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Significant issues affecting the Peel

The Peel is on a trajectory for strong growth; by 2050, the Peel is expected to be one of the most populated regions outside of Perth, with a projected population of 440,000. Between 2006 and 2016 census years, population has grown by 52 per cent. In the last five years the Peel has had an average annual growth rate of 4 per cent compared to WA's 2 per cent, with the Shire of Serpentine-Jarrahdale having an average growth rate of nearly 9 per cent over the last five years.

To support a population of this size the Peel will need to build an economy that incorporates many industries, adopts an innovative approach to business and also develops a highly skilled and high performing workforce.

With higher than State average rates of unemployment and comparatively low rates of educational attainment, strengthening the education and training system and creating pathways leading to higher levels of educational attainment and stable employment levels, are important areas of focus. The Peel's unemployment rate has been consistently higher than the State average since 2012 and was 6.8 per cent at the March 2018 quarter, compared to the State average of 4.6 per cent. This includes the City of Mandurah unemployment rate of 7.7 per cent and 7.3 per cent unemployment rate in the Shire of Murray; the Mandurah youth unemployment rate is estimated at 18.8 per cent.

Improving the skills of the workforce, particularly those workers who are affected by changes in sectors such as mining, construction and manufacturing, is a key priority. Achieving this goal will ensure they have the chance to develop new skills to transfer into occupations and industries where suitable workers are in short supply or to new or growing industries.

The *Peel Regional Investment Blueprint* sets out a strategy and action plan to increase the number of jobs and diversify the economy. Achieving these goals will be a key challenge for the Commission, the region and the State as a whole. Central to this is the Transform Peel program, a long term development program designed to diversify the region's economy, create jobs and secure better environmental outcomes for the region. It is anticipated that the region will need to create an additional 89,000 jobs by 2050 because of population growth and Transform Peel aims to create 33,000 of those much-needed jobs.

The wise use of the environment to ensure social and economic development is balanced with conservation remains a very significant issue for the Peel Region. The focus of much of this attention is upon the internationally recognised Peel-Yalgorup Ramsar 486 site, and its adjacent coastal plain catchment. This catchment predominantly comprises rural land uses such as beef cattle grazing, interspersed by the existing towns of Waroona, Pinjarra, North Dandalup, Mundijong, Serpentine and Byford. Many of these towns, particularly within the Shire of Serpentine-Jarrahdale, are experiencing 'hyper-growth'. Significant urban and industrial expansion as identified in the WAPC's Perth and Peel at 3.5 million will continue to evoke discussion amongst regional leaders upon the need for a co-ordinated and integrated 'whole of government' approach to decision making.

The suspension of the Strategic Assessment of the Perth and Peel Regions (SAPPR) represents an additional challenge for the Peel. SAPPR provided greater certainty and effective long term strategic responses for the development of the region through coordinated environmental and planning processes that provide solutions to accommodate our projected population and industry growth.

Auditor General Report



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PEEL DEVELOPMENT COMMISSION

Report on the Financial Statements

Opinion

I have audited the financial statements of the Peel Development Commission which comprise the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, 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 Peel Development Commission for the year ended 30 June 2018 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 Commission determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the 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.

Auditor General Report

(continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Commission.
- Conclude on the appropriateness of the 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 Peel 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 Peel 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 2018.

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 Peel Development Commission for the year ended 30 June 2018. 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 Peel 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 2018.

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.

Auditor General Report

(continued)

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 Peel Development Commission for the year ended 30 June 2018 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.



SANDRA LABUSCHAGNE
ACTING DEPUTY AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
30 August 2018

Certification of Financial Statements

For the year ended 30 June 2018

The accompanying financial statements of the Peel 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 2018 and the financial position as at 30 June 2018.

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
24 August 2018



Andrew Ward
Chief Executive Officer
24 August 2018



Patricia Creevey
Chair
24 August 2018

Financial Statements

Statement of Comprehensive Income

For the reporting period ended 30 June 2018

	Notes	2018 \$	2017 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1	280,912	1,758,733
Supplies and services	3.3	1,967,390	975,261
Depreciation and amortisation expense	5.1, 5.2	24,983	6,911
Accommodation expenses	3.3	47,742	171,468
Grants and subsidies	3.2	2,672,034	5,068,374
Other expenses	3.3	13,208	64,024
Total cost of services		4,986,269	8,044,771
Income			
<i>Revenue</i>			
Other revenue	4.2	2,477	51,239
Total revenue		2,477	51,239
Total income other than income from State Government		2,477	51,239
NET COST OF SERVICES		4,983,792	7,993,532
Income from State Government			
Service Appropriation	4.1	227,000	228,000
Services received free of charge	4.1	1,765,256	9,590
Royalties for Regions Fund	4.1	3,212,028	7,618,465
Other grants	4.1	9,985	-
Total income from State Government		5,214,269	7,856,055
SURPLUS / (DEFICIT) FOR THE PERIOD		230,477	(137,477)
OTHER COMPREHENSIVE INCOME (LOSS)			
Total other comprehensive income (loss)		-	-
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		230,477	(137,477)

See also the 'Schedule of Income and Expenses by Service'.

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

Statement of Financial Position

As at 30 June 2018

	Notes	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7.1	793,395	793,402
Restricted cash and cash equivalents	7.1	132,574	405,943
Receivables	6.1	166,426	263,956
Other current assets	6.3	262	-
Total Current Assets		1,092,657	1,463,301
Non-Current Assets			
Amounts receivable for services	6.2	134,000	134,000
Property, plant and equipment	5.1	18,443	28,293
Intangible assets	5.2	30,267	45,400
Total Non-Current Assets		182,710	207,693
TOTAL ASSETS		1,275,367	1,670,994
LIABILITIES			
Current Liabilities			
Payables	6.4	10,229	418,050
Employee related provisions	3.1	18,571	212,660
Total Current Liabilities		28,800	630,710
Non-Current Liabilities			
Employee related provisions	3.1	12,497	36,691
Total Non-Current Liabilities		12,497	36,691
TOTAL LIABILITIES		41,297	667,401
NET ASSETS		1,234,070	1,003,593
EQUITY			
Contributed Equity	9.6	137,770	137,770
Accumulated surplus	9.6	1,096,300	865,823
TOTAL EQUITY		1,234,070	1,003,593

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

Financial Statements

(continued)

Statement of Changes in Equity

For the reporting period ended 30 June 2018

	Notes	Contributed equity \$	Reserves \$	Accumulated surplus / (deficit) \$	Total equity \$
Balance at 1 July 2016		137,770	-	1,003,300	1,141,070
Surplus		-	-	(137,477)	(137,477)
Other comprehensive income	9.6	-	-	-	-
Total comprehensive income for the period		-	-	(137,477)	(137,477)
Balance at 30 June 2017		137,770	-	865,823	1,003,593
Balance at 1 July 2017		137,770	-	865,823	1,003,593
Surplus		-	-	230,477	230,477
Other comprehensive income	9.6	-	-	-	-
Total comprehensive income for the period		-	-	230,477	230,477
Balance at 30 June 2018		137,770	-	1,096,300	1,234,070

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

Statement of Cash Flows

For the reporting period ended 30 June 2018

	2018	2017
Notes	\$	\$
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation	227,000	228,000
Royalties for Regions Fund	3,212,028	7,618,465
Other Grants	9,985	-
Net cash provided by State Government	3,449,013	7,846,465
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits	(486,341)	(1,710,518)
Supplies and services	(560,183)	(577,251)
Accommodation	(47,742)	(161,878)
GST payments on purchases	(277,785)	(436,095)
GST payments to taxation authority	(1,332)	(4,469)
Grants and subsidies	(2,672,034)	(5,068,374)
Other payments	(54,275)	(64,024)
Receipts		
GST receipts on sales	198	1,634
GST receipts from taxation authority	374,628	267,788
Other receipts	2,477	56,161
Net cash used in operating activities	7.1 (3,722,389)	(7,697,026)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments		
Purchase of non-current assets	-	(73,168)
Net cash used in investing activities	-	(73,168)
Net increase/(decrease) in cash and cash equivalents	(273,376)	76,271
Cash and cash equivalents at the beginning of the period	1,199,345	1,123,074
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.1 925,969	1,199,345

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

Financial Statements

(continued)

Notes to the Financial Statements

For the year ended 30 June 2018

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 24 August 2018.

