



ANNUAL REPORT
2017-18



Government of **Western Australia**
Department of **Jobs, Tourism, Science and Innovation**

About this report

This report is published by the Department of Jobs, Tourism, Science and Innovation (JTSI) in an electronic format, complete and in sections, with limited use of images to reduce the download time. The online version is available at www.jtsi.wa.gov.au

If a printed copy is required, the department encourages the use of recycled paper. If this is a printed copy and you have finished reading and do not wish to retain it, please give it to other interested readers, or dispose of it in your recycled paper waste.

As of 1 July 2017, the amalgamation of the former Department of State Development along with specific functions from the Department of the Premier and Cabinet, the previous Department of Commerce and the Department of Education Services and the addition of Tourism WA, formed the new Department of Jobs, Tourism, Science and Innovation.

This report is available online and on request in other formats for people with special needs.

© Government of Western Australia

ISSN: 2209-6353

Contacts

Department of Jobs, Tourism, Science and Innovation
Level 6, 1 Adelaide Terrace, East Perth,
Western Australia 6004

Telephone: +61 8 9222 0555

Fax: +61 8 9222 0505

Email: jtsi@jtsi.wa.gov.au

www.jtsi.wa.gov.au



Cover images:

Top left: Iron ore rail cars.

Top right: View of Perth city from Kings Park.
Photo: Tourism WA

Bottom left: Defence West Australian Navy frigate.
Photo: Government of Western Australia.

Bottom right: Square Kilometre Array (SKA), Murchison.
Photo: Government of Western Australia

Images:

Above: Perth city skyline and Swan River. Photo: Tourism WA

Page 1:

Top: Rio Tinto Pilbara Silvergrass mine opening. Photo: Rio Tinto

Bottom left: Science, technology, engineering, mathematics (STEM) education. Photo: Scitech

Bottom right: Wheatstone LNG Plant at Ashburton North. Photo: Chevron

Statement of compliance

In accordance with Section 61 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Jobs, Tourism, Science and Innovation for the year ended 30 June 2018.

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



Joe Ostojich
Acting Director General
Department of Jobs, Tourism,
Science and Innovation

31 August 2018



Contents

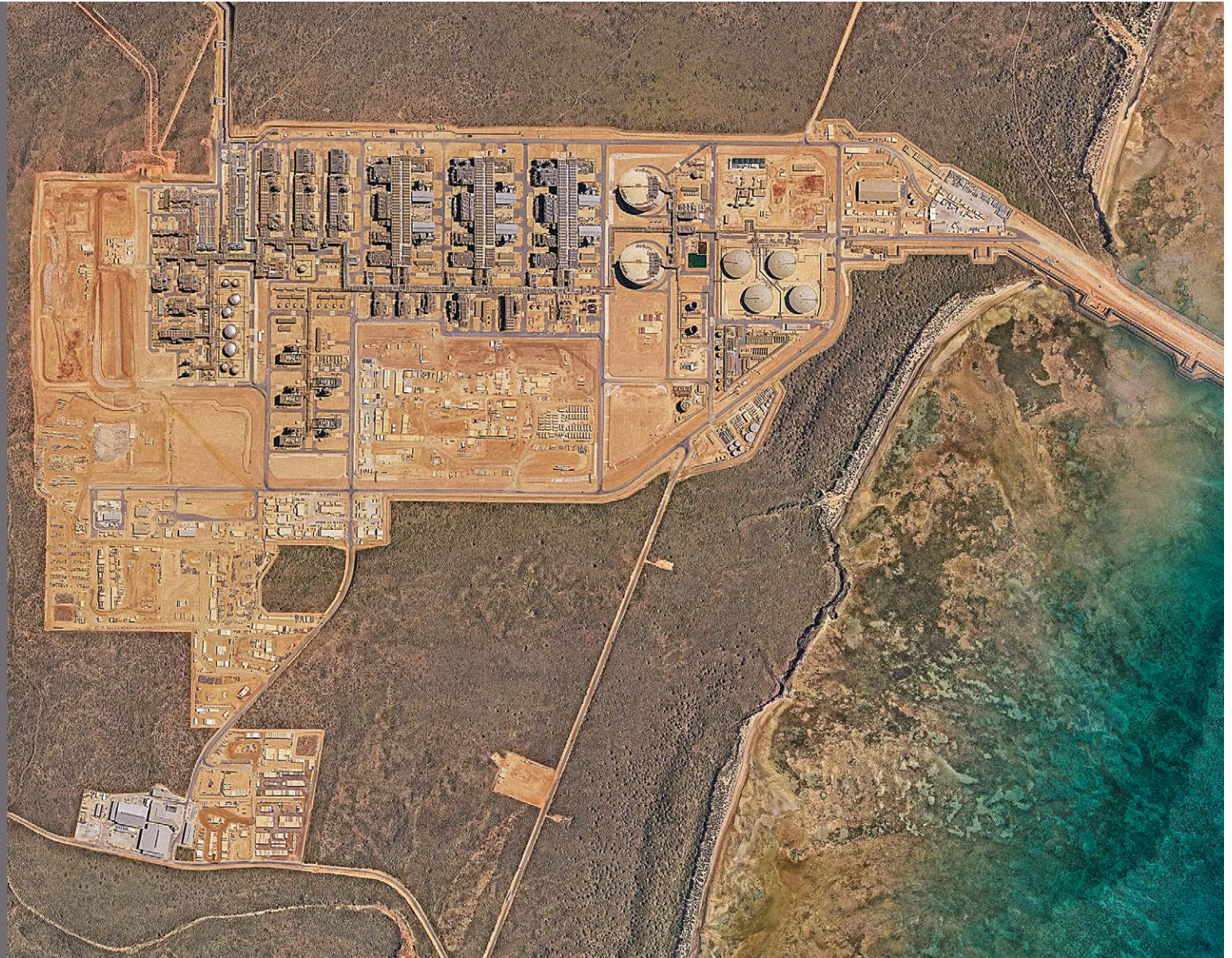
Section 1: Overview of the agency	3
Executive summary	4
About the department	5
Our organisation	6
Performance management framework	10
Section 2: Agency performance	11
Lead agency overview	12
Major projects	12
Industry development	17
Project facilitation	19
Infrastructure and land planning	20
Strategic policy	21
International education, trade and investment activities	22
Science and Innovation	24
Our people	27
Performance overview	29
Section 3: Significant issues impacting the agency	33
Economic conditions.....	34
Energy security.....	35
Section 4: Disclosures and legal compliance	36
Ministerial directives	37
Governance disclosures	37
Other legal requirements	37
Compliance of public sector standards and ethical codes	38
Financial statements	41
Section 5: Appendices	118



Perth city view from Kings Park.

SECTION 1: Overview of the agency

Executive summary	4
About the department	5
Our organisation	6
Performance management framework	10



Satellite image of the Gorgon LNG Plant on Barrow Island. Photo: Chevron

Executive summary

This financial year has brought a number of significant changes for the department, most notably the establishment of our new department name and corporate structure.

As of 1 July 2017 the Department of State Development ceased to exist and amalgamated with a number of new functions from across Government to become the Department of Jobs, Tourism, Science and Innovation.

The new department is working closely with industry to focus on job creation and growth in Western Australia.

In April 2018, we said farewell to long-standing Director General Stephen Wood, who served this department with distinction for many years.

I joined the department as Acting Director General on Monday, 16 April 2018, following the departure of Stephen Wood. It's been my privilege during the past few months to reacquaint myself with economic development and learn more about the tourism industry.

I am impressed with the professional work produced throughout the department.

During the past financial year, major achievements have included the facilitation of Albemarle Lithium's lithium hydroxide

Kemerton plant; finalisation of the Anketell Strategic Industrial Area Improvement Scheme; establishment of the LNG Jobs Taskforce; launch of the Western Australian Industry Link; announcements regarding Gorgon Stage 2 and Wheatstone Train 2; State funding of \$3.359 million over four years for the STEM Strategy; publication of the inaugural Defence West Capability Directory; the inaugural London-Perth direct Qantas flight; and the announcement of BHP's \$4.7 billion South Flank Project.

Thank you to the dedicated and professional staff in the Department of Jobs, Tourism, Science and Innovation who continue to foster the economic development of Western Australia. I would also like to thank the many other Government departments and agencies with whom we work to accomplish our goals.



A handwritten signature in black ink, appearing to read 'Richard Sellers'.

Richard Sellers
Acting Director General

About the department

The Department of Jobs, Tourism, Science and Innovation was formed on 1 July 2017 as part of the Western Australian Government's Machinery of Government changes.

The department has been led by the Acting Director General, Richard Sellers, and reports to the Premier and Minister for State Development, Jobs and Trade the Hon Mark McGowan BA LLB MLA, along with four other Ministers.

These are the Hon Alannah MacTiernan BA LLB BJuris JP MLA, Minister Assisting the Minister for State Development, Jobs and Trade; the Hon Paul Papalia CSC MLA Minister for Tourism; Defence Issues; the Hon Bill Johnston MLA Minister for Asian Engagement and the Hon Dave Kelly MLA Minister for Innovation and ICT; Science.

Who we are

The department is Western Australia's lead agency for economic development, international trade and investment, and tourism. We also lead the promotion and development of the defence, international education, science and innovation sectors in Western Australia.

What we do

Our key roles are:

- ▶ **Developing and coordinating State-significant projects and infrastructure**
- ▶ **Negotiating and managing agreements between development proponents and the Western Australian Government**
- ▶ **Supporting the development of industry in Western Australia, by improving local industry capability and participation, and developing industrial land**
- ▶ **Promoting Western Australia as an extraordinary holiday destination**
- ▶ **Assisting the development of export markets and managing Western Australia's international network of trade and investment offices**
- ▶ **Providing strategic policy advice on State development issues**
- ▶ **Promoting Western Australia's defence sector capability and capacity**
- ▶ **Developing the State's science and innovation capabilities by encouraging investment and linkages between the private, public and academic sectors**

Our organisation

The Department of Jobs, Tourism, Science and Innovation (JTISI) was formed on 1 July 2017 and comprises the Western Australian Tourism Commission. As a statutory authority, the Western Australian Tourism Commission prepares a separate annual report, which is available at www.tourism.wa.gov.au

Operational structure

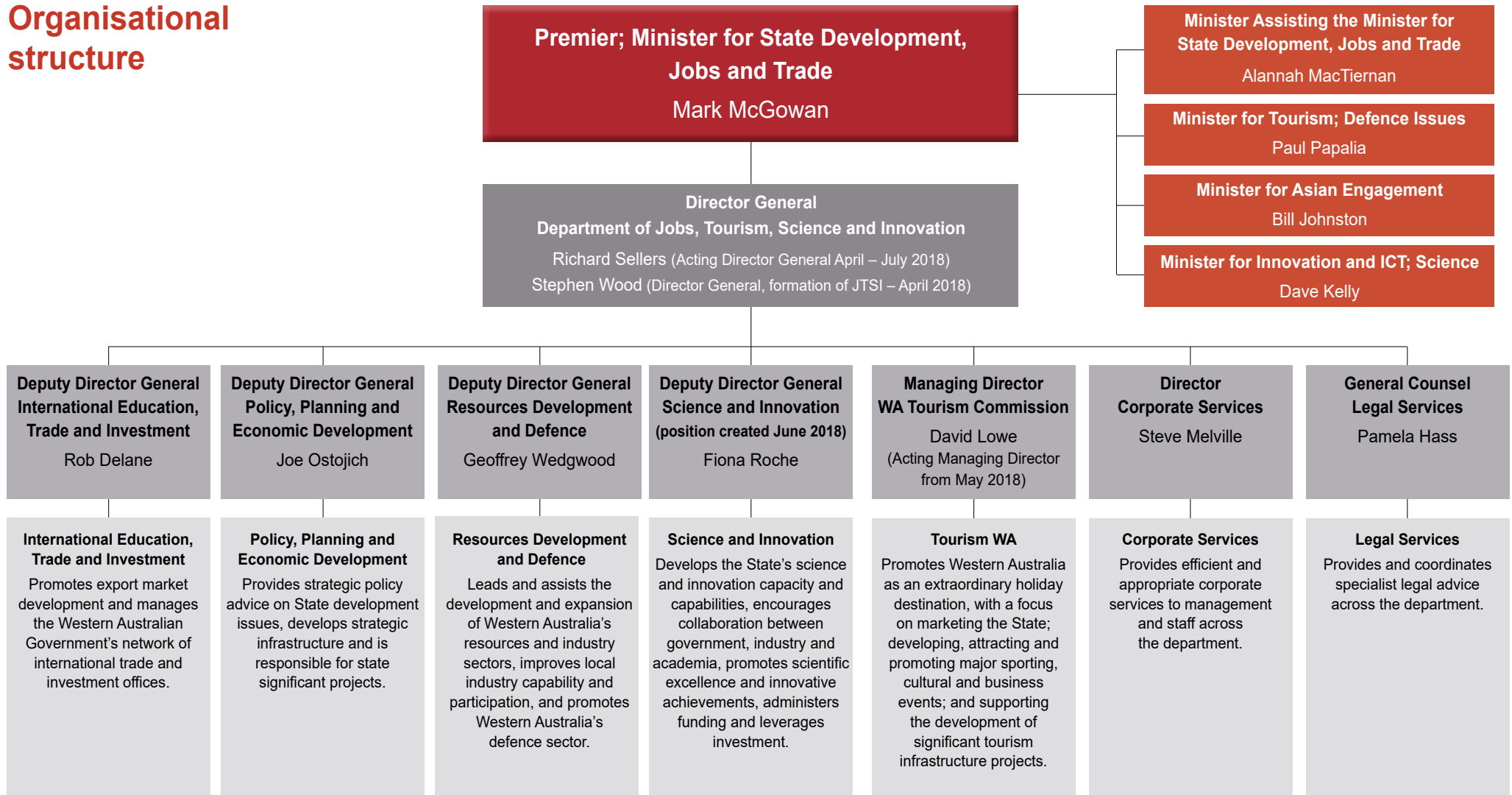
The department has five operational divisions and two areas providing services across the department:

- International Education, Trade and Investment
- Policy, Planning and Economic Development
- Resources Development and Defence
- Science and Innovation
- Tourism WA
- Corporate Services
- Legal Services



Black Swan on Lake Monger. Photo: Tourism Western Australia

Organisational structure



Please visit the Department of Jobs, Tourism, Science and Innovation website (www.jtsi.wa.gov.au) for our organisation structure from 1 July, 2018.

Our organisation *continued*

Our executive teams

Our Strategic Corporate Executive team includes the Director General and seven corporate team leaders.



Richard Sellers

**Acting Director General,
Department of Jobs, Tourism,
Science and Innovation
Chief Executive Officer, Western
Australian Tourism Commission**

Richard was appointed as Acting Director General of the department in April 2018. He was appointed Director General of the Department of Transport in September 2016. Richard has extensive experience in the public sector.



Joe Ostojich

**Deputy Director General, Policy,
Planning and Economic Development**

Joe has been with the department since 2006, and he was appointed to his current position in 2014. He has worked on significant projects for the State including the Gorgon LNG project, and the Roy Hill iron ore project. Prior to joining the department, Joe worked for the Australian Government in the area of international trade finance and risk management.



Fiona Roche

**Deputy Director General, Science and
Innovation**

Fiona has worked in the government sector for much of her career, particularly in central agencies with a policy coordination role. Before joining the department in 2017, Fiona was Executive Director, Office of Science in the Department of the Premier and Cabinet (DPC). She previously worked in senior roles in DPC and the Public Sector Commission with a focus on governance, integrity and diversity.



Rob Delane

**Deputy Director General, International
Education, Trade and Investment**

Rob joined the department in 2016, as Special Adviser, Agribusiness Expansion. Prior to joining the department, he was Director General of the Department of Agriculture and Food for more than six years, and served as Deputy Secretary of the Federal Department of Agriculture, Fisheries and Forestry.



Geoffrey Wedgwood

**Deputy Director General, Resources
Development and Defence**

Geoffrey joined the department as Deputy Director General in September 2016. He has a wealth of resources-related experience, particularly in oil and gas, mineral sands, and iron ore, across both the public and private sectors.



David Lowe

**Acting Managing Director, WA Tourism
Commission**

David Lowe has worked in the Western Australian Public Sector for more than 30 years and has been with Tourism WA since 2001. Prior to this, he worked at the Water Corporation, Family and Children's Services, MetroBus and the Public Service Commission.

Corporate executive

Our corporate executive includes our Strategic Corporate Executive as well as the senior leadership of our department, major project directors and communications staff.



Steve Melville
Director, Corporate Services

Steve joined the department in 2011 from the Forest Products Commission of WA. He has a range of financial, marketing and management experience in both the government and private sectors.



Pamela Hass
General Counsel, Legal Services

Pamela joined the department in 2011. Pamela's previous positions include University Secretary and Special Legal Counsel at The University of Western Australia and General Counsel at Curtin University in Western Australia. Pamela was the first national president of the Australian Corporate Lawyers Association – the association for in-house counsel – from Western Australia. Pamela has worked as a lawyer in private practice as well as State and Federal agencies in Brisbane, Canberra and Sydney as well as Perth.



Our corporate executive team members. Photo: JTSI

Performance management framework

Along with leading and assisting the development and expansion of Western Australia's resources and industry sectors, the department is the State's lead agency for international trade and investment, and tourism. We also lead the promotion and development of the defence, international education, science and innovation sectors in Western Australia.

The department's Performance Management Framework is consistent with the Western Australian Government's goal of *Future Jobs and Skills: Grow and diversify the economy, create jobs and support skills development*.

We also make contributions under other State Government goals, particularly *Sustainable Finances: Responsible financial management and better service delivery*; and *Better Places: A quality environment with liveable and affordable communities and vibrant regions*.

These Government goals guide the department's core business to ensure we deliver outcomes for Western Australians as the State Government's lead agency for economic development.

Shared responsibility with other agencies

Operating under the Western Australian Government's Lead Agency Framework, we strive to achieve better cooperation and greater efficiency across government for the delivery of projects that benefit Western Australia.

Legislation and changes to legislation

The department administers five Statutes and 64 State Agreements on behalf of the Western Australian Government. As part of this responsibility, we also negotiate new agreements, variations, terminations and repeals of State Agreement Acts as required.

A list of the Acts and Agreement Acts, by commodity, as at the end of the 2017–2018 reporting year is supplied in Appendix 1.



Rio Tinto Pilbara Operations. Photo: Rio Tinto

SECTION 2: Agency performance

- Lead agency overview 12
- Major projects 12
- Industry development 17
- Project facilitation 19
- Infrastructure and
land planning 20
- Strategic policy 21
- International education, trade
and investment activities 22
- Science and Innovation 24
- Our people 27
- Performance overview 29



Roy Hill iron ore operation in Western Australia's Pilbara region. Photo: Roy Hill

Lead agency overview

The department is the lead agency for State-significant projects and major resource and infrastructure projects where the proposed investment is significant or of strategic importance to Western Australia. Current examples include the Gorgon Project on Barrow Island, the Anketell Port and Strategic Industrial Area and the Roy Hill iron ore project.

As the Western Australian Government's lead agency for major resource, industry and infrastructure proposals, the department provides assistance to proponents to ensure projects are developed responsibly and efficiently.

Major projects

Balla Balla Infrastructure Project

The *Railway (BBI Rail Aus Pty Ltd) Agreement Act 2017 (State Agreement)* for the rail component of the Balla Balla Infrastructure Project, was passed through Parliament on 5 December 2017.

The State Agreement provides for a 160 kilometre heavy haulage railway which is proposed to



Gorgon gas processing trains. Photo: Chevron

connect Flinders Mines Ltd's Pilbara Iron Ore Project to a proposed transshipment and stockyard facility at the port of Balla Balla, situated midway between Karratha and Port Hedland.

Total capital costs for the whole project is estimated at \$5.6 billion (\$1.4 billion for the port, \$1.8 billion for above and below rail, and \$2.4 billion for the mine). There will be an estimated 3,300 construction jobs and 900

positions once the project is operational. A financial investment decision is expected first half of 2019.

Gorgon Project

The Gorgon Project on Barrow Island is operated by Chevron Australia and is the largest single resource development in Australia. The Project is a joint venture between Chevron Australia (47.3%), ExxonMobil (25%), Shell (25%), Osaka Gas (1.25%), Tokyo Gas (1%) and Jera (0.417%).

The Gorgon Project is a three train liquefied natural gas (LNG) development and includes a domestic gas plant capable of delivering 300 terajoules per day (TJ/D) of domestic gas to the mainland. The LNG trains, which are fully operational, have been producing 15.6 million tonnes of LNG per annum and the domestic gas plant has been in continuous operation over the last 12 months, supplying on average 146 terajoules per day (TJ/D) to the Dampier to Bunbury Natural Gas pipeline.

