



**MIDLAND**  
REDEVELOPMENT  
AUTHORITY

***ANNUAL REPORT***  
***2004***

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## **Statement of Compliance**

Hon Alannah MacTiernan BA LLB Bjuris JP MLA  
Minister for Planning and Infrastructure  
13<sup>th</sup> Floor, Dumas House  
2 Havelock Street  
WEST PERTH WA 6005

Dear Minister

In accordance with Section 66 of the *Financial Administration and Audit Act 1985*, we hereby submit for your information and presentation to Parliament the Annual Report of the Midland Redevelopment Authority for the year ended 30 June 2004.

This report has been prepared in accordance with the provisions of the above Act.

Yours sincerely



Dr Fred Affleck  
CHAIRMAN



Phil Di Masi  
MEMBER

26 August 2004

## Mandate

The Midland Redevelopment Authority (MRA) is established under the *Midland Redevelopment Act 1999* (the Act) and is responsible to the Minister for Planning and Infrastructure. The MRA commenced operations on 1 January 2000.

As provided by the Act, the functions of the MRA are to plan, undertake, promote and coordinate the development and redevelopment of land in the defined redevelopment area. The MRA is required to prepare and keep under review a Redevelopment Scheme for the area and to control developments in the area. For these purposes the Act gives the MRA powers to deal in land and other assets and to undertake works in the area.

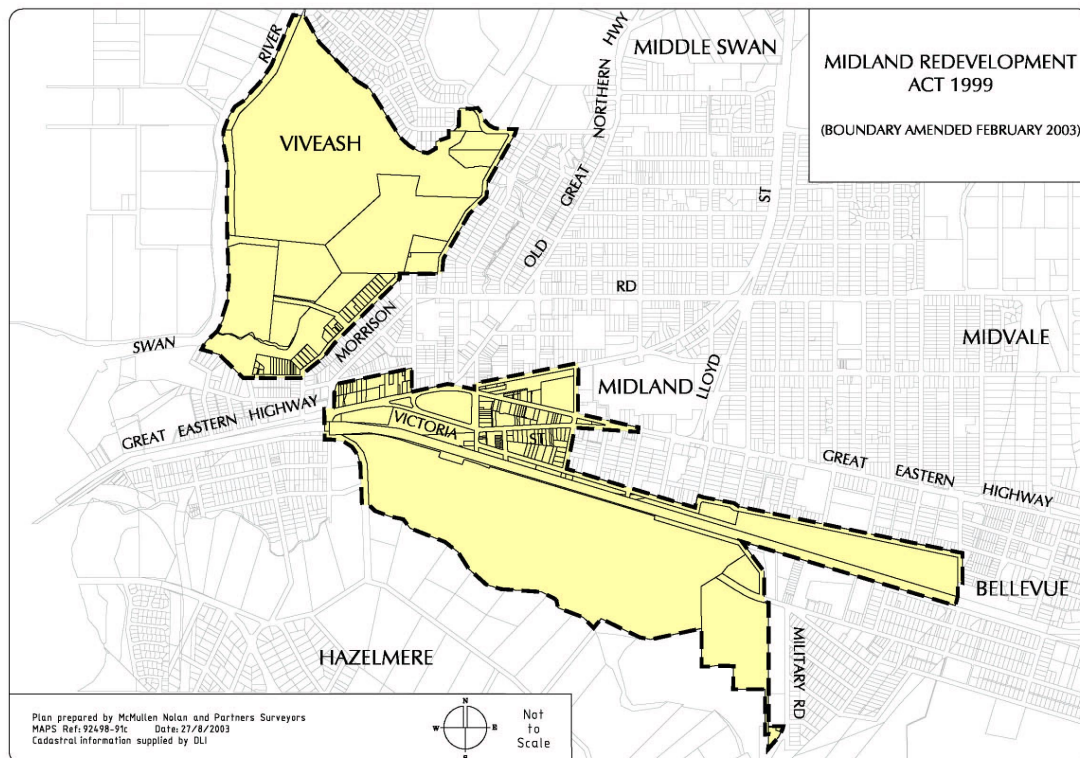
The MRA is also subject to the *Financial Administration Audit Act 1985* and other relevant State legislation not specially provided for under the Act. It must also comply with all accountability and reporting requirements of the State Government.

## The Midland Redevelopment Area

The Redevelopment Area is defined in Schedule 1 of the Act and covers an area of about 256 hectares in two parcels of land.

The northern section, located in West Midland and known as Woodbridge, abuts the Swan River and covers the Ray Marshall Park and adjacent areas.

The other land parcel is known as Midland Central and covers part of the town centre, the Railway Workshops site and the Western Australian Meat Industry Authority (WAMIA) saleyards.



## ***Vision and Objectives***

The MRA is leading the revitalisation of Midland in the creation of an excellent urban environment in the Midland Redevelopment Area.

Midland will be a vibrant regional centre with a strong sense of identity. Its unique built and cultural heritage and riverside setting will attract new businesses and make it a desirable place to study, work, live and visit.

The Railway Workshops are central to Midland's sense of place. They will form a distinctive precinct where educational, industrial, cultural and rail heritage facilities and activities coexist and overlap in a unique way that recalls the past and looks to the future.

The guiding objectives for the redevelopment project are to:

- lead the revitalisation of Midland and re-establish it as a strategic regional centre;
- integrate development in central Midland to achieve a coordinated outcome with maximum benefits for the city and its community;
- contribute to the maintenance and enhancement of environmental, social, heritage and cultural values within and around the redevelopment area; and
- maximise the long-term benefits to the city centre, the region and the State.

***As an agency in the portfolio of Planning and Infrastructure, the MRA is committed to enriching the quality of life for all Western Australians through sustainable communities. The MRA works with the community to deliver integrated land and transport infrastructure and services for sustainable growth.***

## The Year at a Glance

### Achievements

- A further \$8.7 million of infrastructure works undertaken including the extension to Keane Street from The Crescent to Great Eastern Highway, the completion of The Crescent sub division in the MRA's Midland Central Precinct; and the completion of the remediation of the Woodbridge Lakes sub division including the Coal Dam.
- In 2003-04 the MRA received development application fee income of approximately \$38,000 which represents planned investments on MRA land in excess of \$33.0 million.
- The successful auction on 13 March 2004 of the first release of The Crescent sub division's mixed use lots with prices exceeding reserves.
- The completion of construction of significant public arts works - The Workers Wall and "Trickle, Flow and Fall".

### Setbacks

- In preparing for the Woodbridge Lakes sub division works the MRA inadvertently encroached into the Helena River flood fringe and work was delayed while the MRA negotiated with the traditional owners and other relevant indigenous representatives. After successful negotiations the MRA secured *Aboriginal Heritage Act 1972* Section 18 clearances for all its works that will impact on the northern bank of the Helena River.
- The remediation works of the Western Australian Police Service's (WAPS) proposed Operational Support Facility (OSF) site were delayed due to protracted negotiations with WAPS for their acquisition of this site.
- The MRA's plans to release another 1.8ha of land in its Clayton Precinct on the eastern end of the redevelopment area, and adjacent to the existing Harvey Norman development, were delayed as the WAMIA's relocation from the site had not progressed as anticipated.

### Issues

- The large portfolio of heritage buildings on the Midland Railway Workshops site comprise many buildings which have a Heritage Council of WA classification of Exceptional Significance. These buildings require considerable resources for their adaptation, ongoing maintenance and future use for which the MRA has no funding allocation. The MRA is expending resources on emergency maintenance and site security for these buildings.
- Containment of remediation costs for the Midland Railway Workshops site is contingent on the MRA negotiating with the WAMIA for the acquisition of part of the saleyards property.

