



Kwinana
INDUSTRIES COUNCIL

Annual Report

2006-07

industry + community + environment







President's Report.

Kwinana Industries Council (KIC) has had a year of consolidation, review and achievement. These opportunities, created by a change of President and Director, came from a review of our strategic plan which identified labour and water as two major issues of importance for the Kwinana Industrial Area (KIA).

The ease of my transition from Vice President to President was a direct result of sustained, excellent work by my predecessor, Ian Hansen and the former director Tonia Swetman, both of whom made a seamless changeover possible by new director Chris Oughton and me.

The year's achievements come not from one area: but from continued and consistent work by six committees and their members. Staff from KIC member companies continue to man the engine room, giving valuable voluntary time to areas of synergy and improvement for the KIA. It is important to recognise that the time put in by KIC's member companies is critical to the ongoing success of the KIC, and I thank the committee chairs and members for their strong and continued support. Member company employees donate their time to KIC and this is a valued and rich resource.

Our strategic review validated KIC's direction and focus, leaving us confident about our overall direction. The KIA is vital to the economic health of Western Australia and its unique position and the association of industries in the area creates a world-leading model for co-operative decision making. Indeed such integrated infrastructure would be impossible to replicate.

This co-ordinated approach comes from the KIC and is highlighted by the Kwinana Industrial Area Integrated Assessment, which was released in July. It found that the KIA is not only a major industrial powerhouse which generates significant benefits to the local community, but also has an increasing level of environmental performance and sustainability initiatives which benefit the local and broader community.

Labour:

The booming economy and an aging workforce have combined to create both a short term and long term skilled labour shortage. Not only does the KIA face an immediate skills shortage, but there is a demographic gap which will

create another shortage in 10 to 15 years time unless there is an active training program. KIC's response to this has been the promotion of training initiatives such as CCI's Apprenticeship Australia scheme and the formation of a Workforce and Education committee.

The primary goals of the committee come from the identified need to develop and maintain conduits for potential employees to get into industry and to ensure that the Kwinana education system is producing future employees for the KIA. Local people with local jobs is a very worthwhile goal.

The KIC also provided funding for a strategic assessment of the KIA workforce and increased its funding to the Kwinana Industries Education Partnership (KIEP), so it can refocus itself on this task. This is covered in more detail in the body of this report.

Water:

KIC will continue to encourage its members and other industries in the KIA to undertake water use audits, encourage relevant research on source and reuse options, and support education and training programs to enhance public and company knowledge of Kwinana's water resource management. Current industry water demand is estimated to be 32.7 GL/yr. Demands are projected to increase to 48.9 GL/yr over the next 14 years (2021) based on existing industry growth, and potentially increasing to 69.6 GL/yr for all projected development in the KIA.

The KIA Water Planning Study, prepared for KIC, provides ways and means for the industry and community of the Kwinana region to create joint initiatives to tackle this issue, which leads to a better environment. It is required reading for anyone in the KIA who is concerned about planning their water usage.

Finally, I commend to you our new look. KIC aims to promote and contribute to the sustainable co-existence of Kwinana industry, the community and the environment. This has been shortened to industry + community + environment. It is an essential formula which I as president and the KIC as an organisation are determined to maintain.

Chris Lee
October 2007

Director's Report

It is important that my first report begins with a tribute and a note of personal thanks to my predecessor, Tonia Swetman. I have known her for some years and have admired her professionalism. This was obvious during my handover and meant the occurrence of two major changes – director and president – did not disturb the operating efficiency of Kwinana Industries Council (KIC).

I discovered the organization I had watched and admired from the outside to be just as effective internally. A great deal is achieved on a lot of fronts by its staff of three and the committees and working groups from its member companies.

Executive Assistant Debbie Hoey has just marked five years service with KIC and is a powerhouse of administrative excellence. KIC's commitment to optimum communication was borne out by the appointment of Communications Officer Renae Hibben in 2006. Her departure in August 2007 led to a re-evaluation and upgrading of the position, and I welcome the new Communications and Marketing Co-ordinator Alan Gale, whose smooth transition was made possible by the professional legacy left by Renae.

Industry in its role as a neighbour, is part of the community. Good neighbours don't hide from each other behind fences: they pop their heads over and communicate. When the relationships are really good, gates and paths are built.

This annual report is the first to carry the new look of KIC and the introduction of the KIC equation:
industry+community+environment.

It is vital for the continued success of the KIA that these three elements, which have long been part of the KIC mission, are held in balance. What is good for industry must be good for the community and must respect the environment. The synergies and ecological efficiencies identified in the Kwinana Industrial Area have brought it international recognition as a world's best practice cluster of industries, where a variety of companies find commonalities of purpose which not only benefit each other, but by doing so benefit the community and the environment.

