Government of **Western Australia**
Department of **Regional Development**

Annual Report
2014-15

Mission

To facilitate the development of empowered, strong, vibrant and sustainable regional communities, so they have a sense of purpose and control over their future.

The DRD Way

The DRD Way is to be professional in everything we do, act with confidence and courage, connect with each other, our customers and the community, and show and value appreciation.

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Statement of compliance

For the year ended 30 June 2015

Hon Terry Redman MLA
Minister for Regional Development

In accordance with section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Regional Development for the financial year ended 30 June 2015.

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

Ralph Addis
Director General
Department of Regional Development
23 September 2015

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Overview of the agency

Executive summary

Message from the Director General

In 2014–15 the Department of Regional Development (DRD) continued to administer the State Government's multi-billion dollar Royalties for Regions program in partnership with the Regional Development Commissions, Regional Development Council, and the Western Australian Regional Development Trust, and collaboratively across government, the private sector, and the community.

Since the program commenced in 2008, Royalties for Regions has delivered significant social and economic benefits to regional Western Australia through the investment of more than $6.1 billion across more than 3,600 projects and programs. Royalties for Regions is helping to build vibrant regions with strong economies through investment in economic and social infrastructure and services such as tourism, housing, health, education, culture and recreation.

In 2014–15, 65 new investments were Cabinet approved and 104 funding agreements were signed. Some of those highlights include:

- Projects identified in the Growing Our South – Southern Investment Initiative
- Seizing the Opportunity Agriculture projects
- Year 7 Student Relocation
- Housing for Workers
- South West Emergency Helicopter
- Broome Short Stay Accommodation Facility
- Kalgoorlie-Boulder Senior High School
- North West Health Initiative.

There has also been significant work undertaken by DRD to support cross-government efforts to reform the way infrastructure and services are provided to Aboriginal communities in Western Australia.

I would like to take this opportunity to thank all DRD employees and acknowledge our partner agencies for their contribution and dedication to developing our regions.

Ralph Addis
Director General
Department of Regional Development
23 September 2015

Water for Food initiative

Operational structure

The Department of Regional Development's (DRD) objectives and outcomes are delivered by the following five divisions:

Business and Social Development Division

The Business and Social Development Division advocates for community inclusiveness in all DRD service delivery by promoting innovation and cultivating strong social infrastructure through improved capacity, capability, governance and leadership, as well as business and economic development outcomes.

Through the effective application of the Royalties for Regions program, the division seeks to address its objective to:

- Improve service delivery at the regional level
- Work with portfolio partners and regional stakeholders
- Provide DRD with a regional presence and engagement point.

The division comprises three distinct service delivery elements:

- Social Development
- Aboriginal Economic and Business Development
- Strategic Projects.

This structure is designed to:

- Support the establishment and growth of regional small businesses by strengthening 'Buy Local' provisions, including a stronger Government Regional Purchasing Policy on Royalties for Regions investment
- Improve linkages and coordination between tourism initiatives and leverage improved regional development outcomes
- Support regional communities through Community Resource Centres (CRCs) to grow social, business and economic development and to deliver government information and services to regional Western Australia
- Facilitate improved economic development outcomes for Aboriginal people in regional Western Australia
- Support the ministerially endorsed whole-of-government Aboriginal economic development and governance agenda, through our lead agency and Chair role of the Aboriginal Economic Development and Governance Sub-Committee
- Explore and investigate new economic development opportunities and create new leveraging partnerships with local communities, governments and industry to improve the economic and social wellbeing of Aboriginal people
- Build regional leadership capacity and capability through improved and targeted training programs creating linkages and pathways to leadership training across the regions at varying levels to accommodate a broad range of aspiring leaders and participants
- Connect rural, remote and regional networks
- Provide administration support and guidance to the Rural, Remote and Regional Women's Network and its reference group and maintenance support for the networks website and Facebook service
- Manage the State Government's satellite-television station Westlink, which broadcasts to schools, TAFE colleges, CRCs and hospitals in regional Western Australia
- Implement a flexible and integrated service delivery model with a particular focus of complementing the services of key stakeholders in the region.

Corporate and External Services Division

The Corporate and External Services Division provide expertise, services and operational support to enable DRD and the regional development portfolio partners to achieve their business goals efficiently and effectively and in accordance with the principles of good corporate governance.

The division:

- Meets DRD's statutory financial reporting obligations
- Provides strategic and operational information and communications technology services
- Provides information management services in compliance with the *State Records Act 2000*
- Implements and delivers communications and marketing strategies
- Manages media relations and relationships with key external stakeholders
- Employs a talented and engaged workforce of diverse, vibrant and skilled people
- Provides executive and strategic advice and support to the Director General
- Ensures an effective and efficient interface between DRD and the Office of the Minister for Regional Development
- Manages ministerial and parliamentary services, freedom of information, compliments and complaints, agency feedback, legal services and corporate strategic planning and governance.

Economic Development and Diversification Division

The Economic Development and Diversification Division is tasked to discover and evaluate new and existing business opportunities that diversify the State's economy while delivering strong economic regional benefits. Other core functions include project management and facilitation services. Since its inception the division has investigated a range of new initiatives in the agricultural, trade, tourism and technology sectors.

The division is focused on two areas:

- Major Projects – delivers the progression of the Ord/Northern Territory component of the Ord East Kimberley Expansion Project and the development and implementation of new strategic agricultural precincts through the Water for Food Project.
- New Initiatives – facilitates the development of new industries and new investment to support regional economic development and diversification including the implementation of the $300 million Royalties for Regions funded Seizing the Opportunity Agriculture Initiative which includes three policy commitments, an Infrastructure Audit, Infrastructure Investment Fund and WA Open for Business.

Policy Division

The Policy Division works collaboratively with a wide range of internal and external stakeholders to ensure that Royalties for Regions investment, and more generally regional development, is targeted, strategic and effective at addressing the challenges and opportunities in regional Western Australia. The division does this through the delivery of effective government policy and support.

The division's areas of responsibility involve:

- Coordination – provides information, liaison, engagement and consultation with Regional Development Commissions and other relevant agencies to prepare advice on regional development matters and contribute to delivering reform agendas and key projects
- Strategic Advice – proactively develops advice on emerging issues for regional development
- Research – delivers research and information services to produce a variety of databases, products, publications and services
- Secretariat – ensures the effective operation and proper governance of the Regional Development Council and the Western Australian Regional Development Trust, and their sub-committees.

Regional Investment Division

The Regional Investment Division manages the delivery of the Royalties for Regions program by working collaboratively across State Government agencies, the private sector and community partners to implement projects in line with State and regional policy and plans.

It works in partnership with independent authorities such as the State's nine Regional Development Commissions to ensure a strong focus on supporting strategic local decision making.

The division:

- Administers the Royalties for Regions budget, providing strategic advice and ensuring investment is in line with government policy
- Ensures Royalties for Regions funding is maximised by working collaboratively with Treasury and partner agencies to meet their financial needs in order to deliver priority regional projects in a timely manner
- Scopes, shapes and facilitates projects designed to improve infrastructure and services in regional communities to drive economic growth and social development
- Supports the development of major regional infrastructure and headworks projects including transport and telecommunications infrastructure
- Improves access to a wide range of services for regional communities through supporting the development of key projects and initiatives in education, recreation, health, culture and arts, and tourism
- Oversees devolved grants schemes managed by the Regional Development Commissions and State Government agencies
- Develops and monitors governance and reporting systems to ensure objectives of the Royalties for Regions program are met
- Ensures project reporting, acquittals of funds and evaluations are suitably undertaken by funding recipients to understand the impact of investment in the regions.

Ord East Kimberley Expansion

Enabling Legislation

The Department of Regional Development was established on 1 July 2013 under the *Public Sector Management Act 1994*.

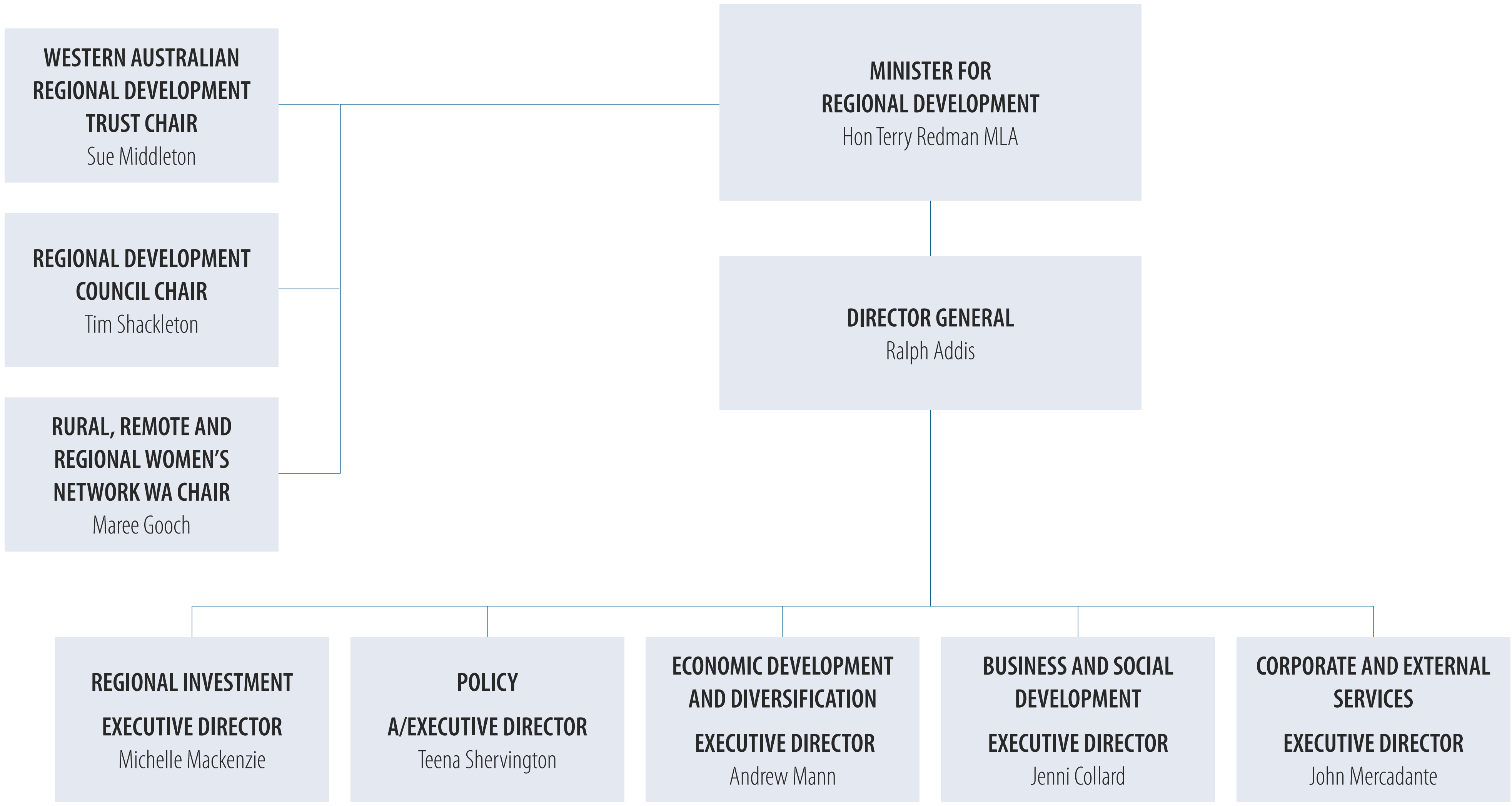
Responsible Minister

Hon Terry Redman MLA, Minister for Regional Development.

Organisational structure

Organisation chart

As at 30 June 2015



Senior officers

Ralph Addis
Director General

Ralph was appointed Director General of the Department of Regional Development (DRD) in November 2014. Prior to this Ralph held a range of commercial, not-for-profit, government, and local government board positions.

Specialising in regional and Aboriginal development, Ralph has a depth of experience in strategy, organisation development and community engagement, and has contributed significantly to emerging reform agendas for welfare, housing and governance in the Kimberley. Ralph was founding Chief Executive Officer of the Wunan Foundation, an Aboriginal development corporation established in the East Kimberley in 1997.

He chaired the Kimberley Development Commission for more than two years and has held roles with the Regional Development Council, Western Australian Regional Development Trust and Warmun Community.

Ralph is a Chartered Accountant, holds a Master of Economic Studies and is a graduate member of the Australian Institute of Company Directors.

Jenni Collard
Executive Director
Business and Social Development

Jenni was appointed to the position of Executive Director, Business and Social Development in 2013. Prior to this, Jenni was Chief Executive Officer for the Department of Children and Families in the Northern Territory at time of turmoil.

Jenni has more than 27 years' experience working for numerous government agencies, an executive for the past six years and a senior officer for the last 12, in the area of heath, child protection, Aboriginal advancement, workforce, education and training. Jenni has been involved in three departmental reforms and managed a whole of government response to child protection and family violence.

Jenni has a Bachelor of Business and currently supports economic development within regional Western Australia through strong human capacity development.

Michelle Mackenzie
Executive Director
Regional Investment

Prior to commencing with DRD in 2014, Michelle worked in the Rio Tinto Communities Team. Her role involved strategic engagement and partnerships with government, industry and community agencies, leading a team which developed and implemented the company's regional fly-in-fly-out and Aboriginal business development strategies and Aboriginal employment activities.

Michelle was the Executive Manager Infrastructure at the WA Local Government Association before her job at Rio Tinto, developing policy positions with local government and undertaking an advocacy role with government, industry and the community.

Before moving to Perth in 2003, Michelle held the position of Manager Community and Cultural Development at the Town of Port Hedland for a number of years and prior to this worked on remote Aboriginal communities in the Kimberley, region notably at Balgo Hills where she managed a women's centre.

Michelle has a Master of Arts in Public Policy, a Bachelor of Music/Arts with Honours from the University of Melbourne, and graduated with an Order of Merit from the Australian Institute of Company Directors' course. Michelle is a Fellow of Leadership WA.

Andrew Mann

Executive Director

Economic Development and Diversification

Andrew joined DRD in July 2009 after taking a secondment from his position at the Department of Commerce. He has previously held senior roles within the Regional Investment Division and acted as Executive Director from October 2013 to December 2014.

As Executive Director of Economic Development and Diversification, Andrew has responsibility for actively facilitating strategic investment opportunities to drive economic outcomes for regional Western Australia.

He has more than 25 years' experience in the WA Public Sector across the areas of economic, industry and infrastructure development and investment attraction into Western Australian government projects.

Andrew has also played a key role in leading the development and implementation of major State Government projects including the Australian Marine Complex Common User Facility in Henderson and more recently the Pilbara Cities Initiative, where he was the General Manager for the Pilbara Cities Office during 2012–13.

John Mercadante

Executive Director

Corporate and External Services

John joined DRD as Human Resources Manager in August 2009 after taking a secondment from his position at the Department of Planning. John was appointed as Director of Corporate Services (now Corporate and External Services) in June 2011.

John has more than 20 years' experience in human resource management and corporate service roles across a range of State public sector organisations. His primary function within DRD includes responsibility for finance, human resources, organisational development, information services, communications and legal services.

Teena Shervington

A/Executive Director

Policy

Teena Shervington has worked in strategic policy development and program delivery roles in the Western Australian and Commonwealth public sectors for more than 25 years.

Teena's experience spans a number of agencies including the Pilbara Development Commission, the Department of State Development, the Department of Commerce and Trade and the Department of the Premier and Cabinet.

Teena has acted in the role of Executive Director Policy Division since April 2015.

Legislation

Administered legislation

The Minister for Regional Development administers the following Acts, which are managed by the Department of Regional Development:

- *Royalties for Regions Act 2009*
- *Regional Development Commissions Act 1993*

Other key legislation impacting on the department's activities

In the performance of its functions, the Department of Regional Development complies with the following relevant written laws:

- *A New Tax System (Goods and Services Tax) Act 1999 (Commonwealth)*
- *Auditor General Act 2006*
- *Corruption and Crime Commission Act 2003*
- *Disability Services Act 1993*
- *Equal Opportunity Act 1984*
- *Financial Management Act 2006*
- *Freedom of Information Act 1992*
- *Industrial Relations Act 1979*
- *Minimum Conditions of Employment Act 1993*
- *Occupational Safety and Health Act 1984*
- *Public Sector Management Act 1994*
- *Salaries and Allowances Act 1975*
- *State Records Act 2000*
- *State Supply Commission Act 1991*
- *Workers Compensation and Injury Management Act 1981*

Performance management framework

Outcome based management framework

The Department of Regional Development (DRD) was established on 1 July 2013 and the following outcome based management framework was approved by the Department of Treasury in June 2014.