The Project includes a carbon dioxide geosequestration facility, designed to inject and permanently store up to 4 million tonnes of carbon dioxide per annum into the Dupuy Formation, a reservoir which is located more than two kilometres beneath the surface of Barrow Island. The commissioning of the CO₂ injection project, which has been delayed due to technical reasons, is expected to commence by December 2018.

In March 2018, the Gorgon Joint Venture announced its decision to proceed with the Gorgon Stage Two Project (GS2) with drilling set to commence off the North-West coast in 2019. GS2 is an upgrade to the existing subsea gas gathering network for the Gorgon and Jansz-Lo gas fields and is required to ensure future supply to the LNG trains over the next 30 to 40 years.

GS2 is expected to create hundreds of jobs over several years in areas including drilling, subsea installation, pipe-laying and project management as well as ongoing operational jobs into the future.

Onslow

Chevron, through the State Development Agreement, has committed more than \$250 million to critical and social infrastructure in Onslow, which includes upgrading community facilities, education and health services and roads, water and power infrastructure.

State Development Agreement funded projects completed in 2017–18 include a new gas-fired power station, a coastal boardwalk upgrade and installation of LED street lights throughout the town.

Construction of the new Onslow hospital is approaching completion. Design and construction contracts to build a large-scale renewable energy micro-grid in Onslow were awarded by Horizon Power.

Main Roads WA has completed the design and approvals for the first stage of the Onslow Road upgrade. Design and approvals for the new St John Ambulance sub-centre are also complete

and the design of the Onslow Sports Club redevelopment is underway.

Project Sea Dragon

Project Sea Dragon is proposed to be a large scale fully integrated land-based prawn aquaculture project, with a staged development that includes 1,120 hectares of production ponds at Legune Station, located in the Northern Territory near the border with Western Australia, a founder stock centre at Exmouth, and a processing plant at Kununurra. Subject to a competitive tender process, Wyndham port will be utilised for the import and export of product.

The project announced an extensive agreement with Japanese seafood giant, Nippon Suisan Kaisha (Nissui) in May that includes a \$24.99 million equity investment and offtake provisions.

The State Government has committed \$16.3 million of funding to enable construction of the all-weather open-use road necessary to service Project Sea Dragon and other economic activity in the area.

The department will continue its lead agency role into 2018–19 to facilitate support for the project.

Major projects *continued*

Roy Hill Project

The \$10 billion Roy Hill iron ore project comprises an open pit mine, processing plant, 344 kilometres of heavy haul railway, export facilities at Port Hedland port and a remote operations centre in Perth. It is the biggest single-pit iron ore mining project in Australia and will have a mine life of more than 17 years. The project reached full production capacity of 55 million tonnes per annum in December 2017. The project employs approximately 2,000 people.

Sino Iron

The Sino Iron magnetite iron ore project is located at Cape Preston, 100 kilometres south west of Karratha in the Pilbara, and is China's most significant investment in the Australian resources sector. The project is subject to and operates under the *Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002*.

The Sino Iron project is nearing completion with all six production lines having been commissioned in late 2016 and now in full operational mode. At full production, the project is expected to produce 27.6 million tonnes per annum of iron ore concentrate. All production will be transhipped to China from the Cape Preston Port. Since the project began construction in 2008, total capital expenditure is believed to have reached US \$12 billion.



Cape Preston Mine. Photo: JTSI

Subsea 7

Subsea 7 is a global seabed-to-surface engineering, construction and services contractor to the offshore energy industry.

Subsea 7 is proposing to develop a Pipeline Fabrication Facility in Learmonth, approximately 35 kilometres south of the Exmouth town site, to service the offshore oil and gas industry.

The department received lead agency status for the proposal in March 2018 and has been working with Subsea 7 on providing high level advisory and support services to facilitate the approvals and development phases of the project.

Subsea 7 will invest \$50 million–\$75 million to construct the facility, with local Western Australian businesses expected to deliver the majority of construction work.

The project will employ 77 people during construction over a 12 month period and employ up to 120 people when fully operational, of which 95 per cent are expected to be based in Exmouth.

The facility will produce an alternative service for all future expansions of major oil and gas projects off the Western Australian coast.

Wheatstone Project

The Chevron-operated Wheatstone Project is now operational following the commencement of liquefied natural gas (LNG) production from processing train one in October 2017 and train two in June 2018.

The Wheatstone Project is Australia's first third-party natural gas hub enabling future development of the vast natural gas resources offshore Western Australia. At full capacity, the Wheatstone Project's two train LNG plant is



First Chevron Wheatstone LNG cargo is loaded. Photo: Chevron

Major projects *continued*

expected to contribute around 6 per cent of the Asia Pacific region's total future LNG production, delivering 8.9 million tonnes per annum (MTPA) production capacity.

More than \$20 billion has been spent on local goods and services through 300 different Australian companies since 2009. In turn, this has created direct employment for more than 7000 workers.

The Wheatstone Project will deliver at least 200 terajoules a day to the Dampier to Bunbury Natural Gas Pipeline for domestic use when construction is completed towards the end of 2018.

The Australia–China Natural Gas Technology Partnership Fund

The Australia–China Natural Gas Technology Partnership Fund, known as the LNG Fund, was established in 2002 as part of a historic agreement to supply LNG to China. A joint initiative of the Western Australian Government, the Australian Government and the North West Shelf Gas Project, the LNG Fund supports activities aimed at establishing genuine, long-term partnerships within the energy sector and enhancing the strong bilateral relationship between Australia and China over 15 years of the Fund's initiatives.



April 2018 National Energy Administration delegation visit to Chinchilla, QGC operations. Photo: JTSI

During 2017–18, the LNG Fund provided Executive Gas Training for 25 senior Chinese oil and gas managers and government officers in Perth and Canberra. The participants were from various large Chinese companies and government agencies, including: Guangdong Dapeng LNG, China Huadian Group, Sinopec, COSCO Shipping LNG Shanghai, CNOOC Gas and Power, CNPC Beijing Gas Pipeline Co Ltd and National Energy Administration.

The LNG Fund also managed a high level Australian delegation to China in November 2017, with 14 participants from the three founding parties.

The delegation was hosted by Guangdong Dapeng LNG, Sinopec, China National Petroleum Corporation (CNPC), China National Offshore Oil Corporation (CNOOC) and the National Energy Administration.

In April 2018, the LNG Fund hosted a senior government delegation led by Madam Liu Hong, Deputy Director of the Oil and Gas Division, National Energy Administration, to Brisbane and Perth.

These visits continue to build understanding and appreciation of the technologies and processes that pertain to the oil and gas sector, as well as cementing the strong government-to-government relationships.

Industry development

Industry participation

The WA Industry Link is a State Government initiative to provide local businesses, in particular small and medium sized enterprises, with more opportunity to compete for State Government contracts. The Premier launched the WA Industry Link on 16 March 2018 with the support of the Housing Industry Association WA and the Australian Steel Institute.

The department is responsible for the ongoing development and implementation of this multi-faceted initiative, which consists of:

- The *Western Australian Jobs Act 2017*, which is the first piece of legislation which is to apply to almost all State Government agencies and forms of procurement in Western Australia.
- The Western Australian Industry Participation Strategy (WAIPS), which was developed to give effect to objectives of the *Western Australian Jobs Act 2017*.
- An Industry Link Advisory Service, which assists local businesses and State Government agencies to understand and implement the WAIPS.
- Local Content Advisers, based in the Regional Development Commissions across Western Australia.

- The WA Industry Link online portal, which is a central source of information on how opportunities for local businesses to supply to the State Government can be maximised.

To ensure the successful implementation of the WA Industry Link initiative, the department consulted with over 40 key State Government agencies to assist them to incorporate the WAIPS into their procurement processes.



Premier Mark McGowan visiting Pacific Industrial Company, located in Kwinana, as part of the WA Industry Link launch. Photo: JTSI

Industry development *continued*

Along with this consultation process, a series of nine pilot projects were rolled out to road-test the new legislative requirements.

In collaboration with the Department of Primary Industry and Regional Development, the department also carried out a roadshow that visited a number of regional centres to inform regional businesses about the WA Industry Link initiative and the advisory services available.

The WA Industry Link initiative and requirements of the *Western Australian Jobs Act 2017* will be applied across the board on 1 October 2018.

Defence West

In November 2017, Defence West commenced a defence industry capability assessment, examining the capability and capacity of Western Australian industry to deliver the Commonwealth Government's upcoming defence requirements.

Over 230 companies participated in this assessment, with over 100 being included in the inaugural version of the WA Defence Industry Capability Directory.

The next capability assessment will soon commence and a second, expanded directory will follow.

Technology Parks

The department continued to operate and manage two established technology parks and, on behalf of the Western Australian Government, support the implementation of election commitments to establish the new Industrial Lands Authority. Operating on a cost neutral basis the WA Technology Park, Bentley, and Marine Industries Technology Park, Munster, continue to provide opportunities to nurture technology development, grow Western Australian businesses, create high value jobs and support supply chain networks.

Technology Park facilities were also used to host a number of events by Defence West, bringing together defence contractors with local suppliers.



Defence West frigate. Photo: JTSI

Project facilitation

State Agreements

Project approvals

During the year, the department facilitated project approvals across the resources sector resulting in a capital expenditure by the private sector of approximately \$384 million and about 234 additional construction and operational positions.

Iron ore

New mining developments were approved within existing mining hubs by BHP Billiton Iron Ore (Jumblebar, P1 West, South Flank – Early Works).

Bauxite

In late 2016, the State Government approved Alcoa exporting up to 2.5 million tonnes per annum of bauxite through the Kwinana Bulk Terminal for up to five years, under the *Alumina Refinery Agreement Act 1961*. To enable Alcoa commercial flexibility to be able to ship through the Bunbury Port in addition to the Kwinana Bulk Terminal, in July 2017 the State Government approved Alcoa exporting bauxite through the multi-user facility at Bunbury Port's Berth 8 for a period of two years. Alcoa exported

approximately 1.1 million wet tonnes of bauxite through the Kwinana Bulk Terminal and 145,000 wet tonnes through Bunbury in 2017–18.

Timber

In 2018, the State Government approved construction of a continuous drying kiln at Wespine Industries' Dardanup sawmill in the State's South West.

Construction of the kiln is expected to create around 30 construction jobs locally in the region.

Legislative program

Mineral sands

Late in 2017, Parliament ratified a variation to the *Minerals Sands (Cooljarloo) Mining and Processing Agreement Act 1988* to allow processing of feedstock sourced from outside the State Agreement mining lease.

Tronox operates a fully integrated titanium minerals mining and processing plant in Western Australia and employs more than 600 direct employees and 150 contractors.

Iron ore

On 5 December 2017, variations to the *Iron Ore (Channar Joint Venture) Agreement Act 1987* (Channar State Agreement) and *Iron Ore (Hamersley Range) Agreement Act 1963* were approved by Parliament that extended the Channar State Agreement by up to 15 years and enabled the continuation of mining at Channar.

Railways

On 15 May 2018, a variation to the *Railway and Port (The Pilbara Infrastructure Pty Ltd) Agreement Act 2004* was approved by Parliament to allow the Company to enter onto Crown land to conduct field investigations and studies to inform the route for the construction of its proposed Eliwana Railway Spur.

Infrastructure and land planning

Strategic industrial developments

Lithium processing

The department is the lead agency for the allocation of strategic industrial land and has been supporting proponents on a range of new strategic industrial uses including mineral processing, fuel distribution and chemical manufacturing.

2017–18 saw new and continued investments in lithium processing, a key energy material to support battery technology in the global electric vehicle industry.

The department facilitated timely approvals to enable Tianqi Lithium Australia to make a final investment decision and construction of Stage 2 of its Lithium Hydroxide Processing Plant.

In May 2018, WA Lithium Pty Ltd signed an Option to Lease over Lot 47 Mason Road, Kwinana, giving it exclusive rights to develop the site. WA Lithium is planning to construct a lithium carbonate/lithium hydroxide refinery as a joint venture between SQM and Kidman Resources.

The department, as lead agency, has facilitated a range of project approvals to support Albemarle Lithium to make a final investment decision on the Hydroxide Kemerton Plant by the end of July 2018. It is expected to generate 500 construction jobs and an initial 100 operational jobs increasing to 500 by 2025.

Land planning

The department is the lead agency responsible for planning and managing Strategic Industrial Areas (SIAs) in key locations around Western Australia.

We work to ensure SIAs are project-ready by undertaking a range of technical investigations and ensuring appropriate zoning and development controls are in place.

The Anketell SIA Improvement Scheme was finalised in November 2017, and an engineering study has been completed identifying the development options for the planned central infrastructure corridor within the SIA.

The department has progressed a number of technical studies to inform the preparation of the Maitland SIA Improvement Scheme, which is expected to be released for public comment in the second half of 2018.

Marketing

The department has overseen the production of promotional videos for the Kemerton, Anketell and Boodarie Strategic Industrial Areas.

These will be complemented by the videos for the Burrup and Ashburton North Strategic Industrial Areas available on the department's website.

Serviced industrial land – Kemerton

As part of the Government's commitment to create serviced industrial land at Kemerton SIA, the department has undertaken the necessary detailed design to inform the construction of the Kemerton Road in the second half of 2018. Kemerton Road is the planned spine road through the SIA and will provide access to Albemarle's Kemerton Plant, unlocking further industrial land for development.

Northern Australia Infrastructure Facility

The department, as lead agency, negotiated the Northern Australia Infrastructure Facility (NAIF) Master Facility Agreement (MFA) to provide access to \$5 billion of Commonwealth funds for low interest loans for infrastructure projects in Northern Australia. The department is responsible for the management of NAIF loans under the MFA.

Through the NAIF, Onslow Marine Support Base Pty Ltd (OMSB) reached an agreement with the State and the Commonwealth to access the first loan in Australia under the NAIF program to undertake the Stage 2 expansion of its existing marine supply base, including further dredging to support access to its facilities by larger vessels.

The Premier signed the final OMSB loan documents on 1 June 2018. An Economic Impact Assessment undertaken as part of the due diligence consideration indicates Stage 2 to generate 166 jobs (49 direct and 117 indirect).

Lithium and Energy Materials Industry Strategy

On 24 May 2018 the Government announced the establishment of a Ministerial Taskforce to oversee the development of a Lithium and Energy Materials Industry Strategy for Western Australia. The Strategy will be designed to build upon the State's competitive advantages and to develop a world-leading, sustainable, value-adding energy materials industry that maximises benefits to the local community. The growth in the global lithium-ion battery industry, and the emergence of investment in secondary processing of lithium concentrate in WA, provides the State with the opportunity to show leadership and leverage these opportunities

through a whole-of-government Strategy led by the department. The Strategy will enable WA to capitalise on this opportunity to move further down the battery materials supply chain across a range of materials. The Strategy will be informed by consultation with industry and is due for completion within six months. In addition, the Government has committed \$5.5 million in provisional funding to a Cooperative Research Centre bid. The \$50 million Centre will bring together research, industry and government to research the battery materials industry.



Lithium hydroxide. Photo: Tianqi Lithium Australia

Strategic policy

Port Hedland Dust Management

The department chairs the Port Hedland Dust Management Taskforce, which includes industry, State, and local government representatives. In 2016, the Taskforce submitted a report to the previous Government with recommendations for managing dust in Port Hedland.

The State Government released the Taskforce Report for public comment in August 2017, and the department managed the public consultation process. This included facilitating a public open day in Port Hedland in September 2017 and the provision of supporting information on the department's website. Fifty written submissions were received.

The department liaised with the Department of Health, Department of Water and Environmental Regulation, and the Department of Planning, Lands and Heritage in considering the feedback received, and provided advice to the Government on a recommended response to the Taskforce Report. The Government is expected to formally announce its position in early 2018–19.

International education, trade and investment activities

Under the Machinery of Government reforms, the department integrated all overseas trade and investment offices into an enhanced Government of Western Australia Office network (London, Dubai, Mumbai, Singapore, Jakarta, Shanghai, Tokyo, Seoul) led by the Agent General (London) and Commissioners.

The department coordinated 1363 international trade and investment leads and activities during 2017–18.

International missions

A key feature of 2017–18 was the significant uplift in international market engagement by Ministers, supported by the department, including four overseas missions by the Western Australian Premier, the Hon Mark McGowan MLA.

China and Japan

(November 2017 and June 2018)

The Premier led a high profile team of business leaders and representatives on trade missions to China and Japan in November focused on key growth areas for the State's economy, particularly tourism and education. The mission included celebrating the 30th Anniversary of the Sister State Relationship with the Zhejiang Province, China, and visiting Kobe, Japan, the capital of Sister State Hyogo Prefecture. The Premier and the Minister for Tourism; and Defence Issues, Paul Papalia, met with key Japanese companies with significant investments in Western Australia.

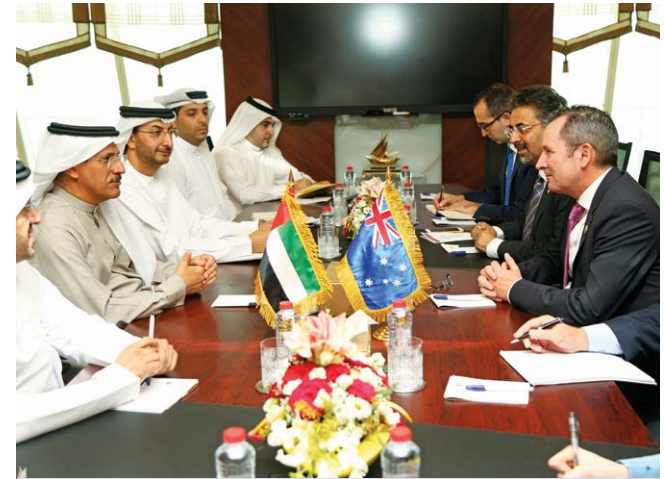
The Premier returned to China in June 2018 with a series of meetings in Beijing, including with the State-owned Assets Supervision and Administration Commission of the State Council and the National Development and Reform Commission.

USA and UAE

(February 2018)

The Premier celebrated the centenary of bilateral relations between the United States of America and Australia by attending a '100 Years of Mateship' event in Washington DC in February. Meetings included the United States Navy Secretary and Chief of Naval Research to offer Western Australia as a location for crew shore leave and ship maintenance.

The Premier also visited the United Arab Emirates to strengthen existing relationships and forge new trade ties.



Premier McGowan discussing trade and investment opportunities with UAE Minister for Economy H.E. Sultan bin Saeed Al Mansoori. Photo: JTSI

UK and Germany (March 2018)

The Premier and Minister Papalia were guests on the inaugural Qantas Dreamliner direct flight from Perth to London where both actively promoted Western Australia's tourism profile in the UK.

The Premier then visited Bremen, Germany, to meet the shipbuilder Lürssen. The Federal Government awarded the \$3.5 billion Offshore Patrol Vessel program to Lürssen.

Other missions

The department also supported in-market missions for the Deputy Premier (India), the Minister for Asian Engagement (Singapore, Indonesia and Korea), the Minister for Tourism (Japan and China), and the Minister for Education (China).

Commissioners' Week (June 2018)

Commissioners from seven Government of Western Australia Offices and Europe-focused Agent General designate met in Perth for two-way briefings with a range of economic sectors, and market-specific priority planning. The Commissioners engaged with industry organisations and businesses, and other government agencies to update them on existing and forthcoming export and foreign direct investment opportunities.



Western Australian Government overseas offices Commissioners, Agent General and JTSI staff with Governor of Western Australia Kim Beazley during Commissioners Week.

International education

The department took up lead responsibility for international education development, a sector with significant potential for growth in both job creation and international engagement.

A major platform to boost international education (tertiary, vocational, schools, English language and pathways capacity building) was achieved through support for a transformation of StudyPerth, which involves all parts of the sector.

The department has led the development of a draft International Education Strategy, through drawing on national and international good-practice and close consultation with StudyPerth members.

Asian engagement

The department has worked closely with the Minister for Asian Engagement to consult with international business councils and associations, diaspora organisations and Consulates General toward developing a strong foundation for improved engagement with Asian nations at government, industry, business, and community levels.

Science and Innovation

New Industries Fund

The \$16.7 million New Industries Fund (NIF) was launched in November 2017 to accelerate new and emerging businesses to diversify the Western Australian economy and create new jobs and industries. In partnership with the Department of Primary Industries and Regional Development, a \$4.5 million NIF regional component was established to drive innovation, diversification and job creation across nine regions in Western Australia.

As part of the State Government's commitment to support industry-led innovation hubs, the Joondalup Innovation Hub located at Edith Cowan University was launched in November 2017. The hub is funded for \$800,000 over four years and brings together the public, private and research sectors to work in areas of competitive strengths for Western Australia.

A Western Australian node of the industry-led AustCyber organisation was established at the Joondalup Innovation Hub in March 2018 and will focus on critical infrastructure, cybercrime and big data to optimise the internationally renowned expertise of the local cyber security industry.

