



Department of  
**Jobs, Tourism, Science  
and Innovation**

# Annual Report **2019-20**



## Acknowledgement of Country

We acknowledge the traditional custodians throughout Western Australia and their continuing connection to the land, waters and community. We pay our respects to all members of Aboriginal communities and their cultures; and to Elders both past and present.

## About this report

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

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The department was formed in July 2017 and comprises the Western Australian Tourism Commission. As a statutory authority, the Western Australian Tourism Commission prepares a separate annual report, available at [www.tourism.wa.gov.au](http://www.tourism.wa.gov.au)

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Cover image. Megan Feaver, Power Systems Technician at Western Power, was an ambassador for the department's Take2STEM campaign (see page 25).

This page. Tianqi Lithium – lithium hydroxide. Image credit: Tianqi Lithium Australia.



# Statement of compliance

For year ended 30 June 2020

**Hon. Mark McGowan MLA**

**PREMIER; MINISTER FOR STATE DEVELOPMENT, JOBS AND TRADE**

In accordance with Section 63 of the Financial Management Act 2006, I hereby submit for your information and presentation to Parliament, the Annual Report of the Department of Jobs, Tourism, Science and Innovation for the reporting period ended 30 June 2020.

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

The financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board.



**Richard Sellers**

Acting Director General  
Department of Jobs, Tourism, Science and Innovation  
18 September 2020

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2019 Innovator of the Year Platinum Award Winner – Tensa Equipment for Roborigger.

## SECTION 1. OVERVIEW



### Message from the Director General

As the primary Western Australian Government agency responsible for driving growth and diversification of the state economy, and creating jobs, 2019-20 has been a year of continuous change.

We continued to deliver on the strategic intent of Machinery of Government changes that created the department in 2017, and further strengthened our culture of collaboration, governance and adaptability to support WA's large-scale industries, small to medium sized enterprises and startup community.

Important progress was made on delivering key WA Government initiatives, including progressing approvals for the Asian Renewable Energy Hub, planning key infrastructure development across the state, and providing grants to stimulate a more diversified and innovative economy.

The department also moved to new premises in William Street, Perth, in early 2020. This move brought together all of the department's business areas, including Tourism WA, in the one office for the first

time. The new premises provide the communication technologies and facilities required to collaborate with stakeholders across the state, nation and globe.

As with all WA Government agencies, our focus pivoted dramatically as the threat of COVID-19 advanced across the world early in 2020.

The department was one of the first agencies to provide key staff to the Department of the Premier and Cabinet and the Incident Control Centre to support the government's response to the pandemic.

The department's Corporate Executive also responded rapidly by establishing a Critical Incident Management Team that ensured staff were kept safe and informed, enhanced the department's information and communication technologies, and enabled staff to move to working from home arrangements.

The focus of the department's operations rapidly moved to supporting whole-of-government initiatives to protect the health of Western Australians and save jobs.

The department's key contributions included:

- » providing weekly economic impact updates to the WA Government to assist rapid economic response measures
- » directly supporting industry and businesses to continue their operations while meeting the necessary restrictions
- » supporting WA businesses to produce personal protective equipment (PPE)
- » leading the development of the industry sub-plan of the WA Recovery Plan

In undertaking this work, the department was an exemplar of an adaptable and collaborative public sector.

In addition to providing a total of 24 staff to other agencies and operations, the department's permanent Director General, Rebecca Brown, moved to be the acting Director General of the Department of the Premier and Cabinet on 30 March 2020.

Staff that remained working for the department, both in the office and from home, displayed an incredible capacity to respond to the impact of COVID-19 to support the state's industries and businesses,

the majority of whom were impacted in ways we could never have envisioned.

I personally thank all staff of the department for the incredible amount of hard work they have provided over the past 12 months, but particularly during the pandemic.

I especially thank Rebecca Brown, whose leadership over 9 months of this financial year drove the achievements and progress presented in this annual report, as well as the Corporate Executive that have supported both Rebecca and myself and provided vital expertise and guidance for our teams and external stakeholders including:

- » Chris Clark – Deputy Director General, Resources and Project Facilitation
- » Fiona Roche – Deputy Director General, Industry Science and Innovation
- » Simone Spencer – Deputy Director General, Strategy and International Engagement (March 2020 to June 2020)
- » Jennifer Mathews – Acting Deputy Director General, Strategy and International Engagement (July 2019 to March 2020)

- » Brodie Carr – Managing Director, Tourism WA

The threat of COVID-19 will be with us for some time, and the department is well-placed to respond.

Our focus in 2020-21 will be to deliver key industry initiatives within the WA Recovery Plan that puts WA back on track for jobs growth, and create prosperity in communities across the state.



Richard Sellers  
Acting Director General  
Department of Jobs, Tourism, Science  
and Innovation

## Our highlights

- 01.** Established the LNG Operator Skills Framework industry-led initiative, funded by the Australian Petroleum Production and Exploration Association, on behalf of its members to standardise the training of LNG workers in Western Australia, so their qualifications are recognised by all LNG operating companies.
- 02.** Premier Mark McGowan unveiled Forward Work Plans, the latest initiative of the LNG Jobs Taskforce, as he opened the Australasian Oil and Gas (AOG) Exhibition and Conference in Perth in March 2020. The Forward Work Plans initiative is designed to help local businesses plan by providing information on prospective tender and contracting opportunities over the next 2 years. This will increase transparency and support local industry to be more proactive in taking advantage of opportunities.
- 03.** Progressed approvals for the \$2.05 billion West Angelas and Robe Valley Sustaining projects which will create over 1200 jobs.
- 04.** Progressed approvals for the Asian Renewable Energy Hub, the second largest clean energy project in the world, which is expected to employ more than 5000 people directly in construction and approximately 3000 people during operations.
- 05.** Undertook strategic planning that supported the WA Government's decision to provide \$10 million over 10 years, plus lease of suitable land, to establish the Future Energy Exports Cooperative Research Centre (FEnEx CRC), which will include a world-first microscale LNG plant as part of an LNG Futures Facility in Kwinana.
- 06.** Approval was given by the Minister for State Development in 2020 for the construction of a solar power facility at the mine site which will supply up to 65% of Koodaideri's daily power requirements. The project will result in approximately 2000 construction jobs and 600 operational jobs.
- 07.** Enabled the development of an Autonomous Training Centre at the Coolangatta industrial estate near Bluewaters power station through a contribution of \$2.7 million from the Collie Futures Industry Development Fund.
- 08.** Managed the delivery of 2 Northern Australia Infrastructure Facility loans to Western Australian-based projects – Chichester Range Solar Gas Hybrid Project and Kalium Lakes' Beyond Sulphate of Potash Project.



- 09.** Awarded 5 Collaboration Research Grants worth over \$700,000 in total and 4 Higher Degree Research Grants worth \$60,000 in total through the Defence Science Centre.
- 10.** Awarded the first Defence Science Centre/Australian Postgraduate Research Internship Voucher for a project based at the RAAF Base Gingin Satellite Airfield.
- 11.** Supported investment and project development in the Australian Marine Complex, including an \$84 million investment for 4 initial fast tracked projects and support for a \$12.5 million Submarine Rescue Facility.
- 12.** Implemented the Future Battery Industry Strategy by tailoring funding under the Local Capability Fund towards battery industry projects for 2019-20, and providing funding to support industry-led research in the battery supply chain through the Future Battery Industries Cooperative Research Centre.

- 13.** Supported construction of Albemarle Lithium Plant, creating 500 jobs.
- 14.** Sponsored the Resources Technology Showcase 2019 to raise awareness of the exciting technological future for the resources sector, and emphasise the importance of STEM skills to future jobs. More than 50 influential mining and oil and gas executives spoke during the two-day conference and about 10,000 members of the public attended the technology exhibition.
- 15.** Launched Western Australia's Asian Engagement Strategy 2019-2030 – Our future with Asia in Perth, and held an international launch event at the Indonesia Australia Business Council Conference in Bali, Indonesia.
- 16.** Launched the state-wide Take2STEM campaign targeting students, parents and educators about the importance of STEM skills for future jobs.



Prof Zach Aman, UWA; Peter Coleman, Woodside Energy; Hon Mark McGowan MLA Premier; Prof Dawn Freshwater, UWA; Al Williams, Chevron Australia; Professor Eric May, UWA at the Resources Technology Showcase.

- 17.** Facilitated a variation to the North West Gas Development (Woodside) Agreement Act 1979, to extend the term of the State Agreement to 2059, with the possibility of a further 12-year extension. This extension allows for the tolling of third party gas from future large liquefied natural gas projects, such as the Browse LNG Project, at the existing North West Shelf Joint Venture's Karratha Gas Plant on the Burrup Peninsula.

## Our response to COVID-19

- 01.** Awarded all 5 Western Australian universities \$1 million in funding to deliver 34 research projects that will improve our understanding, treatment and management of COVID-19 impacts in the Western Australian community.
- 02.** Gathered industry intelligence and led the development of the Industry Recovery Sub-Plan for the Government's response to COVID-19, in collaboration with relevant WA government agencies.
- 03.** Worked with the Australian Government and other States on a national approach to securing personal protective equipment (PPE) for Western Australians, and provided industry support to develop local capability in PPE manufacturing.
- 04.** Provided business advice and mentoring support to startups and SMEs in the innovation sector to help guide them through the COVID-19 recovery period, with extra funding for business education programs at the state's three key innovation hubs.



Developing local capability in PPE manufacturing.  
Brendan Kennedy, Glen Ryan, Lachlan Kelsey and Faz Pollard with Professor Peter Klinken, Chief Scientist WA.

## International Women's Day

The department hosted its first International Women's Day event in March 2020, held at Frasers in Kings Park.

Premier Mark McGowan and Ministers Dave Kelly and Paul Papalia joined our Director General Rebecca Brown and 200 people from across government and industry to celebrate and acknowledge International Women's Day.

IWD's 2020 campaign theme was 'Generation Equality', advocating that equality is not a women's issue, it's a business and cultural issue. Gender equality is essential for economies and communities to thrive.

The focus of our event was on supporting young women's participation in STEM, as an important part of transitioning our economy, moving away from just 'pits and paddocks'.

Extreme technological change, automation and the diversifying economy means that every Western Australian needs some level of STEM skills – not just workers in STEM-related jobs.

Guest speaker, Warwick Senior High School Year 12 STEM student Alana Dooley was an incredible inspiration, talking about her ambition to be an astrophysicist. Ms Dooley, who features in the department's Take2STEM campaign, said studying STEM allowed her to learn more about the world around her and had changed her day-to-day life.

Rebecca Brown also facilitated a panel discussion with FMG Deputy CEO Julie

Shuttleworth, RAAF Squadron Leader Sarah-Jane Leech and Acting Asset President Western Australia Iron Ore, BHP, Tim Day.

We also held an International Women's Day celebration for staff, with more than 60 people from across the department attending to hear an inspiring address by guest speaker Michelle Andrews, Director General of the Department of Communities.



Tim Day, Sarah-Jane Leech, Director General Rebecca Brown, Hon Dave Kelly MLA Minister for Innovation and ICT, Science and Julie Shuttleworth at the International Women's Day event.

## SECTION 2. AGENCY PERFORMANCE

### Overview

We are focused on building strong partnerships across government and with industry to support the Western Australian Government to grow and diversify the economy and create jobs.

Across our portfolio, we are working to encourage growth within existing and new industries, stimulate innovation, attract investment, promote development of infrastructure, boost apprenticeships and support workforce skills development.

#### OUR RESPONSE TO COVID-19

With the world and state economy severely impacted by the COVID-19 pandemic in the first half of 2020, the department played a key role in supporting the response of the Western Australian Government, businesses and industry to protect jobs.

Like other departments, we rapidly re-prioritised our work to respond to the health, social and economic impacts of COVID-19.

As the extent of the pandemic became clear, one of our first actions was to provide key staff to the whole-of-government response. These staff provided key services to both the State Incident Control Centre and the Department of the Premier and Cabinet.

The staff who remained with the department also adapted their priorities to meet the evolving needs of Western Australian industry and businesses. One of our initial requirements was to determine the impacts of COVID-19 on all industries and to provide regular advice to the government on the appropriate policy responses to address these impacts.

It became apparent during the early stages of the COVID-19 pandemic that the government could not afford to wait for traditional sources of economic data (that are reported with a time lag) to develop and begin to implement its economic response.

To allow for a more timely response, the department initiated an intelligence gathering

exercise using its network of stakeholders across industry, government and the overseas offices. This intelligence was summarised in a report each week that was distributed to key decision makers within government. Economic data released since has confirmed many of the findings presented in these reports, including the wide variation in impacts across different industries in Western Australia.

The department was the lead agency for the industry stream of the WA Recovery Plan. The work we delivered in the early stages of the COVID-19 pandemic meant we were well-placed to work with industry and government to develop and coordinate a number of government actions to support the state's recovery.

## Creating local jobs

As a result of the continued focused delivery of the Western Australian Jobs Act 2017 and the Western Australian Industry Participation Strategy (WAIPS), participation plans received through head contractors as required by the strategy demonstrate the creation of over 20,000 jobs and local sourcing of nearly 90%.

To complement this legislation an extensive review of the 2002 Buy Local Policy is underway to produce a stronger focus on regional employment. Both initiatives are delivered through the Industry Link advisory service.

### Local Capability

The Local Capability Fund (LCF) is a program that supports Western Australian small and medium-sized enterprises (SMEs) seeking to enhance their capabilities and competitiveness to access major market opportunities. It has delivered 21 rounds of funding since its inception.

In 2019-20, the department administered 7 funding rounds – METRONET Railcar



South Metro TAFE.

Procurement Round; Aboriginal Business Round; Western Australian Industry Participation Strategy (WAIPS) Round; Future Battery Industry Round; Steel Fabrication Accreditation Round, Steel Industry Business Information Services Round and Bunbury Outer Ring Road Project Round.

These rounds resulted in the funding of 50 businesses for purposes such as certification to national and international standards, purchasing machinery and equipment, and business planning and marketing development.

In response to COVID-19, additional funding of \$10 million was announced to boost:

- » Western Australian businesses that supply to priority industry sectors impacted
- » the local manufacture of personal protective equipment (PPE)
- » funding for market feasibility studies on manufacturing PPE.

This funding will be delivered in 2020-21.

The upcoming 2020-21 LCF rounds will also focus on state government projects, private and public sector projects, national and internal standards, and Aboriginal business growth.

## Economic development and diversification

The Western Australian Government released its economic development framework, Diversify WA, in July 2019. The vision of Diversify WA is for the state to have 'a strong and diversified economy delivering secure, quality jobs through increased investment across a broad range of industries'.

To achieve this vision, Diversify WA identified priority sectors of the economy that would be a development focus for government.

The following 6 priority sectors were identified based on a matching of global trends to the state's strengths:

- » energy
- » tourism, events and creative industries
- » international education
- » mining and mining equipment and technical services
- » technology and advanced manufacturing
- » primary industries

Given our existing role in the development of many of these sectors, the department was

appointed the lead agency for the implementation of Diversify WA.

In the months following the release of Diversify WA, we developed a reporting and implementation framework to provide:

- » a consolidated picture of the economic development activities being implemented to strengthen and diversify the economy and stimulate job creation
- » indicators to show how the economy is progressing toward the desired outcomes (strong economy, resilience through diversification, and job security and quality) and how each of the priority sectors are contributing to this progress

### Response to COVID-19

The re-prioritisation of government activities brought about by COVID-19 meant that many of the initiatives from Diversify WA, and subsequently the reporting process for Diversify WA, were put on hold. As the economy recovers from the impact of COVID-19, the department will seek to restart this work,

while ensuring economic development activities to achieve the Diversify WA vision take into account changes to the economy due to the pandemic.

### The State Government's LNG Jobs Taskforce

The department supports the LNG Jobs Taskforce, a first time collaboration between the WA Government, industry and unions. It was established to maximise local jobs and economic benefits from the LNG industry. The taskforce is chaired by the Premier and includes CEOs from Woodside, Chevron, Santos, INPEX and Shell, as well as representatives from the Australian Petroleum Production and Exploration Association and UnionsWA.

The taskforce has the vision to establish Western Australia as a recognised global leader in LNG collaboration, innovation, maintenance and support, exporting services across Australia and internationally, generating local jobs and business opportunities.

To achieve these goals, the taskforce is implementing 23 projects across the following working groups:

- » Education
- » Training and Innovation
- » Downstream Future Energies and Renewables
- » Business Development and Diversification
- » Technology and Operations

In March 2020, the Premier unveiled Forward Work Plans designed to help local businesses plan for upcoming work by providing information on prospective tender and contracting opportunities over the next 2 years. Chevron, Woodside, Shell and Santos have volunteered to submit their procurement Forward Work Plans to the state annually, with the first plan already provided.

We undertook strategic planning that supported the Western Australian Government's decision to provide \$10 million over 10 years, plus lease of suitable land, to establish the Future Energy Exports Cooperative Research Centre (FEnEx CRC),



which will include a world-first microscale LNG plant as part of an LNG Futures Facility in Kwinana. The FEnEx CRC has successfully attracted a total of \$80 million in funding including contributions from the WA Government, industry partners and the Australian Government.

FEnEx CRC will help Australia maintain and enhance its position as a leading global energy exporter, assist the LNG industry to address the challenges of productivity, cost and decarbonisation, and support the

establishment of a world leading hydrogen export industry over the next decade.

### **Response to COVID-19**

The impact of COVID-19, combined with comparatively weak global crude oil prices, has led to job losses and increased uncertainty in the LNG sector as producers have sought to reduce their operating costs.

To address this issue, the LNG Jobs Taskforce has agreed to use the opportunities this collaborative effort creates, to help the Western Australian oil and gas

sector recovery from COVID-19. The LNG Jobs Taskforce was also consulted as part of the development of the WA Recovery Plan.

The LNG Jobs Taskforce is in the process of revising its implementation plan to prioritise projects, and where necessary amend the scope of existing projects, in order to aid economic recovery.

## GREEN HYDROGEN POTENTIAL

Using renewable energy for the electrolysis of desalinated seawater creates renewable, or green, hydrogen. Green hydrogen can be exported to Asia for use as a fuel, particularly in transport and industrial applications.

The potential for the supply of cheap, green power may also stimulate industry diversification and growth, particularly for energy intensive industries. At the same time the adoption of renewable power will assist industry to decarbonise their operations through reduced reliance on fossil fuels.

## Large-scale renewables and hydrogen

The department is responding to opportunities for new investment, industry diversification and job creation as a result of the increasing uptake of broad-scale renewables. Multiple industry sectors and specific projects identified to be of state significance are leading the adoption of renewable power generation, including wind and solar, coupled with energy storage, renewable hydrogen and pumped hydroelectric energy storage.

Since the launch of the Western Australian Renewable Hydrogen Strategy in July 2019, we have been working on implementation activities to ensure Western Australia will be a significant producer, exporter and consumer of renewable hydrogen. The strategy aims to support industry efforts to grow the emerging renewable hydrogen industry in 4 strategic focus areas – exports, transport, remote applications and hydrogen blending in natural gas networks.