Government goal

Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.

Desired outcome: Capacity of regional communities to develop economic growth and social wellbeing is increased.	
Key effectiveness indicator: Client satisfaction with regional development services.	
Service one: Regional Investment	**Key efficiency indicators:** **1.** Average cost per funded initiative administered **2.** Average internal cost per satellite site supported.
Service two: Regional Policy	**Key efficiency indicators:** **1.** Average cost per item of written advice requiring Minister's attention.

Changes to outcome based management framework

DRD's outcome based management framework did not change during 2014–15.

Shared responsibilities with other agencies

The Department of Regional Development (DRD) works closely with a large number of government and non-government agencies to deliver programs and services.

DRD supports the State Government's desired outcome of a greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.

DRD also works in partnership with a range of independent authorities to maximise the overall benefits and impact of regional development portfolio effort, including:

Regional Development Commissions

- Gascoyne Development Commission
- Goldfields-Esperance Development Commission
- Great Southern Development Commission
- Kimberley Development Commission
- Mid West Development Commission
- Peel Development Commission
- Pilbara Development Commission
- South West Development Commission
- Wheatbelt Development Commission

The Western Australian Regional Development Trust

The Western Australian Regional Development Trust is an independent statutory advisory body established under Part 3 section 11 of the *Royalties for Regions Act 2009* (Act) that provides advice on the Royalties for Regions Fund to the Minister for Regional Development. Under the Act, the Trust tables an annual report to Parliament, which includes comments on the performance of DRD with respect to Royalties for Regions administration.

The Regional Development Council

The Regional Development Council (Council) is established under Part 4 section 33 of the *Regional Development Commissions Act 1993*. The membership of the Council comprises the chairpersons of the nine Regional Development Commissions and three persons appointed by the Minister for Regional Development. The Council is the advisory body to the Minister on all regional development issues.

The Council's operation is supported by the Secretariat within DRD's Policy Division and also draws on the capability of DRD to assist with its deliberations. Throughout 2014–15, DRD continued to provide the Council with executive support including management of its governance, administrative and financial arrangements.

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Agency performance

Report on operations

Royalties for Regions investment

Royalties for Regions investment is channeled into projects that help build regional communities and all decisions are underpinned by six principles:

- Building capacity in regional communities
- Retaining benefits in regional communities
- Improving services to regional communities
- Attaining sustainability
- Expanding opportunity
- Growing prosperity.

Royalties for Regions operates under three funds established under the *Royalties for Regions Act 2009*:

The Country Local Government Fund

The State Government made a $543 million commitment over five years to support country local governments build and maintain their community infrastructure.

The Country Local Government Fund supports local governments in the nine regions defined in the *Regional Development Commissions Act 1993*.

An amount of $50.7 million was disbursed through the fund in 2014–15 for 50 projects.

The Regional Community Services Fund

In 2014–15, $249.7 million was disbursed to invest in priority services to enhance the quality of life for residents in regional areas, and improving access to government services and infrastructure. The fund aims to support investment in regional Western Australia and help leverage investment from other sources for projects that will contribute to the development of services in regional areas.

The Regional Infrastructure and Headworks Fund

In 2014–15, $466.7 million was disbursed to support large-scale, strategic regional infrastructure and headworks projects acknowledged as being of strategic importance to Western Australia.

The fund invests in regional Western Australia and helps attract additional funding from other sources for projects that will contribute to the development of regional infrastructure and headworks. It also supports planning for infrastructure at a regional level and encourages communities to develop infrastructure projects that benefit local organisations and communities.

Royalties for Regions funded projects

In 2014–15, Royalties for Regions provided a total of $761 million towards projects from these three funding initiatives under the following categories:

- Aboriginal Initiatives – 16 projects with a total value of $25.1 million
- Agriculture, Food, Environment and Mining – 25 projects with a total value of $61.2 million
- Community, Culture and Arts – 56 projects with a total value of $118.9 million
- Economic Development – 39 projects with a total value of $77.4 million
- Education and Training – 52 projects with a total value of $64 million
- Health and Aged Care – 27 projects with a total value of $73.1 million
- Housing – 26 projects with a total value of $89.6 million
- Sport and Recreation – 19 projects with a total value of $15.7 million
- Tourism – 21 projects with a total value of $36.3 million
- Transport – 33 projects with a total value of $141.9 million
- Utilities, Power, Water and Communications – 22 projects with a total value of $49.7 million.

Other Regional Development Initiatives

- Regional Grants Scheme – $5.3 million
- Community Chest Fund – $3.3 million

More detailed information on projects delivered will be published in the Royalties for Regions Progress Report 2014–15 which will be available on the Department of Regional Development website by December 2015.

Kununurra Courthouse – Courtesy of Dept of the Attorney General

Financial Summary

Report on operations

Actual results versus budget targets

Financial targets	2014–15 Target[1] $000	2014–15 Actual $000	Variation[2] $000
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)[a]	267,902	244,687	(23,215)
Net cost of services (sourced from Statement of Comprehensive Income)[b]	263,766	237,340	(26,426)
Total equity (sourced from Statement of Financial Position)[c]	79,017	110,318	38,506
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)[d]	122	42,271	42,149
Approved full time equivalent (FTE) staff level[e]	154	162	8

[1] As specified in the Budget Statements.

[2] Further explanations are contained in Note 33 'Explanatory statement' to the financial statements.

[a] The decrease in 2014-15 actual Total cost of services as compared to 2014-15 target is due to a reduction in grant expenditure ($21 million).

[b] The decrease in 2014-15 actual Net cost of services is due to a decrease in Royalties for Regions funding for $27 million and this is offset by Grants received from Other State Agencies for $0.99 million.

[c] The variance in the Total Equity is mainly a result of the receipt of $50 million for Strategic Reform Initiatives Fund.

[d] The increase in cash represents the $50 million receipt for Strategic Reform Initiatives Fund.

[e] The approved FTE in 2014-15 has increased during the year.

Summary of key performance indicators

	2014–15 Target[1] $	2014–15 Actual $	Variation[2] $
Outcome: Increased capacity of regional communities to develop economic growth and social wellbeing:			
Effectiveness indicator			
Client satisfaction with regional development services	85%	90%	+5%
Efficiency indicators			
Service 1: Regional investment			
Average cost per funded initiative administered[a]	$18,596	$17,538	($1,058)
Average internal cost per satellite site supported[b]	$5,700	$3,368	($2,332)
Service 2: Regional policy			
Average cost per item of written advice requiring Minister's attention[c]	$3,631	5,657	$2,026

[1] The 2014-15 Target is as specified in the 2014-15 Budget Statements

[2] Explanations for the variations between targeted and actual results are presented in Note 33 'Explanatory Statement' to the financial statements.

[a] The Average cost per funded initiative administered for 2014-15 Actual is less than target due to the increase of number of initiatives administered this financial year.

[b] The decrease in the Average internal cost per satellite site supported was due to a higher number of satellite sites supported than previously anticipated

[c] The variance between the 2014-15 target and actuals in the Average cost per item of written advice requiring Minister's attention requiring was due to a lower number of items supported than anticipated

Other financial disclosures

Pricing policies of services provided

The Department of Regional Development (DRD) charges for goods and services rendered on a full or partial cost recovery basis. These fees and charges were determined in accordance with the *Costing and Pricing Government Services: Guidelines for use by Agencies in the Western Australian Public Sector published* by Treasury.

Capital Works

Capital project incomplete

DRD has implemented the first stage of the Royalties for Regions Enterprise Online Management System (RfR online). RfR online was developed as an enterprise level, scalable business solution that manages multiple business processes and functions involved in the administration of the Royalties for Regions Program. The project is now progressing on building on the capabilities to incorporate the streamlining of operating processes, reporting functions and automation of approvals process and the integration within the Department's business systems, as well as implementation of a portal for DRD and key stakeholders use. The estimated total cost of the project is $1.385 million and the estimated remaining cost to complete the project at 30 June 2015 is $0.925 million.

Capital projects completed

DRD has transitioned out of the Department of Transport IT environment with the implementation of the DRD's own ICT infrastructure and systems to support both the DRD and Department of Lands.

Other legal requirements

Advertising under the *Electoral Act 1907*

In compliance with section 175ZE of the *Electoral Act 1907*, DRD is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

The details of the DRD's expenditure are as follows:

Type	Supplier	$
Advertising agencies		
Market research organisations	IPSOS Australia	53,015
Polling organisations		
Direct mail organisations	Quickmail	62,475
Media advertising organisations	The Brand Agency	432,183
	Carat Australia Media Services	142,228
	Adcorp Australia Limited	16,388
Total expenditure		706,289

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Significant issues impacting the agency

Current and emerging issues

Regional Services Reform

The Department of Regional Development (DRD) will play a lead role in the State Government's cross-agency effort to improve remote service delivery, particularly in relation to remote Aboriginal communities, and will seek to ensure that Aboriginal people are increasingly able to contribute to and benefit from the development of regional opportunities. Project implementation plans have been developed to support the proposed major reforms to the way infrastructure and human services are provided to Aboriginal communities in Western Australia. Mr Grahame Searle, former Director General of the Department of Housing, has been appointed to lead the reform.

A new Regional Reform Fund Special Purpose Account will be established to fund strategic reform initiatives in regional Western Australia designed to support State Government objectives. The first focus area will be centred on regional Aboriginal reform initiatives.

Regional Investment Blueprints

In partnership with the State's nine Regional Development Commissions (Commissions), DRD will continue to strengthen the business model of regional development to deliver greater integration, alignment and forward planning. Regional Investment Blueprints have been prepared by each of the Commissions. The Blueprints form a core component of the regional development planning architecture.

Regional Centres Development Plan

The State's key regional centres are well placed to capitalise on significant population growth forecasts. DRD will take a lead role to build a network of competitive regional centres through the next phase of the Regional Centres Development Plan.

Agriculture-food

DRD has a role in facilitating potential development opportunities in the agrifood industry and linking these with investment in regional Western Australia. DRD will work collaboratively across government and through inter-agency partnerships to attract strategic agricultural investment to the regions. With world food demand growing and supply becoming increasingly limited by reduced availability of arable land and water, Western Australia has a role in applying its expertise to developing new sustainable resources where water and suitable land are abundant. Western Australia's proximity to Asia, where the bulk of increased world demand is expected to eventuate, represents a significant opportunity to capitalise on water and land resources that have the potential to be sustainably developed, particularly in the north of the state.

The Ord Irrigation area in the Kimberley, the Carnarvon horticultural precinct and new areas in the Pilbara, represent northern growth opportunities for increased agricultural development based on sugar, cotton, grains, and horticulture or fodder crops. Successful agricultural projects will create downstream economic growth for communities in the north, including more jobs and diversified business opportunities.

Economic and social trends

Structural changes to the Western Australian economy are resulting in increased pressure on regional jobs, services and quality of life. The Royalties for Regions program will support a greater emphasis on economic growth to ensure the most appropriate investments are made in response to a tightening of the State's finances. Regional economies are heavily dependent, both directly and indirectly, on the State's economic and financial outlook from the global economy. As the State's economic cycle moves beyond a peak in commodity prices and business investment, DRD will focus on creating conditions to attract investment, growing regional economies, creating jobs and building the capability of people in regional areas.

The continuing delivery of the Growing our South and State-wide Regional Blueprint Initiatives provide a significant opportunity to enhance economic and social outcomes in the regions.

Changes in written law

During the 2014–15 financial year no new legislation was passed or proclaimed.

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Disclosures and legal compliance

Auditor General

INDEPENDENT AUDITOR'S REPORT
To the Parliament of Western Australia
Department of Regional Development

Report on the Financial Statements

I have audited the accounts and financial statements of the Department of Regional Development.

The financial statements comprise the Statement of Financial Position as at 30 June 2015, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, Schedule of Assets and Liabilities by Service, and Summary of Consolidated Account Appropriations and Income Estimates for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information, including Administered transactions and balances.

Director General's Responsibility for the Financial Statements

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

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Department's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Director General, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Department of Regional Development at 30 June 2015 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by the Department of Regional Development during the year ended 30 June 2015.

Controls exercised by the Department of Regional Development are those policies and procedures established by the Director General 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.

Director General's Responsibility for Controls
The Director General is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Department of Regional Development based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Department complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Opinion
In my opinion, the controls exercised by the Department of Regional Development 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 2015.

Report on the Key Performance Indicators
I have audited the key performance indicators of the Department of Regional Development for the year ended 30 June 2015.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Director General's Responsibility for the Key Performance Indicators
The Director General 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 controls as the Director General determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Director General's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

Opinion
In my opinion, the key performance indicators of the Department of Regional Development are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2015.

Independence

In conducting this audit, I have complied with the independence requirements of the *Auditor General Act 2006* and Australian Auditing and Assurance Standards, and other relevant ethical 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 Department of Regional Development for the year ended 30 June 2015 included on the Department's website. The Department's management is responsible for the integrity of the Department's website. This audit does not provide assurance on the integrity of the Department'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.

Colin Murphy
Auditor General for Western Australia
18 September 2015

Financial statements

Certification of financial statements

For the year ended 30 June 2015

The accompanying financial statements of the Department of Regional Development 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 2015 and the financial position as at 30 June 2015.

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.

Ralph Addis
Director General
16 September 2015

Fauziah Antonio
Chief Finance Officer
16 September 2015

Statement of Comprehensive Income

For the year ended 30 June 2015

	Note	2015 $000	2014 $000
COST OF SERVICES			
Expenses			
Employee benefits expense	6.	18,151	17,571
Supplies and services	7.	24,349	27,814
Depreciation and amortisation expense	8.	3,802	3,578
Finance cost	9.	766	864
Accommodation expenses	10.	2,202	2,211
Grants and subsidies	11.	195,272	133,501
Other expenses	12.	1,059	465
Total cost of services		**245,601**	**186,004**
Income			
Revenue			
User charges and fees	13.	3,845	2,742
Commonwealth grants and contributions	14.	735	526
Other revenue	15.	4,757	1,565
Total Revenue		**9,337**	**4,833**
Total income other than income from State Government		**9,337**	**4,833**
NET COST OF SERVICES		**236,264**	**181,171**

	Note	2015 $000	2014 $000
Income from State Government	16.		
Service appropriation		7,332	4,244
Services received free of charge		529	411
Royalties for Regions Fund		228,587	171,612
Grants received from Other State Agencies		990	700
Total income from State Government		**237,438**	**176,967**
SURPLUS/(DEFICIT) FOR THE PERIOD		**1,174**	**(4,204)**
Other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**1,174**	**(4,204)**

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

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

Statement of Financial Position

As at 30 June 2015

	Note	2015 $000	2014 $000
ASSETS			
Current Assets			
Restricted cash and cash equivalents	17, 29	24,399	30,601
Receivables	18.	10,846	4,671
Other current assets	20.	2,817	3,339
Total Current Assets		**38,062**	**38,611**
Non-Current Assets			
Restricted cash and cash equivalents	17, 29	-	455
Amounts receivable for services	19.	4,951	1,428
Property, Plant and equipment	21.	22,434	22,097
Intangible assets	22.	4,562	1,678
Other non-current assets	20.	10,278	12,696
Total Non-Current Assets		**42,225**	**38,354**
TOTAL ASSETS		**80,287**	**76,965**
LIABILITIES			
Current Liabilities			
Payables	24.	2,051	815
Borrowings	25.	2,351	2,308
Provisions	26.	3,642	3,539
Other current liabilities	27.	9	3
Total Current Liabilities		**8,053**	**6,665**

	Note	2015 $000	2014 $000
Non-Current Liabilities			
Borrowings	25.	10,737	13,088
Provisions	26.	1,176	1,023
Total Non-Current Liabilities		**11,913**	**14,111**
TOTAL LIABILITIES		19,966	20,776
NET ASSETS		**60,321**	**56,189**
EQUITY			
Contributed Equity	28.	63,351	60,393
Accumulated surplus/(deficit)		(3,030)	(4,204)
TOTAL EQUITY		**60,321**	**56,189**

See also the 'Schedule of Assets and Liabilities by Service'.

