MIDLAND
REDEVELOPMENT
AUTHORITY

Proud history. Exciting future.

ANNUAL REPORT
2006

Contents

Statement of Compliance

Hon. Alannah MacTiernan BA LLB Bjuris JP MLA
Minister for Planning and Infrastructure
13th 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 2006.

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

Yours sincerely

Dr Fred Affleck
CHAIRMAN

Phil DiMasi
MEMBER

18 September 2006

Mandate

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

As provided by the Act, the functions of the Authority are to plan, undertake, promote and coordinate the development and redevelopment of land in the defined redevelopment area. The Authority 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 Authority powers to deal in land and other assets and to undertake works in the area.

The Authority 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.

Section 20(3) of the *Midland Redevelopment Act 1999* requires Ministerial approval for the Authority to enter into contracts with a value in excess of $1,000,000. There were 2 such contracts in 2005-06:

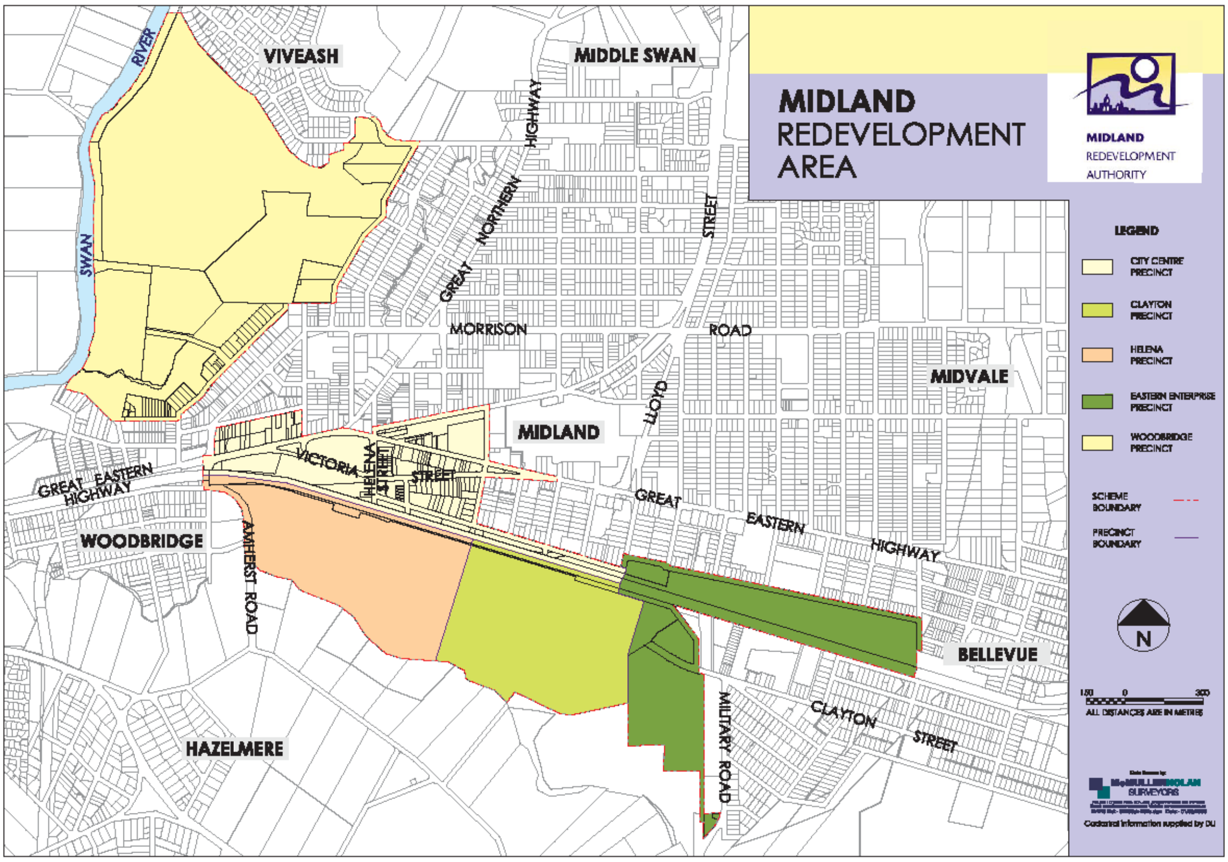
- Sale of Lot 412 Juniper Gardens, Midland
- Sale of Lots 435 - 438 Juniper Gardens, Midland.

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 WA Meat Industry Authority livestock saleyards.



The Year at a Glance

Achievements

- Land sales - Juniper Gardens mixed-use (Lots 412, 435 - 438)

  Sector 11C (33 residential lots)
  Lot 515 (proposed new Swan District Hospital site)

- Funding granted for the remediation of Helena Sector 10

- Staff granted permanency within the Department for Planning and Infrastructure

- Commencement of the Heritage Conservation Project to restore key historic buildings and prepare them for future uses.

Setbacks

The MRA experienced no significant setbacks during the year in review.

Issues

- Attraction and retention of staff

- Gaining timely statutory approvals for capital projects

- Tight labour market in the building and construction industry, potentially causing delays in project delivery.

Financial Indicators

Indicator	2006-07 $ Estimated	2005-06 $ Actual	2005-06 Estimated
Land sales	$19,117,955	$9,284,086	$14,973,000
Deposits on Land	$0	$3,375,000	$0
Other revenue	$549,822	$623,923	$278,000
Trading profit	$3,485,228	$3,883,611	$3,657,967
Capital works	$29,892,000	$10,833,718	$15,456,000
Debt level	$22,550,000	$32,489,648	$31,143,000
Debt servicing costs (Expensed)	$320,000	$422,542	$352,425
Debt servicing costs (Capitalised)	$1,280,000	$1,542,001	$1,409,700
Debt servicing costs (Total)	$1,600,000	$1,964,543	$1,762,125

Highlights of the Year

- The sell-out success of Stage 2 and Stage 3 of Woodbridge Lakes, the prime residential area on the Railway Workshops site.

