



ChemCentre

Statement of Corporate Intent

2019 - 2020



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Agreement:

The Statement of Corporate Intent (SCI) describes the agreement between ChemCentre and the Minister for Science on the intended priorities and performance.

The Statement of Corporate Intent is consistent with the Strategic Development Plan which details ChemCentre’s five-year projections and planning.

Hon Dave Kelly
Minister for Science

Peter McCafferty
Chief Executive Officer, ChemCentre

Our Values

<p>Integrity</p> <p>We operate a sustainable business that strives to operate safely, ethically, sustainably and with integrity in all that we undertake.</p>	<p>Respect</p> <p>We respect our clients, our staff and the responsibilities that we are charged with.</p>
<p>Technical Excellence</p> <p>We advocate technical excellence and utilising excellent science to inform and improve everything that we do.</p>	<p>Innovation</p> <p>Through method development and targeted, collaborative research and development we continually seek to improve our science for the benefit of our stakeholders.</p>

Executive Summary

ChemCentre is Western Australia's leading chemical and forensic science service provider. Since its origin in the 1890s as the Western Australian State Government Chemical Laboratory it has continued to play a key role in matters of:

- public and environmental health,
- justice,
- food and agriculture,
- safety and security,
- facilitating state development through the provision of chemistry and related scientific excellence,
- promoting and assisting in the provision of chemistry-based education, and
- conducting collaborative research for the benefit of the State.

ChemCentre principally exists to provide specialised chemical and forensic services to enable the state to manage its chemistry-related risks to ensure a safe and prosperous Western Australia (WA). It applies technical knowledge to solve practical problems to achieve effective outcomes for communities, government and private industry. Within its areas of expertise, ChemCentre contributes to scientific education and knowledge in WA and operates a successful consulting business. The consulting business offsets the overall cost of the provision of essential services to government.

ChemCentre operates within the scope of its five-year Strategic Development Plan and its enabling legislation (*Chemistry Centre (WA) Act, 2007*), which outlines ChemCentre's strategic objectives and the operational targets to achieve these objectives. In summary the functions of the ChemCentre are to provide chemical information, advice and analytical service, particularly but not limited to:

- Public health and safety;
- Environmental protection;
- Crisis and emergency response and management;
- Forensic science and medicine;
- Undertake research and development that will or is likely to assist with the development of the State and its other functions;
- Promote and provide chemistry-based education and training;
- Develop our people and organisational capability to ensure financial sustainability.

This Statement of Corporate Intent (SCI) outlines and describes:

1. How ChemCentre's Board and Executive will function in the 2019/20 financial year to achieve the operational targets and the metrics by which performance will be measured.
2. ChemCentre's anticipated operating income and expenditure and the capital expenditure for the 2019/20 financial year.
3. How ChemCentre will provide its community service obligations.

1. Introduction

The Chemistry Centre WA, trading as 'ChemCentre', provides essential chemical and forensic services to ensure a safe and prosperous Western Australian community. As a Statutory Authority established under the *Chemistry Centre (WA) Act 2007*, it applies technical knowledge to practical problems to achieve effective outcomes for communities, government and industry. The business model for delivering these services is continually evolving to progress towards financial sustainability and to ensure ChemCentre's continuing role in mitigating chemical-related risks on behalf of the State. ChemCentre also conducts collaborative research and development (R&D) and participates in scientific education, training and knowledge in WA.

A Statement of Corporate Intent (SCI) for ChemCentre for each financial year is required under the *Chemistry Centre (WA) Act 2007 (s20)*. Within this context, the SCI must be consistent with the Strategic Development Plan (SDP) for ChemCentre.

2. Strategic Direction

The community of Western Australia is the primary beneficiary of ChemCentre's services. Our major clients include the Government of Western Australia (directly and through client Departments), Government Trading Enterprises (GTEs), the public and industry. ChemCentre strives to achieve its mission of ensuring a safe and prosperous Western Australia by providing specialised services to a range of clients.