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 2015

	Note	Contributed equity $000	Reserves $000	Accumulated surplus/(deficit) $000	Total equity $000
Balance at 1 July 2013 (former Department of Regional Development and Lands)	28.	**147,409**	**166,025**	-	**313,434**
Surplus/(Deficit)		-	-	(4,204)	(4,204)
Total comprehensive income for the period		-	-	(4,204)	(4,204)
Transactions with owners in their capacity as owners:					
Capital appropriations		-	-	-	-
Other contributions by owners		3,282	-	-	3,282
Distribution to owners		(90,298)	(166,025)	-	(256,323)
Total		(87,016)	(166,025)	-	(253,041)
Balance at 30 June 2014		**60,393**	**-**	**(4,204)**	**56,189**
Balance at 1 July 2014		60,393	-	(4,204)	56,189
Surplus/(Deficit)		-	-	1,174	1,174
Total Comprehensive Income for the period		-	-	1,174	1,174
Transactions with owners in their capacity as owners:					
Capital appropriations		-	-	-	-
Other contributions by owners		2,958	-	-	2,958
Distribution to owners		-	-	-	-
Distribution from others		-	-	-	-
Total		2,958	-	-	2,958
Balance at 30 June 2015		**63,351**	**-**	**(3,030)**	**60,321**

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 2015

	Note	2015 $000	2014 $000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		3,809	4,244
Royalties for Regions Fund		228,587	171,612
Grants received from Other State Agencies		990	700
Capital contribution received from Other State Agencies		-	450
Net cash provided by State Government		**233,386**	**177,006**
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(17,861)	(17,579)
Supplies and services		(22,095)	(28,339)
Accommodation		(2,202)	(2,211)
Grants and subsidies		(195,272)	(133,501)
GST payments on purchases		(21,608)	(15,348)
Other payments		(1,059)	(465)
Receipts			
User charges and fees		3,948	2,742
Commonwealth grants and contributions		735	526
GST receipts on sales		505	296
GST receipts from taxation authority		14,831	14,297
Other receipts		2,103	1,867
Net cash provided by/(used in) operating activities	29.	**(237,975)**	**(177,715)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments			
Purchase of non-current assets		(266)	(341)
Purchase of intangible asset		(1,801)	-
Receipts			
Proceeds from disposal of non-current asset		-	-
Net cash provided by/(used in) investing activities		**(2,067)**	**(341)**

	Note	2015 *$000*	2014 *$000*
Net increase/(decrease) in cash and cash equivalents		(6,656)	(1,050)
Cash and cash equivalents at the beginning of the period		31,056	36,658
Cash Balance transferred from the Department of Lands - Administered		-	2,833
Cash Balance transferred from Other State Agencies		-	-
Cash Balance transferred to the Department of Lands		-	(7,178)
Cash Balance transferred to the Department of Treasury		-	(207)
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	29.	**24,399**	**31,056**

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

Schedule of Income and Expenses by Service

For the year ended 30 June 2015

	Regional Investment		Regional Policy		Total	
	2015	2014	2015	2014	2015	2014
	$000	$000	$000	$000	$000	$000
COST OF SERVICES						
Expenses						
Employee benefits expense	11,493	11,609	6,658	5,962	18,151	17,571
Supplies and services	21,319	22,673	3,030	5,141	24,349	27,814
Depreciation and amortisation expense	3,395	3,236	407	342	3,802	3,578
Finance cost	766	864	-	-	766	864
Accommodation expenses	1,533	1,627	669	584	2,202	2,211
Grants and subsidies	194,386	132,940	886	561	195,272	133,501
Other expenses	1,032	330	27	135	1,059	465
Total cost of services	**233,924**	**173,279**	**11,677**	**12,725**	**245,601**	**186,004**
Income						
User charges and fees	2,655	1,950	1,190	792	3,845	2,742
Commonwealth grants and contributions	735	373	-	153	735	526
Other revenue	4,016	1,111	741	454	4,757	1,565
Total income other than income from State Government	**7,406**	**3,434**	**1,931**	**1,399**	**9,337**	**4,833**
NET COST OF SERVICES	**226,518**	**171,540**	**9,746**	**9,631**	**236,264**	**181,171**
Income from State Government						
Service appropriation	6,051	4,163	1,281	81	7,332	4,244
Services received free of charge	365	292	164	119	529	411
Royalties for Regions Fund	220,707	165,729	7,880	5,883	228,587	171,612
Grants received from Other State Agencies	683	497	307	203	990	700
Total income from State Government	**227,806**	**170,681**	**9,632**	**6,286**	**237,438**	**176,967**
SURPLUS/(DEFICIT) FOR THE PERIOD	**1,288**	**(859)**	**(114)**	**(3,345)**	**1,174**	**(4,204)**

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

Schedule of Assets and Liabilities by Service

As at 30 June 2015

	Regional Investment		Regional Policy		Total	
	2015	2014	2015	2014	2015	2014
	$000	*$000*	*$000*	*$000*	*$000*	*$000*
Assets						
Current assets	26,263	27,414	11,799	11,197	38,062	38,611
Non-current assets	29,135	27,231	13,090	11,123	42,225	38,354
Total assets	**55,398**	**54,645**	**24,889**	**22,320**	**80,287**	**76,965**
Liabilities						
Current liabilities	5,556	4,732	2,497	1,933	8,053	6,665
Non-current liabilities	8,220	10,019	3,693	4,092	11,913	14,111
Total liabilities	**13,776**	**14,751**	**6,190**	**6,025**	**19,966**	**20,776**
NET ASSETS	**41,622**	**39,894**	**18,699**	**16,295**	**60,321**	**56,189**

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

Summary of Consolidated Account Appropriations and Income Estimates

For the year ended 30 June 2015

	2015 Estimate *$000*	2015 Actual *$000*	Variance *$000*	2015 Actual *$000*	2014 Actual *$000*	Variance *$000*
Delivery of Services						
Item 14 Net amount appropriated to deliver services	7,045	7,045	-	7,045	3,963	3,082
Amount Authorised by Other Statutes						
- *Salaries and Allowances Act 1975*	287	287	-	287	281	6
Total appropriations provided to deliver services	**7,332**	**7,332**	**-**	**7,332**	**4,244**	**3,088**
Capital						
Capital appropriation	-	-	-	-	-	-
GRAND TOTAL	**7,332**	**7,332**	**-**	**7,332**	**4,244**	**3,088**
Details of Expenses by Service						
Regional Investment	260,254	233,924	(26,330)	233,924	173,279	60,645
Regional Policy	7,648	11,677	4,029	11,677	12,725	(1,048)
Total Cost of Services	267,902	245,601	(22,301)	245,601	186,004	59,597
Less Total income	(4,136)	(9,337)	(5,201)	(9,337)	(4,833)	(4,504)
Net Cost of Services	263,766	236,264	(27,502)	236,264	181,171	55,093
Adjustments	(256,434)	(228,932)	27,502	(228,932)	(176,927)	(52,005)
Total appropriations provided to deliver services	**7,332**	**7,332**	**-**	**7,332**	**4,244**	**3,088**
Capital Expenditure						
Purchase of non-current physical assets	-	2,067	2,067	2,067	341	1,726
Adjustments for other funding sources (i)	-	(2,067)	(2,067)	(2,067)	(341)	(1,726)
Capital appropriations	**-**	**-**	**-**	**-**	**-**	**-**

(i) Adjustments comprise Royalties for Regions funding, Resources Received Free of Charge, Grants received from other State government agencies, movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 33 'Explanatory statement' provides details of any significant variations between estimates and actual results for 2015.

Notes to the Financial Statements

For the year ended 30 June 2015

Note 1. Australian Accounting Standards

General

The Department of Regional Development's (DRD) financial statements for the year ended 30 June 2015 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' includes Standards and Interpretations issued by the Australian Accounting Standards Board (AASB).

DRD has adopted any applicable new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

DRD cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Partial exemption permits early adoption of AASB 2015-7 *Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities* has been granted. Aside for AASB 2015-7, there has been no early adoption of Australian Accounting Standards that have been issued or amended (but not operative) by DRD for the annual reporting period ended 30 June 2015.

Note 2. Summary of significant accounting policies

(a) General statement

DRD is a not for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB as applied by the Treasurer's instructions. Several of these are modified by the Treasurer's instructions to vary application, disclosure, format and wording.

The Financial Management Act 2006 and the Treasurer's instructions impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

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.

(b) Basis of preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for land, buildings and infrastructure which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000).

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying DRD's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(c) Reporting entity

The reporting entity comprises DRD and bodies included at note 37 'Related bodies'.

Mission

DRD's mission is to facilitate the development of empowered, strong, vibrant and sustainable regional communities, so they have a sense of purpose and control over their future.

DRD is predominantly funded from Royalties for Regions. The financial statements encompass all funds through which DRD controls resources to carry on its functions.

Services

DRD provides the following services:

Service 1: Regional investment

Provide support to the regional Community Resource Centre network, the Regional Development Council and Commissions.

Service 2: Regional policy

This service focuses on delivering effective government policy to support regional development and service delivery, including modernising legislation.

(d) 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 transfer 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.

(e) Income

Revenue recognition

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of goods

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership transfer to the purchaser and can be measured reliably.

Provision of services

Revenue is recognised by reference to the stage of completion of the transaction.

Interest

Revenue is recognised as it the interest accrues.

Service appropriations

Service Appropriations are recognised as revenues at fair value in the period in which DRD gains control of the appropriated funds. DRD gains control of appropriated funds at the time those funds are deposited to the bank account or credited to the 'Amounts receivable for services' (holding account) held at Treasury.

Net appropriation determination

The Treasurer may make a determination providing for prescribed receipts to be retained for services under the control of DRD. In accordance with the determination specified in the 2014–15 Budget Statements, DRD retained $9.3 million in 2015 ($4.8 million in 2014) from the following:

- proceeds from fees and charges;
- sale of goods;
- other departmental revenue.

Grants, donations, gifts and other non-reciprocal contributions

Revenue is recognised at fair value when DRD obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Royalties for Regions funds are recognised as revenue at fair value in the period in which DRD obtains control over the funds. DRD obtains control of the funds at the time the funds are deposited into DRD's bank account.

(f) Borrowing costs

Borrowing costs are expensed when incurred.

(g) Property, plant and equipment and infrastructure

Capitalisation/expensing of assets

Items of property, plant and equipment and infrastructure costing $5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. 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).

Initial recognition and measurement

Property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, the cost is the fair value at the date of acquisition.

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of buildings and infrastructure and historical cost for all other property, plant and equipment. Buildings and infrastructure are carried at fair value less accumulated depreciation (buildings and infrastructure only) and accumulated impairment losses. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Where market-based evidence is available, the fair value of buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

In the absence of market-based evidence, fair value of buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Where the fair value of buildings is determined on the depreciated replacement cost basis, the gross carrying amount and the accumulated depreciation are restated proportionately.

Fair value of buildings (Ord Workers Camp) has been determined by reference to the depreciated replacement cost (existing use basis) as the assets are specialised and no market-based evidence of value is available. Independent valuations are obtained every 3 to 5 years for infrastructure.

When infrastructure is revalued, the accumulated depreciation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated useful life. Professional judgement by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Derecognition

Upon disposal or derecognition of an item of property, plant and equipment and infrastructure, any revaluation surplus relating to that asset is retained in the asset revaluation surplus.

Asset revaluation surplus

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current assets as described in note 21 'Property, plant and equipment'.

Depreciation

All non-current assets 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.

Depreciation is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Buildings	20 to 40 years
Office equipment	5 years
Computer hardware	3 years
Furniture & fittings	10 years
Communications equipment	5 years
Other equipment	10 years

Leased improvements are depreciated on a straight line basis over the life of the lease or the life of the asset, whichever is less.

(h) Intangible assets

Capitalisation/expensing of assets

Acquisitions of intangible assets costing $5,000 or more and internally generated intangible assets costing $50,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful lives. 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.

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

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life which is reviewed annually) on the straight line basis. All intangible assets controlled by DRD have a finite useful life and zero residual value.

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

Software	3 years

Computer software

Software that is an integral part of the related hardware is recognised as property, plant and equipment. Software that is not an integral part of the related hardware is recognised as an intangible asset. Software costing less than $5,000 is expensed in the year of acquisition.

(i) Impairment of assets

Property, plant and equipment, infrastructure and intangible assets are tested for any indication of impairment at the end of each reporting period. 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 recoverable amount, an impairment loss is recognised in profit or loss. Where a previously revalued asset is written down to recoverable amount, the loss is recognised as a revaluation decrement in other comprehensive income. As DRD is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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 falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at the end of each reporting period irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at the end of each reporting period.

(j) Non-current assets (or disposal groups) classified as held for sale

Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount or fair value less costs to sell, and are disclosed separately from other assets in the Statement of Financial Position. Assets classified as held for sale are not depreciated or amortised.

(k) Leases

Finance lease rights and obligations are initially recognised, at the commencement of the lease term, as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated over the period during which DRD is expected to benefit from their use. Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

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.

(l) Financial instruments

In addition to cash, DRD has two categories of financial instrument:

- Loans and receivables
- Financial liabilities measured at amortised cost.

Financial instruments have been disaggregated into the following classes:

- Financial assets:
  - Cash and cash equivalents
  - Restricted cash and cash equivalents
  - Receivables
  - Amounts receivable for services.

- Financial liabilities:
  - Payables
  - Finance lease liability.

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(m) Cash and cash equivalents

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

(n) Accrued salaries

Accrued salaries (see note 24 'Payables') represent the amount due to staff but unpaid at the end of the financial year. Accrued salaries are settled within a fortnight of the financial year end. DRD considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (See note 17 'Restricted cash and cash equivalents') consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

(o) Amounts receivable for services (holding account)

DRD receives funding on an accrual basis. The appropriations are paid partly in cash and partly as an asset (holding account receivable). The accrued amount receivable is accessible on the emergence of the cash funding requirement to cover leave entitlements and asset replacement.

(p) Receivables

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (i.e. impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that DRD will not be able to collect the debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(q) Payables

Payables are recognised at the amounts payable when DRD becomes obliged to make future payments as a result of a purchase of assets or services at fair value, as they are generally settled within 30 days.

(r) Borrowings

All loans payable are initially recognised at fair value, being the net proceeds received. Subsequent measurement is at amortised cost using the effective interest method.

(s) Provisions

Provisions are liabilities of uncertain timing or amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period.

Provisions - employee benefits

All annual leave and long service leave provisions are in respect of employees' services up to the end of the reporting period.

Annual leave

The liability for annual leave that is expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Annual leave is not expected to be settled wholly within 12 months after the reporting period and is therefore considered to be 'other long-term employee benefits'. The annual leave liability is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are 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.

The provision for annual leave is classified as a current liability as DRD does not have an unconditional right to the defer settlement of the liability for at least 12 months after the reporting period.

Long service leave

The liability for long service leave expected to be settled within 12 months after the reporting period is recognised and measured at the undiscounted amounts expected to be paid when the liability is settled.

Long service leave not expected to be settled within 12 months after the reporting period is recognised and measured at the present value of amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions, as well as the experience of employee departures and periods of service. The expected future payments are 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.

Unconditional long service leave provisions are classified as current liabilities as DRD does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because DRD has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

Deferred leave

The provision for deferred leave relates to Public Service employees who have entered into an agreement to self-fund an additional 12 months leave in the fifth year of the agreement. The provision recognises the value of salary set aside for employees to be used in the fifth year. This liability is measured on the same basis as annual leave. Deferred leave is reported as a current provision as employees can leave the scheme at their discretion at any time.

Purchased leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional 10 weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Superannuation

The Government Employees Superannuation Board (GESB) and other funds 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 varies according to commencement and implementation dates.

Eligible employees contribute to the Pension Scheme, a defined benefit pension scheme closed to new members since 1987, or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme closed to new members since 1995.

Employees commencing employment prior to 16 April 2007 who were not members of either the Pension Scheme or the GSS became non contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). From 30 March 2012, existing members of the WSS or GESBS and new employees became able to choose their preferred superannuation fund. The Department makes concurrent contributions to GESB or other funds on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. Contributions to these accumulation schemes extinguish DRD's liability for superannuation charges in respect of employees who are not members of the Pension Scheme or GSS.

The GSS is a defined benefit scheme for the purposes of employees and whole-of-government reporting. However, it is a defined contribution plan for agency purposes because the concurrent contributions (defined contributions) made by DRD to GESB extinguishes the agency's obligations to the related superannuation liability.

DRD has no liabilities under the Pension Scheme or the GSS. 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 DRD to the GESB.

The GESB makes all benefit payments in respect of the Pension Scheme and GSS, and is recouped from the Treasurer for the employer's share.

Provisions – other

Employment on-costs

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' and are not included as part of DRD's 'Employee benefits expense'. The related liability is included in 'Employment on-costs provision'.

(t) Superannuation expense

The superannuation expense in the Statement of Comprehensive Income comprises of employer contributions paid to the GSS (concurrent contributions), the WSS, the GESBS, or other superannuation fund. The employer contribution paid to the GESB in respect of the GSS is paid back into the Consolidated Account by the GESB.