- All lots sold in the two central Midland subdivisions, The Crescent and Juniper Gardens, with the last lot setting a new sale price record for Midland of more than $500 a sq m.

- The WA Government decision to build a new state-of-the-art 326-bed general hospital on the Midland Railway Workshops site.

- Before the hospital announcement, business and economic analysts MacroPlan Australia predicted the redevelopment would inject $644 million into the local economy over the next 20 years and create about 5160 jobs.

- MRA planning, public relations and landscape consultants commended in their respective industry awards.

- The opening of Juniper Gardens, a new park created by the MRA in central Midland, and unveiling of its centrepiece, a 5m sculpture by renowned artist Robert Juniper.

- An independent review found that the MRA performed effectively in its first five years and all key local stakeholders strongly support its continuing work.

- Work began on a $14.245 million, three-year project to restore key Railway Workshops heritage buildings.

- A Memorandum of Understanding between the MRA and FORM Contemporary Craft and Design, WA's peak professional body for the craft and design sector, to develop a world-class creative industries centre in the Foundry at the Railway Workshops.

- The MRA received approval and funding of $13.959 million over two years to remediate land in Helena precinct.

- A 10-year lease agreed between the MRA and the Australian Opera Studio for the continued use and development of the old Midland Primary School.

Vision

Midland as a vibrant regional centre with a strong sense of identity, recognised for its cultural diversity and growing opportunities in commerce, education and the arts.

Mission

Revitalising Midland.

Objectives and Functions

The MRA operates under the following guiding objectives for the overall project to realise its vision for Midland:

- Revitalise Midland and strengthen it as a strategic regional centre
- Integrate development to ensure maximum benefits for the city and the community
- Maintain and enhance environmental, social, heritage and cultural values within and around the redevelopment area
- Invest responsibly for sustainable economic outcomes.

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 Authority works with the community to deliver integrated land and transport infrastructure and services for sustainable growth.

Chairman's Report

The Midland Redevelopment Authority is nearing the halfway point of its massive task of revitalising central Midland and the Railway Workshops site.

We can be very proud of the significant economic and social achievements to date, and we are grateful for the support of our stakeholders as we prepare for our biggest challenge - developing a village in the heritage heart of the Workshops.

Recently an independent review concluded that the MRA had performed effectively in its first five years and all key local stakeholders strongly supported our continuing work. The review found that the MRA's key achievements included developing an innovative planning framework, building an effective organisation and successfully attracting new Government users to the Railway Workshops site. Other key achievements were securing $14.245m to restore key heritage buildings and establishing the Midland Railway Workshops Interpretive Centre.

It was especially gratifying that the review found an evident and quiet community pride in the achievements of the MRA, and a strong sense of focus on future opportunities.

The rapid progress in 2005-06 in all four precincts in the redevelopment area is the result of a continued and thorough planning and consultation process.

Successful land sales in the new central city subdivision of Juniper Gardens culminated in June with the sale of a large mixed-use lot for $1.1m, setting a new sales price record for Midland of more than $500 a sq m. In the next few years this area and The Crescent will have up to 200 apartments and 7500 sq m of commercial floor space, including restaurants and cafes. Juniper Gardens, with its massive sculpture by renowned artist Robert Juniper, is a major legacy of the MRA to the Midland community.

On the Workshops site the first quality homes at Woodbridge Lakes, the dress-circle residential area around the Coal Dam, are nearing completion. Stages 2 and 3 have now sold out and achieved excellent prices.

The WA Government's decision to build a new 326-bed general hospital on the Workshops site was a further vote of confidence in the urban renewal project and the future of Midland. The MRA worked closely with the Health Department to promote the Clayton Street site.

Before the hospital announcement, business and economic analysts MacroPlan Australia predicted the redevelopment would inject $644 million into the local economy over the next 20 years and create about 5160 jobs. These figures will be revised to take account of the big economic impact of the hospital.

Across the road from the hospital site work continues on the State's largest WA Police complex, which will employ 1000 people by the end of 2008. Nearby is Perth's latest bulky goods shopping area, where the number of high-profile national tenants vindicates the MRA's leading-edge planning policy for the precinct.

Another significant achievement was gaining funding of $13.959 million over two years to remediate land in Helena precinct.

The revitalisation of Midland is also about social and cultural development. The MRA continued its investment in public art and signed a Memorandum of Understanding with FORM, WA’s peak professional body for the craft and design sector, to develop a world-class creative industries centre in the Foundry at the Railway Workshops. The centre will accommodate sculptors, glass blowers, painters and other artisans in studio spaces, provide areas for support services such as IT and graphic design as well as a theatrette, exhibition spaces, a café and other retail outlets. The fine wood cluster already established in the Pattern Shop will link to the Foundry centre.

Looking ahead, work will start in earnest next year on the Workshops Village. The last demolitions of buildings of little significance will clear the way for the final soil remediation program. The remaining buildings all contribute to the heritage value of the site and will be adapted and reused. The heritage restoration program will continue with work to the Foundry, the second phase of the three-year project to prepare key heritage buildings for new uses. The first, replacing the roof of Block 2, began in February and is expected to be completed in November.

The Foundry project is the catalyst for transforming the Workshops into a contemporary village with an eclectic mix of residential, commercial, rail heritage and education facilities. The MRA is now developing detailed plans for the village to complete the redevelopment project.