The \$10 million Renewable Hydrogen Fund has also been established to support industry efforts aligned with the 4 strategic

focus areas. A dedicated Renewable Hydrogen Unit has been established within the department to lead and coordinate the implementation of the strategy and the fund, as well as ensure alignment with the WA Government's other economic priorities and commitments.

In addition to activities under the Western Australian Renewable Hydrogen Strategy, we are facilitating projects whose generation of renewable power will be channelled to the production of green hydrogen and ammonia, identified as future export products for which the state has a competitive advantage.

## Collie Futures Fund

The Collie Futures Fund is being delivered through 2 key programs:

- » Collie Futures Small Grants Program
- » Collie Futures Industry Development Fund

The Collie Futures Small Grants Program is administered by the South West Development Commission (SWDC), while the Collie Futures Industry Development Fund is administered jointly with the SWDC and the department.



The \$18 million Collie Futures Industry Development Fund provides co-funding to support significant industry-led projects that will create jobs and contribute to economic growth and diversification in the region.

### Future Battery Industry Strategy

In 2019-20, the department continued implementing the Future Battery Industry Strategy to ensure that Western Australia has a world-leading, sustainable, value-adding future battery industry that provides local jobs, contributes to skill development and economic diversification and benefits regional communities.

We facilitated local projects to produce battery-grade materials to diversify our economy and create jobs, including Tianqi's Kwinana lithium hydroxide processing plant, Covalent Lithium's Earl Grey project, Albemarle Corporation's Kemerton lithium plant, BHP Nickel West's Kwinana nickel sulphate plant, FYI Resources' proposed high purity alumina processing plant, and EcoGraf's proposed spherical graphite processing plant.

Leveraging our successes, we are now focused on attracting the next value-add



Hon Alannah MacTiernan MLA Minister Assisting the Minister for State Development, Jobs and Trade, Hon Mark McGowan MLA Premier, Simon O'Hart – Frontline, Hon Mick Murray MLA and Hon Francis Logan MLA at the site of what will be a new \$13.4 million emergency services management facility in the Collie Light Industrial Area.

step in the battery supply chain, cathode active materials manufacturing.

The government has committed \$6 million in funding for industry-led research, through the Future Battery Industries Cooperative Research Centre, to demonstrate the state's comparative advantages and support our competitiveness in global markets. The government partnership in the centre is led by the Minerals Research Institute of Western Australia.

In addition to our battery industry, we have been progressing activities to support

growth and investment in the state's critical minerals sector. This includes engaging with the Australian Government and foreign delegates on WA's potential as a supplier of critical minerals for strategic industries.

### Response to COVID-19

Investment in the industry in 2019-20 was limited due to lower than expected demand for electric vehicles in external markets. Limited consumer spending due to the COVID-19 pandemic has further exacerbated this.

With investors evaluating current investment portfolios to mitigate supply chain risk, COVID-19 has presented opportunities for the state to participate more widely in global supply chains, including in the supply of cathode active materials.

In response, the department is investigating how the WA Government can further

support diverse economic growth in the state's future battery and critical minerals industries, including offsetting project costs for cathode active materials manufacturers establishing in WA, working with strategic international markets to promote sector capability and attract investment into the critical materials supply chain.

### Steel Fabrication Roundtable

Senior representatives from the government continued to meet with the steel fabrication industry, unions and iron ore project proponents to advance conversations around the objective of ensuring the long-term competitiveness of the steel fabrication industry in the state.

We commissioned, on behalf of the Steel Fabrication Roundtable, an independent study of key issues and actions identified by industry stakeholders as an outcome following this engagement.

A steering committee, comprising stakeholders of the roundtable and others, worked with an independent consultancy to develop a report highlighting potential initiatives to be pursued by key stakeholders that may provide increased opportunities to the steel fabrication industry, creating sustainable jobs and business growth.

### Local Industry Participation in Wind Farm Supply

The department established the Local Industry Participation in Wind Farm Supply Action Group comprising BlueScope Distribution, some of WA's largest steel fabricators (Civmec,



Albany. Image credit: Department of Primary Industries and Regional Development

Austal Ships, Hofmann Engineering, Pacific Industrial Company and Fremantle Steel), the Australian Steel Institute and the Western Australian Regional Development Alliance.

The group's overall objective is to initiate discussion with windfarm proponents, steel suppliers, the steel fabrication industry and other potential suppliers, on the market opportunities arising from the emerging wind farm industry.

### **Northern Australia Infrastructure Facility**

As lead agency for the state's participation in the Northern Australia Infrastructure Facility (NAIF) the department continues to support access to \$5 billion of Australian Government funding for low-interest loans for infrastructure projects in Northern Australia.

We are continuing to work on a diverse range of projects in the mining, energy, agriculture, and transport sectors. The government is required to assess these projects to ensure they have the capacity to generate substantial public benefit, including regional employment, business investment and Aboriginal community development.

We are continuing to work closely with NAIF to assist their consideration of loans for a diverse

range of future projects that are proposed for the Pilbara, Gascoyne and Goldfields regions.

In late 2019, the Australian Government's Department of Industry, Innovation and Science (now the Department of Industry, Science, Energy and Resources) commenced a statutory review of NAIF.

The department coordinated consultation with key agencies and contributed to the WA Government's response to the review to support the efficacy of the NAIF program, to ensure the program can continue to deliver jobs and economic development opportunities to the state's north, and to expand the reach of this important program in Western Australia.

### **Salt and minerals from brine**

Western Australia has some of the best locations for solar evaporation operations in the world. Combined with the existing mining knowledge and capacity, there is a great opportunity for the state to develop a stronger industry that would deliver significant jobs and benefits to remote and regional communities.

This industry would diversify the Western Australian economy while also providing a secure supply of fertiliser into the local

agricultural sector, as well as opportunities for a reliable supply of inputs into further downstream processing and manufacturing.

The department has developed a roadmap that will support brine based projects currently under development and future expansion of the industry. The roadmap considers a range of issues that will enable development of the industry including:

- » policy and regulatory settings
- » infrastructure and logistics requirements
- » investment attraction
- » development of capability in the industry

We also engaged with the Minerals in Brine Working Group being administered by the Association of Mining and Exploration Companies. We are using this forum as a basis to formally engage with industry to seek its view to identify further issues and opportunities that can be explored to help develop the industry in Western Australia.

In addition to consulting widely with key government regulatory agencies, we issued a questionnaire to key industry stakeholders as an important method of improving understanding of the industry and the factors that are affecting projects.

## Growing international trade and investment

### International engagement

In November 2019, the Premier announced the establishment of Invest and Trade Western Australia.

Invest and Trade WA is designed as a 'front door' to do business with the world, assisting exporters to access international markets and promoting the state as an attractive investment destination to foreign investors. The Invest and Trade WA team

works closely with the Government of Western Australia's international office network in the delivery of its services.

We are responsible for developing Western Australia's positions and input to Australia's Free Trade Agreement negotiations. In 2019-20 the focus has been the Australia-European Union Free Trade Agreement and identifying opportunities for Western Australian businesses.

We developed the WA Investment and Trade Plan 2019-20 to provide a clear overview of the government's main investment and trade initiatives in each priority sector, along with a summary of key activities in relevant markets.

Invest and Trade WA also collaborated with the government's overseas offices and WA Government agencies to organise 9 Ministerial delegations overseas, to strengthen relationships with key markets and promote economic development objectives for Western Australia.

### Response to COVID-19

As an internationally-focused area of the WA Government, the impact of COVID-19 on Invest and Trade WA and the network of overseas offices has been profound. The pandemic has resulted in a reorientation of the group's traditional business servicing model, with many existing and planned market initiatives and trade services for Western Australian businesses being delivered virtually.

To optimise the efforts of the state's 4 offshore representatives from China, India, Indonesia and Japan who have had to return to Western Australia, a series of metro and regional business engagement programs were delivered.

### Asian engagement

The department released Western Australia's first Asian Engagement Strategy in August 2019, recognising the growth of Asia and its immense economic, social and cultural opportunities. By 2050, Asia will represent over half of the global economy.



Hon Peter Tinley AM MLA Minister for Asian Engagement, with Governor of East Java HE Khoffah Indar Parawansa.

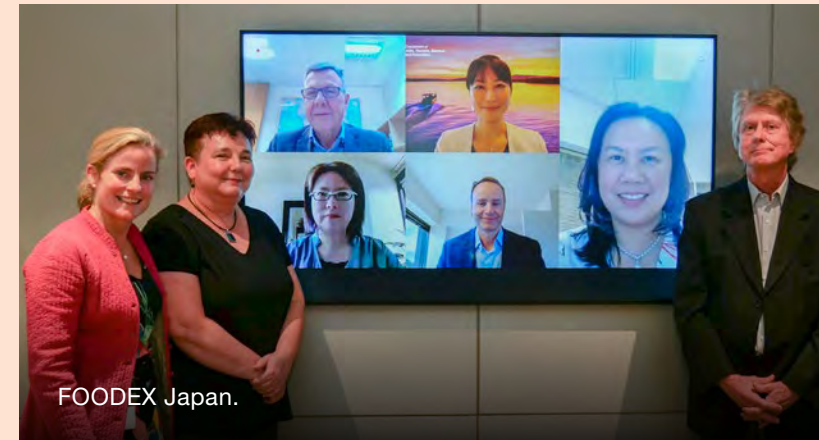
## INNOVATIVE IDEAS DELIVER OPPORTUNITIES AT FOODEX

FOODEX, Japan's largest food and beverage exhibition, was cancelled due to COVID-19 in March 2020.

A contingent of 20 Western Australian food and beverage companies had committed to attend. In response, the Government of Western Australia Japan office worked behind the scenes to organise virtual activities to engage participating companies with the Japanese market.

Working in collaboration with the Invest and Trade WA team, Austrade Japan, the Department of Primary Industries and Regional Development (DPIRD), the South West Development Commission (SWDC) and the Chamber of Commerce and Industry WA (CCIWA), the team from the Japan office were able to deliver a range of trade outcomes for Western Australian industry:

- » Austrade Tokyo and the Government of Western Australia Japan office team delivered market briefs on the Japanese retail and hospitality industries, including Q&A sessions in which all participants contributed actively.
- » DPIRD and SWDC ran a wine masterclass and tasting, showcasing Margaret River wines to Japanese distributors.
- » CCIWA coordinated a virtual supermarket tour, featuring interviews with a store manager, distributors and hospitality industry members. The Japanese buyers engaged were carefully selected as appropriate buyers for the specific Western Australian products being showcased.
- » The Government of Western Australia Japan office is offering ongoing support



and aftercare in the Japanese market to all of the WA participants of FOODEX Japan.

Thanks to the adaptability and innovation of the department and collaborating agencies, the contributing agencies were able to deliver online promotion opportunities for WA companies, as well as important insight into the Japanese food and beverage market, despite COVID-19 restrictions.

We worked in collaboration with Asian business councils, consulates and Australian Government departments to deliver a series of trade and investment forums and promote the economic opportunities between Western Australia and Asia.

### Indonesia-Australia Comprehensive Economic Partnership Agreement (IA-CEPA)

The IA-CEPA was signed by the trade ministers of Indonesia and Australia on 4 March 2019. It was later certified by both countries and

entered into force after 1 July 2020.

Indonesia is the largest economy in ASEAN. The agreement creates a new era of economic engagement between Western Australia and Indonesia and opens opportunities for the state's businesses, primary producers, service

providers and investors. We will be working across state government departments to leverage opportunities for businesses, primary producers, service providers and investors.

We also launched a new program of support for local businesses seeking to expand into Asia. The Access Asia Business Grants Program opened in September 2019 and in its first round provided \$122,000 to small to

medium sized WA businesses to support increased investment, trade and exports between Western Australia and Asia.

### Response to COVID-19

A number of projects have been postponed due to COVID-19, including:

- » East Java Sister State 30th anniversary activities

- » The AIMWA Asian Engagement Summit
- » Asialink Business - Business Capability Workshops and Leadership Programs

In addition, we worked with recipients of the Access Asia grants to revise their project delivery and milestones, enabling them to receive the intended benefits of the grants despite the restrictions that resulted from the COVID-19 pandemic.

### International education

As part of the WA Government's international education strategy, Where Bright Futures Begin: International Education in Perth, Western Australia 2018-2025, the department worked with StudyPerth, the Departments of Education and Training and Workforce Development, the WA Government's overseas offices and other partners to oversee initiatives to increase the number of international students in Western Australia. Initiatives included:

- » the Digital Destination Perth marketing campaign
- » the Student Employability project
- » the International Student Ambassador Program



Western Australia's education business development managers from China, India, Indonesia, Japan, Singapore and South Korea in Perth for the Australian International Education Conference.

- » increasing the number of places for international students in public schools and Canning College
- » a new international student Graduate Migration scheme
- » a renewed focus on recruiting students into TAFE colleges

We also worked with organisers to host the Australian International Education Conference in Perth in October 2019. Over 1400 participants from across Australia and around the world attended the conference. The Premier, the Governor and the Minister for Education and Training all spoke at the event and our network of education business development managers from China, India, Japan, Singapore, Indonesia and South Korea came to Perth to participate.

### Response to COVID-19

COVID-19 significantly disrupted the growing trend of international student enrolments in WA, in addition to causing financial difficulties for many students and education providers.

The department has worked closely with the international education sector,

Department of Communities, the Consular Corps, Asian business councils and key ethnic community groups to ensure the coordination and implementation of assistance measures to support the welfare of international students in WA. These measures include direct financial assistance, technology assistance grants and crisis accommodation. We also provided funding for the StudyPerth Crisis Relief program to provide food and accommodation to students who were at imminent risk.

We participated on the national Global Reputation Taskforce to help shape Australia's response to the impact of COVID-19 on the international education sector and established the WA International Education Advisory Group to address the impact of COVID-19 in WA and guide the recovery of the sector.

### Western Australia's overseas offices - review

An independent review and 2 audits by KPMG were commissioned in 2019 to examine the effectiveness and operations of the state's network of international trade

and investment offices and the overseas offices of Tourism Western Australia. This was coupled with the release of the Corruption and Crime Commission's report into the activities of the previous Commissioner to Japan.

The review focused on future operating models, financial management, office registration, employment and remuneration arrangements, risk management and systems, while the audit reviewed expenses, entitlements and expense transactions. As a result of the review and audits, 100 department recommendations were made to mitigate future risks. The department accepted all of the recommendations.

An implementation plan to guide the reform process has been developed, with the recommendations from the review and audits consolidated into strategic and operational actions.

### Response to COVID-19

Timing for some of the proposed actions has been delayed due to implications of the COVID-19 pandemic.

## Supporting science and innovation

### New Industries Fund

In 2019-20 we delivered a range of initiatives and grants programs to support the growth of small to medium sized enterprises (SME) and to recognise and promote innovative Western Australian businesses.

As part of the 2019 WA Innovator of the Year program, 16 semi-finalists received a suite of

commercialisation training and more than \$140,000 in prizes were awarded.

The overall winner (receiving \$70,000) was GlyLeach – an environmentally friendly method of extracting base and precious metals. The Emerging Innovation Category Winner (\$20,000) was Weedchipper – site specific weed control for large-scale cropping, and the

Growth Category Winner (\$20,000) was Steadyrack Bike Parking for its unique vertical bike rack design. Roborigger, an automated load orientation system for lifting procedures, received 3 of 4 Platinum Awards.

The Innovation Vouchers Program is a competitive grants program established with the aim of enabling SMEs to improve their capability and commercialise their ideas through establishing collaborative relationships with research providers and specialist commercialisation support services. The 2019 round awarded 15 vouchers, with a total value of \$271,718 (up to \$20,000 each) across a range of sectors including technology, agri-food, med-tech, mining, education and engineering.

The WA AustCyber Innovation Hub, the WA Data Science Innovation Hub and the MTP Connect WA Life Sciences Innovation Hub delivered expert services, advice, mentoring and a range of targeted programs and initiatives to develop the state's capability and capacity for the current and future workforce. The hubs have invaluable local,



WA Innovator of the Year overall winner GlyLeach.



national and international networks across all levels of industry and government.

The X-TEND WA Program is a competitive, co-investment program that supports organisations to deliver educational programs for entrepreneurs and investors. In Round 1, 6 programs were delivered targeting space, digital health, neurodiversity, youth entrepreneurship, impact investment and scale up of SMEs. A further 5 training providers were awarded a total of \$417,825 in Round 2 to deliver programs targeting med-tech, export, regional entrepreneurship and investment, and growth and diversity in private investment.

The International Access Pass program provides grants for Western Australians working with interactive technology to travel to major industry conferences or business events, showcasing their products globally. Over \$42,000 was awarded in Round 2 of this program to build business networks. Travel destinations included China, USA and the UK.

The Science Industry PhD Fellowships program, involving 24 fellowships for PhD students, valued at \$30,000 over 3 years,

## INNOVATION VOUCHERS PROGRAM EXPANSION FOR BETTER OUTCOMES

The Innovation Vouchers Program, part of the New Industries Fund, aims to support Western Australian start-ups and SMEs that have developed outstanding innovative products, technologies or services.

Up to \$300,000 in additional funding was committed to help support businesses impacted by COVID-19. The funding is intended to help voucher recipients access skills, services or knowledge to commercialise an innovative idea and create more jobs for Western Australians.

2019-20 voucher recipient Selvax are developing an immunotherapy treatment for

large solid tumours. Having patented an anti-CD40 antibody for canines, they are now looking to file for a human version. Their voucher has helped to secure the intellectual property for a human-specific version of the antibody, bringing them closer to human clinical trials.

By expanding and modifying outcomes of the Innovation Vouchers Program in 2020, the department's Science and Innovation team were able to support Western Australian innovators, as well as support local jobs, while the global economy was severely impacted by the pandemic.

continued in 2019-20. The program encourages researchers and industry to work together, adding value to the PhD experience and strengthening collaboration and research impact in economic high growth areas.

### Response to COVID-19

To assist COVID-19 recovery, an additional \$400,000 was committed over 2 years to expand the WA Data Science and WA

AustCyber Innovation Hubs' statewide service delivery to support startups and SMEs.

Extra funding for the hubs will help retain and create jobs by focusing on advising and guiding businesses and others to safely and securely deliver online products and services, already an area of huge demand and one which is expected to grow rapidly.

The 2020 WA Innovator of the Year program was due to launch in April, however following

stakeholder consultation, the program was postponed due to the pandemic.

Many of the X-TEND WA programs were affected by COVID-19, as the restrictions limited workshops and face-to-face delivery. We supported these programs by adjusting the Financial Assistance Agreements to accommodate virtual delivery and extensions of time to deliver programs.

Due to the cancellations of major events and restrictions to travel overseas, many of the International Access Pass recipients were affected by the COVID-19 pandemic. We supported the recipients by offering an extension of time beyond their agreement to allow them to attend a major event in the future.