(u) Assets and services received free of charge or for nominal cost

Assets or services received free of charge or for nominal cost are recognised as income at the fair value of the assets and/or the fair value of those services that DRD would otherwise pay for. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services received from other State Government agencies are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

(v) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figure in the current financial year.

Note 3. Judgements made by management in applying accounting policies

The preparation of financial statements requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. DRD evaluates these judgements regularly.

Operating lease commitments

DRD has entered into a number of leases for buildings for branch office accommodation. Some of these leases relate to buildings of a temporary nature and it has been determined that the lessor retains substantially all the risks and rewards incidental to ownership. Accordingly, these leases have been classified as operating leases.

Note 4. Key sources of estimation uncertainty

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.

Long Service Leave

Several estimations and assumptions used in calculating DRD's long service leave provision 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.

Note 5. Disclosure of changes in accounting policy and estimates

Initial application of an Australian Accounting Standard

DRD has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2014 that impacted on DRD.

Int 21	*Levies* This Interpretation clarifies the circumstances under which a liability to pay a government levy imposed should be recognised. There is no financial impact for DRD at reporting date. This Standard defines fair value, sets out a framework for measuring fair value and requires additional disclosures for assets and liabilities measured at fair value. There is no financial impact.
AASB 10	*Consolidated Financial Statements* This Standard, issued in August 2011, supersedes AASB 127 *Consolidated and Separate Financial Statements* and Int 112 *Consolidation – Special Purpose Entities*, introducing a number of changes to accounting treatments. The adoption of the new Standard has no financial impact for the Department as it does not impact accounting for related bodies and DRD has no interests in other entities.

AASB 11	*Joint Arrangements*	
	This Standard, issued in August 2011, supersedes AASB 131 Interests in Joint Ventures, introduces new principles for determining the type of joint arrangement that exists, which are more aligned to the actual rights and obligations of the parties to the arrangement. There is no financial impact for DRD as the new standard continues to require the recognition of DRD's share of assets and share of liabilities for the unincorporated joint operation.	
AASB 12	*Disclosure of Interests in Other Entities*	
	This Standard, issued in August 2011, supersedes disclosure requirements in AASB 127 *Consolidated and Separate Financial Statements*, AASB 128 *Investments in Associates* and AASB 131 *Interests in Joint Ventures*. There is no financial impact.	
AASB 127	*Separate Financial Statements*	
	This Standard, issued in August 2011, supersedes AASB 127 *Consolidated and Separate Financial Statements* removing the consolidation requirements of the earlier standard whilst retaining accounting and disclosure requirements for the preparation of separate financial statements. There is no financial impact.	
AASB 128	*Investments in Associates and Joint Ventures*	
	This Standard supersedes AASB 128 *Investments in Associates*, introducing a number of clarifications for the accounting treatments of changed ownership interest. The adoption of the new Standard has no financial impact for DRD as it does not hold investments in associates and joint ventures.	

AASB 1031	*Materiality*
	This Standard supersedes AASB 1031 (February 2010), removing Australian guidance on materiality not available in IFRSs and refers to guidance on materiality in other Australian pronouncements. There is no financial impact.
AASB 1055	*Budgetary Reporting*
	This Standard requires specific budgetary disclosures in the general purpose financial statements of not-for-profit entities within the General Government Sector. DRD will be required to disclose additional budgetary information and explanations of variances between actual and budgeted amounts, though there is no major financial impact.
AASB 2011-7	*Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]*
	This Standard gives effect to consequential changes arising from the issue of AASB 10, AASB 11, AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures. There is no financial impact for DRD.
AASB 2012-3	*Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities [AASB & 132]*
	TThis Standard adds application guidance to AASB 132 to address inconsistencies identified in applying some of the offsetting criteria, including clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. There is no financial impact.

AASB 2013-3	*Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets* This Standard introduces editorial and disclosure changes. There is no financial impact.
AASB 2013-4	*mendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]* This Standard permits the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. The Model Department does not routinely enter into derivatives or hedges, therefore there is no financial impact.
AASB 2013-8	*Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, 12 & 1049]* The amendments, issued in October 2013, provide significant guidance in determining whether a not-for-profit entity controls another entity when financial returns are not a key attribute of the investor's relationship. The Standard has no financial impact in its own right, rather the impact results from the adoption of the amended AASB 10.
AASB 2013-9	*Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* Part B of this omnibus Standard makes amendments to other Standards arising from the deletion of references to AASB 1031 in other Standards for periods beginning on or after 1 January 2014. It has no financial impact.
AASB 2014-1	*Amendments to Australian Accounting Standards* Part A of this Standard consists primarily of clarifications to Accounting Standards and has no financial impact for DRD. Part B of this Standard has no financial impact as DRD contributes to schemes that are either defined contribution plans, or deemed to be defined contribution plans. Part C of this Standard has no financial impact as it removes references to AASB 1031 Materiality from a number of Accounting Standards Amendments to Australian Accounting Standards.
AASB 2015-7	*Amendments to Australian Accounting Standards - Fair Value Disclosures of Not for Profit Public Sector Entities* This Standard relieves not-for-profit public sector entities from the reporting burden associated with various disclosures required by AASB 13 for assets within the scope of AASB 116 that are held primarily for their current service potential rather than to generate future net cash inflows. It has no financial impact.

Future impact of Australian Accounting Standards not yet operative

DRD 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 TI1101. By virtue of a limited exemption, DRD has early adopted AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities. Where applicable, DRD plans to apply these Australian Accounting Standards from their application date.

		Operative for reporting periods beginning on/after
AASB 9	*Financial Instruments* This Standard supersedes AASB 139 *Financial Instruments: Recognition and Measurement*, introducing a number of changes to accounting treatments. The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 Amendments to Australian Accounting Standards. DRD has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 15	*Revenue from Contracts with Customers* This Standard establishes the principles that DRD 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. DRD has not yet determined the application or the potential impact of the Standard.	1 Jan 2017

		Operative for reporting periods beginning on/after
AASB 2010-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [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]* This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. DRD has not yet determined the application or the potential impact of the Standard.	1 Jan 2018
AASB 2013-9	*Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments* Part C of this omnibus Standard defers the application of AASB 9 to 1 January 2017. The application date of AASB 9 was subsequently deferred to 1 January 2018 by AASB 2014-1. DRD has not yet determined the application or the potential impact of AASB 9.	1 Jan 2015

		Operative for reporting periods beginning on/after
AASB 2014-1	*Amendments to Australian Accounting Standards* Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. It has not yet been assessed by the Authority to determine the application or potential impact of the Standard.	1 Jan 2015
AASB 2014-3	*Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & 11]* DRD establishes Joint Operations in pursuit of its objectives and does not routinely acquire interests in Joint Operations. Therefore, there is no financial impact on application of the Standard.	1 Jan 2016
AASB 2014-4	*Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & 138]* The adoption of this Standard has no financial impact for the Model Department as depreciation and amortisation is not determined by reference to revenue generation, but by reference to consumption of future economic benefits.	1 Jan 2016

		Operative for reporting periods beginning on/after
AASB 2014-5	*Amendments to the Australian Accounting Standards arising from AASB 15* This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. DRD has not yet determined the application or the potential impact of the Standard.	1 Jan 2017
AASB 2014-7	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)* This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). DRD has not yet determined the application or the potential impact of the Standard.	1 Jan 2018

		Operative for reporting periods beginning on/after
AASB 2014-8	*Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 (2009 & 2010)]* This Standard makes amendments to AASB 9 Financial Instruments (December 2009) and AASB 9 Financial Instruments (December 2010), arising from the issuance of AASB 9 Financial Instruments in December 2014. DRD has not yet determined the application or the potential impact of the Standard.	1 Jan 2015
AASB 2014-9	*Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]* This Standard amends AASB 127, and consequentially amends AASB 1 and AASB 128, to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements. DRD has not yet determined the application or the potential impact of the Standard.	1 Jan 2016

		Operative for reporting periods beginning on/after
AASB 2014-10	*Amendments to Australian Accountings Standards - Sale or Contributions of Assets between and Investor and its Associate or Joint Venture [AASB 10& 128]* This Standard amends AASB 10 and AASB 128 to address an inconsistency between the requirements in AASB 10 and those in AASB 128 (August 2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. DRD has not yet determined the application or the potential impact of the Standard.	1 Jan 2016
AASB 2015-1	*Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle [AASB 1, 2, 3, 5, 7, 11, 110, 119, 121, 133, 134, 137 & 140]* These amendments arise from the issuance of International Financial Reporting Standard Annual Improvements to IFRSs 2012–2014 Cycle in September 2014, and editorial corrections. DRD has determined that the application of the Standard has no financial impact.	1 Jan 2016

		Operative for reporting periods beginning on/after
AASB 2015-2	*Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101 [AASB 7, 101, 134 & 1049]* This Standard amends AASB 101 to provide clarification regarding the disclosure requirements in AASB 101. Specifically, the Standard proposes narrow-focus amendments to address some of the concerns expressed about existing presentation and disclosure requirements and to ensure entities are able to use judgement when applying a Standard in determining what information to disclose in their financial statements. There is no financial impact.	1 Jan 2016
AASB 2015-3	*Amendments to Australian Standards arising from the Withdrawal of AASB 1031 Materiality* This Standard completes the withdrawal of references to AASB 1031 in all Australian Accounting Standards and Interpretations, allowing that Standard to effectively be withdrawn. There is no financial impact.	1 Jan 2015

		Operative for reporting periods beginning on/after
AASB 2015-16	*Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, 124 & 1049]* The amendments extend the scope of AASB 124 to include application by not-for-profit public sector entities. Implementation guidance is included to assist application of the Standard by not-for-profit public sector entities. There is no financial impact.	1 Jan 2016

Note 6. Employee benefits expense

	2015	2014
	$000	$000
Wages and salaries[a]	16,558	16,111
Superannuation - defined contribution plans[b]	1,593	1,460
	18,151	**17,571**

[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.

Employment on-costs expenses, such as workers' compensation insurance, are included at note 12 'Other expenses'.

Employment on-costs liability is included at note 26 'Provisions'.

Note 7. Supplies and services

	2015	2014
	$000	$000
Communications	716	849
Consultants and contractors	12,289	16,054
Consumables	196	233
Travel	322	289
Services purchased from non-government agencies[a]	10,129	9,446
Other	697	943
	24,349	**27,814**

[a] The 2013-14 financial year figures have been reclassified for comparative purposes, predominantly due to change in funding arrangements for Community Resources Centres from grants to contracts for services.

Note 8. Depreciation and amortisation expense

	2015	2014
	$000	$000
Depreciation		
Buildings	635	576
Office equipment	9	5
Computer hardware	359	198
Furniture and fixtures	23	23
Communications	2	2
Other equipment	1	1
Leased improvements	1,858	1,858
Total depreciation	**2,887**	**2,663**
Amortisation		
Computer software	915	915
Total amortisation	915	915
Total depreciation and amortisation	**3,802**	**3,578**

Note 9. Finance costs

	2015	2014
	$000	$000
Interest expense	766	864
Finance costs expensed	**766**	**864**

Note 10. Accommodation expenses

	2015	2014
	$000	$000
Lease rentals	2,153	2,095
Repairs and Maintenance	49	116
	2,202	**2,211**

Note 11. Grants and subsidies

	2015	2014
	$000	$000
Royalties for Regions		
Country Local Government Fund	51,049	41,477
Aboriginal Development Package	1,448	4,135
Regional Community Services Fund:		
Regional Grants Scheme	4,121	1,560
Regional Health Program	2,500	2,500
Regional Strategic Projects	1,662	5,017
Aboriginal Initiatives	745	150
Community Resource Networks[(a)]	1,616	2,125
Action Agenda Projects	3,547	13,714
Regional Infrastructure and Headworks Fund:		
Pilbara Cities Initiatives	9,998	12,292
Goldfield Esperance Revitalisation	-	6,618
Gascoyne Revitalisation	29,531	16,160
Midwest Revitalisation	7,602	24,385
Regional Capital Works Initiatives	2,614	2,251
Southern Investment Initiatives	76,764	-
Other Minor Grants	-	9
Other Grants		
Other Grants	2,077	1,108
	195,272	**133,501**

[(a)] The 2013-14 financial year ($9,446) have been reclassified fto supplies and services.

Note 12. Other expenses

	2015	2014
	$000	*$000*
Employment on-costs[a]	67	101
Other[b]	992	364
	1,059	**465**

[a] 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 26 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

[b] 2015 figure includes $914,500 for the returned of RfR grants monies to the Department of Treasury.

Note 13. User charges and fees

	2015	2014
	$000	*$000*
Services Rendered [a]	3,845	2,742
	3,845	**2,742**

[a] Mainly fees charged to Regional Development Commissions and Department of Lands for bureau services.

Note 14. Commonwealth grants and contributions

	2015	2014
	$000	*$000*
Remote Indigenous Public Internet Access	735	505
Other Recurrent	-	21
Indian Ocean Territories [a]	-	-
	735	**526**

[a] The Agreement pursuant to Section 23 of the *Financial Management Act*, between the Treasurer and the Accountable Officer provides for the retention of monies received by the Department of the Commonwealth in respect of the Indian Ocean Territories. Revenue retained pursuant to this agreement is to be applied to DRD's Services. Monies received by DRD in respect of the services provided shall be credited to the DRD's operating account.

Opening balances	87	242
Plus: Gross receipts	-	-
	87	242
Less: Gross payments	87	155
Closing balances	**-**	**87**

DRD has a Service Delivery Arrangement with the Commonwealth Department of Regional Australia, Local Government, Arts and Sport whereby it provides the same level of support and advice to the Shires of Christmas Island and Cocos (Keeling) Islands as it provides to Western Australian local governments. These local governments are Indian Ocean Territories, however, they operate under the auspices of the *WA Local Government Act 1995*. Under a special arrangement, the Australian Minister for Local Government and Territories is the designated Minister under that Act.

Note 15. Other revenue

	2015	2014
	$000	*$000*
Interest Revenue[(a)]	656	715
Other revenue [(b) (c)]	4,101	849
	4,757	**1,565**

[(a)] Interest Revenue relates to a finance lease agreement with the Baiyungu Aboriginal Corporation.

[(b)] 2015 figure includes $288,594 for the return unspent grants monies from Peel Development Commission ($125,839), Pilbara Development Commission ($76,255) and Goldfield Esperance Development Commission ($86,500); and receipt of $1,702,062 contribution from Department of Aboriginal Affairs for Aboriginal Critical Emergency Response project.

[(c)] Includes adjustment of $1,997,899 (2015) capitalisation of intangible assets that was expensed in previous financial year instead of being capitalised.

Note 16. Income from State Government

	2015	2014
	$000	*$000*
Appropriation received during the period:		
Service appropriation [(a)]	7,332	4,244
	7,332	**4,244**
Services received free of charge from other State government agencies during the period:		
Department of Finance - Government Accommodation	311	260
State Solicitor's Office - Legal Services Charges	209	151
	529	**411**
Royalties for Regions Fund:		
Country Local Government Fund [(b)]	50,367	46,222
Regional Community Services Account [(b)]	24,361	46,159
Regional Infrastructure and Headwork Account [(b)]	128,439	58,945
Regional and Statewide Initiatives [(b)]	25,420	20,286
	228,587	**171,612**
Grants received from other State government agencies:		
Department of Lands	-	600
Department of Local Government and Communities	990	100
	990	**700**
	237,438	**176,967**

[a] Service appropriations fund the net cost of services delivered. Appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the budgeted depreciation expense for the year and any agreed increase in leave liabilities during the year.

[b] This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas.

Note 17. Restricted cash and cash equivalents

	2015	2014
	$000	$000
Current		
Royalties for Regions Fund [a]	21,352	27,865
Colocation Fund	1,103	2,736
Recurrent grants [b]	1,347	-
Accrued salaries suspense account [c]	597	-
	24,399	**30,601**
Non-current		
Accrued salaries suspense account [c]	-	455
	-	**455**

[a] Unspent funds are committed to projects and programs in WA regional areas.

[b] Unspent funds received from Commonwealth and State Government.

[c] Funds held in the suspense account used only for the purpose of meeting the 27th pay in a financial year that occurs every 11 years.