### Financial Indicators

Indicator	2004-05 \$ Estimated	2003-04 \$ Actual	2002-03 \$ Actual
Other Revenues from Ordinary activities	315,000	298,155	56,191
Trading Profit	3,789,911	1,265,032	Nil
Sales Revenue	18,179,000	3,191,165	Nil
Capital Works Program expenditures	13,033,000	8,700,000	8,425,000
Debt Servicing costs	1,757,800	1,282,000	779,183
Debt Level	30,553,000	27,924,729	20,271,921

## ***Highlights of the Year***

- *Midland Metro* launched as a marketing name for commercial and residential land in the redevelopment area.
- The extension of Keane Street between The Crescent and Great Eastern Highway completed, along with subdivision works in The Crescent west of the extension.
- More than 2000 people attended the dedication of the Railway Workshops Workers' Wall.
- In the MRA's first land auction, all six mixed-use lots in The Crescent sold for up to 20 per cent above reserve prices.
- The MRA sold an 1839 sq m lot in The Crescent to a company planning a specialist medical centre with a day surgery facility.
- Remediation completed of Woodbridge Lakes on the western edge of the Workshops, the MRA's first residential subdivision.
- The MRA started planning for the WAMIA site following the Government's decision to relocate the saleyards to Muchea by 2006.
- Work began on the new Harvey Norman store on the corner of Clayton and Lloyd Streets, the anchor of the MRA's planned large format retail precinct.
- Premier Geoff Gallop predicted a bright future for Midland at the traditional Premier's lunch in Block 2 of the Railway Workshops attended by 600 people.
- Planning and Infrastructure Minister Alannah MacTiernan launched a postcard set as the first event in a busy calendar celebrating the centenary of the Railway Workshops in 2004.

## **Chairman's Report**

The MRA has entered an important new phase in the revitalisation of Midland. After four years of planning, the town centre is undergoing a transformation that will progress significantly in 2004-05.

The success of the MRA's first auction in March was one of many highlights of a year of progress and achievements. All six mixed-use (commercial and residential) lots in The Crescent sold for prices well above expectations, a good indicator of investor confidence in this location and the long-term future of Midland. A month earlier, the MRA sold an adjoining lot to a company planning a specialist medical centre and day surgery, which will significantly boost the level and quality of health care in the region. These results augur well for future land releases in the Midland Metro redevelopment area.

Remediation works for the MRA's first residential subdivision, Woodbridge Lakes, were completed towards the end of the year in review. This area around the former coal dam on the western end of the Railway Workshops site will be a well-designed, high-quality neighbourhood, close to river parklands, a new primary school, the Workshops heritage buildings and the Midland rail station. The MRA plans to auction the first 29 lots during 2004-05.

Plans for an education precinct on the Workshops site advanced during the year, with a committee formed to coordinate efforts by community groups to improve educational opportunities in the Swan region. The proposed education precinct would cater for year 11 and 12 students and provide some TAFE and university courses. The Workshops offers an ideal location for such a precinct, being close to the Midland transport hub and future accommodation options both at the Workshops and in the city centre. Other facilities planned for the Workshops, such as a rail heritage centre and performing arts complex, would complement the education precinct and add to the interest and vitality of the site.

The Workers' Wall, the MRA's tribute to the men and women who worked at the Railway Workshops during its 90-year history, was officially dedicated before a crowd of more than 2000 people in late November. The wall of bricks inscribed with the names and trades of the workers captures the imagination, and the steel framework and large sculptural insets makes it a wonderful piece of art.

The quirky, long-legged groups of metallic figures along Yelverton Drive and at the corner of Keane Street and The Crescent are also part of the MRA's public art program, which defines and enlivens the redevelopment area and adds to Midland's unique character.

I was honoured to take over as Chairman from Ian Laurance, who headed the MRA since its inception. Under his leadership the MRA developed a strong public profile and effective relationships with stakeholders. My role will be to deliver on the Government's desire to see an education precinct at the Workshops that also includes a training and research centre for transport and logistics.

I would like to thank the Board members for their valuable contribution and support, and the talented and dedicated MRA staff and consultants for their hard work during a year full of achievements. My thanks also to the Minister, Alannah MacTiernan, for her guidance and insight into the complex tasks that lie ahead as the redevelopment project gains pace, and to local MLA Michelle Roberts for her interest in and support for the MRA's activities.



Dr Fred Affleck  
CHAIRMAN



## **Board Members**

The MRA has five Board members, three nominated by the Minister for Planning and Infrastructure and two nominated by the City of Swan. This close connection with the City reflects a genuine partnership between the MRA and the City of Swan for the revitalisation of Midland.

The members represent a broad spectrum of knowledge and experience in fields appropriate to the activities of the MRA. Current Board Members are Dr Fred Affleck (Chairman), Mr Phil Di Masi, Ms Philippa Rogers, Cr Charlie Zannino and Cr Joe Marino.

### **Dr Fred Affleck, Chairman**

Dr Affleck is a transport expert with a strong industry and academic background. He is Professor of Transport Studies at Murdoch University and Director of the Planning and Transport Research Centre.

Dr Affleck has held public service, senior management and consulting roles in NSW, Victoria, South Australia and WA. He is a member of the National Council of the Australasian Railway Association Inc, a Fellow of the Australian Institute of Company Directors and a Fellow of the Chartered Institute of Logistics and Transport.

### **Mr Phil Di Masi**

Mr Di Masi was born in Midland and completed his secondary education there. He is the founder and Managing Director of Ventura Homes, has served on the board of the executive council of the Housing Industry Association and is a member of the Master Builders Association and the Australian Institute of Management.

### **Ms Philippa Rogers**

Ms Rogers is a local government heritage officer and advocate for rail heritage, with extensive knowledge of WA railways history. Her publication on WA railways in World War II, 'Troops, Trains and Trades', is regarded as a definitive work on the contribution of rail - particularly the Midland Railway Workshops, including female workers - to the State's war effort.

Ms Rogers is also treasurer of the Australian Railway Historical Society, a committee chair of the National Trust and a member of other historical societies.

### **Cr Charlie Zannino**

Cr Zannino is a member of the City of Swan Council, owns and operates a vineyard in the Swan Valley and has business interests there, and in Midland and Belmont. He was first elected to Council in 1987, was Shire President from 1991 to 1993 and Mayor from 2001 to May this year. Cr Zannino is a board member of the Swan Chamber of Commerce.

### **Cr Joe Marino**

Cr Marino is a member of the City of Swan Council, and is an accountant with extensive experience in the public sector. He currently works for the Department of Treasury and Finance, and was first elected to Council in 1997.

Cr Marino is a board member of the Swan Chamber of Commerce, Chairman of the Eastern Horizons Taskforce and holds office in several other community groups including the Swan Aged Persons Home Trust and the Swan City Youth Service.

## Organisational Structure

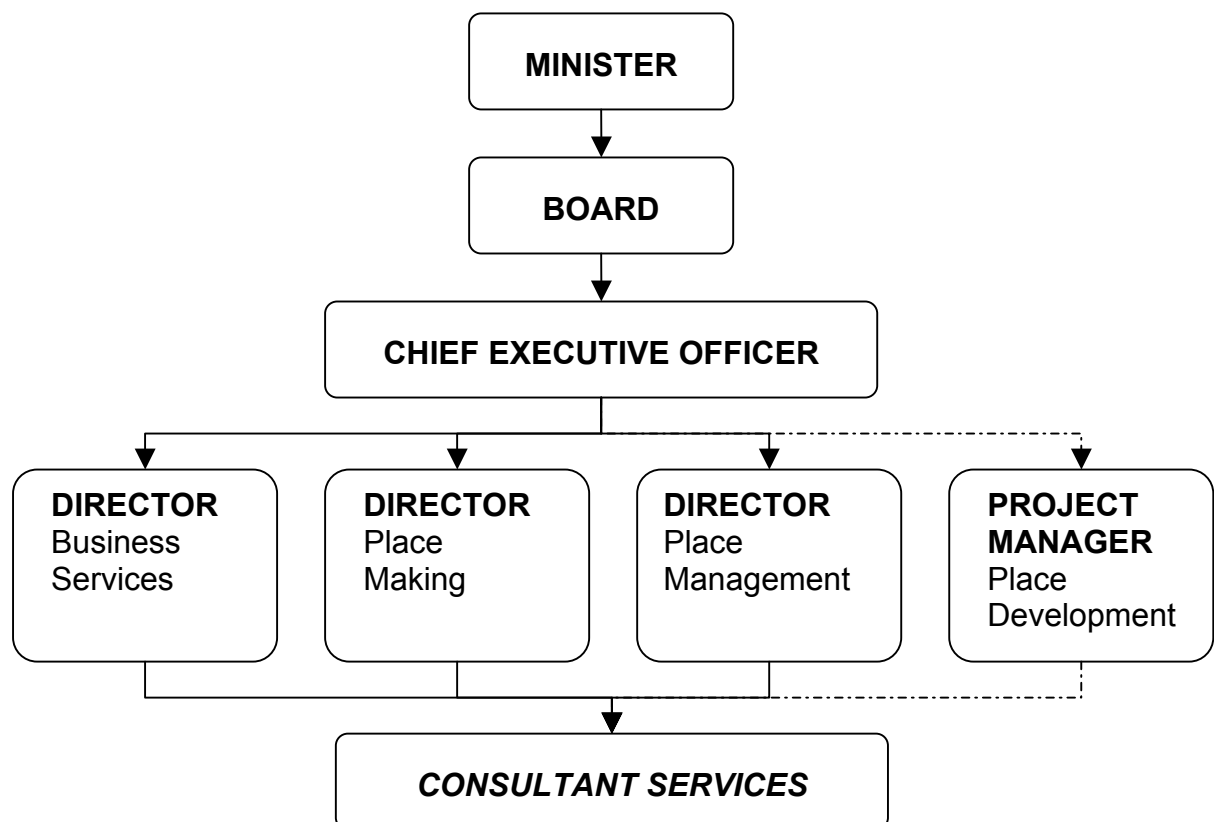
The Chief Executive Officer administers the day-to-day operations of the MRA and has prescribed delegated authority for particular management decisions. With the exception of the Chief Executive Officer, the MRA employs no staff directly; support is provided by staff seconded from other State Government agencies and by consultants. At 30 June 2004 four staff were on secondment to the MRA.