As part of a broader strategy to build Western Australia's life sciences sector, a node of the MTPConnect Industry Growth Centre was established with funding of \$1.2 million over four years. In partnership with The University of Western Australia, the WA Node will support the growth of a vibrant and globally competitive medical technologies and pharmaceutical sector in Western Australia.

The WA Innovator of the Year and Innovation Vouchers Programs were reviewed to align with the NIF objectives. As part of the Innovator of the Year program sixteen applicants received commercialisation training and shared a total of \$145,000 in prize money. The Innovation Vouchers program awarded 23 SMEs a total of \$409,484 in grants.



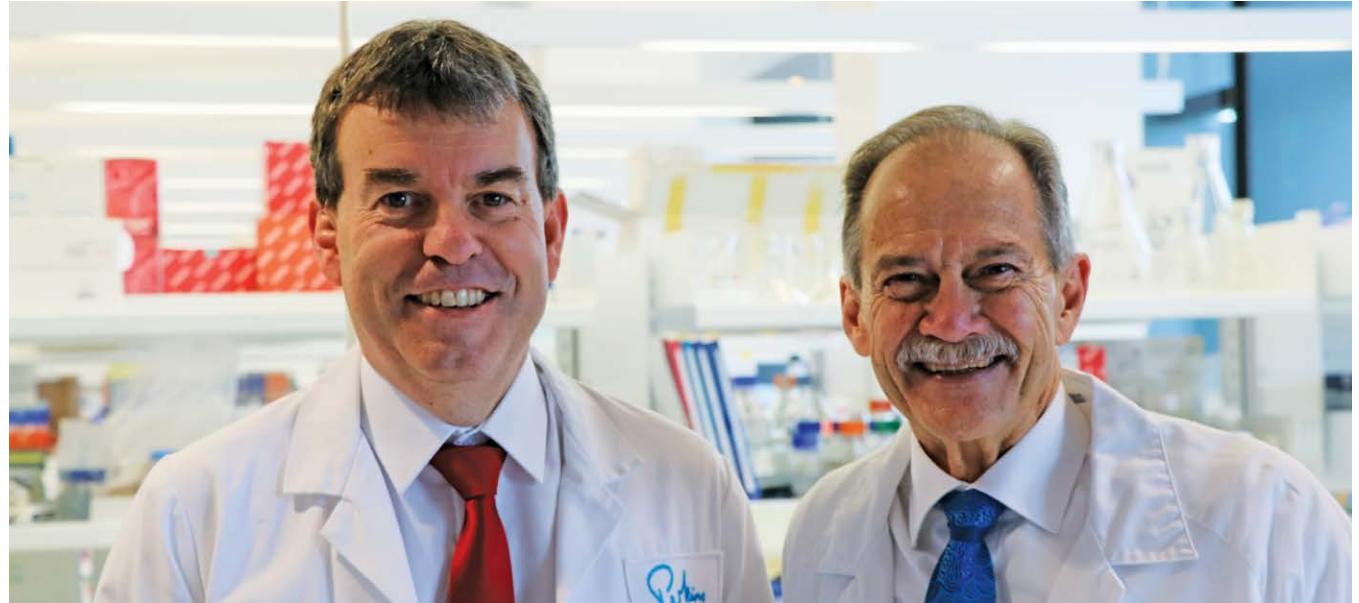
2017 Innovator of the Year Advisory Committee. L-R: Professor Lyn Beazley, Minister Dave Kelly, Peter Millington, Patria Jefferies, Mark Pullen, Professor Fiona Wood and Dr Ken Michael. Photo: JTSI

Scientific capabilities and research

The department works closely with the Chief Scientist of Western Australia, Professor Peter Klinken AC, to support and advance the State's scientific capabilities. Professor Klinken worked tirelessly as the State's ambassador and primary source of Government scientific advice to promote growth in priority areas such as the resources and energy sector and medical research.

State Government investment in science supports the development and diversification of WA's economy and delivers a range of benefits for the State. In 2017–18, the department administered science grants funding in excess of \$21.2 million, ranging from support to the Busselton Health Study, funding for the Pawsey Supercomputer, and a further three years of funding to the Western Australian Marine Science Institution (WAMSI) to provide a greater strategic understanding of our ocean environment and assist in making decisions relating to marine and coastal planning.

The department successfully executed two Memoranda of Understanding (MoU) to support Cooperative Research Centres (CRC). The department will provide \$200,000 per annum



Science Minister Dave Kelly and Western Australia's Chief Scientist Professor Peter Klinken at the MTPConnect launch. Photo: JTSI

over 10 years to further the Food Agility CRC's work in empowering Australia's food industry to grow its comparative advantage through digital transformation and \$300,000 over one year to assist the Cyber Security CRC in delivering solutions that increase the security of critical infrastructure and provide cyber security solutions that benefit businesses and their customers.

In addition, the State Government and the Chief Scientist have strongly promoted growth in Western Australia's space industry by engaging

with the Commonwealth's Review of *Australia's Space Industry Capability* and releasing a report to highlight Western Australia's strengths and opportunities in this area.

Skills for jobs of the future

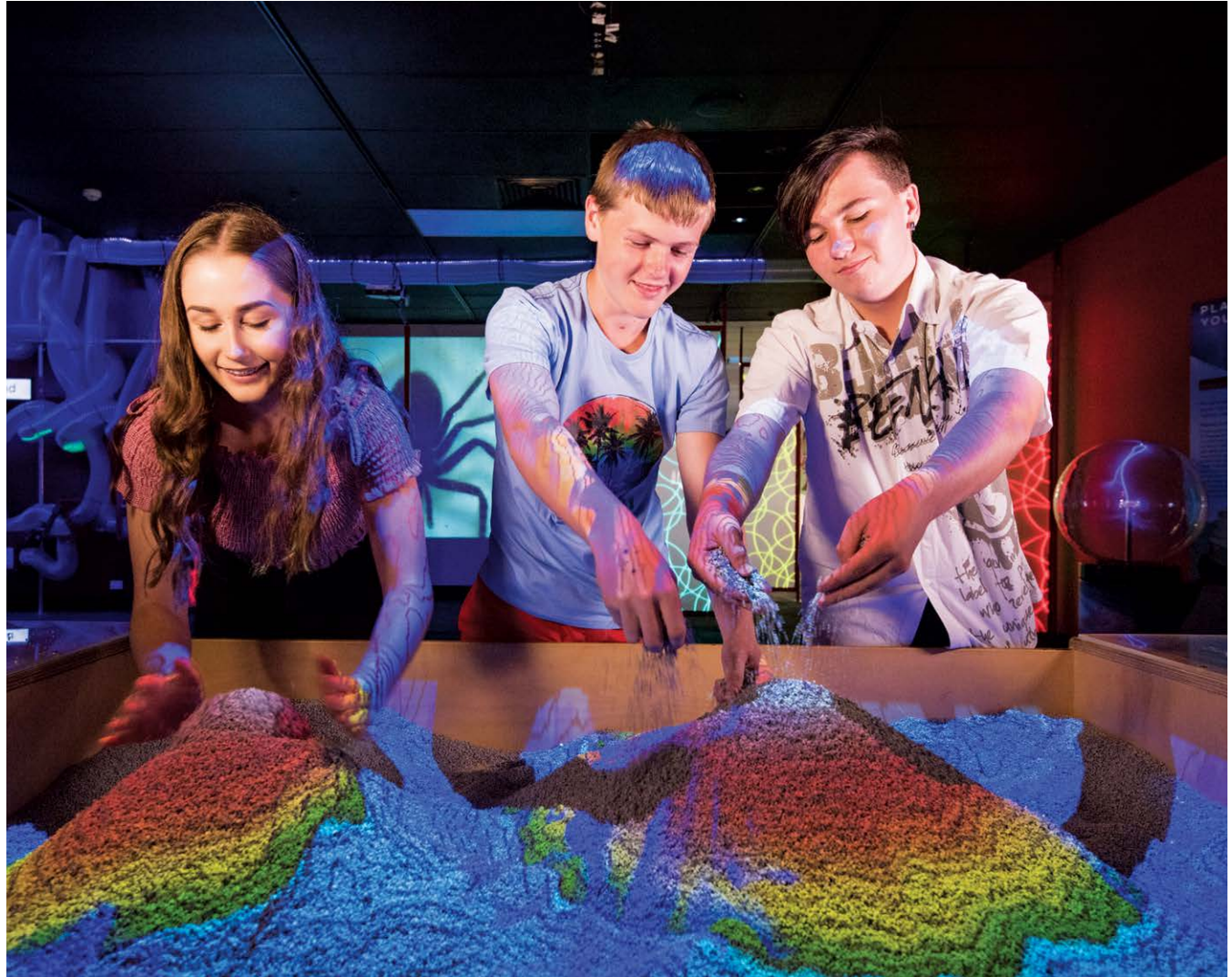
The Science, Technology, Engineering and Mathematics (STEM) Advisory Panel, chaired by the Chief Scientist, and comprising relevant experts from the education, industry, and community sectors,

Science and Innovation *continued*

delivered the goals and pillars of WA's first State STEM skills strategy in April 2018. The strategy aims to build a globally competitive and innovative workforce with the skills to drive WA's technological future and create new job opportunities. State funding of \$3.359 million was secured over four years from 2018–19 to kick-start initiatives under the strategy.

The 2017 Premier's Science Awards ceremony was attended by 170 guests from across the science sector. The awards recognise and celebrate the achievements of the Western Australian science community and help promote the importance of STEM. The 2017 WA Science Hall of Fame Induction celebrated Professor John Pate's lifelong contribution to STEM in Western Australia. The Governor's School STEM Awards continued successfully for its third year, celebrating achievements in STEM education in primary and secondary schools.

The department provided a further three years of funding of \$8.6 million per annum to the Scitech Discovery Centre to provide interactive STEM engagement experiences and deliver on the State Government's commitment to promote STEM skills to the community.



Students at Western Australia's Scitech Discovery Centre. Photo: Scitech

Our people

The Department of Jobs, Tourism, Science and Innovation was formed on 1 July 2017 and became the employing authority for staff from the following former agencies: The Department of State Development; Western Australian Tourism Commission; Industry Development Division of the Department of Commerce; Office of Science, Agent General Office London, North Asia and Middle East overseas offices of the Department of the Premier and Cabinet; and International Education from the Department of Education Services. The department provides staff to support the work of the Western Australian Tourism Commission (Tourism WA) under a service arrangement.

The full time equivalent (FTE) allocation by gender and tier for the department as at 30 June 2018 is:

2017–18	Female	Male	Total
FTE no. by Tier 1, 2 & 3	7	11	18
% by Tier 1, 2 , 3	39%	61%	100%
FTE no. of Total Agency	148.6	96.1	244.7
% of Total Agency	60.7%	39.3%	100%

Note: JTSI formed on 1 July 2017, accordingly no comparison data is available for 2016–17.



Western Australian Government overseas offices Commissioners and Agent General with JTSI staff. Photo: JTSI

Our people *continued*

Industrial relations

Most staff are employed under the Public Sector and Government Officer's CSA General Agreement 2017. Five staff are employed under the *Salaries and Allowances Tribunal Act 1975*.

The Department of Mines, Industry Regulation and Safety continues to provide payroll service for staff located at 1 Adelaide Terrace, East Perth, under a service level agreement; and staff working at the Western Australian Tourism Commission are paid by the Department.

There were no significant industrial relations issues in 2017–18.

Senior staff changes

Following the cessation of Stephen Wood as Director General and Chief Executive Officer for Tourism WA, in April 2018, Richard Sellers was appointed by the Public Sector Commissioner to act as Director General/Chief Executive Officer.

Workforce planning

The department is committed to develop and support its people through various initiatives including:

- The development of a new JTSI Learning and Development Framework.

- Training sessions for managers to support them through change.
- Internal capacity sessions were held showcasing the role and activities of divisions and their collaboration with other parts of the agency.
- Leadership capability was enhanced with staff successfully gaining places in the 2018 Public Sector Management program; 2018 CEDA Copland Leadership Program, and 2018 Public Sector Commission's Policy Essentials Program.
- A mentoring program was launched in March 2018 with 26 staff participating from across the Department.
- International Women's Day was celebrated with 85 staff attending an internal event to hear three female executives within the agency share their inspiring stories.
- The performance management program was revised and rolled out during 2018.

Through the department's Career Development Support Scheme, financial assistance and study leave were also available to staff, supporting staff to undertake higher education or other learning programs of relevance to the agency.

Two university graduates joined the department in January 2018 as part of the department's continued support for youth through a joint initiative with two other government agencies.



JTSI staff at a fundraising event held for Cancer Council Australia's Biggest Morning Tea in May 2018. Photo: JTSI

Performance overview

Key performance indicators

Under the Outcome Based Management framework, our department measures its performance through agreed Key Performance Indicators (KPIs).

These KPIs measure our performance and help evaluate the work we do towards achieving desired outcomes.

The KPI's for the department are under review with a revised Outcome Based Management structure expected to be in place for the 2019–20 reporting period.

The following is a summary of our performance against currently approved KPIs for 2017–18. As 2017–18 is the first year of operation of the department, there are no comparative figures for prior years.

The KPI section in this annual report does not include the KPI's relating to Tourism Western Australia. For further information on Tourism Western Australia's KPIs refer to the 2017–18 annual report of the Western Australian Tourism Commission.

Audited KPI effectiveness indicators

Effectiveness indicators provide information regarding the effectiveness of the department in achieving its objectives. The department has two effectiveness indicators:

Effectiveness KPI # 1	Target	Actual 2017–18
Extent to which agreed milestones for projects where the department is the lead agency are achieved within the reporting period	85%	80%

This indicator measures the extent to which agreed milestones across major projects where the department is the lead agency were achieved.

In 2017–18 the department achieved 80% of these milestones against a target of 85%.

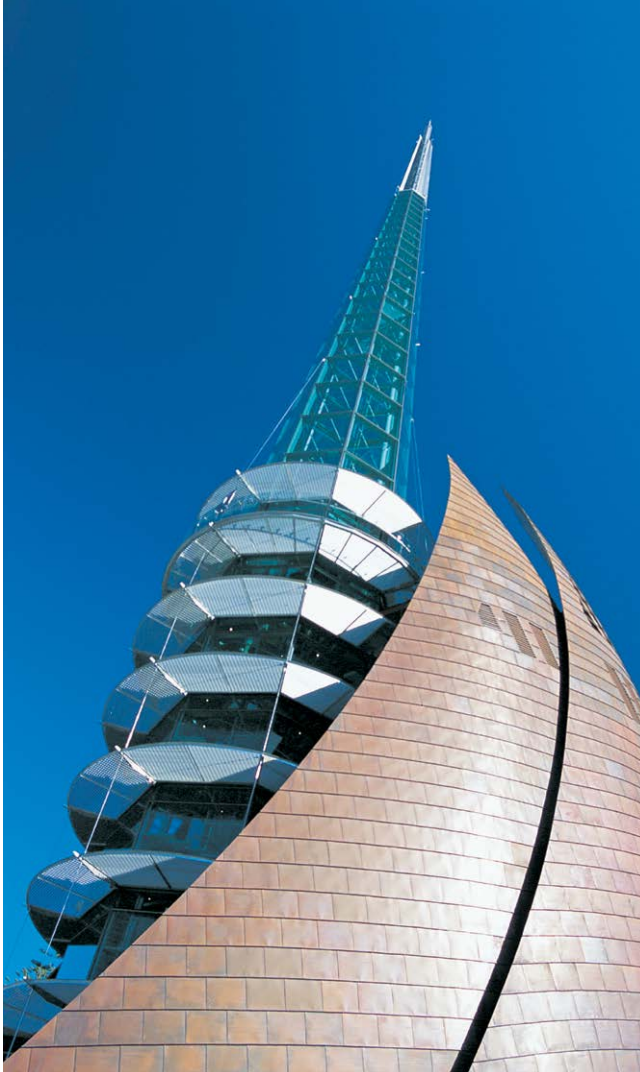
External variables such as market conditions, timing of investment decisions and obtaining necessary approvals effect the achievement of milestones.

Effectiveness KPI # 2	Target	Actual 2017–18
Extent to which State Agreement proponents comply with their reporting obligations and meet the Agreement objectives	95%	96%

This indicator measures the extent to which companies subject to State Agreement Act reporting requirements met their annual reporting obligations.

The result of 96% indicates that the department has ensured companies perform against their reporting obligations under the various State Agreement Acts.

Performance overview *continued*



The Swan Bells Tower. Photo: Tourism WA

Audited KPI efficiency indicators

This efficiency indicator measures the cost efficiency of the department in delivering projects across its portfolio of responsibilities.

Efficiency KPI	Target	Actual 2017–18
Average cost per project facilitated	\$583,000 ^(a)	\$438,500

^(a) The target for this KPI was not included in the original 2017–18 budget papers. The target reported in this annual report is the target for 2017–18 included in the 2018–19 budget papers.

The KPI includes over 80 projects. Limited ranges of projects receive specific funding while the majority of projects are progressed using agency core funding. Grants programs and policy development costs are excluded from this KPI.

Actual for the year was 24.7% lower than target, reflecting a significant repositioning of budgeted project funds from 2017–18 into later years to reflect revised milestone timelines of funded projects. The department also achieved some savings across its cost of services in 2017–18.

The department has been granted an exemption by the Under Treasurer in relation to reporting on its second efficiency KPI “*Average cost per identified major state initiative*”, as the KPI is considered no longer relevant or representative of the department’s activities and focus.

Financial performance

The Department of Jobs, Tourism, Science and Innovation was created on July 1, 2017 as a result of changes to the Machinery of Government.

The department was formed through the combination of:

- The former Department of State Development (DSD)
- The Western Australian Tourism Commission (trading as Tourism WA)
- The Office of Science from the Department of the Premier and Cabinet
- Three additional overseas trade offices from the Department of the Premier and Cabinet (in addition to five offices from DSD)
- The industry promotion and innovation functions from the former Department of Commerce
- International Education from the former Department of Education Services
- The innovation program from the Office of the Chief Information Officer (the program was renamed and repurposed to the “New Industries Fund”)
- The former DSD’s agribusiness unit was transferred out to the Department of Primary Industries and Regional Development.

Western Australian Tourism Commission

The Western Australian Tourism Commission (trading as Tourism WA) is governed by a Board of Commissioners appointed under the *Western Australian Tourism Commission Act 1983*. Consequently, its financial results are presented separately and not consolidated into the department’s financial statements. Notwithstanding that, appropriation funding for Tourism WA flows through the department and is passed on to them as grants. Employees are engaged by the department and assigned to Tourism WA on a services provided free of charge basis.

The financial statements of the Department of Jobs, Tourism, Science and Innovation includes Tourism WA only to the extent it has provided direct funding and services free of charge to Tourism WA (see notes 2.2 and 9.7 to the financial statements).

Budget

The department and Tourism WA share a combined budget in the State’s official budget papers. Neither organisation can be fully identified financially within those budget papers. Consequently, both the department and Tourism WA prepare separate estimates under Section 40 of the *Financial Management Act 2006* and Treasurer’s Instruction 945.

Acquittal of the department’s actual results against budget is with reference to the estimates prepared under Section 40 of the *Financial Management Act 2006* and Treasurer’s Instruction 945. For detailed financial information on Tourism WA, refer to the annual report of Tourism WA.

Performance overview *continued*

Financial result for 2017–18

Cost of services

	Budget \$ 000	Actual \$ 000	Variance \$ 000
Employee benefits expense (includes staff provided to Tourism WA)	39,895	36,605	3,290
Supplies and services	20,965	12,569	8,396
Accommodation expenses	4,634	4,426	208
Grants and subsidies – Tourism WA	69,679	64,847	4,832
Grants and subsidies – other	32,829	27,491	5,338
Other expenses (including depreciation)	1,990	5,624	(3,634)
Total cost of services	169,992	151,562	18,430

The department finished the year with total cost of services at \$18.43 million, or 10.8%, below the original estimates.

The budget variance is a representation of actual expenditure against the original approved budget. The variance is primarily driven by the realignment of the department's budget across future years in line with reassessed project milestones.

The favourable position in employee benefits was due to selected vacant positions not being filled in order to realign the department's overall employment cost to meet a declining budget position in 2018–19.

Supplies and services were impacted by budget repositioning which moved \$7.1 million in specific funding to later years to realign the budget with the

most up-to-date project milestone estimates. Internal budgetary control, positioning the department to meet tighter budget constraints in the following year, accounted for the difference.

Tourism grants were influenced by budget measures undertaken by Tourism WA, including \$2.3 million repositioning to fund the Australian Tourism Exchange, \$2.25 million transferred from the Tourism WA budget to fund the Broome dredging project, and \$0.5 million removed from budget to recognise Tourism WA being no longer subject to payroll tax liability.

