



GASCOYNE DEVELOPMENT COMMISSION ANNUAL REPORT 2017 –2018

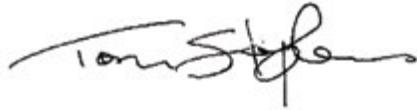


Statement of Compliance

Honourable Alannah MacTiernan MLC,

**Minister for Regional Development; Agriculture and Food;
Minister assisting the Minister for State Development, Jobs and Trade**

In accordance with Section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament, the Annual Report of the Gascoyne Development Commission for the financial year ended 30 June 2018.



Mr Tom Stephens
Chairman (until 30 June 2018)
20 September 2018



Mr Gavin Robins
Chief Executive Officer
20 September 2018

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Executive Summary

In 2017-18, the Gascoyne Development Commission (the Commission) continued to lead and collaborate on a suite of progressive projects that delivered key, job-creating infrastructure and economic development. And, as pleasing as it has been to see projects underway or complete, including the Ningaloo Centre and construction of the replica Mercury-Redstone Rocket, the Commission has played part in laying the foundations for new projects and initiatives.

The activities of the Commission were focused on achieving a regional environment conducive to the balanced economic and social development of the Gascoyne region.

This year has been significant in terms of the development of the region and thinking more creatively about potential partnerships and incubators. The existence of flexible funding arrangements (with private sector buy-in) has allowed for a more coordinated approach to investment, infrastructure, economies of scale and natural synergies. With this in mind, the Commission prioritised projects with a renewed emphasis on economic expansion and increased sustainable development. This emphasis saw a shift towards projects with more complex development objectives, and enterprise engagement to enhance project scope and effectiveness.

For example, the Commission has been working with industry to develop projects characterised by industry sector prioritisation, strategic planning, policy development and emerging trend identification.

Specifically, the Commission had explored opportunities in agribusiness for the purposes of research and development, unlocking new markets and supply chain connectivity.



Photo: Dirk Hartog Island, Shark Bay World Heritage Area.

This led to the establishment of a dedicated peak body to represent the interests of the region's primary producers; horticulture, pastoral and seafood industries.

In addition, the Commission worked with stakeholders to capitalise on the growth of the cruise sector and address marine deficiencies across regional Western Australia.

The Commission proved its worth towards the return of two homeported vessel to Western Australia and continues to advocate for suitable berthing in Exmouth.

In 2017-18, the presence of the Crime and Corruption Commission reminded us all on the importance of governance and ethical work practices. The Commission acknowledged the concerns and frustrations felt by communities and the need for improved policy to bring better services and outcomes to the residents of the region.

Earlier this year, the Commission welcomed a dedicated Local Content Advisor based in Carnarvon. With a goal to promote and maximise opportunities for tendering, the Advisor had undertaken significant training to assist local suppliers, contractors and jobseekers through this process. The Advisor has taken a lead role in linking State Government regional contracts with local suppliers to create job opportunities for the Gascoyne.

The region continues to present differentiated, high-yield and niche investment opportunities, together with investment-ready projects.

These business opportunities have been recognised by industry and in 2017-18 the Commission welcomed new investors and entrepreneurs to our region. It has been rewarding to share this region with such enterprising and innovative people and the Commission is committed to the development of public-private partnerships in 2018-19 and beyond.

Looking forward, the Gascoyne's unique and attractive positioning, and location at the doorstep of the world's fastest growing economy – Asia, will underpin the regions capacity to capitalise on new economic trends and satisfy the appetite of its communities, investors and foreign markets.

Executive Summary



Building Future Memories Event, supplied by the Shire of Exmouth.

Key Highlights

- 20 projects shared in \$511,713 in funding through the Gascoyne Community Chest Fund and Gascoyne Regional Grant Scheme.
- The Exmouth Boat Harbour Upgrade Stage 2 was complete - \$18.7 million from Royalties for Regions.
- The \$32 million state-of-the art Ningaloo Centre was opened - \$19.8 million from Royalties for Regions
- \$2.9 million was committed towards Lot 308 Redevelopment in Coral Bay
- A Gascoyne Local Content Advisor was appointed.
- 81% of clients were satisfied with their overall experience with the Commission
- Over 25 workshops and information sessions were delivered.
- Regional Express introduced the Community Fare Scheme for local residents travelling to Monkey Mia and Carnarvon.
- Minderoo Foundation grew its Gascoyne portfolio further, now including investments in agriculture, aquaculture, tourism and science industries.

Chairman's Report

In October 2017, I was appointed as the Interim Chairperson for the Commission, and joined Chief Executive Officer Mr. Gavin Robins, and the Board in their continued effort to progress economic development and address social dynamics that affect the Gascoyne region.

During this period, the Department of Primary Industries and Regional Development were in the process of amalgamation, to bring together the former Departments of Agriculture and Food, Fisheries, Regional Development, together with staff from our State's nine Regional Development Commissions.



Photo: Little Lagoon, Francois Peron National Park.

This created a challenging environment, however the Commission managed to achieve success through staff commitment in research and analytical capacities. I commend the Commission on the extensive range of project knowledge held and the expertise developed in regionally specific topics, including marine infrastructure, horticulture, tourism and renewable energy. This knowledge facilitated meaningful discussions with enterprise and project development.

The Gascoyne food sector remains a priority for the Board. In Western Australia, and beyond consumers are beginning to recognise the value and quality associated with Gascoyne produce. Coupled with escalating global demands and changes in consumer behaviour, one of the biggest opportunities for the region is the expansion and diversification of the Gascoyne food sector.

The release of an additional 400 hectares of irrigated farmland, doubling the value of food production, represents the next phase of growth and employment. Opportunities will exist for increased horticulture cropping, irrigated pasture for cattle, value add and supply chain

logistics, and the development of new assets, including a multi-food processing plant. This has been a collaborative effort with our stakeholders who have contributed their diverse expertise. The Gascoyne Collaborative Value Add Research Initiative is a comprehensive body of work being undertaken in partnership with Curtin University. This project has received widespread praise for the innovative approach and works produced to date. A credit to the Commission as there is obvious potential to replicate this project in other regions, to stimulate Western Australia's food processing industry and create cross-regional collaboration.

The Commission continues to work with key agencies in addressing land development issues with emphasis on the potential of the old Justice and Police Complex, and the completion of residential aged care infrastructure in Carnarvon.

The Commission said farewell to five Board Members in 2017-18, including Chairperson Tony Beard, who served the Commission for six years, Paul Kelly, Edward Smith, Don Hammarquist and Ben Bellottie. I would like to sincerely thank them for their service and welcome Paul Shain, a horticulturalist from Carnarvon; Naomi McMahon, an Aboriginal woman from Carnarvon; Alys McKeough, a pastoralist and Shire of Upper Gascoyne Councillor; and Sonia Beckwith, a tourism operator from Exmouth, to the Board.

I would finally like to thank the Commission staff for their professionalism and hard work throughout 2017-18. The Commission has been involved in significant initiatives and projects and I acknowledge the collaboration and cooperation with our many partners in government, industry, business and the community in this endeavour.

My term as the Interim Chair of the Commission is now complete and I would like to thank everyone for their support and assistance during this time. I have been very privileged to work alongside you all and will continue to enjoy witnessing the growth and development of the Gascoyne region.



Tom Stephens
Chairman
Gascoyne Development Commission

Overview

About this Report

The 2017-18 Annual Report is provided to the Minister for Regional Development and is tabled in the Parliament of Western Australia. It also provides a brief snapshot to inform stakeholders and the wider community on our corporate performance, growth and priorities.

The Report is developed in line with the Public Sector Commission's annual reporting framework for the 2017-18 financial year and an audited financial statement is included.

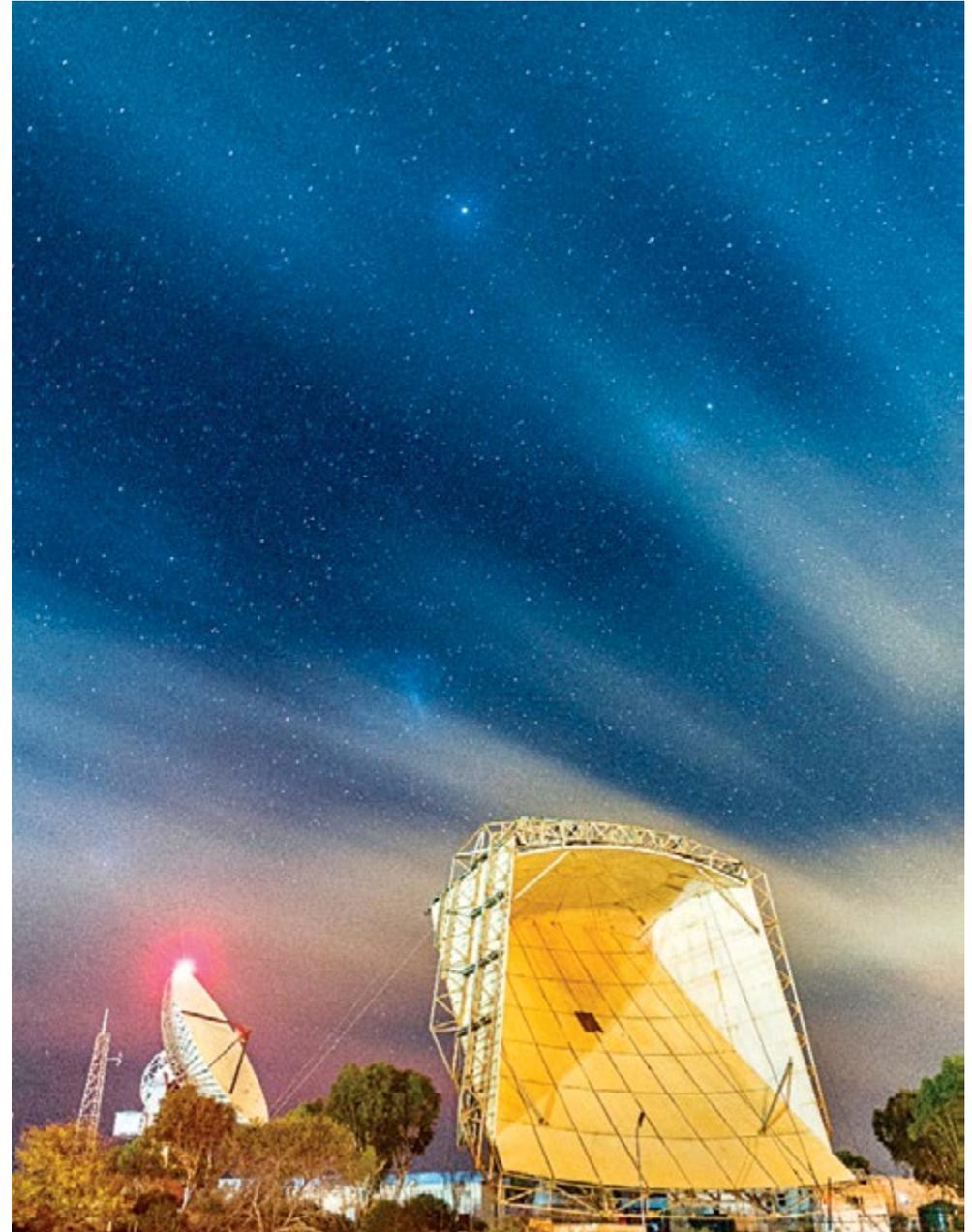
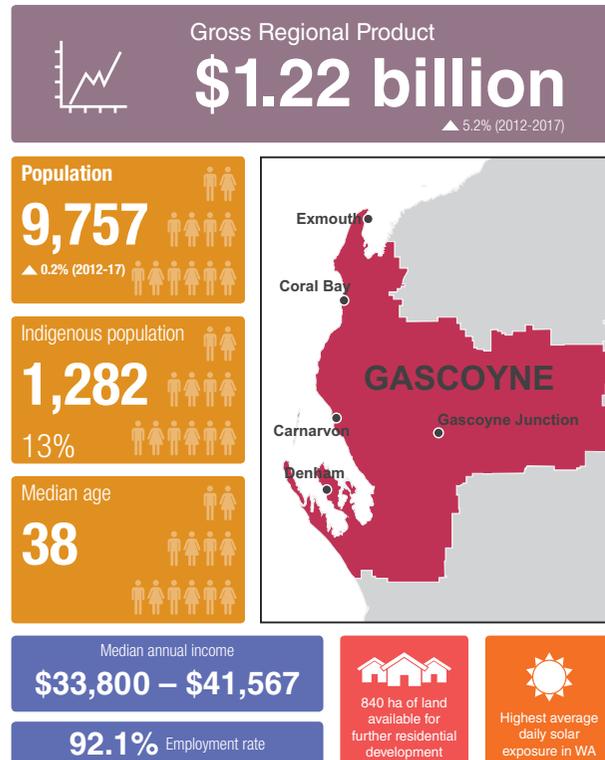