The organisation supporting the MRA has been structured to reflect its functional programs. The operating sections of the MRA are:

- Business Services
- Place Making
- Place Management
- Place Development

Below is a diagram of the MRA's current organisational structure.

### Organisation Chart June 2004



The Chief Executive Officer is Kieran Kinsella.

The staff profile as at 30 June 2004 is as follows:

Director Business Services	Chris Porter
Director Planning	Megan Bartle
Director Place Management	Kim Hutchinson
Senior Planning Officer	Cath Blake-Powell
Business Support Officer	Nicole Carey
	Marina Hodda (part year)
Customer Service Officer	Christine May

Key consultants as at 30 June 2004 were:

Project Management	Clifton Coney Group
Heritage	Heritage & Conservation Professionals
Environment	ENV Australia
Engineering	Wood & Grieve Engineers
Landscaping	Tract (WA) Pty Ltd
Accounting Services	Ernst & Young
Audit Services	Internal Audit – Ernst & Young
	External Audit – Office of Auditor General
Public Relations	Roberts Thorn Consulting

## **Chief Executive Officer's Report**

The MRA made an indelible mark on the heart of the Midland town centre during the year with the construction of its first mixed-use residential subdivision on The Crescent. At auction in March 2004 the first offering of six lots from the 13 lots created sold at prices well above expectations. Keane Street was extended through to Great Eastern Highway to establish this subdivision, and more subdivision opportunities in and around the Old Midland Junction Primary School were also created.

On the western end of the Midland Railway Workshops site extensive remediation works were completed. The coal dam was dredged clean, ready to form the focal point of the outstanding public open space planned for the Woodbridge Lakes subdivision that will be ready for market early next year.

In preparing for these works the MRA encroached into the Helena River flood fringe and work was delayed while the MRA negotiated with the traditional owners and other relevant indigenous representatives. After successful negotiations the MRA secured *Aboriginal Heritage Act 1972* Section 18 clearances for all its works that will impact on the northern bank of the Helena River.

During the year the Midland Redevelopment Scheme was extensively amended and the Midland Central Concept Plan updated. These two documents will be released early in the coming year. Together with the Department of Education and Training and the City of Swan, the MRA has developed a bold concept plan for a Midland Community Learning Precinct that could be accommodated in and around the significant heritage buildings at the Workshops.

Plans to release another 1.8ha of land on the eastern end of the redevelopment area adjacent to the existing Harvey Norman site were frustrated by the WAMIA's delay in vacating the land.

There will be significant progress on the WAPS site next year as a result of the MRA and WAPS finally reaching agreement on the price for the parcel of land required. During the negotiations, the MRA completed tender documentation and put to tender the remediation and forward works for the next stage of the site. The successful contractor, DM Civil, commenced operations on site just as the financial year closed.

The year saw many achievements in all the MRA's key result areas – Place Making, Place Development, Place Management and Business Services.

### **• Place Making**

A complete review of the Concept Plan was undertaken in response to community feedback as well as studies and information gained by the MRA. This included a study of the freight rail barrier (in conjunction with the Department for Planning and Infrastructure), studies of noise and vibration and of State rail heritage, the planning study for the Midland Train Station Precinct, the Midland Education and Learning Precinct study and the Large Format Retailing study.

The Concept Plan now provides a clear and more defined vision for the Midland Central redevelopment area. It forms the basis for structure planning and subdivision that will respond to the needs of the region and assist in the sustainable revitalisation of Midland as a strategic regional centre.

Subdivisions undertaken included sectors 5 and 6 of Clayton Precinct and sectors 11A and 11B of Helena Precinct.

The locality boundary of Woodbridge was extended over the western portion of the Workshops site, better reflecting the association of this portion of the site and the future development of Woodbridge Lakes with the Woodbridge locality rather than the Workshops.

Design Guidelines were prepared for Woodbridge Lakes and the Public Art Policy was adopted. A conservation and adaptation report was prepared for the Time Keeper's building, approved by the Heritage Council for adaptive reuse as an interpretation centre for the Workshops.

Following the resolution of the heritage issues associated with the site, the Midland Inn at the corner of Morrison Road and Great Eastern Highway was demolished, clearing the way for a new entry statement for Midland.

The Midland Redevelopment Scheme Amendment No.1 was initiated and advertised. The amendment includes provisions for development in the Helena Precinct, Eastern Enterprise Precinct and the Byers Road area of the Town Centre, an addition to the MRA area. This amendment will result in a consolidated scheme document for the redevelopment area and now documents development control for the whole area.

- **Place Development**

A key achievement during the year was the extension of Keane Street from The Crescent through to Great Eastern Highway in central Midland. This allowed the design and construction of The Crescent subdivision – 13 mixed-use lots and a large commercial lot west of Keane Street, and three large mixed-use lots and a park between Keane Street and Cale Street.

Unwanted buildings on the old Midland Enterprise Centre site were demolished to allow for the future construction of a new inner city subdivision in and around the Old Midland Junction School.

When completed, these subdivisions will give Midland a new and stylish central focus, integrated with the heritage surrounds.

A substantial part of the early work of the MRA involved planning and securing environmental clearances for extensive remediation works. The Railway Workshops were a heavy industrial manufacturing operation for 90 years, and for most of that time little attention was paid to the environmental impact of work practices on site. As a result, the MRA incurs substantial costs to remediate land for residential and commercial use.

During the year in review three major sites were successfully remediated – the first residential area, Woodbridge Lakes in Helena West precinct, the large format retail site in Clayton Precinct and the former Tuohy Gardens site in the town centre. In addition, the remediation and forward works for the WAPS site were designed and tendered.

The successful remediation works allowed the large format retail subdivision in Clayton Precinct to be designed and completed. Design of the Woodbridge Lakes Stage One subdivision and the associated landscaping projects were also completed.

Public art is an important component of the MRA's work, and several significant public art pieces were installed in the redevelopment area during the year. Stage 1 and Stage II of the Railway Workshops Workers' Wall, the MRA's most substantial artwork, were completed and landscaped. The *Trickle, Flow & Fall* fountain at the Australian Opera Studio on the corner of Cale Street and Great Eastern Highway was also completed, and *Smoko*, the next figure in the series of quirky metal sculptures by Kath Wheatley, was installed near the corner of Keane Street and The Crescent.