I live in Kwinana, and not only bring extensive local knowledge to my role but have the desire of every Kwinana resident: that my neighbourhood continues to be a pleasant place to live. I am privileged to be able to work towards this through the KIC, which acts as a necessary

information conduit and as the prompter of community action: keeping the three forces of industry, community and environment in balance.

The last year's work gave Kwinana two major blueprints for the future: The Kwinana Industrial Area Water Planning Study and the Kwinana Industrial Area Integrated Assessment.

Water and Labour are our two significant areas of concern, as this report details: as are the community's concerns about air and noise emissions. The days are long gone when the caricature of industry as a thoughtless polluter is valid. By the same token I have seen changes in community attitudes as processes such as the Communities and Industries Forum bring differing views together in a structured environment dedicated to creating mutual understanding where the contributions of industry to the community and environment are explained.

Finally, to the parents of the young folk of Kwinana, Rockingham and Cockburn, I want to make a plea on behalf of the image of a career in industry. Industry should no longer be thought of as a "dirty" place to work. It is safe, clean and offers a huge range of careers: from the traditional trades to corporate services, environment, science, engineering and management. Your children will be coming home asking to be involved in programs organized by KIEP (the Kwinana Industries Education Partnership). It is no fluke that KIEP won a world's best award in this reporting period.

KIEP students have been the top WA students as winners or finalists in the state 'VET in Schools Student of the Year' awards for: School Based Trainee, Education Support Student, VET Student and Aboriginal and Torres Strait Islander Student every year between 2003 and 2005.

Encourage your children to be involved!

The companies who are members of KIC have made an ethical commitment to work together to improve the Kwinana region. This is contrary to the traditional image of different companies focusing within the corporate fenceline. This far reaching commonality of purpose is a wonderful asset for all aspects of Kwinana and, now speaking as a local, makes it a much better place for all of us to be.

Chris Oughton
October 2007









What is KIC?

The Kwinana Industries Council (KIC) is a not-for-profit incorporated business association with membership drawn from all the major industries and many of the smaller businesses in the Kwinana Industrial Area (KIA).

The KIC was established in 1991 with the primary goals of:

- promoting a positive image of Kwinana industries;
- facilitating community access to Kwinana industries;
- promoting high standards of business ethics and practices;
- promoting and advance the common interests of Kwinana industries;
- publicising the activities of members within the community;
- liaising with stakeholders in relation to the environment, public health, safety and industrial development, either as an association or on behalf of members, to ensure cost efficiency and protection of members interests; and
- detecting, determining and collating data relating to environmental emissions as a result of industry activity.

KIC achieves these goals through:

- **industry** leadership and advocacy;
- commitment to **environmental** sustainability and harmony; and
- **community** engagement and support.

Vision

The KIC aspires to be recognised through its actions and achievements as a leader in the field of industrial advocacy. As a voice for sustainable development, the KIC will strive to build on existing relationships so that the community also becomes an advocate for Kwinana industry. Making its case using accurate and up to date information from independent sources, the KIC will leverage its technical credibility to a point where its advice is respected and sought after by state and local government.

This can only occur when all members do their utmost to exceed regulatory expectations and when the broader community has high levels of confidence in industry.

Mission

To promote and contribute to the sustainable co-existence of Kwinana industry, the community and the environment.

Who is KIC?

On one hand, Kwinana Industries council can be described as a group of industries. However the spirit and intent of KIC moves beyond the borders of a constitutional definition. KIC is an integrated entity which unites the resources of its member companies so that they are good neighbours with the communities of the Kwinana Industrial Area and seek to exceed their regulatory requirements for environmental protection.

This is not just a statement – KIC is committed to a transparent reporting regime where claims and findings are backed up by empirical data and tested evidence. During this reporting period, KIC released the results of its Integrated Assessment, which provides a measure of the worth and synergies created by the members of KIC in the KIA.



Full Members as at July 2007

Alcoa
BP Refinery
Cockburn Cement
Coogee Chemicals
CSBP
Fremantle Ports
Hlsmelt
Nicklewest
Nufarm Coogee
Tiwest
Water Corporation
Wesfarmers LPG
Verve Energy

Associate members as at July 2007

Accensi
Air Liquide
Australian Water Services
Bayer CropScience
BOC Gases
CBI Constructors
CIBA Specialty Chemicals
Cockburn Power Station
Cooperative Bulk Handling
Doral Specialty Chemicals
Freo Machinery
International Power Mitsui
IPA Personnel
John Holland SMP

Kwinana Software Company
Nalco Australia
NewGen Power
Nufarm
OneSteel Market Mills
Shinagawa Thermal Ceramics
Skilled
Summit Fertilizers
Terminals West
Toxfree Kwinana
Tyco Water
United Group
United Farmers Cooperative
Kleenheat Gas





How does this happen?

By doing things.

During this reporting period, the KIC continued to identify and work on key issues common to its member base. The success of KIC has been its ability to address member issues in a way that produces synergistic results: results that in some cases would simply not be possible by companies working in isolation.