Photo: Carnarvon Space and Technology Museum.

About Our Region – The Gascoyne

Enjoying 320 days of sunshine each year, outstanding lifestyle amenities, substantial investment potential and a pristine environment, a growing number of people are calling the Gascoyne home.



Comprising of the Shires of Carnarvon, Exmouth, Shark Bay and Upper Gascoyne, the Gascoyne is part of Northern Australia. It extends 600 kilometres along the Indian Ocean coastline, and stretches more than 500 kilometres inland through to dramatic desert country beyond the iconic Mount Augustus.

The region possesses a number of competitive advantages;

- coastal orientation with a growing population;
- strategically located horticulture, livestock and aquaculture production capacity within an ideal sub-tropical environment;

- an internationally recognised destination, with a diverse, resilient and maturing tourism industry and growing export capacity;
- increasingly diversified economy; and
- proximity to major energy and mineral resources projects, with project supply chain development opportunities.

The major industries are tourism, agribusiness (horticulture, fishing, pastoralism and aquaculture), mining and retail. The World Heritage defined natural landscape encapsulates strong environmental management and renowned tourism appeal. Together with relatively good water resources, a broad economic base and enviable climate the region is poised for continued growth.

The Commission's Gascoyne Regional Investment Blueprint (Blueprint) establishes the evidence and framework for achieving an aspirational regional vision by 2050. It includes consideration of global and national mega trends; the unique characteristics of the Gascoyne population, economy and industry; competitiveness and comparative advantages of the region; and the regional imperatives that will drive growth.

The Blueprint, coupled with policy, including the Developing Northern Australia White Paper, will place the region in the best possible position to grow, protect and innovate.

Key Attributes

-  Superlative attributes of **TWO World Heritage** properties that strengthen Australia's global tourism competitiveness, provide a platform for signature, eco-sustainable and world-class experiences.
-  The **ONE and only Gascoyne Food Bowl** capitalises on climate, geography and marine bioregions to emerge as a diverse delicatessen of exceptional food for a discerning domestic and international customer.
-  **320** days of sunshine a year, geothermal reserves and wind turbines power the regions renewable energy advantages. Opportunities diverse further with industrial salt, offshore oil and gas deposits and rare earth elements.
-  The Gascoyne raises Western Australia's space and Defence industry profile. **Millions** of dollars continue to be invested in these substantial and remote capabilities.

Operational Structure

Minister Responsible

The Hon. Alannah MacTiernan MLC, Minister for Regional Development; Agriculture and Food; Minister assisting the Minister for State Development, Jobs and Trade.

Enabling Legislation

Proclamation of the Regional Development Commissions Act 1993 on 7 April 1994 established the Gascoyne Development Commission as a statutory authority. The Commission had previously operated as a government department in accordance with Section 21 of the Public Service Act 1978 from its inception in January 1993.

The Regional Development Commissions Act 1993, which created nine Commissions including the Gascoyne Development Commission, states that the objects and functions of each Commission are to:

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

By identifying and coordinating the responsibilities of a wide range of government agencies with regional development charters, the Commission performs an important role in addressing needs and ensuring appropriate application of Government resources in its region.

The Commission performs its functions in respect of the region comprising the Shires of Carnarvon, Exmouth, Shark Bay and Upper Gascoyne.



Photo: Fishing Fleet, Carnarvon Small Boat Harbour.

Gascoyne Development Commission Board

The Commission has a Board of Management comprising of 6 members who are appointed by the Minister, and the Chief Executive Officer, by virtue of office.

The Board is the governing body with authority to perform the functions of the Commission and has delegated to the Chief Executive Officer the day-to-day management. The Board meets regularly to consider matters of economic and social importance to the region, to formulate advice to the Minister on appropriate matters, to set policy directions for the Commission and to formulate budget priorities.

Name	Position	Remuneration Type	Period of Membership	Gross/Actual Remuneration 2017/18
Anthony Beard	Chairperson	Stipend	6 years	\$11,955
Paul Kelly	Board Member	Stipend	6 years	\$622
Don Hammarquist	Board Member	Stipend	3 years	\$1,532.80
Laurence Belottie	Board Member	Stipend	2 years	\$622
Edward Smith	Board Member	Stipend	6 years	\$622
Tom Stephens	Chairperson	Stipend	9 months	\$35,867
Naomi McMahon	Board Member	Stipend	9 months	\$0
Sonia Beckwith*	Board Member	Stipend	1 month	\$0
Alys Mckeough*	Board Member	Stipend	1 month	\$0
Paul Shain*	Board Member	Stipend	1 month	\$0
TOTAL				\$51,220

*Appointments made in June 2018 and therefore not active in 2017-18

Members 2017-2018

Mr Anthony Beard Chairman
Until 30 September 2017

Mr Tom Stephens Chairman
1 October 2017- 30 June 2018

Ms Naomi McMahon

Ms Sonia Beckwith

Ms Alys McKeough

Mr Paul Shain

Mr Gavin Robins (Ex-officio)

Board movements during the year:

Mr. Anthony Beard Term Completed

Mr. Laurence Bellottie Term Completed

Mr. Don Hammarquist Term Completed

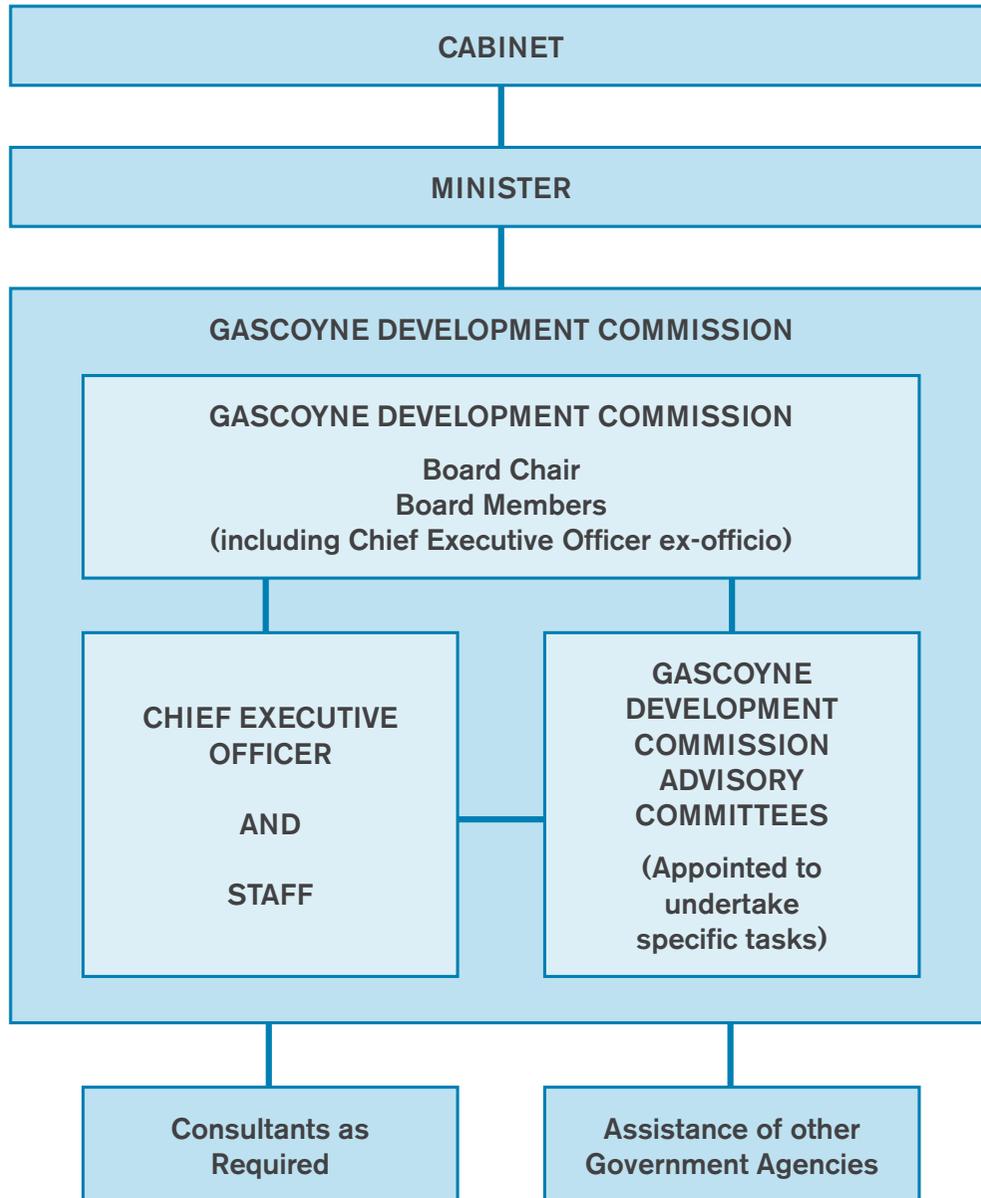
Mr. Edward Smith Term Completed

Mr. Paul Kelly Term Completed



Photo: Blowholes, Carnarvon.