- **Place Management**

Managing and maintaining the MRA's facilities and places, particularly the Railway Workshops buildings, is a key responsibility. During the year a maintenance schedule was developed to repair roof leaks in major buildings on the Workshops site and restore heritage machinery in the Pattern Shop, air compressor tanks and relocated heritage items from buildings to be demolished. Security was improved at the Midland Enterprise Centre site to reduce anti-social behaviour and vandalism. Irrigation systems were upgraded and a gardening maintenance contract put in place to ensure effective maintenance of the public open spaces in the redevelopment area.

A comprehensive review of the Railway Workshops site was undertaken and a new security contract was developed to respond to the needs identified in the review. The new contract will be put to tender in the near future.

Events and activities held included Open Day on 14 September 2003, an exhibition commemorating the tenth anniversary of the closure of the Workshops and film, photography and advertising shoots in Block 2. Conservation Volunteers Australia spent several weeks relocating items from the Blacksmiths' Shop, cleaning out the Pattern Shop, doing restoration work and cataloguing. The Anzac Day ceremony, the TAFE Careers Expo and the Premier's Lunch were other successful and well-attended events.

The MRA undertook a study of the business development opportunities in the Midland region and took part in working parties, committees and meetings to facilitate business and economic development initiatives.

Work progressed to integrate the proposed cultural tourism opportunities created by the redevelopment into the regional tourism development plan. The water feature artwork in the grounds of the Australian Opera Studio, at the corner of Cale Street and Great Eastern Highway, and the Workers' Wall at the entrance to the Workshops are examples of cultural tourism points of interest.

Strategies were developed to encourage industry clusters (eg IT and C, agribusinesses, health support and forensic-based businesses) to establish at the Workshops. Leasing the Pattern Shop to a fine wood business is the first stage of a fine wood incubator on the site. Other leases finalised during the year were the Works Manager's Building (to South Spur Rail Services and the WAPS), areas of Block 1 (to United Goninan and EDI Rail), the Old Midland School (to the Australian Opera Studio) and the laboratory building at the Workshops (to the Department of Education and Training).

- **Business Services**

The MRA was successful in several land sales in 2003-2004. In central Midland the MRA's first release of mixed-use land at auction on 13 March resulted in the sale of all six lots at prices well above reserves. New owners have 24 months to complete their developments.

The MRA's tender for its first Midland Central commercial site resulted in an Agreement to Purchase by a consortium seeking to develop a major health services facility, in line with the MRA's Design Guidelines for this precinct.

Settlement for the Midland Central mixed use and commercial lots is expected in August 2004.

In March 2004 the MRA's first release of commercial land by public tender was settled. The developer, Calardu Midland Pty Ltd, is constructing a large format retail complex including a Harvey Norman store on the corner of Lloyd and Clayton Streets on the east end of the Railway Workshops site. The project will create up to 150 new jobs with a capital investment of more than \$15 million by the consortium in new facilities.

Working with external consultants, the MRA developed a comprehensive financial feasibility model. This provides an overall feasibility analysis of the MRA's investment plans as well as analyses for each of the proposed subdivisions for the period 2003-04 to 2010-2011.

During the year the MRA acquired two properties, one in Helena Street and the other on the corner of Helena Street and Great Eastern Highway. The acquisition of these properties will consolidate the MRA's land holdings in its Midland Central Precinct and provide improved development opportunities in this area.

In June 2004 the MRA reached agreement with the WAPS for the sale of MRA land on the Railway Workshops site. The agreement will provide sufficient land to allow for the completion of the WAPS Operational Support Facility.

All necessary corporate support services were delivered during the year by a range of external providers. In 2003-04 the contract for the key accounting bureau services tender was awarded to Ernst and Young. To meet the MRA's requirements for legal services, advice was provided by firms including Hager and Co, Jackson McDonald, Minter Ellison, the State Solicitor's Office and Watts and Woodhouse.

### • **Other Legislation**

In all its programs and their delivery, the MRA recognises the right of access of the community and of individuals to services, opportunities and the Government decision-making process. It is mindful of its community service obligations and takes into consideration the impact of its programs on all groups, including disadvantaged groups within the community.

The MRA is aware of its obligations under such Acts as the *Disability Discrimination Act 1992* and the *WA Disability Services Act 1993*. It gives close attention to disabled access in the design of refurbished and new buildings and in landscaping public areas, and to current transport access code requirements.

The financial administration of the MRA has complied with the requirements of the *Financial Administration and Audit Act 1985* and associated Treasurer's Instructions.

In 2003-04 the MRA complied with the following legislation:

- *Government Employees Superannuation Act 1987*
- *Occupational Health, Safety & Welfare Act 1984*
- *Official Corruption Act 1988* (a nil report was filed for the year).
- *Public Sector Management Act 1994*. Principles, procedures and policies of public administration and management were applied in accordance with the Act and regulations. The MRA has developed a code of conduct to ensure it operates within the Government's Code of Ethics.
- *State Supply Commission Act 1991*
- *Workers Compensation and Rehabilitation Act 1981*
- *Industrial Relations Act 1979*
- *Environmental Protection Act 1986*
- *Contaminated Sites Act 2003*
- *Aboriginal Heritage Act 1972*
- *Public Interest Disclosure Act 2003*

## • **Reporting Requirements**

### **Community Outcomes**

The MRA has a Customer Service Charter that reflects its commitment to ensure the redevelopment has maximum benefits to the city and its community.

The MRA has a Disability Services Plan approved by the Disability Services Commission.

At this stage, specific plans for equal employment opportunity, cultural diversity, language services and youth are not applicable to the activities of the MRA.

### **Advertising and Sponsorship**

Expenditure incurred by the MRA during 2003-04 in relation to Section 175ZE of the *Electoral Act 1907* was as follows:

1. Total expenditure for 2003-04 was \$248,805.
2. Expenditure was incurred in the following areas:

Advertising agencies:

- Gatecrasher Advertising	\$136,969
Market research organisations	Nil
Polling organisations	Nil
Direct mail organisations	Nil
Media advertising organisations	
- Marketforce Productions	\$11,836

### **Waste Paper Recycling**

The MRA uses Specialised Security Shredding for waste paper removal. The contractor collects all grades of paper except cardboard. The collection and destruction of confidential material is included in this contract.

### **Energy Smart Government Policy**

As the MRA has fewer than 25 FTEs, no report is required on the performance of energy saving initiatives against the Energy Smart Government policy objective of a 12 per cent reduction by 2006-07. However, the MRA is aware of the objective and makes every effort to save energy by ensuring minimal use of lights, heating and other appliances in its offices.

### **Evaluations**

The MRA did not undertake any program evaluations in the 2003-04 financial year.

### **Recordkeeping Plan**

The MRA has prepared the following key documents to provide an accurate documented basis for the operation of the MRA's recordkeeping programs, as required under Section 19 of the *State Records Act 2000*:

- MRA Record Keeping Plan
- Disaster Management Plan: Vital Records
- Disaster Management Plan: Vital Records Risk Assessment.

The State Records Office has endorsed the MRA Record Keeping Plan.



## ***Compliance with Public Sector Standards and Ethical Codes***

### ***1. Compliance with Human Resource Management Standards***

The MRA ensures employee awareness of the Human Resource Management Standards through inclusion of the Standards in the Induction Manual, relevant Policies and Procedures and ongoing staff training / information distribution. All documentation is checked to ensure its consistency with the Standards through internal and external reviews and audits.

In 2003-04 there were no breach claims against the Public Sector Standards in Human Resource Management lodged under the *Public Sector Management (Examination and Review Regulations) Procedures 2001*.

### ***2. Compliance with Codes of Ethics and Codes of Conduct***

The MRA has developed a Code of Conduct to ensure it operates within the Government Code of Ethics. Ethical Codes are included as part of the staff Induction Manual and the MRA is planning to conduct training on ethical codes and decision-making models.

In 2003-04 there were no complaints lodged with the MRA or with external bodies that included issues relating to the MRA's compliance with the Code of Ethics or the MRA's Code of Conduct.

- ***Freedom of Information***

The MRA is subject to the *Freedom of Information (FOI) Act 1992*. Chris Porter is appointed Freedom of Information Coordinator and is the initial recipient of requests for information under the Act. There were no FOI requests in the year under review.

- ***Public Interest Disclosures***

The Chief Executive Officer has complied with the obligations of the *Public Interest Disclosure Act 2003* Section 23(1).