Statement of compliance

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

- 1) The *Financial Management Act 2006 (FMA)*
- 2) The Treasurer's Instructions (the *Instructions or TI*)
- 3) Australian Accounting Standards (AAS) including applicable interpretations
- 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.

2. Agency outputs

How the Commission operates

This section includes information regarding the nature of funding the Commission receives and how this funding is utilised to achieve the Commission's objectives. This note also provides the distinction between controlled funding and administered funding:

	Note
Agency objectives	2.1
Schedule of Income and Expenses by Service	2.2

2.1 Agency objectives

Mission

The Commission's mission is to have the Peel region recognised as a progressive, prosperous and dynamic region with a culture of care.

The Commission is predominantly funded by Royalties for Regions.

Services

The Agency provides the following services:

Service 1: Facilitation and coordination

Facilitate and coordinate regional development activities.

Service 2: Advice and information

Provide advice and information on regional development activities or matters.

**2.2 Schedule of income and expenses by service
For the reporting period ended 30 June 2018**

	Facilitation & Co-ordination		Advice & Information		Total	
	2018	2017	2018	2017	2018	2017
	\$	\$	\$	\$	\$	\$
COST OF SERVICES						
<u>Expenses</u>						
Employee benefits expense	234,821	1,582,860	26,091	175,873	260,912	1,758,733
Supplies and services	1,770,651	877,735	196,739	97,526	1,967,390	975,261
Depreciation and amortisation expense	22,485	6,220	2,498	691	24,983	6,911
Accommodation expenses	42,968	154,321	4,774	17,147	47,742	171,468
Grants and subsidies	2,404,831	4,561,537	267,203	506,837	2,672,034	5,068,374
Other expenses	11,886	57,622	1,322	6,402	13,208	64,024
Total cost of services	4,487,642	7,240,295	498,627	804,476	4,986,269	8,044,771
<u>Income</u>						
Other revenue	2,229	46,115	248	5,124	2,477	51,239
Total income other than income from State Government	2,229	46,115	248	5,124	2,477	51,239
NET COST OF SERVICES	4,485,413	7,194,180	498,379	799,352	4,983,792	7,993,532
<u>Income from State Government</u>						
Service Appropriation	204,300	205,200	22,700	22,800	227,000	228,000
Services received free of charge	1,588,730	8,631	176,526	959	1,765,256	9,590
Royalties for Regions Fund	2,890,825	6,856,618	321,203	761,847	3,212,028	7,618,465
Other Grants	8,967	-	998	-	9,985	-
Total income from State Government	4,692,842	7,070,449	521,426	785,606	5,214,269	7,856,055
SURPLUS/(DEFICIT) FOR THE PERIOD	207,429	(123,731)	23,048	(13,746)	230,477	(137,477)

The Schedule of Income and Expenses by Service should be read in conjunction with the accompanying notes.

Financial Statements

(continued)

Note 3. 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	2018	2017
		\$	\$
Employee benefits expenses	3.1(a)	260,912	1,758,733
Employee benefits provisions	3.1(b)	31,068	249,351
Grants and subsidies	3.2	2,672,034	5,068,374
Other expenditure	3.3	2,028,340	1,210,753

3.1(a) Employee benefits expenses

	2018	2017
	\$	\$
Wages and Salaries ^(a)	219,540	1,550,008
Superannuation - defined contribution plans ^(b)	24,324	111,372
Superannuation - defined contribution plans ^(c)	806	37,242
Other related expenses	16,242	60,111
Total employee benefits expenses	260,912	1,758,733

^(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component, leave entitlements including superannuation contribution component.

^(b) Defined contribution plans include West State, Gold State, GESB and other eligible funds. During the 2018 financial year the combined amount of \$24,324 was paid to GESB (2017: \$111,372).

^(c) Other superannuation plans (contribution plans) nominated by employees.

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

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

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

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

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

3.1(b) Employee benefits 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*.

	2018	2017
	\$	\$
Current		
<u>Employee benefits provisions</u>		
Annual leave ^(a)	18,320	104,255
Long service leave ^(b)	-	106,919
	<u>18,320</u>	<u>211,174</u>
<u>Other provisions</u>		
Employment on-costs ^(c)	251	1,486
Total current employee benefits provisions	<u>18,571</u>	<u>212,660</u>
Non-current		
<u>Employee benefits provisions</u>		
Long service leave ^(b)	12,329	36,425
<u>Other provisions</u>		
Employment on-costs ^(c)	168	266
Total non-current employee benefits provisions	<u>12,497</u>	<u>36,691</u>
Total employee benefits provisions	<u>31,068</u>	<u>249,351</u>

^(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. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	17,013	91,679
More than 12 months after the end of the reporting period	1,307	12,576
	<u>18,320</u>	<u>104,255</u>

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.

Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018	2017
	\$	\$
Within 12 months of the end of the reporting period	-	68,368
More than 12 months after the end of the reporting period	12,329	74,976
	<u>12,329</u>	<u>143,344</u>

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.

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

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses, Note 3.3 (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'.

	2018 \$	2017 \$
Employment on-cost provision		
Carrying amount at start of period	1,752	1,448
Additional/(reversals of) provisions recognised	(1,333)	304
Carrying amount at end of period	419	1,752

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.

3.2 Grants and subsidies

	2018 \$	2017 \$
Grants and Subsidies	2,672,034	5,068,374
Recurrent		
Royalties for Regions Fund – Regional Grants Scheme	2,035,544	1,069,500
Royalties for Regions Fund – Community Chest Fund	636,490	275,854
Grants to Local Governments	-	69,820
Local Projects Local Jobs Program	-	2,060,000
Grants to Other Agencies	-	1,593,200
Total grants and subsidies	2,672,034	5,068,374

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.

3.3 Other expenditure

	2018	2017
	\$	\$
Supplies and services		
Communications	4,275	47,760
Consultants and contractors ^(a)	138,943	672,017
Department of Regional Dev - Transaction Services	-	58,545
Consumables	22,665	81,321
Operating leases - vehicles ^(b)	7,110	11,877
Travel	8,036	19,790
Other	23,635	83,951
Support Services provided by DPIRD ^(c)	1,762,726	-
Total supplies and services expenses	1,967,390	975,261
Accommodation expenses		
Lease rentals ^(d)	40,654	158,474
Cleaning	7,088	12,994
Total accommodation expenses	47,742	171,468
Other expenses		
Insurance - Workers Compensation	-	4,919
Sponsorship	6,818	18,500
Other expenses ^(e)	6,390	40,605
Total other expenses	13,208	64,024
Total other expenditure	2,028,340	1,210,753

^(a) The Commission paid \$30,000 contribution for the Harvard Economic Complexity Study to Department of Primary Industry and Regional Development.

^(b) The Commission paid \$7,110 (2016: \$11,877) to the Department of Finance, State Fleet for vehicle leasing.