### **Scientific capabilities and research**

In 2019-20, the department administered \$17.9 million in grants that supported a range of research and collaborations:

- » Research collaboration, through support for the Western Australian Biodiversity Science Institute, Western Australian Marine Science Institution, Future Battery

Industries Cooperative Research Centre, SmartSat Cooperative Research Centre, Cyber Security Cooperative Research Centre and the Food Agility Cooperative Research Centre.

- » Access to research infrastructure, including co-investment in the National Collaborative Research Infrastructure Scheme (NCRIS). The \$10.5 million investment in NCRIS infrastructure secured a commitment of \$19.1 million in Australian Government funding to the state. We have been working with Bioplatforms Australia, Microscopy Australia, the National Imaging Facility, the Integrated Marine Observing System, Australian National Fabrication Facility and the Terrestrial Ecosystems Research Network to formalise this co-investment. We continued to fund operating costs at the Pawsey Supercomputing Centre to ensure access for Western Australian researchers and industry to supercomputing and visualisation services.
- » Research excellence through the Premier's Science Fellowship Program, the International Centre for Radio

Astronomy Research, Busselton Health Study, Science and Agribusiness Connect initiative and the Science on the Swan Conference. We are also administering a new \$5 million investment in COVID-19 research.

### **Response to COVID-19**

Science and research activity was impacted by COVID-19 in terms of reduced funding (due to a drop in university revenue) and restrictions on research (where it required travel). We worked with Deputy Vice-Chancellors Research in each Western Australian university to understand the impacts of COVID-19, and communicated with grant recipients to understand changes to their research and any required variations to contracts.

### **Skills for the Jobs of the Future**

The department implemented a range of new programs and initiatives to support delivery of the state STEM skills strategy. The strategy aims to build a globally competitive and innovative workforce with the skills to drive the state's technological future and create new jobs.

We delivered new initiatives, including the \$502,000 Take2STEM campaign and the \$738,000 Digital and Technology Skills Grant Program. We also continued to oversee the Department of Education's STEM Enterprise Schools Program, which delivered STEM professional learning and mentoring to public school teachers.

### Response to COVID-19

We worked closely with all of our delivery partners and stakeholders to respond to COVID-19 and develop solutions and strategies to continue programs in ways more suited to the COVID-19 environment. This included:

- » postponing the Take2STEM campaign to launch in June during a time when students were back at school
- » supporting the Department of Education to help deliver the STEM Professional Learning and Mentoring Program in a COVID-19 environment, including digital delivery methods
- » working closely with recipients of the Digital Technology Skills grants to negotiate alternative delivery solutions and



Take2STEM launch with Professor Peter Klinken Chief Scientist WA.

- allow many recipients to deliver programs online or postpone some aspects
- » implementing a digital application and judging process, extending application times, and exploring options for a virtual award presentation ceremony for the 2020 Premier's Science Awards
- » conducting a situational risk assessment for 2020 Governor's School STEM Awards program to confirm the event could proceed with only minor alterations, as well as enhanced marketing of the program to maintain high levels of interest and participation

## Resources Technology Showcase 2019

The Department was a supporter and official sponsor of the Resources Technology Showcase held on 27-28 November 2019. We provided support to industry, universities, trade partners and the wider community to attend the showcase, and also assisted in the coordination of international and domestic media exposure.

The RTS 2019 focused on raising awareness of the exciting technological future for the resources sector, with an emphasis on the importance of STEM skills to future jobs. It comprised of a delegate conference and a technology exhibition free to the public with approximately 10,000 people attending. More than 50 of Australia's most influential mining and oil and gas executives spoke on stage during the two-day conference. During the RTS, mining

and oil and gas executives outlined and demonstrated the technological advancements changing their operations.

The RTS served to:

- » ensure the scale and technological complexity at Western Australia's major resources hubs was highlighted to an international audience
- » promote Perth to international students and companies considering investing in Western Australia
- » provide opportunity for Western Australian schools, universities and other members of the community to learn about the technology driving the resources sector through access to exhibitions and hands on learning, and to inspire them to consider STEM related careers in the future
- » raise the profile of the Western Australian Resources sector – accruing 500 editorial mentions, reaching a potential global audience of 378 million people and generating 139 articles on the digital and social media platforms of numerous publications.



Resources Technology Showcase 2019.

## Growing the Western Australian space industry

In July 2019, the department executed a memorandum of understanding with the Australian Space Agency (ASA) for the Advancement and Growth of the Space Industry Sector. The memorandum secured a \$6 million investment from the Australian Government in Western Australia's space capabilities. This will encourage partnerships and engagement with the global space ecosystem to drive economic growth in the state and nationally. In July 2019, the Western Australian Chief Scientist, Prof Peter Klinken AC, was announced as a member of the ASA Advisory Group.

In February 2020, the government provided \$1.5 million to establish AROSE (Australian Remote Operations for Space and Earth) in Perth. The industry-led, not-for-profit consortium will position the state as a global centre for remote operations technologies and services on Earth and in space, and support Western Australian industry and universities to bid for space exploration projects.



In June 2020, as part of the WA Government's efforts to grow and diversify the economy, \$3.5 million was committed to support the establishment of the Robotics, Automation and Artificial Intelligence Command and Control Centre and \$750,000 to support the establishment of the Space Data Analysis Facility in Western

Australia, on top of \$6 million from the Australian Government.

These centres will leverage the state's existing industry expertise in remote operations, robotics, automation and data science to open up new market opportunities for local businesses and help to improve productivity and innovation across key Western Australian industries.

## Defence

### Overview

The department, through Defence West, supports the government to champion the interests of the state's local defence industry to make the most of the opportunities on offer as the Australian Government invests more than \$270 billion in defence capabilities.

We continue to implement the Western Australian Defence and Defence Industries Strategic Plan, focusing on:

- » supporting a strong and enduring defence presence
- » growing the state's defence industry capability and contribution
- » developing strategic infrastructure
- » building research and innovation partnerships
- » enhancing education, training and skilling
- » supporting families and veterans

We sponsored 4 events and were involved in 6 conferences (hosting 1, attending 2 and participating in 3), in addition to contributing to a range of defence industry meetings.

### Defence Science Centre

The Defence Science Centre provides grants to support collaborative defence-relevant research and research-related



Defence West end of year reception.



Director General Rebecca Brown, Hon Paul Papalia CSC MLA Minister for Defence Issues, WA Governor Kim Beazley, Defence West Executive Director Matt Moran.

activities, including capability development and capacity building. These grant programs are an important tool in facilitating university, government and industry research and skills exchange as well as cultivating relationships and linkages between industry, academia and the Department of Defence.

In its inaugural year, the Defence Science Centre commenced its mission to transform challenges into tangible capabilities for Western Australia, with over \$760,000 in funding awarded to the local defence research community.

The Defence Science Centre received its first academic output from its Collaborative Research Grants. Daniel Gucciardi from Curtin University submitted his team's report in June 2020 on *The Effectiveness of Team Reflexivity Interventions: A Systematic Review and Meta-Analysis of Randomised Controlled Trials*. This study has the potential to improve defence training protocols and will be submitted for publication in academic journals.

We also made over 75 connections in the last year with academia, industry and defence.



Defence Science Centre Director Michele Clement (2nd from left) with UWA researchers and staff.

### Western Australian Indo-Pacific Defence Conference 2019

The department worked with partners to hold the 2019 WA Indo-Pacific Defence Conference. It provided a platform to discuss the state's strategic location in the Indo-Pacific region and highlighted our defence industry capability. More than 500 delegates attended including high-level

national and international leaders from government, military, industry and academia.

### Pacific 2019

Pacific 2019 International Maritime Exposition is a major event held every 2 years in Sydney. It has become an essential hub for discussing issues affecting naval and commercial maritime strategy, industry and

technology. It is a key platform for engagement between the naval defence and commercial maritime industries, government and defence leaders, researchers and academia from Australia, the Indo-Pacific region and around the world.

It was a great opportunity for the state's defence industry to showcase its capabilities to the world, ranging from



Hon Mark McGowan MLA Premier addresses the WA Indo-Pacific Defence Conference.



Defence West staff at Pacific 2019.



WA Agent General Mike Deeks, Director General Rebecca Brown and staff of the department at Pacific 2019.



shipbuilding, manufacturing to high-tech military equipment.

We hosted a record 19 local companies and organisations on our stand. A further 19 WA-based defence industry companies attended in their own right, supported by Defence West.

The Defence Science Centre, Australian Marine Complex, Western Australian universities and South Metropolitan TAFE also had representation on the Defence West stand. We also planned individual programs for the Minister for Defence Issues, WA Defence Advocate, the department's Director General, Agent General, Defence West Executive Director and staff.

### Defence Advisory Forum

The department worked with partners to hold the quarterly Defence Advisory Forum to provide a platform for communication between the Minister for Defence Issues and key stakeholders to discuss the defence industry.

The forum assists the state to identify and target opportunities for WA's defence industry and provides advice on the

required workforce, skills and infrastructure to support the Australian Defence Force.

The forum is chaired by the WA Defence Advocate, RADM (Rtd) Raydon Gates AO CSM. Membership includes a number of public and private sector defence industry stakeholders and the Department of Defence.

We celebrated the first anniversary of the forum in June 2020.

### Response to COVID-19

Due to border restrictions the forum was partially moved to a virtual format. RADM Gates chaired the meeting from Canberra, and 9 other people attended virtually. RADM Gates also started a weekly newsletter to help keep industry well informed.

### Full Cycle Docking campaign

The department created the Collins class submarine Full Cycle Docking media campaign for national and local awareness of the opportunities in the defence industry. This helped Western Australian companies become aware of the advantages of defence industry growth, showcase job opportunities and highlight government initiatives.



Hon Paul Papalia CSC MLA Minister for Defence Issues on set at Full Cycle Docking campaign filming.

## Major projects

The Department of Jobs, Tourism, Science and Innovation facilitates a range of large and complex projects across the state on behalf of the WA Government. State Agreements are a major part of this economic development and operate across a range of sectors. As part of this role, we facilitated the approval process for the following projects:

### Koodaideri

Rio Tinto is developing the Koodaideri iron ore deposit located about 110 km north-west of Newman. The Koodaideri project is planned to have a capacity of about 43 million tonnes of iron ore per annum requiring the development of a new mining area at Koodaideri, crushing, screening, stockpiling and rail load-out infrastructure, plus a 170 km railway. Rio Tinto has commenced construction on the project following receipt of key regulatory approvals. The first ore is anticipated for the end of 2021. The project will result in approximately 2000 construction jobs and 600 operational jobs.

Approval was given in 2019-20 for the construction of a solar power facility at the

mine site which will supply up to 65% of Koodaideri's daily power requirements.

### South Flank

In July 2018, the Western Australian Government approved BHP's \$4.96 billion South Flank iron ore project located in the Pilbara. Producing about 80 million tonnes of iron ore per annum, the project will also create about 2500 construction jobs and 600 new operational roles.

The project reached 66% completion at the end of March 2020. The first ore is targeted in the 2021 calendar year and the project life is 25 years. Once complete, the South Flank project will be BHP's single largest annual production mine.

### West Angelas

In October 2019, approval was given by the Minister for State Development under the Iron Ore (Robe River) Agreement Act 1964 for the extension of the current mining area at the West Angelas mine site as well as the construction of associated infrastructure.

The West Angelas mine site is operated by Rio Tinto and located approximately 130 km north-west of Newman. The development of the additional deposits will sustain production with the first ore anticipated for 2021. The construction workforce is expected to peak at approximately 700 positions and the operational workforce is expected to be approximately 70.

### Robe Valley

In October 2019, approval was given by the Minister for State Development under the Iron Ore (Robe River) Agreement Act 1964, for Stage 2 of the Robe Valley Sustaining Project to allow for an extension of the current mining area at the Robe Valley mining operations as well as the upgrade and construction of associated infrastructure.

The Robe Valley project is operated by Rio Tinto and located 16 km south-west of Pannawonica. The development of the additional deposits will sustain production with the first ore anticipated for 2020. The construction workforce is expected to peak

at approximately 710 positions and the operational workforce is expected to be approximately 252.

### Eliwana Railway

Fortescue Metals Group's subsidiary, The Pilbara Infrastructure, is developing the Eliwana Railway as part of the \$1.84 billion Eliwana Mine and Rail Project. Located in the Hamersley Range region of the Pilbara, the Eliwana Railway will transport iron ore from the company's Eliwana mine to The Pilbara Infrastructure's port facilities at Port Hedland. The development of the railway will create up to 1100 construction jobs and includes 143 km of track with an initial capacity of 30 million tonnes per annum.

During 2019-20, the Minister for State Development approved the development of the Eliwana Railway, which will extend from the existing rail loop at the Solomon mine to the Eliwana mine.

### Lake Kepwari

During 2019-20, the department coordinated the review by government agencies of the draft close-out report



Construction of Eliwana Railway. Image credit: Fortescue Metals Group.



Karratha Gas Plant, North West Shelf Project. Image credit: Woodside Energy Ltd.

provided by Premier Coal which documented its rehabilitation activities at Lake Kepwari over a 20-year period. It is expected that the process to surrender the lake from the mining lease will be completed in preparation for the opening to the public for recreational purposes in late 2020.

### **North West Shelf State Agreement Variation**

The department facilitated a variation to the North West Gas Development (Woodside) Agreement Act 1979, which was ratified by Parliament in March 2020.

The variation extended the term of the State Agreement to 2059, with the possibility of a further 12-year extension. This extension allows for the tolling of third party gas from future large liquefied natural gas projects, such as the Browse LNG Project, at the existing North West Shelf Joint Venture's Karratha Gas Plant on the Burrup Peninsula.

The variation also contained new provisions whereby the existing North West Shelf Joint Venture is required to provide a local participation plan and a community development plan to the Minister for State

Development. These plans will set out the joint venture's commitments in terms of providing local content and community benefits for the state and the Pilbara region.

### Perdaman

Perdaman Chemicals and Fertilisers Pty Ltd proposes to establish a \$4.5 billion, state-of-the-art urea production plant within the Burrup Strategic Industrial Area, using natural gas as feedstock. The project also involves extension of the Dampier Cargo Wharf to facilitate bulk solids export, and expansion of the Burrup Seawater Supply Scheme to provide process water to Perdaman. Construction of the urea production facility is expected to commence in 2021 and create 2500 construction jobs and 200 operational jobs. When completed it will be one of the largest facilities of this type in the world, creating enough fertiliser to grow food for more than 90 million people per year.

### Albemarle

Albemarle is continuing construction on the first 2 lithium hydroxide process trains at the Kemerton plant site, each with a

capacity of 25,000 tonnes per annum. To date the project has created over 500 construction jobs, with 350 ongoing jobs expected once the first stage of the plant is operational. The Albemarle Lithium Plant will become Australia's largest lithium hydroxide manufacturing plant, with approval to produce up to 100,000 tonnes per annum of premium battery grade lithium hydroxide.

## Natural gas projects

### Burrup hub projects

The department has been working with project owners on approvals for gas developments to backfill and expand the LNG facilities on the Burrup Peninsula.

The major backfill projects are the:

- » supply of gas from the Browse gas fields to the Karratha Gas Plant
- » supply of gas from the Scarborough gas fields for an expanded Pluto LNG facility

We also facilitated approvals for plans to connect the 2 LNG facilities and allow optimisation of gas production across the 2 sites.

### Perth Basin

There has been significant exploration work undertaken in 2019 in the Perth Basin, about 400 km north of Perth. The department has been working with the project owners on the development of new gas supplies for the Western Australian market. The projects include:

- » Waitsia gas fields
- » West Erregulla and High Cliff gas fields

### Domestic gas policy development

The WA Domestic Gas Policy ensures long-term energy security and industrial development by requiring gas exporters to make gas available in the Western Australian market. The department has been negotiating domestic gas commitments associated with Burrup LNG backfill and expansion projects which will take effect once the projects take final investment decisions.

Government compliance monitoring is being strengthened and initiatives to improve transparency for gas market are in train.

### Gas industry local content and jobs

Local content and community development commitments are being secured from gas producers using the Burrup Hub facilities.

The department is also supporting the LNG Jobs Taskforce, an initiative created by the WA Government to maximise the economic and employment benefits of the state's LNG industry.

### Response to COVID-19

COVID-19 impacts on global energy demand, combined with lower oil prices, make new gas developments challenging. We are assessing the consequences for the market outlook and working to ensure gas is available for new industrial development in Western Australia.

### Iron Bridge Magnetite

In 2019, Fortescue Metals Group Ltd (FMG) and its joint venture partners approved the \$3.6 billion Iron Bridge Magnetite Project. The project is planned to ultimately deliver 22 million tonnes per annum of high grade magnetite concentrate product, with production planned to commence by mid-2022.

The department is facilitating approvals for the Iron Bridge project to use port assets at Port Hedland owned by The Pilbara Infrastructure Pty Ltd. The Pilbara Infrastructure is an FMG subsidiary created to own port, rail and other

infrastructure required for iron ore production. Access to the port assets is obtained via a State Agreement between The Pilbara Infrastructure, the State and FMG Ltd.

Located 145 km south of Port Hedland, the Iron Bridge Project has a mineral resource of 5.45 billion tonnes and an expected mine life of greater than 20 years. Approximately 3000 jobs will be created during construction. There will be 900 full-time positions once operations commence.

### Critical minerals

Western Australia has significant deposits of a variety of mineral resources, including critical minerals such as rare earths. Critical minerals have a range of applications and are required for strategic industries such as defence, aerospace, advanced manufacturing and renewable energy technologies. Development of these resources will support the diversification and expansion of Western Australian industry as well as create new jobs.

The department is working with proponents in the critical minerals industry to understand project requirements and challenges.



The West Musgrave Project is Australia's largest undeveloped copper nickel deposit. Image credit: Oz Minerals.

We are supporting the development of critical minerals projects by providing advice on land tenure requirements. We are also working with proponents on community and stakeholder engagement requirements, providing information on approval pathways and facilitating liaison with key agencies at both state and federal levels.

### Asian Renewable Energy Hub

The Asian Renewable Energy Hub will ultimately be the second largest power station in the world, behind the Three Gorges Dam in China. Located in the East Pilbara, the project will harness Western Australia's abundant wind and solar resources and supply competitively priced power to the Pilbara and produce green hydrogen and ammonia for export. The provision of competitively priced power in the Pilbara will provide economic development opportunities such as green steel production.

The proposed project currently includes:

- » 10GW of wind generation and 5GW of solar generation, with the potential for scalable growth

- » the potential to supply cheap, green energy to the Pilbara
- » plans to develop significant volumes of green hydrogen and ammonia for export

### Murchison Renewable Hydrogen Project

The project is in the early stages of assessment of the wind and solar resources of the site.

The concept is to build a large-scale solar and wind farm on a 120,000 hectare site near Kalbarri.

### Tronox

In March 2020, the Mineral Sands (Cooljarloo) Mining and Processing Agreement 1978 terminated, and Tronox's operations under the state agreement were successfully transitioned to the Mining Act 1978 with no interruption to their mining activities.