I congratulate my fellow Board members Cr Charlie Zannino, Cr Joe Marino, Ms Philippa Rogers and Deputy Chairman Mr Phil DiMasi, on their continued valuable contribution to the work of the MRA. My sincere thanks also to our diligent Minister Alannah MacTiernan and Midland MLA Michelle Roberts for their guidance and support, and to the committed and highly productive MRA staff and consultant team who continually achieve high standards of excellence.

Dr Fred Affleck
CHAIRMAN

Board

The Authority 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 of Swan reflects a genuine partnership between the Authority and the City for the revitalisation of Midland.

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

Dr Fred Affleck, Chairman
Dr Affleck is a transport expert with a strong industry and academic background. He is Professor of Transport Studies at Curtin University of Technology and Executive 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 (Commissioner) 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 DiMasi
Mr DiMasi was born in Midland and completed his secondary education there. He has been involved in the building industry for many years and is the founder and Managing Director of Ventura Homes.

Mr DiMasi 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 Rail Heritage WA, a committee chair of the National Trust and a member of other historical societies and several Midland community groups.

Cr Charlie Zannino
Cr Zannino owns and operates a vineyard in the Swan Valley and has business interests there, in Midland and Belmont. He was first elected to council in 1987, was Shire President from 1991 to 1993 and Mayor from May 2001 to May 2003.

Cr Joe Marino
Cr Marino is an accountant with extensive experience in the public sector. He is an officer in the Department of Premier and Cabinet, and joined council in 1997. Cr Marino is the 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

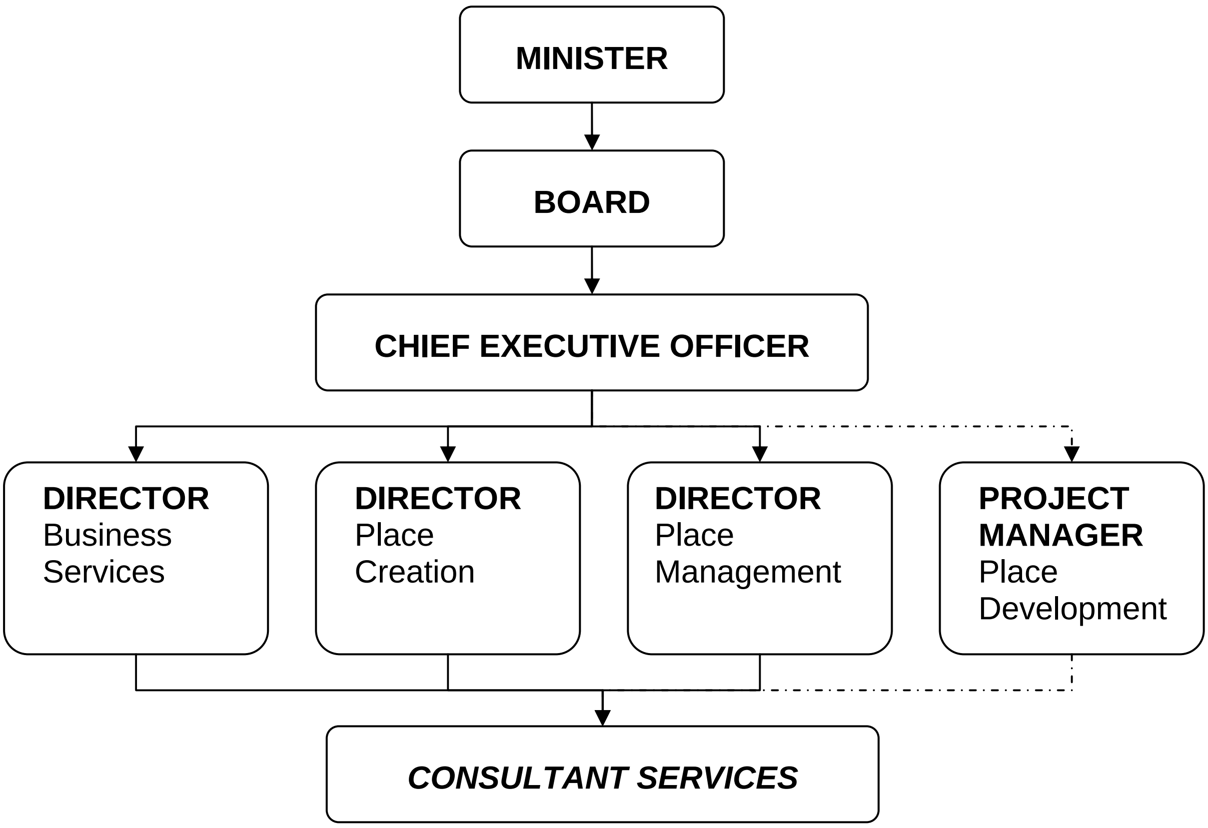
The Chief Executive Officer administers the day-to-day operations of the Authority and has prescribed delegated authority for particular management decisions. With the exception of the Chief Executive Officer, the Authority employs no staff directly; support is provided by staff seconded from the Department for Planning and Infrastructure and from other agencies and by consultants. At 30 June 2006 nine staff were on secondment to the Authority.

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

- Place Creation
- Place Development
- Place Management
- Business Services

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

Organisation Chart
June 2006



The Chief Executive Officer is Kieran Kinsella.