Note 18. Receivables

	2015	2014
	$000	$000
Current		
Receivables	2	55
GST Receivable	10,826	4,554
Other debtors	18	62
Total current	**10,846**	**4,671**
Total receivables	**10,846**	**4,671**

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

Note 19. Amounts receivable for services (Holding Account)

	2015	2014
	$000	$000
Non-current	4,951	1,428
	4,951	**1,428**

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

Note 20. Other assets

	2015 $000	2014 $000
Current		
Prepayments	399	921
Lease Prepayments [a]	2,418	2,418
Total current	**2,817**	**3,339**
Non-Current		
Lease Prepayments [a]	10,278	12,696
Total non-current	**10,278**	**12,696**

[a] DRD, on behalf of the State, has entered into a lease agreement with the Baiyungu Aboriginal Corporation. The lease is in relation to the Royalties for Regions funded Coral Bay Services Workers Accommodation project. The lease is a 10 year lease that expires in 2020.

At the end of the lease, the workers accommodation will be transferred to the Baiyungu Aboriginal Corporation unless advised otherwise within 3 months from lease expiry. The value of the building has been recognised as a prepayment and will be expensed annually up to the lease expiry date.

Note 21. Property, plant and equipment

	2015 $000	2014 $000
Buildings		
At fair value [a][b]	12,034	9,711
	12,034	9,711
Office equipment		
At cost	84	74
Accumulated depreciation	(61)	(52)
	23	22
Computer hardware		
At cost	1,155	899
Accumulated depreciation	(716)	(358)
	439	541
Furniture and fittings		
At cost	240	240
Accumulated depreciation	(64)	(40)
	176	200
Communications		
At cost	21	21
Accumulated depreciation	(19)	(17)
	2	4

	2015	2014
	$000	*$000*
Other equipment		
At cost	6	6
Accumulated depreciation	(4)	(3)
	2	3
Leased improvements		
At cost	14,868	14,868
Accumulated depreciation	(5,110)	(3,252)
	9,758	11,616
	22,434	**22,097**

[a] Fair value for existing use of specialised building has been determined based on depreciated replacement cost.

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the reporting period are set out in the table below.

Asset Reconciliation

2015	Land $000	Buildings $000	Office Equipment $000	Computer Hardware $000	Furniture and Fittings $000	Communications $000	Other Equipment $000	Leased Improvements $000	Total $000
Carrying amount at start of period	-	9,711	22	542	199	4	3	11,616	22,097
Additions	-	2,958	10	256	-	-	-	-	3,224
Transfers	-	-	-	-	-	-	-	-	-
Other disposals	-	-	-	-	-	-	-	-	-
Depreciation	-	(635)	(9)	(359)	(23)	(2)	(1)	(1,858)	(2,887)
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-	-
Carrying amount at end of period	-	**12,034**	**23**	**439**	**176**	**2**	**2**	**9,758**	**22,434**

2014	Land $000	Buildings $000	Office Equipment $000	Computer Hardware $000	Furniture and Fittings $000	Communications $000	Other Equipment $000	Leased Improvements $000	Total $000
Carrying amount at start of period	248,714	11,623	10	407	226	6	4	13,474	274,464
Additions	-	-	17	334	-	-	-	-	351
Transfers	(248,714)	(1,336)	-	(1)	(4)	-	-	-	(250,055)
Other disposals	-	-	-	-	-	-	-	-	-
Depreciation	-	(576)	(5)	(198)	(23)	(2)	(1)	(1,858)	(2,663)
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-	-
Carrying amount at end of period	-	**9,711**	**22**	**542**	**199**	**4**	**3**	**11,616**	**22,097**

(b) Fair value measurements

Fair value measurements

	Level 1	Level 2	Level 3	Fair Value at end of period
	$000	*$000*	*$000*	*$000*
Assets measured at fair value :				
2015	-	-	12,034	12,034
Buildings	-	-	12,034	12,034

	Level 1	Level 2	Level 3	Fair Value at end of period
	$000	*$000*	*$000*	*$000*
Assets measured at fair value :				
2014	–	–	9,711	9,711
Buildings	-	-	**9,711**	**9,711**

There were no transfers between Levels 1, 2 or 3 during the current and previous periods.

Fair value measurements using significant unobservable inputs (Level 3)

	2015 Buildings	2014 Buildings
	$000	*$000*
Fair value at start of period	9,711	11,623
Additions	2,958	-
Revaluations increments/(decrements) recognised in Profit or Loss	–	–
Revaluations increments/(decrements) recognised in Other Comprehensive Income	–	–
Transfers (from/(to) Level 2)	-	-
Disposals	-	(1,336)
Depreciation Expense	(635)	(576)
Fair Value at end of period	**12,034**	**9,711**
Total gains or losses for the period included in profit or loss, under 'Other Gains'	–	–

Valuation processes

There were no changes in valuation techniques during the period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer. Transfers are generally limited to assets newly classified as non-current assets held for sale as Treasurer's Instructions require valuations of land, buildings and infrastructure to be categorised within Level 3 where the valuations will utilise significant Level 3 inputs on a recurring basis.

Buildings (Level 3 fair values)

Fair value for existing use specialised buildings and infrastructure assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the depreciated replacement cost. Depreciated replacement cost is the current replacement cost of an asset less accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired economic benefit, or obsolescence, and optimisation (where applicable) of the asset. Current replacement cost is generally determined by reference to the market observable replacement cost of a substitute asset of comparable utility and the gross project size specifications.

Valuation using depreciation replacement cost utilises the significant Level 3 input, consumed economic benefit/obsolescence of asset which is estimated by the Western Australian Land Information Authority (Valuation Services). The fair value measurement is sensitive to the estimate of consumption/obsolescence, with higher values of the estimate correlating with lower estimated fair values of buildings and infrastructure.

Basis of Valuation

In the absence of market-based evidence, due to the specialised nature of some non financial assets, these assets are valued at Level 3 of the fair value hierarchy on an existing use basis. The existing use basis recognises that restrictions or limitations have been placed on their use and disposal when they are not determined to be surplus to requirements. These restrictions are imposed by virtue of the assets being held to deliver a specific community service.

Description	**Fair value 2015** *$000*	**Fair value 2014** *$000*	**Valuation technique(s)** *$000*	**Unobservable inputs** *$000*
Buildings	12,034	9,711	Depreciated Replacement cost	Consumed economic benefit/ obsolescence of asset

Note 22. Intangible assets

	2015 $000	2014 $000
Computer software		
At cost	2,746	2,746
Accumulated amortisation	(1,983)	(1,068)
	763	1,678
Work in progress [a]		
At cost	3,799	-
	4,562	**1,678**
Reconciliation:		
Computer software		
Carrying amount at start of period	1,678	2,593
Classified as held for sale	-	-
Impairment losses	-	-
Impairment losses reversed	-	-
Amortisation expense	(915)	(915)
Carrying amount at end of period	**763**	**1,678**

	2015 $000	2014 $000
Work in progress [a]		
Carrying amount at start of period	-	-
Additions	3,799	-
Classified as held for sale	-	-
Impairment losses	-	-
Impairment losses reversed	-	-
Amortisation expense	-	-
Carrying amount at end of period	**3,799**	**-**
	4,562	**1,678**

[a] Works in progress includes the recognition of costs for the development of computer software.

Note 23. Impairment of assets

There were no indications of impairment to property, plant and equipment or intangible assets at 30 June 2015.

DRD 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.

All surplus assets at 30 June 2015 have either been classified as assets held for sale or written off.

Note 24. Payables

	2015 $000	2014 $000
Current		
Trade payables	1,344	68
Accrued expenses	253	327
Accrued salaries	454	420
Total current	**2,051**	**815**

See note 34 'Financial instruments'

Note 25. Borrowings

	2015 $000	2014 $000
Current		
Finance lease liabilities	2,351	2,308
Total current	**2,351**	**2,308**
Non-Current		
Finance lease liabilities	10,737	13,088
Total non-current	**10,737**	**13,088**

See note 20 [a] 'Other assets' and note 30 'Commitments'.

Note 26. Provisions

	2015 $000	2014 $000
Current		
Employee benefits provision		
Annual leave[a]	1,433	1,456
Long service leave[b]	2,158	2,033
Purchased leave[c]	26	25
	3,617	3,514
Other provisions		
Employment on-costs[d]	25	25
	25	25
	3,642	**3,539**
Non-current		
Employee benefits provision		
Long service leave[b]	1,161	1,009
Purchased leave[c]	7	7
	1,168	1,016
Other provisions		
Employment on-costs[d]	8	7
	1,176	1,023
	4,818	**4,562**

	2015	2014
	$000	*$000*
[a] Annual leave liabilities have been 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:		
Within 12 months of the end of the reporting period	995	967
More than 12 months after the end of the reporting period	438	489
	1,433	**1,456**
[b] Long service leave liabilities have been classified as current where 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:		
Within 12 months of the end of the reporting period	2,423	2,241
More than 12 months after the end of the reporting period	896	801
	3,319	**3,042**
[c] Purchase leave liabilities have been 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 liabilities is expected to occur as follows:		
Within 12 months of the end of the reporting period	33	32
More than 12 months of the end of the reporting period	–	–
	33	**32**

	2015	2014
	$000	*$000*
[d] 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.		
The associated expense, apart from unwinding of the discount (finance cost), is disclosed in note 12 'Other expenses'.		
Movements in other provisions		
Movements in each class of provisions during the period, other than employee benefits, are set out below.		
Employment on-cost provision		
Carrying amount at start of period	32	–
Additional/(reversals of) provisions recognised	1	32
Payments/other sacrifices of economic benefits	–	–
Carrying amount at end of period	**33**	**32**

Note 27. Other liabilities

	2015	2014
	$000	*$000*
Current		
Paid parental leave	9	3
	9	**3**

Note 28. Equity

The Western Australian Government holds the equity interest in DRD on behalf of the community. Equity represents the residual interest in the net assets of DRD. The asset revaluation surplus represents that portion of equity resulting from the revaluation of non-current assets.

	2015	2014
	$000	*$000*
Contributed equity		
Balance at start of period	60,393	313,434
Contributions by owners	**-**	**-**
Capital appropriation		
Other contributions by owners		
Department of Lands	-	450
Department of State Development	2,958	-
Other Contribution	-	2,832
Total contributions of owners	**2,958**	**3,282**
Distributions to owners		
Transfer of net assets to owners:		
Department of Lands	-	(256,116)
Department of Treasury	-	(207)
Total distributions to owners	**-**	**(256,323)**

	2015	2014
	$000	*$000*
Balance at end of period	**63,351**	**60,393**
Accumulated surplus/(deficit)		
Balance at start of period	(4,204)	-
Result for the period	1,174	(4,204)
Balance at end of period	**(3,030)**	**(4,204)**
Total Equity at end of period	**60,321**	**56,189**

Note 29. Notes to the Statement of Cash Flows

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2015	2014
	$000	*$000*
Cash and cash equivalents	-	-
Restricted cash and cash equivalents (note 17 'Restricted cash and cash equivalents')	24,399	31,056
	24,399	**31,056**

	2015	2014
	$000	*$000*
Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities		
Net cost of services	(236,264)	(181,171)
Non-cash items		
Depreciation and amortisation expense (note 8 'Depreciation and amortisation expense')	3,802	3,578
Services received free of charge (note 16 'Income from State Government')	529	411
Finance cost - net interest	110	864
Prior period adjustment (Note 15 (c))	(1,998)	-
(Increase)/decrease in assets		
Current receivables	53	(619)
Other current assets	566	-
Increase/(decrease) in liabilities		
Current payables[a]	1,236	14
Current provisions	103	34
Other current liabilities	6	(1)
Non-current provisions	153	(69)
Change in GST in receivables/payables[c]	(6,272)	(755)
Net cash provided by/(used in) operating activities	**(237,975)**	**(177,715)**

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

[b] This is the net GST paid/received, i.e. cash transactions.

[c] This reverses out the GST in receivables and payables.

Note 30. Commitments

	2015 $000	2014 $000
Finance lease commitments		
Minimum lease payments commitments in relation to the finance leases are payable as follows:		
Within 1 year	3,014	3,075
Later than 1 year and not later than 5 years	11,378	11,655
Later than 5 years	844	3,580
Minimum finance lease payments	15,236	18,310
Less future finance charges	2,148	2,914
Present value of finance lease liabilities	**13,088**	**15,396**
The present value of finance leases payable is as follows:		
Within 1 year	2,351	2,308
Later than 1 year and not later than 5 years	9,902	9,695
Later than 5 years	835	3,393
Present value of finance lease liabilities	**13,088**	**15,396**
Included in the financial statements as:		
Current (note 25 'Borrowings')	2,351	2,308
Non-current (note 25 'Borrowings')	10,737	13,088
	13,088	**15,396**

DRD, on behalf of the State, has entered into a lease agreement with the Baiyungu Aboriginal Corporation. The lease is in relation to the Royalties for Regions funded Coral Bay Services Workers Accommodation project. The lease is a 10 year lease that expires in 2020. See note 20 'Other assets' and note 25 'Borrowings'.

	2015 $000	2014 $000
Non-cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
Within 1 year	1,460	1,410
Later than 1 year and not later than 5 years	5,409	4,650
Later than 5 years	6,275	3,328
	13,144	**9,388**

DRD has entered into a property lease which is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall increase by the lower of CPI or 4% per annum. An option exists to renew the lease at the end of the five year term for an additional term of five years.

Other expenditure commitments

DRD has no expenditure commitment as at the 30 June 2015.

Note 31. Contingent liabilities and contingent assets

At the reporting date, DRD has no contingent liabilities or contingent assets.

Note 32. Events occurring after the end of the reporting period

DRD's building (2015: $12.034m, 2014: $9.711m) – Garrjang Village workers accommodation – is currently vacant as the Ord Irrigation project has concluded.

DRD is currently assessing the future use of the building. Subsequent to the assessment, there may be decrement, derecognition or no change in the valuation of the building.

Note 33. Explanatory statement

Major variances between estimates (original budget) and actual results for 2015, and between the actual results for 2014 and 2015 are shown below.

Major variances are considered to be those greater than 10% or $10 million.

	Variance Note	Estimate 2015 *$000*	Actual 2015 *$000*	Actual 2014 *$000*	Variance between estimated and actual *$000*	Variance between actual results for 2015 and 2014 *$000*
Statement of Comprehensive Income						
Expenses						
Employee benefits expense		18,063	18,151	17,571	88	580
Supplies and services	A	26,624	24,349	27,814	(2,275)	(3,465)
Depreciation and amortisation expense		3,569	3,802	3,578	233	224
Finance cost		766	766	864	-	(98)
Accommodation expenses		2,162	2,202	2,211	40	(9)
Grants and subsidies	1,B	216,558	195,272	133,501	(21,286)	61,771
Other expenses	2,C	160	1,059	465	899	594
Total cost of services		**267,902**	**245,601**	**186,004**	**(22,301)**	**59,597**
Income						
Revenue						
User charges and fees	3,D	2,967	3,845	2,742	878	1,103
Commonwealth grants and contributions	4,E	30	735	526	705	209
Other revenue	5,F	1,139	4,757	1,565	3,618	3,192
Total Revenue		**4,136**	**9,337**	**4,833**	**5,201**	**4,504**
Total income other than income from State Government		**4,136**	**9,337**	**4,833**	**5,201**	**4,504**
NET COST OF SERVICES		**263,766**	**236,264**	**181,171**	**(27,502)**	**55,093**

	Variance Note	Estimate 2015 $000	Actual 2015 $000	Actual 2014 $000	Variance between estimated and actual $000	Variance between actual results for 2015 and 2014 $000
Income from State Government						
Service appropriation	G	7,332	7,332	4,244	-	3,088
Services received free of charge	6,H	205	529	411	324	118
Royalties for Regions Fund	7,I	255,719	228,587	171,612	(27,132)	56,975
Grants received from Other State Agencies	8,J	-	990	700	990	290
Total income from State Government		**263,256**	**237,438**	**176,967**	**(25,818)**	**60,471**
SURPLUS/(DEFICIT) FOR THE PERIOD		**(510)**	**1,174**	**(4,204)**	**1,684**	**5,378**
Statement of Financial Position						
ASSET						
Current Assets						
Non Restricted Cash and cash equivalents	9	7,205	-	-	(7,205)	-
Restricted cash and cash equivalents	10,K	36,605	24,399	30,601	(12,206)	(6,202)
Receivables	11,L	2,578	10,846	4,671	8,268	6,175
Holding account receivable		-	-	-	-	-
Other current assets	12,M	2,535	2,817	3,339	282	(522)
Total Current Assets		**48,923**	**38,062**	**38,611**	**(3,656)**	**(549)**
Non-Current Assets						
Restricted cash and cash equivalents	N	-	-	455	-	(455)
Amounts receivable for services	O	4,951	4,951	1,428	-	3,523
Property, Plant and equipment	13	34,914	22,434	22,097	(12,480)	337
Intangible assets	14,P	763	4,562	1,678	3,799	2,884
Other non-current assets	Q	10,279	10,278	12,696	(1)	(2,418)
Total Non-Current Assets		**50,907**	**42,225**	**38,354**	**(8,682)**	**3,871**
TOTAL ASSETS		**99,830**	**80,287**	**76,965**	**(12,338)**	**3,322**