^(c) Support Services provided by DPIRD to support the Commission's in the fulfilment of its statutory functions and obligations under the Regional Development Commission Act 1993. See note 4.1 Income from State Government.

^(d) The Commission paid \$36,179 (2017: \$138,961) to the Department of Finance for accommodation relating to the Mandurah Office.

^(e) Includes other insurances and employment on-cost adjustments.

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.

Electricity and cleaning costs are recognised as expenses as incurred.

Other expenses:

Other operating expenses generally represent the day-to-day running costs incurred in normal 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 3.1(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.

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4. 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	2018 \$	2017 \$
Income from State Government	4.1	5,214,269	7,856,055
Other revenue	4.2	2,477	51,239
4.1 Income from State Government			
		2018 \$	2017 \$
Appropriation received during the period:			
Service appropriation ^(a)		227,000	228,000
Total appropriation received		227,000	228,000
Services received free of charge from other State Government agencies during the period ^(b)			
Determined on the basis of the following estimates provided by agencies:			
Department of Finance		-	9,590
State Solicitor's Office		2,530	-
Department of Primary Industries and Regional Development - Support Services provided ^(c)		1,762,726	-
Total services received		1,765,256	9,590
Other state grants			
Other state grants		9,985	198,817
Total other grants		9,985	198,817
Royalties for Regions Fund:			
Regional Infrastructure and Headwork Account ^(d)		-	2,284,760
Regional Community Services Account ^(d)		2,777,778	3,448,888
Regional & Statewide Initiative ^(d)		434,250	1,686,000
Total Royalties for Regions Fund		3,212,028	7,419,648
Total Income from State Government		5,214,269	7,856,055

^(a) Service appropriation received from the Department of Treasury fund the net cost of services delivered. Appropriation 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 - Support Services provided by DPIRD to support the Commission's in the fulfilment of its statutory functions and obligations under the Regional Development Commission Act 1993. See note 3.3 Other Expenditure.

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

4.2 Other revenue

	2018 \$	2017 \$
Recoups - other ^(a)	2,477	47,520
Miscellaneous income	-	3,719
	2,477	51,239

^(a) Includes income from other government departments for the recoupment of leave liabilities and advertising costs in 2016/17.

5. Key assets

Assets the Commission utilises for economic benefit or service

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	2018 \$	2017 \$
Property, plant and equipment	5.1	18,443	28,293
Intangible assets	5.2	30,267	45,400
Total key assets		48,710	73,693

5.1 Property, plant and equipment

Year ended 30 June 2017	Office equipment	Furniture fixture and fittings	Computer hardware	Total
2017	\$	\$	\$	\$
Carrying amount at start of year	-	3,471	3,965	7,436
Additions	6,315	-	21,453	27,768
Other Disposals	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-
Depreciation	(315)	(1,436)	(5,160)	(6,911)
Carrying amount at end of year	6,000	2,035	20,258	28,293
Year ended 30 June 2018				
2018	\$	\$	\$	\$
Carrying amount at start of year	6,000	2,035	20,258	28,293
Additions	-	-	-	-
Other Disposals	-	-	-	-
Revaluation increments/(decrements)	-	-	-	-
Depreciation	(1,263)	(1,436)	(7,151)	(9,850)
Carrying amount at end of year	4,737	599	13,107	18,443

Initial recognition

Items of property, plant and equipment, costing \$5,000 or more are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is valued at its fair value at the date of acquisition. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Subsequent measurement

All items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

5.1.1 Depreciation and impairment

Change for the period

	2018 \$	2017 \$
Depreciation		
Office equipment	1,263	315
Computer hardware	7,151	5,160
Furniture fixture and fittings	1,436	1,436
Total depreciation for the period	9,850	6,911

As at 30 June 2018 there were no indications of impairment to plant and equipment.

All surplus assets at 30 June 2018 have either been classified as assets held for sale or have been written-off.

Please refer to note 5.2 for guidance in relation to the impairment assessment that has been performed for intangible assets.

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Finite useful lives

All 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
Computing hardware	3 years
Furniture, fixtures & fittings	10 years
Communication and Office equipment	5 years

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

Impairment

Non-financial assets, including items of plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Where an asset measured at cost is written down to its recoverable amount, an impairment loss is recognised through profit or loss.

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

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

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

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

5.2 Intangible assets

Year ended 30 June 2017	Computer Software \$	Total \$
2017		
Carrying amount at start of year	-	-
Additions	45,400	45,400
Amortisation	-	-
Carrying amount at end of year	<u>45,400</u>	<u>45,400</u>
Year ended 30 June 2018		
2018		
Carrying amount at start of year	45,400	45,400
Additions	-	-
Amortisation	(15,133)	(15,133)
Carrying amount at end of year	<u>30,267</u>	<u>30,267</u>

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.

5.2.1 Amortisation and impairment

Charge for the period

	2018	2017
	\$	\$
Computer software	15,133	-
Total amortisation for the period	15,133	-

As at 30 June 2018 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:

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 5.1.1.

6. 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	2018	2017
		\$	\$
Receivables	6.1	166,426	263,956
Amounts receivable for services	6.2	134,000	134,000
Other current assets	6.3	262	-
Payables	6.4	10,229	418,050

6.1 Receivables

	2018	2017
	\$	\$
Current		
GST Receivable	161,283	258,813
Receivables	5,143	5,143
Total current	166,426	263,956
Balance at end of period	166,426	263,956

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.

6.2 Amounts receivable for services (Holding Account)

	2018	2017
	\$	\$
Current	-	-
Non-Current	134,000	134,000
Balance at end of period	134,000	134,000

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.

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6.3 Other current assets

	2018	2017
	\$	\$
Current		
Prepayments	262	-
Total current	262	-
Balance at end of period	262	-

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

6.4 Payables

	2018	2017
	\$	\$
Current		
Accrued salaries	868	6,108
Accrued expenses	5,409	408,055
Trade payables	3,952	3,887
Total current	10,229	418,050
Balance at end of period	10,229	418,050

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.

7. Financing

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

	Notes
Cash and cash equivalents	7.1
Reconciliation of cash	7.1.1
Reconciliation of operating activities	7.1.2
Commitments	7.2
Non-cancellable operating lease commitments	7.2.1
Other expenditure commitments	7.2.2

7.1 Cash and cash equivalents

7.1.1 Reconciliation of cash

	Note	2018	2017
		\$	\$
Cash and cash equivalents		793,395	793,402
Restricted cash and cash equivalents	8.1		
- Royalties for Regions Fund ^(a)		132,574	405,943
Balance at end of period		925,969	1,199,345

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

For the purpose of the statement of cash flows, cash and cash equivalent (and restricted cash and cash equivalent) assets comprise cash on hand.

7.1.2 Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities

	Note	2018	2017
		\$	\$
Net cost of services		(4,983,792)	(7,993,532)
Non-cash items			
Depreciation and amortisation expense	5.1	24,983	6,911
Services received free of charge	4.1	1,765,256	9,590
(Increase)/decrease in assets			
Current receivables ^(a)		-	2,433
Other current assets		(262)	-
Increase/(decrease) in liabilities			
Current payables ^(a)		(407,819)	404,250
Current provisions		(194,089)	35,729
Non-current provisions		(24,194)	7,602
Net GST receipts/(payments) ^(b)		97,530	(170,009)
Net cash provided by/(used in) operating activities		(3,722,387)	(7,697,026)

^(a) Note that the Australian Taxation Office (ATO) receivable/payable in respect of GST and the receivable/payable in respect of the sale/purchase of non-current assets are not included in these items as they do not form part of the reconciling items.