KIC member issues are not restricted in their impact to the sole benefit of members. KIC exists to maintain a balance between industry, the community and the environment. Kwinana is one of the cleanest, most environmentally pleasant industrial areas in the world: a status which has won it international recognition.

KIC is a major initiator of projects, plans and strategies designed to ensure that both for the community and for the environment the influence of industry is beneficial.

An indication of industry's commitment to achieving this is the time companies give to their employees to be involved in the work of KIC.

Membership means more than paying annual fees. It also means providing the professional skills of employees to work on the many committees, work groups and strategy teams which are vital to directing the work of KIC.

KIC has six major committees: Community Health and Environment and Planning (both chaired by Cameron Schuster of CSBP), Eco-Efficiency (chaired by David Cooling of Alcoa), Public Safety (chaired by Grant Robinson of Coogee Chemicals) and Public Affairs and Communications (chaired by Alan Gale of KIC).

Their names display in real terms the focus of our energies.

Strategic Review:

A strategic review was carried out in March 2007 and confirmed KIC's current direction.

Participants synthesised six Strategic Issues:

1. Ensuring the KIC business model continues to meet the needs of members;
2. Making the best use of our strong track record to drive business, industry and policy outcomes;
3. Being proactive in relation to current and emerging issues for the KIA;
4. Championing solutions to the skills shortage issue;
5. Maintaining the integrity of the Buffer Zone; and
6. Managing the relationships with a changing community demographic.

This "list of six" has driven us in a rolling five year strategic plan, which is dynamically updated annually.

Water

Just as for the rest of the nation, water is a major preoccupation for all in the Kwinana Industrial Area. The Kwinana Industrial Area Water Planning Study was launched in early 2006 by Water Resources Minister John Kobelke. This collaborative report between KIC, the Water Corporation, Department of Industry and Resources, and the Department of Water has produced a number of recommendations for the KIC to consider for implementation.

Its 15-year planning horizon will take KIC through into the future. The report is now with the environmental planning group who are working on appropriate strategies for implementation.

Economic, Social and Environmental Impact of the KIA

The KIA Integrated Assessment Report was launched by Industry and Enterprise Minister Fran Logan in July 2007. This report confirms the KIA as the premier industrial area of Western Australia with \$15.77B of output worth and 31,000 people either directly or indirectly employed by industry in the KIA.

Industry in the Kwinana region is committed to the harmonious co-existence of the community, environment and industry with a common desire to be good neighbours. Companies in the KIA continue to invest in environmental improvements that build on initiatives implemented to date. The Kwinana Industrial Area Integrated Assessment articulates a number of those achievements and highlights key areas where Kwinana industry can continue to increase efficiency and minimise environmental impact. The Kwinana Industrial Area is one of the most interconnected industrial areas in the world – an acknowledgement we are proud of and one that industry has committed to maintain and further enhance.

KIA Cumulative Risk Study

This important study is close to completion and will be an invaluable tool for industry and land use planning. The software can be made available to new proponents and KIC is now looking at playing a small administrative role in its use.

Noise Reference Group

Perhaps one of the most difficult issues members of the KIC have to deal with is noise. One person's noise is another person's enjoyment and many factors – increased use of air conditioners, traffic noise and railway noise combine with the emissions from industry to create an overall blanket. A source of sound can be defined as noise by one neighbour, however music to another – it is subjective.

The Noise Reference Group's membership is made up of volunteers from local government, Department of Environment and Conservation and the community, and is chaired by the Department of Industry & Resources. It seeks to explain just how noise impacts on the region and encourage individual companies to achieve minimal noise levels.

Specifically the Noise Reference Group's work with industry on proposed noise management strategies has resulted in a finding that industry is making less noise in the community, despite higher production levels.

The results of the 2005 update of the Kwinana Industrial Area's noise propagation model indicate that there has been a net reduction in the noise emission levels to noise sensitive premises in the area. Communicating this is a difficult and sometimes fraught task and the Group is to be congratulated as it negotiates this difficult course.





Community Health Partnerships

While there is no scientific evidence that Kwinana industry is impacting negatively on people's health, some members of the community are not convinced. The views of this group have enormous potential to perpetuate the belief that industry has been and continues to, harm the community.

In July 2006, KIC formed a partnership with the Rockingham Kwinana Division of General Practice to increase the awareness and level of the health in the community. To this end it established two free after school hours Youth GP Programs, one in Rockingham and one in Kwinana and its services will be expanded to include psychiatric services.

Workforce and Education

KIC identified there are two streams of workforce skills shortages in the Kwinana area – short term (exacerbated by the booming WA economy) and long term (because of the high average age of its workforce). The formation of a new committee (Workforce and Education) and increased funding to the Kwinana Industries Education Partnership (KIEP) detailed in the “events” section of this report highlights our continuing commitment to the region.