Other grants represents repositioning of Science related initiatives following reassessment of timing of various initiatives, including the New Industries Fund.

Other expenses variance was driven by payments to the consolidated fund in respect to repatriation of cash transfers received through the Machinery of Government process, not retained by the department. Other expenses also included \$1,781 for diminution in valuations for land and buildings.

Service appropriation for the year was \$138.6 million, against an original budget of \$157.9 million, yielding a variance of \$19.3 million, which is directionally consistent with the variance in total cost of services.

SECTION 3: Significant issues impacting the agency

Economic conditions 34

Energy security..... 35



Wheatstone platform and pipeline. Photo: Chevron

Significant issues impacting the agency

Economic conditions

The Western Australian economy began to recover in 2017–18 following the 2016–17 financial year in which gross state product fell by 2.7 per cent and employment fell by 0.9 per cent. Employment grew steadily during 2017–18 and short-term prospects are positive with investment in new projects and an increase in job vacancies.

After peaking at \$76.3 billion in 2012–13, total business investment in Western Australia has fallen each year since as construction on major resources projects has wound down. However, with the State's large liquefied natural gas (LNG) projects in their final stages of construction – including Chevron's Wheatstone Project that began exports in 2017–18 – around 85 per cent of the forecast decline from the 2012–13 peak has now passed.

Resource companies made commitments to a number of new projects during 2017–18, including Stage 2 of the Chevron-operated Gorgon LNG Project, BHP's South Flank iron ore project, Fortescue Metals Group's Eliwana iron ore project and the second stage of Tianqi's lithium processing facility. LNG producers are also considering investments to backfill, or possibly expand on, existing facilities.

Merchandise export volumes continued to grow in 2017–18 with production increases from the new

capacity created by the investments of the past few years. Growth in export volumes is likely to be lower in coming years after all LNG projects have ramped up production to full capacity and as Chinese demand for iron ore begins to taper.

China's slowing growth in demand for iron ore is one sign its economy is moving from investment-led to consumption-led growth. China is now demanding more high quality agricultural products and services such as tourism and international education. Western Australia is yet to take advantage of the

opportunities from demand growth for these services as much as other states in Australia.

While recent announcements for new projects indicate that resources will remain a mainstay of the Western Australian economy, the resources industry is capital intensive and may become even more so as companies increasingly look to automate their operations. If employment growth is to be sustained in Western Australia, economic activity will need to broaden into other more labour intensive sectors.



Iron ore mining, Cloudbreak, Fortescue Metals Group. Photo: Fortescue Metals Group

Energy security

The Western Australian Government is securing the State's long-term energy needs by ensuring LNG exporters also make gas available in the domestic market.

LNG exporters comply with the Government's domestic gas policy as a condition of project approval by reserving gas, maintaining supply infrastructure and marketing gas to domestic consumers.

In 2017–18, the department received the first annual report for Woodside's Pluto domestic gas commitment, commenced discussion on domestic gas commitments associated with backfill of the North West Shelf project and made information on LNG exporters' domestic gas commitments available on our website.

The local market is currently well supplied because of contractual commitments between LNG exporters and the Western Australian Government to make gas available here. New sources of gas will likely be required in the mid-2020s.



Loading arms transfer LNG to vessel ahead of first cargo sail-away at Chevron's Wheatstone Project. Photo: Chevron

SECTION 4: Disclosures and legal compliance

- Ministerial directives 37
- Governance disclosures 37
- Other legal requirements 37
- Compliance of public
sector standards and
ethical codes 38
- Financial statements 41



Square Kilometre Array radio telescope project in the Murchison region.

Disclosures and legal compliance

Ministerial directives

Treasurer's Instruction 903 (12) requires the department to disclose information on any Ministerial directives relevant to the setting and achievement of desired outcomes or operational objectives, investment activities and financial activities. There were no directives issued by the responsible Ministers in 2017–18.

Other financial disclosures

Pricing policies

The department does not provide any goods and services for which fees are charged.

Capital projects

The department currently administers no capital projects.

Unauthorised use of credit cards

Officers of the department hold corporate credit cards where their functions warrant use of the facility. All cardholders are advised of their credit card use obligations when issued with their card.

Thirteen individual events occurred during 2017–18 and in each case repayment was made by the officer involved as soon as they were aware of the error.

The matters were not referred for disciplinary action as the Chief Financial Officer noted prompt advice and settlement of the personal use amount, and that the expenditure was characteristic of a legitimate mistake.

2017–18	Amount (\$)
Aggregate amount of personal use expenditure for the reporting period	246
Aggregate amount of personal use expenditure settled by the due date (within five working days)	186
Aggregate amount of personal use expenditure settled after the period (after five working days)	60
Aggregate amount of personal use expenditure outstanding at balance date	nil

Governance disclosures

Contracts with senior officers

During 2017–18, other than normal contracts of employment or services, no senior officers or firms of which senior officers are members, or entities in which senior officers have substantial interest, had any interests in existing or proposed contracts with the department.

Other legal requirements

Advertising

The department incurred the following expenditure in advertising.

Type of spend	Amount (\$)
Advertising agencies	
Adcorp Australia	8,201
Media advertising and promotion	
Alyka Pty Ltd (Industry Link)	38,250
Faircount Media Asia	7,950
Asia–Pacific Defence Reporter	3,750
Yaffa Media	3,010
Market research	nil
Direct mail	nil
Total expenditure	61,161

Disclosures and legal compliance *continued*

Compliance of public sector standards and ethical codes

Ethical standards

The department is committed to fostering a culture of ethical behaviour and ensuring the highest standards of integrity and transparency in all interactions. We actively promote ethical behaviour and deal promptly and fairly with instances of misconduct. All new employees receive a comprehensive induction with a strong focus on the expectation of highly ethical behaviour, declarations of conflicts of interest and responsibility for reporting suspected unethical behaviours or actions.

A new departmental Code of Conduct has been developed in consultation with staff and managers. The Code was launched in May 2018, and was followed by a series of mandatory workshops for staff covering the Code; Accountable and Ethical Decision-Making; and Equal Employment Opportunity, held in June 2018.

Departmental policies are available to all employees, including Code of Conduct and Conflict of Interest Policy. Employees are aware

there is an obligation to disclose interests that could reasonably create a perception of bias, or an actual conflict of interest.

During 2017–18 the department has been integrating and consolidating human resources management policies and procedures to ensure they meet legislative and governance responsibilities in regards to managing people across the department. The department's Work Development Plans (WDP) encourage open and honest discussion between managers and employees relating to our agency values, including integrity.

Experienced independent recruitment consultants are used for the majority of long-term and permanent appointments across the agency. The department's human resources staff also review all selection reports prior to approval by the Director General.

In accordance with the *Public Interest Disclosure Act 2003*, the department has duly appointed Public Interest Disclosure Officers and has published internal policies and procedures related to its obligations. During 2017–18 there were:

- No public interest disclosures
- No formal grievances
- No disciplinary matters
- No breach of standards claims.

Recordkeeping

The department completed a review of its Record Keeping Plan to incorporate the changing needs of the new department. The revised Record Keeping Plan has been submitted to the State Records Office for approval.

During the year, the department continued with its program of digitisation for all important records making for easier access and improved information management.

Freedom of information

Our Corporate Services division manages the processes for the department under the *Freedom of Information Act 1992*. The department's Information Statement 2017–2018 was updated during the year and made available on the website. The Information Statement describes the functions of the department, the nature of the information held by the department and the type of information made available to the public.

The department received 18 applications for access to information under the *Freedom of Information Act 1992*, all of which were non-personal. The average time taken to process each application was 40 days. The department received two applications for an internal review of its decisions. The department confirmed

its decisions in both cases. The applicants subsequently each lodged a complaint with the Office of the Information Commissioner. In one case the department's decision was upheld by the Information Commissioner and in the other case, the external review is still in process.

Disability access and inclusion

Our department is committed to ensuring that people with disability can access the facilities, services and career opportunities at the department in a way equal to that of other community members.

To do this we ensured that adequate appropriate parking was available, that we have conference and meeting rooms that were wheelchair accessible and that we could provide disabled guests with appropriate facilities and support in accessing information, to engage in the business of the department.

As a consequence, the department received no complaints about access and inclusion matters through its telephone and internet complaint mechanisms over the course of the year.

Substantive equality

The department is committed to the principles of substantive equality. Although we do not deliver

services directly to Indigenous or minority groups in our community, we interact with Indigenous people through consultation and forums, where community members are invited to give feedback on proposed and existing State projects.

Occupational safety, health and injury management

The department is committed to developing a culture of safety awareness at all levels of the organisation. Our executive works to support the work of managers, employees and other stakeholders in identifying and managing safety and health issues in the workplace.

Our staff are encouraged to be proactive and identify and report hazards, as well as suggest improvements to practices and procedures. All occupational safety and health related information is readily available to staff.

We currently have occupational safety and health committees at each of the department's Perth locations that meet regularly and actively work to promote and resolve any issues or hazards.

During 2017–18 six occupational safety and health (OSH) representatives were appointed or renewed during this period. Our OSH representatives conducted quarterly workplace inspections to ensure the workplace was free of hazards.

Facilities management staff work closely with OSH representatives and the safety coordinator to resolve OSH matters.

As a result of the amalgamation of the department, work has commenced to develop a JTSI occupational safety and health system and management plan that also includes review of current policies and programs. First aid training for staff was also undertaken in 2017–18.

A health and wellness program has been offered across the department, providing the opportunity for participation to improve morale and related health benefits. These have included flu vaccination, skin cancer screenings, and lunchtime classes such as yoga and pilates.

The department also offers free counselling to staff, partners and immediate family through our employee assistance providers.

Injury management

The Department complies with the *Worker Compensation and Injury Management Act 1981* with a focus on the officer being able to return safely to meaningful work following illness and injury. Our internal policy outlines the steps to be taken to assist an officer impacted by these circumstances.

In 2017–18 no employees required assistance with return to work following injury or illness.

Disclosures and legal compliance *continued*

Occupational safety and health – statistics

Measures	Former Agencies ⁽¹⁾	Results from former agencies		Results, targets and commentary for Department of Jobs, Tourism, Science and Innovation		
		Results 2015–16 ⁽²⁾ Base year	Results 2016–17 Prior year	Results 2017–18 ⁽²⁾ Current reporting year	Targets	Comments towards targets
No. of fatalities	DSD	0	0	0	0	Achieved
	Tourism WA	0	0			
Lost time injury and disease incident rate	DSD	0	0.6%	0	0 or 10% reduction	This has improved over the last 3 years.
	Tourism WA	0	0			
Lost time injury and severity rate	DSD	0	0	0	0 or 10% reduction in severity	Achieved
	Tourism WA	0	0			
Percentage of injured workers returned to work (1) within 13 weeks	DSD	n/a	n/a	n/a	100%	Achieved
	Tourism WA	n/a	n/a			
Percentage of injured workers returned to work (2) within 26 weeks	DSD	n/a	n/a	n/a	Greater than or equal to 80%	Achieved
	Tourism WA					
Percentage of managers trained in occupational safety, health and injury management responsibilities, including refresher training within 3 years.	DSD	50%	50%	60%	Greater than or equal to 80%	Not Achieved. OSH training for managers and staff planned for 2018–19.
	Tourism WA	79%	69%			

(1) Former agencies for JTSI includes only whole agencies i.e. former Department of State Development (DSD) & Western Australian Tourism Commission (Tourism WA) (The prior years do not include Office of Science; Industry Development, Department of Commerce or International Education).

(2) The performance reporting examines a three-year trend and, as such, the comparison base is two years prior to the current reporting year.



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

DEPARTMENT OF JOBS, TOURISM, SCIENCE AND INNOVATION

Report on the Financial Statements

Opinion

I have audited the financial statements of the Department of Jobs, Tourism, Science and Innovation which comprise the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows, Schedule of Income and Expenses by Service, 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.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Department of Jobs, Tourism, Science and Innovation for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

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

Responsibility of the Director General 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, the *Financial Management Act 2006* 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.

Page 1 of 5

7th Floor Albert Facey House 469 Wellington Street Perth MAIL TO: Perth BC PO Box 8489 Perth WA 6849 TEL: 08 6557 7500 FAX: 08 6557 7600

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Department of Jobs, Tourism, Science and Innovation. The controls exercised by the Department 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 (the overall control objectives).

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

In my opinion, in all material respects, the controls exercised by the Department of Jobs, Tourism, Science and Innovation are sufficiently adequate to provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions during the year ended 30 June 2018.

The Director General's Responsibilities

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

Auditor General's Responsibilities

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

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

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

Limitations of Controls

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

Report on the Key Performance Indicators**Opinion**

I have undertaken a reasonable assurance engagement on the key performance indicators of the Department of Jobs, Tourism, Science and Innovation for the year ended 30 June 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, the key performance indicators of the Department of Jobs, Tourism, Science and Innovation are relevant and appropriate to assist users to assess the Department's performance and fairly represent indicated performance for the year ended 30 June 2018.

The 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 internal control as the Director General determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Director General is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery.

The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

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

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

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

This auditor's report relates to the financial statements and key performance indicators of the Department of Jobs, Tourism, Science and Innovation for the year ended 30 June 2018 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.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
3 September 2018

**Department of Jobs, Tourism, Science and Innovation
Certification of Financial Statements
For the year ended 30 June 2018**

The accompanying financial statements of the Department of Jobs, Tourism, Science and Innovation 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 2018 and the financial position as at 30 June 2018.

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



Peter Carden
Chief Finance Officer
Date: 31 August 2018



Joseph Ostojich
Accountable Authority
Acting Director General
Date: 31 August 2018

Department of Jobs, Tourism, Science and Innovation
Financial Statements and Notes
For the year ended 30 June 2018

The Agency has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2018 which provides users with the information about the department's stewardship of resources entrusted to it. The financial information is presented in the following structure:

Financial Statements

Statement of comprehensive income Statement of changes in equity
Statement of financial position Statement of cash flows
Summary of consolidated account appropriations and income estimates

Notes to the financial statements	note	Notes to the financial statements	note
Basis of preparation	1	Financing	7
Statement of compliance	1	Borrowings	7.1
Basis of preparation	1	Finance costs	7.2
Judgements and estimates	1	Cash and cash equivalents	7.3
Contributed equity	1	Reconciliation of cash	7.3.1
Department outputs	2	Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities	7.3.2
How the department operates	2	Commitments	7.4
Department objectives	2.1	Risks and Contingencies	8
Mission	2.1	Financial risk management	8.1
Services	2.1	Summary of risks and risk management	8.1(a)
Administered transactions	2.1	Categories of financial instruments	8.1(b)
Schedule of income and expenses by service	2.2	Ageing analysis of financial assets	8.1(c)
Schedule of assets and liabilities by service	2.3	Liquidity risk and interest rate exposure	8.1(d)
Use of our funding	3	Contingent assets and liabilities	8.2
Expenses incurred in the delivery of services	3	Contingent assets	8.2.1
Employee benefits expenses	3.1(a)	Contingent liabilities	8.2.2
Employee related provisions	3.1(b)	Fair value measurements	8.3
Grants and subsidies	3.2	Other disclosures	9
Supplies and Services	3.3	Events occurring after the end of the reporting period	9.1
Accommodation expenses	3.3	Correction of prior period errors / changes in accounting policy	9.2
Other expenses	3.3	Future impact of Australian Accounting Standards not yet operative	9.3
Our funding sources	4	Key management personnel	9.4
How we obtain our funding	4	Related party transactions	9.5
Income from State Government	4.1	Related bodies	9.6
Property income	4.2	Affiliated bodies	9.7
Commonwealth grants and contributions	4.3	Special purpose accounts	9.8
Other Sources	4.4	Remuneration of auditors	9.9
Gains	4.5	Non-current assets classified as assets held for sale	9.10
Key assets	5	Equity	9.11
Property, plant and equipment	5.1	Supplementary financial information	9.12
Intangible assets	5.2	Explanatory statement (Controlled Operations)	9.13
Other assets and liabilities	6	Administered disclosures (Departments only)	10
Receivables	6.1	Disclosure of administered income and expenses by service	10.1
Amounts receivable for services (Holding Account)	6.2	Explanatory statement for administered items	10.2
Other assets	6.3	Administered assets and liabilities	10.3
Payables	6.4		

Department of Jobs, Tourism, Science and Innovation
Statement of Comprehensive Income
For the year ended 30 June 2018

	Notes	2018 \$'000
COST OF SERVICES		
Expenses		
Employee benefits expense	3.1	36,605
Supplies and services	3.3	12,569
Depreciation	5.1, 5.2	306
Finance Costs	7.2	22
Accommodation expenses	3.3	4,426
Grants and subsidies	3.2	92,338
Other expenses	3.3	5,296
Total cost of services		151,562
Income		
<i>Revenue</i>		
Property Income	4.2	1,859
Commonwealth grants and contributions	4.3	255
Interest revenue		1
Other revenue	4.4	1,576
Total revenue		3,691
<i>Gains</i>		
Gain on disposal of non-current assets	4.5	34
Other Gains	4.5	118
Total Gains		152
Total income other than income from State Government		3,843
NET COST OF SERVICES		
Income from State Government		
Service appropriation	4.1	138,620
Services received free of charge	4.1	493
Royalties for Regions Fund	4.1	880
Total income from State Government		139,993
(Deficit) / Total Comprehensive Loss for the Period		(7,726)

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

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

Department of Jobs, Tourism, Science and Innovation
Statement of Financial Position
As At 30 June 2018

	Note	2018 \$'000
ASSETS		
Current Assets		
Cash and cash equivalents	7.3	19,574
Restricted cash and cash equivalents	7.3	2,758
Receivables	6.1	1,449
Amounts receivable for services	6.2	-
Other current assets	6.3	1,190
Total Current Assets		24,971
Non-Current Assets		
Restricted cash and cash equivalents	7.3	249
Receivables	6.1	9,180
Amounts receivable for services	6.2	1,775
Property, plant and equipment	5.1	37,676
Other non-current assets	6.3	69
Total Non-Current Assets		48,949
TOTAL ASSETS		73,920
LIABILITIES		
Current Liabilities		
Payables	6.4	2,548
Employee related provisions	3.1	7,013
Total Current Liabilities		9,561
Non-Current Liabilities		
Employee related provisions	3.1	1,388
Bonds payable	6.4	104
Other non-current liabilities	7.1	771
Total Non-Current Liabilities		2,263
TOTAL LIABILITIES		11,824
NET ASSETS		62,096
EQUITY		
Contributed equity	9.11	69,822
Accumulated deficit		(7,726)
TOTAL EQUITY		62,096

See also the 'Schedule of Assets and Liabilities by Service'.
The Statement of Financial Position should be read in conjunction with the accompanying notes.

Department of Jobs, Tourism, Science and Innovation
Statement of Changes in Equity
For the year ended 30 June 2018

	Note	Contributed equity \$'000	Accumulated deficit \$'000	Total equity \$'000
Balance of equity at 1 July 2017		-	-	-
Total comprehensive income / (deficit) for the year	9.11	-	(7 726)	(7 726)
Transactions with the owners in their capacity as owners:				
Capital appropriations		-	-	-
Other contributions by owners ^(a)	9.11	69 822	-	69 822
Distributions to owners ^(a)		-	-	-
Changes in asset revaluation surplus		-	-	-
Movement for the period		69 822	(7 726)	62 096
Balance of Equity at 30 June 2018		69 822	(7 726)	62 096

- (a) The Department of Jobs, Tourism, Science and Innovation was created on July 1 2017. Contributions by and distributions to owners are mainly the result of a restructure of administrative arrangements by Government.