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

The mandatory application of AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107 imposed disclosure impacts only. The Commission is not exposed to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

7.2 Commitments

7.2.1 Non-cancellable operating lease commitments

	2018	2017
	\$	\$
Commitments for minimum lease payments are payable as follows:		
Within 1 year	3,947	97,309
Later than 1 year and not later than 5 years	-	316,454
Later than 5 years	-	-
	3,947	413,763

These commitments are all GST inclusive.

7.2.2 Other expenditure commitments

	2018	2017
	\$	\$
Other expenditure commitments contracted for at the end of the reporting period but not recognised as liabilities, are payable as follows:		
Within 1 year	-	29,560
Later than 1 year and not later than 5 years	-	12,060
	-	41,620

8. Risks and Contingencies

This note sets out the key risk management policies and measurement techniques of the Commission.

	Note
Financial risk management	8.1
Contingent assets	8.2.1
Contingent liabilities	8.2.2

8.1 Financial risk management

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

(a) Summary of risks and risk management

Credit risk

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

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at Note 8.1 (c) 'Financial instrument disclosures' and Note 6.1 'Receivables'.

Credit risk associated with the Commission's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, the Commission trades only with recognised, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Commission's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Liquidity risk

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

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

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

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Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Commission's income or value of its holdings of financial instruments. The Commission does not trade in foreign currency and is not materially exposed to other price risks.

(b) Categories of financial instruments

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

	2018	2017
	\$	\$
Financial Assets		
Cash and cash equivalents	793,395	793,402
Restricted cash and cash equivalents	132,574	405,943
Loans and receivables ^(a)	5,143	5,143
Total financial assets	931,112	1,204,488
Financial Liabilities		
Financial liabilities measured at amortised cost	10,229	418,050
Total financial liability	10,229	418,050

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

(c) Ageing analysis of financial assets

	Past due but not impaired					
	Carrying Amount	Not past due and not impaired	Up to 1 month	1 - 3 months	3 months to 1 year	Impaired financial assets
	\$	\$	\$	\$	\$	\$
2018						
Cash and cash equivalents	793,395	793,395	-	-	-	-
Restricted cash and cash equivalents	132,574	132,574	-	-	-	-
Receivables ^(a)	5,143	5,143	-	-	-	-
Amounts receivable for services	134,000	134,000	-	-	-	-
	1,065,112	1,065,112	-	-	-	-
2017						
Cash and cash equivalents	793,402	793,402	-	-	-	-
Restricted cash and cash equivalents	405,943	405,943	-	-	-	-
Receivables ^(a)	5,143	5,143	-	-	-	-
Amounts receivable for services	134,000	134,000	-	-	-	-
	1,338,488	1,338,488	-	-	-	-

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

(d) Liquidity Risk and Interest Rate Exposure

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

	Interest rate exposure and maturity analysis of financial assets and financial liabilities					Maturity Dates			
	Weighted average interest rate %	Interest rate exposure			Nominal amount	Up to 1 month	1 - 3 months	1 - 5 years	More than 5 years
		Carrying Amount	Fixed interest rate	Variable interest rate					
	\$	\$	\$	\$	\$	\$	\$	\$	
2018									
Financial Assets									
Cash and cash equivalents	-	793,395	-	793,395	793,395	793,395	-	-	-
Restricted cash and cash equivalents	-	132,574	-	132,574	132,574	132,574	-	-	-
Receivables ^(a)	-	5,143	-	5,143	5,143	5,143	-	-	-
Amounts receivable for services	-	134,000	-	134,000	134,000	-	-	-	134,000
	-	1,065,112	-	1,065,112	1,065,112	931,112	-	-	134,000
Financial Liabilities									
Payables	-	10,229	-	10,229	10,229	10,229	-	-	-
Amounts due to the Treasurer	-	-	-	-	-	-	-	-	-
	-	10,229	-	10,229	10,229	10,229	-	-	-

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

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(d) Liquidity Risk and Interest Rate Exposure (cont.)

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Interest rate exposure				Maturity Dates					
	Weighted average interest rate %	Carrying Amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest Bearing \$	Nominal Amount \$	Up to 1 month \$	1 - 3 months to 1 year \$	1 - 5 years \$	More than 5 years \$
2017										
Financial Assets										
Cash and cash equivalents	-	793,402	-	-	793,402	793,402	-	-	-	-
Restricted cash and cash equivalents	-	405,943	-	-	405,943	405,943	-	-	-	-
Receivables (e)	-	5,143	-	-	5,143	5,143	-	-	-	-
Amounts receivable for services	-	134,000	-	-	134,000	134,000	-	-	-	134,000
	-	1,338,488	-	-	1,338,488	1,204,488	-	-	-	134,000
Financial Liabilities										
Payables	-	418,050	-	-	418,050	418,050	-	-	-	-
Amounts due to the Treasurer	-	-	-	-	-	-	-	-	-	-
	-	418,050	-	-	418,050	418,050	-	-	-	-

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

(e) Interest rate sensitivity analysis

None of the Commission's financial assets and financial liabilities at the end of the reporting period are sensitive to movements in interest rates, hence movements in interest rates have no bottom line impact on the Commission's surplus or equity.

8.2 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.

8.2.1 Contingent assets

No Contingent assets exist as at 30 June 2018.

8.2.2 Contingent liabilities

No Contingent liabilities exist as at 30 June 2018.

9. 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	9.1
Future impact of Australian standards issued not yet operative	9.2
Key management personnel	9.3
Related parties	9.4
Remuneration of auditors	9.5
Equity	9.6
Explanatory Statement	9.7

9.1 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.

9.2 Future impact of Australian standards issued not yet operative

The Commission cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 Application of Australian Accounting Standards and Other Pronouncements or by an exemption from TI 1101. Where applicable, the commission plans to apply the following Australian Accounting Standards from their application date.

	Operative for reporting periods beginning on/after
<p>AASB 9 <i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 <i>Amendments to Australian Accounting Standards</i>.</p> <p>The Commission has assessed that recognition of expected credit losses will increase the amount of impairment losses recognised as Other expenses in the Statement of Comprehensive Income by \$Nil, and thus have no adverse impact on the commission's Surplus/(Deficit) for the period.</p>	1 Jan 2018
<p>AASB 15 <i>Revenue from Contracts with Customers</i></p> <p>This Standard establishes the principles that the commission shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The mandatory application date of this Standard is currently 1 January 2019 after being amended by AASB 2016-7.</p> <p><i>[The Commission's income is principally derived from appropriations which will be measured under AASB 1058 and will be unaffected by this change. However, the commission has not yet determined the potential impact of the Standard on 'User charges and fees' and 'Sales' revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the commission has discharged its performance obligations.]</i></p>	1 Jan 2019