The Authority staff for 2005/06 was:

Director Business Services	Chris Porter (until 23 September 2006) Neil Parry (from 26 September 2006)
Management Accountants	John Segui (until 10 February 2006) Holly Caldwell (from 5 June 2006)
Business Support Officer	Nicole Carey
Executive Assistant	Marina Hodda
Customer Service Officers	Christine May (until 24 December 2005) Gail Hayes (from 1 May 2006)
Director Planning	Megan Bartle
Planning Manager	Cath Blake-Powell
Planner	Lee Rodda (from 14 November 2005)
Director Place Management	Kim Hutchinson
Property Management Officer	Kevin Harris (from 30 February 2006)

Key consultants as at 30 June 2006 were:

Place Development

Project Management	Clifton Coney Group
Heritage	Heritage & Conservation Professionals Palassis Architects
Environment	ATA Environmental
Engineering	Wood & Grieve Engineers
Landscaping	Tract (WA) Pty Ltd

Business Services

Accounting Services	Ernst & Young
Audit Services	Internal Audit – Stanton Partners External Audit – Office of Auditor General
Public Relations	Roberts Thorn Consulting.
Valuation Services	DLI Valuation Services DTZ Australia Pty Ltd Christie Whyte Moore
Property Sales and Consulting	Time Conti (Residential) Colliers International (Commercial)

Chief Executive Officer's Report

The MRA's mission is to revitalise Midland. This is the ultimate goal of the activities we call Place Making, which bring together the professional disciplines of business planning, land acquisition, urban design, architecture, economics and other related areas to develop the vision and planning framework for the development of land in the redevelopment area.

Fine-tuning of master plans through consulting with the community is an important part of Place Making and ensures understanding and acceptance of the planning outcomes.

Four *Key Result Areas* (KRAs) combine to deliver the MRA's Place Making activities – Place Creation, Place Development, Place Management and Business Services.

• *Place Creation*

Place Creation translates the vision for the redevelopment area into the detailed planning program that prepares and delivers land for development. It shapes the physical outcomes of the Midland redevelopment project and provides integrated, sustainable development solutions for each distinct parcel of land.

Key outcomes in 2005/06 included:

- Finalising detailed development plans for the Workshops Village, including lot configuration, landscape and development principles and appropriate development yield

- Progress on the transit oriented development within the walkable catchment area of the Midland Train Station

- Commencing cultural planning with the City of Swan for the redevelopment area and its correlation with the Midland Place Plan

- Continued progress on the Midland Community Learning Precinct, including the development of an MOU with the project partners and initiating the establishment of an Industry Advisory Board.

Another key achievement during the year was the continued implementation of the objectives of the MRA sustainability statement and action plan adopted in February 2005.

Final approval was gained for Woodbridge Lakes Stage II (another 52 single residential and three mixed-use lots).

Site-specific design guidelines were developed for several lots including Lot 602 Yelverton Drive, Woodbridge Lakes, and Lot 413 Cale Street, Midland. The guidelines for Lot 602, a large mixed-use lot immediately south of the Midland train station, aim to ensure good built form outcomes while allowing flexibility for a creative, quality architectural solution. Lot 413 comprises the former Headmaster's House, one of three heritage buildings being conserved as part of the old Midland Junction School. The site-specific guidelines were prepared to ensure infill development responds to the heritage significance of this location.

The main MRA public art installation during the year was the superb 5m tall sculpture by renowned artist Robert Juniper that is the centrepiece of Juniper Gardens, an attractive park the MRA has created in the heart of Midland.

The MRA has developed a close and effective relationship with the Heritage Council of WA as plans progress for the Workshops Village. The act under which the MRA operates specifically commits the Authority to conserve the Workshops, particularly its heritage and labour history. The heritage strategy developed for the Workshops, a registered heritage site, ensures that the Heritage Council's development committee approves all planning and development work.

Major planning publications in 2005-06 were:

Heritage Strategy for the Midland Central Redevelopment Area

Design Guidelines for Large Format Retail - Lloyd and Clayton Street

Design Guidelines for Victoria Street East 1B and Railway Parade North 1A

Design Guidelines for Mixed Use - The Crescent 1B Revision 1

Design Guidelines for Residential - Woodbridge Lakes Revision 1

Planning Policy 2.6 – Car Parking

Concept Plan Report 2005 – Midland Redevelopment Authority

Residential – Woodbridge Lakes – Wallsend Road Style Guide Addendum (Design Guidelines)

Residential – Woodbridge Lakes – Wallsend Road Style Guide Addendum

Lot 602 Yelverton Drive Woodbridge – Site Specific Guidelines

In 2005-06 the MRA received 47 development applications with a total construction value of $39.273 million. These included the Midland Central large format retail centre, the WA Police traffic support building, mixed-use developments in The Crescent and ongoing Woodbridge Lakes housing applications.

- ### *Place Development*

Place Development implements the detailed plans for the land being redeveloped and prepares the product for the market. This includes the environmental remediation, infrastructure, subdivision works and development control required to prepare and develop the land for sale.

Key outcomes in 2005-06 included:

- Heritage Conservation Program designed and implementation commenced – Block 2 restoration 25% completed, tender issued for Foundry
- Helena Precinct Sector 11C and 12 (residential subdivision) completed
- Public Environmental Review of Helena East (Sectors 10 and 11) remediation; environmental approval process well advanced
- Remediation designed and commenced of Helena Sector 10
- Construction designed and commenced of Helena Sector 10 subdivision
- Clayton Sector 14 site works completed
- Lloyd Street/Coppershop Road construction completed
- Cowie Place streetscape upgrade completed
- Construction completed of Bore No. 2.

- ### *Place Management*

Place Management fosters and promotes the growing new community. It involves managing the MRA's assets and developing initiatives to realise opportunities in commerce, education and the arts in the Midland area.

The goal of Place Management is to activate the MRA's buildings and public spaces to attract new economic and enterprise initiatives, enhance cultural diversity and make the city a vibrant, interesting and welcoming place.