Dangerous Goods

Very successful workshops were co-hosted with the Plastics and Chemicals Industries Association (PACIA) of Australia to give feedback to the regulatory process during the drafting of new Dangerous Goods legislation. Over 70 attendees were able to provide practical advice on impact of proposed legislation and many issues were taken on board by Department of Consumer and Employment Protection to ensure legislation which regulates without being unrealistic would be the outcome.

Relationships

KIC exists on relationships. Relationships between its individual members, relationships between KIC and the community and relationships between KIC, the community and those who shape the environment we all share.



KIC Highlights ..

a series of snapshots taken from the events calendar for 2006-07

Kwinana Industries Education Partnership a World Beater

Kwinana Industries Education Partnership (KIEP) won the 2006 International "Global Best" Award for a Regional Development Partnership announced in Calabria, Italy.

KIEP was declared the best in the world in building active and sustainable communities by stimulating business engagement and contributing to regional growth, producing both economic and social benefits.

KIEP is funded under the Australian Government initiative Career Advice Australia through the Department of Education, Science and Training (DEST) Local Community Partnerships and at a State level by the Department of Education and Training (DET) and Kwinana Industries Council.

WA Police go Industrial

Kwinana Industries Council (KIC) hosted an industries tour by Western Australia Police (WAPOL) so they can gain first hand knowledge of existing emergency response plans and procedures for the KIA.

Superintendent Brian Cunningham and Officers from the South Metropolitan District Office visited Coogee Chemicals, CSBP Limited, BHP Billiton and the BP Refinery (Kwinana).

Emergency response procedures at each site were examined to further develop the working relationship and knowledge between industry and emergency response services.

The aim of the partnership is to continue to develop a collaborative and efficiently coordinated approach to emergency response in the area. Utilising the expertise and resources of all stakeholders will enable best outcomes for the community.

KIEP Awards Winners

Kwinana Senior High School students Daniel McDerment and Cameron Dolan were the equal winners of the 2006 Kwinana Industries Council Engineering School Based Trainee Top Student Award.

The award acknowledges the top student participating in the KIC Engineering School Based Traineeship Program.

The two-year traineeship comprises study at Kwinana Senior High School, Rockingham TAFE and almost 100 days in the workplace, for which trainees are paid a training wage.

Both found immediate placements: Cameron is now an apprentice with his host employer Alcoa, and Daniel is with Verve Energy.





KIC plans go to Water

Kwinana Industries Council's launch of a 15-year water strategy gained national attention. The aim is to continue the policy of ecologically sustainable development by ensuring both Kwinana industry and the community plan water reuse and fit-for-purpose water options for the future.

Water has become a vital issue in recent years.

Kwinana Industrial Area water demands are currently estimated at 32.7 GL/yr from all water sources, and are projected to increase to 69.6 GL/yr by 2021.

The KIA Water Planning Study assessed future water demands and wastewater disposal options of selected major water using industries in the KIA; identified and quantified scenario-based alternatives developing long-term multi-quality water supply and wastewater re-use / disposal strategies; and will provide greater planning certainty for the sustainable growth and development of industry in the area.

The plan includes a commitment to examine a long-term water supply and waste water re-use and disposal strategies.



KIC Design for Industry Art Awards (and Nufarm Youth Encouragement)

A freak forty-two degree March heatwave did not dampen an enthusiastic 200-strong crowd attending the tenth KIC Design for Industry Art Awards, opened by the Minister for Education and Training the Hon Mark McGowan.

The industry/community arts exhibition attracted an entry field of over 1000, of which 100 made it to the final exhibition

Mr McGowan paid tribute to the contribution of industry and community to the social fabric of society, working harmoniously to achieve deserving recognition for a program that has demonstrated many years of successful growth and sustainability, whilst adding value to the community.

"Art in all its forms is a process vital to a healthy and vibrant society enabling the whole community to expand its interactive relationships and partnerships, and by working together, build stronger communities," he told the opening.

The KIC Design for Industry and the Nufarm Youth Encouragement Awards arts partnership carried off Western Australia's prestigious award for community investment at the State Arts Sponsorship Scheme awards in late 2005 and nine months later was awarded South Coast Regional Chamber of Commerce's Business Award for Community Investment.

In 2007 the arts partnership celebrated over a decade of achievement, made possible through cooperation between local industry, high schools, the Rockingham Council for the Arts and Crafts, Rockingham City and the general community.

In the major categories the outright winner of the KIC Design for Industry was Jemma Grljusich of Hamilton High School, for her hall table.



The KIA, A State Treasure

It is important that those who make decisions about Kwinana industry see it first hand.

In March 2007, staffers from the Western Australian Department of Treasury & Finance (DTF) toured the Kwinana Industrial Area (KIA), hosted by the Kwinana Industries Council (KIC).

Some 15 staff from the Economics Unit had the opportunity to witness Kwinana industrial operations first hand. The tour included site visits to Verve Energy (Kwinana Power Station), Alcoa World Alumina Australia, Hismelt Operations and BP Oil (Kwinana).