Organisational Flow Chart



Staff

Staff positions at 30 June 2017:

Gavin Robins	Chief Executive Officer
Melanie Foxley	A/Manager Regional Development
Jill Dwyer	Local Content Advisor – Gascoyne
Odile May	Project Officer
Juliane Bush	Project Officer
Obby McDonald	Project Research Officer
Carleen Ryder	Administration and Accounts Officer
Alyce Mullane	Administration and Accounts Officer

Staff movements from the Commission during the year:

Paul Hannah	Resigned
Stefan Chappell	Resigned
Julie-Anne Collins	Resigned
Anne Sinclair	Resigned
Bronwyn Jones	Resigned
Vanessa Vandeleur	Voluntary Targeted Separation Scheme

The Department of Primary Industries and Regional Development employ commission staff, with the exception of the Chief Executive Officer and Board Members. Commission-based staff continue to perform duties at the day-to-day direction of the Chief Executive Officer, with an emphasis to progressively increase the level of coordination and integration with regional development.

Performance Management Framework



Photo: Shark Bay World Heritage Discovery Centre.

Operational Purpose

This Annual Report is presented in terms of the Commission's targeted service of Regional Development. Resources and project effort are directed to the Government's purpose to create enduring prosperity for all Western Australians.

Governments Goal

- Sustainable Finances: Responsible financial management and better service delivery;
- Future Jobs and Skills: Grow and diversify the economy, create jobs and support skills development;
- Strong Communities: Safe communities and supported families; and
- Better Places: A quality environment with liveable and affordable communities and vibrant regions.

Desired Outcome

An environment conducive to the balanced economic and social development of the Gascoyne region.

Gascoyne Development Commission Service

Regional Development.

Our vision

The Gascoyne will be recognised as providing a great lifestyle and visitor experience through its diversity, employment and investment opportunities, unique natural environment and climate.

Our Mission

To achieve sustainable economic and social development of the Gascoyne region – A better place to live.

Our Values and Principles

The Gascoyne Development Commission is committed to:

- Sustainability
- Current and future generations
- Respect and diversity
- Partnerships
- Community consultation and involvement
- Fair and transparent processes
- Fiscal responsibility and accountability
- Innovation

Goals and Strategic Outcomes

The goals and strategic outcomes of the Commission are focused on achieving a regional environment conducive to the balanced economic and social development of the Gascoyne region. In addition, support the goals of Department of Industries and Regional Development; Grow, Protect and Innovate.

The programs and activities of the Commission are based against the objectives and functions according to the Regional Development Commissions Act 1993. Accordingly, the objectives of the Commission include:

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

In addition, the Gascoyne Regional Investment Blueprint (Blueprint), is the primary planning document guiding development in the Gascoyne over the long term. The Blueprint outlines the vision, priorities, goals and strategic outcomes for the Gascoyne through to 2050, and establishes a strategic framework for development across the region in all facets of life. The Commission's role in making the vision a reality is to enable the delivery of the six Transformational Pillars identified in the Blueprint that will achieve positive and lasting outcomes for the region:

- Developing Industries and Markets
- Improving Regional Accessibility and Connectivity
- Advancing Human Capacity and Knowledge
- Encouraging Innovation
- Developing Aboriginal and Small Business Economic Capacity
- Enhancing Health and Lifestyle

Shared Responsibilities with Other Agencies



Photo: Crab Catch, Carnarvon.

In accordance with the Regional Development Commissions Act 1993 Part 2 Division 2 section 23 clause (1) (e) the Commission has responsibilities: "to ensure that the general standard of government services and access to those services in the region is comparable to that which applies in the metropolitan area".

As it has refocused on high-level strategic initiatives to achieve long-term benefits for the Gascoyne region, the Commission has collaborated with a range of regional stakeholders, including Government agencies. Examples include, but are not limited to:

- extensive involvement with the Department of Primary Industries and Regional Development and other Regional Development Commissions to co-ordinate portfolio structuring, management and pre-planning development opportunities within a cross-agency structure;
- working with the Carnarvon Health Campus, Western Australian Country Health Service, the Shire of Carnarvon and other stakeholders in the planning for aged care facilities in Carnarvon;
- working with the Gascoyne Aboriginal Heritage and Cultural Centre Board and ABC Foundation on efforts to re-open the Gwoonwardu Mia ; and
- collaborating with regional Tourism stakeholders, Tourism WA WAITOC, Australia's Golden Outback and Australia's Coral Coast to enhance and grow the tourism industry.

Agency Performance

Local Content

In July 2017, the Minister for Regional Development announced the Regional Development Commissions refocus on local jobs by ensuring more local content in State Government projects to better support local business and communities and create more jobs in regional WA.

A dedicated Local Content Advisor (LCA) has been appointed to identify opportunities for local supply to government agencies and to assist, where necessary, local businesses to source information on capabilities required to give the best opportunities to participate in local tenders, contracts and projects.

Outcomes

- A dedicated Local Content Advisor (LCA) has been appointed.
- The LCA is engaging with local suppliers to build local capacity to deliver goods and services to Government funded projects.
- LCA collaborated with the Department of Jobs, Tourism, Science and Innovation for an Industry Link Roadshow to inform regional businesses on the introduction of the WA Participation Strategy and the Local Content Initiative.
- LCA works closely with the region's local governments, Chambers of Commerce and Industry, and businesses to promote the benefits of local procurement.
- The Commission updated its website to include direct links to Jobs WA and Tenders WA.



Photo: The Pundarra Guntharri dancers, supplied by the Shire of Exmouth.

Gascoyne Regional Grants Scheme and Community Chest Fund

The Gascoyne Regional Grants Scheme (RGS) and the Gascoyne Community Chest Fund (CCF) were administered by the Commission as part of the State Governments Royalties for Regions program. The Gascoyne RGS and CCF's broad objectives are to:

1. Increase capacity for local strategic planning and decision-making;
2. Retain and build the benefits of regional communities;
3. Promote relevant and accessible local services;
4. Assist communities to plan for a sustainable economic and social future;
5. Enable communities to expand social and economic opportunities; and
6. Assist regional communities to prosper through increased employment opportunities, business and industry development opportunities, and improved local services.

In 2016-17, the Commission conducted a grant round of which nine projects were recommended through the Gascoyne RGS and 16 projects through the Gascoyne CCF and funded post 30 June 2017.

The Commission continues to work with all outstanding grant proponents to ensure the finalisation of all funded projects.

Successful recipients included:

Applicant	Project Description	Approved Amount
Shire of Carnarvon	Integrated Water Supply	\$300,000
Shire of Exmouth	Building Future Memories 50 Years Commemorative Event	\$150,000
Shire of Upper Gascoyne	Tourist Rest/Information Areas	\$37,880
Shark Bay Speedway Inc.	Toilet Block	\$17,592
Carnarvon Space and Technology Museum Inc.	Life Size Mercury - Redstone Rocket	\$50,000
St John Ambulance (WA) Ltd (Exmouth Sub Centre)	Building Extension - Reception, Office and Storage Areas	\$37,880
Carnarvon Growers Association	Gascoyne Water Masterplan Implementation – Phase 1	\$300,000



Photo: Wind Turbine, Denham.

CASE STUDY 1 | The Future is Food

Project Definition, Research and Product Development: **COMPLETE**

Concept Design and Pre-feasibility: **COMPLETE**

Next phase: **Business Case Development and Financing**
(Private Sector Collaboration)

ACHIEVEMENTS

- Commission-led planning has resulted in State and Federal policy and funding support for reduction of waste and food innovation.
- A research service agreement was established between the Commission and Curtin University.
- Rigorous end-user and whole of supply chain consultation, product development and market trials were undertaken.
- Two successful workshops were held, identifying 96-product ideas.
- Prefeasibility was completed and demonstrated a profitable business model.
- Research continues to progress value adding to other primary products from the region.

Better known as the Food Bowl of Western Australia, the Gascoyne has long been acknowledged as a key player in Western Australia's food production chain. With increasing interest and investment, one of the biggest opportunities for the region is the expansion and diversification of the Gascoyne food sector with an emphasis of high quality, differentiated and niche quality products.

In acknowledging the visions and recommendations of the Gascoyne Food Bowl Initiative and the Gascoyne Regional Investment Blueprint, the Commission has actively progressed and developed opportunities for growers to learn and grow.

To cultivate growth, a partnership was formed with Curtin University. This partnership enabled research into product development using unsaleable produce, and the identification of several value added products.

As part of this process a range of products were tested including tomatoes, bananas, melon, mango, basil, eggplant, asparagus, chili, onion and pumpkin.

The products were further examined through the utilization of various processing

equipment (e.g. separating, dicing, juicing, steaming, vacuum packing, high pressure processing) with different protocols and packaging formats.

The Commission is proud of its achievements thus far and believes that this project may well guide other new agricultural precincts in Western Australia.

The next stage is to develop a Pilot Multi-Food Processing Plant. Through the acquisition of flexible processing technology, production capacities will improve and businesses will be able to better respond to demands and shifts in consumer behaviour.

A preliminary cost benefit analysis suggests that the delivery of a multi-food processing plant will divert 10,200 tonnes of produce from landfill annually, returning to producers \$3.24 million in produce sales, in an assessment of the low yield case. In addition, there will be associated offsets created through decreased labour, transport and disposal costs, and reduced availability of Mediterranean fruit fly host material.

This will have a positive impact on the eradication of Medfly in the region, which in turn, will create increased export opportunities.