No public interest disclosures were received over the reporting period.

Mr Chris Porter is the MRA's Public Interest Disclosure Officer.

Internal procedures were prepared and provided to staff relating to the Act, and staff were made aware of the implementation and operation of the Act.

- **Statement of Compliance with Public Sector Standards**

1. In the administration of the MRA, I have complied with the Public Sector Standards in Human Resource Management and the Western Australian Public Sector Code of Ethics.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal checks to satisfy myself that the statement made in 1. above is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:
  - Number lodged: Nil
  - Number of breaches found, including details of multiple breaches per application: Nil
  - Number still under review: Nil.



Kieran Kinsella  
CHIEF EXECUTIVE OFFICER

26 August 2004

## ***Certification of Performance Indicators***

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Midland Redevelopment Authority's performance, and fairly represent the performance of the Midland Redevelopment Authority for the financial year ended 30 June 2004.



Dr Fred Affleck  
CHAIRMAN



Phil Di Masi  
MEMBER

26 August 2004



AUDITOR GENERAL

## INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### MIDLAND REDEVELOPMENT AUTHORITY PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

#### **Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the Midland Redevelopment Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended June 30, 2004.

#### **Scope**

##### *The Board's Role*

The Board is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

##### *Summary of my Role*

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

D D R PEARSON  
AUDITOR GENERAL  
October 29, 2004

## Performance Indicators

The main objective of the MRA is to contribute, through the delivery of the Midland Redevelopment project, to:

- The revitalisation of Midland
- The environmental rehabilitation of the area
- Expansion of the area's economic base.

The MRA was set up to rejuvenate the land in the redevelopment area and to improve the strategic development of Midland as an important regional centre.

In 2003-04 the MRA obtained essential approvals from the various regulatory authorities, including heritage and environmental approvals, for various residential and commercial precincts.

### Outcomes

#### 1. The revitalisation of Midland

Outcome: The improved strategic development of Midland as an important regional centre.

The MRA has significant land holdings in Midland. It has now commenced the release commercial land for sale which will provide land to create significant investment in Midland and also generate employment opportunities during the construction phase of new developments as well as long term employment growth with new industries. This land release commenced in 2002-2003 with 21,832m<sup>2</sup> released for sale and was followed by a further successful release of 1,694m<sup>2</sup> of mixed use land (residential/commercial) in 2003-04 in the Crescent Midland.

Up to 406,000m<sup>2</sup> of the MRA's commercial land will eventually become available during the period 2002-2003 to 2012-2013.

Indicator - Land available for sale.

	Cumulative total as at 30/06/03 (square metres)	2003 / 04 (square metres)	Cumulative Total as at 30/06/04 (square metres)	Total availability (square metres)
Commercial:				
In progress		146,400	146,400	406,000
Complete	21,832	536	22,368	
Residential:				
In progress	14,400		9,900 <sup>1</sup>	143,000
Complete		1,694	1,694	
Total				
In Progress	14,400	146,400	156,300	549,000
Complete	21,832	2,230	24,062	

1. Due to the need for the Helena 11A residential subdivision to be redesigned in January 2004, the land area available for sale was reduced from 14,400 m<sup>2</sup> to 9,900 m<sup>2</sup>.

## 2. The environmental rehabilitation of the area

### Outcome – The environmental rehabilitation of former industrial sites

Following documentation of an approved Public Environmental Review (PER) process for environmental remediation works for the Helena Precinct of the Railway Workshops site, works were completed. As the PER is the benchmark for effectively implementing the remediation, work will be measured against the approved conditions. All infrastructure remediation works on the Helena Precinct in 2003-04 were performed to the Department of Environment's requirements.

#### Effectiveness Indicator – Sites investigated and extent of remediation completed

Environmental investigations and clearances are required for all of the MRA's land holdings. Before its subdivision and development, any land affected by contamination must be remediated to the satisfaction of the Department of Environment.

	Cumulative total as at 30/06/03	2003/2004	Cumulative Total as at 30/06/04	Total area of MRA land requiring clearances
	(hectares)	(hectares)	(hectares)	(hectares)
Area under investigation	70.76	1.332	72.092	72.092
Area under remediation	1.85	12.6385	14.4885	14.4885
Remediation completed	1.85	12.6385	14.4885	14.4885

## 3. Expansion of the area's economic base

### Outcome – Expansion of the area's economic base

The MRA seeks to expand the economic base of the area by increasing the availability and quality of residential and commercial land. The preparation of residential and commercial subdivisions and anticipated land sales should lead to increased population, improved employment opportunities and increase the level of economic activity in the area.

#### Effectiveness Indicator: Subdivision of land for development

	2002/2003		2003/2004	
	Commercial (No Lots)	Residential (No Lots)	Commercial (No Lots)	Residential (No Lots)
No. of subdivisions lots commenced	48	13	4	29
No. of Lots seeking clearance	Nil	Nil		29
No. of Lots finalised	Nil	Nil	5	13

**Effectiveness Indicator: Improvement in value of MRA land holdings**

In 2003-04 the MRA began infrastructure works on its sites, which led to an increase in land value of these properties. With the planned land uses as indicated in the MRA's Concept Plan and detailed in its Redevelopment Scheme, a significant increase in value is anticipated when the land is subdivided.

The table below shows Department of Land Information valuations of MRA land holdings for the period 2000-01 to 2002-03, based on land zonings before the introduction of the MRA's Redevelopment Scheme for each precinct. The valuation for 2003-04 reflects the impact of the Redevelopment Scheme zonings on land values and the commencement of infrastructure works in recently created subdivisions in Midland Central, Woodbridge Lakes and Clayton. The valuation for 2003-04 includes the MRA's offices located in the refurbished Railway Institute building.

Land Use	Original Valuation 2000/2001 (\$million)	Valuation 2001/2002 (\$million)	Market Valuation 2002/2003 (\$million)	Market Valuation 2003/2004 (\$million)
All uses	14.150	20.085	23.250	34.710

**Efficiency Indicator: Planning approvals**

Year	Number of approvals processed	Average approval period (days)	Statutory Requirement
2001/2002	Nil	Nil	60
2002/2003	5	56	60
2003/2004	8	58.3	60

The average approval period is distorted by one application resulting in significant additional consultations with the applicant and owner of the land, arising from referrals to the COS and Heritage Council of Western Australia. Excluding this application, the average approval period was 37 days.

**Efficiency Indicator: Comparison of administrative operating expenses per dollar of land sales and capital works during the year**

This relates inputs to outputs to quantify how well the MRA is using its resources. The table shows dollars of operating expenses per dollar of land sales during the year, and dollars of operating expenses per dollar of capital works conducted during the year.

\$ per \$ of:	2000/2001	2001/2002	2002/2003	2003/2004
Land sales	N/a	N/a	N/a	0.758
Capital Works	0.129	0.072	0.085	0.278

In 2003-04 the MRA completed its first land sale, a commercial lot to a consortium creating a large format retail complex in the Clayton Precinct. Although there were more land sales later in the year of mixed-use lots, delays to settlement will not realise revenues from these sales until 2004/2005. The deferred settlement was due to delays associated with the completion of subdivision approvals and the associated issuing of land titles.

It is anticipated that the start of a phased release of residential and commercial land in 2004-05 will reduce the level of operating expenses against land sales revenues. It should be noted, however, that the high level of operating expenses reflects the MRA's need to maintain a significant portfolio of large heritage buildings on the Railway Workshops site.



## ***Certification of Financial Statements***

The accompanying financial statements of the Midland Redevelopment Authority have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2004 and the financial position at 30 June 2004.


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



Dr Fred Affleck  
CHAIRMAN



Phil Di Masi  
MEMBER



Chris Porter  
PRINCIPAL ACCOUNTING OFFICER

26 August 2004



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### MIDLAND REDEVELOPMENT AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

#### **Audit Opinion**

In my opinion,

- (i) the controls exercised by the Midland Redevelopment Authority provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Authority at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

#### **Scope**

##### *The Board's Role*

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and the Notes to the Financial Statements.