### Native title, heritage and environmental approvals

The development of major projects often encounters a complex array of government approvals. The department delivers expert

technical advice and assistance on native title, indigenous, historical and maritime heritage, land access and environmental policy matters. We also work with proponents to scope their project's potential impacts and develop strategies to assist them achieve timely, effective approvals.

During the year, we played a major role in the delivery of project approvals for significant projects for the state, including:

- » the Yogi magnetite iron project in the Mid-West
- » the Strike Energy gas project near Dongara
- » the Square Kilometre Array radio-telescope project in the Murchison

We also contributed to other important initiatives including:

- » the review of the Aboriginal Heritage Act to implement a new and modern Aboriginal Heritage Regime
- » the drafting of the World Heritage Nomination for Murujuga rock art
- » the creation of the proposed Mungada Ridge Conservation Area in the Mid-West

## Industrial land

### Australian Marine Complex

In July 2019, the department appointed Advisan to prepare the Australian Marine Complex (AMC) Strategic Infrastructure and Land Use Plan. This is a key deliverable under the WA Defence and Defence Industries Strategic Plan.

The plan highlights the short, medium and long-term infrastructure upgrades required to guide the ongoing development of the

AMC as a nationally significant industrial area for the defence, marine and resources industries.

We launched a public consultation period in June 2020 to seek the views of industry and the surrounding community on the draft plan.

Once finalised, the plan will guide all future land and infrastructure development in the AMC.

### Strategic Industrial Areas

#### Kemerton

In October 2019, the department managed the completion of the \$5.6 million Kemerton Road and Drainage project, delivering on the government's ongoing commitment to create serviced industrial land at Kemerton. The 2.5 km road provides access to the Albemarle Lithium Plant currently under construction, and unlocks 350 hectares of additional industrial land for development. It has created an improved drainage regime that will support ongoing development at Kemerton.

#### Burrup

We continue to work closely with stakeholders on the Burrup Peninsula, including the Murujuga Aboriginal Corporation, to protect the cultural and heritage values of the area while supporting the coexistence of activities which create economic development and jobs for the region.



Australian Marine Complex waterfront.



We contributed to progressing the nomination of the Murujuga Cultural Landscape to the UNESCO World Heritage List, led by the Murujuga Aboriginal Corporation and the Department of Biodiversity, Conservation and Attractions.

We also contributed to the development and implementation of the Murujuga Rock Art Strategy, managed by the Department of Water and Environmental Regulation, through representation on the

independently chaired Murujuga Rock Art Stakeholder Reference Group.

### **Maitland**

Maitland Strategic Industrial Area, 20 km from the Burrup, provides plentiful land that could complement the limited land available on the Burrup. We continue to progress land planning activities to support the economic development of Maitland and ensure appropriate development at both locations.

## **AMC SILUP - A GUIDING HAND FOR STATE INFRASTRUCTURE**

In June 2020, the Premier and Minister for Defence Issues released the Australian Marine Complex (AMC) Draft Strategic Infrastructure and Land Use Plan for public consultation.

Developed by the department in close collaboration with DevelopmentWA, the plan is a key action of the Western Australian Defence and Defence Industries Strategic Plan.

The project was led by the department's Infrastructure, Planning and Economic Development (IPED) team, working in

collaboration with Defence West, DevelopmentWA and consultancy firm Advisian.

The department's project team, including staff from IPED and Defence West, also worked with the Australian Government's Department of Defence and key industry stakeholders to ensure the plan met state and national needs.

When finalised, the plan will guide future land and infrastructure upgrades in the AMC,

catering to the needs of the defence, marine, and resources sectors, and supporting Western Australian economic growth and job creation.

The plan will be finalised through the Strategic Infrastructure Taskforce, which includes senior representatives from the department, DevelopmentWA and the departments of Planning, Lands and Heritage, Transport and Premier and Cabinet, before being released by the WA Government later in 2020.

## SECTION 3. DISCLOSURES



### 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 2020, 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 2020 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 Responsibility 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.

##### *Emphasis of Matter – Contingent Liability*

A contingent liability has been disclosed in Note 7.2 of the financial statements, recognising that a claim of \$28 billion was made against the State in respect of a legal dispute between the parties to a State Agreement, and the Western Australian Government. This claim is still current. My opinion is not modified in this regard.

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**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.

In preparing the financial statements, the Director General is responsible for assessing the entity'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.

A further description of my responsibilities for the audit of the financial statements is located on the Auditing and Assurance Standards Board website at [https://www.augasb.gov.au/auditors\\_responsibilities/ar4.pdf](https://www.augasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of my auditor's report.

**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 2020.

**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 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 non-compliance 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 2020. The key performance indicators are the Under Treasurer-approved key effectiveness indicators and 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 agency's performance and fairly represent indicated performance for the year ended 30 June 2020.

***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 entity'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 2020 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 contact the entity to confirm the information contained in the website version of the financial statements and key performance indicators.



CAROLINE SPENCER  
AUDITOR GENERAL  
FOR WESTERN AUSTRALIA  
Perth, Western Australia  
21 September 2020

**Department of Jobs, Tourism, Science and Innovation****Certification of financial statements****For the year ended 30 June 2020**

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 2020 and the financial position as at 30 June 2020.

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: 18 September 2020



Richard Sellers  
Accountable Authority  
Acting Director General  
Date: 18 September 2020

## Department of Jobs, Tourism, Science and Innovation

# Financial statements and notes

For the year ended 30 June 2020

The department has pleasure in presenting its audited general purpose financial statements for the financial reporting period ended 30 June 2020 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
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## Department of Jobs, Tourism, Science and Innovation

# Statement of comprehensive income

For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	2.1 (a)	41,467	37,174
Supplies and services	2.3	21,167	22,246
Depreciation and amortisation expenses	4.1.1, 4.2, 4.3	1,808	226
Finance Costs	6.3	87	73
Accommodation expenses	2.3	3,880	4,366
Grants and subsidies	2.2	109,137	99,214
Other expenses	2.3	10,331	1,649
<b>Total cost of services</b>		<b>187,877</b>	<b>164,948</b>
<b>Revenue and Income</b>			
Property Income	3.2	1,611	1,802
Commonwealth grants and contributions	3.3	-	438
Interest revenue		1	1
Other revenue	3.4	3,574	1,204
<b>Total revenue</b>		<b>5,186</b>	<b>3,445</b>
Other Gains	3.5	47	80
<b>Total Gains</b>		<b>47</b>	<b>80</b>
<b>Total income other than income from State Government</b>		<b>5,233</b>	<b>3,525</b>
<b>NET COST OF SERVICES</b>		<b>182,644</b>	<b>161,423</b>
<b>Income from State Government</b>			
Service appropriation	3.1	162,528	146,759
Services received free of charge	3.1	1,184	1,025
Royalties for Regions Fund	3.1	10,175	11,274
<b>Total income from State Government</b>		<b>173,887</b>	<b>159,058</b>
<b>Total Comprehensive Income / (Loss) for the Period</b>		<b>(8,757)</b>	<b>(2,365)</b>

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 2020

ASSETS	Note	2020 \$'000	2019 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	6.4	12,710	13,526
Restricted cash and cash equivalents	6.4	8,568	6,516
Receivables	5.1	5,123	1,529
Property, plant and equipment held for distribution	4.1, 8.9	-	35,069
Other current assets	5.3	1,145	1,247
<b>Total Current Assets</b>		<b>27,546</b>	<b>57,887</b>
<b>Non-Current Assets</b>			
Restricted cash and cash equivalents	6.4	394	394
Receivables	5.1	6,831	9,562
Amounts receivable for services	5.2	3,637	2,741
Property, plant and equipment	4.1	725	786
Right-of-use assets	4.2	2,716	-
Intangible assets	4.3	166	-
Other non-current assets	5.3	69	68
<b>Total Non-Current Assets</b>		<b>14,538</b>	<b>13,551</b>
<b>TOTAL ASSETS</b>		<b>42,084</b>	<b>71,438</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	5.4	2,977	1,630
Lease Liabilities	6.2	1,353	-
Employee related provisions	2.1 (b)	8,766	7,789
<b>Total Current Liabilities</b>		<b>13,096</b>	<b>9,419</b>
<b>Non-Current Liabilities</b>			
Lease Liabilities	6.2	1,431	-
Employee related provisions	2.1 (b)	1,720	1,410
Bonds payable	5.4	104	107
Other non-current liabilities	6.1	-	771
<b>Total Non-Current Liabilities</b>		<b>3,255</b>	<b>2,288</b>
<b>TOTAL LIABILITIES</b>		<b>16,351</b>	<b>11,707</b>
<b>NET ASSETS</b>		<b>25,733</b>	<b>59,731</b>
<b>EQUITY</b>			
Contributed equity	8.10	44,617	69,822
Accumulated deficit		(18,884)	(10,091)
<b>TOTAL EQUITY</b>		<b>25,733</b>	<b>59,731</b>

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 2020

	Note	Contributed equity \$'000	Accumulated deficit \$'000	Total equity \$'000
<b>Balance at 1 July 2018</b>		69,822	(7,726)	62,096
Total comprehensive income / (deficit) for the year	8.10		(2,365)	(2,365)
Transactions with the owners in their capacity as owners:				
Capital appropriations <sup>(a)</sup>		150	-	150
Distributions to owners <sup>(a)</sup>		(150)	-	(150)
Total		-	(2,365)	(2,365)
<b>Balance at 30 June 2019</b>		<u>69,822</u>	<u>(10,091)</u>	<u>59,731</u>
<b>Balance at 1 July 2019</b>		69,822	(10,091)	59,731
Initial application of AASB 16		-	(36)	(36)
Restated balance at 1 July 2019		<u>69,822</u>	<u>(10,127)</u>	<u>59,695</u>
Total comprehensive income / (deficit) for the year	8.10	-	(8,757)	(8,757)
Transactions with the owners in their capacity as owners:				
Capital appropriations		251	-	251
Distributions to owners <sup>(a)</sup>		(186)	-	(186)
Distributions to owners <sup>(b)</sup>		(25,270)	-	(25,270)
<b>Balance of Equity at 30 June 2020</b>		<u>44,617</u>	<u>(18,884)</u>	<u>25,733</u>

<sup>(a)</sup> Capital contributions received and paid out on behalf of Tourism WA

<sup>(b)</sup> Transfer of Technology Parks to 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 2020

	Note	2020 \$'000	2019 \$'000		Note	2020 \$'000	2019 \$'000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>				<b>Receipts</b>			
Service appropriations		161,632	145,793	Sale of Goods and Services		1,611	1,802
Capital appropriations		261	150	Commonwealth Grants		-	438
Holding account drawdowns		110	45	GST receipts on sales		479	336
Capital appropriations distributed to owner		(186)	(150)	Other receipts		2,709	1,164
Royalties for Regions Fund		10,175	11,274	<b>Net cash provided by/(used in) operating activities</b>		<b>(170,578)</b>	<b>(159,257)</b>
<b>Net cash provided by State Government</b>		<b>171,992</b>	<b>157,112</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Utilised as follows:				<b>Payments</b>			
<b>Payments</b>				Purchase of non-current assets			
Employee benefits		(39,671)	(35,717)			(178)	-
Supplies and services		(21,093)	(22,432)	<b>Receipts</b>			
Accommodation		(3,880)	(4,366)	Proceeds from sale of non-current assets			
Grants and subsidies		(109,137)	(99,214)			-	-
GST payments on purchases		(4,486)	(4,721)	<b>Net cash provided by/(used in) investing activities</b>			
GST Payments to taxation authority		4,007	4,194			(178)	-
Other payments		(1,117)	(741)	Net increase/(decrease) in cash and cash equivalents			
						1,236	(2,145)
				Cash and cash equivalents at the beginning of the period			
						20,436	22,581
				<b>Cash and cash equivalents at the end of the period</b>	6.4	<b>21,672</b>	<b>20,436</b>

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 2020

	2020 Estimate (a)	2020 Supplementary Funding	2020 Revised Budget	2020 Actual	2020 Variance to revised budget	2019 Actual	2020 Vs 2019 Variance to prior year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Delivery of Services</b>							
Item 42 Net amount appropriated to deliver services	158,151	4,139	162,290	161,575	(715)	146,075	15,500
Section 25 transfer of service appropriation	-	385	385		(385)		-
Amount authorised by Other Statutes							
- Salaries and Allowances Act 1975	1,502	(549)	953	953	-	684	269
Royalties for Regions Fund	14,989		14,989	10,175	(4,814)	11,274	(1,099)
<b>Total appropriations provided to deliver services</b>	<b>174,642</b>	<b>3,975</b>	<b>178,617</b>	<b>172,703</b>	<b>(5,914)</b>	<b>158,033</b>	<b>14,670</b>
<b>Capital</b>							
Item 121 Capital appropriations	-	-	-	-	-	-	-
<b>Administered Transactions</b>							
Item 43 Administered grants, subsidies and other transfer payments	19,694	-	19,694	25,413	5,719	18,761	6,652
Administered capital appropriations	-	-	-	-	-	-	-
<b>Total Administered transactions</b>	<b>19,694</b>	<b>-</b>	<b>19,694</b>	<b>25,413</b>	<b>5,719</b>	<b>18,761</b>	<b>6,652</b>
<b>GRAND TOTAL</b>	<b>194,336</b>	<b>3,975</b>	<b>198,311</b>	<b>198,116</b>	<b>(195)</b>	<b>176,794</b>	<b>21,322</b>

## Department of Jobs, Tourism, Science and Innovation

# Summary of consolidated account appropriations and income estimates

For the year ended 30 June 2020

	2020 Estimate (a)	2020 Supplementary Funding	2020 Revised Budget	2020 Actual	2020 Variance to revised budget	2019 Actual	2020 Vs 2019 Variance to prior year
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Details of Expenses by Service</b>							
Development of industry sectors and facilitate investment	109,324	3,709	113,033	110,478	(2,555)	88,211	22,267
Tourism	76,596	266	76,862	77,399	537	76,737	662
Total Cost of Services	185,920	3,975	189,895	187,877	(2,018)	164,948	22,929
Less Total Income	5,530	-	5,530	5,233	(297)	3,525	1,708
Net Cost of Services	180,390	3,975	184,365	182,644	(1,721)	161,423	21,221
Adjustment for movement in cash balances & other accrual items <sup>(c)</sup>	(5,748)	-	(5,748)	(9,941)	(4,193)	(3,390)	(6,551)
<b>Total appropriations provided to deliver services</b>	<b>174,642</b>	<b>3,975</b>	<b>178,617</b>	<b>172,703</b>	<b>(5,914)</b>	<b>158,033</b>	<b>14,670</b>
<b>Capital Expenditure</b>							
Purchase of non-current physical assets	110	-	110	-	(110)	-	-
Adjustment for movement in cash balances & other funding sources <sup>(c)</sup>	-	-	-	-	-	-	-
<b>Capital appropriation from State Government</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Details of Income Estimates - Administered</b>							
Administered income from the consolidated account	22,494	-	22,494	22,279	(215)	22,236	43
Administered Income from sources other than the consolidated fund	64,299	-	64,299	35,351	(28,948)	30,313	5,038
Total Income disclosed as administered income	86,793	-	86,793	57,630	(29,163)	52,549	5,081

(a) "Estimate" refers to the Department's budget estimates approved under section 40 of the Financial Management Act 2006 and TI 953.

(b) Royalties for Regions in 2019-20 budget comprised the WA Branding Project, the Agribusiness Connect Program, the Collie Futures Fund, Serviced Lands and Collie Emergency Services Vehicle Manufacturing.

(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 9.1, 'Disclosure of administered income and expenses by service' and note 9.2 'Explanatory Statement for Administered Items' provide details of any significant variations between estimates and actual results for 2020.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 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 Department is a not-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 18 September 2020

#### 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 (TI's)
- 3) Australian Accounting Standards (AAS) - Reduced Disclosure Requirements
- 4) Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The Financial Management Act 2006 and the Treasurer's Instructions take precedence over AAS's. Several AAS's are modified by TI's 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.

#### 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 include Tourism WA only to the extent it has provided direct funding and services free-of-charge to Tourism WA.

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 "Tourism" in the Details of Expense by Service in the Summary of Consolidated Account Appropriations and Income Estimates. 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 2020

### Note 2. Use of our funding

#### Expenses incurred in the delivery of services

This section provides additional information about how the Department'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 Department in achieving its objectives and the relevant notes are:

	Notes	2020 \$'000	2019 \$'000
Employee benefits expense	2.1(a)	41,467	37,174
Employee related provisions	2.1(b)	10,486	9,199
Grants and Subsidies	2.2	109,137	99,214
Other expenditure	2.3	35,378	29,197

#### 2.1 (a) Employee benefits expense

	2020 \$'000	2019 \$'000
Employee benefits	37,716	34,241
Termination benefits	494	-
Superannuation - defined contribution plans	3,257	2,933
<b>Total employee benefits expense</b>	<b>41,467</b>	<b>37,174</b>
Add: AASB 16 No-monetary benefits	450	-
Less: Employee Contributions	(56)	-
<b>Net employee benefits</b>	<b>41,861</b>	<b>37,174</b>

**Employee benefits:** Include wages, salaries and social contributions, accrued and paid leave entitlements and paid sick leave, profit-sharing and bonuses; and nonmonetary benefits (such as medical care, housing, cars and free or subsidised goods or services) for employees.

**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 Department 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.



## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 2.1 (a) Employee benefits expense (continued)

**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.

**AASB 16 Non-monetary benefits:** Non-monetary employee benefits, that are employee benefits expenses, predominantly relate to the provision of Vehicle and Housing benefits are measured at the cost incurred by the Department.

### 2.1 (b) Employee related provisions

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

	2020 \$'000	2019 \$'000
<b>Current</b>		
<u>Employee benefits provisions</u>		
Annual leave <sup>(a)</sup>	4,125	3,435
Long Service Leave <sup>(b)</sup>	4,576	4,308
Deferred Salary Scheme <sup>(c)</sup>	51	34
	8,752	7,777
<u>Other provisions</u>		
Employment on-costs <sup>(d)</sup>	14	12
<b>Total current employee related provision</b>	<b>8,766</b>	<b>7,789</b>
<b>Non-current</b>		
<u>Employee benefits provisions</u>		
Long Service Leave <sup>(b)</sup>	1,714	1,404
<u>Other provisions</u>		
Employment on-costs <sup>(d)</sup>	6	6
<b>Total non-current employee related provision</b>	<b>1,720</b>	<b>1,410</b>
<b>Total employee related provisions</b>	<b>10,486</b>	<b>9,199</b>

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 2.1 (b) Employee related provisions (continued)

(a) Annual leave liabilities: Classified as current as there is no unconditional right to defer settlement for at least 12 months after the end of the reporting period. The provision for annual leave is calculated at the present value of expected payments to be made in relation to services provided by employees up to the reporting date.”

(b) Long service leave liabilities: Unconditional long service leave provisions are classified as current liabilities as the Department 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 Department has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service. The provision for long service leave is calculated at present value as the Department 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.

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

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

A detailed breakdown of the provision is not provided as it is considered to be immaterial.

