382	400	390
Supplies and services	358	512	186
Services received free of charge	2,705	-	2,864
Depreciation and amortisation	3	7	3
Accommodation	2	-	-
Grants and subsidies	26	149	-
Other expenses	31	48	32
TOTAL COST OF SERVICES	3,507	1,116	3,475
INCOME			
Other revenue	-	-	-
TOTAL INCOME	-	-	-
NET COST OF SERVICES	3,507	1,116	3,475
INCOME FROM STATE GOVERNMENT			
Service appropriation	266	266	266
Income received from other state agencies	-	-	-
Services received free of charge	2,705	-	2,864
TOTAL INCOME FROM STATE GOVERNMENT	2,971	266	3,130
SURPLUS/(DEFICIT)	(536)	(850)	(346)

Statement of financial position

STATEMENT OF FINANCIAL POSITION	FOT 2018-19	Budget 2018-19	Budget 2019-20
	\$'000s	\$'000s	\$'000s
Current Assets			
Cash and cash equivalents	-	-	-
Restricted cash and cash equivalents	1,382	-	1,040
Receivables	82	-	82
Non-Current Assets			
Amounts receivable for services	48	9	48
Property, plant and equipment	1	37	-
Intangible assets	2	-	-
TOTAL ASSETS	1,515	46	1,170
LIABILITIES			
Current Liabilities			
Payables	82	70	82
Provisions			
Non-Current Liabilities			
Provisions	8	-	8
TOTAL LIABILITIES	119	70	119
NET ASSETS	1,396	(24)	1,051
EQUITY			
Contributed equity	353	-	353
Reserves	-	-	-
Accumulated surplus/(deficiency)	1,043	(24)	697
TOTAL EQUITY	1,396	(24)	1,050

Statement of cash flow

STATEMENT OF CASH FLOW	FOT 2018-19	Budget 2018-19	Budget 2019-20
	\$'000s	\$'000s	\$'000s
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation	266	266	266
Capital appropriation	-	-	-
Income received from other state agencies	-	375	-
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits	(382)	(400)	(390)
Supplies and services	(358)	(193)	(186)
Accommodation	(2)	-	-
Grants and subsidies	(26)	-	-
Other payments	(31)	(48)	(32)
Receipts	-	-	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current assets	-	-	-
Net increase/(decrease) in cash held and cash equivalents	(533)	-	(342)
Cash and cash equivalents at the beginning of the period	1,915	-	1,382
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,382	-	1,040



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