The development of this pilot project will also draw strong linkages and synergies with the Commission's strategic development proposal for the Carnarvon Agricultural Research Station.

This project is grounded in new science, technology and innovation, and facilitates applied research into horticultural practices, varieties and the extension of growing seasons.

Together, these projects, along with others aimed at industry progression, will facilitate growth and create recognition for the Gascoyne as a leader in diversified primary production, processing and logistics- the big picture.

WHAT IS THE POTENTIAL?

- Industry growth, and the development of a Processing and Logistics hub, will generate a threefold increase in value to the primary production sector.

A local ownership model

Industry evolution consistent with Northern Australia objectives

A solution to food waste

CASE STUDY 2 | Marine Infrastructure Solutions of Exmouth



Problem definition: **COMPLETE**

Concept plan: **COMPLETE**

Next phase: **Pre-Feasibility and Business Case Development**
(Private Sector Collaboration)

ACHIEVEMENTS

- Commission-led investigations into deficiencies in marine infrastructure identified multiple private sector enterprises and flexible funding solutions.
- The Commission contributed towards the return of two homeported vessels to Western Australia.
- The Commission highlighted that a marine infrastructure solution will create a revenue multiplier and maximise the economic benefit to Exmouth, the region and State of Western Australia.
- The development objectives of the project resulted in the region being better represented in freight and supply chain discussions.
- The Commission worked cooperatively with the Department of Transport to address service limitation issues in the region. In respect of cruise shipping, the Commission worked actively with Tourism WA, the cruise industry and infrastructure providers

Cruise lines identify Exmouth as the transformational factor for Western Australian cruise shipping. With its strategic north west location, proximity to South East Asia, its 'bucket-list' tourism experiences and equidistant between Perth and Broome, the ability to bring Exmouth on-line as a guaranteed transit-port will cap the evolution of Western Australia's cruise sector. However, Exmouth is currently considered unreliable and the primary barrier to the sectors future growth. Interestingly, Exmouth is Western Australia's only cruise port where cruise passengers can visit a World Heritage Area – a compelling opportunity for market/product development.

To redress this gap and provide key, job creating infrastructure for the State, the Commission had undertaken preliminary investigations into a range of potential infrastructure solutions, including the construction of a deep water wharf and use of the Navy Pier.

The Commission has continually supported private investors interested in developing this business opportunity. In addition, has increasingly emphasised the economic value cruise shipping delivers, and under the right conditions, the scalability of shipping

revenues into regional areas of Western Australia.

This year, the Commission focused on the application of Floating Deck technology as a plausible solution for economic infrastructure.

Floating decks are proven, flexible and durable maritime platforms that are used around Australia and elsewhere in the world. These decks have a very light environmental footprint, have low construction and operating costs and are expected to remain in situ for period of up to 20 years.

To identify quantifiable impacts on industry, community and the economy, an Economic Market Analysis was undertaken. This report, although limited to tourism and agricultural industries, stated that sufficient port infrastructure in Exmouth has the potential to generate up to \$443 million towards WA's economy and create further 2,983 jobs.

Secondary benefits are also available in the Defence and the resource sector, including supply chain links and export potential of lithium and rare earth minerals - imperative to improving Western Australia's global competitiveness.

Looking forward, the Commission continues to prioritise marine infrastructure to deliver economic development. The Commission will continue to maintain positive investor relations and monitor the commercial viability of investigation being conducted by private industry.

WHAT IS THE POTENTIAL?

- An expanded tourism product and offering.
 - 5-7 night "Gold Ticket itinerary
 - Overnight berthing enabling links to Coral Bay, Karijini and Mt Augustus
 - Shipping resupply using Gascoyne produce
- Improved situational awareness and lowered transport and logistic costs.
- Geographic location – shorter sea time to Asia
- Diversification of industry and market
- Export potential of WA's Food Bowl and niche trade exports.

Driven by economic development

Will propel a new wave of activity

Four possible solutions examined

CASE STUDY 3 | Tourism; Our Largest Revenue Earner

Gascoyne Tourism Board Initiative: COMPLETE

ACHIEVEMENTS

- 23 Gascoyne tourism businesses were 'export ready' at the 2018 Australian Tourism Exchange.
- 9 Gascoyne tourism businesses were accepted into the AusIndustry Entrepreneurs' Program, a Northern Australia Tourism Initiative.
- As part of the inaugural WA Cruise Exchange, the Commission met and welcomed 15 delegates participating in a familiarisation tour to Exmouth.
- Carnarvon and Shark Bay Visitor Centres completed the Tourism Boost Mentoring Program – Online and Trade Distribution.
- The Commission funded destination branding for Shark Bay. This is expected to launch in 2018-19.
- The Commission supported the Shire of Exmouth Building Future Memories event, combining the 50 year birthday of Exmouth, the Naval Communication Station and the opening of the Ningaloo Centre.
- The Gascoyne was host to the 2018 Australian Coral Reed Society Conference.

Gascoyne Tourism Strategy Implementation and Action Plan: ON GOING

Tourism is the largest revenue earner of all industry sectors in the Gascoyne region, contributing \$304 million of spend in 2016 (Tourism WA).

Nature-based tourism motivates people to travel to Australia more than any other and the Shark Bay and Ningaloo Coast World Heritage landscapes contribute to Australia's global tourism competitiveness. The whale shark swim experience and the Monkey Mia wild dolphin interaction experience, are recognised as 'signature Australian experiences' providing marketing content that creates national and international global appeal.

Capitalising on the Gascoyne's natural attractions, remote wilderness, marine experiences and exceptional climate, the tourism industry is one that is considered to have great potential to continue to deliver significant economic benefits.

Tourism is closely integrated with other key focus areas for the region, playing different and important roles in small business development, strategic land development, employment and population growth. The benefits of sustained growth in the tourism industry will be wide reaching for not only

those directly involved in the industry, but for those in other service industries and through the provision of public infrastructure and community services.

The Commission continues to build capacity, increase regional collaboration and increase the value of tourism by focusing on laying a solid foundation for the industry at a local and regional scale.

Private sector investment and better transport options are essential in the development of tourism attractions and accommodation, while an integrated tourism offering with associated branding and marketing has been identified as a key requirement for the sector. This year, the region has seen growth and development in all facets, significant investment by Minderoo Foundation, RAC Parks and Resorts and in March 2018, Qantas commenced direct flights between London to Perth, enhanced further by the 'Explorer Fare' (£35 o/w Perth Learmonth).

In respect to cruise shipping, Exmouth is widely acknowledged by cruise lines as the 'golden ticket' and the only cruise port in Western Australia where cruise passengers can visit a World Heritage Area.

The Commission continues to advocate for suitable marine infrastructure in Exmouth and through its discussions has developed meaningful industry relationships with the cruise sector.

WHAT IS THE POTENTIAL?

- \$686m Tourism industry by 2050. To achieve this, the Commission will continue to investigate
 - Regional Tourism Demand Driver infrastructure opportunities.
 - Nature based tourism at Bernier and Dorre Islands.
 - Development efforts towards nature-based, food, events and indigenous tourism industry trends.
 - Cruise infrastructure and regional reliability.
 - Continued development of the regions awareness and capacity to attract the lucrative business tourism (MICE – meetings, incentives, conferences and exhibitions).

TARGET – Increase accredited tourism products and services by 20% over 5 years

TARGET – Grow the regional value of the tourism industry by \$20m over 5 years

TARGET – Improve the rates of visitor satisfaction by 20% over 3 years

Legal Requirements

Advertising

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

Expenditure was incurred in the following areas.

Expenditure	Total
Advertising agencies	Nil
Market research	Nil
Polling	Nil
Direct mail	Nil
Media advertising	\$772.99
	\$772.99

Total expenditure for 2017-18 was \$772.99.

Disability Access and Inclusion Plan Outcome

The Disability Access and Inclusion Plan 2018-23 (DAIP) outlines the ways in the Department of Primary Industries and Regional Development and Region Development, including the Gascoyne Development Commission, will ensure that people with disability, their cares and families have equal access to employment, facilities and services.

The Commission is committed to ensuring that clients and staff with disability are able to access our information, services and facilities, and aim to provide people with disability, opportunities for access and participation, consistent with that provided to other community members.

Access to Buildings and Facilities

The Commission holds meeting in its own offices and has installed electronic doors and dedicated ACROD parking bays. The Commission's facilities allows for people with disabilities the opportunity to participate in public consultations, grievance mechanisms and decision-making processes.

The Commission remains adaptable in responding to barriers experienced by people with disabilities. Where facilities are impeding alternative, arrangements are made to meet people with disabilities at premises that conform.

All staff have participated in disability awareness training.

Public Sector Standard and Code of Ethics

The Commission is compliant with the Public Sector Code of Conduct and Code of Ethics. The following is an overview of the Commissions activities to demonstrate compliance:

- Compliances to policies, including process of quality assurance decisions relating to recruitment, selection and employment.
- The Commission has a Code of Conduct that has incorporated the Public Sector Code of Ethics and is applicable to both staff and Board Members of the Commission.
- As part of the Commissions induction package, all new staff are provided with guidelines and procedures (incorporated in the Code of Conduct) to ensure compliance.
- A review of a comprehensive range of human resource policies and the adoption of policies developed by the Department of Primary Industries and Regional Development.
- Training in ethical decision-making.

The Commission had no compliance issues during the 2017-18 financial year regarding the Public Sector Standards, the WA Code of Ethics or the internal Code of Conducts.

Reporting on Record Keeping

In accordance with the State Records Act 2000, the Commission has developed a Record Keeping Plan that is consistent with the principles defined by the State Records Commission.

An induction program for new staff addresses the responsibility of the Commission and its employees with regards to compliance in a number of areas, including record keeping practices and expenditure.

The Commission policies on record keeping and computer management are reviewed annually and updated in line with current operational and compliance requirements. The effectiveness of record keeping practices has been further boosted by the policies available on the Department of Primary Industries and Regional Development intranet.

All staff have completed online training in records keeping practices.

Occupational Health and Safety

The Commission is committed to the principals of the Occupational Health and Safety and Injury Management Act. In addition, compliant to injury management requirements of the Workers Compensation and Injury Management Act 1981.

Policies on occupational safety, health and injury management form part of the Commission's induction package for all new and existing employees. Again, additional policies are made available on the Department of Primary Industries and Regional Development intranet.

A periodic Occupational Health and Safety meeting is held and Occupational Health and Safety remains as a standing agenda item for all staff meetings.