##### *Summary of my Role*

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON  
AUDITOR GENERAL  
October 29, 2004

# **Midland Redevelopment Authority**

## **Financial Statements**

**30 June 2004**

**Midland Redevelopment Authority  
Statement of Financial Performance  
For the year ended 30 June 2004**

	Note	For the year Ended 30 June 2004 \$	For the year Ended 30 June 2003 \$
<b>REVENUE</b>			
<b>Revenue from operating activities</b>			
Trading profit	2	1,265,032	-
Lease income		146,941	50,917
Revenue from non-operating activities			
Other revenues from ordinary activities		151,214	5,274
Interest revenue		14,234	14,342
Total revenues from ordinary activities		<u>1,577,421</u>	<u>70,533</u>
<b>EXPENSES</b>			
Expenses from ordinary activities			
Employee expenses	3	581,737	398,701
Supplies and services	4	79,574	95,049
Borrowing costs		263,179	-
Depreciation	5	55,913	23,372
Administration expenses	6	224,077	165,159
Accommodation expenses	7	26,719	12,767
Members allowances		41,642	40,703
Property Maintenance	8	661,495	-
Other expenses from ordinary activities	9	474,766	52,051
Total expenses from ordinary activities		<u>2,409,102</u>	<u>787,802</u>
Profit/(loss) from ordinary activities before grants and subsidies from State Government		<b>(831,681)</b>	<b>(717,269)</b>
Grants and Subsidies from State Government	10	675,000	250,000
Net profit/(loss)		<u><b>(156,681)</b></u>	<u><b>(467,269)</b></u>
Total changes in equity other than those resulting from transactions with WA State Government as owners		<u><b>(156,681)</b></u>	<u><b>(467,269)</b></u>

**Midland Redevelopment Authority**  
**Statement of Financial Position**  
**As at 30 June 2004**

	Note	30 June 2004 \$	30 June 2003 \$
<b>Current assets</b>			
Cash assets	11	366,760	20,805
Receivables	12	158,096	492,411
Inventories	13	6,142,244	3,824,209
Other assets	14	14,381	21,239
<b>Total current assets</b>		<b>6,681,481</b>	<b>4,358,664</b>
Non-current Assets			
Inventories	13	42,443,981	38,057,738
Property, Plant and equipment	15	1,504,773	129,085
<b>Total non-current assets</b>		<b>43,948,754</b>	<b>38,186,823</b>
<b>Total assets</b>		<b>50,630,235</b>	<b>42,545,487</b>
Current liabilities			
Payables	16	1,739,657	1,221,113
Provisions	17	91,188	80,066
<b>Total current liabilities</b>		<b>1,830,845</b>	<b>1,301,179</b>
Non-current liabilities			
Provisions	17	106,083	47,128
Interest bearing liabilities	18	27,924,729	20,271,921
<b>Total non-current liabilities</b>		<b>28,030,812</b>	<b>20,319,049</b>
<b>Total liabilities</b>		<b>29,861,657</b>	<b>21,620,228</b>
<b>Net assets</b>		<b>20,768,578</b>	<b>20,925,259</b>
Equity			
Contributed Equity	21	14,150,000	14,150,000
Retained profits		6,618,578	6,775,259
<b>Total equity</b>		<b>20,768,578</b>	<b>20,925,259</b>

**Midland Redevelopment Authority**  
**Statement of cash flows**  
**For the year ended 30 June 2004**

	Note	For the year Ended 30 June 2004 \$	For the year Ended 30 June 2003 \$
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Proceeds for sale of land		3,191,165	-
Receipts from customers		644,486	47,971
GST receipts on sales		79,469	36,522
GST receipts from taxation authority		749,981	609,698
Interest received		14,234	14,342
<b>Payments</b>			
Employee costs, supplies and services		(11,395,614)	(9,506,771)
GST payments on purchases		(996,380)	(808,829)
GST payments to Taxation Authority		(214,689)	-
Interest Paid		(49)	-
Net cash provided by/(used in) operating activities	19	(7,927,397)	(9,607,067)
<b>Cash flows from investing activities</b>			
Purchase of non current physical assets		(54,456)	(15,285)
<b>Net cash provided by/(used in) investing activities</b>		(54,456)	(15,285)
<b>Cash flows from financing activities</b>			
Proceeds of borrowings from Western Australian Treasury Corporation		7,652,808	9,203,485
<b>Net cash provided/(used in) financing activities</b>		7,652,808	9,203,485
<b>Cash Flows from State Government</b>			
Appropriations from Government		675,000	250,000
Net cash provided by State Government		675,000	250,000
<b>Net increase/(decrease) in cash held</b>		<b>345,955</b>	<b>(168,867)</b>
Cash assets at the beginning of the reporting period		20,805	189,672
<b>Cash assets at the end of the reporting period</b>	20	<b>366,760</b>	<b>20,805</b>

# Midland Redevelopment Authority

## Notes to and forming part of the accounts

### For the year ended 30 June 2004

#### 1 Significant Accounting Policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated the policies are consistent with those adopted in the previous year.

##### GENERAL STATEMENT

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and UIG Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The *Financial Administration and Audit Act 1985* and the Treasurer's Instructions are legislative provisions governing preparation of financial statements and take precedence over Australian Accounting Standards and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect are disclosed in individual notes to these financial statements. The statements have been prepared on the accrual basis of accounting using the historical cost convention.

##### (a) Grants and Other Contributions Revenue

Grants, donations, gifts and other non reciprocal contributions are recognised as revenue when the Authority obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt. Contributions are recognised at their fair value.

##### (b) Acquisition of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition. Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

##### (c) Revenue Recognition

Revenue from the sale of goods and disposal of other assets and the rendering of services is recognised when the Authority has passed control of the goods or other assets or delivery of the service to the customer.

##### (d) Inventories

Inventories comprising land held for resale are stated at the lower of cost or net realisable value. Other costs incurred in bringing inventories to a saleable condition are recorded at cost. This includes costs associated with the design, development and other costs directly traceable to the development activities of the Authority.

# Midland Redevelopment Authority

## Notes to and forming part of the accounts

### For the year ended 30 June 2004

(e) Receivables

Accounts receivable are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition. Collectability of receivables is reviewed on a regular basis.

(f) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits.

Property, plant and equipment, other than freehold land, are depreciated over their useful lives using the straight line and diminishing value method at the following rates which are reviewed annually:

Furniture and equipment	10%
Computer equipment	25%
Property	2%
Leasehold and Freehold Improvements	20%

(g) Payables

Payables, including accruals not yet billed, are recognised when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. Trade creditors are generally settled within 30 days.

#### Employee Benefits

(h) Annual Leave

This benefit is recognised at the reporting date in respect to employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

(i) Long Service Leave

Leave benefits are calculated at remuneration rates expected to be paid when the liabilities are settled. A liability for long service leave is recognised after an employee has completed four years of service. An actuarial assessment of long service was undertaken by Actuaries in 2002 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments. This method of measurement of the liability is consistent with the requirements of Accounting Standard AASB 1028 "Employee Benefits".

(j) Superannuation

Staff may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. All of these schemes are administered by the Government Employee Superannuation Board (GESB).



**Midland Redevelopment Authority**  
**Notes to and forming part of the accounts**  
**For the year ended 30 June 2004**

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by monthly payment of employer contributions to the Government Employees Superannuation Board.

The note disclosure required by paragraph 6.10 of AASB 1028 - Employee Benefits, (being the difference between the employer's accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employee Superannuation Board's records are not structured to provide the information for the Authority, accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits to be derived would be exceeded by the cost of obtaining the information.

(k) Leases

The Authority has entered into an operating lease arrangement for motor vehicles where the lessor effectively retains all of the risk and benefits incidental to ownership of the items held under the operating lease. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(l) Accrued Salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. The Authority considers the carrying amount approximates the net fair value

(m) Interest Bearing Liabilities

Western Australian Treasury Corporation loans are recorded at an amount equal to the net proceeds received.

(n) Borrowing Costs

Borrowing costs that relate to the financing of project representing qualifying assets are capitalised up to the date of commissioning.

(o) Comparatives

Where necessary comparative figures have been adjusted to conform with changes in presentation in 2004.

(p) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest dollar, or in certain cases, to the nearest thousand dollars.