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AASB 16	<p>Leases</p> <p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p><i>[Whilst the impact of AASB 16 has not yet been quantified, the Commission currently has commitments for \$3,947 worth of non-cancellable operating leases which will mostly be brought onto the statement of financial position. Interest and amortisation expense will increase and rental expense will decrease.]</i></p>	1 Jan 2019
AASB 1058	<p>Income of Not-for-Profit Entities</p> <p>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity. <i>[The commission anticipates that the application will not materially impact appropriation or untied grant revenues.]</i></p>	1 Jan 2019
AASB 1059	<p>Service Concession Arrangements: Grantors</p> <p>This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector entity by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided. <i>[The commission has not identified any public private partnerships within scope of the Standard.]</i></p>	1 Jan 2019
AASB 2010-7	<p>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</p> <p><i>[AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. <i>[Other than the exposures to AASB 9 noted above, the Commission is only insignificantly impacted by the application of the Standard.]</i></p>	1 Jan 2018
AASB 2014-1	<p>Amendments to Australian Accounting Standards</p> <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. <i>[These changes have no impact as Appendix E has been superseded and the Commission was not permitted to early adopt AASB 9].</i></p>	1 Jan 2018
AASB 2014-5	<p>Amendments to Australian Accounting Standards arising from AASB 15</p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. <i>[The commission has not yet determined the application or the potential impact of the Standard.]</i></p>	1 Jan 2018
AASB 2014-7	<p>Amendments to Australian Accounting Standards arising from AASB 9</p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). <i>[The commission has not yet determined the application or the potential impact of the Standard.]</i></p>	1 Jan 2018
AASB 2016-3	<p>Amendments to Australian Accounting Standards – Clarifications to AASB 15</p> <p>This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. <i>[The Commission has not yet determined the application or the potential impact when the deferred AASB 15 becomes effective from 1 January 2019].</i></p>	1 Jan 2018
AASB 2016-8	<p>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</p> <p>This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.</p>	1 Jan 2019

9.3 Key management personnel

The Commission has determined key management personnel to include Chief Executive Officer, members of the accountable authority, senior officers of the Commission working at DPIRD 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:

Compensation band of members of the accountable authority (\$)	2018	2017
0 - 10,000	11	7
10,001 - 20,000	1	1
40,001 - 50,000	1	-
50,001 - 60,000	-	1
Compensation band of senior officers (\$)		
110,001 - 120,000	-	1
120,001 - 130,000	-	1
130,001 - 140,000	1	-
140,001 - 150,000	-	1
160,001 - 170,000	2	-
200,001 - 210,000	-	1
250,001 - 260,000	1	-
	2018	2017
	\$	\$
Short term employee benefits	614,321	627,108
Post employment benefits	61,980	53,706
Other long term benefits	63,485	17,009
Termination benefits	63,751	-
Total compensation of key management personnel	803,537	697,823

As of the 1st 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.

9.4 Related parties

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

Related parties of the commission include:

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

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

Significant transactions with Government-related entities

Significant transactions include:

- staff superannuation payments to GESB (Note 3.1);
- lease rental payments to the Department of Finance (Note 3.3);
- lease payments for vehicles to the Department of Finance State Fleet (Note 3.3);
- contribution for the Harvard Economic Complexity Study to the Department of Primary Industries and Regional Development (Note 3.3);
- service appropriations (Note 4.1);
- services received free of charge from the State Solicitor's Office (Note 4.1);
- services received free of charge from the Department of Primary Industry and Regional Development (Note 4.1);
- Royalties for Regions Fund (Note 4.1); and
- transfer of leave liability of \$234,433 to the Department of Primary Industry and Regional Development.

Significant transactions with other related entities

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

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9.5 Remuneration of auditors

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

	2018	2017
	\$	\$
Auditing the accounts, financial statements controls, and key performance indicators	33,630	33,300

9.6 Equity

Contributed equity

	2018	2017
	\$	\$
Balance at start of period	137,770	137,770
<i>Contributions by owners</i>		
Capital appropriation	-	-
<i>Other contributions by owners</i>		
Royalties for Regions Fund – Regional Infrastructure and Headworks Account	-	-
Royalties for Regions Fund – Regional Community Services Account	-	-
<i>Transfer of net assets from other agencies</i>		
Total contributions by owners	-	-
Balance at end of period	<u>137,770</u>	<u>137,770</u>

Accumulated surplus/(deficit)

Balance at start of year	865,823	1,003,300
Result for the period	230,477	(137,477)
Balance at end of period	<u>1,096,300</u>	<u>865,823</u>
Total equity at end of period	<u>1,234,070</u>	<u>1,003,593</u>

9.7 Explanatory Statement

All variances between estimates (original budget) and actual results for 2018, and between the actual results for 2018 and 2017 are shown below. Narratives are provided for key variations selected from observed major variances, which are generally greater than:
 - 5% and \$60,620 for the Statements of Comprehensive Income and Cash Flows, and
 - 5% and \$16,840 for the Statement of Financial Position

9.7.1 Statement of Comprehensive Income

Income Variances	Variance Note	Estimate 2018 \$	Actual 2018 \$	Actual 2017 \$	Variance between estimated and actual \$	Variance between actual results for 2018 and 2017 \$
Expenses						
Employee benefits expense	a	253,000	260,912	1,758,733	7,912	(1,497,821)
Supplies and services	1, b	95,000	1,967,390	975,261	1,872,390	992,129
Depreciation and amortisation expense	c	-	24,983	6,911	24,983	18,072
Accommodation expenses	d	2,676,000	47,742	171,468	47,742	(123,726)
Grants and subsidies		7,000	2,672,034	5,068,374	(3,966)	(2,396,340)
Other expenses		-	13,208	64,024	6,208	(50,816)
Total cost of services		3,031,000	4,986,269	8,044,771	1,955,269	(3,058,502)
Income						
Revenue						
User charges and fees		-	2,477	51,239	2,477	(48,762)
Other revenue		-	2,477	51,239	2,477	(48,762)
Total Revenue		-	4,983,792	7,993,532	1,952,792	(3,009,740)
Total income other than income from State Government		3,031,000	4,983,792	7,993,532	1,952,792	(3,009,740)
NET COST OF SERVICES						
Income from State Government						
Service appropriation	2, e	227,000	227,000	228,000	-	(1,000)
Resources received free of charge	3, f	-	1,765,256	9,590	1,765,256	1,755,666
Royalties for Regions Fund		2,804,000	3,212,028	7,618,465	408,028	(4,406,437)
Other grants		-	9,985	-	9,985	9,985
Total income from State Government		3,031,000	5,214,269	7,856,055	2,183,269	(2,641,786)
SURPLUS/(DEFICIT) FOR THE PERIOD		-	230,477	(137,477)	230,477	367,954
Other Comprehensive Income						
Total Other Comprehensive Income		-	230,477	(137,477)	230,477	367,954
Total Comprehensive Income for the period		-	230,477	(137,477)	230,477	367,954

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9.7.2 Statement of Financial Position		Estimate	Actual	Actual	Variance between	Variance between
Variance	Actual	2018	2017	2018	estimated and	actual results for
Note	\$	\$	\$	\$	actual	2018 and 2017
					\$	\$
Assets						
Current Assets						
	Cash and cash equivalents	842,000	793,395	793,402	(48,605)	(7)
4	Restricted cash and cash equivalents	-	132,574	405,943	132,574	(273,369)
5, 9	Receivables	-	166,426	263,956	166,426	(97,530)
6, h	Other current assets	-	262	-	262	262
	Amounts receivable for services	-	-	-	-	-
	Total Current Assets	842,000	1,092,657	1,463,301	250,657	(370,644)
Non-Current Assets						
	Restricted cash and cash equivalents	-	-	-	-	-
7	Amount receivable for services	-	134,000	134,000	134,000	-
8	Infrastructure, property, plant and equipment	-	18,443	28,293	18,443	(9,850)
9	Intangible Assets	-	30,267	45,400	30,267	(15,133)
	Other	-	-	-	-	-
	Total Non-Current Assets	-	182,710	207,693	182,710	(24,983)
	TOTAL ASSETS	842,000	1,275,367	1,670,994	433,367	(395,627)
LIABILITIES						
Current Liabilities						
	Payables	-	10,229	418,050	10,229	(407,821)
i	Provisions	12,000	18,571	212,660	6,571	(194,089)
j	Other	-	-	-	-	-
	Total Current Liabilities	12,000	28,800	630,710	16,800	(601,910)
Non-Current Liabilities						
	Provisions	13,000	12,497	36,691	(503)	(24,194)
j	Total Non-Current Liabilities	13,000	12,497	36,691	(503)	(24,194)
	TOTAL LIABILITIES	25,000	41,297	667,401	16,297	(626,104)
	NET ASSETS	817,000	1,234,070	1,003,593	417,070	230,477
EQUITY						
	Contributed Equity	-	137,770	137,770	137,770	-
	Reserves	-	-	-	-	-
	Accumulated surplus/(deficit)	817,000	1,096,300	865,823	279,300	230,477
	TOTAL EQUITY	817,000	1,234,070	1,003,593	417,070	230,477