Although ChemCentre's legislation does not restrict its activities to only WA, the majority of its work is conducted for clients operating in WA. Linkages exist with many national and international bodies to ensure that ChemCentre's expertise is maintained and grown.

OUR VISION:

ChemCentre is Western Australia's leading provider of specialised chemical and forensic science services.

OUR MISSION:

ChemCentre provides chemical and forensic science services for a safe and prosperous Western Australia.

3. Operational Targets and Approach

ChemCentre sets high level operational targets for the objectives outlined above within the context of the SDP. We are committed to continually striving to deliver key services in a more cost-effective manner. For the 2019/20 financial year ChemCentre will be taking the following approach:

1. Ensuring it meets targeted productivity gains, required government efficiency dividends and projected sales targets.
2. Providing transparent costing for services to government clients.
3. Aligning its risk assessment for public good services against the government's risk appetite.
4. Achieving continued improvement in customer satisfaction through efficient and effective delivery of recognised and valued, fit-for-purpose services.
5. Ensuring staffing costs and employment metrics align with whole-of-government policy.
6. Ensuring that ChemCentre's strategic asset plan prioritises and identifies the capital required to meet mandated statutory obligations, considering equipment reliability and maintenance requirements.

By taking this approach ChemCentre will pursue revenue opportunities with government agencies and the private sector consistent with its mandate and strategic objectives. Of particular interest will be opportunities that complement the skill sets ChemCentre must maintain to address the State's risks. ChemCentre will continue to maintain essential capability for government and offset the overall cost of this by carrying out consultancy work for industry.

In 2019/20, in order to contribute to the costs of running ChemCentre and to the development of the State, ChemCentre will concentrate on providing commercial services to the private sector in the areas of:

1. Food and compositional analysis to support industry development, regulation, certification and safety.
2. Advanced analytical chemistry in support of the Racing and Wagering industry of Western Australia.
3. Environmental analysis and consultancy services including provenance and low levels of analysis.

4. Consultancy and analytical services in support of the State's oil and gas sector.
5. Occupational health and hygiene analysis and community health toxicology.
6. Advanced analytical technologies to assess and manage the potential impacts of mining activities.
7. Consultancy and analytical services in support of the State's Justice and Police systems.

While pursuing these opportunities ChemCentre will endeavour to:

1. Ensure that it is recognised as a premium service provider, with recognised excellence in delivery timeliness, quality and scientific innovation.
2. Provide invaluable consultancy services including forensic intelligence for criminal investigations.
3. Be an employer of choice with a commitment to staff development, rewarding working conditions and recognition of individual excellence.
4. Maintain the required, fit-for-purpose equipment and systems.
5. Foster high quality relationships at state, national and international level.

To achieve this ChemCentre will be striving to ensure it:

1. Maintains the breadth of skills and instruments required to rapidly respond to major risk events.
2. Develops and maintains relationships with first responder agencies and other organisations to ensure it can meet its emergency response requirements.
3. Informs where possible, policies, regulations and practices that address the State's emergency, forensic and chemical risks.
4. Partners with its clients, suppliers and other relevant parties through collaborative agreements and commercial arrangements.
5. Engages in formal and informal partnerships with other stakeholders to leverage the ChemCentre brand in service arrangements.

4. Major Initiatives for Achieving Strategic Objectives

Given the strategic objectives outlined above, ChemCentre intends to undertake several major initiatives during 2017-18, which will make a significant contribution towards these five-year objectives. These are outlined in Table 1.

Table 1: Major initiatives planned for 2019/20.