### 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 Department'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 2020

## 2.2 Grants and Subsidies

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Recurrent</u>		
Science grants	28,887	22,955
Science and agribusiness connect program grants	358	489
International Trade grants, contributions and scholarships	2,035	383
New Industries Fund grants	2,483	4,193
Industry development grants	2,433	1,262
Onslow Community Development Fund grants (Wheatstone and Macedon)	1,423	260
International education grants	3,180	3,491
Collie future fund grants	2,413	-
Grant funding to Tourism WA	65,023	65,999
Other grants	902	182
<b>Total Grants and Subsidies</b>	<b>109,137</b>	<b>99,214</b>
<u>Paid to:-</u>		
State Government (excluding the Tourism Commission of Western Australia)	1,877	2,959
Tourism WA	65,023	65,999
Local Government	1,440	274
Private entities and individuals	40,797	29,982
<b>Total Grants and Subsidies</b>	<b>109,137</b>	<b>99,214</b>

Transactions in which the Department 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 2020

### 2.3 Other Expenditure

	2020 \$'000	2019 \$'000
<b>Supplies and services</b>		
Consultants and contractors	13,198	14,831
Expenses recognised in relation to technology parks	1,720	1,765
Resources received free of charge	1,184	1,025
Advertising and promotion	1,108	801
Travel	692	1,047
Communication	290	312
Consumables	1,030	883
Maintenance	86	89
Lease payments	17	12
Insurance	84	91
Printing	179	178
Other staff costs	653	738
Legal Fees	926	474
<b>Total supplies and services expenses</b>	<b>21,167</b>	<b>22,246</b>
<b>Accommodation expenses</b>		
Rentals <sup>(a)</sup>	3,202	4,110
Cleaning	62	29
Electricity	104	103
Other accommodation expenses	512	124
<b>Total accommodation expenses</b>	<b>3,880</b>	<b>4,366</b>

<sup>(a)</sup> Included within rental costs are variable lease payments, low value leases of up to \$5,000 and other leases not subject to AASB 16. Includes leases with another wholly-owned public sector entity lessor agency.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 2.3 Other Expenditure (continued)

	2020 \$'000	2019 \$'000
<b>Other expenses</b>		
Net loss on foreign currency exchange	131	49
Employment on-costs	-	5
Revaluation decrement - land	10,200	1,595
<b>Total other expenses</b>	<b>10,331</b>	<b>1,649</b>
<b>Total other expenditure</b>	<b>35,378</b>	<b>28,261</b>

#### 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:

##### Rental expenses include:

- i) Short-term leases with a lease term of 12 months or less;
- ii) Leases with another wholly-owned public sector lessor agency.
- iii) Low-value leases with an underlying value of \$5,000 or less; and
- iv) Variable lease payments, recognised in the period in which the event or condition that triggers those payments occurs.

**Repairs, maintenance and cleaning costs** are recognised as expenses as incurred.

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

**Employee on-cost** includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liabilities is included at note 2.1<sup>(b)</sup> Employee related provisions. 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 2020

### Note 3. Our funding sources

#### How we obtain our funding

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

	Notes	2020 \$'000	2019 \$'000
Income from State Government	3.1	173,887	159,058
Property income	3.2	1,611	1,802
Commonwealth grants and contributions	3.3	-	438
Other sources	3.4	3,574	1,204
Gains	3.5	47	80

#### 3.1 Income from State Government

Appropriation received during the period

Service appropriation <sup>(a)</sup>

162,528	146,759
<b>162,528</b>	<b>146,759</b>

Liabilities assumed by other State Government agencies during the period <sup>(b)</sup>

Assets transferred from/(to) other State Government agencies during the period <sup>(b)</sup>

-	-
-	-

#### Total liabilities assumed and assets transferred

-	-
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Services received free of charge from other State Government agencies during the period <sup>(c)</sup>:

State Solicitors Office - legal services

Finance - Building Management and Works - accommodation lease services

1,172	1,013
12	12

#### Total services received

<b>1,184</b>	<b>1,025</b>
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Royalties for Regions Fund

Regional Community Services Fund <sup>(d)</sup>

10,175	11,274
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#### Total Royalties for Regions Fund

<b>10,175</b>	<b>11,274</b>
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#### Total Income from State Government

<b>173,887</b>	<b>159,058</b>
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## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 3.1 Income from State Government (continued)

- (a) **Service Appropriations** are recognised as revenues at fair value in the period in which the Department gains control of the appropriated funds. The Department 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. Appropriation revenue comprises the following:
- Cash component; and
  - A receivable (asset).
- (b) **Transfer of assets** from other parties are recognised as income at fair value when the assets are transferred.
- (c) **Services received free of charge.** Where services or assets have been received free of charge or for nominal cost, the Department 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 income when the Department receives the funds. The Department has assessed Royalties for Regions agreements and concludes that they are not within the scope of AASB 15 as they do not meet the 'sufficiently specific' criterion. The application of AASB 15 and AASB 1058 from 1 July 2019 has had no impact on the treatment of income from State Government.

### 3.2 Property income

	2020	2019
	\$'000	\$'000
Revenue from technical and industrial estates (technology parks)	1,611	1,802
<b>Total property income</b>	<b>1,611</b>	<b>1,802</b>

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 Department 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 2020

### 3.3 Commonwealth grants and contributions

National Water Infrastructure Development Fund - Western Trade Coast managed aquifer recharge feasibility study <sup>(a)</sup>

#### Total Commonwealth grants and contributions

	2020	2019
	\$'000	\$'000
	-	438
	<b>-</b>	<b>438</b>

<sup>(a)</sup> this is a non-reciprocal grant, fully expended during the year.

#### Until 30 June 2019

Income from Commonwealth grants is recognised at fair value when the grant is receivable.

#### From 1 July 2019

Current grants are recognised as income when the grants are receivable. Capital grants are recognised as income when the Department achieves milestones specified in the grant agreement.

### 3.4 Other sources

Australia China Natural Gas Technology Partnership Fund Contributions

Defence Science Centre

Onslow Community Development Fund

Forgiveness of loan on transfer of technology parks to Government

Gorgon CO2 gas injection project

Contributions to Premier's Science Awards ceremony

Contributions to WA Innovator of the Year

Loan discount unwinding

Other receipts

#### Total funding from other sources

	2020	2019
	\$'000	\$'000
	-	430
	910	-
	952	-
	771	-
	100	100
	117	202
	-	122
	556	316
	168	34
	<b>3,574</b>	<b>1,204</b>



## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 3.5 Gains

	2020 \$'000	2019 \$'000
Gains/(loss) on foreign currency translation	47	80
<b>Net gain/(loss) on foreign currency translation</b>	<b>47</b>	<b>80</b>
<b>Total gains/(losses)</b>	<b>47</b>	<b>80</b>

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.

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 4. Key assets

### Assets the Department utilises for economic benefit or service potential

This section includes information regarding the key assets the Department 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	2020 \$'000	2019 \$'000
Property, Plant and Equipment	4.1	725	35,855
Right-of-use assets	4.2	2,716	-
Intangibles	4.3	166	-
<b>Total key assets</b>		<b>3,607</b>	<b>35,855</b>

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 4.1 Property, plant and equipment

	Land \$ 000	Buildings & Leasehold Improvements \$ 000	Furniture, Plant and Equipment \$ 000	Computer Hardware and Software \$ 000	Vehicles \$ 000	Total \$ 000
<b>For the year ended 30 June 2020</b>						
<b>At 30 June 2019</b>						
Gross carrying amount	30,954	4,746	68	327	437	36,532
Accumulated depreciation	-	(106)	(68)	(295)	(208)	(677)
Accumulated impairment loss	-	-	-	-	-	-
<b>Carrying amount at 30 June 2019</b>	<b>30,954</b>	<b>4,640</b>	<b>-</b>	<b>32</b>	<b>229</b>	<b>35,855</b>
Additions	-	-	-	-	-	-
Revaluation increments/(decrements) <sup>(b)</sup>	(10,200)	-	-	-	-	(10,200)
Transfers <sup>(a)</sup>	(20,559)	(4,235)	-	-	-	(24,794)
Depreciation	-	(23)	-	(26)	(87)	(136)
<b>Carrying amount at 30 June 2020</b>	<b>195</b>	<b>382</b>	<b>0</b>	<b>6</b>	<b>142</b>	<b>725</b>
Original cost of fully depreciated assets disposed in 2019-20			(19)	(15)		
Gross carrying amount	195	511	49	312	437	1,504
Accumulated depreciation	-	(129)	(49)	(306)	(295)	(779)
<b>Net carrying amount</b>	<b>195</b>	<b>382</b>	<b>-</b>	<b>6</b>	<b>142</b>	<b>725</b>
Classified as:						
Property, plant and equipment held for distribution (note 8.9)	-	-	-	-	-	-
Property, plant and equipment - non-current	195	382	-	6	142	725
	<b>195</b>	<b>382</b>	<b>-</b>	<b>6</b>	<b>142</b>	<b>725</b>

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 4.1 Property, plant and equipment (continued)

<sup>(a)</sup> Prior year includes land and buildings at Technology Parks classified as current assets held for distribution - see note 8.9.

<sup>(b)</sup> Revaluation relates to restating assets at Technology Parks to fair value prior to transfer.

#### Initial Recognition

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

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

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.

#### 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 2019 by the Western Australian Land Information Authority (Valuations and Property Analytics). The valuations were performed during the year ended 30 June 2020 and recognised at 30 June 2020. Land and buildings relating to Technology Parks were transferred out through equity in 2019-20 as 2018-19 valuation of \$34,993,954. For land and buildings assets remaining on the department's asset register fair value was determined by reference to market values for land: \$195,000 (2019 valuation: \$195,000) and buildings: \$325,000 (2019 valuation: \$330,000). Leasehold improvements, mainly at overseas offices, are not included in the valuation.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 4.1 Property, plant and equipment (continued)

#### 4.1.1 Depreciation and impairment

##### Charge for the period

	2020 \$'000	2019 \$'000
<b>Depreciation</b>		
Buildings	23	97
Furniture, Plant and Equipment	-	-
Computer Hardware and Software	26	39
Vehicles	87	90
<b>Total Depreciation for the period</b>	136	226

As at 30 June 2020 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:

<b>Asset</b>	<b>Useful life: years</b>
Buildings	40 years
Furniture, Plant and Equipment	5 to 10 years
Computer Hardware and Software <sup>(a)</sup>	3 years
Vehicles	5 years

<sup>(a)</sup> 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 2020

### 4.1 Property, plant and equipment (continued)

#### 4.1.1 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.

### 4.2 Right-of-use assets

	2020	2019
	\$'000	\$'000
<b>Right-of-use-assets</b>		
Buildings	2,587	-
Vehicles	129	-
<b>Net carrying amount at June 30 2020</b>	<u>2,716</u>	<u>-</u>

Additions to right-of-use assets during the 2020 financial year were \$Nil

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 4.2 Right-of-use assets (continued)

#### Initial recognition

Right-of-use assets are measured at cost including the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs, including dismantling and removing the underlying asset

This includes all leased assets other than investment property ROU assets, which are measured in accordance with AASB 140 'Investment Property'.

The Department has elected not to recognise right-of-use assets and lease liabilities for short-term leases (with a lease term of 12 months or less) and low value leases (with an underlying value of \$5,000 or less). Lease payments associated with these leases are expensed over a straight-line basis over the lease term.

#### Subsequent Measurement

The cost model is applied for subsequent measurement of right-of-use assets, requiring the asset to be carried at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any re-measurement of lease liability.

#### Depreciation and impairment of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the underlying assets.

If ownership of the leased asset transfers to the Department at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are tested for impairment when an indication of impairment is identified. The policy in connection with testing for impairment is outlined in note 4.1.1

The following amounts relating to leases have been recognised in the statement of comprehensive income:

	2020 \$'000	2019 \$'000
Buildings	1,561	-
Vehicles	99	-
<b>Total right-of-use asset depreciation</b>	<b>1,660</b>	<b>-</b>
Lease interest expense	73	-
Expenses relating to variable lease payments not included in lease liabilities	375	-
Short-term leases and leases entered into under a MOU with the Department of Finance	3,201	-

Total cash outflow for AASB16 leases in 2020 was \$ 1,658,000

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 4.2 Right-of-use assets (continued)

#### The Department's leasing activities and how these are accounted for:

The Department has leases for vehicles, office and residential accommodations.

The Department has also entered into a Memorandum of Understanding Agreements (MOU) with the Department of Finance for the leasing of office accommodation. These are not recognised under AASB 16 because of substitution rights held by the Department of Finance and are accounted for as an expense as incurred.

Up to 30 June 2019, the Department classified leases as either finance leases or operating leases. From 1 July 2019, the Department recognises leases as right-of-use assets and associated lease liabilities in the Statement of Financial Position.

The corresponding lease liabilities in relation to these right-of-use assets have been disclosed in note 6.2.

### 4.3 Intangible assets

#### Year ended 30 June 2020

1 July 2019

Gross carrying amount

Accumulated amortisation

Carrying amount at start of period

Additions

Amortisation expense

**Carrying amount at 30 June 2020**

	Computer Software \$'000	Total \$'000
	-	-
	-	-
	-	-
	178	178
	(12)	(12)
	166	166

#### Initial recognition

The Department does not have any internally generated intangible assets at balance date.

Intangible assets are initially recognised at cost. For assets acquired at significantly less than fair value, the cost is their fair value at the date of acquisition.

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

Costs incurred below these thresholds are immediately expensed directly to the Statement of Comprehensive Income. Costs incurred in the research phase of a project are immediately expensed.

#### Subsequent measurement

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





## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 5. Other assets and liabilities

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

	Notes	2020 \$'000	2019 \$'000
Receivables	5.1	11,954	11,091
Amounts receivable for services	5.2	3,637	2,741
Other assets	5.3	1,214	1,315
Payables	5.4	3,081	1,737
Other liabilities	6.1	-	771
<b>5.1 Receivables</b>			
<u>Current</u>			
Receivables		741	615
GST receivable		743	562
		<u>1,484</u>	<u>1,177</u>
Loans and Advances			
Loans receivable		4,256	400
Less: Loan Discounting		(617)	(48)
Net Loan Receivable - Current		<u>3,639</u>	<u>352</u>
<b>Total Current</b>		<b><u>5,123</u></b>	<b><u>1,529</u></b>
<u>Non Current</u>			
Loans and Advances			
Loans receivable		7,730	11,586
Less: Loan Discounting		(899)	(2,024)
<b>Total Non Current</b>		<b><u>6,831</u></b>	<b><u>9,562</u></b>
Nominal total loans receivable, current and non-current - before discounting <sup>(a)</sup>		<u>11,986</u>	<u>11,986</u>
<b>Total Receivables</b>		<b><u>11,954</u></b>	<b><u>11,091</u></b>

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.

<sup>(a)</sup> Loans receivables comprises two loans. Both loans are non-interest bearing. One loan has a principal outstanding of \$2,000,000 with renegotiated terms of \$500,000 annual repayments commencing in 2020-21. The other loan has a principal outstanding of \$9,986,000 with payments renegotiated, scheduled to commence in 2020-21.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 5.2 Amounts receivable for services (Holding Account)

	2020	2019
	\$'000	\$'000
Non-current	3,637	2,741
<b>Balance at end of period</b>	<b>3,637</b>	<b>2,741</b>

**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.

Amounts receivable for services are considered not impaired (i.e. there is no expected credit loss of the Holding Account).

### 5.3 Other assets

	2020	2019
	\$'000	\$'000
<u>Current</u>		
Refundable rental bonds on overseas and local accommodation	260	244
Prepayments	885	823
Property Management receivable	-	180
<b>Total current</b>	<b>1,145</b>	<b>1,247</b>
<u>Non-current</u>		
WA Marine Science Institute joint venture	69	68
<b>Total non-current</b>	<b>69</b>	<b>68</b>
<b>Balance at end of period</b>	<b>1,214</b>	<b>1,315</b>

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 2020

### 5.4 Payables

	2020 \$'000	2019 \$'000
<u>Current</u>		
Trade payables	1,012	727
Other payables	704	618
Accrued expenses	711	159
Accrued salaries	550	126
<b>Total current</b>	<b>2,977</b>	<b>1,630</b>
Non Current		
Bonds held and repayable	104	107
<b>Total non-current</b>	<b>104</b>	<b>107</b>
<b>Balance at end of period</b>	<b>3,081</b>	<b>1,737</b>

**Payables** are recognised at the amounts payable when the Department 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 Department considers the carrying amount of accrued salaries to be equivalent to its fair value.

The accrued salaries suspense account (See Note 6.4 '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 2020

## Note 6. Financing

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

	<b>Notes</b>
Borrowings	6.1
Lease Liabilities	6.2
Finance costs	6.3
Cash and cash equivalents	6.4

### 6.1 Borrowings

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<u>Non Current</u>		
Loan payable - Development WA	-	771
<b>Balance at end of period</b>	<b>-</b>	<b>771</b>

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. The units at the Technology Park were transferred back to Government in 2019-20. Consequently, the loan was quashed and the value of the loan returned as income in the Statement of Comprehensive Income.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 6.2 Lease Liabilities

	2020	2019
	\$'000	\$'000
Current	1,353	-
Non-current	1,431	-
	2,784	-

The Department measures a lease liability, at the commencement date, at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Department uses the incremental borrowing rate provided by Western Australia Treasury Corporation.

Lease payments included by the Department as part of the present value calculation of lease liability include:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or a rate initially measured using the index or rate as at the commencement date;
- Amounts expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options (where these are reasonably certain to be exercised);
- Payments for penalties for terminating a lease, where the lease term reflects the agency exercising an option to terminate the lease.

The interest on the lease liability is recognised in profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Lease liabilities do not include any future changes in variable lease payments (that depend on an index or rate) until they take effect, in which case the lease liability is reassessed and adjusted against the right-of-use asset.

Periods covered by extension or termination options are only included in the lease term by the Department if the lease is reasonably certain to be extended (or not terminated).

Variable lease payments, not included in the measurement of lease liability, that are dependent on sales are recognised by the Department in profit or loss in the period in which the condition that triggers those payments occurs.

This section should be read in conjunction with note 4.2.