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

Department of Jobs, Tourism, Science and Innovation
Statement of Cash Flows
For the year ended 30 June 2018

	Note	2018 \$'000		Note	2018 \$'000
CASH FLOWS FROM STATE GOVERNMENT			Receipts		
Service appropriations		137,631	Sale of Goods and Services		1,859
Capital appropriations		-	Commonwealth Grants		255
Holding account drawdowns		225	GST receipts on sales		232
Cash balances transferred in by owner		31,985	Other receipts		1,725
Non-retained cash distributed to owner		(3,466)	Total Receipts used in Operating Activities		<u>4,071</u>
Royalties for Regions Fund - Capital		-	Net cash provided by/(used in) operating activities	7.3.2	<u>(144,452)</u>
Royalties for Regions Fund - Recurrent		880			
Net cash provided by State Government		<u>167,255</u>	CASH FLOWS FROM INVESTING ACTIVITIES		
			Purchase of non-current assets		(264)
			Proceeds from sale of non-current assets		42
			Net cash provided by/(used in) investing activities		<u>(222)</u>
Utilised as follows:			CASH FLOWS FROM FINANCING ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES			Receipts		
Payments			Loan repayments received		
Employee benefits		(38,877)			-
Supplies and services		(11,835)	Payments		
Accommodation		(4,426)	Loan repayments and interest distributed to owner		
Grants and subsidies		(92,338)			-
GST payments on purchases		(3,114)	Net cash provided by/(used in) financing activities		<u>-</u>
GST Payments to taxation authority		2,747	Net increase/(decrease) in cash and cash equivalents		22,581
Other payments		(680)	Cash and cash equivalents at the beginning of the period		-
Total Payments used in Operating Activities		<u>(148,523)</u>	Cash and cash equivalents at the end of the period	7.3.1	<u>22,581</u>

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

Department of Jobs, Tourism, Science and Innovation
Summary of Consolidated Account Appropriations and Income Estimates
For the year ended 30 June 2018

	2018	2018	Variance
	Estimate	Actual	
	<small>(a)</small>		
	\$'000	\$'000	\$'000
Delivery of Services			
Net amount appropriated to deliver services	156,931	137,936	(18,995)
Royalties for Regions Fund - recurrent ^(b)	4,338	880	(3,458)
Amount authorised by Other Statutes			
- <i>Salaries and Allowances Act 1975</i>	976	684	(292)
Total appropriations provided to deliver services	162,245	139,500	(22,745)
Capital			
Capital appropriations	-	-	-
Capital appropriations (Royalties for Regions)	-	-	-
Total capital appropriations	-	-	-
Administered Transactions			
Administered grants, subsidies and other transfer payments	19,183	18,761	(422)
Total Administered transactions	19,183	18,761	(422)
GRAND TOTAL	181,428	158,261	(23,167)

The Summary of Consolidated Account Appropriations and Income Estimates should be read in conjunction with the accompanying notes.

Department of Jobs, Tourism, Science and Innovation
Summary of Consolidated Account Appropriations and Income Estimates
For the year ended 30 June 2018

	2018 Estimate (a) \$'000	2018 Actual \$'000	Variance \$'000
Details of Expenses by Service			
Development of industry sectors and facilitate investment	88,898	76,281	(12,617)
Tourism	81,094	75,281	(5,813)
Total Cost of Services	169,992	151,562	(18,430)
Less Total Income	5,185	3,843	(1,342)
Net Cost of Services	164,807	147,719	(17,088)
Adjustment for movement in cash balances & other accrual items ^(c)	(2,562)	(8,219)	(5,657)
Total appropriations provided to deliver services	162,245	139,500	(22,745)
Capital Expenditure			
Purchase of non-current physical assets	925	264	(661)
Capital appropriation from State Government	-	-	-
Details of Income Estimates - Administered			
Administered income from the consolidated account	19,183	21,983	2,800
Administered Income from sources other than the consolidated fund	93,910	70,333	(23,577)
Total Income disclosed as administered income	113,093	92,316	(20,777)

(a) "Estimate" refers to the Department's budget estimates approved under section 40 of the Financial Management Act 2006.

(b) Royalties for Regions in 2017-18 budget comprised the WA Branding Project, the Agribusiness Connect Program and the Collie Futures Fund.

(c) Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation. The adjustment also includes outgoings expenditure funded by cash balances domiciled in Special Purpose Accounts, thus not requiring a current year appropriation.

Note 10.1, 'Disclosure of administered income and expenses by service' and note 10.2 'Explanatory Statement for Administered Items' provide details of any significant variations between estimates and actual results for 2018.

The Summary of Consolidated Account Appropriations and Income Estimates should be read in conjunction with the accompanying notes.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 1. Basis of Preparation

The Department of Jobs, Tourism, Science and Innovation is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The entity is a no-for-profit entity (as profit is not its principal objective).

A description of the nature of its operations and principal activities have been included in the '**Overview**' which does not form part of these financial statements.

These annual financial statements were authorised for the issue by the Accountable Authority of the department on 31 August 2018.

The Department of Jobs, Tourism, Science and Innovation was formed on 1 July 2017.

Statement of Compliance

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

- 1) The Financial Management Act 2006 (**FMA**)
- 2) The Treasurer's Instructions (**the Instructions or TI**)
- 3) Australian Accounting Standards (**AAS**) including applicable interpretations
- 4) Where appropriate, those **AAS** paragraphs applicable for not-for-profit entities have been applied.

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

Basis of Preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention. Certain balances will apply a different measurement basis (such as the fair value basis). Where this is the case the different measurement basis is disclosed in the associated note. All values are rounded to the nearest thousand dollars (\$'000).

Estimates, where disclosed, are approved under Section 40 of the *Financial Management Act 2006*.

Judgements and Estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed.

Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

Contributed equity

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

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

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 2. Department outputs

How the department operates

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

	Note
Department objectives	2.1
Schedule of Income and Expenses by Service	2.2
Schedule of Assets and Liability by Service	2.3

2.1 Department objectives

Mission

The Department of Jobs, Tourism, Science and Innovation was formed on 1 July, 2017 as part of the Western Australian Government's Machinery of Government changes.

The department is Western Australia's lead agency for economic development, international trade and investment, and tourism. It also leads the promotion and development of the defence, international education, science and innovation sectors in Western Australia.

Services

The Agency provides the following services:

1. Development of industry sectors and facilitate investment.

In addition, the department provides funding and staff (on a free of charge basis) to Tourism Western Australia to enable it to provide its services:-

2. Destination marketing (Tourism WA)
3. Event tourism (Tourism WA)
4. Tourism destination development (Tourism WA)

Consolidation. Tourism WA is governed by a Board of Commissioners appointed under the Western Australian Tourism Commission Act 1983 and consequently, its financial results are presented separately and not consolidated into these financial statements.

The financial statements of the Department of Jobs, Tourism, Science and Innovation will include Tourism WA only to the extent it has provided direct funding and services free-of-charge to Tourism WA (see note 9.7).

To facilitate interpretation of the financial reports of the Department of Jobs, Tourism, Science and Innovation, funding and services provided to Tourism WA are disclosed as "**Service 2 - Tourism**". These disclosures do not represent the full and comprehensive financial result and financial position of Tourism WA.

For a full disclosure of the financial results and financial position of Tourism WA, refer to the annual report and financial statements of Tourism WA.

Administered Transactions

The department administers assets, liabilities, income and expenses on behalf of Government which are not controlled by, nor integral to, the function of the agency. These administered balances and transactions are not recognised in the principal financial statements of the agency but schedules are prepared using the same basis as the financial statements and are presented at Note 10.1 'Disclosure of administered income and expenses by service' and Note 10.3 'Administered assets and liabilities'.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 2.2 Schedule of income and expenses by service	Development of industry sectors and facilitate investment	Tourism ^(a)	Total
	2018 \$'000	2018 \$'000	2018 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	26,344	10,261	36,605
Supplies and services	12,396	173	12,569
Depreciation	306	-	306
Finance Costs	22	-	22
Accommodation expenses	4,426	-	4,426
Grants and subsidies	27,491	64,847	92,338
Other expenses	5,296	-	5,296
Total cost of services	76,281	75,281	151,562
Income			
<i>Revenue</i>			
Property income	1,859	-	1,859
Commonwealth grants and contributions	255	-	255
Interest revenue	1	-	1
Other revenue	1,558	18	1,576
Total revenue	3,673	18	3,691
<i>Gains</i>			
Gain on disposal of non-current assets	34	-	34
Other Gains	118	-	118
Total Gains	152	-	152
Total income other than income from State Government	3,825	18	3,843
NET COST OF SERVICES	72,456	75,263	147,719
Income from State Government			
Service appropriation	63,357	75,263	138,620
Services received free of charge	493	-	493
Royalties for Regions Fund	880	-	880
Total income from State Government	64,730	75,263	139,993
SURPLUS/(DEFICIT) FOR THE PERIOD	(7,726)	-	(7,726)

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

(a) Note: The service "Tourism WA" includes transactions relating to Tourism only to the extent that the agency has provided direct funding and services to Tourism WA. These disclosures do not represent the financial result and financial position of Tourism WA. For a full disclosure of the financial results and financial position of Tourism WA, refer to the annual report and financial statements of Tourism WA.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
As At 30 June 2018

2.3 Schedule of assets and liabilities by service	Development of industry sectors and facilitate investment	Tourism (a)	Total
	2018 \$'000	2018 \$'000	2018 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	19,574	-	19,574
Restricted cash and cash equivalents	2,758	-	2,758
Receivables	1,449	-	1,449
Amounts receivable for services	-	-	-
Other current assets	1,190	-	1,190
Total Current Assets	24,971	-	24,971
Non-Current Assets			
Restricted cash and cash equivalents	249	-	249
Receivables	9,180	-	9,180
Amounts receivable for services	1,775	-	1,775
Property, plant and equipment	37,676	-	37,676
Other non-current assets	69	-	69
Total Non-Current Assets	48,949	-	48,949
TOTAL ASSETS	73,920	-	73,920
LIABILITIES			
Current Liabilities			
Payables	2,477	71	2,548
Provisions	5,163	1,850	7,013
Total Current Liabilities	7,640	1,921	9,561
Non-Current Liabilities			
Provisions	821	567	1,388
Bonds Repayable	104	-	104
Loans Payable	771	-	771
Total Non-Current Liabilities	1,696	567	2,263
TOTAL LIABILITIES	9,336	2,488	11,824
NET ASSETS	64,584	(2,488)	62,096

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

(a) Note: The service "Tourism WA" includes transactions relating to Tourism only to the extent that the agency has provided direct funding and services to Tourism WA. These disclosures do not represent the financial result and financial position of Tourism WA. For a full disclosure of the financial results and financial position of Tourism WA, refer to the annual report and financial statements of Tourism WA.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 3. Use of our funding

Expenses incurred in the delivery of services

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

	Notes	2018
		\$'000
Employee benefits expenses	3.1(a)	36,605
Employee related provisions ^(a)	3.1(b)	8,401
Grants and subsidies	3.2	92,338
Other expenditure	3.3	22,291

(a) Expense is recognised as benefits are accrued and delivered. The full value of the employee benefits provision does not necessarily represent an expense in the current year.

3.1 (a) Employee benefits expense

	2018
	\$'000
Wages and Salaries	31,911
Termination benefits	1,804
Superannuation - defined contribution plans ^(a)	2,890
Total employee benefits expense	<u><u>36,605</u></u>

^(a) Defined contribution plans include West State Superannuation Scheme (WSS), Gold State Superannuation Scheme (GSS), Government Employees Superannuation Board Schemes (GESBs) and other eligible funds. The amount paid to GESB for the year was \$2,395,000.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

3.1 (a) Employee benefits expense (continued)

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

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

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

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

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

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

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

3.1 (b) Employee related provisions

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

	2018 \$'000
Current	
<u>Employee benefits provisions</u>	
Annual leave ^(a)	2,946
Long Service Leave ^(b)	4,038
Deferred Salary Scheme ^(c)	18
	7,002
<u>Other provisions</u>	
Employment on-costs ^(d)	11
Total current employee related provision	7,013
Non-current	
<u>Employee benefits provisions</u>	
Long Service Leave ^(b)	1,383
<u>Other provisions</u>	
Employment on-costs ^(d)	5
Total non-current employee related provision	1,388
Total employee related provisions	8,401

^(a) **Annual leave liabilities:** Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018 \$'000
Within 12 months of the end of the reporting period	1,098
More than 12 months after the end of the reporting period	1,848
	2,946

The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

3.1 (b) Employee related provisions (continued)

- (b) **Long service leave liabilities:** Unconditional long service leave provisions are classified as current liabilities as the agency does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Pre-conditional and conditional long service leave provisions are classified as non-current liabilities because the agency has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service. Assessments indicate that actual settlement of the liabilities is expected to occur as follows:

	2018
	\$'000
Within 12 months of the end of the reporting period	1,572
More than 12 months after the end of the reporting period	3,849
	5,421

The long service leave liabilities are calculated at present value as the agency does not expect to wholly settle the amounts within 12 months.

The present value is measured taking into account the present value of expected future payments to be made in relation to services provided by employees up to the reporting date. These payments are estimated using the remuneration rate expected to apply at the time of settlement, and discounted using market yields at the end of the reporting period on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

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

	2018
	\$'000
Within 12 months of the end of the reporting period	-
More than 12 months after the end of the reporting period	18
	18

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

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are included as part of 'Other expenses, Note 3.3 (apart from the unwinding of the discount (finance cost)) and are not included as part of the agency's 'employee benefits expense'. The related liability is included in 'Employment on-costs provision'

**Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018**

3.1 (b) Employee related provisions (continued)

2018

\$'000

Employment on-cost provision

Carrying amount at start of period

-

Additional/(reversals of) provisions recognised

16

Payments/other sacrifices of economic benefits

-

Unwinding of the discount

-

Carrying amount at end of period

16

Key sources of estimation uncertainty - long service leave

Key estimates and assumptions concerning the future are based on historical experience and various other factors that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

Several estimates and assumptions are used in calculating the agency's long service leave provision. These include:

- Expected future salary rates
- Discount rates
- Employee retention rates; and
- Expected future payments

Changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Any gain or loss following revaluation of the present value of long service leave liabilities is recognised as employee benefits expense.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

3.2 Grants and Subsidies

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

	2018
<u>Recurrent</u>	\$'000
Science grants	21,324
Science and agribusiness connect program grants	744
International Trade grants, contributions and scholarships	139
New Industries Fund grants	1,968
Industry participation grants	582
Onslow Community Development Fund grants (Wheatstone and Macedon)	1,043
International education grants	1,411
Tourism WA grants	64,847
Other grants	280
Total Grants and Subsidies	<u>92,338</u>
<u>Paid to:-</u>	
State Government (excluding the Tourism Commission of Western Australia)	1,153
Tourism Commission of Western Australia	64,847
Local Government	1,044
Private entities and individuals	25,294
Total Grants and Subsidies	<u>92,338</u>

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

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

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

**Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018**

3.3 Other Expenditure

	2018 \$'000
Supplies and services	
Consultants and contractors	5,840
Expenses recognised in relation to technology parks	1,797
Resources received free of charge	493
Advertising and promotion	793
Travel	761
Communication	352
Consumables	688
Maintenance	81
Lease payments	55
Insurance ^(a)	107
Printing	161
Other staff costs ^(b)	1,327
Legal Fees	114
Total supplies and services expenses	12,569
Accommodation expenses	
Lease rentals ^(c)	4,046
Repairs and maintenance	-
Cleaning	19
Electricity	136
Other accommodation expenses	225
Total accommodation expenses	4,426

^(a) Includes \$94,000 (excluding GST) paid to RiskCover for general insurances.

^(b) Includes \$116,000 (excluding GST) paid to RiskCover for Workers Compensation.

^(c) Includes \$2,538,000 (excluding GST) paid to the Department of Finance. The remaining lease payments were paid to non-related providers, mainly for international trade offices at overseas locations.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

3.3 Other Expenditure (continued)

	2018 \$'000
Other expenses	
Net loss on foreign currency exchange	37
Employment on-costs	12
Return of non-retained receipts to owner ^(a)	3,466
Revaluation decrement - buildings	257
Revaluation decrement - land	1,524
	5,296

^(a) Includes \$860,000 loan repayment receipts and \$2,606,000 in Royalties for Regions funding returned.

Total other expenditure	22,291
--------------------------------	---------------

Supplies and services:

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

Accommodation expenses:

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

Other:

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

Employee on-cost includes workers' compensation insurance and other employment on-costs. The on costs liability associated with the recognition of annual and long service leave liabilities is included at Note 3.1(b) Employee related provision. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 4. Our funding sources

How we obtain our funding

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

	Notes	2018 \$'000
Income from State Government	4.1	139,993
Property income	4.2	1,859
Commonwealth grants and contributions	4.3	255
Other sources	4.4	1,576
Gains	4.5	152
4.1 Income from State Government		
Appropriation received during the period		
Service appropriation ^(a)		138,620
Total service appropriation		138,620
Liabilities assumed by other State Government agencies during the period ^(b)		-
Assets transferred from/(to) other State Government agencies during the period ^(b)		-
Total liabilities assumed and assets transferred		-
Services received free of charge from other State Government agencies during the period ^(c) :		
State Solicitors Office - legal services		493
Finance - Building Management and Works - accommodation lease services		-
Total services received		493
Royalties for Regions Fund		
Regional Community Services Fund ^(d)		880
Regional Infrastructure and Headworks Fund ^(d)		-
Total Royalties for Regions Fund		880
Total Income from State Government		139,993

**Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018**

4.1 Income from State Government (continued)

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

Service appropriations fund the net cost of services delivered (as set out in note 2.2). Appropriation revenue comprises the following:

- Cash component; and
- A receivable (asset).

The receivable (holding account – note 6.2) comprises the following:

- The budgeted depreciation expense for the year; and
- Any agreed increase in leave liabilities during the year.

^(b) **Transfer of assets:** Discretionary transfers of assets (including grants) and liabilities between State government agencies are reported under Income from State Government. Transfers of assets and liabilities in relation to a restructure of administrative arrangements are recognised as distribution to owners by the transferor and contribution by owners by the transferee under AASB 1004. Other non-discretionary non-reciprocal transfers of assets and liabilities designated as contributions by owners under TI 955 are also recognised directly to equity.

^(c) **Services received free of charge.** Where services or assets have been received free of charge or for nominal cost, the agency recognises the revenue (and assets or expenses) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated.

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

4.2 Property income

	2018
	\$'000
Revenue from technical and industrial estates (technology parks)	1,859
Total sale of goods and services	1,859

Revenue is recognised and measured at the fair value of consideration received or receivable. Revenue is recognised by reference to the stage of completion of the transaction.

Under a Net Appropriation Determination, the agency retains revenue from sale of goods and services.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

4.3 Commonwealth grants and contributions

	2018
	\$'000
National Water Infrastructure Development Fund - Western Trade Coast managed aquifer recharge feasibility study ^(a)	255
Total Commonwealth grants and contributions	255

^(a) this is a non-reciprocal grant, fully expended during the year.

Grant income arises from transactions described as:

- Non-reciprocal (where the agency does not provide approximate equal value in return to a party providing goods or assets (or extinguishes a liability); or
- Reciprocal (where the agency provides equal value to the recipient of the grant provider).

The accounting for these are set out below.

For **non-reciprocal grants**, the agency recognises revenue when the grant is receivable at its fair value as and when its fair value can be reliably measured.

Contributions of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

For **reciprocal grants**, the agency recognises income when it has satisfied its performance obligations under the terms of the grant.

Grants can further be split between:

- General purpose grants
- Specific purpose grants

General purpose grants refers to grants which are not subject to conditions regarding their use. Specific purpose grants are received for a particular purpose and/or have conditions attached regarding their use.

4.4 Other sources

	2018
	\$'000
Australia China Natural Gas Technology Partnership Fund Contributions	430
Gorgon CO2 gas injection project	100
Contributions to <i>Premier's Science Awards</i> ceremony	35
Contributions to <i>WA Innovator of the Year</i>	338
Loan discount unwinding	578
Other receipts	95
Total funding from other sources	1,576

**Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018**

	2018
	\$'000
4.5 Gains	
<u>Net proceeds from disposal of non-current assets</u>	
Plant, equipment and vehicles	41
<u>Carrying amount of non-current assets disposed</u>	
Plant, equipment and vehicles	(7)
Net gain/(loss) on disposal of non-current assets	34
Gains/(loss) on foreign currency translation	118
Net gain/(loss) on foreign currency translation	118
Total gains/(losses)	152

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

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

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

Foreign currency transactions are translated at the exchange rate applicable on the date the transactions occur. Exchange gains and losses are brought to account in determining the result for the year. Foreign currency assets and liabilities are converted to Australian dollars using exchange rates prevailing at balance date.

Note 5. Key assets

Assets the Agency utilises for economic benefit or service potential

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

	Notes	2018
		\$'000
Property, Plant and Equipment		37,676
Total key assets		37,676

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

5.1 Property, plant and equipment (continued)

	Land \$ 000	Buildings & Leasehold Improvements \$ 000	Furniture, Plant and Equipment \$ 000	Computer Hardware and Software \$ 000	Vehicles \$ 000	Total \$ 000
1 July 2017						
Gross carrying amount	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-
Accumulated impairment loss	-	-	-	-	-	-
Carrying amount at start of the period	-	-	-	-	-	-
Additions		81	-	19	164	264
Transfers ^(a)	34,073	5,083	-	109	241	39,506
Other disposals	-	-	-	-	(7)	(7)
Revaluation increments/(decrements) ^(a)	(1,524)	(257)	-	-	-	(1,781)
Depreciation	-	(170)	-	(57)	(79)	(306)
Carrying amount at 30 June 2018	32,549	4,737	-	71	319	37,676
Gross carrying amount	32,549	4,826	68	327	437	38,207
Accumulated depreciation	-	(89)	(68)	(256)	(118)	(531)
Net carrying amount	32,549	4,737	-	71	319	37,676

^(a) There is no reserve in respect of land and buildings, and valuation decrements are taken directly to profit or loss.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

5.1 Property, plant and equipment (continued)

Initial Recognition

^(a) Assets transferred as part of a machinery of government change are transferred at their fair value.