Key activities and achievements in 2005-06 included:

- Starting the relocation of equipment and machinery to facilitate the restoration of heritage buildings
- Commissioning conservation plans for several heritage buildings in preparation for their restoration and adaptive reuse
- Landscaping works around heritage buildings at the old school site in the Midland town centre.

- The opening and dedication of Juniper Gardens

- Continued successful operation of the Railway Workshops Interpretive Centre, open to visitors several days a week

- Workers' Wall stage III works designed, tendered and awarded

- MRA sponsorship of the annual Winterfest youth festival at the Workshops, the Stan Gurney Commemorative Cycle Race on ANZAC Day around the redevelopment area and Opera in the Park in Juniper Gardens

- Successful events including fashion parades, performing arts concerts and jewellery exhibitions in the Powerhouse and the Jobs Galore Expo in Block II

- Continuing support of local media and arts students by allowing use of the Railway Workshops for films, videos and plays.

- ***Business Services***

Business Services provides corporate administrative and financial support for the MRA's internal and external customers.

The Business Services Directorate manages the commercial operations of the MRA, including the acquisition and development for sale of the MRA's residential and commercial land holdings. It also aims to maximise commercial opportunities for the MRA's existing buildings.

Key activities and achievements in 2005-06 included:

- In central Midland six mixed-use lots in Juniper Gardens were all sold at prices well above reserves to builders keen to be a part of Midland's revitalisation. The sales will see more than 100 apartments developed and in excess of 5,500 square metres of commercial/retail space available.

- In April 2006 the MRA sold Lot 515 to the Department of Health for the future development of a new state-of-the-art general hospital. The development will generate up to $182m in construction costs and create 1500 new jobs in Midland.

- A major success for the MRA was the release of the Woodbridge Lakes Stage 2 residential development on the western end of the Railway Workshops site. A strong residential market in early 2006 resulted in sales exceeding expectations. At 30 June 2006, 33 of the 37 lots in the subdivision had sold, with prices rising by up to 25 per cent between December 2005 and June 2006.

- During the year the MRA concluded negotiations with the WA Meat Industry Authority (WAMIA) to acquire Crown Reserve Lot 14240, on the northern side of Clayton Street. The 1.7 ha site in the middle of the Large Format Retail precinct is now fully developed and available for sale.

- External providers delivered a range of necessary corporate support services during the year. Contracts were awarded for the provision of Internal Audit Services, Property Valuation Services and Advertising and Marketing Services.

- During the year the MRA developed a land database to assist in managing its sales program and contract compliance. A review of the records management system resulted in a change to a lot or land-based filing system, improving filing efficiency and retrieval of information.

Other Legislation

In all its programs and their delivery, the Authority 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 Authority 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 Authority has complied with the requirements of the *Financial Administration and Audit Act 1985* and associated Treasurer's Instructions.

In 2005/06 the Authority 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)*
- *Principles, procedures and policies of public administration and management were applied in accordance with the Act and regulations. The Authority 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*
- *Aboriginal Heritage Act 1972*
- *Heritage of Western Australia Act 1990*
- *Public Sector Management Act 1994*
- *Environmental Protection Act 1986*
- *Land Administration Act 1997*
- *Disability Services Act 1993*
- *Public Interest Disclosure Act 2003*

Reporting Requirements

GOAL 1: People and Communities

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

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

The MRA is currently redeveloping its Disability Services Plan into the newly required Disability Access Inclusion Plan (DAIP), to be lodged with the Disability Services Commission by July 2007. MRA's current initiatives to address each of the DAIP six desired outcomes are:

1. *People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.*

    - All policies, guidelines and practices that govern the operation of MRA facilities and services are consistent with the policy on access.

    - Public events organised by the MRA, such as public land auctions and Ministerial unveilings, are accessible to people with disabilities.

2. *People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority.*

    - MRA's administration building has disabled parking, toilets and full access throughout the lower floor. The Midland Railway Workshop site has disabled access to the public Workers Wall area. It must be recognised that a significant number of MRA assets are listed as heritage buildings which have heritage conservation restrictions on them.

    - The Woodbridge Lakes and Juniper Gardens land developments have access ramps and pathways throughout the public areas.

3. *People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.*

    - MRA information is available in person, via telephone, website and in hard copy which can be provided in a variety of formats upon request. All information is available in a clear, concise and easy to understand language.

    - MRA provides access to Auslan interpreters on request.

4. *People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.*

    - MRA staff members with key client and public roles are trained to ensure that, in relation to service provision, they are aware of the key access needs of people with disabilities, their families and carers who use MRA facilities and services.

5. *People with disabilities have the same opportunities as other people to make complaints to a public authority.*

    - Complaints can be made to the MRA through the various means. These include in person, in writing, by telephone through the MRA Community Feedback Line, and electronically via a Feedback Form available on the MRA website.

6. *People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.*

    - Issues for public comment are advertised via local newspaper articles, media releases on the MRA website and written letters to home owners surrounding the relevant land area. Responses can be made through telephone, written letter, e-mail, website Feedback Form or in person. For large projects seeking public comment, open community forums are called for all interested parties to attend and participate in a group consultation. These processes are conducted in venues that have disabled access.

GOAL 5: Governance

Recordkeeping Plans

The MRA has in place an efficient and effective recordkeeping system that was evaluated and reviewed in 2006 in accordance with the requirements of the State Records Commission Standard 2. Significantly, the records keeping format was changed to a lot or land-based format from an activity-based format.

The following documents were created to assist the MRA recordkeeping procedures:

- Records Management Policy and Procedures Manual
- Record Keeping Induction Form
- Record Keeping Feedback Form.