DTF representatives were provided with an opportunity to supplement more traditional forms of data and analysis typically used, which helped them add another dimension and perspective to their analysis of the economy and related policy issues.

"The tour was very beneficial. We gained an appreciation of the scale and logistical complexity of operations located in Kwinana," said Michael Eckermann, Assistant Director Economic Policy Division.

"Our team now has a much better understanding of major industry issues facing KIC members, as well as some of the more general and technical considerations important to their business."

Science In Industry

Leading education, science and industry representatives were brought together in March: part of KIC's commitment to bettering the learning experiences and employment opportunities of our local young people.

The Kwinana Industries Education Partnership (KIEP) facilitated a strategic planning session around the Real World Science project in March 2007, hosted by the Kwinana Industries Council (KIC).

The Real World Science project was initiated two years ago by a group of interested members of the community in raising the profile of science and science based careers in the local area.

Mr. Andy Gulliver of Custom Composts, a founding member of the project, said:

"Having been involved from the concept stage it was so pleasing to see an idea come to fruition. For me, it was a watershed. Industry players engaged with educators and started to describe a new way of working together. A strategic focus combined with on-ground action resonated with me. Education and industry are talking the same language and meeting each others needs."

Real World Science is specifically designed to make school science relevant to students and their teachers by incorporating industry and other local contexts into the curriculum. The adding of a 'human and local face' to industry will assist young people studying in Rockingham and Kwinana to see the myriad of science and engineering career paths available to them.

"Changing perceptions of science is the first step in providing students with amazing career options which can contribute to society and help protect the environment for the future," said Nadine Smith, Real World Science Coordinator.

The project has gained momentum and support through the generous sponsorship of the KIC, Hismelt, Alcoa, Murdoch University and the Australian Schools Innovation in Science, Technology & Mathematics Grant.





Justin Langer goes to bat for Kwinana Industry: Fit For Work

Kwinana Industries Council (KIC) hosted its inaugural Occupational Health & Safety Workshop at the Fremantle Sailing Club in March.

Over 50 Kwinana industry representatives and health professionals gathered to share 'fit for work' knowledge and experiences and heard tips from Australia's greatest top-order batsmen, Justin Langer.

Over his 105 tests and 23 test centuries, Justin's commitment to fitness for work in his chosen profession is paramount.

"Fitness is crucial to me, not only in cricket, but in my life," he said

"Safety equipment, education and concentration are vital to ensuring safety in the workplace."

This key message resonated throughout the workshop as KIC members listened to a number of sessions from industry experts including:

Rockingham-Kwinana Mental Health Service – mental health and stress in the workplace

Department of Consumer & Employment Protection – the ageing workforce

WorkSafe – working hours and fatigue

KIC Member Case Study : CSBP Limited – drugs and alcohol in the workplace



Getting on Tuart

The Kwinana Industries Council and Swan Catchment Council marked their environmental partnership with the ceremonial planting of a Western Australian native tuart at Kwinana Beach in May.

The KIC's commitment to environmental leadership was emphasised through its decision to support the SCC's Coastcare Program in the Southern Metropolitan Perth region.

"The KIC's efforts will always focus on protecting the environment that each of us share," KIC Director Chris Oughton said at the planting ceremony.

"The KIC aims to have an environmental performance that we are proud of by contributing to sustainable development in the region, through initiatives such as the Coastcare program."

The KIC and SCC will work together to assist local communities to participate in activities that promote and support the coastal environment, an area highly valued by the community and industry.



Industry Supporting Local Youth Health

The Kwinana Industries Council (KIC) has partnered with the Rockingham – Kwinana Division of General Practice (RKDGP) to deliver a Youth Health Program for local young people.

The program focuses on the health needs of young people in the Rockingham / Kwinana area; especially needs relative to accessing doctors in general practice and the promotion of health issues specifically related to young people.

The RKDGP, KIC, Town of Kwinana and City of Rockingham have joined together to support the program's operational costs. The KIC has committed \$30,000 over three years.

"We would not be in a position to offer this program without the support of Kwinana industry. It is vital that we provide such a service to enhance the health of the young people within Rockingham and Kwinana," said Peter Cook, RKDGP Chief Executive Officer.

After school Youth GP Programs have been established in Rockingham and Kwinana: a free clinic is open at each location between the hours of 3:00 pm and 6:00 pm fortnightly.



Water Story Shared with Community

KIC is committed to facilitating open and honest communication between community and industry.

This was exemplified when KIC invited local community representatives on a site tour of the Kwinana Water Reclamation Plant (KWRP) in May.

Community members were provided the opportunity to witness first hand an example of the collaborative approach to environmental sustainability by Kwinana industry.