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

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the leasehold improvement.

When applicable, the initial cost for a non-financial physical asset under a finance lease is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

Subsequent measurement

Subsequent to initial recognition of an asset, the revaluation model is used for the measurement of:

- land, and
- buildings

Land is carried at fair value.

Buildings are carried at fair value less accumulated depreciation and accumulated impairment losses

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

Land and buildings are independently valued annually by the Western Australian Land Information Authority (Valuations and Property Analytics) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

Land and buildings were revalued as at 1 July 2017 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2018 and recognised at 30 June 2018. In undertaking the revaluation, fair value was determined by reference to market values for land: \$32,147,000 (2017 valuations transferred to the department: \$33,671,000) and buildings: \$4,644,930 (2017 valuations transferred to the department: \$4,812,696). For the remaining balance, fair value of buildings was determined on the basis of current replacement cost and fair value of land was determined on the basis of comparison with market evidence for land with low level utility (high restricted use land). Building improvements, separately capitalised and transferred to the agency on July 1, 2017, at the agency's two technology park sites, were deemed to add no additional value to the overarching building valuation and were subsequently absorbed into the building valuation resulting in a diminution in value of those assets. Leasehold improvements, mainly at overseas offices are not included in the valuation.

Significant assumptions and judgements: The most significant assumptions and judgements in estimating fair value are made in assessing whether to apply the existing use basis to assets and in determining estimated economic 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.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

5.1 Property, plant and equipment (continued)

5.1.1 Depreciation and impairment

Charge for the period

	2018
	\$'000
Depreciation	170
Buildings	170
Furniture, Plant and Equipment	-
Computer Hardware and Software	57
Vehicles	79
Total Depreciation for the period	306

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

Finite useful lives

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

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

Asset	Useful life: years
Buildings	40 years
Furniture, Plant and Equipment	5 to 10 years
Computer Hardware and Software ^(a)	3 years
Vehicles	5 years

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

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

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Land, which is considered to have an indefinite life, is not depreciated. Depreciation is not recognised in respect of land assets because their service potential has not, in any material sense, been consumed during the reporting period. The department has no capitalised works of art.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

5.1 Property, plant and equipment (continued)**5.1.1 Depreciation and impairment (continued)****Impairment**

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

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

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

As the department is a not-for-profit entity, the recoverable amount of regularly revalued specialised assets is anticipated to be materially the same as fair value.

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

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

There are no indications of impairment at the date of this report.

5.2 Intangible assets

The agency has no intangible assets at the date of this report.

Tourism WA has intangible assets. The financial statements of the agency and Tourism WA are not consolidated and those assets are consequently not included here. See note 2.1.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 6. Other assets and liabilities

This section sets out those assets and liabilities that arose from the agency's controlled operations and includes other assets utilised for economic benefits and liabilities incurred during normal operations:

	Notes	2018
		\$'000
Receivables	6.1	10,629
Amounts receivable for services	6.2	1,775
Other assets	6.3	1,259
Payables	6.4	2,652
Other liabilities	6.5	771
6.1 Receivables		
<u>Current</u>		
Receivables		652
GST receivable		321
		973
Loans and Advances		
Loans receivable		1,032
Less: Loan Discounting		(556)
Net Loan Receivable - Current		476
Total Current		1,449
<u>Non Current</u>		
Loans and Advances		
Loans receivable		10,954
Less: Loan Discounting		(1,774)
Total Non Current		9,180
Nominal total loans receivable, current and non-current - before discounting ^(a)		11,986
Total Receivables		10,629

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

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

The Department does not consider any of its receivables materially impaired and has not recorded an allowance for impairment of receivables at the end of the reporting period.

^(a) Loans receivables comprises two loans. Both loans are non-interest bearing. One loan has a principal outstanding of \$2,000,000 and a maturity date of 30 June 2020 with no repayment schedule. The other loan has a principal outstanding of \$10,846,000 and a maturity date of 30 May 2025 with annual repayments.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

6.2 Amounts receivable for services (Holding Account)

	2018 \$'000
Current	-
Non-current	1,775
Balance at end of period	1,775

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

The agency 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.

6.3 Other assets

Current

Refundable rental bonds on overseas and local accommodation	203
Prepayments	883
Property Management receivable	104
Total current other assets	1,190

Non-current

WA Marine Science Institute joint venture	69
Total non-current other assets	69
Total other assets	1,259

Other assets include:

Prepayments, which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Property management receivable which represents the net accumulated surplus of incomings over outgoings of the managing agent in respect to technology parks managed on behalf of the Agency.

WA Marine Science Institute Joint Venture is a joint venture between The Australian Institute of Marine Science (Commonwealth) and the State of Western Australia and nine other parties in equal shares. The value of the joint venture is stated at 10% of the net assets of the institute.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

6.4 Payables

	2018 \$'000
<u>Current</u>	
Trade payables	1,020
Other payables	1,072
Accrued expenses	163
Accrued salaries	293
Total current	2,548
<u>Non Current</u>	
Bonds held and repayable	104
Total non-current	104
Balance at end of period	2,652

Payables are recognised at the amounts payable when the agency becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as settlement is generally within 30 days.

Accrued salaries represent the amount due to staff but unpaid at the end of the reporting period. Accrued salaries are settled within a fortnight of the reporting period end. The agency considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (See Note 7.3.1 'Restricted cash and cash equivalents') consists of amounts paid annually, from agency appropriations for salaries expense, into a Treasury suspense account to meet the additional cash outflow for employee salary payments in reporting periods with 27 pay days instead of the normal 26. No interest is received on this account.

Bonds held and repayable relate to undertaking bonds received under the Burrup and Maitland Industrial Estates Agreement Implementation Deed.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 7 Financing

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

<u>Current</u>	Notes
Borrowings	7.1
Finance costs	7.2
Cash and cash equivalents	7.3
Reconciliation of cash	7.3.1
Reconciliation of operating activities	7.3.2
Commitments	7.4
Non-cancellable operating lease commitments	7.4.1
Capital commitments	7.4.2
7.1 Borrowings	2018
	\$'000
<u>Non Current</u>	
Loan payable - Landcorp	771
Balance at end of period	771

Borrowings are interest only, with interest payable quarterly. Loan was established in 1995 for construction of enterprise units at the Bentley Technology Park. The principal is repayable in part or in full only when the enterprise units, to which the loan relates, are sold. The interest rate is variable and is based on the rate charged by the Western Australian Treasury Corporation on borrowings equal to the balance outstanding for a one year term.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 7 Financing (continued)

7.2 Finance costs

	2018
	\$'000
Unwinding of discounts applied to provisions	-
Interest expense	22
Finance costs expensed	22

'Finance cost' includes interest payable on borrowings and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

The Department has no finance leases in place at the end of the reporting period.

7.3 Cash and cash equivalents

7.3.1 Reconciliation of cash

	Notes	2018
		\$'000
Cash and cash equivalents		19,574
Restricted cash and cash equivalents	8.1	2,758
Accrued salaries suspense account ^(a)	8.1	249
Balance at end of period		22,581

^(a) Funds held in the suspense account for the purpose of meeting the 27th pay in a reporting period that occurs every 11th year. This account is classified as non-current for 10 out of 11 years.

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.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 7 Financing (continued)

7.3.2 Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities ^(d)	Notes	2018 \$'000
Net cost of services		(147,719)
<u>Non-cash items:</u>		
Depreciation expense	5.1	306
Diminution/revaluation of building assets	3.3	1,781
Non-cash transfers in		40,450
Non-cash income - unwinding of discounts	4.4	(578)
Net (gain)/loss on disposal of property, plant and equipment	4.5	(34)
Net surplus of income and expenses recognised for technology parks	3.3, 4.2	(62)
Adjustment for other non-cash items		156
Services received free of charge	4.1	493
<u>(Increase)/Decrease in assets:</u>		
Current receivables ^(a)		(1,314)
Other current assets		(1,190)
Non-current receivables		(10,955)
Other non-current assets		(37,745)
<u>Increase/(Decrease) in liabilities</u>		
Current payables ^(a)		2,548
Current provisions		7,013
Other current liabilities		-
Non-current provisions		1,388
Other non-current liabilities		875
Net GST receipts/(payments) ^(b)		175
Change in GST in receivables/payables ^(c)		(40)
Net cash used in operating activities per Statement of Cash Flows		<u>(144,452)</u>

^(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.

^(d) For clarity, figures have been adjusted to eliminate the impact of machinery of government changes.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 7 Financing (continued)

7.4 Commitments

7.4.1 Non-cancellable operating lease commitments

2018

\$'000

Commitments for minimum lease payments are payable as follows:

Within 1 year	3,123
Later than 1 year and not later than 5 years	498
Later than 5 years	-
Total lease commitments ^(a)	3,621

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.

The department has entered into a property lease which is a non-cancellable lease with a four year term, with rent payable monthly in advance, ending on 31 March 2019. At the date of this report there are no options to renew the lease at the end of the four year term. The department enters into property leases on behalf of its eight overseas located trade offices. These leases vary in terms and conditions.

(a) Lease commitments include commitments to the Department Finance for accommodation (\$2,231,000); and State Fleet WA for vehicles (\$228,000). All other commitments are external to the State.

7.4.2 Capital commitments

2018

\$'000

Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:

Within 1 year	-
Later than 1 year and not later than 5 years	-
Later than 5 years	-
Balance at end of period	-

The totals presented for capital commitments are GST inclusive.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 8 Risks and Contingencies

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

	Notes
Financial risk management	8.1
Contingent assets	8.2.1
Contingent liabilities	8.2.1
Fair value measurements	8.3

8.1 Financial risk management

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

(a) Summary of risks and risk management

Credit risk

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

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

Credit risk associated with the agency's financial assets is minimal. Loans are non-interest bearing and are contracted under formal agreements between the proponent and the State. Other receivables include amounts receivable for services (holding account). For receivables other than Government, the agency trades only with recognised, creditworthy third parties. The agency has policies in place to ensure that sales of products and 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 agency's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

8.1 Financial risk management (continued)

Liquidity risk

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

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

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

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the agency's income or the value of its holdings of financial instruments. The agency operates eight overseas offices on a transactional basis, with a relatively low value in assets held at overseas locations subject to exchange variation. The department does not consider that transactional foreign exchange risk materially impacts its financial position or results. The agency's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations, but this not considered material.

Other than as detailed in the interest rate sensitivity analysis table at Note 8.1(e), the agency is not significantly exposed to interest rate risk because the majority of cash and cash equivalents and restricted cash are non-interest bearing, borrowings are not significant (tied to Western Australian Treasury Corporation rate), the Treasurer's advance is non-interest bearing, and the agency has no finance leases.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

8.1 Financial risk management (continued)

(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

	2018
	\$'000
<u>Financial Assets</u>	
Cash and cash equivalents	19,574
Restricted cash and cash equivalents	
Royalties for Regions	173
Special Purpose Accounts	2,414
Holding account at Treasury	249
Other	171
Total restricted cash assets	3,007
Total cash assets	22,581
Loans and receivables ^(a)	12,187
Total financial assets	34,768
 <u>Financial liabilities</u>	
Financial liabilities measured at amortised cost	3,423
Total financial liability	3,423

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

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 8.1 (c): Ageing analysis of financial assets

	Carrying Amount	Not past due and not impaired	Past due but not impaired					Impaired financial assets
			Up to 1 Month	1 to 3 months	3 months to 1 year	1- 5 years	More than 5 years	
			\$'000	\$'000	\$'000	\$'000	\$'000	
2018								
Cash and cash equivalents	19,574	19,574	-	-	-	-	-	-
Restricted cash and cash equivalents	3,007	3,007	-	-	-	-	-	-
Receivables ^(a)	652	183	-	469	-	-	-	-
Property management receivable	104	104	-	-	-	-	-	-
Loans and Advances ^(b)	9,656	9,656	-	-	-	-	-	-
Amounts receivable for services	1,775	1,775	-	-	-	-	-	-
	34,768	34,299	-	469	-	-	-	-

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

^(b) Loans and advances are at carrying value, after discounting

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 8.1(d): Liquidity risk and interest rate exposure

The following table details the Department'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

	Note	Weighted average effective interest %	Carrying amount \$'000	Interest rate exposure			Nominal Amount \$'000	Maturity dates				
				Fixed interest rate \$'000	Variable interest Rate \$'000	Non-interest Bearing \$'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
2018												
<u>Financial Assets</u>												
Cash and Cash Equivalents	7.3	-	19,574	-	-	19,574	19,574	19,574	-	-	-	-
Restricted cash and cash equivalents	8.1	-	3,007	-	-	3,007	3,007	2,758	-	-	-	249
Receivables ^(a)	6.1	-	652	-	-	652	652	652	-	-	-	-
Property Management Receivable	6.3	-	104	-	-	104	104	104	-	-	-	-
Loans and Advances ^(b)	6.1	-	9,656	-	-	9,656	11,986	-	258	773	9,900	1,055
Amounts receivable for services	6.2	-	1,775	-	-	1,775	1,775	-	-	-	-	1,775
			34,768	-	-	34,768	37,098	23,088	258	773	9,900	3,079
2018												
<u>Financial Liabilities</u>												
Payables	6.4	-	2,548	-	-	2,548	2,548	2,548	-	-	-	-
Bonds Repayable	6.4	-	104	-	-	104	104	-	-	-	-	104
Loans Payable ^(c)	6.5	2.81	771	-	771	-	-	-	-	-	-	771
			3,423	-	771	2,652	2,652	2,548	-	-	-	875

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

^(b) Loan receivables are non-interest bearing and disclosed at discounted values for carrying amount and non-discounted values for nominal amount.

^(c) Interest rate varies, based on Western Australian Treasury Corporation borrowings rate for equivalent outstanding.

Note 8.1(e): Interest rate sensitivity analysis

The Department has no material interest rate exposure.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 8.2: Contingent assets and liabilities

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

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

8.2.1 Contingent assets

There are no known contingent assets.

8.2.2 Contingent liabilities

The following contingent liabilities are excluded from the liabilities included in the financial statements:

Litigation in progress

Following arbitration it is possible that damages may be claimed by a party to a State Agreement. The Department is unable to quantify the potential liability, if any.

There are no other known contingent liabilities.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 8.3. Fair value measurements

Assets measured at their fair value:

2018	Level 1 \$ 000	Level 2 \$ 000	Level 3 \$ 000	Fair value at end of period \$ 000
Land (note 5.1)	-	32,147	402	32,549
Buildings (note 5.1) ^(a)	-	4,645	-	4,645
	-	36,792	402	37,194

^(a) Excludes \$92,000 leasehold improvement assets at overseas offices which are valued at depreciated cost and not included in fair value measurement.

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

Valuation techniques to derive Level 2 fair values

When applicable, level 2 fair values of Non-current assets held for sale, Land and Buildings (office accommodation) are derived using the market approach. Market evidence of sales prices of comparable land and buildings (office accommodation) in close proximity is used to determine price per square metre.

Fair value measurements using significant unobservable inputs (Level 3)

2018	Land \$ 000
Fair value at start of period ^(a)	402
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-
Fair value at end of period ^(b)	402

(a) Value of land transferred to the department at fair value on July 1, 2017 through Machinery of Government changes.

(b) Restricted land for road verges, pump station and drain sump

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 8.3. Fair value measurements (continued)

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.

Land (Level 3 fair values)

Fair value for restricted use land is based on market value, by either using market evidence of sales of comparable land that is unrestricted less restoration costs to return the site to a vacant and marketable condition (land with low restricted use), or comparison with market evidence for land with low level utility (high restricted use land). Relevant comparators of land with low level utility are selected by the Western Australian Land Information Authority (Valuation Services) and represents the application of a significant Level 3 input in this valuation methodology. The fair value measurement is sensitive to values of comparator land, with higher values of comparator land correlating with higher estimated fair values of land. The land disclosed as level 3 comprises road verges at the Technology Park in Bentley, and use is restricted accordingly. There are no restoration costs applicable to these assets.

Information about significant unobservable inputs (level 3) in fair value measurement.

Description	Fair Value 2018 \$ 000	Valuation technique	Unobservable inputs
Land	402	Market approach	Selection of land with similar approximate utility

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 land (for road verges, drain sump, pump station) being held to deliver a specific community service (Technology Park Bentley).

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 9. Other Disclosures

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

	Notes
Events occurring after the end of the reporting period	9.1
Correction of prior period errors / changes in accounting policy	9.2
Future impact of Australian standards issued not yet operative	9.3
Key management personnel	9.4
Related party transactions	9.5
Related bodies	9.6
Affiliated bodies	9.7
Special purpose accounts	9.8
Remuneration of auditors	9.9
Non-current assets classified as assets held for sale	9.10
Equity	9.11
Supplementary financial information	9.12
Explanatory statement	9.13

Note 9.1 Events occurring after the end of the reporting period

No events occurred after the end of the reporting period which would materially effect the results in the Statement of Comprehensive Income, the balances in the Statement of Financial Position or the notes to the financial statements.

Note 9.2 Correction of prior period errors / changes in accounting policy

The department was created on July 1, 2017. 2017-18 is the first year of operation for the department. Any initial adjustments to the original transfer value of assets or liabilities transferred from other agencies as part of Machinery of Government changes were adjusted through equity.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 9.3 Future impact of Australian Accounting Standards not yet operative

Future impact of Australian Accounting Standards not yet operative

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

	Operative for reporting periods beginning on/after
AASB 9	<p><i>Financial Instruments</i></p> <p><i>This Standard supersedes AASB 139 Financial Instruments: Recognition and Measurement, introducing a number of changes to accounting treatments.</i></p> <p>The mandatory application date of this Standard is currently 1 January 2018 after being amended by AASB 2012-6, AASB 2013-9 and AASB 2014-1 Amendments to Australian Accounting Standards. The Department does not expect to be materially impacted by the application of the Standard.</p>

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

AASB 15	<p><i>Revenue from Contracts with Customers</i></p> <p>This Standard establishes the principles that the department shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The mandatory application date of this Standard is currently 1 January 2019 after being amended by AASB 2016-7.</p> <p>The Department's income is principally derived from appropriations which will be measured under AASB 1058 Income of Not-for-Profit Entities and will be unaffected by this change. However, the Department has not yet determined the potential impact of the Standard on 'Property Income' and 'Other' revenues. In broad terms, it is anticipated that the terms and conditions attached to these revenues will defer revenue recognition until the Department has discharged its performance obligations.</p>	1 Jan 2019
AASB 16	<p><i>Leases</i></p> <p>This Standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.</p> <p>Whilst the impact of AASB 16 has not yet been quantified, the entity currently has operating lease commitments for \$3,621,429 worth of non-cancellable operating leases which will mostly be brought onto the statement of financial position. Interest and amortisation expense will increase and rental expense will decrease.</p>	1 Jan 2019

**Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018**

AASB 1058	<p><i>Income of Not-for-Profit Entities</i></p> <p>This Standard clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by the department. The department anticipates that the application will not materially impact appropriation or untied grant revenues.</p>	1 Jan 2019
AASB 1059	<p><i>Service Concession Arrangements: Grantors</i></p> <p>This Standard addresses the accounting for a service concession arrangement (a type of public private partnership) by a grantor that is a public sector agency by prescribing the accounting for the arrangement from the grantor's perspective. Timing and measurement for the recognition of a specific asset class occurs on commencement of the arrangement and the accounting for associated liabilities is determined by whether the grantee is paid by the grantor or users of the public service provided. The department has not identified any public private partnerships within scope of the Standard.</p>	1 Jan 2019

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

AASB 2010-7	<p><i>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]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010.</p> <p>The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. Other than the exposures to AASB 9 noted above, the department is only insignificantly impacted by the application of the Standard.</p>	1 Jan 2018
AASB 2014-1	<p><i>Amendments to Australian Accounting Standards</i></p> <p>Part E of this Standard makes amendments to AASB 9 and consequential amendments to other Standards. These changes have no impact as Appendix E has been superseded and the department was not permitted to early adopt AASB 9.</p>	1 Jan 2018
AASB 2014-5	<p><i>Amendments to Australian Accounting Standards arising from AASB 15</i></p> <p>This Standard gives effect to consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The mandatory application date of this Standard has been amended by AASB 2015-8 to 1 January 2018. The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018

**Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018**

AASB 2014-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i></p> <p>This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Department has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2018
AASB 2015-8	<p><i>Amendments to Australian Accounting Standards – Effective Date of AASB 15</i></p> <p>This Standard amends the mandatory application date of AASB 15 to 1 January 2018 (instead of 1 January 2017). It also defers the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this Standard.</p>	1 Jan 2018
AASB 2016-3	<p><i>Amendments to Australian Accounting Standards – Clarifications to AASB 15</i></p> <p>This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The department has not yet determined the application or the potential impact when the deferred AASB 15 becomes effective from 1 January 2019.</p>	1 Jan 2018

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

AASB 2016-7	<p>Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</p> <p>This Standard defers, for not-for-profit entities, the mandatory application date of AASB 15 to 1 January 2019, and the consequential amendments that were originally set out in AASB 2014-5. There is no financial impact arising from this standard.</p>	1 Jan 2018
AASB 2016-8	<p><i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i></p> <p>This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.</p>	1 Jan 2019

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 9.4 Key Management Personnel

The department has determined key management personnel to include cabinet ministers and senior officers of the agency. The department does not incur expenditures to compensate Ministers and those disclosures may be found in the *Annual Report on State Finances*.