	Variance Note	Estimate 2015 $000	Actual 2015 $000	Actual 2014 $000	Variance between estimated and actual $000	Variance between actual results for 2015 and 2014 $000
LIABILITIES						
Current Liabilities						
Payables	15,R	3,184	2,051	815	(1,133)	1,236
Borrowings		2,418	2,351	2,308	(67)	43
Provisions		3,509	3,642	3,539	133	103
Other current liabilities	S	-	9	3	9	6
Total Current Liabilities		**9,111**	**8,053**	**6,665**	**(1,058)**	**1,388**
Non-Current Liabilities						
Borrowings	T	10,670	10,737	13,088	67	(2,351)
Provisions	16,U	1,032	1,176	1,023	144	153
Other		-	-	-	-	-
Total Non-Current Liabilities		**11,702**	**11,913**	**14,111**	**211**	**(2,198)**
TOTAL LIABILITIES		20,813	19,966	20,776	(847)	(810)
NET ASSETS		**79,017**	**60,321**	**56,189**	**(11,491)**	**4,132**
EQUITY						
Contributed Equity		47,967	63,351	60,393	15,384	2,958
Accumulated surplus/(deficit)		31,050	(3,030)	(4,204)	(34,080)	1,174
TOTAL EQUITY	17	**79,017**	**60,321**	**56,189**	**(18,696)**	**4,132**

	Variance Note	Original Budget 2015 $000	Actual 2015 $000	Actual 2014 $000	Variance between estimated and actual $000	Variance between actual results for 2015 and 2014 $000
Statement of Cash Flow						
CASH FLOWS FROM STATE GOVERNMENT						
Service appropriation		3,809	3,809	4,244	-	(435)
Capital appropriation		-	-	-	-	-
Holding account drawdowns		-	-	-	-	-
Royalties for Regions Fund	18,V	262,503	228,587	171,612	(33,916)	56,975
Grants received from Other State Agencies	19,W	-	990	700	990	290
Capital contribution received from Other State Agencies	X	-	-	450	-	(450)
Non-retained revenue distributed to owner		-	-	-	-	-
Cash and cash equivalent assets transferred from other agencies		-	-	-	-	-
Net cash provided by State Government		**266,312**	**233,386**	**177,006**	-	**(435)**
Utilised as follows:						
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee benefits		(17,625)	(17,861)	(17,579)	(236)	(282)
Supplies and services	20,Y	(26,411)	(22,095)	(28,339)	4,316	6,244
Finance Cost		-	-	-	-	-
Accommodation		(2,444)	(2,202)	(2,211)	242	9
Grants and subsidies	21,Z	(216,558)	(195,272)	(133,501)	21,286	(61,771)
GST payments on purchases	22,AA	(11,669)	(21,608)	(15,348)	(9,939)	(6,260)
GST payments to taxation authority		-	-	-	-	-
Other payments	AB	(151)	(1,059)	(465)	(908)	(594)
		-				

	Variance Note	Original Budget 2015 $000	Actual 2015 $000	Actual 2014 $000	Variance between estimated and actual $000	Variance between actual results for 2015 and 2014 $000
Receipts						
User charges and fees	23,AC	2,967	3,948	2,742	981	1,206
Commonwealth grants and contributions	24,AD	30	735	526	705	209
GST receipts on sales	AE	-	505	296	505	209
GST receipts from taxation authority	25	11,669	14,831	14,297	3,162	534
Other receipts	26,AF	483	2,103	1,867	1,620	236
Net cash provided by/(used in) operating activities		**(259,709)**	**(237,975)**	**(177,715)**	**21,734**	**(60,260)**
CASH FLOWS FROM INVESTING ACTIVITIES						
Payments						
Purchase of non-current assets	27,AG	(6,481)	(266)	(341)	6,215	75
Purchase of intangible asset		-	(1,801)	-	(1,801)	(1,801)
Receipts						
Proceeds from disposal of non-current asset		-	-	-	-	-
Net cash provided by/(used in) investing activities		**(6,481)**	**(2,067)**	**(341)**	**4,414**	**(1,726)**
Net increase/(decrease) in cash and cash equivalents		122	(6,656)	(1,050)	(6,778)	(5,606)
Cash and cash equivalents at the beginning of the period		43,688	31,056	36,658	(12,632)	(5,602)
Cash Balance transferred from the Department of Lands - Administered		-	-	2,833	-	(2,833)
Cash Balance transferred from Department of Aboriginal Affairs		-	-	-	-	-
Cash Balance transferred to the Department of Lands		-	-	(7,178)	-	7,178
Cash Balance transferred to the Department of Treasury		-	-	(207)	-	207
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**43,810**	**24,399**	**31,056**	**(19,411)**	**(6,656)**

Major Estimate and Actual (2015) Variance Narratives for Controlled Operations

1. Grants and Subsidies underspent by $21.3 million (9.8%) and is predominantly due to unanticipated delays and approvals for projects within the Royalties for Regions program such as the Seizing the Opportunity Agriculture ($51.5m).
2. Other expenses increased by $0.89 million predominantly due to the returned of RfR grant monies to the Department of Treasury $0.9 million.
3. User charges and fees exceeded estimates by $0.87 million (30%) due to the increase in revenue received for the delivery of corporate services to Department of Lands and expanded financial management services to Regional Development Commissions.
4. Commonwealth grants and contributions exceeded estimates by $0.70 million due to grants received for RIPIA (Remote Indigenous Public Internet Access) of $0.74 million.
5. Other revenue exceeded estimates by $3.6 million due to the recognition of a $1.99 million for a prior period adjustment relating to the capitalisation of Department's ICT infrastructure and systems. The remaining $1.61 million includes $0.29 million for the return of unspent RfR grant monies from the Peel Development Commission ($0.126 million), Pilbara Development Commission ($0.076 million) and the Goldfield Esperance Development Commission ($0.087 million); and the $1.7 million contribution from the Department of Aboriginal Affairs for the Aboriginal Critical Emergency Response project.
6. Services received free of charge exceeded estimates by $0.31 million as the budget was based on 50% of the 13/14 Financial Year total services received for free from Department of Finance.
7. Royalties for Region Fund was lower than the budget by $27 million due to the reallocation of projects across the forward estimate period or to other government agencies within the Royalties for Regions program.
8. Grants received from Other State Agencies exceeded estimates by $0.99 million due to grants received from Department of Local Government and Communities.
9. Non restricted cash and cash equivalent reduced by $7.2 million reflecting the cash transfer to Department of Lands, due to the machinery of government changes related to the redesignation of the Department of Regional Development and Lands and the creation of a new Department of Lands on 1 July 2013.
10. Restricted cash and cash equivalents reduced by $12 million mainly due to Royalties for Regions funded projects being held within the Department of Regional Development until approval from Cabinet is received. This resulted in a reduction in actual Royalties for Regions cash inflows for 2014-15.
11. Receivables exceeded estimates by $8.3 million due to GST receivables on invoice payments of $10.6 million expected to be received in July 2015.
12. Other current assets exceeded estimates by $0.28 million due to unanticipated prepayments for supplies and services.
13. Property, plant and equipment underspent by $12 million due to changes made in allocation of capital investment within the Royalties for Regions Capital projects across the forward estimates.
14. Intangible assets exceeded estimates by $3 million due to ICT Transition cost that has been capitalised in 2014-15.
15. Payables underspent by $1.1 million due to lower trade creditors' invoices than anticipated.
16. Non-current provisions exceeded estimates due to the DRD's leave liability provisions.
17. Contributed equity reduced by $18.5 million due to changes made in allocation of capital investment within the Royalties for Regions Capital projects across the forward estimates.

18. Royalties for Regional fund underspent by $33 million mainly due to RfR funded projects being held within the Department of Regional Development until approval from Cabinet is received.
19. Grants received from Other State Agencies exceeded estimates by $0.99 million due to grants received from Department of Local Government and Communities.
20. Supplies and services underspent by $4 million due to decrease in expenditure related to the Department's ICT transition out of the Department of Transport in 2014-15.
21. Grants and Subsidies underspent by $21.2 million (9.8%) due to projects that has been reallocated across the forward estimate period or to other government agencies within the RFR program.
22. GST payment on purchases exceeded estimates by $9.9 million due to higher GST taxable invoice payments than was anticipated.
23. User charges and fees exceeded estimates by $0.98 million (33%) due to increase in revenue received for the delivery of corporate services to Department of Lands and expanded financial management services to Regional Development Commissions.
24. Commonwealth grants and contributions exceeded estimates by $0.70 million due to grants received for RIPIA (Remote Indigenous Public Internet Access) of $0.735 million.
25. GST Receipts from taxation authority exceeded estimates by $3.1 million due to increase in GST taxable invoice payments as anticipated.
26. Other receipts exceeded estimates by $1.6 million predominantly due to the transfer of funds from the Department of Aboriginal Affairs ($1.7 million) for the Aboriginal Critical Emergency Response project.
27. Purchase of non-current assets underspent by $5.46 million due to changes made in the allocation of capital investment within the Royalties for Regions Capital program across the forward estimates.

Major Actual (2015) and Comparative (2014) Variance Narratives for Controlled Operations

A. Supplies and services decreased by $3.4 million due to decrease in expenditure related to the DRD's ICT transition out of the Department of Transport in 2014-15.

B. Grants and subsidies increased by $61.7 million due to new Royalties for Regionals initiatives commencing in 2014-15 such as Southern Investment Initiatives ($76 million).

C. Other expenses increased by $0.59 million due to the returned of $0.91 million in RfR grants monies to the Department of Treasury. This was off set by a decrease of $0.32 million in employment on-costs (workers' compensation cost) and sponsorship expenditure in 2014-15.

D. User charges and fees increased by $1.1 million due to increased corporate support services provided to Department of Lands, under a service level agreement, and expanded financial management services provided to a number of Regional Development Commissions.

E. Commonwealth grants and contributions increased by $0.20 million due to increased funding received for RIPIA (Remote Indigenous Public Internet Access) in 2014-15.

F. Other revenue exceeded estimates by $3.2 million due to the recognition of a $1.99 million for a prior period adjustment relating to the capitalisation of DRD's ICT infrastructure and systems. The remaining $1.21 million includes $0.29 million for the return of unspent Royalties for Regions grant monies from the Peel Development Commission ($0.126 million), Pilbara Development Commission ($0.076 million) and the Goldfield Esperance Development Commission ($0.087 million); and the $1.7 million contribution from the Department of Aboriginal Affairs for the Aboriginal Critical Emergency Response project.

G. Service appropriation increased by $3 million due to the recognition of accrual appropriation notional expenditure for depreciation and amortisation on capitalised assets.

H. Services received free of charge increase by $0.11 million due to increase services received free of charge from Department of Finance and the State Solicitor's Office in 2014-15.

I. Royalties for Regions Fund increased by $56.98 million due to an increase in funding from the Regional Infrastructure and Headwork Account to fund new initiatives.

J. Grants received from other state agencies increased by $0.29 million due a grant received from Department of Local Government and Communities.

K. Restricted cash and cash equivalents decreased by $6.2 million mainly due to less Royalties for Regions grant cash inflows being received when compared to the RfR grant cash payments.

L. Receivables increased by $6.17 million due to GST receivables on invoice payments of $10.6 million to be received in July 2015.

M. Other current assets decreased by $0.52 million due to decreases in prepayments for supplies and services in 2014-15.

N. Restricted cash and cash equivalents decreased by $0.45 million due to recognition of the 27th pay due in 2015-16 as current restricted cash and cash equivalents.

O. Amount receivables for services increased by $3.52 million due to the recognition of accrual appropriation notional expenditure for depreciation and amortisation on capitalised assets

P. Intangible assets increased by $2.12 million due to ICT transition cost that has been capitalised in 2014-15.

Q. Other non-current assets decreased by $1.66 million due to decrease in lease prepayments to the Baiyungu Aboriginal Corporation in relation to the Royalties for Regions funded Coral Bay Services Workers Accommodation project.

R. Payables increased by $0.81 million due to higher trade creditors' invoices to be paid early July 2015.

S. Other current liabilities increased by $0.006 million due to increase in paid parental leave liabilities in 2014-15.

T. Borrowings decreased by $2.35 million due to decrease in lease prepayments to the Baiyungu Aboriginal Corporation in relation to the Royalties for Regions funded Coral Bay Services Workers Accommodation project.

U. Provisions increased by $0.15 million due to an increase in employee benefits provision for long service leave in 2014-15.

V. Royalties for Regional fund increased by $57 million due to an increase in the funding for Regional Infrastructure and Headwork Account to fund new initiatives ($56 million).

W. Grants received from other state agencies increased by $0.29 million due to a grant received from Department of Local Government and Communities.

X. Capital contribution received from other state agencies decreased by $0.45 million due to $0.45 million capital contribution received from Department of Lands in 2013-14.

Y. Supplies and services decreased by $6.25 million due to decrease in expenditure related to the Department's ICT transition out of the Department of Transport in 2014-15.

Z. Grants and subsidies increased by $61.77 million due to new Royalties for Regionals initiatives that commenced in 2014-15 such as Southern Investment Initiatives ($76 million).

AA. GST payments on purchases increased by $6.26 million due to increase in GST taxable invoice payments in 2014-15.

AB. Other expenses increased by $0.59 million due to the returned of $0.91 million in RfR grants monies to the Department of Treasury. This was off set by a decrease of $0.32 million in employment on-costs (workers' compensation cost) and sponsorship expenditure in 2014-15.

AC. User charges and fees increased by $1.21 million due to increase in revenue received for the delivery of corporate services to Department of Lands and expanded financial management services to Regional Development Commissions.

AD. Commonwealth grants and contributions increased by $0.21 million due to increase in funding received for RIPIA (Remote Indigenous Public Internet Access) in 2014–15.

AE. GST receipts on sales increased by $0.21 million due to an increase in revenue received for the delivery of corporate services to Department of Lands and expanded financial management services to a number Regional Development Commissions.

AF. Other receipts decreased by $0.23 million due to a decrease in other revenue relating to the refund of grants from a previous year and the reclassification of salary recoup receipts to the payment of employee benefits in 2014–15.

AG. Purchase of non-current assets increased by $0.68 million due to an increase in capital work in progress of $0.75 million relating to RfR online system and Business Office Productivity Tool.

Note 34. Financial instruments

(a) Financial risk management objectives and policies

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

Credit risk

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

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 34 (c) 'Financial instrument disclosures' and note 18 'Receivables'.

Credit risk associated with the DRD's financial assets is minimal because the main receivable is the amounts receivable for services (holding account). For receivables other than government, DRD trades only with recognised, creditworthy third parties. DRD 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 DRD'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 DRD is unable to meet its financial obligations as they fall due.

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

DRD 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 DRD's income or value of its holdings of financial instruments. DRD 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:

	2015	2014
	$000	*$000*
Financial Assets		
Restricted cash and cash equivalents	24,399	31,056
Loans and receivables[(a)]	20	117
Amounts receivable for services	4,951	1,428
Lease prepayments	12,696	15,114
Financial Liabilities		
Financial liabilities measured at amortised cost	15,139	16,211

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

(c) Financial instrument disclosures

Credit risk

The following table details DRD's maximum exposure to credit risk and the ageing analysis of financial assets. DRD's maximum exposure to credit risk at the end of the reporting period is the carrying amount of financial assets as shown below. The table discloses the ageing of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of DRD.