The following documents were updated to reflect changes in the MRA's recordkeeping procedures:

- Record Keeping Plan
- Retention and Disposal Schedule
- Disaster Management Plan-Vital Records
- Emergency Control Organisational Plan.

The MRA conducts a recordkeeping training program for new staff as part of an induction program that addresses employees' roles and responsibilities in complying with the recordkeeping system. The induction program is reviewed through Feedback Forms completed by inductees.

In 2006 all current staff members were re-inducted and re-trained in MRA recordkeeping procedures as part of the introduction of the new MRA Records Management Policy and Procedures Manual.

Advertising and Sponsorship

Expenditure incurred by the Authority during 2005/06 in relation to Section 175ZE of the *Electoral Act 1907* totalled $407, 450 (excluding GST) broken down as follows:

Advertising agencies	$134,574
Market research organisations	Nil
Polling organisations	Nil
Direct mail organisations	$5,222
Media advertising organisations	$267,654

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 Authority 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 2005/06 financial year.

Sustainability

The MRA has been implementing its Sustainability Action Plan since December 2004. In that time a focus on sustainability has led to the introduction and progression of a number of significant new initiatives that will drive the sustainable future of Midland.

While the MRA's focus has always been on delivering a sustainable redevelopment outcome for the long-term benefit of Midland, the region and the State, the implementation of its Sustainability Action Plan has provided a framework to document and guide this progress.

In the past year the MRA mapped all its activities against the Sustainability Foundation Principles (as identified in the Sustainability Code of Practice) to ensure that activities contribute positively to all aspects of the sustainability agenda. The foundation principles are:

1. Long term economic health
2. Equity and human rights
3. Biodiversity and ecological integrity
4. Settlement efficiency and quality of life
5. Community, region's 'sense of place' and heritage
6. Net benefit from development
7. Common good from planning.

The MRA's Sustainability Action Plan has a total of 49 actions relevant to its business. Many of the actions are relevant to more than one of the principles outlined above, and some have more than one performance indicator. The MRA has allocated responsibility for the actions according to key result areas of its business and set timeframes to achieve each performance indicator. The performance as at June 2006 is as follows:

Key Result Area	Total Performance Indicators	Percentage Completed	Percentage Commenced and On-going
Executive Management Team	7	29%	71%
CEO	8	38%	63%
Place Management	11	18%	82%
Place Creation	7		100%
Place Development	1		100%
Business Services	21	62%	33%

The framework that applies responsibility to each action allows ease of discussion of sustainability performance in senior management team meetings.

While the MRA pursues its objectives to revitalise Midland and provide maximum benefits to the city and community, the sustainability agenda has encouraged the Authority to provide a diversity of initiatives to achieve this vision.

As an example, the Midland redevelopment is set to become the benchmark for best practice sustainable development following a unique cooperative arrangement between the MRA, the Department of Environment, Water and Rivers, the Swan River Trust and the City of Swan. The partners are currently trialling a rainwater harvesting project to recover rainwater from buildings and inject it into the aquifer. If successful the project has the potential for all storm and rainwater from the site to be injected, fulfilling the MRA's long-term plan for the Workshops site to be self-reliant for all irrigation requirements

In another development, the heritage restoration of the Foundry will begin shortly. When completed, the Foundry will accommodate a Creative Industries Centre, a project that will retain a strong link to the area's heritage while providing enhanced cultural and social benefit for future residents of Midland.

Corruption Prevention

The MRA is developing corruption prevention policies for risks associated with corruption and misconduct. These policies will be incorporated in the MRA risk management program and staff induction practices will be revised to make sure new staff are aware of their responsibilities. The MRA's Risk Management System is scheduled to be review in 2006/07 and the MRA's Internal Audit Committee will oversee the review.

Freedom of Information

The Authority is subject to the *Freedom of Information (FOI) Act 1992*. Neil Parry 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.

Statement of Compliance with Public Sector Standards

1. In the administration of the Midland Redevelopment Authority, 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.*

4. The MRA has appointed Neil Parry as a Public Interest Disclosure officer and has established internal procedures relating to the Authority's obligations under the *Pubic Interest Disclosure Act 2003*. The MRA is aware of its obligation to provide protection for people who make a public interest disclosure and the outcome of that assessment.

   No public interest disclosures were made during the year in review.

Kieran Kinsella
Chief Executive Officer

18 September 2006

Certification of Performance Indicators

MIDLAND REDEVELOPMENT AUTHORITY
CERTIFICATION OF PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006

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 2006.

Dr Fred Affleck
Chairman

Phil DiMasi
Deputy Chairman

18 September 2006

AUDITOR **GENERAL**

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

MIDLAND REDEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006

Audit Opinion
In my opinion,

(i) the financial statements are based on proper accounts and present fairly the financial position of the Midland Redevelopment Authority at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;

(ii) the controls exercised by the 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

(iii) the key effectiveness and efficiency performance indicators of the Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2006.

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

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the Notes to the Financial Statements.

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

Summary of my Role
As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf".

An audit does not guarantee that every amount and disclosure in the financial statements and performance indicators 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 and performance indicators.

D D R PEARSON
AUDITOR GENERAL
21 September 2006

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664

MIDLAND REDEVELOPMENT AUTHORITY
KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2006

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

The MRA is both a planning agency and a land development agency preparing and selling land for development. 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.