The Commission has one employee who has completed the Occupational Safety and Health Training course.

Annual performance 2017-18

Indicator	Target	Actual 17-18
Number of Fatalities	Zero (0)	Zero (0)
Lost Time Injury / Diseases Incidence Rate	Zero (0)	Zero (0)
Lost Time Injury / Disease Severity Rate	Zero (0)	Zero (0)
Percentage Of Injured Workers Returned To Work Within 28 Weeks		100%
Percentage Of Staff Trained In Occupational Safety, Health and Injury Management Responsibilities	30%	11%



Photo: Artesian Spa, Wooramel Banks.

Significant Issues Impacting the Agency

Machinery of Government

As of 1 July 2017, the departments of Agriculture and Food, Fisheries, and Regional Development amalgamated to establish the Department of Primary Industries and Regional Development. Staff, (excluding the Chief Executive Officer and Board Members) transferred to the new Department, although the Gascoyne Development Commission remains as a legal entity. This amalgamation has resulted in significant operational changes and challenges.

Despite the uncertainty that change inevitably brings, the Commission is committed to getting on with the job with an emphasis to progressively increase the level of coordination and integration.

Regional Accessibility and Connectivity

Regional accessibility and connectivity has been problematic with the cost of flights fluctuating to unreasonable levels as well as the frequency and reliability of flights decreasing, particularly relevant to the areas of Carnarvon and Shark Bay.

The size of the Gascoyne and the distribution of population centres and economic assets through the region necessitate the development of a quality, accessible and affordable network of air, sea and road transport and communications infrastructure. The Commission continues to be proactive in regards to improving air services to the Gascoyne region and monitors service providers. In capturing the regions constraints and opportunities, the Commission provided a submission to the Economics and Industry Standing Committee on the Inquiry into regional airfares in Western Australia.

Corruption and Crime Commission Investigations

In remote regions such as the Gascoyne, procurement is particularly vulnerable to mismanagement, fraud and corruption. The investigation(s) conducted in 2017-18 have adversely affected the region and the Commission acknowledges the severity of the alleged misconduct performed by local government(s). The Commission continues to cooperate with the Corruption and Crime Commission on such matters. In addition, encourages local government to review and update its policies and procedures.

Aged Care

The Gascoyne does not have a purpose built high-end aged care facility. The Carnarvon Health Campus (CHC) currently provides Residential Aged Care for 16 permanent residents in the Poinciana Lodge and four respite beds utilising the General Inpatient Ward. Unfortunately, Poinciana Lodge is not a secure facility; residents with dementia who wander or are aggressive cannot be accommodated.

While \$10.6 million to construct an aged care facility at the CHC was announced in the 2017 State Budget, the number of beds that will be included in the facility is yet to be determined and planning is yet to be finalised.

Industry Development

There is the requirement to diversify and expand the region's economic base in aquaculture, agriculture and tourism to optimise local job creation and improve career opportunities throughout the Gascoyne region.

Gascoyne is poised to be a leader in the development of aquaculture and the Commission is committed to identifying sites for aquaculture development. Similarly, through the Gascoyne Foodbowl initiative, the Commission is working with Curtin University and growers to establish processing capacity in the region. The Commission continues to support the marketability and value adding of Gascoyne produce, through the facilitation of a dedicated peak body.

Disclosure and Legal Compliance

The accompanying financial statements of the Gascoyne 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 financial year ended 30 June 2017 and the financial position as at 30 June 2017.

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.



Photo: Carnavons Horticulture District.

Disclosures and Legal Compliance

Financial Statements

Certification of Financial Statements

For the year ended 30 June 2018

The accompanying financial statements of the Gascoyne 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.

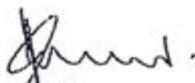
At the date of signing we are not aware of any circumstances which would render the particulars included in the financial statements misleading or inaccurate.



Cameron Pallerson
Chief Finance Officer
4 September 2018



Gavin Robins
Chief Executive Officer
4 September 2018



Andy Munro
Chairman
4 September 2018



Statement of Comprehensive Income
For the year ended 30 June 2018

	Notes	2018 \$	2017 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	3.1	323,746	1,425,300
Supplies and services	3.3	1,103,048	868,266
Depreciation and amortisation expense	5.1, 5.2	3,043	1,590
Accommodation expenses	3.3	61,614	153,013
Grants and subsidies	3.2	1,570,101	1,298,539
Other expenses	3.3	-	9,689
Total cost of services		3,061,552	3,756,397
Income			
<i>Revenue</i>			
User charges and fees	4.2	2,205	18,388
Other revenue	4.3	7,525	37,059
Total revenue		9,730	55,447
Total income other than income from State Government		9,730	55,447
NET COST OF SERVICES		3,051,822	3,700,950
Income from State Government			
Service Appropriation	4.1	260,000	261,000
Services received free of charge	4.1	900,064	9,590
Royalties for Regions Fund	4.1	2,807,353	3,454,457
Total income from State Government		3,967,417	3,725,047
SURPLUS / (DEFICIT) FOR THE PERIOD		915,595	24,097
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		915,595	24,097

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	7.1.1	69,086	69,086
Restricted cash and cash equivalents	7.1.1	1,511,777	738,374
Receivables	6.1	29,151	31,365
Amounts receivable for services	6.2	-	34,000
Other current assets	6.3	1,903	-
Total Current Assets		1,611,917	872,825
Non-Current Assets			
Amounts receivable for services	6.2	34,000	-
Infrastructure, property, plant and equipment	5.1	11,129	6,232
Intangible assets	5.2	-	-
Total Non-Current Assets		45,129	6,232
TOTAL ASSETS		1,657,046	879,057
LIABILITIES			
Current Liabilities			
Payables	6.4	12,217	15,158
Employee related provisions	3.1	45,934	112,864
Other current liabilities	6.5	1,691	5,144
Total Current Liabilities		59,842	133,166
Non-Current Liabilities			
Employee related provisions	3.1	15,383	79,665
Total Non-Current Liabilities		15,383	79,665
TOTAL LIABILITIES		75,225	212,831
NET ASSETS		1,581,821	666,226
EQUITY			
Contributed Equity	9.6	90,000	90,000
Accumulated surplus	9.6	1,491,821	576,226
TOTAL EQUITY		1,581,821	666,226

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



Statement of Changes in Equity
For the year ended 30 June 2018

	Notes	Contributed equity \$	Accumulated surplus / (deficit) \$	Total equity \$
Balance at 1 July 2016		<u>90,000</u>	<u>552,129</u>	<u>642,129</u>
Surplus/(deficit)	9.6	-	24,097	24,097
Total comprehensive income for the period		-	24,097	24,097
Balance at 30 June 2017		<u>90,000</u>	<u>576,226</u>	<u>666,226</u>
Balance at 1 July 2017		<u>90,000</u>	<u>576,226</u>	<u>666,226</u>
Surplus/(deficit)	9.6	-	915,595	915,595
Total comprehensive income for the period		-	915,595	915,595
Balance at 30 June 2018		<u>90,000</u>	<u>1,491,821</u>	<u>1,581,821</u>

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

Statement of Cash Flows
For the year ended 30 June 2018

	2018	2017
Notes	\$	\$
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation	260,000	261,000
Royalties for Regions Fund	2,807,353	3,454,457
Net cash provided by State Government	<u>3,067,353</u>	<u>3,715,457</u>
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits	(459,233)	(1,455,133)
Supplies and services	(208,982)	(772,424)
Accommodation	(61,614)	(153,013)
GST payments on purchases	(148,325)	(221,197)
GST payments to taxation authority	(2,219)	-
Grants and subsidies	(1,570,101)	(1,298,539)
Receipts		
GST receipts on sales	1,397	4,654
GST receipts from taxation authority	146,869	241,720
Other receipts	13,993	57,268
User charges and fees	2,205	18,388
Net cash provided by/(used in) operating activities	7.1 <u>(2,286,010)</u>	<u>(3,578,276)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments		
Purchase of non-current assets	(7,940)	-
Net cash provided by/(used in) investing activities	<u>(7,940)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	773,403	137,181
Cash and cash equivalents at the beginning of the period	807,460	670,279
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	7.1 <u>1,580,863</u>	<u>807,460</u>

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

Notes to the Financial Statements

1. Basis of preparation

The Commission is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The Commission is a not-for-profit entity (as profit is not its principal objective) 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 4 September 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:

Agency objectives	Note 2.1
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2.1 Agency objectives

Mission

To achieve sustainable economic and social development of the Gascoyne region - A better place to live.

The Commission is predominantly funded by Royalties for Regions.

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)	323,746	1,425,300
Employee benefits provisions	3.1(b)	61,317	192,529
Grants and subsidies	3.2	1,570,101	1,298,539
Other expenditure	3.3	1,164,662	1,030,968

3.1(a) Employee benefits expenses

	2018 \$	2017 \$
Wages and Salaries ^{(a) (d)}	278,892	1,177,555
Superannuation - defined contribution plans ^(b)	24,880	112,783
Long service leave ^(c)	6,990	22,962
Annual Leave ^(c)	12,984	112,000
Total employee benefits expenses	323,746	1,425,300

(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 \$24,880 was paid to GESB (2017: \$85,489).

(c) Includes superannuation contribution component, employment on-costs such as workers compensation insurance are included as note 3.3 'Other expenses'. The employment on-costs liability is included at note 3.1(b) 'Provisions'.

(d) The Commission paid \$52,221 (2017: \$105,655) to the Department of Housing under the Government Regional Officers Housing program.