#### Subsequent Measurement

Lease liabilities are measured by increasing the carrying amount to reflect interest on the lease liabilities; reducing the carrying amount to reflect the lease payments made; and remeasuring the carrying amount at amortised cost, subject to adjustments to reflect any reassessment or lease modifications.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### 6.3 Finance costs

	2020	2019
	\$'000	\$'000
Discount costs applied to loan receivables	-	58
Interest expense	87	15
<b>Finance costs expensed</b>	<b>87</b>	<b>73</b>

Finance cost<sup>1</sup> includes interest payable on borrowings and the interest component of lease liability repayments and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

### 6.4 Cash and cash equivalents

	Notes	2020	2019
		\$'000	\$'000
Cash and cash equivalents		12,710	13,526
Restricted cash and cash equivalents	7.1	8,568	6,516
Restricted cash - accrued salaries suspense account <sup>(a)</sup>	7.1	394	394
<b>Balance at end of period</b>		<b>21,672</b>	<b>20,436</b>

<sup>(a)</sup> 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 2020

## Note 7 Financial Instruments and Contingencies

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

	Notes
Financial Instruments	7.1
Contingent assets	7.2.1
Contingent liabilities	7.2.2

### 7.1 Financial Instruments

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

	2020 \$'000	2019 \$'000
<u>Financial Assets</u>		
Cash and cash equivalents	12,710	13,526
Restricted cash and cash equivalents		
Royalties for Regions	6,792	4,858
Special Purpose Accounts	1,776	1,504
Holding account at Treasury	394	394
Other	-	154
<b>Total restricted cash assets</b>	<b>8,962</b>	<b>6,910</b>
<b>Total cash assets</b>	<b>21,672</b>	<b>20,436</b>
Loans and receivables <sup>(a)</sup> <sup>(b)</sup>	11,211	10,709
<b>Total financial assets</b>	<b>32,883</b>	<b>31,145</b>
<u>Financial liabilities</u>		
Financial liabilities measured at amortised cost	3,081	2,508
<b>Total financial liability</b>	<b>3,081</b>	<b>2,508</b>

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

<sup>(b)</sup> The disclosure in the 2019 financial statements included \$2,741 'Amounts Receivable for Services'. This has been removed in the comparative disclosure as it is not considered to be a financial instrument in the context of this note.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 7.2 Contingent assets and liabilities

Contingent assets and contingent liabilities are not recognised in the statement of financial position but are disclosed and, if quantifiable, are measured at the best estimate. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

#### 7.2.1 Contingent assets

There are no known contingent assets.

#### 7.2.2 Contingent liabilities

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

##### Litigation in progress

A legal dispute between Mineralogy Pty Ltd and International Minerals Pty Ltd, and the Western Australian Government has been reported extensively in the media.

The dispute relates to a State Agreement originally made in 2002 and the subsequent impact of Ministerial decisions. Mineralogy Pty Ltd and International Minerals Pty Ltd are claiming compensation of around \$28 billion (including interest penalties).

Given the size of the claim and to address the potential financial risk to Western Australia, the Western Australian Parliament passed the Iron Ore Processing (Mineralogy Pty. Ltd.) Agreement Amendment Bill 2020 on 13 August 2020. The Act removes the capacity for Mr Clive Palmer, Mineralogy Pty Ltd and International Minerals Pty Ltd to pursue litigation and damages claims connected with this dispute and prevent future damages claims in relation to the consideration of future proposals that might be submitted under the State Agreement. The Act is specific and precisely targeted at this dispute and the associated parties noted above.

It is anticipated that the Act will withstand scrutiny should a challenge be taken to the High Court.

The Government has stated that the claims will be vigorously defended by Western Australia.

##### Industry and Technology Development Act

As the responsible Minister under the Industry and Technology Development Act of 1998 (ITD Act), the Minister for State Development (or his predecessors) is a signatory to one Investment Security Guarantee (ISG). ISGs are signed by the Minister, General Manager of the Forest Products Commission (FPC) and timber processors. Under an ISG, the Minister is liable to pay compensation under certain circumstances where the Forest Products Commission (FPC) is unable to supply contracted amounts of timber. The total contingent liability for the one ISG at 30 June 2020 was \$15.8 million (2019 \$15.8 million - comparative restated from \$12.6 million reported in 2019 Financial Statements).

##### Contaminated Sites

Under the Contaminated Sites Act 2003, the Department is required to report known and suspected contaminated sites to the Department of Water and Environmental Regulation (DWER). In accordance with the Act, DWER classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the Department may have a liability in respect of investigation or remediation expenses.

The department has no known contaminated sites and has not reported any contaminated sites under the Contaminated Sites Act 2003.

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 2020****Note 8. Other Disclosures**

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

	<b>Notes</b>
Events occurring after the end of the reporting period	8.1
Initial impact of Australian standards issued not yet operative	8.2
Key management personnel	8.3
Related party transactions	8.4
Related bodies	8.5
Affiliated bodies	8.6
Special purpose accounts	8.7
Remuneration of auditors	8.8
Non-current assets classified as assets held for sale	8.9
Equity	8.10
Supplementary financial information	8.11
Explanatory statement	8.12

**Note 8.1 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.

**Department of Jobs, Tourism, Science and Innovation****Notes to the financial statements****For the year ended 30 June 2020****Note 8.2 Initial application of Australian Accounting Standards****(a) AASB 15 Revenue from Contract with Customers and AASB 1058 Income of Not-for-Profit Entities**

AASB 15 Revenue from Contracts with Customers replaces AASB 118 Revenue and AASB 111 Construction Contracts for annual reporting periods on or after 1 January 2019. Under the new model, an entity shall recognise revenue when (or as) the entity satisfies a performance obligation by transferring a promised good or service to a customer and is based upon the transfer of control rather than transfer of risks and rewards.

AASB 15 focuses on providing sufficient information to the users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the contracts with customers. Revenue is recognised by applying the following five steps:

- Identifying contracts with customers
- Identifying separate performance obligations
- Determining the transaction price of the contract
- Allocating the transaction price to each of the performance obligations
- Recognising revenue when or as each performance obligation is satisfied.

Revenue is recognised either over time or at a point in time. Any distinct goods or services are separately identified and any discounts or rebates in the contract price are allocated to the separate elements.

In addition, income other than from contracts with customers are subject to AASB 1058 Income of Not-for-Profit Entities. Income recognition under AASB 1058 depends on whether such a transaction gives rise to liabilities or a contribution by owners related to an asset (such as cash or another asset) recognised by the Department.

The Department adopts the modified retrospective approach on transition to AASB 15 and AASB 1058. No comparative information is restated under this approach, and the Department recognises the cumulative effect of initially applying the Standards as an adjustment to the opening balance of accumulated surplus/(deficit) at the date of initial application (1 July 2019).

Under this transition method, the Department elects to not to apply the standards retrospectively to non-completed contracts at the date of initial application.

Refer to Note 3.1, 3.2 and 3.3 for the revenue and income accounting policies adopted from 1 July 2019.

There was no impact assessed from the adoption of AASB 15 and AASB 1058.

**Department of Jobs, Tourism, Science and Innovation****Notes to the financial statements****For the year ended 30 June 2020****Note 8.2 Initial application of Australian Accounting Standards (continued)****(b) AASB 16 Leases**

AASB 16 Leases supersedes AASB 117 Leases and related Interpretations. AASB 16 primarily affects lessee accounting and provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors.

The Department applies AASB 16 Leases from 1 July 2019 using the modified retrospective approach. As permitted under the specific transition provisions, comparatives are not restated. The cumulative effect of initially applying this Standard is recognised as an adjustment to the opening balance of accumulated surplus/(deficit).

The main changes introduced by this Standard include identification of lease within a contract and a new lease accounting model for lessees that require lessees to recognise all leases (operating and finance leases) on the Statement of Financial Position as right-of-use assets and lease liabilities, except for short term leases (lease terms of 12 months or less at commencement date) and low-value assets (where the underlying asset is valued less than \$5,000). The operating lease and finance lease distinction for lessees no longer exists.

Under AASB 16, the Department takes into consideration all operating leases that were off balance sheet under AASB 117 and recognises:

- a) right of use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of future lease payments, discounted using the incremental borrowing rate (2.5%) on 1 July 2019;
- b) depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income; and
- c) the total amount of cash paid as principal amount, which is presented in the cash flows from financing activities, and interest paid, which is presented in the cash flows from operating activities, in the Statement of Cash Flows.

In relation to leased vehicles that were previously classified as finance leases, their carrying amount before transition is used as the carrying amount of the right-of-use assets and the lease liabilities as of 1 July 2019.

The Department measures concessionary leases that are of low value terms and conditions at cost at inception. There is no financial impact as the Department is not in possession of any concessionary leases at the date of transition.

The right-of-use assets are assessed for impairment at the date of transition and the Department has not identified any impairments to its right-of-use assets.

On transition, the Department has elected to apply the following practical expedients in the assessment of their leases that were previously classified as operating leases under AASB 117:

- a) A single discount rate has been applied to a portfolio of leases with reasonably similar characteristics;
- b) The Department has relied on its assessment of whether existing leases were onerous in applying AASB 137 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review. The Department has adjusted the ROU asset at 1 July 2019 by the amount of any provisions included for onerous leases recognised in the statement of financial position at 30 June 2019;
- c) Where the lease term at initial application ended within 12 months, the Department has accounted for these as short-term leases;
- d) Initial direct costs have been excluded from the measurement of the right-of-use asset;
- e) Hindsight has been used to determine if the contracts contained options to extend or terminate the lease.

The Department has not reassessed whether existing contracts are, or contained a lease at 1 July 2019. The requirements of paragraphs 9-11 of AASB 16 are applied to contracts that came into existence post 1 July 2019.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 8.2 Initial application of Australian Accounting Standards (continued)

#### a. Measurement of lease liabilities (1)

Operating Lease Commitments disclosed as at 30 June 2019	31,095
Plus:	
New leases taken up as AASB16 during 2019-20	228
Less:	
Short term leases not recognised as a liability	(193)
Department of Finance GOA Leases not recognised as a liability	(28,276)
<b>Face Values of Lease liability recognised under AASB16 at 1 July 2019</b>	<u>2,854</u>
Discounted using incremental borrowing rate at date of initial application 2	<u>2,784</u>
<b>Lease liability recognised at 1 July 2019</b>	<u>2,784</u>
Current lease liabilities	1,353
Non-current lease liabilities	1,431

(1) Lease liabilities changed substantially between the June 2019 financial statements lease commitment disclosure and the initial implementation of AASB 16 accounting for leases. Consequentially, the disclosure shown a an indicative estimation of the movement between the two years.

(2) The WATC incremental borrowing rate was used for the purposes of calculating the lease transition opening balance

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 8.3 Key Management Personnel

The department has determined key management personnel to include cabinet ministers and senior officers of the Department.

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 Department for the reporting period are presented within the following bands:

	2020	2019
<b>Compensation Band \$</b>		
\$380 001 to \$390 000	-	1
\$350 001 to \$360 000	1	-
\$340 001 to \$350 000	1	-
\$330 001 to \$340 000	1	-
\$270 001 to \$280 000	1	2
\$250 001 to \$260 000	-	1
\$240 001 to \$250 000	1	2
\$230 001 to \$240 000	1	-
\$220 001 to \$230 000	1	1
\$210 001 to \$220 000	1	-
\$200 001 to \$210 000	1	2
\$190 001 to \$200 000	4	2
\$180 001 to \$190 000	2	3
\$170 001 to \$180 000	1	3
\$160 001 to \$170 000	1	-
\$130 001 to \$140,000	1	-
\$120 001 to \$130,000	1	-
\$100 001 to \$110,000	1	1
\$ 80 001 to \$ 90 000	-	1
\$ 50 001 to \$ 60 000	1	-
\$ 10 001 to \$ 20 000	-	1
	<b>\$'000</b>	<b>\$'000</b>
<b>Total compensation of senior officers</b>	<b>4,345</b>	<b>3,975</b>

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 2020

### Note 8.4 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 cabinet ministers and their close family members, and their controlled or jointly controlled entities; and
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and statutory authorities, including related bodies, that are included in the whole of government consolidated financial statements (i.e. wholly-owned public sector entities);
- associates and joint ventures of a wholly-owned public sector entity; and
- the Government Employees Superannuation Board (GESB).

Material transactions with other related parties

Outside of normal citizen type transactions with the 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.

### Note 8.5 Related bodies

The department has no related bodies.

### Note 8.6 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 in the Summary of Consolidated Account Appropriations and Income Estimates, under "Details of Expense by Service". 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 2020

### Note 8.7 Special Purpose Accounts

	2020 \$'000	2019 \$'000
Special Purpose Accounts established under section 16(1) <sup>(d)</sup> of the Financial Management Act 2006		
<b>Special Projects Fund:</b>		
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	628
<u>Add</u> receipts	-	-
<u>Less</u> payments	106	-
Balance at end of the period	<u>522</u>	<u>628</u>
<b>Australia China Natural Gas Technology Partnership Trust Fund</b>		
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	406	1,054
<u>Add</u> receipts		
Contribution from Industry	430	430
GST Receipts from the ATO	24	-
Total Receipts	<u>454</u>	<u>430</u>
<u>Less</u> payments		
Salaries	89	85
Travel	88	88
Grants - Training	-	-
Other Services - Training Related	22	857
Other payments	19	48
Total Payments	<u>218</u>	<u>1,078</u>
Balance at end of the period	<u>642</u>	<u>406</u>

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 2020

### Note 8.7 Special Purpose Accounts (continued)

	2020 \$'000	2019 \$'000
<b>Ashburton North Social Infrastructure Fund (Onslow Community Development Fund - Controlled)</b>		
<p>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.</p> <p>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.</p> <p>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).</p> <p>The fund is separated into Controlled and Administered sections.</p>		
Balance at start of the period	471	733
<u>Add Receipts</u>		
Receipts from Chevron Australia Pty Ltd	952	-
Total Receipts	<u>952</u>	<u>-</u>
<u>Less Payments</u>		
Shire of Ashburton:-		
Project expenditures	1,423	262
Total Payments	<u>1,423</u>	<u>262</u>
Balance at end of the period	<u>-</u>	<u>471</u>

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 2020

### Note 8.7 Special Purpose Accounts (continued)

	2020 \$'000	2019 \$'000
<b>Onslow Macedon Social Infrastructure Fund - (Controlled)</b>		
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.		
The projects to which this fund relates have now been completed and no further receipts or payments are expected.		
Balance at start of the period	-	-
<u>Add Receipts</u>	-	-
<u>Less Payments</u>	-	-
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 2020

### Note 8.7 Special Purpose Accounts (continued)

	2020 \$'000	2019 \$'000
<b>Defence Science Centre</b>		
<p>The Defence Science Centre (DSC) is a cooperative venture between the Science and Technology Group of the Department of Defence on behalf of the Commonwealth Government, the Government of Western Australia, and participating Western Australian universities. It will be administered by the Department of Jobs, Tourism, Science and Innovation (JTSI).</p> <p>The DSC's purpose is to fund collaborative research projects, PhD students and industry internships relevant to Defence and the Defence Industry in Western Australia.</p> <p>There shall be credited to the Account such moneys as are received from the State Government or allocated from JTSI's appropriation on behalf of the State Government, the Commonwealth Government and participating universities for the purpose of the DSC.</p> <p>Funds to the credit of the account shall be held within JTSI's general operating bank account and segregated through JTSI's accounting system. The account will not attract interest on its credit balance.</p> <p>There shall be charged against the Account such moneys as are paid for the purpose of the operations of the DSC.</p>		
Balance at start of the period	-	-
<u>Add Receipts</u>		
Appropriation	500	-
External Participants	800	-
	<u>1,300</u>	<u>-</u>
<u>Less Payments</u>		
Grants	684	-
Other expenses	7	-
	<u>691</u>	<u>-</u>
Balance at end of the period	<u>609</u>	<u>-</u>

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 2020

### Note 8.7 Special Purpose Accounts (continued)

	2020 \$'000	2019 \$'000
<b>Ashburton North Social Infrastructure Fund (Administered)</b>		
<p>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.</p> <p>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.</p> <p>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).</p> <p>Funds are generally received from Chevron Australia Pty Ltd and applied to the project within the same financial year.</p> <p>The fund is separated into Controlled and Administered sections.</p>		
Balance at start of the period	-	234
<u>Add</u> receipts		
Chevron Australia Pty Ltd	-	156
Net GST Receipts (includes prior year balance)	-	-
	-	156
<u>Less</u> payments		
Shire of Ashburton	-	390
	-	390
Balance at end of the period	-	-

This is an administered fund and is incorporated into the Department's administered Financial Statements which appear in notes 9.1 to 9.3.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 8.7 Special Purpose Accounts (continued)

	2020 \$'000	2019 \$'000
<b>Ashburton North Critical Services Infrastructure Fund (Administered)</b>		
<p>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.</p> <p>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.</p> <p>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).</p> <p>Funds are generally received from Chevron Australia Pty Ltd and applied to the project within the same financial year.</p>		
Balance at start of the period	10,000	16,745
<u>Add</u> receipts		
Chevron Australia Pty Ltd	30,637	29,266
	30,637	29,266
<u>Less</u> payments		
Water Corporation	3,450	-
Horizon Power	8,250	14,680
Department of Main Roads	26,478	20,820
Other	709	1,026
Net GST Receipts/Payments (includes prior year balance)	( 679)	(515)
	38,208	36,011
Balance at end of the period	2,429	10,000
<p>This is an administered fund and is incorporated into the Department's administered Financial Statements which appear in notes 9.1 to 9.3.</p>		

### Note 8.8 Remuneration of Auditors

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

Auditing the accounts, financial statements controls, and key performance indicators	99	61
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## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 8.9 Non-current assets classified as assets held for distribution

The following table represents a summary of assets held for distribution back to Government:

	Land	Buildings	Total
	\$'000	\$'000	\$'000
<b>2019</b>			
Opening Balance	-	-	-
Assets reclassified as held for distribution	30,759	4,310	35,069
<b>Total assets classified as held for distribution</b>	<b>30,759</b>	<b>4,310</b>	<b>35,069</b>
Less assets distributed	-	-	-
Closing balance	<b>30,759</b>	<b>4,310</b>	<b>35,069</b>
<b>2020</b>			
Opening Balance	30,759	4,310	35,069
Write-down to fair value prior to transfer	(10,200)	-	(10,200)
Adjustments to assets held for distribution	-	(75)	(75)
<b>Total assets classified as held for distribution</b>	<b>20,559</b>	<b>4,235</b>	<b>24,794</b>
Less assets distributed	(20,559)	(4,235)	(24,794)
Closing balance	-	-	-

The identified assets were not held for a general sale to the public. The assets were transferred back to Government in 2019-20.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 8.10 Equity

	2020 \$'000	2019 \$'000
<b>Contributed equity</b>		
Balance at the start of period	69,822	69,822
<b>Contributions by owners</b>		
Capital appropriations - Tourism WA	251	150
<b>Total contributions by owners</b>	<u>251</u>	<u>150</u>
<b>Distributions to owners</b>		
Distributions to owners - Tourism WA	(186)	(150)
Net assets transferred to Government	(25,270)	-
<b>Total distributions to owners</b>	<u>(25,456)</u>	<u>(150)</u>
<b>Balance at end of period</b>	<u><u>44,617</u></u>	<u><u>69,822</u></u>
<b>Accumulated deficit</b>		
Balance at the start of period	(10,091)	(7,726)
Initial application of AASB 16	(36)	
Result for the period	(8,757)	(2,365)
<b>Balance at the end of period</b>	<u>(18,884)</u>	<u>(10,091)</u>
<b>Total equity at end of period</b>	<u><u>25,733</u></u>	<u><u>59,731</u></u>

### Note 8.11 Supplementary financial information

(a) **Write-offs**

During the financial year no amounts were written off in respect to the Department'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 Department, 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 Department during the financial year.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 8.12 Explanatory Statement (Controlled Operations)

All variances between estimates (original budget) and actual results for 2020 and between the actual results for 2020 and 2019 are shown below. Narratives are provided for key major variances, which are greater than 10% and \$1 million for the Statements of Comprehensive Income, Cash Flows, and the Statement of Financial Position. Estimates are taken from the departments Section 40 estimates for 2019-20.