**Midland Redevelopment Authority**  
**Notes to and forming part of the accounts**  
**For the year ended 30 June 2004**

	For the year Ended 30 June 2004 \$	For the year Ended 30 June 2003 \$
<b>2 Trading Profit</b>		
Sales	2,943,971	-
Less cost of sales	(1,391,246)	-
Less selling costs	(287,693)	-
	<u>1,265,032</u>	-
<b>3 Employee Expenses</b>		
Wages and salaries	442,938	312,504
Superannuation	57,142	45,646
Long service leave	61,094	9,828
Annual leave	8,983	18,806
Other related expenses	11,580	11,917
	<u>581,737</u>	<u>398,701</u>
<b>4 Supplies and Services</b>		
Supplies and services	79,574	95,049
	<u>79,574</u>	<u>95,049</u>
<b>5 Depreciation</b>		
Furniture and equipment	9,261	8,255
Computer equipment	18,687	13,831
Property	26,957	-
Leasehold & freehold improvements	1,008	1,286
	<u>55,913</u>	<u>23,372</u>
<b>6 Administration Expenses</b>		
Communications	20,168	29,703
Consumables	33,127	18,610
Maintenance	1,184	1,752
Insurance premiums	91,645	49,096
Other costs	77,953	65,993
	<u>224,077</u>	<u>165,159</u>

**Midland Redevelopment Authority**  
**Notes to and forming part of the accounts**  
**For the year ended 30 June 2004**

	<b>For the year Ended 30 June 2004</b>	<b>For the year Ended 30 June 2003</b>
	<b>\$</b>	<b>\$</b>
<b>7 Accommodation Expenses</b>		
Lease rentals	4,000	-
Cleaning	15,526	10,437
Other occupancy costs	7,193	2,330
	<u>26,719</u>	<u>12,767</u>
<b>8 Property Maintenance</b>		
Workshops miscellaneous	157,450	-
Workshops Site Security	310,850	-
Workshops Breakdown Maintenance	44,943	-
Workshops Routine Maintenance	60,484	-
Workshops Restorative Maintenance	82,274	-
Legal advice – property leasing	5,494	-
	<u>661,495</u>	<u>-</u>
<b>9 Other Expenses from Ordinary Activities</b>		
Corporate Marketing	4,280	-
Advertising, public relations	395,202	8,296
Donations and other	29,034	-
Motor vehicles and travel	46,250	43,755
	<u>474,766</u>	<u>52,051</u>
<b>10 Grants and subsidies from State Government</b>	<u>675,000</u>	<u>250,000</u>

The appropriation of \$675,000 comprises ongoing funding towards the Midland Railway Workshops maintenance site security as well as a grant of \$150,000 towards the restoration of the existing Timekeepers Hut into a planned Workshop Site Interpretive Centre on the Workshops site.

**Midland Redevelopment Authority**  
**Notes to and forming part of the accounts**  
**For the year ended 30 June 2004**

	For the year Ended 30 June 2004 \$	For the year Ended 30 June 2003 \$
<b>11 Cash Assets</b>		
Bank account	366,510	20,555
Cash on hand	250	250
	<u>366,760</u>	<u>20,805</u>

**12 Receivables**

GST Receivable	122,264	163,859
Other debtors	35,832	328,552
	<u>158,096</u>	<u>492,411</u>

**13 Inventories**

*Inventories consist of land held for resale and associated development expenses. The cost of inventories represents items of planning, design, project management, demolition, lease purchases, environmental studies and land grants in relation to the project development. These costs will be recovered from the development and sale of freehold land transferred to the Authority from the Government of Western Australia. Development expenses capitalized include all costs directly attributable to the development project.*

Current	6,142,244	3,824,209
Non Current	42,443,981	38,057,738
<b>Total Inventories</b>	<u><b>48,586,225</b></u>	<u><b>41,881,947</b></u>
<b>Consisting of:</b>		
Land held for resale:		
Land transferred to Authority from Government (refer below)	20,185,000	20,185,000
Development expenses capitalized (includes payments to other Government Agencies for development costs incurred during 1999/2001 prior to the Establishment of the Authority)	31,554,729	23,462,175
Allocated to cost of goods sold	(3,153,504)	(1,762,258)
<b>Total</b>	<u><b>48,586,225</b></u>	<u><b>41,881,947</b></u>

The most recent valuation of land held for resale, which have not been recognized in the financial statements, were market valuations by the Valuer General's Office at July 1, 2003. The value of \$33,910,500 is based on current-use. The Authority's internal budgets indicate that the realisation value of the land when developed and sold exceeds the carrying value.

**Midland Redevelopment Authority**  
**Notes to and forming part of the accounts**  
**For the year ended 30 June 2004**

	For the year Ended 30 June 2004 \$	For the year Ended 30 June 2003 \$
<b>14 Other Assets</b>		
Prepayments	14,381	21,239
	14,381	21,239
<b>15 Property, Plant and Equipment</b>		
<b>Furniture and Equipment</b>		
Furniture and equipment – at cost	107,226	98,488
Accumulated depreciation	(31,398)	(22,137)
	75,828	76,351
<b>Computer Equipment</b>		
Computer equipment – at cost	147,729	102,011
Accumulated depreciation	(73,115)	(54,428)
	74,614	47,583
<b>Property</b>		
Pattern Shop Store – at cost	28,398	-
Railway Institute Building – at cost	1,348,747	-
Accumulated depreciation	(26,957)	-
	1,350,188	-
<b>Leasehold &amp; Freehold Improvements</b>		
Leasehold & freehold improvements – at cost	10,099	10,099
Accumulated depreciation	(5,956)	(4,948)
	4,143	5,151
Net balance at 30 June 2004	1,504,773	129,085

**Reconciliations**

*Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial year are set out below.*

For the year ended 30 June 2004	Furniture And Equipment	Computer Equipment	Leasehold & Freehold Improvements	Property	Total
Carrying amount at the start of the year	76,351	47,583	5,151	-	129,085
Additions	8,738	45,718	-	1,377,145	1,431,601
Depreciation	9,261	18,687	1,008	26,957	55,913
Carrying amount at the end of the year	75,828	74,614	4,143	1,350,188	1,504,773

**Midland Redevelopment Authority**  
**Notes to and forming part of the accounts**  
**For the year ended 30 June 2004**

	<b>For the year Ended 30 June 2004</b>	<b>For the year Ended 30 June 2003</b>
	\$	\$
<b>16 Payables</b>		
Trade payables	1,214,719	653,455
Audit fees	29,562	22,050
Accrued expenses	387,851	261,891
Contract Retentions	107,525	283,717
	<u>1,739,657</u>	<u>1,221,113</u>
<b>17 Provisions</b>		
<b>Employee Benefits</b>		
<i>Current liabilities</i>		
Liability for annual leave	57,156	48,173
Liability for long service leave	34,032	31,893
	<u>91,188</u>	<u>80,066</u>
<i>Non-current liabilities</i>		
Liability for long service leave	106,083	47,128
	<u>197,271</u>	<u>127,194</u>
<b>18 Interest Bearing Liabilities</b>		
Borrowings from Western Australian Treasury Corporation	<u>27,924,729</u>	<u>20,271,921</u>

**Midland Redevelopment Authority**  
**Notes to and forming part of the accounts**  
**For the year ended 30 June 2004**

	For the year Ended 30 June 2004 \$	For the year Ended 30 June 2003 \$
<b>19 Reconciliation of Net Cash Used in Operating Activities to Net Profit</b>		
Net Profit / (loss)	(156,681)	(467,269)
<i>Non-operating items:</i>		
Depreciation expense	55,913	23,373
Government grants	(675,000)	(250,000)
<i>(Increase)/Decrease in assets:</i>		
Current receivables	292,720	(323,831)
Property Plant & Equipment	(1,377,145)	-
Current Inventories	(2,318,035)	(2,731,144)
Current other assets	6,858	(7,869)
Change in GST receivable	41,595	(65,357)
Non current inventories	(4,386,243)	(6,450,453)
<i>Increase/(Decrease) in liabilities:</i>		
Current payables	518,544	636,849
Current provisions	11,122	24,653
Non current provisions	58,955	3,981
<b>Net Cash used in operating activities</b>	<b>(7,927,397)</b>	<b>(9,607,067)</b>

**20 Reconciliation of Cash**

*For the purposes of the Statement of Cash Flows, Cash includes cash on hand and in banks and investments. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items on the statement of financial position as follows:*

Bank Account	366,510	20,555
Cash on Hand	250	250
	<u>366,760</u>	<u>20,805</u>

**21 Equity**

<i>Contributed Equity</i>		
Capital Contribution	<u>14,150,000</u>	<u>14,150,000</u>
<i>Retained Profits/(accumulated losses)</i>		
Opening Balance	6,775,259	7,242,528
Net Profit/(loss)	(156,681)	(467,269)
Closing Balance	<u>6,618,578</u>	<u>6,775,259</u>

**Midland Redevelopment Authority**  
**Notes to and forming part of the accounts**  
**For the year ended 30 June 2004**

**22 Commitments for Expenditure**

**Capital Expenditure Commitments**

The Authority's funds at 30 June 2004 were committed to the extent of \$1.275 million against the outstanding components of various works contracts.