9.7.3 Statement of Cash Flows Variances		Variance Note	Estimate 2018 \$	Actual 2018 \$	Actual 2017 \$	Variance between estimated and actual \$	Variance between actual results for 2018 and 2017 \$
CASH FLOWS FROM STATE GOVERNMENT							
	Service appropriation		227,000	227,000	228,000	-	(1,000)
	Royalties for Regions Fund	10, k	2,804,000	3,212,028	7,618,465	408,028	(4,406,437)
	Other Grants		-	9,985	-	9,985	9,985
	Net cash provided by State Government		3,031,000	3,449,013	7,846,465	418,013	(4,397,452)
Utilised as follows:							
CASH FLOWS FROM OPERATING ACTIVITIES							
	Payments						
	Employee benefits	11, l	(253,000)	(486,341)	(1,710,518)	(233,341)	1,224,177
	Supplies and services	12	(95,000)	(560,183)	(577,251)	(465,183)	17,068
	Accommodation	m	-	(47,742)	(161,878)	(47,742)	114,136
	Grants and subsidies	13, n	(3,060,000)	(2,672,034)	(5,068,374)	387,966	2,396,340
	GST payments on purchases	14, o	-	(277,785)	(436,095)	(277,785)	158,310
	GST payments to taxation authority		-	(1,332)	(4,469)	(1,332)	3,137
	Other payments		(7,000)	(54,275)	(64,024)	(47,275)	9,749
	Receipts						
	GST receipts on sales		-	198	1,634	198	(1,436)
	GST receipts from taxation authority	15, p	-	374,628	267,788	374,628	106,840
	Other receipts		-	2,477	56,161	2,477	(53,684)
	Net cash provided by/(used in) operating activities		(3,415,000)	(3,722,389)	(7,697,026)	(307,389)	3,974,637
CASH FLOWS FROM INVESTING ACTIVITIES							
	Payments						
	Purchase of non-current physical assets	q	-	-	(73,168)	-	73,168
	Net cash provided by/(used in) investing activities		-	-	(73,168)	-	73,168
	Net increase/(decrease) in cash and cash equivalents	16, r	(384,000)	(273,376)	76,271	110,624	(349,647)
	Cash and cash equivalents at the beginning of the period		1,226,000	1,199,345	1,123,074	(26,655)	76,271
	CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		842,000	925,969	1,199,345	83,969	(273,376)

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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 Goldfields Esperance Development 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 2017/18 the Commission's Section 40 budget was set to only reflect board related costs, CEO salaries and travel costs, legacy projects and grants. In practise due to the timing difference of transferring supplier invoicing arrangements from the Commission to DPIRD, from the 1st of July MoG change, variances to budgets have occurred against actual expenditure.

A further budget variance is the result of 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 (2018) Variance Narratives

- 1 Supplies and services expense variance of \$1,872,390 is a result of the 2017-18 budget not accounting for services provided free of charge by DPIRD to support the Commission in the 2017-18 financial year.
- 2 Resources received free of charge variance of \$1,765,256 is a result of not accounting for this item in the 2017-18 budget.
- 3 Royalties for Regions (RIR) Fund exceeded estimates by \$408,028 due to the additional disbursement of RIR funding from within DPIRD budget to support the Commission's MoG transition of suppliers to DPIRD.
- 4 Cash and cash equivalents exceeded estimates by \$48,605 due to GST receipts from the ATO in July 2017.
- 5 Restricted cash exceeded estimates by \$132,574 primarily due to unspent funds for Royalties for Regions projects in 2017-18 financial year.
- 6 Receivables budget variance of \$166,426 is a result of the 2017-18 budget not accounting for this item.
- 7 Amounts receivable for services variance of \$134,000 is a result of the 2017-18 budget not accounting for this item.
- 8 Infrastructure, property, plant and equipment variance of \$18,443 is a result of the 2017-18 budget not accounting for this item.
- 9 Intangible assets budget variance of \$30,267 is a result of the 2017-18 budget not accounting for this item.
- 10 Royalties for Regions Fund exceeded estimates by \$408,028 due to the additional disbursement of RIR funding from within DPIRD budget to support the Commission's MoG transition of suppliers to DPIRD.
- 11 Employee benefits payments variance of \$233,341 is due to transfer of leave liability balances from the Commission to DPIRD under TI 520.
- 12 Supplies and services payments overspent by \$465,183 due to the MoG transition of suppliers.
- 13 Grants and subsidies payments variance of \$387,966 is due to the timing of grants payments for Regional Community Services during the 2017-18 financial year.
- 14 GST payments on purchases exceeded estimates by \$277,785 is a result of the 2017-18 budget not accounting for this item.
- 15 GST receipts from the taxation authority exceeded estimates by \$374,628 as a result of the 2017-18 budget not accounting for this item.
- 16 Net increase/(decrease) in cash and cash equivalents variance of \$110,624 is due to unspent funds for Royalties for Regions projects in 2017-18 financial year.

Major Actuals (2018) and Comparative (2017) Variance Narratives

- A Employee benefits expense decreased by \$1,497,821 due to the Machinery of Government (MoG) changes and the transfer of the Commission's employees to DPIRD as of 1st of July 2017.
- B Supplies and services increased by \$992,129 due to services provided free of charge from DPIRD in 2017-18 financial year.
- C Accommodation expenses decreased by \$123,726 due to the new funding arrangement from the MoG changes and the transfer of lease from the Commission to DPIRD.
- D Grants and subsidies expense decreased by \$2,396,340 due to increase in grants expenditure related to Local Projects Local Jobs project in the 2016-17 financial year, and due to MoG changes new grants are now paid under DPIRD.
- E Resources received free of charge increased by \$1,755,666 due to MoG changes and the support services provided from DPIRD.
- F Royalties for Regions (RfR) funds decreased by \$4,406,437 due to new funding arrangements from the MoG changes and the transfer of RfR Operational fundings to DPIRD in 2017-18 financial year.
- G Restricted cash and cash equivalents decreased by \$273,369 due to lower carry over funds of Royalties for Regions projects in 2017-18 financial year.
- H Receivables decreased by \$97,530 due to MoG changes and lower taxable purchases at the end of 2017-18 financial year.
- I Payables decreased by \$407,821 due to MoG changes and lower taxable invoices to be paid early July 2018.
- J Provisions - current decreased by \$194,089 due to transfer of leave liability balances from the Commission to DPIRD.
- J Provisions - non current decreased by \$24,194 due to transfer of leave liability balances from the Commission to DPIRD.
- K Royalties for Regions Fund decreased by \$4,406,437 due to new funding arrangements from the MoG changes and the transfer of RfR Operational fundings to DPIRD in 2017-18 financial year.
- L Employee benefits decreased by \$1,224,177 due to the Machinery of Government (MoG) changes and the transfer of the Commission's employees to DPIRD as of 1st of July 2017.
- M Accommodation decreased by \$114,136 due to the MoG transition and the transfer of lease from the Commission to DPIRD.
- N Grants and subsidies decreased by \$2,396,340 due to higher grant payments related to Local Projects Local Jobs project in the 2016-17 financial year, and due to MoG changes new grants are now paid under DPIRD.
- O GST payments on purchases decreased by \$156,310 due to the MoG transition taxable invoices payments transferred from the Commission to DPIRD.
- P GST receipts from taxation authority increased by \$106,840 due to higher GST refunds in July 2017 related to higher grants payments in the previous financial year.
- Q Purchase of non-current physical assets variance by \$73,168 due to MoG changes as these are now paid under DPIRD.
- R Net increase/(decrease) in cash and cash equivalents decreased by \$349,647 due to lower carry over funds of Royalties for Regions projects in 2017-18 financial year.