	Variance Note	Estimate 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2020 and 2019 \$'000
<b>Statement of Comprehensive Income variances</b>						
<b>COST OF SERVICES</b>						
<b>Expenses</b>						
Employee benefits expense	1, 7	37,482	41,467	37,174	3,985	4,293
Supplies and services	2, 8	31,880	21,167	22,246	(10,713)	(1,079)
Depreciation and amortisation	3, 9	4,729	1,808	226	(2,921)	1,582
Finance costs		681	87	73	(594)	14
Accommodation expenses	3, 9	735	3,880	4,366	3,145	(486)
Grants and subsidies	10	109,621	109,137	99,214	(484)	9,923
Other expenses	6, 11	792	10,331	1,649	9,539	8,682
<b>Total cost of services</b>		<b>185,920</b>	<b>187,877</b>	<b>164,948</b>	<b>1,957</b>	<b>22,929</b>
<b>Income</b>						
<b>Revenue</b>						
Property Income		1,961	1,611	1,802	(350)	(191)
Commonwealth grants and contributions		-	-	438	-	(438)
Other revenue & interest revenue	12	3,569	3,575	1,205	6	2,370
<b>Total Revenue</b>		<b>5,530</b>	<b>5,186</b>	<b>3,445</b>	<b>(344)</b>	<b>1,932</b>
Gains		-	47	80	47	(33)
<b>Total income other than income from State Government</b>		<b>5,530</b>	<b>5,233</b>	<b>3,525</b>	<b>(297)</b>	<b>1,899</b>
<b>NET COST OF SERVICES</b>		<b>180,390</b>	<b>182,644</b>	<b>161,423</b>	<b>2,254</b>	<b>21,030</b>
<b>Income from State Government</b>						
Service appropriation	4, 13	159,653	162,528	146,759	2,875	15,769
Services received free of charge		1,124	1,184	1,025	60	159
Royalties for Regions Fund	5, 14	14,989	10,175	11,274	(4,814)	(1,099)
<b>Total income from State Government</b>		<b>175,766</b>	<b>173,887</b>	<b>159,058</b>	<b>(1,879)</b>	<b>14,829</b>
<b>Total Comprehensive Income / (Loss) for the Period</b>		<b>(4,624)</b>	<b>(8,757)</b>	<b>(2,365)</b>	<b>(4,133)</b>	<b>(6,201)</b>

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 8.12 Explanatory Statement (Controlled Operations) - continued

#### Statement of Comprehensive Income - Narratives for major variances

##### Major variances between actual and estimate for 2020

- 1 Employee Benefits Expense.** JTSI received \$1.2 million in new salaries funding during the year, and repurposed \$1.0 million from operational expense into the salaries budget. After taking budget adjustments into account the variance to the revised target only \$0.3 million. The department self funded several redundancies following internal restructure, being the main driver of the remaining variance.
- 2 Supplies and services.** The reduction in spending against budget was due to the subsequent repositioning of \$10.6 million of expenditure to later years, predominately due to the impact of COVID-19 on various programs.
- 3 Depreciation and Accommodation.** The variance in accommodation and depreciation expenses is mainly due to a whole of government post-budget determination that government leases through the Department of Finance are to be excluded from the AASB16 leasing standard. Consequently, such lease costs returned to their original expense designation as accommodation expenses.
- 4 Service appropriation.** Service Appropriation variations were due to supplementary funding received for new initiatives that were approved by Government during the year.
- 5 Royalties for Regions Fund.** Program receipts were adjusted back to actual expenditure expectations in respect to the Collie Future Fund. The funds withheld will be drawn down in 2020-21.
- 6 Other Expenses.** Includes \$10.2 million revaluation to fair value of Technology Parks prior to transfer back to Government.

##### Major variances between actual results for 2020 and 2019

- 7 Employee Benefits Expense.** The Department implemented the results of internal reviews into structure during the year, resulting in an increase across several groups. The Department received \$1.2 million in new salaries funding during the year, and repurposed \$1.0 million from operational expense into the salaries budget.
- 8 Supplies and services.** The department has numerous initiatives with finite and irregular funding. It is consequently complex to make comparisons between years. The reduction in spending for the year was also impacted by COVID-19 on various programs.
- 9 Depreciation and Accommodation.** The variance in accommodation and depreciation expenses is mainly due to a whole of government post-budget determination that government leases through the Department of Finance are to be excluded from the AASB16 leasing standard. Consequently, such lease costs returned to their original expense designation as accommodation expenses.
- 10 Grants and subsidies.** Programs demonstrating increases over 2018-19 were: NCRIS program was initiated in 2019-20 (\$4.2 million); Colie Manufacturing (\$1.8 million); Collie Future Fund (\$2.4 million), with numerous increases across other programs.
- 11 Other expenses.** The prior year included asset revaluation decrements of \$1.595 million in respect to land and buildings. The revaluation decrement in 2019-20, in respect of Technology Parks, was \$10.2 million.
- 12 Other revenue and interest revenue.** 2019-20 included \$0.8 million returned to income through the quashing of a loan payable to Development WA. It also included a receipt of \$0.95 million onto the Onslow Community Development special purpose account (prior year \$nil).
- 13 Service appropriation.** Service Appropriation variations are primarily due to timing of major project profiles embedded in the department's budget in addition to variations in funding included in Tourism WA's budget.
- 14 Royalties for Regions Fund.** Variance is mainly due to timing of the Collie Future Fund, Brand WA, and serviced lands initiatives.



## Department of Jobs, Tourism, Science and Innovation

## Notes to the financial statements

For the year ended 30 June 2020

## Note 8.12.2 Explanatory Statement (continued)

Statement of Financial Position variances	Variance Note	Estimate 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2020 and 2019 \$'000
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash and cash equivalents	1	7,164	12,710	13,526	5,546	(816)
Restricted cash and cash equivalents	2, 11	4,383	8,568	6,516	4,185	2,052
Receivables	3, 12	2,184	5,123	1,529	2,939	3,594
Property, plant and equipment held for distribution	13	-	-	35,069	-	(35,069)
Other current assets		2,120	1,145	1,247	(975)	(102)
<b>Total Current Assets</b>		<b>15,851</b>	<b>27,546</b>	<b>57,887</b>	<b>11,695</b>	<b>(30,341)</b>
<b>Non-Current Assets</b>						
Restricted cash and cash equivalents		429	394	394	(35)	-
Receivables	14	7,763	6,831	9,562	(932)	(2,731)
Amounts receivable for services	15	1,859	3,637	2,741	1,778	896
Property, plant and equipment	13, 16	37,545	725	786	(36,820)	(61)
Right of Use assets	6, 18	15,012	2,716	-	(12,296)	2,716
Intangible assets		-	166	-	166	166
Other non-current assets		242	69	68	(173)	1
<b>Total Non-Current Assets</b>		<b>62,850</b>	<b>14,538</b>	<b>13,551</b>	<b>(48,312)</b>	<b>987</b>
<b>TOTAL ASSETS</b>		<b>78,701</b>	<b>42,084</b>	<b>71,438</b>	<b>(36,617)</b>	<b>(29,354)</b>
<b>LIABILITIES</b>						
<b>Current Liabilities</b>						
Payables		2,959	2,977	1,630	18	1,347
Lease Liabilities	17	-	1,353	-	1,353	1,353
Provisions	7	7,092	8,766	7,789	1,674	977
<b>Total Current Liabilities</b>		<b>10,051</b>	<b>13,096</b>	<b>9,419</b>	<b>3,045</b>	<b>3,677</b>
<b>Non-Current Liabilities</b>						
Lease Liabilities	8	15,740	1,431	-	(14,309)	1,431
Provisions		1,388	1,720	1,410	332	310
Bonds Repayable		104	104	107	-	(3)
Loans		685	-	771	(685)	(771)
<b>Total Non-Current Liabilities</b>		<b>17,917</b>	<b>3,255</b>	<b>2,288</b>	<b>(14,662)</b>	<b>967</b>
<b>TOTAL LIABILITIES</b>		<b>27,968</b>	<b>16,351</b>	<b>11,707</b>	<b>(11,617)</b>	<b>4,644</b>
<b>NET ASSETS</b>		<b>50,733</b>	<b>25,733</b>	<b>59,731</b>	<b>(25,000)</b>	<b>(33,998)</b>
<b>EQUITY</b>						
Contributed equity	9	69,822	44,617	69,822	(25,205)	(25,205)
Accumulated (deficit)	10	(19,089)	(18,884)	(10,091)	205	(8,793)
<b>TOTAL EQUITY</b>		<b>50,733</b>	<b>25,733</b>	<b>59,731</b>	<b>(25,000)</b>	<b>(33,998)</b>

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 8.12.2 Explanatory Statement (continued)

#### Statement of Financial Position - Narratives for major variances

##### Major variances between actual and estimate for 2020

- 2 Restricted Cash and Cash Equivalents.** Restricted Cash and Cash Equivalents represents cash held predominately in respect to the Brand WA royalties for regions project and special purpose accounts in relation to the Collie Future Fund royalties for regions project and the Australia China Natural Gas Technology Partnership Fund. The variation represents timing differences only, as over time, the full value of the funds will be expended for their designated purposes.
- 3 Receivables - current.** The variance is driven by movement in loan receivables from non-current to current.
- 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 Department. This was not anticipated in the budget.
- 5 Property, plant and equipment & Property, plant and equipment held for distribution.** Represents the transfer of land and buildings assets at technology parks back to Government.
- 6 Right of Use Assets.** Subsequent to budget, it was determined that leases held centrally by the Department of Finance GOA are to be excluded from AASB16 assets.
- 7 Provisions.** COVID-19 has resulted in less leave being taken in the second half of the year, resulting in an increase in provisions.
- 8 Lease Liabilities.** Subsequent to budget, it was determined that leases held centrally by the Department of Finance GOA are to be excluded from AASB16 assets.
- 9 Contributed equity.** Movement is mainly the result of transfer of assets at Technology Parks back to Government, through equity.
- 10 Accumulated Surplus.** Reflects cumulative Department results since the 2017 machinery of government changes.

##### Major variances between actual results for 2020 and 2019

- 11 Restricted Cash and Cash Equivalents.** Restricted Cash and Cash Equivalents represents cash held predominately in respect to the Brand WA royalties for regions project and special purpose accounts in relation to the Collie Future Fund royalties for regions project and the Australia China Natural Gas Technology Partnership Fund. The variation represents timing differences only, as over time, the full value of the funds will be expended for their designated purposes.
- 12 Receivables - current.** The variance is driven by movement in loan receivables from non-current to current.
- 13 Property, plant and equipment & Property, plant and equipment held for distribution.** All assets classified as held for distribution were transferred out during the year.
- 14 Receivables - non-current.** The variance is driven by renegotiation of loan repayment schedules in respect to loans held.
- 15 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 Department. The movement represents additions during the year.
- 16 Property, plant and equipment.** The variance between years represents the transfer of land and buildings assets at technology parks back to Government.
- 17 Lease Liabilities.** Represents the take up of liabilities under accounting standard AASB16, implemented on 1 July 2019.
- 18 Right-of-Use Assets.** Represents the take up of right-of-use assets under accounting standard AASB16, implemented on 1 July 2019.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 8.12.3 Explanatory Statement (continued)

Statement of Cash Flows variances	Variance Note	Estimate 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2020 and 2019 \$'000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>						
Service appropriations	1, 7	158,647	161,632	145,793	2,985	15,839
Capital appropriations		-	261	150	-	111
Holding account drawdowns		110	110	45	-	65
Capital appropriations distributed to owners		-	(186)	(150)	(186)	(36)
Cash balances transferred in by owners		-	-	-	-	-
Royalties for Regions Fund: Recurrent	2, 8	14,989	10,175	11,274	(4,814)	(1,099)
<b>Net cash provided by State Government</b>		<b>173,746</b>	<b>171,992</b>	<b>157,112</b>	<b>(2,015)</b>	<b>14,880</b>

Utilised as follows:

### CASH FLOWS FROM OPERATING ACTIVITIES

#### Payments

Employee benefits	9	(38,448)	(39,671)	(35,717)	(1,223)	(3,954)
Supplies and services	3	(28,876)	(21,093)	(22,432)	7,783	1,339
Finance Costs		-	-	-	-	-
Accommodation	4	(735)	(3,880)	(4,366)	(3,145)	486
Grants and subsidies	5, 10	(114,785)	(109,137)	(99,214)	5,648	(9,923)
GST payments on purchases		-	(4,486)	(4,721)	(4,486)	235
GST refund from (payments to) taxation authority		-	4,007	4,194	4,007	(187)
Other payments		(1,894)	(1,117)	(741)	777	(376)

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 8.12.3 Explanatory Statement (continued)

Statement of Cash Flows variances (continued)	Variance Note	Estimate 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2020 and 2019 \$'000
<b>Receipts</b>						
Sale of Goods and Services		1,961	1,611	1,802	(350)	(438)
Commonwealth grants		-	-	438	-	143
GST receipts on sales		-	479	336	479	-
GST receipts from taxation authority		-	-	-	-	1,545
Other receipts	11	3,047	2,709	1,164	(338)	1,250
<b>Net cash provided by/(used in) operating activities</b>		<b>(179,730)</b>	<b>(170,578)</b>	<b>(159,257)</b>	<b>9,152</b>	<b>(9,880)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
<b>Payments</b>						
Purchase of non-current assets		(110)	(178)	-	(68)	(178)
<b>Receipts</b>						
Proceeds from sale of non-current assets		-	-	-	-	-
<b>Net cash provided by/(used in) investing activities</b>		<b>(110)</b>	<b>(178)</b>	<b>-</b>	<b>(68)</b>	<b>(178)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
<b>Receipts</b>						
Loan repayments received	6	3,238	-	-	(3,238)	-
<b>Payments</b>						
Principal elements of lease payments		(3,466)	-	-	-	-
Loan repayments distributed to owner	6	(3,238)	-	-	3,238	-
Interest Payments		(681)	-	-	-	-
<b>Net cash provided by/(used in) financing activities</b>		<b>(4,147)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents		(10,241)	1,236	(2,145)	11,477	3,381
Cash and cash equivalents at the beginning of the period		22,217	20,436	22,581	(1,781)	(2,145)
<b>Cash and cash equivalents at the end of the period</b>		<b>11,976</b>	<b>21,672</b>	<b>20,436</b>	<b>9,696</b>	<b>1,236</b>

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 8.12.3 Explanatory Statement (continued)

#### Statement of Cash Flows - Narratives for major variances

##### Major variances between actual and estimate for 2020

- 1 Service appropriation.** Service Appropriation variations were due to supplementary funding received for new initiatives that were approved by Government during the year.
- 2 Royalties for Regions Fund.** Program receipts were adjusted back to actual expenditure expectations in respect to the Collie Future Fund. The funds withheld will be drawn down in 2020-21.
- 3 Supplies and services.** The reduction in spending against budget was due to the subsequent repositioning of expenditure to later years, predominately due to the impact of COVID-19 on various programs.
- 4 Accommodation Expenses.** The variance in accommodation expenses is mainly due to a whole of government post-budget determination that government leases through the Department of Finance are to be excluded from the AASB16 leasing standard. Consequently, such lease costs returned to their original expense designation as accommodation expenses rather than as amortisation of Right-of-Use assets.
- 5 Grants and Subsidies.** The reduction in spending against budget was largely due to the impact of COVID-19 on various programs.
- 6 Loan Repayments Received / Distributed to Owner.** Loan repayment schedules were renegotiated. Repayments to commence in 2020-21.

##### Major variances between actual results for 2020 and 2019

- 7 Service Appropriation.** Service Appropriation variations are primarily due to timing of major project profiles embedded in the department's budget as well as variations in funding included in Tourism WA's budget. Additional variations caused by repositioning of selected program initiatives to later years also impacts the quantum.
- 8 Royalties for Regions Fund.** Variance is mainly due to timing of the Collie Future Fund, Brand WA, and serviced lands initiatives.
- 9 Employee Benefits Expense.** The Department implemented the results of internal reviews into structure during the year, resulting in an increase across several groups. The Department received \$1.2 million in new salaries funding during the year, and repurposed \$1.0 million from operational expense into the salaries budget.
- 10 Grants and subsidies.** Programs demonstrating increases over 2018-19 were: NCRIS program was initiated in 2019-20 (\$4.2 million); Colie Manufacturing (\$1.8 million); Collie Future Fund (\$2.4 million), with numerous increases across other programs.
- 11 Other revenue and interest revenue.** 2019-20 included \$0.8 million returned to income through the quashing of a loan payable to Development WA. It also included a receipt of \$0.95 million onto the Onslow Community Development special purpose account (prior year \$nil).

**Department of Jobs, Tourism, Science and Innovation****Notes to the financial statements****For the year ended 30 June 2020****Note 9. 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.

	<b>Notes</b>
Administered income and expenses	9.1
Explanatory statement for administered items	9.2
Administered assets and liabilities	9.3

**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 2020

### Note 9.1 Administered Income and expenses

	2020 \$'000	2019 \$'000
<b>INCOME AND APPROPRIATION</b>		
Service Appropriation	22,279	22,236
<b>Total Income from State Government</b>	<u>22,279</u>	<u>22,236</u>
<b>Income</b>		
Income from external project proponents <sup>(b)</sup>	34,509	29,422
Interest received on loans	140	155
Other income (unwinding of discount on loan receivable)	702	736
Total administered revenue	<u>35,351</u>	<u>30,313</u>
<b>Total Administered Income and Appropriation</b>	<u><b>57,630</b></u>	<u><b>52,549</b></u>
<b>Expenses</b>		
Grants and subsidies - State Programs <sup>(a)</sup>	21,423	19,455
Grants and subsidies - Onslow Social and Critical Infrastructure <sup>(b)</sup>	34,509	44,300
Grants to Tourism WA	2,800	2,800
Non-retained receipts distributed to owner	1,190	1,181
<b>Total administered expenses</b>	<u><b>59,922</b></u>	<u><b>67,736</b></u>
<b>Administered Surplus/(Deficit) for the year</b>	<u><b>(2,292)</b></u>	<u><b>(15,187)</b></u>

<sup>(a)</sup> 2019-20 includes Burrup Seawater Pipeline Subsidy \$12.410 million (2018-19 \$10.334 million) paid to Water Corporation of Western Australia and the Pilbara Port Authority Bulk Liquids Berth Subsidy \$9.013 million (2018-19 \$9.121 million).

<sup>(b)</sup> 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.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

All variances between annual estimates and actual results for 2020, and between the actual results for 2020 and 2019 are shown below. Narratives are provided for key major variances, which are generally greater than 10% and \$1 million.