The total fees, salaries, superannuation, non-monetary benefits and other benefits for senior officers of the agency for the reporting period are presented within the following bands:

	2018
<u>Compensation Band \$</u>	
\$930 001 to \$940 000	1
\$320 001 to \$330 000	1
\$270 001 to \$280 000	2
\$260 001 to \$270 000	1
\$240 001 to \$250 000	1
\$220 001 to \$230 000	2
\$210 001 to \$220 000	3
\$200 001 to \$210 000	1
\$190 001 to \$200 000	2
\$180 001 to \$190 000	2
\$170 001 to \$180 000	1
\$160 001 to \$170 001	1
\$ 20 001 to \$ 30 000	1
	\$'000
Short term employment benefits	3,473
Post employment benefits	800
Other long term benefits	-
Termination benefits / payments	498
Total compensation of senior officers	4,771

Total compensation includes the superannuation expense incurred by the Department in respect of senior officers. Key management personnel includes personnel provided to Tourism Western Australia on a free of charge basis.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 9.5 Related party transactions

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

Related parties of the department include:

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

Significant transactions with government related entities

In conducting its activities, the agency is required to transact with the State and entities related to the State. These transactions are generally based on the standard terms and conditions that apply to all agencies. Such transactions include:

- Income from State Government (Note 4.1);
- equity contributions (Note 9.11);
- services received free of charge from the State Solicitor's Office and Department of Finance (Note 4.1);
- services provided free of charge to Tourism Western Australia (Note 2.2)^(a);
- Royalties for Regions Fund (Note 4.1);
- superannuation payments to GESB (Note 3.1(a));
- lease rentals payments accommodation and fleet leasing to the Department of Finance (Note 3.3); and related outstanding commitments (Note 7.4.1).
- commitments for future lease payments to the Department of Finance (Note 7.4.1);
- insurance payments to the Insurance Commission and Riskcover fund (Note 3.3);
- remuneration for services provided by the Auditor General (Note 9.9);
- grants provided to other State Government departments (Note 3.2);
- grants provided to Local Government Authorities (Note 3.2); and
- administered subsidies paid to Water Corporation and Pilbara Ports Authority (Note 10.1).
- administered grants paid to Horizon Power, Water Corporation, Department of Main Roads and the Shire of Ashburton (Note 10.1).

(a) the department provides staff, absorbing all staff related expenses, on a free of charge basis to Tourism W.A. The cost attributed to the provision of these services is disclosed as a separate service cost included in note 2.2.

Material transactions with other related parties

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

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 9.6 Related bodies

The department has no related bodies.

Note 9.7 Affiliated bodies

Tourism WA is an affiliated body governed by a Board of Commissioners appointed under the Western Australian Tourism Commission Act 1983, an independent body not under the control of the Department of Jobs, Tourism, Science and Innovation.

The financial statements of the Department of Jobs, Tourism, Science and Innovation include Tourism WA only to the extent that the department has provided direct funding and services to Tourism WA.

Funding and services are provided to Tourism WA as follows:

- a share of the department's service appropriation, passed on to Tourism WA by way of grants, and
- staff provided to Tourism WA on a '*services provided free of charge*' basis.

All other operational expenditure of Tourism WA is incurred directly by the Commission utilising grant funding received from the department, direct receipts of Royalties for Regions funding and its own-source income.

Funding and the cost of services provided to Tourism WA are disclosed at note 2.2 "Service 2 - Tourism". These disclosures do not represent the full and comprehensive financial result and financial position of Tourism WA.

For a full disclosure of the financial results and financial position of Tourism WA, refer to the annual report and financial statements of Tourism WA.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

2018
\$'000

Note 9.8 Special Purpose Accounts ^(a)

Special Purpose Accounts - section 16(1)(d) of the Financial Management Act 2006

^(a) Opening balance of funds represents the closing balance transferred from the former Department of State Development.

Special Projects Fund:

The account was created to hold funds for the purpose of participating in significant projects with other countries, the Commonwealth and the private sector to the mutual benefit of the other participants and the State of Western Australia.

This is a controlled fund and figures are incorporated into the Department's general Financial Statements.

Balance at start of the period	628
<u>Add</u> receipts	-
<u>Less</u> payments	-
Balance at end of the period	628

Australia China Natural Gas Technology Partnership Trust Fund

The account holds funds for the purpose of training Chinese managers from the natural gas industry in China, as well as joint Australia/China research programs. Training is conducted in both countries.

Balance at start of the period	1,421
<u>Add</u> receipts	
Contribution from Industry	430
Total Receipts	430
<u>Less</u> payments	
Salaries	167
Travel	134
Grants - Training	5
Other Services - Training Related	45
Other payments	446
Total Payments	797
Balance at end of the period	1,054

This is a controlled fund and figures are incorporated into the Department's general Financial Statements.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

2018
\$'000

Note 9.8 Special Purpose Accounts (continued)

Ashburton North Social Infrastructure Fund (Onslow Community Development Fund - Controlled)

The purpose of the special purpose account is to quarantine funds received and paid in respect to social infrastructure under the Ashburton North State Development Agreement (Wheatstone Project) in the township of Onslow.

There shall be credited to the account such moneys as are received from Chevron Australia Pty Ltd and the State of Western Australia for the purposes of developing social infrastructure for the township of Onslow in terms of the agreement entered into between the State of Western Australia and Chevron Australia Pty Ltd.

Moneys standing to the credit of the Account may be applied for the purpose of the fund as agreed between the parties, subject to the terms of the Ashburton North State Development Agreement (Wheatstone Project).

The fund is separated into Controlled and Administered sections.

Balance at start of the period		3,014
<u>Add</u> receipts		
Receipts from Chevron Australia Pty Ltd	-	
Total Receipts	-	
<u>Less</u> payments		
Shire of Ashburton:-		
Project expenditures	2,281	
Total Payments	2,281	
Balance at end of the period		733

This is a controlled fund and figures are incorporated into the Department's general Financial Statements.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

2018
\$'000

Note 9.8 Special Purpose Accounts (continued)

Onslow Macedon Social Infrastructure Fund - (Controlled)

The purpose of the special purpose account is to quarantine funds received and paid in respect to social infrastructure under the Macedon State Development Agreement (Domestic Gas) in the township of Onslow.

There shall be credited to the account such moneys as are received from the Macedon Joint Venturers - BHP Billiton Petroleum (Australia) Pty Ltd and Apache PVG Pty Ltd for the purposes of developing social infrastructure in and around the township of Onslow in terms of the agreement entered into between the State of Western Australia and the Macedon Joint Venturers.

Moneys standing to the credit of the Account may be applied for the purpose of the fund as agreed by the Onslow Macedon Social Infrastructure Working Group, subject to the terms of the Macedon State Development Agreement.

Balance at start of the period		319
<u>Add receipts</u>		
Macedon Joint Venturers		-
		-
<u>Less payments</u>		
Shire of Ashburton		319
		319
Balance at end of the period		-

This is a controlled fund and figures are incorporated into the Department's general Financial Statements.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

2018
\$'000

Note 9.8 Special Purpose Accounts (continued)

Ashburton North Social Infrastructure Fund (Administered)

The purpose of the special purpose account is to quarantine funds received and paid in respect to social infrastructure under the Ashburton North State Development Agreement (Wheatstone Project) in the township of Onslow.

There shall be credited to the account such moneys as are received from Chevron Australia Pty Ltd and the State of Western Australia for the purposes of developing social infrastructure for the township of Onslow in terms of the agreement entered into between the State of Western Australia and Chevron Australia Pty Ltd.

Moneys standing to the credit of the Account may be applied for the purpose of the fund as agreed between the parties, subject to the terms of the Ashburton North State Development Agreement (Wheatstone Project).

Funds are generally received from Chevron Australia Pty Ltd and applied to the project within the same financial year.

The fund is separated into Controlled and Administered sections.

Balance at start of the period

-

Add receipts

Chevron Australia Pty Ltd

732

Net GST Receipts (includes prior year balance)

-

732

Less payments

Shire of Ashburton

498

498

234

Balance at end of the period ^(a)

This is an administered fund and is incorporated into the Department's administered Financial Statements which appear in notes 10.1 to 10.3.

(a) The cash balance in the prior year includes the cash flow impact of GST payments & receipts and movement in receivables and payables.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

2018
\$'000

Note 9.8 Special Purpose Accounts (continued)

Ashburton North Critical Services Infrastructure Fund (Administered)

The purpose of the special purpose account is to quarantine funds received and paid in respect to critical services infrastructure under the Ashburton North State Development Agreement (Wheatstone Project) in the township of Onslow.

There shall be credited to the account such moneys as are received from Chevron Australia Pty Ltd and the State of Western Australia for the purposes of developing critical services infrastructure for the township of Onslow in terms of the agreement entered into between the State of Western Australia and Chevron Australia Pty Ltd.

Moneys standing to the credit of the Account may be applied for the purpose of the fund as agreed between the parties, subject to the terms of the Ashburton North State Development Agreement (Wheatstone Project).

Funds are generally received from Chevron Australia Pty Ltd and applied to the project within the same financial year.

Balance at start of the period		-
<u>Add</u> receipts		
	Chevron Australia Pty Ltd	68,830
		68,830
<u>Less</u> payments		
	Water Corporation	13,800
	Horizon Power	37,300
	Department of Main Roads	928
	Other	41
	Net GST Receipts/Payments (includes prior year balance)	16
		52,085
Balance at end of the period ^(a)		16,745

This is an administered fund and is incorporated into the Department's administered Financial Statements which appear in notes 10.1 to 10.3.

(a) The cash balance in the prior year includes the cash flow impact of GST payments & receipts and movement in receivables and payables.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

2018
\$'000

Note 9.9 Remuneration of Auditors

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

Auditing the accounts, financial statements controls, and key performance indicators	60
--	----

Note 9.10 Non-current assets classified as held for sale

The department has no non-current assets classified as held for sale at the end of the reporting period.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 9.11 Equity

The Western Australian Government holds the equity interest in the Department on behalf of the community. Equity represents the residual interest in the net assets of the Department.

	2018
	\$'000
Contributed equity	
Balance at the start of period	-
Contributions by owners	
<i>Transfer of net assets from other agencies</i>	
<i>Transfers as a result of a restructure of administrative arrangements - Machinery of Government</i>	
Department of State Development (the former) ^(a)	17,121
Department of Mines, Industry Regulation and Safety ^(b)	50,155
Department of Premier and Cabinet ^(c)	2,749
WA Tourism Commission ^(d)	(203)
Total contributions to owners	69,822
Distributions to owners	
<i>Transfers of net assets to other agencies</i>	-
Total distributions to owners	-
Balance at end of period	69,822

- (a) Represents the opening balance transferred in from the continuing entity, the former Department of State
- (b) Represents assets and liabilities transferred in relation to the former Department of Commerce, including, land & buildings, employee leave entitlement provisions and various other assets.
- (c) Represents assets and liabilities transferred from the Department of Premier and Cabinet in respect to the Office of Science and Overseas Trade Offices at London, Dubai and Tokyo. The transfer includes employee leave entitlement provisions and various other assets.
- (d) Represents employee provisions transferred from the WA Tourism Commission to the department. No assets were transferred.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Accumulated deficit

Balance at the start of period	-
Result for the period	(7,726)
Balance at the end of period	(7,726)
Total equity at end of period	62,096

Note 9.12 Supplementary financial information**(a) Write-offs**

During the financial year no amounts were written off in respect to the agency's asset register or other assets.

(b) Losses through theft, defaults and other causes

During the financial year there were no write-offs in respect of losses of public money and other property through theft and default.

(c) Gifts of public property.

In overseas trade offices from time to time, minor redundant assets of no recoverable value to the agency, if deemed useable, may be donated to various charities.

Other than in the circumstances noted above, there were no gifts of public property provided by the agency during the financial year.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 9.13 Explanatory Statement (Controlled Operations)

All variances between estimates (original budget) and actual results for 2017 are shown below. Narratives are provided for key major variances, which are generally greater than 5% and greater than a dollar aggregate, being 2% of Total Cost of Services for the Statements of Comprehensive Income and Cash Flows (calculated as \$3,400,000), 2% of Total Assets for the Statements of Financial Position (calculated at \$1,553,000) or \$25 million.

Statement of Comprehensive Income	Variance	Estimate 2017-18	Actual 2017-18	Variance
	Note	\$'000	\$'000	\$'000
COST OF SERVICES				
Expenses				
Employee benefits expense	1	39,895	36,605	(3,290)
Supplies and services	2	20,965	12,569	(8,396)
Depreciation		348	306	(42)
Finance costs		-	22	22
Accommodation expenses		4,634	4,426	(208)
Grants and subsidies	3	102,508	92,338	(10,170)
Other expenses	4	1,642	5,296	3,654
Total cost of services		169,992	151,562	(18,430)
Income				
Revenue				
Property Income		1,961	1,859	(102)
Commonwealth grants and contributions		438	255	(183)
Other revenue & interest revenue	5	2,786	1,577	(1,209)
Total Revenue		5,185	3,691	(1,494)
Gains		-	152	152
Total income other than income from State Government		5,185	3,843	(1,342)
NET COST OF SERVICES		164,807	147,719	(17,088)
Income from State Government				
Service appropriation	6	157,907	138,620	(19,287)
Services received free of charge		1,124	493	(631)
Royalties for Regions Fund	7	4,338	880	(3,458)
Total income from State Government		163,369	139,993	(23,376)
(Deficit) / Total Comprehensive Loss for the Period		(1,438)	(7,726)	(6,288)

**Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018**

Note 9.13 Explanatory Statement (Controlled Operations) - continued

Statement of Comprehensive Income - Narratives for major variances

As the department was created on July 1, 2017, there is no comparison of current year results to prior year results.

Major variances between actual and estimate for 2018

- 1 **Employee benefits expense.**
Selected vacant positions were not filled during the year, in order to realign the organisation to be in a position to meet a declining salaries budget for 2018-19. Employee benefits expense includes, for the first time, expenses in relation to staff provided to Tourism WA on a free of charge basis.
- 2 **Supplies and services.**
The reduction in spending against budget was due to the subsequent repositioning of certain programs to later years. The programs repositioned included: the Western Australian Branding Project (\$2.3 million), Burrup heritage studies (\$0.8 million), Onslow community development fund (\$1.0 million), Collie future fund (\$1.0 million), Asian initiatives (\$0.4 million), several other projects (\$1.6 million). In addition to budget repositioning, the department held other professional services expenditure to low levels.
- 3 **Grants and subsidies.**
Grants paid to Tourism WA were \$4.8 million under budget due to subsequent adjustment to Tourism's budget, including a \$2.3 million recashflow to fund the Australian Tourism Exchange, \$2.25 million transferred from the Tourism budget to fund the Broome dredging project and a \$0.5 million budget reduction to recognise Tourism WA's exit from payroll tax regime following the machinery of government changes.
An additional \$5.4 million of budget was reflowed for Science related programs
- 4 **Other expenses and finance costs.**
The over-budget position was the result of the return of \$3.4 million unspent Royalties for Regions funding, transferred to the agency through machinery of government changes, to Treasury and an expense of \$1.8 million representing valuation decrements in respect to land and buildings as a result of annual valuations of land holdings conducted by the Government valuer.
- 5 **Other revenue and interest revenue.**
Receipt of \$1.5 million into the Onslow Community Development Fund was postponed until 2018-19, in line with project milestones. Other gains, included foreign exchange, accounted for the remainder.
- 6 **Service appropriation.**
Service Appropriation variations were due to repositioning of funding for key projects and initiatives in response to movements in milestone timing. Also includes a return of \$4,996,000 in surplus cash holdings to the Consolidated Fund via a reduction in appropriation revenue.
- 7 **Royalties for Regions Fund.**
\$0.9 million in Royalties for Regions funding was received for the Science and Agribusiness connect program. \$1.0 million in relation to the Collie Future Fund was transferred to the Department of Primary Industries and Regional Development, and funding in relation to other programs, including the Western Australian Branding project was delayed pending approval of the new program business case.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
As At 30 June 2018

Note 9.13.2 Explanatory Statement (continued)

Statement of Financial Position	Variance Note	Estimate 2018 \$'000	Actual 2018 \$'000	Variance between estimate and actual for 2018 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	1	18,299	19,574	1,275
Restricted cash and cash equivalents	2	3,184	2,758	(426)
Receivables	3	536	1,449	913
Other current assets		1,391	1,190	(201)
Total Current Assets		23,410	24,971	1,561
Non-Current Assets				
Restricted cash and cash equivalents		164	249	85
Receivables		9,180	9,180	-
Amounts receivable for services	4	888	1,775	887
Property, plant and equipment	5	43,948	37,676	(6,272)
Other non-current assets		69	69	-
Total Non-Current Assets		54,249	48,949	(5,300)
TOTAL ASSETS		77,659	73,920	(3,739)
LIABILITIES				
Current Liabilities				
Payables	6	670	2,548	1,878
Provisions	7	5,547	7,013	1,466
Other current liabilities		537	-	(537)
Total Current Liabilities		6,754	9,561	2,807
Non-Current Liabilities				
Provisions	7	1,238	1,388	150
Bonds Repayable		104	104	-
Loans		771	771	-
Total Non-Current Liabilities		2,113	2,263	150
TOTAL LIABILITIES		8,867	11,824	2,957
NET ASSETS		68,792	62,096	(6,696)
EQUITY				
Contributed equity	8	59,258	69,822	10,564
Reserves	8	11,036	-	(11,036)
Accumulated (deficit)	8	(1,438)	(7,726)	(6,288)
TOTAL EQUITY		68,856	62,096	(6,760)

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
As At 30 June 2018

Note 9.13.2 Explanatory Statement (continued)

Statement of Financial Position - Narratives for major variances

Major variances between actual and estimate for 2018

- 1 **Cash and Cash Equivalents.**
Balance sheet movements (receivables and payables) and the adjustment of budgeted opening cash balances to prior year ending balances accounts for the variance in cash and cash equivalents.
- 2 **Restricted Cash and Cash Equivalents.** Restricted Cash and Cash Equivalents represents cash held predominately in special purpose accounts in relation to the Onslow Community Development Funds for the Wheatstone and Macedon Projects, The Australia China Natural Gas Technology Partnership Fund, the agency's Special Projects Fund and any applicable Royalties for Regions Funding. The variation represents timing differences only, as over time, the full value of the funds will be expended for their designated purposes.
- 3 **Receivables.** The Department does not experience a regular pattern of receivables, and variation is due to timing issues only.
- 4 **Amounts receivable for services.**
Under Machinery of Government changes, additions to the Tourism WA asset replacement holding account are required to be held by the agency. This was not anticipated in the budget.
- 5 **Property, plant and equipment.**
Since the budget, including machinery of government changes, was determined, two rounds of building valuation have taken place (including the former Department of Commerce), with a net decline in value of \$4.0 million (including land assets, via the revaluation reserve, and buildings, via the Statement of Comprehensive Income). Asset additions for the year were lower than budget.
- 6 **Payables.** The timing of the payment cycle in relation to payables, combined with the Department's project milestones, results in payables balances that do not show consistency from period to period. The timing of major payments out of Special Purpose Accounts can have a significant impact on payables balances. The addition of Machinery of Government functions has added more volume to payables.
- 7 **Provisions.**
The inclusion of staff through Machinery of Government changes and the inclusion of Tourism WA has resulted in higher employee leave provisions than anticipated.
- 8 **Accumulated Surplus, Reserves and Contributed Equity.** Accumulated surplus and contributed equity reflect the accumulation of assets and liabilities transferred to the department through Government administrative arrangements in addition to results since agency formation. It was determined, subsequent to budget, that reserves relating to assets, transferred through the Machinery of Government process were to be allocated to Contributed Equity rather than retained as reserves.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 9.13.3 Explanatory Statement (continued)**Statement of Cash Flows**