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

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

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

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

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

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

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)	38,886	62,274
Long service leave ^(b)	-	36,909
Deferred salary scheme ^(c)	2,771	2,771
	41,657	101,954
Other provisions		
Employment on-costs ^(d)	4,277	10,910
Total current employee benefits provisions	45,934	112,864
Non-current		
<u>Employee benefits provisions</u>		
Long service leave ^(b)	13,770	71,770
Other provisions		
Employment on-costs ^(d)	1,613	7,895
Total non-current employee benefits provisions	15,383	79,665
Total employee benefits provisions	61,317	192,529

(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	38,886	62,274
	38,886	62,274

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 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	-	14,270
More than 12 months after the end of the reporting period	13,770	108,891
	13,770	123,161

The components of the long service leave liabilities are calculated at present value as the Commission does not expect to wholly settle the amounts within 12 months. The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(c) **Deferred salary scheme liabilities:** Classified as current where there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Actual settlement of the liabilities is expected to occur as follows:

	2018 \$	2017 \$
Within 12 months of the end of the reporting period	2,771	2,771
	2,771	2,771

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

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses, Note 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	18,805	13,107
Additional/(reversals of) provisions recognised	(11,804)	15,530
Payments/other sacrifices of economic benefits	(1,111)	(9,832)
Carrying amount at end of period	5,890	18,805

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 \$
Recurrent		
Royalties for Regions Fund	1,570,101	1,298,539
Total grants and subsidies	1,570,101	1,298,539

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	3,394	27,358
Consultants and contractors ^(a)	98,804	576,264
Consumables	2,741	14,297
Equipment repairs and maintenance	181	12,983
Operating leases - vehicles ^(b)	21,062	66,802
Travel	47,969	96,064
Other	28,833	74,498
Support Services provided by DPIRD ^(c)	900,064	-
Total supplies and services expenses	1,103,048	868,266
Accommodation expenses		
Lease rentals ^(d)	59,120	143,631
Cleaning	2,494	9,382
Total accommodation expenses	61,614	153,013
Other expenditures		
Employment on-costs ^(e)	-	6,965
Other expenses	-	2,724
Total other expenditures	-	9,689
Total other expenses	1,164,662	1,030,968

- (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 \$10,689 (2017: \$26,961) 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 \$7,557 (2017: \$22,535) to the Department of Finance for accommodation relating to the Exmouth Office.
- (e) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 3.1(b) 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs (see note 3.1(a)).

Supplies and services:

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

Accommodation expenses:

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

Other:

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.

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	3,967,417	3,725,047
User charges and fees	4.2	2,205	18,388
Other revenue	4.3	7,525	37,059

4.1 Income from State Government

	2018 \$	2017 \$
Appropriation received during the period:		
Service appropriation ^(a)	260,000	261,000
	260,000	261,000
Services received free of charge ^(b)		
Determined on the basis of the following estimates provided by agencies:		
Department of Finance	-	9,590
Department of Primary Industries and Regional Developments - Support Services provided ^(c)	900,064	-
	900,064	9,590
Royalties for Regions Fund:		
Regional Workers Incentives	-	32,569
Other Initiatives ^(d)	529,575	2,033,000
Regional Community Services ^(e)	2,277,778	1,388,888
	2,807,353	3,454,457
Total income from State Government	3,967,417	3,725,047

(a) Service appropriations included funding received from Salaries and Allowances Tribunal and (2017:\$1,000) received for Treasury account continuity.

(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 in the fulfilment of its statutory functions and obligations under the Regional Development Commission Act 1993. See note 3.3 Income from State Government.

(d) The Other Initiatives is a sub-fund within the over-arching 'Royalties for Regions Fund'. The fund is committed to operational costs for the Commission.

(e) The Regional Community Services is a sub-fund within the over-arching "Royalties for Regions Fund". The fund is committed to programs in WA regional areas.

4.2 User charges and fees

	2018 \$	2017 \$
Office Space Rental	2,205	8,820
Recoupment of Staff Costs ^(a)	-	9,568
	<u>2,205</u>	<u>18,388</u>

(a) Includes charges to staff for rental accommodation and recoupment of staff expenses

4.3 Other revenue

	2018 \$	2017 \$
Other revenue	7,525	37,059
	<u>7,525</u>	<u>37,059</u>
Total other income	<u>9,730</u>	<u>55,447</u>

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 \$
Infrastructure, property, plant and equipment	5.1	11,129	6,232
Intangibles	5.2	-	-
Total key assets		<u>11,129</u>	<u>6,232</u>

5.1 Infrastructure, property, plant and equipment

Year ended 30 June 2017	Office equipment \$	Total \$
1 July 2016		
Gross carrying amount	62,911	62,911
Accumulated depreciation	(55,089)	(55,089)
Accumulated impairment loss	-	-
Carrying amount at start of period	7,822	7,822
Additions	-	-
Disposals (written down value)	-	-
Revaluation increments/(decrements)	-	-
Depreciation	(1,590)	(1,590)
Carrying amount at 30 June 2017	<u>6,232</u>	<u>6,232</u>
Year ended 30 June 2018		
1 July 2017		
Gross carrying amount	62,911	62,911
Accumulated depreciation	(56,679)	(56,679)
Accumulated impairment loss	-	-
Carrying amount at start of period	6,232	6,232
Additions	7,940	7,940
Disposals (written down value)	-	-
Revaluation increments/(decrements)	-	-
Depreciation	(3,043)	(3,043)
Carrying amount at 30 June 2018	<u>11,129</u>	<u>11,129</u>
Gross carrying amount	70,851	70,851
Accumulated depreciation	(59,722)	(59,722)
Accumulated impairment loss	-	-

Initial recognition

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

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land and historical cost for all other property, plant and equipment. Land is carried at fair value less accumulated impairment losses. All other 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	3,043	1,590
Total depreciation for the period	3,043	1,590

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

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.

Finite useful lives

All infrastructure, property, plant and equipment having a limited useful life are systematically depreciated over their estimated useful lives in a manner that reflects the consumption of their future economic benefits. The exceptions to this rule include items under operating leases, assets held for sale, land and investment properties.

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

Asset	Useful life: years
Furniture and Fittings	8 years
Office equipment and Integrated Software	3 to 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 property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

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

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

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

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

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

5.2 Intangibles

Year ended 30 June 2017	Total \$
1 July 2016	
Gross carrying amount	-
Accumulated depreciation	-
Accumulated impairment loss	-
Carrying amount at start of period	-
Additions	-
Disposals (written down value)	-
Revaluation increments/(decrements)	-
Depreciation	-
Carrying amount at 30 June 2017	<u>-</u>
Year ended 30 June 2018	
1 July 2017	
Gross carrying amount	-
Accumulated depreciation	-
Accumulated impairment loss	-
Carrying amount at start of period	-
Additions	-
Disposals (written down value)	-
Revaluation increments/(decrements)	-
Depreciation	-
Carrying amount at 30 June 2018	<u>-</u>
Gross carrying amount	-
Accumulated depreciation	-
Accumulated impairment loss	-

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	-	-
Website costs	-	-
Total amortisation for the period	<u>-</u>	<u>-</u>

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	29,151	31,365
Amounts receivable for services	6.2	34,000	34,000
Other assets	6.3	1,903	-
Payables	6.4	12,217	15,158
Other current liabilities	6.5	1,691	5,144

6.1 Receivables

	2018 \$	2017 \$
<u>Current</u>		
GST receivable	28,894	24,639
Other debtors	257	6,726
Total current	29,151	31,365

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

	2018 \$	2017 \$
Current	-	34,000
Non-Current	34,000	-
	34,000	34,000

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.

6.3 Other assets

	2018 \$	2017 \$
<u>Current</u>		
Prepayments	1,903	-
Total current	1,903	-

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 \$
<u>Current</u>		
Other payables	11,330	4,979
Accrued expenses	887	9,357
GST payable	-	822
Total current	12,217	15,158
Balance at end of period	12,217	15,158

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.

6.5 Other current liabilities

	2018 \$	2017 \$
<u>Current</u>		
Accrued Salaries, for Employees and Board Members	904	4,360
Other Liability	787	784
Balance at end of period	1,691	5,144

7. Financing

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

	Notes
Cash and cash equivalents	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

7.1 Cash and cash equivalents

7.1.1 Reconciliation of cash

	Note	2018 \$	2017 \$
Cash and cash equivalents		69,086	69,086
Restricted cash and cash equivalents			
- Royalties for Regions		1,233,367	319,357
- Externally Funded Projects		99,986	99,986
- Regional Development Scheme		36,472	36,472
- Leave Entitlements		-	140,607
- Asset Replacement		141,952	141,952
Balance at end of period		1,580,863	807,460

This represents cash held at bank quarantined for the specific purpose. Royalties for Regions funds are for 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		(3,051,822)	(3,700,950)
Non-cash items			
Depreciation and amortisation expense	5.1	3,043	1,590
Services received free of charge	4.1	900,064	9,590
(Increase)/decrease in assets			
Current receivables ^(a)		2,214	45,386
Other current assets		(1,903)	53,336
Increase/(decrease) in liabilities			
Current payables ^(a)		(2,941)	(30,333)
Provisions		(131,212)	46,210
Other liabilities		(3,453)	(3,105)
Net cash provided by/(used in) operating activities		(2,286,010)	(3,578,276)

(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.

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

Commitments for minimum lease payments are payable as follows:

Within 1 year

Later than 1 year and not later than 5 years

	2018	2017
	\$	\$
Within 1 year	43,422	35,762
Later than 1 year and not later than 5 years	3,314	29,397
	46,736	65,159

These commitments are all GST inclusive.

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

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. The Commission has policies in place to ensure that services are made to customers with an appropriate credit history. 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.

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	69,086	69,086
Restricted cash and cash equivalents	1,511,777	738,374
Loans and receivables ^(a)	34,257	40,726
Total financial assets	1,615,120	848,186
Financial Liabilities		
Financial liabilities measured at amortised cost	8,930	14,502
Total financial liability	8,930	14,502

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

(c) Ageing analysis of financial assets

	Carrying amount	Past due but not impaired					More than 5 years	Impaired financial assets
		Not past due and not impaired	Up to 3 months	3-12 months	1-2 years	2-5 years		
2018								
Cash and cash equivalents	69,086	69,086	-	-	-	-	-	-
Restricted cash and cash equivalents	1,511,777	1,511,777	-	-	-	-	-	-
Receivables ^(a)	257	257	-	-	-	-	-	-
Amounts receivable for services	34,000	34,000	-	-	-	-	-	-
	1,615,120	1,615,120	-	-	-	-	-	-
2017								
Cash and cash equivalents	69,086	69,086	-	-	-	-	-	-
Restricted cash and cash equivalents	738,374	738,374	-	-	-	-	-	-
Receivables ^(a)	6,726	6,726	-	-	-	-	-	-
Amounts receivable for services	34,000	34,000	-	-	-	-	-	-
	848,186	848,186	-	-	-	-	-	-

(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.