Certification of Key Performance Indicators

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Peel Development Commission's performance, and fairly represent the performance of the Commission for the financial year ended 30 June 2018.



Patricia Creevey

Chair

24 August 2018



Andrew Ward

Chief Executive Officer

24 August 2018

Summary of Key Performance Indicators

Peel Development Commission's Desired Outcome: Development and promotion of the Peel region

Indicators	2017-18 Target	2017-18 Actual	Variation ^(a)	Reason for significant variation
Effectiveness Indicator Client satisfaction with the contribution to the Region's economic base	85%	82%	N/A	N/A
Efficiency Indicators Service 1: Facilitate and coordinate regional development activities Average cost per unit of service hour	\$103	\$102	N/A	N/A
Service 2: Provide advice and information on regional development activities or matters Average cost per unit of service hour	\$ 62	\$53	(\$9)	From the 1 st of July 2017 as part of the recent Machinery of Government (MoG) changes, all Regional Development Commissions (RDCs) employees were transferred to the Department of Primary Industries and Regional Development (DPIRD) except for the Chief Executive Officer. Under this new arrangement DPIRD provides the Peel Development 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. The MoG changes have resulted in a reduction in the total cost of service which has resulted in the variance in target for this indicator. In addition higher hours were achieved than had been budgeted for.

(a) Variances are reported if greater than 10% of target.

For further details please refer to Note 9.7 of the Financial Statements.

Summary of Key Performance Indicators

(continued)

Additional key performance indicator information

Overall Effectiveness Indicators

The effectiveness of the Commission in achieving its outcomes is determined by undertaking an annual client survey. In 2017-18 the Commission engaged an external market research consultant, Perth Market Research, to conduct the annual client survey to measure its performance against the Resource Agreement targets.

An online survey of 450 clients and stakeholders was undertaken. Email and telephone follow ups were used to ensure that there were sufficient responses for statistical reliability. 235 surveys were completed representing a variety of sectors; a response rate of 52.2%.

Survey respondents comprised the Commission's clients of local governments, Commonwealth and State government agencies and private sector organisations.

The response rate is sufficient to ensure that the overall results are representative of the opinions of the population of key clients within a possible sampling error of +/- 5%. These results are within the +/- 5% sampling error guidelines suggested by the Office of the Auditor General for State government conduct of agency surveys.

This year, the score for satisfaction with the Commission's contribution to the economic base (82.1%) has decreased compared to the score achieved in 2017 and remains lower than the target set.

Desired outcome: Development and promotion of the Peel region	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Target	2017-18 Actual
Client satisfaction with the contribution to the region's economic base	86%	86%	89%	87%	85%	82%

Source: Perth Market Re

Effectiveness Indicators

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

The indicators relate to each of the key services that the Commission provides:

Service 1 - Facilitation and Coordination

Service Description: Facilitate and coordinate regional development activities.

Service 2 – Advice and Information

Service Description: Provide advice and information on regional development activities.

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

Efficiency Indicator – average cost per unit of service per hour	2013-14 Actual	2014-15 Actual	2015-16 Actual	2016-17 Actual	2017-18 Target	2017-18 Actual	Variance
Service 1 Facilitation and coordination	\$94	\$100	\$101	\$100	\$103	\$102	(\$1)
Service 2 Advice and information	\$59	\$63	\$63	\$57	\$62	\$53	(\$9)

The cost per service hour is lower than the target for 2017-18 due to lower costs and higher productive hours being achieved. 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 the Department of Primary Industries and Regional Development (DPIRD) except for the Chief Executive Officer. Under this new arrangement DPIRD provides the Peel Development 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. The MoG changes have resulted in a reduction in the total cost of service.

For further details please refer to Note 9.7 of the Financial Statements.

Ministerial directives

No Ministerial directives were received during the reporting period.

Other financial disclosures

Annual estimates

In accordance with Treasurer's Instruction 953, the annual estimates for the 2018-19 year are hereby included in the 2017-18 Annual Report. These estimates do not form part of the 2017-18 financial statements and are not subject to audit.

Statement of Comprehensive Income

	2018-19 \$000's
COST OF SERVICES	
<i>Expenses</i>	
Employee benefits expense	250
Supplies and services	166
Depreciation and amortisation expense	25
Other expenses	15
Total cost of services	456
INCOME FROM STATE GOVERNMENT	
Service appropriation	227
Royalties for Regions Fund	204
Total income from State Government	431
SURPLUS (DEFICIT) FOR THE PERIOD	(25)

Statement of Financial Position

	2018-19 \$000's
ASSETS	
Current assets	
Cash and cash equivalents	793
Restricted cash and cash equivalents	94
Total current assets	887
Non-current assets	
Amounts receivable for services	5
Property, plant and equipment	18
Intangible assets	30
Total non-current assets	54
TOTAL ASSETS	941
LIABILITIES	
Current liabilities	
Provisions	19
Total current liabilities	19
Non-current liabilities	
Provisions	12
Total non-current liabilities	12
TOTAL LIABILITIES	31
Net assets	910
EQUITY	
Accumulated surplus/(deficiency)	910
TOTAL EQUITY	910

Other financial disclosures

(continued)

Statement of Cash Flows

	2018-19 \$000's
CASH FLOWS FROM STATE GOVERNMENT	
Service appropriation	227
Royalties for Regions Fund	204
Net cash provided by State Government	431
Utilised as follows:	
CASH FLOWS FROM OPERATING ACTIVITIES	
Payments	
Employee benefits	(250)
Supplies and services	(167)
Other payments	(15)
Net cash provided by/(used in) operating activities	(431)
Net increase/(decrease) in cash held and cash equivalents	-
Cash and cash equivalents at the beginning of the period	887
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	887

Pricing policies of services provided

The Peel Development Commission does not charge for its services, brochures and publications.

Capital works

No capital projects were undertaken during 2017-18.

Employment and industrial relations

Staff profile

	As at 30 June 2017	As at 30 June 2018
Full time permanent	7.0	6.0
Part time permanent	1.2	1.2
Full time contract	4.0	1.0
Part time contract	1.2	1.2
Part time casual	0.0	0.0
Total (FTE)	13.4	9.4

Staff development

The Commission values its Board Members and employees and continues to regard professional development as a high priority. Training and development plans are part of every employee's performance agreement. Personal Development Plans are reviewed annually.

New staff and Board Members undertake an induction process with key information provided to enable them to commence their duties.

Workers compensation

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

Personal use of credit cards

Credit cards are issued to two officers for purchasing goods and services for the Commission. The Commission's credit card policy and Treasurer's Instruction TI 321 prohibit the use of the card for personal purposes.

Governance disclosures

Contracts with senior officers

At the date of reporting, other than normal contracts of employment of service, no Board Member or senior officer, or firms of which members or senior officers are members, or entities in which members or senior officers have substantial interests had any interests in existing or proposed contracts with the Commission and members or with senior officers.