Core responsibility	Implementation	2019/20 Goals
<p>1. Mitigate risks to government associated with public health, public safety and the environment</p>	<ul style="list-style-type: none"> • Identify and assess chemical risks to the health, safety and environment of the State and its citizens • Collaborate with key government agencies to mitigate chemical risks • Deliver quality chemistry-based scientific services to assist in addressing risks to the State • Maintain and expand the suite of memoranda of understanding (MoU) and Heads of Agreement (HoA) underpinning collaboration with key State and Commonwealth government organisations 	<ul style="list-style-type: none"> • Continue to manage a government stakeholder engagement program to determine shared responses to State chemical risks particularly in high risk areas of crisis response, public health and environmental incidents, with particular focus on emerging risks • Continue to monitor ChemCentre’s role in management of the State’s chemistry-related risks, in consultation with the Minister and relevant government agencies • Continue to build on the priority areas of collaborative R&D based on identified and emerging State risks and opportunities in alignment with the objectives of the <i>Chemistry Centre (WA) Act 2007</i> and published State government science priorities

Core responsibility	Implementation	2019/20 Goals
<p>2. Keep the State safe during times of emergency and crisis</p>	<ul style="list-style-type: none"> • Deliver emergency response and chemical hazard response services to the State • Collaborate on all relevant State Emergency Management Plans (WestPlans) • Manage national and international relationships with chemical hazard, emergency response and counterterrorism agencies • Maintain core capacity to respond to emergencies and crises within agreed timelines • Ensure that systems and capabilities established to respond to emergencies and crises can mobilise within required timeframe 	<ul style="list-style-type: none"> • Continue to conduct training programs in conjunction with State Hazard and Emergency Management Agencies and collaborating partner agencies • Review and modify (if necessary) the protocols, based on a collaborative approach and agreed best practice, with national and international partners to inform decision making in response to chemical hazards, emergencies and terrorism incidents • Review the level of expertise to respond to hazardous incidents, particularly those emerging hazards • Report on the schedule of potential chemical risks for key industrial precincts in WA • Trial, through mock scenarios and real incidents, the air-capability deployment of an emergency response in collaboration with DFES
<p>3. Support the State justice and policing systems</p>	<ul style="list-style-type: none"> • Deliver evidentiary forensic science services that meet key agency requirements • Provide new or improved services in forensic science to meet emerging requirements • Expand services to WA Police and justice system to support science-based policing 	<ul style="list-style-type: none"> • Expand forensic intelligence services, based on international trends and targeted laboratory investigations, to improve the efficient and reliable delivery of client outcomes • Investigate and lead R&D opportunities to harness new technologies and methodologies in forensic science

Core responsibility	Implementation	2019/20 Goals
<p>4. Support the sustainable economic development of the State</p>	<ul style="list-style-type: none"> • Partner with government and industry to investigate risks to State development • Deliver a comprehensive, fee-for-service program of analytical services to support sustainable economic development for the State • Increase nimbleness in responding to identified opportunities to support State development • Develop innovative and commercial products aligned to core business to provide new income streams 	<ul style="list-style-type: none"> • Maintain equipment, expertise and services available to industry in line with risk priorities and private sector business opportunities (current and emerging) • Investigate services to assist the State with development of new industries e.g. hemp and medicinal cannabis. • Engage with key CRCs (current and those in development) and other agencies to collaborate and deliver financial benefits to the State • Target research associated with mining and the environment (including lithium and rare earth elements), food and agriculture, water and forensic science

Core responsibility	Implementation	2019/20 Goals
5. Support science capability and engagement in the State	<ul style="list-style-type: none"> • Collaborate with key bodies to support State science capability • Identify and respond to R&D opportunities to which ChemCentre can contribute • Deliver a chemistry-based education and outreach program that supports science capability and engagement 	<ul style="list-style-type: none"> • Formalise high level engagement with the State's key science research and development groups • Formalise training programs to address key skills required to deliver a sustainable R&D portfolio. • Expand the proteomics capability to support forensic science requirements collaboratively with partner agencies • Conduct ChemCentre Open Day, collaboratively with client departments and key scientific agencies in alignment with State STEM priorities and community expectations