DRD does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

Ageing analysis of financial assets

	Carrying Amount $000	Not past due and not impaired $000	Past due but not impaired: Up to 1 months $000	1-3 months $000	3 month to 1 year $000	1-5 years $000	More than 5 years $000	Impaired financial assets $000
2015								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	24,399	24,399	-	-	-	-	-	-
Receivables [(a)]	20	20	20	-	-	-	-	-
Amounts receivable for services	4,951	4,951	-	-	-	-	-	-
	29,370	**29,370**	**20**	-	-	-	-	-
2014								
Cash and cash equivalents	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	31,056	31,056	-	-	-	-	-	-
Receivables [(a)]	117	64	30	12	10	-	-	-
Amounts receivable for services	1,428	1,428	-	-	-	-	-	-
	32,601	**32,548**	**30**	**12**	**10**	-	-	-

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

<u>Liquidity risk and interest rate exposure</u>

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

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

			Interest rate exposure				Maturity Dates				
	Weighted Average Effective Interest Rate	**Carrying Amount**	**Fixed interest rate**	**Variable interest rate**	**Non-Interest Bearing**	**Nominal Amount**	**Up to 1 month**	**1 - 3 months**	**3 months to 1 year**	**1 - 5 years**	**More than 5 years**
	%	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*	*$000*
2015											
Financial Assets											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	24,399	-	-	24,399	24,399	23,802	-	597	-	
Receivables (a)	-	20	-	-	20	20	20	-	-	-	-
Amounts receivable for services	-	4,951	-	-	4,951	4,951	-	-	-	-	4,951
Lease Prepayment	5.09	12,696	12,696	-	-	12,696	202	403	1,814	9,673	605
		42,066	**12,696**	-	**29,370**	**42,066**	**24,024**	**403**	**2,411**	**9,673**	**5,556**
Financial Liabilities											
Payables	-	2,051	-	-	2,051	2,051	2,051	-	-	-	-
Finance lease liabilities	6.28	13,088	13,088	-	-	13,088	196	392	1,763	9,902	835
		15,139	**13,088**	-	**2,051**	**15,139**	**2,247**	**392**	**1,763**	**9,902**	**835**

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

<u>Interest rate sensitivity analysis</u>

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

Liquidity risk and interest rate exposure

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

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

			Interest rate exposure				Maturity Dates				
	Weighted Average Effective Interest Rate %	Carrying Amount $000	Fixed interest rate $000	Variable interest rate $000	Non-Interest Bearing $000	Nominal Amount $000	Up to 1 month $000	1 - 3 months $000	3 months to 1 year $000	1 - 5 years $000	More than 5 years $000
2014											
Financial Assets											
Cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-
Restricted cash and cash equivalents	-	31,056	-	-	31,056	31,056	30,601	-	-	455	-
Receivables [(a)]	-	117	-	-	117	117	117	-	-	-	-
Amounts receivable for services	-	1,428	-	-	1,428	1,428	-	-	-	-	1,428
Lease Prepayment	5.09	15,114	15,114	-	-	15,114	202	403	1,814	9,673	3,023
		47,715	**15,114**	-	**32,601**	**47,715**	**30,920**	**403**	**1,814**	**10,128**	**4,451**
Financial Liabilities											
Payables	-	815	-	-	815	815	815	-	-	-	-
Finance lease liabilities	6.28	15,396	15,396	-	-	15,396	192	385	1,731	9,695	3,393
		16,211	**15,396**	**-**	**815**	**16,211**	**1,007**	**385**	**1,731**	**9,695**	**3,393**

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

Interest rate sensitivity analysis

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

Note 35. Remuneration of senior officers

The number of senior officers whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year fall within the following bands are:

	2015	2014
$		
80,001 - 90,000	2	-
110,001 - 120,000	2	2
140,001 - 150,000	1	-
160,001 - 170,000	-	1
170,001 - 180,000	1	1
180,001 - 190,000	1	-
190,001 - 200,000	2	1
200,001 - 210,000	-	1
320,001 - 330,000	-	1
	$000	*$000*
Base remuneration and superannuation	1,201	1,182
Annual leave and long service leave accruals	31	34
Other benefits	60	78
Total remuneration of senior officers	**1,292**	**1,294**

The total remuneration includes the superannuation expense incurred by DRD in respect of senior officers.

Note 36. Remuneration of auditor

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

	2015 *$000*	2014 *$000*
Auditing the accounts, financial statements and key performance indicators	133	133

Note 37. Related bodies

DRD had no related bodies during the financial year 2014–15.

Note 38. Affiliated bodies

The Community Resource Centre Network is an affiliated body that received administrative support through contracts for service ($10,129,473) and grant funding ($1,615,604) from DRD. The Community Resource Centres are not subject to operational control by DRD.

Note 39. Special purpose account

Regional Reform Fund Special Purpose Account [a]

The purpose of this account is to hold capital and recurrent funds for expenditure on approved Regional Reform Fund projects as authorised by the Treasurer and the Minister, pursuant to section 9(1) (a), (b) and (c) of the *Royalties for Regions Act 2009* to be charged to the Royalties for Regions Fund and credited to the Account.

	2015 *$000*	2014 *$000*
Balance at start of period	-	-
Receipts	50,000	-
Payments	-	-
Balance at the end of period	**50,000**	-

[a] Established during the year under section 16(1)(d) of FMA.

Note 40. Supplementary financial information

(a) Write-offs

During the financial year 2015, $4,763.30 (2014: $5,302.76) was written off the DRD's asset register under the authority of:

	2015 *$000*	2014 *$000*
The accountable authority	5	5
The Minister	-	-
	5	5

(b) Losses through theft, defaults and other causes

There have been no losses of public money and other property through theft or default.

(c) Gifts of public property

There have been no gifts of public property provided by DRD.

Note 41. Administered assets and liabilities

	2015 $000	2014 $000
Current Assets		
Restricted cash and cash equivalents [a]	50,000	-
Total Administered Current assets	**50,000**	**-**
Total Administered Assets	**50,000**	**-**
Current Liabilities	**-**	**-**
Total Administered Current Liabilities	**-**	**-**
Total Administered Liabilities	**-**	**-**

[a] See note 39 'Special Purpose account (administered)'

Note 42. Explanatory Statement for Administered Items

No disclosure required because there was no budgetary statement for Department of Regional Development – administered.

Note 43. Disclosure of administered Income and Expenses by Service

	2015 $000	2014 $000
Income		
Regional Reform Fund [a]	50,000	-
Total administered income	**50,000**	**-**
Expenses	**-**	**-**
Total administered expense	**-**	**-**

[a] Appropriated from Royalties for Regions Fund.

Special Purpose Statement

Royalties for regions – Regional Reform Fund

Name

An account titled the "Regional Reform Fund Special Purpose Account" (the Account) shall be established and maintained as an agency special purpose account pursuant to section 16(1)(d) of the *Financial Management Act 2006* by the Department of Regional Development (the Department).

Purpose

To hold capital and recurrent funds for expenditure on approved Regional Reform Fund projects as authorised by the Treasurer and the Minister, pursuant to section, 9(1) (a); (b) and (c) of the *Royalties for Regions Act 2009* to be charged to the Royalties for Regions Fund and credited to the Account.

Receipts

There shall be credited to the Account such moneys as are received from the Royalties for Regions Fund for the purposes of the Account.

Payments

Moneys standing to the credit of the Account shall be, subject to section 9(1) of the *Royalties for Regions Act 2009*,:

i. disbursed following Cabinet approval of specific projects within the Regional Reform Fund Program and upon signing of agreed Memorandum of Understanding (MOU);
ii. disbursed in accordance with the purpose of the approved projects and the terms and conditions set out in the relevant MOU;
iii. disbursed based on expenditure profiles agreed with the Department within the annual allocation approved by the Economic and Expenditure Reform Committee/Cabinet;
iv. disbursed upon the approval of the Department in respect of any variation to the individual project within the approved annual budget; and
v. disbursed in accordance with Government policy decisions/directives in respect of the Regional Reform Fund Program.
vi. returned to the Royalties for Regions Fund where there is a balance attributable to the specific project that has been completed.

Administration of Account

The Account shall be administered by the Director General, Department of Regional Development in accordance with the *Financial Management Act 2006*, *Financial Management Regulations 2007*, Treasurer's Instructions, and such terms and conditions as are agreed and set out in the relevant MOU and Project Definition.

Accounting Records

There shall be maintained a detailed record of transactions processed through the Account for each approved project, together with such other accounting records and procedures as are prescribed in the Department of Regional Development's financial management manual.

Financial Statements

There shall be prepared financial statements, together with supplementary information in accordance with the provisions of the *Financial Management Act 2006*, *Financial Management Regulations 2007* and the Treasurer's Instructions.

Reporting

The Department shall produce reports on a quarterly basis, in line with Treasury reporting requirements, on transactions processed through the Account by project.

Disposal of Funds on Cessation

Any balance standing to the credit of the Account upon cessation of operations for which the Account was created shall be returned to the Royalties for Regions Fund.

I have examined and agree to the provisions of this special purpose statement

Ralph Addis
Director General
Department of Regional Development
12 June 2015

Michael Barnes
Under Treasurer
23 June 2015

Certification of key performance indicators

For the year ended 30 June 2015

I hereby certify that the key performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Regional Development's (DRD) performance, and fairly represent the performance of the DRD for the financial year ended 30 June 2015.

Ralph Addis
Director General
Department of Regional Development
16 September 2015

Performance management framework

Outcome based management framework

Broad government goals are supported at agency level by specific outcomes and services. The following table shows the relationship between the Department of Regional Development's (DRD) desired outcome and services, and the broad government goal it contributes to.

Government goal	Desired outcome	Services
Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.	Increased capacity of regional communities to develop economic growth and social wellbeing.	**1.** Regional investment **2.** Regional policy.

DRD's outcome based management framework was approved by the Department of Treasury in June 2014. Under this framework, DRD measures its performance through the following agreed key performance indicators. Key effectiveness indicators measure the effectiveness of DRD in achieving the desired outcome. Key efficiency indicators monitor the relationship between the services delivered by DRD and the resources used to produce those services.

Key effectiveness indicator	Client satisfaction with regional development services.	
Key efficiency indicators	**Service 1:** Regional investment	**(a)** Average cost per funded initiative administered **(b)** Average internal cost per satellite site supported.
	Service 2: Regional policy	**(a)** Average cost per item of written advice requiring Minister's attention.

A summary of 2014–15 key performance indicator results is provided in the Agency Performance section of this report. More detailed information is included under Disclosures and Legal Compliance.

Changes to outcome based management framework

DRD's outcome based management framework did not change during 2014–15.

Report on operations

Actual results versus budget targets

Financial Targets

	2014–15 Target[1]	2014–15 Actual	Variation[2] $000
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)[a]	267,902	245,601	(22,301)
Net cost of services (sourced from Statement of Comprehensive Income)[b]	263,766	236,264	(27,502)
Total equity (sourced from Statement of Financial Position)	79,017	60,321	(18,696)
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	122	(6,656)	(6,778)
Approved full time equivalent (FTE) staff level[c]	154	162	8

[1] As specified in the Budget Statements.

[2] Further explanations are contained in Note 33 'Explanatory statement' to the financial statements.

[a] The decrease in 2014–15 actual Total cost of services as compared to 2014–15 target is due to a reduction in grant expenditure ($21 million).

[b] The decrease in 2014–15 actual Net cost of services is due to a decrease in Royalties for Regions funding for $27 million and this is offset by Grants received from Other State Agencies for $0.99 million.

[c] The approved FTE in 2014–15 has increased during the year.

Summary of Key Performance Indicators

	2014–15 Target[1]	2014–15 Actual	Variation[2] $000
Outcome: Increased capacity of regional communities to develop economic growth and social wellbeing:			
Effectiveness Indicator			
Client satisfaction with regional development services	85%	90%	+5%
Efficiency Indicators			
Service 1: Regional Investment			
Average cost per funded initiative administered[a]	$18,596	$17,538	($1,058)
Average internal cost per satellite site supported[b]	$5,700	$3,368	($2,332)
Service 2: Regional policy			
Average cost per item of written advice requiring Minister's attention[c]	$3,631	5,657	$2,026

[1] The 2014–15 Target is as specified in the 2014–15 Budget Statements.

[2] Explanations for the variations between targeted and actual results are presented in Note 33 'Explanatory Statement' to the financial statements.

[a] The average cost per funded initiative administered for 2014–15 Actual is less than target due to the increase of number of initiatives administered this financial year.

[b] The decrease in the average internal cost per satellite site supported was due to a higher number of satellite sites supported than previously anticipated.

[c] The variance between the 2014–15 target and actuals in the average cost per item of written advice requiring Minister's attention requiring was due to a lower number of items supported than anticipated.

Desired outcome:

Increased capacity of regional communities to develop economic growth and social wellbeing

Key to this desired outcome is for increased capacity in facilitating economic development and fostering of local decision making. This is supported by a variety of departmental services aimed to encourage effective, efficient, sustainable and responsible economic development and local decision making to realise regional community growth.

The Department of Regional Development (DRD) provides a host of regional development services, including:

- Administration of the Royalties for Regions program
- Advice and support to the Regional Development Commissions, including the support in the development of the Regional Blueprints and secretariat support
- Westlink services
- Community development, including advice, funding and support to the Community Resource Centres
- Support in the development and initiation of new government initiatives.

Effectiveness indicator:

Client satisfaction with regional development services

To determine the effectiveness of the delivery of DRD's regional development services and programs, an independent survey was conducted gathering feedback from a cross section of DRD's clients including the office of the Minister for Regional Development, government departments, local government bodies, businesses, non-government organisations and regional community groups.

221 surveys were completed from 271 valid stakeholders (a response rate of 82%) giving a maximum standard error ratio of +/-2.8% at the 95% confidence level.

Key effectiveness indicator	2012–13 Actual (1)	2013–14 Actual	2014–15 Target	2014–15 Actual
Client satisfaction with regional development services	95%	90%	85%	90%

(Notes)

1. Machinery of government changes resulted in the demerger of the former Department of Regional Development and Lands as two separate agencies; Department of Regional Development and Department of Lands, effective 1 July 2013. The 2012-13 actual result for this indicator was achieved under the Department of Regional Development and Lands and is included for comparative purposes.
2. The 2014–15 result continues to exceed DRD's targeted client satisfaction rate. Average ratings are the same as last year and are well within the satisfied range.

Efficiency indicators:

Service 1: Regional investment

This service empowers regional communities to identify their priorities, needs and solutions, and invest Royalties for Regions resources to improve the quality of life in regional Western Australia. We do this by creating new opportunities through funding initiatives that build infrastructure, facilitate economic development and business opportunities, improve community services, increase skills and capability, and grow regional communities.

Our regional investment effort seeks to foster local decision making and increase the capacity of regional communities to enhance both economic growth and social wellbeing. This promotes increased sustainability and a sense of community, resulting in a remote and regional Western Australia where people choose to work, stay, live and raise a family.

Our efficiency indicators gauge the cost of providing these services based on measurable units of quantity, including a cost per funded initiative and per satellite site supported.

The number of open funded initiatives is comprised of the number of Royalties for Regions agreements signed and funds disbursed. These are projects that are actively reporting to DRD on expenditure. The number of satellite sites refers to the number of customers of the Westlink satellite network, which provides interactive one-way video and two-way audio communication to remote areas throughout Western Australia.

Key effectiveness indicator	2012–13 Actual (1)	2013–14 Actual	2014–15 Target	2014–15 Actual
Average cost per funded initiative administered	$20,121	$24,456(2)	$18,596(3)	$17,538(2)(3)
Average internal cost per satellite site supported	$6,141	$4,535	$5,700(4)	$3,368(4)

(Notes)

1. Machinery of government changes resulted in the demerger of the former Department of Regional Development and Lands as two separate agencies; Department of Regional Development and Department of Lands, effective 1 July 2013. The 2012–13 Actual result for this indicator was achieved under the Department of Regional Development and Lands and is included for comparative purposes.
2. The 2014-15 Average cost per funded initiative administered has decreased compared to 2013–14 actual result due to the increase of number of initiatives administered this financial year. There were 879 initiatives administered during the 2014–15 financial year as compared to 829 last year.
3. The variance between 2014–15 target and actual was due to the increase of number of initiatives administered this financial year than previously anticipated.
4. The variance between 2014–15 target and actual was due to higher number of satellite sites supported than previously anticipated. There were 170 satellite sites supported during the 2014–15 financial year compared to 169 in 2013–14 contributing to the decrease in 2014-15 actual cost per satellite site supported.

Service 2: Regional policy

This service focuses on delivering effective government policy to support regional development and service delivery. Regional policy business operates across DRD and in collaboration with State and Commonwealth Government agencies and other organisations. Regional policy business addresses the challenges and opportunities of living, working and doing business in the regions and we provide advice to the Minister and the State Government on how to deliver this.

Average cost is calculated by the internal costs incurred by the areas responsible for regional policy and divided by the tracked number of written advice items requiring the Minister's attention. The number of written advice requiring the Minister's attention comprises the total number of Ministerial correspondence, advice, briefing notes, Cabinet submissions (e.g. Cabinet, Economic and Expenditure Reform Committee, State Budget), media statements, parliamentary questions, contentious issues and media statements submitted to the Minister for Regional Development.