"KWRP is very well placed, central to industry currently taking water and close to those who will in the future. I'm sure people have no idea it's there, cleaning up wastewater for reuse and conserving scheme water. It was very educational, and I'm pleased to have been given the opportunity to visit," said David Graham of Medina.

KWRP began operating in November 2004, expanding water source options and providing a number of tangible economic, environmental and social benefits for the people of Kwinana, Rockingham and Perth.

The success of past collaborative water planning by industry and government, lead to the successful construction and operation of the KWRP, the biggest water recycling plant of its type in Australia.

The KIA Water Planning Study, launched in January, will continue to increase Kwinana industries' use of wastewater and further decrease industry reliance on scheme water. Industry is looking ahead in planning water reuse and fit-for-purpose water options for the future.







Your Executive Committee members submit the financial report of the Kwinana Industries Council Inc. for the financial year ended 30 June 2007.

COMMITTEE MEMBERS

The names of Executive Committee members at the date of this report are:

- Chris Lee - President
- Terry Hoyle - Vice President
- Brett Swayn - Vice President
- Chris Oughton - Director

PRINCIPAL ACTIVITIES

The principal activities of the association during the financial year were unchanged from those of the previous year and are as follows:

- to promote a positive image of industry operating in the Kwinana area, within the community;
- to facilitate community access to industry operating in the Kwinana Area;
- to promote high standards of business ethics and work practices in industry operating within the Kwinana Area;
- to promote and advance the common interests of the operators of industry in the Kwinana Area;
- to publicise activities of the members within the community;
- to liaise and consult with the community, the EPA and all levels of government;
- to detect, determine and collect data relating to pollution occurring in the atmosphere and to monitor the environment generally in and around Kwinana.

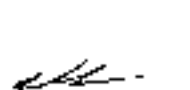
SIGNIFICANT CHANGES

No significant change in the nature of these activities occurred during the year.

OPERATING RESULT

The surplus from ordinary activities after income tax amounted to \$28,639 (\$08,556 in 2006).

Signed in accordance with a resolution of the Members of the Committee


Chris Lee
President


Chris Oughton
Director

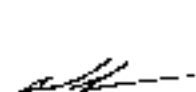
Dated this 28th day of September 2007

The Executive Committee has determined that the Association is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In the opinion of the Committee:

- The special purpose financial report as set out on pages 3 to 9 presents a true and fair view of the financial position of Kwinana Industries Council Inc. as at 30 June 2007 and its performance for the year ended on that date; and
- At the date of this statement, there are reasonable grounds to believe that Kwinana Industries Inc. will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the Executive Committee and is signed for and on behalf of the Committee by:


Chris Lee
President


Chris Oughton
Director

Dated this 28th day of September 2007

**KWINANA INDUSTRIES COUNCIL INC.
PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

	Note	2007 \$	2006 \$
INCOME			
Full Member Fees after discounts		822,110	822,709
Associate Member Fees		75,125	80,250
Non Member Contributions- Economic Impact Study		75,000	-
Interest		41,790	31,897
Miscellaneous		41	-
Total Income		<u>1,014,066</u>	<u>934,356</u>
LESS: EXPENSES			
Accounting and Bookkeeping		3,737	2,800
Advertising		21,510	29,820
Audit Fees		2,410	7,760
Bank Charges		25	74
Employment Expenses		266,937	200,867
General Expenditure		35,980	23,073
Interest		79	-
Insurance		2,650	2,871
Meetings, Presentations and Sponsorships		114,802	86,444
Office Equipment		6,518	17,738
Office Rent		13,089	14,907
Postage, Printing and Stationery		10,647	14,838
Professional Fees		482,720	424,052
Telephone		7,662	6,675
Website		3,955	6,356
Total Expenditure		<u>972,931</u>	<u>836,253</u>
Surplus from ordinary activities before income tax		<u>41,145</u>	<u>98,103</u>
Income tax expense	2	(12,506)	(9,547)
Surplus from ordinary activities after income tax		<u>28,639</u>	<u>88,556</u>
RETAINED SURPLUS AT THE BEGINNING OF THE FINANCIAL YEAR		528,227	448,035
Net Transfer (to)/ from Reserves	7	37,480	(8,364)
RETAINED SURPLUS AT THE END OF THE FINANCIAL YEAR		<u>594,355</u>	<u>528,227</u>

**KWINANA INDUSTRIES COUNCIL INC.
BALANCE SHEET
AS AT 30 JUNE 2007**

	Note	2007 \$	2006 \$
EQUITY			
Retained Surplus	7	594,355	528,227
Reserves	8	97,060	134,489
TOTAL EQUITY		<u>691,355</u>	<u>662,716</u>
Represented by:			
CURRENT ASSETS			
Cash	3	113,727	802,797
Receivables	4	57,219	49,648
Total Current Assets		<u>830,946</u>	<u>852,445</u>
TOTAL ASSETS		<u>830,946</u>	<u>852,445</u>
CURRENT LIABILITIES			
Payables	5	124,861	2,076
Tax Liabilities	6	14,730	11,513
Accruals - Projects		-	176,140
Total Current Liabilities		<u>139,591</u>	<u>189,729</u>
TOTAL LIABILITIES		<u>139,591</u>	<u>189,729</u>
NET ASSETS		<u>691,355</u>	<u>662,716</u>

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Executive Committee has determined that the Kwinana Industries Council Inc. is not a reporting entity because in the Committee's opinion, there are unlikely to exist users who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. These Financial Statements are therefore a Special Purpose Financial Report prepared in accordance with the accounting policies outlined in Note 1 to the financial statements solely to meet the requirements of the members of the Council.