Core responsibility	Implementation	2019/20 Goals
<p>6. Develop our people, enhance organisational capability and financial sustainability.</p>	<ul style="list-style-type: none"> • Plan and support staff development, including leadership capabilities, skills training, mentoring programs and performance development • Enhance ChemCentre culture of client engagement • Maintain and expand business opportunities, utilising the skills developed to service government requirements to service other clients where appropriate • Enhance financial sustainability by driving financial accountability in all areas of business 	<ul style="list-style-type: none"> • Implement outcomes of ChemCentre Act Review • Implement an expanded HR framework including mentoring and succession planning • Implement more meaningful and measurable KPIs for internal and external reporting • Develop staff skills in line with forecast business requirements ensuring staff flexibility through multi-skilling and secondment • Review and develop processes for R&D including reporting frameworks and accountability • Commence the next phase of LIMS development in line with laboratory requirements

5. Operations and Accountability

ChemCentre undertakes a range of activities required by government. ChemCentre ensures all activities are undertaken to a high standard in the most efficient manner possible and are fit-for-purpose to meet client expectations.

ChemCentre applies an appropriate margin to its fee-for-service activities. It also provides Emergency Response services to the Department of Fire and Emergency Services (DFES) at full cost recovery rates with no margin applied. For a range of other activities such as non-DFES related Emergency Response and meeting Community Service Obligations (see below) no margin is applied as costs are directly recovered from appropriations. The Board oversee the ChemCentre's budgeting process.

Some ChemCentre services are required where there is no readily identifiable agency or funding body to pay for those services but where there is still a government responsibility to undertake them. Within its remit, ChemCentre funds these services as Community Service Obligations through appropriations, as outlined in Table 2.

In aggregate these activities typically represent around 20% of the activities of ChemCentre, although, due to operational imperatives, the specific percentage at both an aggregate and individual level varies from year to year.

Importantly, the development of ChemCentre's cost model involves Treasury, thereby ensuring that it is objectively assessed prior to implementation.

Research and Development

ChemCentre undertakes Research and Development (R&D) within the context its enabling legislation. The R&D plan is approved by the Board to ensure consistency with the major strategic objectives and therefore with the State's risk exposure.

R&D objectives are determined as part of and consistent with ChemCentre's strategic planning and are in line with its strategic objectives. ChemCentre's efforts centre on applied and collaborative R&D to solve problems for government and the State's industrial, mining, agricultural, environmental and forensic science sectors. Although the Act stipulates that pure research could be undertaken ChemCentre chooses to concentrate on applied, most often

collaborative, R&D including advanced method development of scientific techniques and process improvements.

ChemCentre maximises its R&D budget by leveraging funds from external funding organisations and collaboration with other government agencies, the university sector and industry. This provides greater returns for the State than would be the case if ChemCentre only used State funds. The ratio of appropriation (Public Good) funding to external funding of R&D from year to year is generally more favourable than 1:1. ChemCentre is increasingly being contracted by private industry to solve applied research problems at full cost recovery. This is a beneficial outcome for both industry and government.

During 2018/19 the Under Treasurer approved amendments to ChemCentre’s reportable KPIs to ensure they remain relevant and report on material outcomes of the agency. The amended KPIs are outlined at Appendix 2.

Within the context of appropriation expenditure¹the amount proposed for 2019/20 is set out in Table 2.

Table 2: Appropriations by area.

Appropriation Expenditure by Area	2019/20 (% of total)
Public Health and Safety — Emergency Response	9.4
Public Health and Safety — Other	9.3
Sustainable Industry	33.6
Essential Infrastructure	32.8
Education and Outreach	7.5
Law and Order	2.7
Salaries and Allowances Act 1975	4.7
TOTAL USE OF APPROPRIATIONS	100

Infrastructure

ChemCentre is located in purpose-built laboratory in Bentley on the Curtin University campus on lease through to 2029 (with additional options).