OBJECTIVES

The MRA operates under the following guiding objectives for the overall project to realise its vision for Midland:

- Revitalise Midland and strengthen it as a strategic regional centre
- Integrate development to ensure maximum benefits for the city and the community
- Maintain and enhance environmental, social, heritage and cultural values within and around the redevelopment area
- Invest responsibly for sustainable economic outcomes

OUTCOMES

1. To revitalise Midland and strengthen it as a strategic regional centre

The MRA has significant land holdings in Midland comprising the former Midland Railway Workshops site and areas within Midland town centre itself. The release of commercial, mixed use and residential lots continued in 2005/06 generating significant investment in Midland in the short term and longer term employment opportunities.

The successful release of a large format retail site on commercial land in 2004/05 was followed up in 2005/06 with the successful release of residential land in the Authority's Helena precinct and mixed use land in the City Centre precinct. The prices achieved set a new benchmark for Midland with prices approaching $850 per square metre for residential land and $500 per square metre for mixed use land in the City Centre precinct.

Within the Midland City Centre precinct the developments will realise approximately 230 one to three bed apartments and provide approximately 25,000 square metres of retail/commercial space contributing significantly to the revitalisation and reactivation of the City centre.

In 2004/05 the MRA commenced its residential land sales program with its Woodbridge Lakes sub division. Building on previous successful auctions Stages 1 – 3 of Sector 11C were released during 2005/06 with a near sell out of all lots.

Effectiveness Indicator: Land developed for sale

	Cumulative Total (square metres)	Land Development (square metres)				Cumulative Total (square metres)	Total Land Available (square metres)	Cumulative % of Land Developed
	As at 30/06/03	2003/04	2004/05	2005/06	Planned 2005/06	As at 30/06/06	As at 30/06/06	
Commercial: - In progress - Complete	 0 21,832	 146,400 536	 25,434 190,901	 0 42,714	 0 20,754	255,983	406,000	63.1%
Residential: - In progress - Complete	 9,900 0	 0 1,694	 17,193 12,061	 0 17,193	 0 21,601	30,948	143,000	21.6%
Total: - In Progress - Complete	 9,900 21,832	 146,400 2,230	 42,627 202,962	 0 59,907	 0 42,355	286,931	549,000	52.3%

2. To integrate development to ensure maximum benefits for the city and the community

Effectiveness Indicator:Improvement in value of Authority land holdings

The Authority has commenced the provision of infrastructure works on its sites leading to an increase in land value of these properties. With the planned land uses, as developed in the Authority's Concept Plan for the various sites, it is anticipated that a significant increase in value will be realised.

The table below provides Department of Land Information valuations of the Authority land holdings for the period 2000/01 to 2002/03 based on the land zonings prior to the introduction of the Authority's Redevelopment Scheme for each precinct. The valuation for 2003/04 to 2005/06 reflects the impact of the Redevelopment Scheme zonings on land values substantiated by the achievement of sales at values above expectations in the subdivisions of Juniper Gardens (commercial and mixed use), Woodbridge Lakes (residential) and Clayton (commercial). The significant drop in the market valuations is due to the MRA selling a large portion of its developed land in 2005/06. No yearly targets are set for this indicator as the economic value of the works undertaken by the Authority is difficult to quantify without significant expense and serve no useful purpose from an operational management perspective.

Land	Original Valuation	Market Valuations				
	2000/01 ($million)	2001/02 ($million)	2002/03 ($million)	2003/04 ($million)	2004/05 ($million)	2005/06 ($million)
Owned	14.150	20.085	23.250	34.710	45.402	31.315
Sold	2.100	Nil	Nil	2.944	16.942	9.284

3. To maintain and enhance environmental, social, heritage and cultural values within and around the redevelopment area

Documentation of an approved Public Environmental Review (PER) process for environmental remediation works for the Railway Workshops is currently being implemented. As the PER is the benchmark for effectively implementing the remediation, work will be measured against the approved conditions. All work has been carried out to the satisfaction of the Department of Environment in accordance with the PER documentation of the approved remediation works program.

Effectiveness Indicator: Sites investigated and extent of remediation completed

Environmental investigations and clearances are required for all of the Authority's land holdings. Prior to its subdivision and development any land affected by contamination must be investigated and remediated to the satisfaction of the Department of Environmental Protection.

	Cumulative total as at 30/06/03 (hectares)	2003/04 (hectares)	2004/05 (hectares)	2005/06 (hectares)	Cumulative total as at 30/6/06 (hectares)
Area under investigation	70.7600	1.3320	0	0	72.0920
Area under remediation	1.8500	12.6385	31.5863	18.7965	N/A
Remediation completed	1.8500	12.6385	14.5178	1.7280	30.7343

The MRA's total land holding comprised 72.092 hectares. The above table shows that in 2004/05 a total of 14.5178 hectares had received clearance by the Department of the Environment with the remediation completed by 30 June 2005. In 2004/05 17.068 ha of land remained under investigation and the land remains in this state in 2005/06 with a further 1.7280 ha in Sector 14 investigated and remediated. Approval and environmental clearances from the Department of the Environment are expected in the second half of 2006. This means that a total of 30.7343 ha have now been fully remediated since 2000.

All land under the MRA's control is under investigation and in various stages of either remediation, development, or further investigation or monitoring and for that reason no yearly targets are required.

4. To invest responsibly for sustainable economic outcomes

The Authority is seeking 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 sub divisions and the anticipated land sales should lead to increased population, improved employment opportunities and increase the level of economic activity in the area.