Board & Committee remuneration

Peel Development Commission Board remuneration for the period is detailed in the table below.

Board member	Type of remuneration*	Period of membership	Gross amount \$
Patricia Creevey, Chair	Stipend	9 months	37,264.70
Greg Poland, Deputy	NIL	7 months	0
Rhys Williams	Sitting Fees	5 months	1,266
Michelle Rich	Sitting Fees	5 months	403
Paul Fitzpatrick, Ex-Chair	Stipend	3 months	12,579.90
Sue Fyfe, Ex-Deputy Chair	Sitting Fees	3 months	2,677.16
Peter Cook	Sitting Fees	12 months	1,144
John Erren	Sitting Fees	3 months	1,244
Christine Germain	Sitting Fees	3 months	1,244
Maree Gooch	Sitting Fees	3 months	622
Peter Hick	Sitting Fees	12 months	2,902
David Napoli	Sitting Fees	12 months	3,535
Andrew Taggart	Sitting Fees	4 months	1,647
Marina Vergone	Sitting Fees	4 months	1,244
Total			67,772.76

* Sessional, per meeting, half day, or annual.

Other legal requirements

Advertising

In compliance with section 175ZE of the *Electoral Act 1907* the Commission monitors expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations. The details of the Commission's expenditure in these areas is as follows:

Type	Total	Supplier	\$
Advertising agencies	Nil		Nil
Market research organisations	3,300	Perth Market Research	3,300
Polling organisations	Nil		Nil
Direct mail organisations	Nil		Nil
Media advertising organisations		Adcorp Australia	1,145.28
		Fairfax Media	2,219.83
		Community Newspaper Group	1,264.15
		Facebook	9.09
Total			7,938.35

Other legal requirements

(continued)

Disability Access and Inclusion Plan outcomes

Peel Development Commission has a Disability Access and Inclusion Plan designed to ensure all people are considered in all its activities and services. The plan ensures access to Commission activities and events, buildings and facilities and information. It also ensures all people receive the same quality of service and opportunities to participate in activities of the Commission.

The Peel Development Commission's Disability Access and Inclusion Plan (DAIP) outlines the following outcomes:

- **Outcome 1:** People with disabilities have the same opportunities as other people to access the services of, and any events organised by, the Peel Development Commission.
- **Outcome 2:** People with disabilities have the same opportunities as other people to access the offices and other facilities of the Peel Development Commission.
- **Outcome 3:** People with disabilities receive information from Peel Development Commission in a format that will enable them to access the information as readily as other people are able to access it.
- **Outcome 4:** People with disabilities receive the same level and quality of service from the staff of the Peel Development Commission as other people.
- **Outcome 5:** People with disabilities have the same opportunities as other people to make complaints to the Peel Development Commission.
- **Outcome 6:** People with disabilities have the same opportunities as other people to participate in public consultation by the Peel Development Commission.
- **Outcome 7:** People with disability have the same opportunities as other people to obtain and maintain employment with the Peel Development Commission.

The Commission has achieved the following against the outcomes specified in its Disability Access and Inclusion Plan during the period 2017-18.

Outcome	# strategies planned	# strategies completed	# strategies progressed through contractors
Outcome 1	3	2	0
Outcome 2	2	2	0
Outcome 3	3	3	0
Outcome 4	6	4	0
Outcome 5	3	3	0
Outcome 6	1	1	0
Outcome 7	2	2	0

Compliance with Public Sector Standards and Ethical Codes

Peel Development Commission has had no 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 Code of Conduct forms part of the Commission’s induction program for all new staff and is also regularly discussed at staff meetings to ensure all staff remain conversant with policy and requirements.

The Peel 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 the Code of Conduct.

Compliance item	Significant action taken to monitor and ensure compliance
Public Sector Standards (PSS) <i>Nil breach claims</i>	<ul style="list-style-type: none"> Regularly updated information about Standards included on the Peel Development Commission internal information system and within induction materials as well as being provided to the Board. Ongoing awareness-raising process conducted on the standards. Transactions audited internally as a standard operating procedure. Annual presentation to Board members from the Public Sector Commissioner outlining public sector standards, board ethos and good governance principles.
WA Code of Ethics <i>Nil reports</i>	<ul style="list-style-type: none"> The WA Code of Ethics forms part of induction materials and is listed on the Peel Development Commission internal information system. Ethics is a standing topic for all executive and staff meetings.
Peel Development Commission Code of Conduct <i>Nil breach claims or reports</i>	<ul style="list-style-type: none"> Code of Conduct is accessible on the Commission’s Sharepoint site and hard copies are available to staff and Board members (signed off on induction). Code of Conduct is part of all inductions for Board and staff members.

Record Keeping Plans

As required by the *State Records Act 2000* and *State Records Commission Standard 2, Principle 6* the Commission maintains a Record Keeping Plan which has been approved by the State Records Office.

The Commission’s record keeping systems and processes are regularly reviewed to ensure that they are meeting the Commission’s needs and all required compliance. Updates to the Record Keeping Plan are done in consultation with the State Records Office. Our Plan was last reviewed and evaluated in June 2015 and a revised plan adopted in November 2015.

Records management training is arranged for new staff as part of their induction process and ongoing training is provided in the use of the Commission’s electronic record keeping system. Other intensive training is provided on an ‘as needs’ basis for all employees.

Government policy requirements

Occupational safety, health and injury management

Peel Development Commission is committed to providing and maintaining a safe and healthy environment for staff, contractors, volunteers and visitors, and to the continuous improvement of injury prevention and management programs.

In the event of a work-related injury, the Commission provides effective claims management and rehabilitation assistance aimed at supporting injured employees through their period of illness or injury and their safe return to work where possible.

The Commission provides staff with guidance on safe work practices and all staff are required to comply with OSH policies and procedures. Employees are required to conduct themselves in a safe manner, not placing themselves or others at risk. Contractors working onsite are also required to conduct their activities in a manner that ensures the safety, health and welfare of others.

The Commission is committed to consulting with staff on OSH issues and enabling all staff to contribute to decisions that may affect their safety, health and welfare at work. Mechanisms for consulting with staff on OSH matters include:

- A strong focus on OSH at induction of new staff;
- An OSH Executive Group that meets on a monthly basis;
- Hazard/incident reporting system; and
- Open access to grievance procedures.

The Commission ensures compliance with the injury management requirements of the *Workers Compensation and Injury Management Act 1981* by establishing policies and procedures and providing training for relevant staff. In the event of a work related injury or illness the Commission is committed to assisting injured workers to return to work as soon as medically appropriate. Whenever possible, suitable duties will be arranged internally having regard for the injured worker's medical capabilities.

The Commission reviews its Occupational Safety and Health policy on an annual basis and ensures that all fire-fighting equipment is serviced by the due date as advised by the manufacturer. Training is also provided on emergency evacuation and the safe use of fire fighting equipment. During the year, online training was made available to all staff to provide them with information on the rights and responsibilities of employers and employees in relation to safety matters and the legislative environment governing health and safety and injury management. The Peel Development Commission has a low risk profile. 

	Target 2017-18	Actual 2017-18
Number of fatalities	0	0
Lost time injury/disease incidence rate	0	0
Lost time injury and/or disease incident rate	0	0
Lost time injury and/or disease severity rate	0	0
Percentage of injured workers returned to work (i) within 13 weeks (ii) within 26 weeks	0 n/a	0 n/a
Percentage of managers trained in occupational safety, health and injury management responsibilities	Greater than 80%	100%



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