Assets

As a government-owned organisation, ChemCentre's scientific infrastructure is underpinned by our Strategic Asset Plan, developed in accordance with Treasury parameters. The five-year rolling Strategic Asset Plan (SAP) is within the context of government's Strategic Asset Management Framework. ChemCentre's assets are managed in accordance with the requirements of Treasurer's Instruction 406 "Custody of Public Property" s10.c.ii of the Act. Expenditure associated with the Plan is published in the budget papers. Funds for capital acquisition are derived from both appropriations and operating revenue.

Our Strategic Asset Plan is prioritised by focussing on the management of chemical-related risks for the State in the most cost-effective manner and in conjunction with an assessment of the reliability and maintenance costs of existing assets. Purchases of new Assets are only progressed after rigorous internal and external review.

Fee-for Service Activities

ChemCentre's enabling legislation permits it to engage in commercial activities where capacity and demand exists. ChemCentre reviews fees and charges annually in accordance with Treasurer's Instruction (TI 810). The Minister for Science, under the *State Trading Concerns Act 1916*, also authorises ChemCentre's Chief Executive Officer to set rates and charges out of cycle in response to, for example, market conditions or specific commercial opportunities.

ChemCentre's Board approves charges for the following financial year inherent to its adoption of ChemCentre's annual internal budget. ChemCentre charges cover direct costs and indirect costs plus a margin which varies according to the client, the nature of the service provided and the level of competition in the environment.

ChemCentre charges customers on a fee-for-service basis under various purchase orders, contracts and, for government clients, Memoranda of Understanding (MoU) and Service Level Agreements. Its charges are also determined considering the WA government Policy "*Costing and Pricing Government Services 2007*" (Department of Treasury).

The service level agreements which underpin MoUs with, for example, the Western Australia Police and the Office of the State Coroner, are renegotiated each year.

The range of services provided by ChemCentre in each of its functional areas are outlined in Table 3.

ChemCentre also currently provides high level scientific advice and related policy opinions to government via formal interagency committees and less formally via specific problem solving for key issues in the justice system, environmental testing, and assisting in the legislative reform process for example.

The planned operating income and expenditure for ChemCentre over the planning period is outlined in Appendix 1. The planned operating income acknowledges the competitive market that exists in some areas in which ChemCentre operates.

ChemCentre is liable for duties, taxes and other statutory imposts. This includes the Company Tax equivalence regime operated by government. Given current trading conditions it is not expected that ChemCentre will be required to meet either a dividend or a Company Tax equivalent payment in 2019-20.

Table 3. Services provided by ChemCentre’s Functional Areas.

<p>Scientific Services</p> <p><u>Inorganic Chemistry</u></p> <ul style="list-style-type: none"> • Environmental Chemistry • Soil and Mining Chemistry <p><u>Organic Chemistry</u></p> <ul style="list-style-type: none"> • Occupational Health • Petroleum • Food and Compositional Chemistry <p><u>Sample Logistics</u></p> <p><u>Emergency Response</u></p> <p><u>Business Development</u></p>	<p>Research and Development</p> <ul style="list-style-type: none"> • Mining and Environmental • Food and Agriculture • Water and Environment • Method development •
<p>Business and Corporate Services</p> <ul style="list-style-type: none"> • Administration • Finance • Media, Communications and Outreach • Corporate Quality • Occupational Health and Safety Management • Human Resources • ICT Services and Development 	<p>Forensic Science</p> <p><u>Forensic Toxicology</u></p> <ul style="list-style-type: none"> • Coronial Chemistry • Toxicology • Racing Chemistry <p><u>Forensic Chemistry</u></p> <ul style="list-style-type: none"> • Clandestine Laboratory • Illicit Drugs • Physical Evidence

Appendix 1. Financial Forecast

INCOME STATEMENT ^(a) (Controlled)

	2019-20 Budget Estimate \$'000
COST OF SERVICES	
Expenses	
Employee benefits ^(b)	15,116
Supplies and services	2,562
Accommodation	1,415
Depreciation and amortisation	5,180
Other expenses	3,024
TOTAL COST OF SERVICES	28,797
Income	
Sale of goods and services	19,650
Grants and subsidies	1,500
Other revenue	59
Total Income	21,209
NET COST OF SERVICES	7,588
INCOME FROM STATE GOVERNMENT	
Service appropriations	5,294
TOTAL INCOME FROM STATE GOVERNMENT	5,294
SURPLUS/(DEFICIENCY) FOR THE PERIOD	(2,294)

(a) Full audited financial statements are published in the agency's Annual Report.