Key effectiveness indicator	2012–13 Actual (1)	2013–14 Actual	2014–15 Target	2014–15 Actual
Average cost per item of written advice requiring Minister's attention	$2,902	$5,700	$3,631(2)	$5,657(2)

(Notes)

1. Machinery of government changes resulted in the demerger of the former Department of Regional Development and Lands as two separate agencies; Department of Regional Development and Department of Lands, effective 1 July 2013. The 2012–13 Actual result for this indicator was achieved under the Department of Regional Development and Lands and is included for comparative purposes.
2. The variance between 2014–15 target and actual was due to a lower number of items of written advice than anticipated. There were 1,561 written advice requiring the Minister's attention during the 2014–15 financial year.

Ministerial directives

No Ministerial directives were received during the financial year.

Other financial disclosures

Pricing policies of services provided

The Department of Regional Development (DRD) charges for goods and services rendered on a full or partial cost recovery basis. These fees and charges were determined in accordance with the *Costing and Pricing Government Services: Guidelines for use by Agencies in the Western Australian Public Sector* published by Treasury.

Capital Works

Capital project incomplete

DRD has implemented the first stage of the Royalties for Regions Enterprise Online Management System (RfR online). RfR online was developed as an enterprise level, scalable business solution that manages multiple business processes and functions involved in the administration of the Royalties for Regions program. The project is now progressing on building on the capabilities to incorporate the streamlining of operating processes, reporting functions and automation of approvals process and the integration within DRD's business systems, as well as implementation of a portal for DRD and key stakeholders use. The estimated total cost of the project is $1.385 million and the estimated remaining cost to complete the project at 30 June 2015 is $0.925 million.

DRD has transitioned out of the Department of Transport IT environment with the implementation of DRD's own ICT infrastructure and systems to support both DRD and the Department of Lands.

Employment and industrial relations

Staff profile

	2014–15 Headcount	2014–15 Actual FTE (approved FTE of 154)
Permanent full-time	105	104.4
Permanent part-time	21	14.11
Temporary full-time	30	30
Temporary part-time	5	2.70
Total	161	151.21

As at 30 June 2015, the Department of Regional Development (DRD) is operating within its FTE cap of 154.

During 2014–15 DRD's staffing numbers remained stable, with typical levels of recruitment activity undertaken to accommodate for natural attrition rates.

THE DRD WAY

The DRD Way is to be **professional** in everything we do, act with **confidence** and **courage**, **connect** with each other, our customers and the community, and show and value **appreciation**.

Staff development

Strategic workforce plan

DRD has a strategic workforce plan for 2012–15. The plan ensures we have a vibrant, talented, engaged and skilled workforce supported by a positive corporate culture and management practices that will attract and retain staff.

By achieving the outcomes highlighted in the plan we will be well placed to meet the current and future workforce challenges facing the public sector. Our Strategic Workforce Plan will ensure that we have a capable and effective workforce that supports the achievement of our strategic priorities. The Strategic Workforce Plan will be reviewed in 2015–16.

'The DRD Way' is the department's values statement, developed by staff who have also contributed many ideas about the type of workplace they would like DRD to be.

The DRD Way has been incorporated into organisational strategies including the Code of Conduct, Work and Development Plans, job description forms, recruitment practices and DRD's Strategic Workforce Plan. The DRD Way is reinforced through DRD's corporate induction. Staff continue to be recognised for "living the values" at executive and staff meetings and through the DRD Recognition and Reward program.

DRD is committed to the ideals behind the values statement and ensuring that we conduct ourselves and our daily operations in The DRD Way.

Youth employment

In 2014–15 DRD continued to participate in the joint graduate program, hosted by the Department of Mines and Petroleum. This joint initiative is one of DRD's strategies that support youth employment. Following successful recruitment to the graduate program, the departments involved host graduates and provide them with meaningful work placements. One graduate was permanently appointed to DRD in January 2015 and one graduate was recruited to the program early in 2015.

DRD participated in the Public Sector Traineeship program by offering traineeships to young people under the age of 25, as well as participating in the school-based traineeship program. The school-based traineeship program offers on the job work experience for two days a week over an eighteen month period. DRD has also further recruited one school based trainee in 2015. DRD's youth employment strategy will enable DRD to grow diversity in the workplace.

Ongoing graduate recruitment will occur in late 2015 along with the continuation of the school-based traineeship and traineeship program.

Workers compensation

No workers compensation claims were made during the 2014–15 financial year.

Governance disclosures

Contracts with senior officers

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

Board and committee remuneration

Regional Development Council				
Position	**Name**	**Type of remuneration**	**Period of membership**	**Gross remuneration**
Chair	Murray Criddle	Annual	01 July 2014 – 4 Dec 2014	$10,780.68
	Tim Shackleton	Annual	4 Dec 2014 – 30 Jun 2015	$12,846.98
			Total:	**$23,627.66**

Rural, Remote and Regional Women's Network Reference Group WA				
Position	**Name**	**Type of remuneration**	**Period of membership**	**Gross remuneration**
Chair	Leonie Noble	Sitting Fee	01 July 2014 – 28 Feb 2015	$740.00
	Maree Gooch	Sitting Fee	2 Feb 2015 – 30 June 2015	$740.00
Board Member	Michelle Barrett	Sitting Fee	01 July 2014 – 28 Feb 2015	$500.00
	Maria Bolten Magnay	Sitting Fee	2 Feb 2015 – 30 June 2015	$500.00
	Paula Bray	Sitting Fee	01 July 2014 – 30 June 2015	$0
	Jenifer Collins	Sitting Fee	01 July 2014 – 28 Feb 2015	$0
	Renee Ellis	Sitting Fee	2 Feb 2015 – 30 June 2015	$0
	Lyn Farrell	Sitting Fee	2 Feb 2015 – 30 June 2015	$0
	Joanne Fulwood	Sitting Fee	01 July 2014 – 28 Feb 2015	$250.00
	Jackie Jarvis	Sitting Fee	01 July 2014 – 30 June 2015	$500.00
	Elizabeth Jones	Sitting Fee	2 Feb 2015 – 30 June 2015	$0
	Renee Manning	Sitting Fee	01 July 2014 – 30 June 2015	$1,000.00
	Lydia Mills	Sitting Fee	01 July 2014 – 28 Feb 2015	$0
	Jodie Mortadza	Sitting Fee	01 July 2014 – 28 Feb 2015	$500.00
	Fiona Palmer	Sitting Fee	2 Feb 2015 – 30 June 2015	$500.00
	Janine Phillips	Sitting Fee	01 July 2014 – 28 Feb 2015	$500.00
	Monica Treasure	Sitting Fee	01 July 2014 – 30 June 2015	$1,000.00
			Total:	**$6,730.00**

Other legal requirements

Advertising under the *Electoral Act 1907*

In compliance with section 175ZE of the *Electoral Act 1907*, DRD is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

The details of DRD's expenditure are as follows:

Advertising agencies	**Supplier**	**2014 $000**
Market research organisations	IPSOS Australia	53,015
Polling organisations		0
Direct mail organisations	Quickmail	62,475
Media advertising organisations	The Brand Agency	432,183
	Carat Australia Media Services	142,228
	Adcorp Australia Limited	16,388
Total expenditure		**706,289**

Disability Access and Inclusion Plan

The Department of Regional Development (DRD) is committed to the access and inclusion of people with disability, and aims to continually improve its services, facilities and information for people with disability, their families and carers through a new DRD Disability Access and Inclusion Plan (DAIP).

The DAIP highlights DRD's commitment to:

- Ensuring that people with disability are given the opportunity to participate in shaping the development of regional WA through DRD's existing community consultation processes
- Developing feedback mechanisms to ensure barriers to access and inclusion are addressed
- Ensuring that all staff, agents and contractors work towards achieving the seven access and inclusion outcomes specified in the *Disability Services Act (Act) 1993*.

The DAIP includes a set of strategies and initiatives to guide DRD's efforts to achieve the desired outcomes as it continues to improve and promote access and inclusion to services, facilities and information.

The seven desired outcomes are:

Outcome 1: People with disability have the same opportunities as other people to access the services of, and any events organised by DRD

Outcome 2: People with disability have the same opportunities as other people to access DRD's buildings and other facilities

Outcome 3: People with disability receive information from DRD in a format that will enable them to access the information as readily as other people

Outcome 4: People with disability receive the same level and quality of service from the staff of DRD as other people receive

Outcome 5: People with disability have the same opportunities as others to make complaints to DRD

Outcome 6: People with disability have the same opportunities as others to participate in any public consultation by DRD

Outcome 7: People with disability have the same opportunities as other people to obtain and maintain employment within DRD.

DRD delivered the following strategies during 2014–15:

- Improved DRD website in line with Level AA of the Web Content Accessibility Guidelines version 2.0 (WCAG 2.0) – a Commonwealth Government standard, ensuring information and services are provided to the public in a non-discriminatory accessible manner
- Continued to moved away from print only format for DRD's publications to ensure that, when requested, they are available in alternative formats
- Continued to provide word document transcripts of video resources published on the DRD website
- Continued to raise awareness of disability access issues by ensuring DRD management are trained in accessibility requirements, as well as occupational health, safety and injury management (OSH), and staff are informed through corporate induction programs
- Ensured that DRD only occupies offices that are accessible to people with disabilities and fire wardens are trained in evacuation procedures for people with disabilities.

DRD will meet our reporting obligation under the Act, including annual progress reports to the Disability Services Commission.

Statement of compliance with Public Sector Standards and Code of Ethics

(Public Sector Management Act 1994, S31 (1))

The Department of Regional Development (DRD) is committed to ensuring the highest standards of probity and accountability in all our interactions with our customers, community and colleagues.

DRD has a comprehensive Code of Conduct which is widely distributed, publicised and applied in accordance with the Public Sector Commissioner's Conduct Guide and Code of Ethics. DRD reviewed its code of conduct in 2014–15 incorporating recent Commissioner's Instructions, ensuring compliance and currency.

DRD is also committed to the requirement that all public sector employees participate in Accountable and Ethical Decision Making Workshops. As of 30 June 2015, 92 per cent of targeted staff had met this requirement. Ongoing training sessions are scheduled for the remainder of 2015, to ensure that employees new to DRD complete the training. For staff who have attended this training more than 2 years ago, refresher sessions will be organised in the second half of 2015.

New staff members are required to undertake a corporate induction to ensure they are aware of their rights and responsibilities as public sector employees.

DRD has a Conflict of Interest policy and procedure to ensure potential conflicts of interest are considered within an ethical framework and managed accordingly. This policy was also reviewed recently to ensure further compliance with public sector requirements and direction from the Crime and Corruption Commission.

DRD's human resource management practices and policies are reviewed on a regular basis to ensure the legislative and governance responsibilities are met in regards to managing people.

DRD's Work and Development Plan program has been reviewed and updated and encourages open and honest discussion between managers and employees not only regarding outcomes, but acceptable and ethical workplace behaviour. Training opportunities are identified through the Work and Development Plan process. DRD has supported leadership development participation and relevant workshops, events and conferences.

In 2014–15 DRD continued to provide timely and efficient transactional corporate services to the nine Regional Development Commissions and the Department of Lands.

For the period from 1 July 2014 to 30 June 2015 there were no requests for review under Public Sector Standards in Human Resource Management.

There were no formal grievances lodged during 2014–15.

Record keeping plan

The Department of Regional Development (DRD) is committed to meeting the requirements of the *State Records Act 2000* (Act) through the creation and implementation of an appropriate record keeping plan that details policies, practices and standards adopted by DRD. In March 2014, the State Records Commission approved the amended recordkeeping plan.

DRD's induction program contains a component of information services, including records management. During the induction, staff learn about record keeping responsibilities expected of government employees, contractors and board members.

The Information Services Branch also delivers one-hour records-specific induction sessions which cover a number of topics, including information about the Act, the record keeping plan itself, departmental policies, procedures and practices, as well as State Records Office standards and principles which underpin DRD's record keeping activities.

During the financial year, the in-house training program offered over 40 hours of training. The topic-based training program is structured into four, one-hour sessions covering key topics including an overview of the eDRMS structure, its ability to enhance electronic document collaboration, searching skills, working with various types of electronic documents and managing emails. Fifty per cent of staff completed the entire four-module program, while 70 per cent of DRD staff participated in at least one training session.

The training program is continually refined to ensure it meets the needs of the audience and it is often tailored for different business units. The Information Services Branch monitors eDRMS activity and provides ongoing, customised support to each organisational division. The effectiveness of the program is measured by analysing the uptake of the eDRMS and the lessening reliance on non-approved record keeping tools, such as network drives.

DRD created over 90,000 documents and 798 files; of which 517 are virtual files, in the 2014–2015 financial year showing that DRD still maintains a strong commitment towards full electronic document management and virtual collaboration using the eDRMS.

EON Thriving Communities – photo by EON

Government policy requirements

Substantive equality

The Department of Regional Development (DRD) is committed to facilitating the development of sustainable regional communities that build and deliver opportunities, facilities and services appropriate to their communities. DRD has established a Substantive Equality Committee, which met twice in 2014–15 and held an information session with a representative of the Office of the Equal Opportunity Commissioner, to improve its understanding of the history of substantive equality and potential application of contemporary guidelines and approaches.

The committee plans to recommend implementing substantive equality into the DRD induction programs. The Committee is also working with each division to finalise and implement a substantive equality policy statement, ensuring DRD's information and services can reach people in regional Western Australia, regardless of factors such as remoteness and language barriers.

All DRD advertised positions continue to state:

"The Department of Regional Development promotes workplace flexibility and diversity, seeking to include and value the contributions of all people. We strongly encourage people from regional areas, Aboriginal Australians and Torres Strait Islanders, people with disabilities and people from culturally and diverse backgrounds to apply."

Occupational safety, health and injury management

Statement of agency commitment to occupational safety, health and injury management

The Department of Regional Development (DRD) is committed to ensuring that its operational activities are carried out with full regard for the health, safety and welfare of employees, contractors and the public. DRD's executive support this commitment through participation in relevant training programs, communication of occupational safety, health and injury management (OSH) matters on DRD's intranet and reporting through Corporate Executive on relevant matters.

DRD has an OSH Committee which meets quarterly to discuss any matters that are identified or referred through health and safety representatives. Regular workplace inspections have been implemented, and action is taken through the Committee to address any identified matters.

DRD ensures compliance with the injury management requirements of the *Workers' Compensation and Injury Management Act 1981* through a systematic approach to injury management that combines expert assistance from external providers with the support of DRD's supervisors and human resource staff. Relevant policies, processes and systems are outlined on DRD's intranet.

DRD has undertaken a review of the existing systems and policies and monitors this on a regular basis through the OSH Committee. There are appropriate systems in place, which include return to work strategies.

Formal mechanism for consultation with employees on occupational safety, health and injury management matters

DRD's OSH Committee ensures mechanisms for employee consultation are in place. OSH representatives and the Committee are identified as the two main sources by which the consultative process on OSH matters in the workplace will be supported.

The OSH Committee facilitates consultation and cooperation between the employer and employees, and is responsible for:

- Making recommendations and providing assistance in the development of strategies to ensure the effective management of OSH
- Monitoring and reviewing OSH measures (including inspections)
- Assisting in the resolution of OSH issues that arise in the workplace
- Obtaining information and consulting with the employer about proposed changes that may affect OSH
- Identifying training needs for employees/volunteers and supervisors/managers
- Considering matters referred
- Undertaking other functions assigned by legislation.

Assessment of occupational safety, health and injury management systems

The Human Resources and OSH Consultant, in consultation with OSH representatives, ensures regular audits are undertaken to assess the effectiveness of OSH management systems.

These audits take into account several factors to determine the level of associated risks to DRD's operations, the effectiveness of the existing systems, their capability to achieve established objectives, and the consequences to DRD.

Occupational safety, health and injury management performance

Measure	Actual Results 2013–14	Actual Results 2014–15	Target
Number of fatalities	0	0	0
Lost time injury/disease (LTI/D) incident rate	0	0	0 or 10% improvement on the previous three years
Lost time injury severity rate	0	0	0 or 10% improvement on the previous three years reduction
Percentage of injured workers returned to work within (i) 13 weeks (ii) 26 weeks	100% 100%	100% 100%	Greater than or equal to 80% return to work within 26 weeks
Percentage of managers and supervisors trained in OSH responsibilities	95%	86%	Greater than or equal to 80%

DRD maintained a required level of compliance of managers and supervisors trained in OSH and continued ongoing training.

Boosting the Sheep Industry - image courtesy of Tourism WA

Department of Regional Development
PO Box 1143
WEST PERTH WA 6872

Level 2, Gordon Stephenson House
140 William Street
Perth WA 6000

Web: **www.drd.wa.gov.au**
Email: **info@drd.wa.gov.au**
Telephone: **(08) 6552 1800**
Free call: **1800 049 155** (Country only)
Facsimile: **(08) 6552 1850**

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