**Lease Commitments**

Non cancellable operating lease commitments

	2003/04 \$	2002/03 \$
Not later than one year	19,915	17,051
Later than 1 year not later than 5 years	8,276	4,372
	28,191	21,423

**23 Financial Instruments**

(a) Credit risk exposures

The credit risk of financial assets of the Midland Redevelopment Authority which have been recognized in the financial statements, is generally the carrying amount.

(b) Interest rate risk exposures

The Authority's exposure to interest rate risk and the weighted average interest for financial assets is set out below.

2004	Variable Interest Rate	FIXED INTEREST RATE MATURING IN			Non-Interest Bearing	Total
		Less than 1 Year	1 to 5 Years	More than 5 Years		
<b>Financial Assets</b>						
Cash assets	366,510				250	366,760
Receivables					158,096	158,096
	366,510				158,346	524,856
Weighted Average Interest Rate	5%					
<b>Financial Liabilities</b>						
Payables					1,739,657	1,739,657
Interest bearing liabilities		10,328,649	7,818,924	9,777,155		27,924,728
		10,328,649	7,818,924	9,777,155	1,739,657	29,664,385
Weighted Average Interest Rate		5.57%	5.87%	5.87%		
Net financial assets (liabilities)	<b>366,510</b>	<b>(10,328,649)</b>	<b>(7,818,924)</b>	<b>(9,777,155)</b>	<b>(1,581,311)</b>	<b>(29,139,529)</b>
<b>2003</b>						
Financial Assets	20,805				492,411	513,216
Financial Liabilities		7,490,539	5,676,138	7,105,244	1,209,612	21,481,533
	4.25%	4.67%	5.84%	5.84%		



**Midland Redevelopment Authority**  
**Notes to and forming part of the accounts**  
**For the year ended 30 June 2004**

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities of the Authority approximates their carrying value.

**24 Remuneration of Members of the Accountable Authority and Senior Officers**

**Remuneration of Members of the Accountable Authority**

The number of members of the Accountable Authority, whose total fees, salaries, superannuation and other benefits received or due and receivable for the financial year, fall within the following bands:

\$1 - \$9,999	4	8
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	1	-

The total remuneration of the Members of the Accountable Authority is:	\$44,224	\$40,814
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**Remuneration of Senior Officers**

The total number of Senior Officers other than senior officers reported as members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

\$70,000 - \$79,999	-	1
\$80,000 - \$89,999	-	2
\$90,000 - \$99,000	3	-
\$100,000 - \$109,999	-	1
\$140,000 - \$149,999	1	-

The total remuneration of the Senior Officers of the Accountable Authority is:	\$427,321	\$385,980
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No senior officers are members of the pension scheme.

# Midland Redevelopment Authority

## Notes to and forming part of the accounts

### For the year ended 30 June 2004

#### 25 Remuneration of Auditor

The total fees paid or due and payable to the Auditor General for the financial year is as follows:

	For the year Ended 30 June 2004	For the year Ended 30 June 2003
Fees for audit	\$ 16,500	\$ 15,500

#### 26 Contingent Liabilities

There are no known contingent liabilities of the Authority in existence as at 30 June 2004.

#### 27 Impact of Adopting AASB Equivalents to IAS Standards

Midland Redevelopment Authority has commenced transitioning its accounting policies and financial reporting from current Australian Standards to Australian equivalents of International Financial Reporting Standards (A-IFRS). Midland Redevelopment Authority has allocated internal resources and engaged expert consultants to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to A-IFRS. As a result of these procedures, Midland Redevelopment Authority has identified differences and has established a project team to address each of the areas. As Midland Redevelopment Authority has a 30 June year end, priority has been given to considering the preparation of an opening balance sheet in accordance with I-FRS as at 1 July 2004. This will form the basis of accounting for Australian equivalents of IFRS in the future, and is required when Midland Redevelopment Authority prepares its first fully A-IFRS compliant financial report for the year ended 30 June 2006. Set out below are the key areas where accounting policies may change and may have an impact on the financial report of Midland Redevelopment Authority. At this stage Midland Redevelopment Authority has not been able to reliably quantify the impacts on the financial report.

##### Impairment of Assets

AASB 136 "Impairment of Assets" will require all assets, whether current, non-current or carried at fair value (other than those excluded from scope), to be reviewed for impairment.

At each reporting date, Midland Redevelopment Authority will be required to perform an assessment of whether an indicator of impairment exists (a 'trigger').

Where such a trigger exists an impairment test will be required to be performed. An impairment loss exists when the carrying amount of an asset exceeds its recoverable amount, being the higher of its net selling price and value in use.

Impairment testing is required to be performed at a level of aggregation representing the smallest cash-generating unit to which an asset belongs.

The proposals under AASB 136 represent a more robust impairment test than the current requirements under AGAAP and consequently it is possible that the carrying amounts of assets not considered impaired under the existing Australian Standards, could be impaired under the proposed A-IFRS requirements.

# Midland Redevelopment Authority

## Notes to and forming part of the accounts

### For the year ended 30 June 2004

#### Investment Properties

Under the Australian equivalent to IAS 40 *Investment Property*, Midland Redevelopment Authority has the option to value investment property on either a fair value or cost model. If the fair value model is chosen, the property is not depreciated and movements in fair value between periods are included in that periods operating results. No decision on which accounting policy to adopt has yet been made.

#### Embedded Derivatives

Adoption of AASB 139 will require Midland Redevelopment Authority to identify and measure embedded derivatives.

Embedded derivatives must be separated from the host contract and accounted for as a derivative under this Standard if all of the following conditions are met:

- (a) the economic characteristics and risks of the embedded derivative are not closely related to the economic characteristics and risks of the host contract;
- (b) a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and
- (c) the hybrid (combined) instrument is not measured at fair value with changes in fair value reported in net profit or loss.

If the embedded derivative can not be separately measured the entire combined contract must be accounted for as a financial instrument held for trading.

#### 28 Events Occurring After Reporting Date

There are no events occurring after reporting date.

#### 29 Explanatory Statement

- (a) Details of significant variations (10% or \$50,000) between actual results and budget for the year ended 30 June 2004 are as follows:
  - Capital works (Budget \$13.360 million, Actual \$8.8m). Reduced expenditure due to delays in approvals from various regulatory authorities.
- (b) Details of significant variations (\$100,000) between 2003/04 and 2002/03 actual results are as follows:

Other revenue from ordinary activities (2003/2004 \$1,265,032 vs 2002/2003 \$70,533). Difference is due to the sale of commercial land, development application fees and a significant increase in lease income from Authority properties.

- Receivables (\$158,096 2003/2004 vs \$492,411) is reduced due to close attention paid to recoveries from Debtors/lessees.
- Payables (2003/2004 \$1,739,657 vs 2002/2003 \$1,209,612) has increased due to the increased level of infrastructure works and delays associated with the verification of contractor progress claims for major infrastructure works.

## ***Publications***

The principal publications of the MRA during the year were:

- *Midland Redevelopment Authority Annual Report 2002-03*
- *The Midlander* newsletter (winter 2004)

All publications can be downloaded from the MRA's website [www.mra.wa.gov.au](http://www.mra.wa.gov.au).