(b) The Full-Time Equivalents for 2017-18 Actual, 2018-19 Estimated Actual and 2019-20 Budget Estimate are 131, 137 and 135 respectively.

**STATEMENT OF FINANCIAL POSITION ^(a)
(Controlled)**

	2019-20 Budget Estimate \$'000
CURRENT ASSETS	
Cash assets	2,288
Receivables.....	2,463
Other.....	258
Total current assets.....	5,009
NON-CURRENT ASSETS	
Property, plant and equipment.....	38,629
Intangibles.....	353
Other.....	4,260
Total non-current assets.....	43,242
TOTAL ASSETS.....	48,251
CURRENT LIABILITIES	
Employee provisions	2,450
Payables	855
Other.....	34,059
Total current liabilities.....	37,364
NON-CURRENT LIABILITIES	
Employee provisions	1,083
Total non-current liabilities.....	1,083
TOTAL LIABILITIES.....	38,447
EQUITY	
Contributed equity	16,026
Accumulated surplus/(deficit)	(6,222)
Total equity.....	9,804
TOTAL LIABILITIES AND EQUITY	48,251

(a) Full audited financial statements are published in the agency's Annual Report.

STATEMENT OF CASHFLOWS ^(a)
(Controlled)

	2019-20 Budget Estimate \$'000
CASHFLOWS FROM STATE GOVERNMENT	
Service appropriations.....	5,294
Capital appropriation	2,500
Holding account drawdowns.....	-
Net cash provided by State Government.....	7,794
CASHFLOWS FROM OPERATING ACTIVITIES	
Payments	
Employee benefits.....	(15,038)
Supplies and services	(2,562)
Accommodation	(1,682)
GST payments	(1,942)
Finance costs	(1,500)
Other payments	(3,034)
Receipts	
Grants and subsidies	1,500
Sale of goods and services	19,425
GST receipts.....	1,942
Other receipts	-
Net cash from operating activities.....	(2,891)
CASHFLOWS FROM INVESTING ACTIVITIES	
Purchase of non-current assets.....	(2,500)
Net cash from investing activities.....	(2,500)
CASHFLOWS FROM FINANCING ACTIVITIES	
Other payments	(2,880)
Net cash from financing activities	(2,880)
NET INCREASE/(DECREASE) IN CASH HELD	(477)
Cash assets at the beginning of the reporting period	2,765
Cash assets at the end of the reporting period	2,288

(a) Full audited financial statements are published in the agency's Annual Report.

Appendix 2. Key Performance Indicators

	2019-20 Target
<u>Effectiveness Indicators</u>	
<i>Service 1: Commercial Scientific Information and Advice</i>	
Client satisfaction	80%
Proficiency rating for the accredited services	95%
<i>Service 2: Research and Development</i>	
Client Satisfaction	80%
Contribution to scientific forums	60
<i>Service 3: Emergency Response Management</i>	
Average mobilisation time for emergency response incidents	20 minutes
Availability of emergency response workforce to meet agreed inter-agency requirements	100%
<u>Efficiency Indicators</u>	
<i>Service 1: Commercial Scientific Information and Advice</i>	
Average cost of providing commercial scientific information and advice per applicable FTE	\$240,000
<i>Service 2: Research and Development</i>	
Publications per R&D FTE	4
<i>Service 3: Emergency Response Management</i>	
Average cost to maintain an emergency response capability per Western Australian	\$0.80