### Note 9.2 Explanatory statement for administered items

	Variance note	Estimate 2020 \$'000	Actual 2020 \$'000	Actual 2019 \$'000	Variance between estimate and actual \$'000	Variance between actual results for 2020 and 2019 \$'000
<b>INCOME AND APPROPRIATION</b>						
Service Appropriation		22,279	22,279	22,236	-	43
<b>Total Income from State Government Income</b>		<b>22,279</b>	<b>22,279</b>	<b>22,236</b>	<b>-</b>	<b>43</b>
Income from external project proponents	1, 5	66,265	34,509	29,422	(31,756)	5,087
Interest received on loans		136	140	155	4	(15)
Other income (unwinding of discount on loans receivable)		698	702	736	4	(34)
Total administered revenue		67,099	35,351	30,313	(31,748)	5,038
<b>Total Administered Income and Appropriation</b>		<b>89,378</b>	<b>57,630</b>	<b>52,549</b>	<b>(31,748)</b>	<b>5,081</b>
<b>Expenses</b>						
Grants and subsidies - State Programs	2, 6	19,479	21,423	19,455	1,944	1,968
Grants and subsidies - Onslow Social and Critical Infrastructure	3, 7	66,265	34,509	44,300	(31,756)	(9,791)
Grants to Tourism WA		2,800	2,800	2,800	-	-
Non-retained receipts distributed to owner	4	136	1,190	1,181	1,054	9
<b>Total administered expenses</b>		<b>88,680</b>	<b>59,922</b>	<b>67,736</b>	<b>(28,758)</b>	<b>(7,814)</b>
<b>Administered Surplus/(Deficit) for the year</b>		<b>698</b>	<b>(2,292)</b>	<b>(15,187)</b>	<b>(2,990)</b>	<b>12,895</b>



## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 9.2 Explanatory statement for administered items (continued)

#### Major estimate and actual variance narratives

##### Major variances between actual and estimate for 2020

- 1 Income from external project proponents.** The Onslow critical and social infrastructure projects (Wheatstone project) are milestone dependant and funded by Chevron Australia. 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.
- 2 Grants and Subsidies State Programs.** Relates to subsidies paid to WaterCorporation and Pilbara Ports Authority, which are based on criteria which subjects the total payable to annual variation.
- 3 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 and income from external proponents are directly linked.
- 4 Non-retained receipts distributed to owner.** Represents receipts from loan repayments returned to the consolidated fund at State Treasury. Loan receipts were not correctly profiled in the budget following machinery of government changes, resulting in the variance shown.

##### Major variances between actual results for 2020 and 2019

- 5 Income from external project proponents.** 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.
- 6 Grants and Subsidies State Programs.** Relates to subsidies paid to WaterCorporation and Pilbara Ports Authority, which are based on criteria which subjects the total payable to annual variation.
- 7 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 and income from external proponents are directly linked.

## Department of Jobs, Tourism, Science and Innovation

# Notes to the financial statements

For the year ended 30 June 2020

### Note 9.3 Administered assets and liabilities

	2020 \$'000	2019 \$'000
<b><u>Current assets</u></b>		
Cash and cash equivalents	4,519	14,034
Receivables	3,872	-
Loan receivables <sup>(a)</sup>	532	465
GST receivable	71	750
<b>Total administered current assets</b>	<b>8,994</b>	<b>15,249</b>
<b><u>Non-current assets</u></b>		
Loan receivables <sup>(a)</sup>	13,305	13,720
Loan receivables potentially convertible to grants - Dampier Gas Pipeline <sup>(b)</sup>	88,067	88,067
Loan receivables provision for conversion to grants - Dampier Gas Pipeline <sup>(b)</sup>	(88,067)	(88,067)
<b>Total administered non-current assets</b>	<b>13,305</b>	<b>13,720</b>
<b>TOTAL ADMINISTERED ASSETS</b>	<b>22,299</b>	<b>28,969</b>
<b><u>Current liabilities</u></b>		
Payables	3,872	8,250
<b>Total administered current liabilities</b>	<b>3,872</b>	<b>8,250</b>
<b>TOTAL ADMINISTERED LIABILITIES</b>	<b>3,872</b>	<b>8,250</b>
<b>NET ASSETS</b>	<b>18,427</b>	<b>20,719</b>
<b><u>Equity</u></b>		
Contributed equity	18,511	18,511
Surplus/(deficit) for the period	(2,292)	(15,187)
Accumulated surplus/(deficit)	2,208	17,395
<b>TOTAL EQUITY</b>	<b>18,427</b>	<b>20,719</b>

<sup>(a)</sup> 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 receivables at balance date is \$2.299 million.

<sup>(b)</sup> 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 2020.



**Richard Sellers**  
Acting Director General  
18 September 2020

## 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 KPIs for the department are under review with a revised Outcome Based Management structure expected to be in place for the 2020-21 reporting period.

The following is a summary of our performance against currently approved KPIs for 2019-20.

The KPI section in this annual report does not include the KPIs relating to Tourism Western Australia. For further information on Tourism Western Australia KPIs refer to the 2019-20 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

Extent to which agreed milestones for projects where the department is lead agency are achieved within the reporting period

Target	Actual 2019-20	Actual 2018-19
85%	65%	81%

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

In 2019-20 the department achieved 65% of these milestones against a target of 85%.

The 2019-20 result was adversely impacted by COVID-19 which prevented several proponents from meeting targeted milestones. Additionally, some proponents elected to change their priorities, resulting in several planned milestones for 2019-20 being amended or discarded. External

variables such as market conditions, timing of investment decisions and obtaining necessary approvals may also effect the achievement of milestones. The department estimates that the KPI result, if adjusted for the COVID-19 and proponent priority impacts, would have been in the vicinity of 91%.

<b>Effectiveness KPI # 2</b>	<b>Target</b>	<b>Actual 2019-20</b>	<b>Actual 2018-19</b>
Extent to which State Agreement proponents comply with their reporting obligations and meet the Agreement objectives	95%	98%	96%
<p>This indicator measures the extent to which companies subject to State Agreement Act reporting requirements met their annual reporting obligations.</p> <p>The result of 98% indicates that the department has ensured companies perform against their reporting obligations under the various State Agreement Acts.</p>			

### **Audited KPI efficiency indicators**

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

<b>Efficiency KPI</b>	<b>Target</b>	<b>Actual 2019-20</b>	<b>Actual 2018-19</b>
Average cost per project facilitated	\$614,000	\$604,400	\$589,000
<p>The average cost of projects facilitated increased by 2.6% compared to the prior year, primarily as a result of the change in project numbers used in the calculation. Projects may commence and cease in any given year, and the financial impact of any one particular project may not be proportional to the average cost of projects. Certain projects receive specific funding while other projects are progressed using</p> <p>agency core funding. Specific project funding, when received for a finite period can have the impact of yielding inconsistent results from year to year. The variance of 1.6% from target to actual is primarily the result of movements in project funding during the year and a movement in project numbers compared to target numbers. Grant programs and policy development costs are excluded from this KPI.</p> <p>The Under Treasurer has approved discontinuation of the efficiency KPI "Average cost per identified major state initiative". Following machinery of Government Changes on 1 July 2017, this KPI is considered no longer relevant or representative of the department's activities and focus.</p>			

## Actual results versus budget targets

	2019-20 Target <sup>(1)</sup> (\$000)	2019-20 Actual (\$000)	Variation (\$000)
Total cost of services (expense limit) (sourced from Statement of Comprehensive Income)	185,920	187,877	1,957
Net cost of services (sourced from Statement of Comprehensive Income)	180,390	182,644	2,254
Total equity (sourced from Statement of Financial Position)	50,733	25,733	(25,000)
Net increase / (decrease) in cash held (sourced from Statement of Cash Flows)	(10,241)	1,236	11,477

<sup>(1)</sup> Targets for the department are incorporated in budget statements for the combined entity of the Department of Jobs, Tourism, Science & Innovation and Tourism WA. Consequently, neither entity is separately identifiable from the published budget statements, necessitating the preparation of annual estimates in accordance with Treasurer's Instruction 953 and approved by the Minister in accordance with section 40 of the Financial Management Act 2006. The budget estimates used throughout the financial statements reflect the Section 40 estimates.

### Total Cost of Services

The department's result against total cost of services was \$1,957,000 over target for the year. There were a number of prime drivers contributing to the result:

- » Supplies and Services were \$10,713,000 under target, the result of repositioning \$10,600,000 of budgeted 2019-20 expenditure into later years, predominately due to the impact of COVID-19 on various programs.
- » Cost of services was impacted by a non-budgeted expense of \$10,200,000

representing a write-down of assets at Technology Parks prior to transfer of the assets back to government.

- » Variations in other categories of expenses, including salaries, combined with new budget approvals during the year, accounted for the difference.

### Net Cost of Services

Net cost of services follows the same pattern as total cost of services, adjusted by the inclusion of external income, which was held reasonably within budget parameters.

### Total Equity

The movement in equity is the result of the transfer of Technology Parks back to government at a written-down value of \$25,270,000, combined with variations in the department's net result against target.

### Net increase in cash held

The favourable result against target includes repositioning of budgeted expenses to later years and impact of COVID-19 certain programs funded by Royalties for Regions or externally funded Special Purpose Accounts.

## Other financial disclosures

### Senior staff changes

On 29 March 2020, Rebecca Brown, Director General and Chief Executive Officer for Tourism WA, was directed to act as Director General to the Department of the Premier and Cabinet, and Richard Sellers was directed to act as Director General and Chief Executive Officer for Tourism WA.

### Ministerial directives

No Ministerial directives were received during this financial year.

## Other legal requirements

### Advertising

The department incurred the following expenditure on advertising:

Media advertising and promotion	Amount (\$)
Initiative Media Australia Pty Ltd	765,989
Marketforce Limited	60,111
Relativity Group Limited	1,900
Business News	6,700
<b>Total</b>	<b>834,700</b>

### 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.

There were 15 individual events during 2019-20 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.

2019-20	Amount (\$)
Aggregate amount of personal use expenditure for the reporting period	451
Aggregate amount of personal use expenditure settled by the due date (within five working days)	11
Aggregate amount of personal use expenditure settled after the period (after five working days)	440
Aggregate amount of personal use expenditure outstanding at balance date	nil

### Disability Access and Inclusion Plan outcomes

The department's Disability Access and Inclusion Plan (DAIP) is in accordance with the legislative framework. The 7 desired outcomes in the DAIP are supported by strategies to address the gaps identified in meeting the legislative requirements.

The strategies are also informed by the review and consultation undertaken in preparation of the plan. A 5 year (2018-2023) DAIP has been implemented and includes all outcomes required under the legislation.

During 2019-20, the following activities were progressed:

- » **Outcome 1** – People with disability have the same opportunities as other people to access the services of, and any events organised by, the department. Best endeavours are made for all events conducted or sponsored by the department to ensure that the events facilitate the desired access and inclusion outcomes expressly or implicitly set out in the DAIP. Specifically, all things reasonable are done to ensure that there are sufficient facilities at the venue for persons with disability to attend and maximise their participation in and enjoyment of the event.
- » **Outcome 2** – People with disability have the same opportunities as other people to access the buildings and other facilities of the department. The department maintains its premises (including conference and meeting rooms) to facilitate ease of

access for all people. The department always ensures that advice is sought when planning and designing any facilities or undertaking major refurbishments.

- » **Outcome 3** – People with disability receive information from the department in a format that will enable them to access the information as readily as other people are able to access it. People can contact the department if they require information in alternative formats. The department also continues to maintain its website to facilitate stronger alignment with current standards. All new online information and functionality implemented by the department is developed in line with best practice for people with disability wherever possible.
- » **Outcome 4** – People with disability receive the same level and quality of service from staff as other people receive from staff of the department. Staff members who interact with the public are aware of the need to support visitors with a disability.
- » **Outcome 5** – People with disability have the same opportunities as other people to make complaints to the department. All

existing complaint mechanisms are aimed at meeting the needs of people with disability. The department provides a variety of feedback mechanisms for people with disability to lodge grievances and comments.

- » **Outcome 6** – People with disability have the same opportunities as other people to participate in any public consultation by the department. When consultation is sought, the department gains public input directly and through survey organisations and other research bodies. The department reminds all staff and survey organisations of this outcome in the DAIP, including the ability to provide the same opportunities for people with disability to be involved in any public consultation.
- » **Outcome 7** – People with disability have the same opportunities as other people to be employed by the department. The department's recruitment and employment policies and practices reflect the aim of having a diverse workforce and supporting personnel with disability. The department also captures accurate demographic and disability data from its employees.



### Compliance with public sector standards and ethical codes

We are committed to fostering a culture of ethical behaviour and ensuring the highest standards of integrity and transparency in all interactions. We actively encourage ethical behaviour and deal promptly and fairly with instances of misconduct.

All new employees receive a comprehensive corporate 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.

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

During 2019-20, an internal Conflict of Interest audit was undertaken. The audit identified that

processes and controls in place were operating adequately, with recommendations for potential improvement opportunities to the Conflict of Interest Framework. Progress on recommendations will be reported regularly to senior executive and the department's Risk and Audit Committee.

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 2019-20 there were:

- » 0 public interest disclosures
- » 1 formal grievance
- » 0 disciplinary matters
- » 1 breach of standards claim, dismissed from previous year.

### Recordkeeping

Our department operates two records management systems, as we operate two corporate networks, one for the Department of Jobs, Tourism, Science and Innovation and one for the WA Tourism Commission. These two operate in the 1 William Street office in Western Australia. Both systems have respective recordkeeping plans enabling the ongoing digitisation, retention and disposal of records to be effectively managed for each network. We are actively moving files off site and moving to electronic file management wherever possible to reduce reliance on paper based files and to make information retrieval more efficient.

## Government policy requirements

### Occupational safety, health and injury management

We are 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.

During 2019-20, following the department's office relocation in early 2020, the site specific

Occupational Safety and Health (OSH) Committees amalgamated into one. Our committee members meet regularly and have actively worked to promote and resolve any issues or hazards. Our OSH representatives conducted regular workplace inspections to ensure the workplace was free of hazards. Business Services and Facilities staff work closely with OSH representatives, employees and managers to resolve OSH matters.

Our new OSH management system was approved by Strategic Corporate Executive in June 2020, and aligns with the Code of Practice, Occupational Safety and Health in Western Australian Public Sector. In developing the plan, extensive consultation

was undertaken with the OSH Committee members in the review of current policies and programs.

### Injury management

The department complies with the Workers' 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 2019-20 no employees required assistance with return to work following injury or illness.

## Occupational Safety and Health – statistics

### Measures

### Results, targets and commentary for Department of Jobs, Tourism, Science and Innovation\*

	Results	Results	Current		Comments towards targets
	2017-18	2018-19	Reporting	Year	
	Prior year	Prior Year	Year	Targets	
No. of fatalities	0	0	0	0	Achieved
Lost time injury and disease incident rate	0	0.74%	0.34%	0 or 10% reduction	Achieved
Lost time injury and severity rate	0	0	0	0 or 10% reduction in severity	Achieved
Percentage of injured workers returned to work (1) within 13 weeks	n/a	100%	100%	100%	Achieved
Percentage of injured workers returned to work (2) within 26 weeks	n/a	100%	100%	Greater than or equal to 80%	Achieved
Percentage of managers trained in occupational safety, health and injury management responsibilities, including refresher training within 3 years.	60%	0%	0%	Greater than or equal to 80%	Not achieved. OSH training for managers and staff planned for 2020/21. OSH is covered in all new employee inductions.

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

## SECTION 4. APPENDIX

### Legislation and changes to legislation

#### Appendix 1: Legislation and changes to legislation

The department administers 4 Statutes and 69 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 2019-20 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

#### 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. Wood Processing (WESFI) Agreement Act 2000
19. Wood Processing (Wesbeam) Agreement Act 2002

### Gas

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

### Gold

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

### Iron ore and steel

24. BHP Billiton (Termination of Agreements) Agreement Act 2006
25. Iron Ore Agreements Legislation (Amendment, Termination and Repeals) Act 2011
26. Iron Ore (Channar Joint Venture) Agreement Act 1987
27. Iron Ore (FMG Chichester Pty Ltd) Agreement Act 2006
28. Iron Ore (Goldsworthy-Nimingarra) Agreement Act 1972
29. Iron Ore (Hamersley Range) Agreement Act 1963
30. Iron Ore (Hamersley Range) Agreement Act Amendment Act 1968
31. Iron Ore (Hope Downs) Agreement Act 1992
32. Iron Ore (McCamey's Monster) Agreement Authorization Act 1972

33. Iron Ore (Marillana Creek) Agreement Act 1991
34. Iron Ore (Mount Bruce) Agreement Act 1972
35. Iron Ore (Mount Goldsworthy) Agreement Act 1964
36. Iron Ore (Mount Newman) Agreement Act 1964
37. Iron Ore (Murchison) Agreement Authorization Act 1973
38. Iron Ore (Rhodes Ridge) Agreement Authorisation Act 1972
39. Iron Ore (Robe River) Agreement Act 1964
40. Iron Ore (Wittenoom) Agreement Act 1972
41. Iron Ore (Yandicoogina) Agreement Act 1996
42. Iron Ore Processing (Mineralogy Pty Ltd) Agreement Act 2002

### Mineral sands

43. Mineral Sands (Eneabba) Agreement Act 1975
44. Mineral Sands (Cooljarloo) Mining and Processing Agreement Act 1988 [Agreement expired]
45. Mineral Sands (Beenup) Agreement Act 1995

### Nickel

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

### Oil

49. Oil Refinery (Kwinana) Agreement Act 1952

### Salt

50. Dampier Solar Salt Industry Agreement Act 1967
51. Evaporites (Lake MacLeod) Agreement Act 1967

52. Leslie Solar Salt Industry Agreement Act 1966
53. Onslow Solar Salt Agreement Act 1992
54. Shark Bay Solar Salt Industry Agreement Act 1983

#### Uranium

55. Uranium (Yeelirrie) Agreement Act 1978

#### Miscellaneous

56. Agent General Act 1895
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. Industry and Technology Development Act 1998
61. Paper Mill Agreement Act 1960 [Agreement expired]
62. Pigment Factory (Australind) Agreement Act 1986 [Agreement expired]
63. Railway (Roy Hill Infrastructure Pty Ltd) Agreement Act 2010
64. Railway and Port (The Pilbara Infrastructure Pty Ltd) Agreement Act 2004
65. Railway (BBI Rail Aus Pty Ltd) Agreement Act 2017
66. Silicon (Kemerton) Agreement Act 1987
67. Western Australian Jobs Act 2017
68. Western Australian Products Symbol Act 1972
69. Western Australian Tourism Commission Act 1983

#### Agreements terminated in 2019-20

Mineral Sands (Cooljarloo) Mining and Processing Agreement Act 1988 [Agreement expired]

#### New Agreement Acts ratified in 2019-20

Nil

#### New Statutes in 2019-20

Nil

#### Variations in 2019-20

North West Gas Development (Woodside) Agreement Act 1979

#### Agreement Acts repealed in 2019-20

Nil





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