	Weighted average effective interest rate %	Carrying amount \$	Interest rate exposure of financial assets and financial liabilities				Maturity Dates						
			Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$	Nominal amount \$	Up to 3 months	3-12 months	1-2 years	2-5 years	More than 5 years		
2018													
Financial Assets													
Cash and cash equivalents	-	69,086	-	-	69,086	69,086	69,086	-	-	-	-	-	-
Restricted cash and cash equivalents	-	1,511,777	-	-	1,511,777	1,511,777	1,511,777	-	-	-	-	-	-
Receivables (a)	-	257	-	-	257	257	257	-	-	-	-	-	-
Amounts receivable for services	-	34,000	-	-	34,000	34,000	34,000	-	-	-	-	-	-
	-	1,615,120	-	-	1,615,120	1,615,120	1,615,120	1,615,120	-	-	-	-	-
Financial Liabilities													
Payables	-	8,930	-	-	8,930	8,930	8,930	8,930	-	-	-	-	-
	-	8,930	-	-	8,930	8,930	8,930	8,930	-	-	-	-	-

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

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

	Interest rate exposure and maturity analysis of financial assets and financial liabilities				Maturity Dates						
	Interest rate exposure										
	Weighted average effective interest rate %	Carrying amount \$	Fixed interest rate \$	Variable interest rate \$	Non-interest bearing \$	Nominal amount \$	Up to 3 months \$	3-12 months \$	1-2 years \$	2-5 years \$	More than 5 years \$
2017											
Financial Assets											
Cash and cash equivalents	-	69,086	-	-	69,086	69,086	69,086	-	-	-	-
Restricted cash and cash equivalents	-	738,374	-	-	738,374	738,374	738,374	-	-	-	-
Receivables (a)	-	6,726	-	-	6,726	6,726	6,726	-	-	-	-
Amounts receivable for services	-	34,000	-	-	34,000	34,000	34,000	-	-	-	-
	-	848,186	-	-	848,186	848,186	848,186	-	-	-	-
Financial Liabilities											
Payables	-	14,502	-	-	14,502	14,502	14,502	-	-	-	-
	-	14,502	-	-	14,502	14,502	14,502	-	-	-	-

(a) The amount of receivables excludes the GST recoverable from the ATIO (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
Supplementary financial information	9.7
Explanatory statement	9.8

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.</p> <p>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

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 \$46,736 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) <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.</p> <p>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 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 of members of the accountable authority		2018	2017
Compensation band (\$)			
0 - 10,000		4	8
10,001 - 20,000		1	-
30,001 - 40,000		1	-
50,001 - 60,000		-	1
Compensation of senior officers (\$)			
0 - 10,000		-	1
70,001 - 80,000		-	1
90,001 - 100,000		1	-
100,001 - 110,000		-	1
280,001 - 290,000		-	1
300,001 - 310,000		1	-
		2018	2017
		\$	\$
Short term employee benefits		389,870	505,762
Post employment benefits		35,548	34,086
Other long term benefits		32,958	35,370
Total compensation of key management personnel		458,375	575,218

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 housing payments to the Department of Communities (Housing) (Note 3.1);
- 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 Department of Primary Industry and Regional Development (Note 4.1);
- Royalties for Regions Fund (Note 4.1);
- transfer of leave liability of \$151,185 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.

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	37,875	37,000

9.6 Equity

Contributed equity

	2018	2017
	\$	\$
Balance at start of period	90,000	90,000
Balance at end of period	<u>90,000</u>	<u>90,000</u>

	2018	2017
	\$	\$
<u>Accumulated (surplus/deficit)</u>		
Balance at start of year	576,226	552,129
Result for the period	915,595	24,097
Balance at end of period	<u>1,491,821</u>	<u>576,226</u>

Total equity at end of period	<u>1,581,821</u>	<u>666,226</u>
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9.7 Supplementary financial information

(a) Write-offs

	2018	2017
	\$	\$
Write-off receivables	-	2,289
	<u>-</u>	<u>2,289</u>

Irrecoverable amounts and inventory

During the financial year nil (2017: \$2,289) was written off in bad debts and inventory under the authority of:
Gascoyne Development Commission

Gascoyne Development Commission - 30 June 2018

9.8 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 \$38,690 for the Statements of Comprehensive Income and Cash Flows, and
 - 5% and \$13,380 for the Statement of Financial Position

	Variance Note	Estimate 2018	Actual 2018	Actual 2017	Variance between estimated and actual	Variance between actual results for 2018 and 2017
9.8.1 Statement of Comprehensive Income						
Income Variances						
Expenses						
Employee benefits expense	1 a	384,000	323,746	1,425,300	(60,254)	(1,101,554)
Supplies and services	2 b	80,000	1,103,048	868,266	1,023,048	234,782
Depreciation and amortisation expense		-	3,043	1,590	3,043	1,453
Accommodation expenses	3 c	-	61,614	153,013	61,614	(91,399)
Grants and subsidies	4 d	-	1,570,101	1,298,539	181,101	271,562
Other expenses	5	81,000	-	9,689	(81,000)	(9,689)
Total cost of services		1,934,000	3,061,552	3,756,397	1,127,552	(694,845)
Income						
Revenue						
User charges and fees		-	2,205	18,388	2,205	(16,183)
Other revenue		-	7,525	37,059	7,525	(29,534)
Total Revenue		-	9,730	55,447	9,730	(45,717)
Total income other than Income from State Government		-	9,730	55,447	9,730	(45,717)
NET COST OF SERVICES		1,934,000	3,051,822	3,700,950	1,117,822	(649,129)
Income from State Government						
Service appropriation		265,000	260,000	261,000	(5,000)	(1,000)
Resources received free of charge	6 e	-	900,064	9,590	900,064	890,474
Royalties for Regions Fund	7 f	1,669,000	2,807,353	3,454,457	1,138,353	(647,104)
Total income from State Government		1,934,000	3,967,417	3,725,047	2,033,417	242,370
SURPLUS/(DEFICIT) FOR THE PERIOD		-	915,595	24,097	915,595	891,498
Other Comprehensive Income						
Changes in asset revaluation reserve		-	-	-	-	-
Total Other Comprehensive Income		-	-	-	-	-
Total Comprehensive Income for the period		-	915,595	24,097	915,595	891,498

Gascoyne Development Commission - 30 June 2018

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 Gascoyne 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 financial year, 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 Estimate and Actual (2018) Variance Narratives

- 1 Employee benefits expense variance of \$60,254 is due to the inclusion of the Travel budget allocation in this item, that was expensed against Supplies and services. Overall expenditure against these items were within the budget.
- 2 Supplies and services variance of \$1,023,048 due to services provided free of charge from DPIRD in 2017-18 financial year.
- 3 Accommodation expenses variance of \$61,614 is a result of not accounting for this item in the 2017-18 budget.
- 4 Grants and subsidies expense variance of \$181,101 due to increases in grants expenditure related to carry over funds from 2016-17 financial year.
- 5 Other expenses variance of \$81,000 is due to the budget being split between supplies and services, and other payments. Actuals have all been expensed to Supplies and Services.
- 6 Resources received free of charge variance of \$900,054 is a result of not accounting for this item in the 2017-18 budget.
- 7 Royalties for Regions (RFR) Fund exceeded estimates by \$1,138,353 due to the additional disbursement of RFR funding from within DPIRD budget to support the Commission's MoG transition of suppliers to DPIRD.

Major Actual (2018) and Comparative (2017) Variance

- a Employee benefits expense decreased by \$1,101,554 due to the MoG changes and the transfer of the Commission's employees to DPIRD as of 1st of July 2017.
- b Supplies and services increased by \$234,782 due to services provided free of charge from DPIRD in 2017-18 financial year.
- c Accommodation expenses decreased by \$91,399 due to the MoG changes.
- d Grants and subsidies expense increased by \$271,562 due to higher Regional Community Service Project funding in 2017-18 financial year.
- e Resources received free of charge increased by \$890,474 due to the MoG changes.
- f Royalties for Regions (RFR) funds decreased by \$647,104 due to new funding arrangements from the MoG changes and the transfer of RFR operational fundings to DPIRD in 2017-18 financial year.

Gascoyne Development Commission - 30 June 2018

9.8.2 Statement of Financial Position		Variance Note	Estimate 2018 \$	Actual 2018 \$	Actual 2017 \$	Variance between estimated and actual \$	Variance between actual results for 2018 and 2017 \$
Assets	Variations						
Assets							
Current Assets							
Cash and cash equivalents	8	669,000	69,086	69,086	(599,914)	-	
Restricted cash and cash equivalents	9 g	-	1,511,777	738,374	1,511,777	773,403	
Receivables	10	-	29,151	31,365	(2,214)	(2,214)	
Amounts receivable for services	h	-	-	34,000	-	(34,000)	
Other current assets		-	1,903	-	1,903	1,903	
Total Current Assets		669,000	1,611,917	872,825	942,917	739,092	
Non-Current Assets							
Restricted cash and cash equivalents		-	-	-	-	-	
Amount receivable for services	11 i	-	34,000	-	34,000	34,000	
Infrastructure, property, plant and equipment		-	11,129	6,232	11,129	4,897	
Total Non-Current Assets		-	45,129	6,232	45,129	38,897	
TOTAL ASSETS		669,000	1,657,046	879,057	988,046	777,989	
LIABILITIES							
Current Liabilities							
Payables		-	12,217	15,158	12,217	(2,941)	
Employee related provisions	12 j	-	45,934	112,864	45,934	(66,930)	
Other		-	1,691	5,144	1,691	(3,453)	
Total Current Liabilities		-	59,842	133,166	59,842	(73,324)	
Non-Current Liabilities							
Employee related provisions	13 k	-	15,383	79,665	15,383	(64,282)	
Total Non-Current Liabilities		-	15,383	79,665	15,383	(64,282)	
TOTAL LIABILITIES		-	75,225	212,831	75,225	(137,606)	
NET ASSETS		669,000	1,581,821	666,226	912,821	915,595	
EQUITY							
Contributed Equity	14	-	90,000	90,000	90,000	-	
Reserves		-	-	-	-	-	
Accumulated surplus/(deficit)	15 l	669,000	1,491,821	576,226	822,821	915,595	
TOTAL EQUITY		669,000	1,581,821	666,226	912,821	915,595	

Major estimate and Actual (2018) Variance Narratives

- 8 Cash and Cash Equivalents variance to budget of \$599,914 is due to this budget being combined with the Restricted Cash budget item.
- 9 A budget was not set for Restricted Cash. The variance between both items is \$914,863, which is a result of unspent Royalties for Regions funds.
- 10 Receivables variance of \$29,151 is a result of not accounting for this item in the 2017-18 budget.
- 11 Amounts receivable for services variance of \$34,000 is a result of not accounting for this item in the 2017-18 budget.
- 12 Employee related provisions variance of \$45,934 is a result of not accounting for this item in the 2017-18 budget.
- 13 Employee related provisions variance of \$15,383 is a result of not accounting for this item in the 2017-18 budget.
- 14 Contributed equity budget variance of \$90,000 is due to this budget being combined under the Accumulated surplus/(deficit) item.
- 15 Accumulated Surplus variance to budget of \$922,821 due to a higher than expected surplus due to MoG transition changes.