			Variance between estimate and actual for				Variance between estimate and actual for		
	Variance Note	Estimate 2018 \$'000	Actual 2018 \$'000	actual for 2018 \$'000		Variance Note	Estimate 2018 \$'000	Actual 2018 \$'000	actual for 2018 \$'000
CASH FLOWS FROM STATE GOVERNMENT					Receipts				
Service appropriations	1	156,851	137,631	(19,220)	Sale of Goods and Services		1,961	1,859	(102)
Capital appropriations		-	-	-	Commonwealth grants		438	255	(183)
Holding account drawdowns		225	225	-	GST receipts on sales	7	-	232	232
Non-retained receipts distributed to owner	2	-	(3,466)	(3,466)	GST receipts from taxation authority	7	-	-	-
Cash balances transferred in by owner	3	-	31,985	31,985	Other receipts	8	2,786	1,725	(1,061)
Royalties for Regions Fund: Recurrent	4	4,338	880	(3,458)	Total Receipts used in Operating Activities		5,185	4,071	(1,114)
Net cash provided by State Government		161,414	167,255	5,841	Net cash provided by/(used in) operating activities		(162,555)	(144,452)	18,103
Utilised as follows:					CASH FLOWS FROM INVESTING ACTIVITIES				
CASH FLOWS FROM OPERATING ACTIVITIES					Purchase of non-current assets				
Payments					Proceeds from sale of non-current assets				
Employee benefits		(39,808)	(38,877)	931	Purchase of non-current assets	9	(925)	(264)	661
Supplies and services	5	(21,066)	(11,835)	9,231	Proceeds from sale of non-current assets		-	42	42
Accommodation		(4,330)	(4,426)	(96)	Net cash provided by/(used in) investing activities		(925)	(222)	703
Grants and subsidies	6	(102,508)	(92,338)	10,170	CASH FLOWS FROM FINANCING ACTIVITIES				
GST payments on purchases	7	-	(3,114)	(3,114)	Loan repayments received	10	860	-	(860)
GST refund from (payments to) taxation autho	7	-	2,747	2,747	Loan repayments distributed to owner	10	(860)	-	860
Other payments		(28)	(680)	(652)	Net cash provided by/(used in) financing activities		-	-	-
Total Payments used in Operating Activities		(167,740)	(148,523)	19,217	Net increase/(decrease) in cash and cash equivalents	11	(2,066)	22,581	24,647
					Cash and cash equivalents at the beginning of the period	12	18,700	-	(18,700)
					Cash and cash equivalents at the end of the period		16,634	22,581	5,947

Notes to the Financial Statements For the year ended 30 June 2018

Note 9.13.3 Explanatory Statement (continued)

Statement of Cash Flows - Narratives for major variances

Major variances between actual and estimate for 2017

- 1 **Service Appropriation.** Service Appropriation variations are due to repositioning of funding for key projects in response to movements in milestone timing. Includes return of cash of \$4,996,000 to the consolidated fund.
- 2 **Non-retained receipts distributed to owner.** Variance represents Royalties for Regions receipts received through changes to administrative arrangements and subsequently returned to owner.
- 3 **Cash balances transferred in from owner.** Variance represents balances transferred in on formation of the department through changes to administrative arrangements. Receipts are mainly from the former Department of State Development, the former Department of Commerce, the Tourism Commission of WA and the Department of Premier and Cabinet.
- 4 **Royalties for Regions Fund.** Reassessment and repositioning of project timelines resulted in moving substantial budget funds into later years.
- 5 **Supplies and services.** The reduction in spending against budget was due to the subsequent repositioning of certain programs to later years. The programs repositioned included: the Western Australian Branding Project (\$2.3 million), Burrup heritage studies (\$0.8 million), Onslow community development fund (\$1.0 million), Collie future fund (\$1.0 million), Asian initiatives (\$0.4 million), several other projects (\$1.6 million). In addition to budget repositioning, the department held other professional services expenditure to low levels.
- 6 **Grants and Subsidies.** A number of projects depend on parties external to the Department to achieve certain milestones before the next stage of the project can proceed and other budgetary funds may be moved to future years to realign them with departmental timelines. Consequently \$13,259,000 in project funding was deferred from the 2017-18 estimates and transferred to later estimates. \$3.2 million in carryover from previous agencies' projects added to the current year expenditures. The Department's core budget underspend, across various expense categories accounted for the remainder of the variance.
- 7 **GST payments and receipts.** Except for significant individual transactions, GST receipts and payments are not profiled in the Department's budget papers.
- 8 **Other receipts.** Receipt of \$1.5 million into the Onslow Community Development Fund was postponed until 2018-19, in line with project milestones. Other gains, included foreign exchange, accounted for the remainder.
- 9 **Purchase of non-current assets.** Includes \$700,000 relating to transfer of a project as a result of changes in Government administrative arrangements, that did not eventuate during the year.
- 10 **Cash flows from financing activities.** Related to loans transferred through Machinery of Government changes. The budget relating to this category will be reallocated to the agency's administered fund.
- 11 **Net increase/(decrease) in cash and cash equivalents.** Relates to cash transferred in through Machinery of Government changes in addition to the result for the year. See also, note 12, below.
- 12 **Cash and cash equivalents at the beginning of the period.** Cash balances were transferred into the new agency and the cash at the beginning of the period (relating to the former Department of State Development) should have been budgeted at zero and shown as a transfer in.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 10 Administered disclosures

This section sets out all of the statutory disclosures regarding the administered financial performance of the Department.

Administered transactions and balances relate to activities and functions that the department manages on behalf of Government and do not contribute to the department's services or objectives.

	Notes
Disclosure of administered income and expenses by service	10.1
Explanatory statement for administered items	10.2
Administered assets and liabilities	10.3

Northern Australia Infrastructure Facility

Under section 96 of the Australian Constitution, the Commonwealth Parliament may provide financial assistance to the State on such terms and conditions as the Parliament thinks fit.

The Government of Western Australia participates in the Commonwealth Government's "Northern Australia Infrastructure Facility" (NAIF), whereby Commonwealth loans are facilitated for eligible projects on behalf of private industry participants contributing towards economic growth in Northern Australia.

Cash receipts and payments in relation to the facility are received by the department and passed on to approved recipients.

Accounting advice received has determined that the transactions may be treated on a "pass through" basis in the financial statements of the department, and not recognised as either income, expense, asset or liability as all responsibility and liability remains with the Commonwealth.

Consequently, NAIF transactions, while passing through the department's dedicated NAIF bank account in its administered accounts, do not appear in the administered financial statements.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

Note 10.1 Disclosure of Administered Income and expenses by service ^(a)

	Development of industry sectors and facilitate investment	Tourism	Total
	2018 \$'000	2018 \$'000	Total \$'000
COST OF SERVICES			
<u>Expenses</u>			
Loan Discounting	-		-
Grants and subsidies - State Programs ^(b)	18,761	-	18,761
Grants and subsidies - Onslow Social and Critical Infrastructure ^(c)	52,184	-	52,184
Grants to Tourism WA	-	2,800	2,800
Non-retained receipts distributed to owner	1,176	-	1,176
Total administered expenses	72,121	2,800	74,921
INCOME AND APPROPRIATION			
Service Appropriation	19,183	2,800	21,983
Total Income from State Government	19,183	2,800	21,983
<u>Income</u>			
Income from external project proponents ^(c)	69,562	-	69,562
Interest received on loans	57	-	57
Other income (unwinding of discount on loan receivable)	714	-	714
Total administered revenue	70,333	-	70,333
Total Administered Income and Appropriation	89,516	2,800	92,316
Administered Surplus/(Deficit) for the year	17,395	-	17,395

- (a) The Agency provides 4 services: (1) Development of industry sectors and facilitate investment; (2) Destination Marketing; (3) Event Tourism; and, (4) Tourism Destination Development (services 2 to 4 relate to Tourism WA). See note 2.1. The Financial Statements of the department and the WA Tourism Commission (Tourism WA) are not consolidated. Consequently, appropriations received by the department and passed on to Tourism WA as grants will be disclosed as "Service 2 - Tourism".
- (b) 2017-18 includes Burrup Seawater Pipeline Subsidy \$10.08 million paid to Water Corporation of Western Australia and the Pilbara Port Authority Bulk Liquids Berth Subsidy \$8.68 million.
- (c) Income received from Chevron Australia and paid out as grants in respect to the Wheatstone critical and social infrastructure programs in respect to the township of Onslow. \$17,378,000 was received from Chevron in June, with milestone payments to recipients not scheduled until the next financial year, resulting in an administered surplus for the year. Payments were made to: Department of Main Roads WA (\$0.9 million); Water Corporation (\$13.8 million); Horizon Power (\$36.8 million); Shire of Ashburton (\$0.6 million).

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
For the year ended 30 June 2018

All variances between estimates (original budget) and actual results for 2018 are shown below. Narratives are provided for key major variances, which are generally greater than 5% and greater than a dollar aggregate, being 2% of Total Cost of Services for the Statement of Comprehensive Income (calculated as \$2,247,000), 2% of Total Assets for the Statement of Financial Position (calculated at \$721,000) or \$25 million.

Note 10.2 Explanatory statement for administered items

	Variance note	Estimate 2018 \$'000	Actual 2018 \$'000	Variance between estimate and actual 2018 \$'000
COST OF SERVICES				
<u>Expenses</u>				
Loan Discounting		-	-	-
Grants and subsidies - State Programs		19,183	18,761	(422)
Grants and subsidies - Onslow Social and Critical Infrastructure	1	93,044	52,184	(40,860)
Grants to Tourism WA	2	-	2,800	2,800
Non-retained receipts distributed to owner	3	147	1,176	1,029
Total administered expenses		112,374	74,921	(37,453)
INCOME AND APPROPRIATION				
Service Appropriation	4	19,183	21,983	2,800
Total Income from State Government		19,183	21,983	2,800
<u>Income</u>				
Income from external project proponents	1	93,044	69,562	(23,482)
Interest received on loans		147	57	(90)
Other income (unwinding of discount on loans receivable)	5	719	714	(5)
Total administered revenue		93,910	70,333	(23,577)
Total Administered Income and Appropriation		113,093	92,316	(20,777)
Administered Surplus/(Deficit) for the year	6	719	17,395	16,676

As the department was created on July 1, 2017, there is no comparison of current year results to prior year results.

Major estimate and actual variance narratives

- Grants and subsidies - Onslow social and critical infrastructure.** The Onslow critical and social infrastructure projects (Wheatstone project) are milestone dependant and funded by Chevron. Funds are drawn down and distributed as grants only when appropriate milestones are met. While actual may vary from estimate in a particular year, income and expenditure is expected to be on target over the full life of the project.
- Grants paid to Tourism WA.** Represents administered grants received by the department as appropriation and paid to Tourism WA as a grant.
- Non-retained receipts distributed to owner.** Represents receipts from loan repayments returned to the consolidated fund at State Treasury.
- Service appropriation.** Funding for subsidies paid (refer to comments on note 10.1 *Administered Income and Expenses by Service*). Amounts received and paid for state subsidies are subject to an annual formula calculation and may therefore vary from year to year. Also includes receipts on behalf of Tourism WA, passed on as grants.
- Other income.** Represents discount unwinding in respect to loans that have been issued at non-commercial rates of interest.
- Administered surplus/(deficit) for the year.** Income is received from Chevron Australia and paid out as grants in respect to the Wheatstone critical and social infrastructure programs in respect to the township of Onslow. \$17,378,000 was received from Chevron in June, with milestone payments to recipients not scheduled until the next financial year, resulting in an administered surplus for the year.

Department of Jobs, Tourism, Science and Innovation
Notes to the Financial Statements
As At 30 June 2018

Note 10.3 Administered assets and liabilities

	2018 \$'000
<u>Current assets</u>	
Cash and cash equivalents	21,030
Receivables	35
Loan receivables ^(a)	424
GST receivable	511
Total administered current assets	22,000
<u>Non-current assets</u>	
Loan receivables ^(a)	14,051
Loan receivables potentially convertible to grants - Dampier Gas Pipeline ^(b)	88,067
Loan receivables provision for conversion to grants - Dampier Gas Pipeline ^(b)	(88,067)
Total administered non-current assets	14,051
TOTAL ADMINISTERED ASSETS	36,051
<u>Current liabilities</u>	
Payables	145
Total administered current liabilities	145
TOTAL ADMINISTERED LIABILITIES	145
NET ASSETS	35,906
<u>Equity</u>	
Contributed equity	18,511
Surplus/(deficit) for the period	17,395
Accumulated surplus/(deficit)	-
TOTAL EQUITY	35,906

(a) This represents the discounted value of loans, at non-commercial interest rates, receivable from third parties. The loans are discounted periodically, with the discount unwound and shown as income over the intervening periods. Net discount netted off the balance date is \$3.13 million.

(b) Relates to a loan established in relation to the Dampier to Bunbury Natural Gas Pipeline. Under the loan agreement, executed in 2004, the proponent may, at its absolute discretion, apply to the minister to convert the loan into a grant, hence rendering the loan no longer repayable.

Administered contingent assets and liabilities

There are no known administered contingent assets and liabilities

Department of Jobs, Tourism, Science and Innovation Certification of Key Performance Indicators

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Department of Jobs, Tourism, Science and Innovation's performance and fairly represent the performance of the Department of Jobs, Tourism, Science and Innovation for the financial year ending 30 June 2018.



Joseph Ostojich
Acting Director General

31 August 2018

Appendix 1: Legislation and changes to legislation

The department administers five Statutes and 64 State Agreements on behalf of the Western Australian Government. As part of this responsibility, we also negotiate new agreements, variations, terminations and repeals of State Agreement Acts as required.

This list outlines the Acts and Agreement Acts, by commodity, as at the end of the 2017–2018 reporting year.

Statutes administered by the department

1. *Government Agreements Act 1979*
2. *Nuclear Activities Regulation Act 1978*
3. *Texas Company (Australasia) Limited (Private) Act 1928*
4. *The Commonwealth Oil Refineries, Limited (Private), Act 1940*
5. *State Agreements Legislation Repeal Act 2013*

Agreement Acts administered by the department

Alumina

1. *Alumina Refinery Agreement Act 1961*
2. *Alumina Refinery (Pinjarra) Agreement Act 1969*
3. *Alumina Refinery (Mitchell Plateau) Agreement Act 1971 [Agreement terminated]*
4. *Alumina Refinery (Wagerup) Agreement and Acts Amendment Act 1978*

5. *Alumina Refinery (Worsley) Agreement Act 1973*

Charcoal iron and steel

6. *Wundowie Charcoal Iron Industry Sale Agreement Act 1974*

Coal

7. *Collie Coal (Griffin) Agreement Act 1979*
8. *Collie Coal (Western Collieries) Agreement Act 1979*

Copper

9. *Western Mining Corporation Limited (Throssell Range) Agreement Act 1985*

Diamonds

10. *Diamond (Argyle Diamond Mines Joint Venture) Agreement Act 1981*

Energy

11. *Goldfields Gas Pipeline Agreement Act 1994*
12. *Ord River Hydro Energy Project Agreement Act 1994*
13. *Pilbara Energy Project Agreement Act 1994 [Agreement terminated]*

Forest products

14. *Albany Hardwood Plantation Agreement Act 1993*
15. *Bunbury Treefarm Project Agreement Act 1995*
16. *Collie Hardwood Plantation Agreement Act 1995*

17. *Dardanup Pine Log Sawmill Agreement Act 1992*
18. *Paper Mill Agreement Act 1960 [Agreement expired]*
19. *Wood Processing (WESFI) Agreement Act 2000*
20. *Wood Processing (Wesbeam) Agreement Act 2002*

Gas

21. *North West Gas Development (Woodside) Agreement Act 1979*
22. *Barrow Island Act 2003 (which incorporates the Gorgon Gas Processing and Infrastructure Project Agreement)*
23. *Natural Gas (Canning Basin Joint Venture) Agreement Act 2013*

Gold

24. *Tailings Treatment (Kalgoorlie) Agreement Act 1988 [Agreement expired]*

Iron ore and steel

25. *BHP Billiton (Termination of Agreements) Agreement Act 2006*
26. *Iron Ore Agreements Legislation (Amendment, Termination and Repeals) Act 2011*
27. *Iron Ore (Channar Joint Venture) Agreement Act 1987*
28. *Iron Ore (FMG Chichester Pty Ltd) Agreement Act 2006*

29. *Iron Ore (Goldsworthy-Nimingarra) Agreement Act 1972*
30. *Iron Ore (Hamersley Range) Agreement Act 1963*
31. *Iron Ore (Hamersley Range) Agreement Act Amendment Act 1968*
32. *Iron Ore (Hope Downs) Agreement Act 1992*
33. *Iron Ore (McCamey's Monster) Agreement Authorisation Act 1972*
34. *Iron Ore (Marillana Creek) Agreement Act 1991*
35. *Iron Ore (Mount Bruce) Agreement Act 1972*
36. *Iron Ore (Mount Goldsworthy) Agreement Act 1964*
37. *Iron Ore (Mount Newman) Agreement Act 1964*
38. *Iron Ore (Murchison) Agreement Authorisation Act 1973*
39. *Iron Ore (Rhodes Ridge) Agreement Authorisation Act 1972*
40. *Iron Ore (Robe River) Agreement Act 1964*
41. *Iron Ore (Wittenoom) Agreement Act 1972*
42. *Iron Ore (Yandicoogina) Agreement Act 1996*
43. *Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002*

Mineral sands

44. *Mineral Sands (Eneabba) Agreement Act 1975*
45. *Mineral Sands (Cooljarloo) Mining and Processing Agreement Act 1988*
46. *Mineral Sands (Beenup) Agreement Act 1995*

Nickel

47. *Nickel (Agnew) Agreement Act 1974*
48. *Nickel Refinery (BHP Billiton Nickel West Pty Ltd) (Termination of Agreements) Agreement Act 2008*
49. *Poseidon Nickel Agreement Act 1971*

Oil

50. *Oil Refinery (Kwinana) Agreement Act 1952*

Salt

51. *Dampier Solar Salt Industry Agreement Act 1967*
52. *Evaporites (Lake MacLeod) Agreement Act 1967*
53. *Leslie Solar Salt Industry Agreement Act 1966*
54. *Onslow Solar Salt Agreement Act 1992*
55. *Shark Bay Solar Salt Industry Agreement Act 1983*

Uranium

56. *Uranium (Yeelirrie) Agreement Act 1978*

Miscellaneous

57. *Cement Works (Cockburn Cement Limited) Agreement Act 1971*
58. *Industrial Lands (CSBP & Farmers Limited) Agreement Act 1976*
59. *Industrial Lands (Kwinana) Agreement Act 1964*
60. *Pigment Factory (Australind) Agreement Act 1986*

61. *Railway (Roy Hill Infrastructure Pty Ltd) Agreement Act 2010*
62. *Railway and Port (The Pilbara Infrastructure Pty Ltd) Agreement Act 2004*
63. *Railway (BBI Rail Aus Pty Ltd) Agreement Act 2017*
64. *Silicon (Kemerton) Agreement Act 1987*

Agreements terminated in 2017–18

Nil

New Agreement Acts ratified in 2017–18

Railway (BBI Rail Aus Pty Ltd) Agreement Act 2017

New Statutes in 2017–18

Nil

Variations in 2017–18

Iron Ore (Channar Joint Venture) Agreement Act 1987

Iron Ore (Hamersley Range) Agreement Act 1963
Mineral Sands (Cooljarloo) Mining and Processing Agreement Act 1988

Railway and Port (The Pilbara Infrastructure Pty Ltd) Agreement Act 2004

Agreement Acts repealed in 2017–18

Nil

Appendix 2: Key staff

Office of the Director General

Joe Ostojich

Acting Director General

International Education, Trade and Investment

Rob Delane

Deputy Director General

Policy, Planning and Economic Development

Joe Ostojich

Deputy Director General (acting in DG role)

Luke O'Donoghue

Executive Director, Strategic Policy

Christine Ginbey

*Executive Director, Infrastructure and
Land Planning*

Resources Development and Defence

Geoffrey Wedgwood

Deputy Director General

Milka Klobucar

Executive Director, Project Facilitation

John O'Hare

Executive Director, Industry Development

Chris Clark

Executive Director, Strategic Projects

Science and Innovation

Fiona Roche

Deputy Director General

WA Tourism Commission

David Lowe

Acting Managing Director

Corporate Services

Steve Melville

Director

Toni Watson

Manager, Human Resources

Legal and Commercial Strategy

Pamela Hass

Principal Counsel

Visit the Department of Jobs, Tourism,
Science and Innovation (JTSI) website at
www.jtsi.wa.gov.au for contact details
of key staff at the agency.

Government of Western Australia
Department of Jobs, Tourism, Science and Innovation
1 Adelaide Terrace, East Perth
Western Australia 6004
Tel: + 61 8 9222 0555
Fax: +61 8 9222 0505
Web: www.jtsi.wa.gov.au

DMIRSAUG18_5345