The financial report has been prepared in accordance with the requirements of the Associations Incorporation Act (WA) 1987 and the following Australian Accounting Standards:

AASB 1031	Materiality
AASB 110	Events after the Balance Sheet Date

No other applicable Accounting Standards, Urgent Issues Group Interpretations or other authoritative pronouncements of the Australian Accounting Standards Board have been applied.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values, or except where specifically stated, current valuations of non-current assets.

The following material accounting policies, which are consistent with the previous period unless otherwise stated, have been adopted in the preparation of this financial report.

a. Income Tax

The Association adopts the liability method of tax-effect accounting whereby the income tax expense shown in the income and expenditure statement is based on the operating surplus before income tax adjusted for any permanent differences. Refer to Note 2 below.

Non-member income of the association is only assessable for tax, as member income is excluded under the principle of mutuality.

b. Property, Plant and Equipment

The Association currently expenses all capital purchases in the period in which the purchase occurred. This is consistent with the previous reporting period.

NOTE 2: INCOME TAX EXPENSE

	2007	2006
	\$	\$
Provision for tax payable on operating surplus before income tax at 30%	12,343	29,431
Less tax effect of non-taxable member income arising from principle of mutuality	(1,633)	(19,886)
Income tax expense	<u>12,506</u>	<u>9,545</u>

NOTE 3: CASH ASSETS

Cheque Account	65,255	94,325
Cash Management Account	<u>708,472</u>	<u>709,472</u>
	<u>773,727</u>	<u>803,797</u>

NOTE 4: RECEIVABLES

	2007	2006
	\$	\$
Trade Receivables	1,618	24,910
GST Receivable	45,898	16,200
Interest Receivable	<u>9,703</u>	<u>8,538</u>
	<u>57,219</u>	<u>49,648</u>

NOTE 5: PAYABLES

Trade Creditors	124,661	2,076
	<u>124,661</u>	<u>2,076</u>

NOTE 6: TAX LIABILITIES

Income Tax Payable	11,819	8,952
Deferred Tax Liability	<u>2,911</u>	<u>2,561</u>
	<u>14,730</u>	<u>11,513</u>

NOTE 7: RETAINED SURPLUS

Opening Balance 1 July	528,227	446,035
Transfer from Reserves – (Refer Note 8):		
Administration	40,000	-
Air Quality	-	23,636
Ecoefficiency	4,489	10,000
Marine	10,000	-
Noise	-	15,000
Planning & Buffer	10,000	-
Public Safety	-	20,000
Transfer to Reserves – (Refer Note 8):		
Administration	-	(37,000)
Air Quality	-	-
Community Health	(10,000)	(30,000)
Ecoefficiency	-	-
Marine	-	-
Noise	(15,000)	-
Planning & Buffer	-	(10,000)
Public Safety	(2,000)	-
Net Transfer (to)/from Reserves	<u>32,489</u>	<u>(8,364)</u>
Current Year Surplus after income tax	<u>29,679</u>	<u>68,556</u>
Closing Balance 30 June	<u>594,355</u>	<u>527,227</u>

NOTE 8: RESERVES

	2007 \$	2006 \$
(i) Administration		
Opening Balance	40,000	3,000
Transfer from Retained Earnings	-	37,000
Transfer to Retained Earnings	(40,000)	-
Closing Balance	-	40,000
(ii) Air Quality		
Opening Balance	-	23,636
Transfer to Retained Earnings	-	(23,636)
Closing Balance	-	-
(iii) Community Health		
Opening Balance	30,000	-
Transfer from Retained Earnings	10,000	30,000
Closing Balance	40,000	30,000
(iv) Ecoefficiency		
Opening Balance	14,489	24,489
Transfer from Retained Earnings	-	(10,000)
Transfer to Retained Earnings	(4,489)	-
Closing Balance	10,000	14,489
(v) Marine		
Opening Balance	40,000	40,000
Transfer to Retained Earnings	(10,000)	-
Closing Balance	30,000	40,000
(vi) Noise		
Opening Balance	-	15,000
Transfer from Retained Earnings	15,000	-
Transfer to Retained Earnings	-	(15,000)
Closing Balance	15,000	-
(vii) Planning & Buffer		
Opening Balance	10,000	-
Transfer from Retained Earnings	-	10,000
Transfer to Retained Earnings	(10,000)	-
Closing Balance	-	10,000
(viii) Public Safety		
Opening Balance	-	20,000
Transfer to Retained Earnings	2,000	(20,000)
Closing Balance	2,000	-
TOTAL	497,003	5134,489

NOTE 9: EXPENDITURE COMMITMENTS

The association has entered into expenditure commitments with external parties over more than one reporting period. We have summarised the material commitments under these contracts below.