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

- g Restricted Cash increased by \$773,403 as a result of unspent Royalties for Regions funds.
- h Amounts receivable for services decreased by \$34,000 as a result of reclassifying the total from Current to Non-Current.
- i Amounts receivable for services increased by \$34,000 as a result of reclassifying the total from Current to Non-Current.
- j Employee related provisions decreased by \$66,930 due to MoG transition changes and the transfer of the Commission's employees to DPIRD as of 1st of July 2017.
- k Employee related provisions decreased by \$84,282 due to MoG transition changes and the transfer of the Commission's employees to DPIRD as of 1st of July 2017.
- l Accumulated Surplus has increased by \$915,595 due to higher than expected surplus due to the MoG transition changes.

Gascoyne Development Commission - 30 June 2018

9.8.3 Statement of Cash Flows Variances		Variance	Estimate	Actual	Actual	Variance between	Variance between
		Note	2018	2018	2017	estimated and actual	actual results for 2018 and 2017
			\$	\$	\$	\$	\$
CASH FLOWS FROM STATE GOVERNMENT							
Service appropriation		16 m	261,000	260,000	261,000	(1,000)	(1,000)
Royalties for Regions Fund			2,277,000	2,807,353	3,454,457	530,353	(647,104)
Net cash provided by State Government			<u>2,538,000</u>	<u>3,067,353</u>	<u>3,715,457</u>	<u>529,353</u>	<u>(648,104)</u>
Utilised as follows:							
CASH FLOWS FROM OPERATING ACTIVITIES							
Payments							
Employee benefits		17 n	(384,000)	(459,233)	(1,455,133)	(75,233)	995,900
Supplies and services		18 o	(80,000)	(208,982)	(772,424)	(128,982)	563,442
Accommodation		19 p	-	(61,614)	(153,013)	(61,614)	91,399
Grants and subsidies		20 q	(1,389,000)	(1,570,101)	(1,298,539)	(181,101)	(271,562)
GST payments on purchases		21 r	-	(148,325)	(221,197)	(148,325)	72,872
GST payments to taxation authority			-	(2,219)	-	(2,219)	(2,219)
Other payments		22	(81,000)	-	-	81,000	-
Receipts							
User charges and fees			-	2,205	18,388	2,205	(16,183)
GST receipts on sales			-	1,397	4,654	1,397	(3,257)
GST receipts from taxation authority		23 s	-	146,869	241,720	146,869	(94,851)
Other receipts			-	13,993	57,268	13,993	(43,275)
Net cash provided by/(used in) operating activities			<u>(1,934,000)</u>	<u>(2,286,010)</u>	<u>(3,578,276)</u>	<u>(352,010)</u>	<u>1,292,266</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Payments							
Purchase of non-current physical assets			-	(7,940)	-	(7,940)	(7,940)
Net cash provided by/(used in) investing activities			<u>-</u>	<u>(7,940)</u>	<u>-</u>	<u>(7,940)</u>	<u>(7,940)</u>
Net increase/(decrease) in cash and cash equivalents							
Cash and cash equivalents at the beginning of the period		24 u	604,000	773,403	137,181	169,403	636,222
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		25 v	<u>669,000</u>	<u>1,580,863</u>	<u>807,460</u>	<u>911,863</u>	<u>137,181</u>
			<u>669,000</u>	<u>1,580,863</u>	<u>807,460</u>	<u>911,863</u>	<u>773,403</u>

Major Estimate and Actual (2018) Variance Narratives

- 16 Royalties for Regions operational funding exceeded estimates by \$530,353 due to the additional disbursement of RFR funding from within DPIRD budget to support the Commission's MoG transition of suppliers to DPIRD.
- 17 Employee benefits payments variance of \$75,233 is due to transfer of leave liability balances from the Commission to DPIRD under TI 520.
- 18 Supplies and Services variance of \$128,982 due to the budget being split between supplies and services, and other payments. Actuals have all been expensed to Supplies and Services.
- 19 Accommodation expenses variance of \$81,614 is a result of not accounting for this item in the 2017-18 budget.
- 20 Grants and subsidies payments variance of \$181,101 due to increase in grants expenditure related to carry over funds from 2016-17 financial year.
- 21 GST payments on purchases exceeded estimates by \$148,325 due to higher taxable invoice payments due to MoG transition.
- 22 Other payments variance of \$81,000 is due to the budget being split between supplies and services, and other payments. Actuals have all been expensed to Supplies and Services.
- 23 GST receipts from the taxation authority exceeded estimates by \$148,869 due to higher GST refunds due to MoG transition.
- 24 Net increase/(decrease) in cash and cash equivalents exceeds estimate by \$169,403, which is a result of unspent Royalties for Regions funds.
- 25 Cash and cash equivalents at the beginning of the period exceeds estimate by \$742,460, which is a result of unspent Royalties for Regions funding held at year end.

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

- m Royalties for Regions (RFR) funds decreased by \$647,104 due to new funding arrangements from the MoG changes and the transfer of RFR Operational fundings to DPIRD in 2017-18 financial year.
- n Employee benefits decreased by \$995,900 due to the MoG changes and the transfer of the Commission's employees to DPIRD as of 1st of July 2017.
- o Supplies and services decreased by \$563,442 due to the MoG changes and the new funding arrangements.
- p Accommodation decreased by \$91,399 due to the MoG transition taxable invoices payments transferred from the Commission to DPIRD.
- q Grants and subsidies expense increased by \$271,562 due to payments made for Royalties for Regions grants.
- r GST payments on purchases decreased by \$72,872 due to the MoG transition taxable invoices payments transferred from the Commission to DPIRD.
- s GST receipts from the taxation authority decrease by \$94,851 due to the MoG transition taxable invoices payments transferred from the Commission to DPIRD.
- t Other receipts decreased by \$43,275 due to the MoG changes.
- u Net increase/(decrease) in cash and cash equivalents increased by \$636,222 due to unspent Royalties for Regions funds held at year end.
- v Cash and cash equivalents at the beginning of the period increased by \$137,181, which is a result of unspent Royalties for Regions funding held at year end.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

GASCOYNE DEVELOPMENT COMMISSION

Report on the Financial Statements

Opinion

I have audited the financial statements of the Gascoyne 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 for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Gascoyne 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 Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Gascoyne Development Commission. The controls exercised by the Commission are those policies and procedures established by the Commission to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions (the overall control objectives).

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

In my opinion, in all material respects, the controls exercised by the Gascoyne 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 Gascoyne 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 Gascoyne 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.

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 Gascoyne 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.



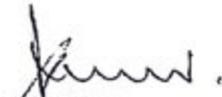
DON CUNNINGHAME
ASSISTANT AUDITOR GENERAL
Delegate of the Auditor General for Western Australia
Perth, Western Australia
10 September 2018

Key Performance Indicators

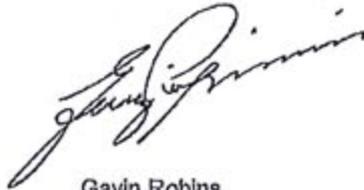
CERTIFICATION OF KEY PERFORMANCE INDICATORS

For the year ended 30 June 2018

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



Ardy Munro
Chairman
4 September 2018



Gavin Robins
Chief Executive Officer
4 September 2018



ACTUAL PERFORMANCE COMPARED TO TARGETS

Government Goal

Ensuring that regional Western Australia is strong and vibrant.

Effectiveness Indicators

The activities of the Commission are focused on the attainment of an environment conducive to the balanced economic and social development of the Gascoyne region.

The Commission relies on strategic forward planning and specific projects to achieve economic and social development of the region. Projects vary according to the industry sector in which the project is being implemented. Each project is characterised by industry sector priorities, strategic plans, developing policies, emerging trends and methods of implementation. Project delivery and outcomes are also influenced by the nature of the business investment being stimulated, identifying social and cultural infrastructure to improve business growth, quality of life and regional promotion.

Key Effectiveness Indicators

The Commission is successful in addressing key performance indicators and makes a positive contribution to the economic and social development of the Gascoyne region.

Customer Survey

A Customer Survey of the Commission's database of contacts was undertaken in July-August 2018 to solicit responses relating to the achievement of the Commission's service.

Out of the 142 questionnaires sent, the Commission received 17 responses.

Respondents were asked if the Commission is effective and makes a positive contribution to the economic and social development of the Gascoyne region. 81 per cent of respondents thought the Commission was average or better in this regard.

The effectiveness indicator below is the average of the results of the question asked above.

Key Performance Indicators	Target 2018	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014	Variance
Key Effectiveness Indicator: An environment conducive to the balanced economic and social development of the Gascoyne region	93%	81%	89%	79%	94%	98%	12%

The 2018 outcome reflects the twofold effect of projects being wound down and concluding, and the prioritisation of new projects with a renewed emphasis on economic expansion and increased sustainable employment. The shift in emphasis recognises a strategic redirection away from more densely populated community and local government projects to engagements with enterprises having a longer project lead time and more complex developmental objectives.

Service: Regional Development.

Key Efficiency Indicators

Cost per project hour

The following table records the total cost of services per project hour as an audited key efficiency indicator.

Key Performance Indicators	Target 2018	Actual 2018	Actual 2017	Actual 2016	Actual 2015	Actual 2014	Variance
Key Efficiency Indicator:							
Cost per project hour	\$104	\$112	\$140	\$114	\$114	\$108	\$8

The Commissions budget is directed to numerous output focused project supporting the economic and social development of the Gascoyne region. External funding sources and networking partners are continually sought to enhance project scope and effectiveness. The attraction of additional funding (or the withdrawal of anticipated funding) can result in wide variations between expectations and actual results. Additional external funding will increase expenditure and result in a higher cost per project and vice versa. To help counter some distortion, the figures for this year and prior years have been adjusted to exclude grant expenditure. The Commission continues to recognise that the total FTE of the Commission supports its role in the economic and social development of the Gascoyne region.

From the 1st of July 2017 as part of the recent Machinery of Government (MoG) changes, all Regional Development Commissions (RDCs) employees were transferred to Department of Primary Industries and Regional Development (DPIRD) except for the Chief Executive Officers (CEOs). Under this new arrangement DPIRD provides the Gascoyne 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.

MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.

Office Locations

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