• **Cooperative Research Centre for Sustainable Resource Processing**

On 1 October 2003, as part of the Cooperative Research Centres Programme, the Commonwealth entered into a joint venture agreement with various industry and education organisations, including Kwinana Industries Council (KIC), for the purpose of establishing a research centre. The agreement provides for cash and in-kind contributions from the KIC to the centre totalling \$260,000 comprised of \$140,000 cash and \$140,000 in-kind contributions. Contributions commenced in the 2003/4 financial year for seven years.

• **Project Number 3B1 - Capturing Regional Synergies in the Kwinana Industrial Area**

An agreement was entered into by KIC with Curtin University of Technology and SRP Management Ltd to undertake this consultancy. The agreement provides for cash and in-kind contributions from various parties including KIC. KIC has agreed to provide a total in-kind contribution of \$60,000 over three financial years commencing 2003/4. This commitment was extended in the current year by two years to 2007/8 (cash \$10,000 and in-kind \$20,000) per annum.

• **Rockingham/Kwinana Division of General Practice**

An agreement was entered into by KIC with the Rockingham/Kwinana Division of General Practice to provide a sponsorship of a General Practitioner Youth Service with a \$10,000 cash commitment for three years commencing 2006/7, \$5,000 to Rockingham and \$5,000 to Kwinana.

• **Cockburn Sound Management Council – Water Quality Monitoring**

The Environment and Planning Committee has agreed to budget \$30,000 over the next three years (\$90,000 in total) to support the Cockburn Sound Management Council Water Monitoring program. Funding was approved up to 30 June 2010. At the time of the preparation of these financial statements, the memorandum of understanding was being drafted.

• **Swan Catchment Council – Sponsorship of Coastcare**

A memorandum of understanding was entered into with the Swan Catchment Council setting out the partnership between these two bodies to support the Southern Metropolitan Coastcare Program for a period of 15 months for the total sum of \$12,500 commencing 1 April 2007 and concluding on 30 June 2008.

• **Kwinana Industries Education Partnership**

The KIC Committee agreed as part of the 2007 budget process to provide an initial contribution of \$100,000 to the operations of the Kwinana Industries Education Partnership for 2007/8. At the time of the preparation of these financial statements, the memorandum of understanding was being drafted.

INDEPENDENT AUDIT REPORT
TO MEMBERS OF KWINANA INDUSTRIES COUNCIL INC.
AS AT 30 JUNE 2007

The commitments remaining from the above at the reporting date can be summarised as follows:

	2007		2006	
	Cash \$	In Kind \$	Cash \$	In Kind \$
Less than 1 year	180,000	20,000	99,000	40,000
Between 1 and 5 years	110,000	40,000	90,000	90,000
Greater than 5 years	-	-	-	-
	<u>290,000</u>	<u>60,000</u>	<u>189,000</u>	<u>130,000</u>

NOTE 10: COMPARATIVES

Where necessary, comparative information has been amended to facilitate comparison.

Report on the Financial Report

We have audited the accompanying financial report, being a special purpose financial report, of Kwinana Industries Council Incorporated, which comprises the balance sheet as at 30 June 2007, and the profit and loss, a summary of significant accounting policies, other explanatory notes and the Committee Declaration.

The Responsibility of the Executive Committee for the Financial Report

The Executive Committee of Management of the Kwinana Industries Council Incorporated are responsible for the preparation and fair presentation of the financial report and have determined that the accounting policies described in Note 1 to the financial statements, which form part of the financial report, are appropriate to meet the financial reporting requirements of the constitution and are appropriate to meet the needs of the members. The Committee responsibility also includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. No opinion is expressed as to whether the accounting policies used, as described in Note 1, are appropriate to meet the needs of the members. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the association's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial report.

The financial report has been prepared for distribution to members for the purpose of fulfilling the Committee's financial reporting under the constitution. We disclaim any assumption of responsibility for any reliance on this report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

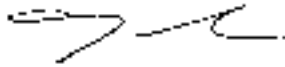
Independence

In conducting our audit, we have complied with the independence requirements of Australian professional ethical pronouncements.

Auditor's Opinion

In our opinion, the financial report on pages 2 to 9 gives a true and fair view of the financial position of Kwinana Industries Council Incorporated as of 30 June 2007 and of its financial performance for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

2020 Global Pty Ltd



Bruce Donald
Principal

Dated this 28th day of September 2007