Effectiveness Indicator:Sub Division of Land for development

	2002/03		2003/04		2004/05		2005/06	
	Comm Lots	Res Lots	Comm Lots	Res Lots	Comm Lots	Res Lots	Comm. (No Lots)	Resid. (No Lots)
No. of sub divisions lots commenced	48	13	4	29	13	52	1	0
No. of lots completed	0	0	5	13	1	29	9	52
No. of lots outstanding	48	13	47	29	59	52	0	0
Target No. of lots for 05/06							7	46

In 2004/05 the MRA's Helena Precinct Sector 11C and Sector 12 subdivision commenced comprising 52 residential lots and 4 commercial lots on the Midland Railway Workshops site which was completed in 2005/06. The MRA's Juniper Gardens 5 lot commercial/mixed use development, in Midland town centre, also commenced in 2004/05 and was completed in 2005/06.

The planned subdivision of Lot 515 (Hospital site within the Clayton Precinct) into approximately 50 commercial lots will not eventuate as the Lot has been sold to the Health Department as a superlot for redevelopment of the new Swan Health Campus. Hence the reduction in 2005/06 in the number of commercial lots outstanding to be developed.

Efficiency Indicator: Planning Application Assessments

Although a significant increase in the number of development applications occurred in 2005/06, the average assessment period only marginally increased from the previous years but is still on a general downward trend and remains within the statutory requirement of 60 days. However, two development applications exceeded the 60 day statutory requirement. These extended assessment periods were as a result of the development application assessment process requiring either applications to be publicly advertised for a statutory period of 30 days, involve referral to the City of Swan, need a determination by the MRA Board or were due to significant delays with the receipt of revised drawings from applicants. The introduction of a Land Database will assist in the early identification and monitoring of late applications.

Year	Number of applications assessed	Average assessment period (days)	Statutory requirement (days)	Number of applications assessed over 120 days
2001/02	Nil	Nil	60	Nil
2002/03	5	56	60	1
2003/04	8	57	60	1
2004/05	30	47	60	1
2005/06	45	51	60	2

No yearly targets are set for this indicator as the level of activity which governs the results is outside the control of the Authority and would therefore serve no useful purpose.

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 MRA is using its resources and shows the dollar of administrative operating expenses per dollar of gross land sales made during the year and the dollar of operating expenses per dollar of capital works conducted during the year.

Operating Costs per Dollar of:	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2005/06 Budget
Land sales	n/a	n/a	n/a	0.758	0.160	0.353	0.178
Capital Works	0.129	0.072	0.085	0.278	0.177	0.302	0.173

In 2005/06 the MRA continued its residential, mixed use and commercial land sales program however there was a decrease in land sales revenue in comparison with 2004/05. This was due to there being slightly less land available for sale during the year and one of the auctions was deferred to late in the financial year due to unfavourable market conditions resulting in settlements occurring in July 2006. Also, in 2005/06 an increase in operational costs occurred as a result of the additional economic activity created by the success of the sales within the MRA's redevelopment area. This decrease in sales revenue combined with the increase in operating costs during the year has resulted in a higher operating cost to land sales ratio.

Similarly, the 2005/06 Budget included higher sales revenue as it budgeted to realise the sales revenue from the deferred auction and lower operational costs. The higher sales revenue combined with the lower operating costs budgeted for the year resulted in a lower operating cost to land sales ratio.

In 2005/06 the MRA continued its capital works program to develop residential, mixed use and commercial subdivisions however there was a decrease in the capital works costs in comparison with 2004/05. This was due to delays in obtaining environmental clearances from the Department of Environment. This decrease in capital works costs combined with the increase in operating costs during the year has resulted in a higher operating cost to capital works ratio.

Similarly, the 2005/06 Budget included higher capital works costs as it budgeted to carry out the additional works that were held up by the delay in obtaining the environmental clearances and lower operational costs. The higher capital works costs combined with the lower operating costs budgeted for the year resulted in a lower operating cost to capital works ratio.

Certification of Financial Statements

MIDLAND REDEVELOPMENT AUTHORITY
CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2006

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 financial year ending 30 June 2006 and the financial position as at 30 June 2006.

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 DiMasi
DEPUTY CHAIRMAN

18 September 2006

Midland Redevelopment Authority

Financial Statements

30 June 2006

MIDLAND REDEVELOPMENT AUTHORITY
INCOME STATEMENT
for the year ended 30 June 2006

	Note	2006 $	2005 $
INCOME			
Revenue			
Sales	3	9,284,086	16,941,551
Deposits on land sales	4	3,375,000	-
		12,659,086	16,941,551
Lease income		359,202	445,140
Interest revenue		49,060	42,902
Other revenue	5	215,661	169,455
Total Income		**13,283,009**	**17,599,048**
EXPENSES			
Expenses			
Cost of sales and other selling costs	3	5,400,475	7,414,793
Derecognition of reserve	3	4,550,000	-
Employee expenses	6	773,317	599,350
Supplies and services	7	909,908	869,800
Depreciation and amortisation expense	8	33,544	28,633
Finance costs	9	422,542	333,187
Accommodation expenses	10	57,104	100,344
Members allowances		53,600	51,454
Property maintenance	11	948,124	873,378
Loss on disposal of non-current assets	12	3,280	4,096
Other expenses	13	78,516	902,132
Total expenses		**13,230,410**	**11,177,167**
Profit/(loss) before grants and subsidies from State Government		**52,599**	**6,421,881**
Grants and subsidies from State Government	14	3,440,000	-
PROFIT/(LOSS) FOR THE PERIOD		**3,492,599**	**6,421,881**

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

MIDLAND REDEVELOPMENT AUTHORITY
BALANCE SHEET
for the year ended 30 June 2006

	Note	2006 $	2005 $
ASSETS			
Current Assets			
Cash assets	25	1,111,158	764,288
Receivables	15	158,373	258,589
Inventories	16	12,750,642	10,241,337
Other current assets	17	133,425	29,143
Total Current Assets		14,153,598	11,293,357
Non-Current Assets			
Inventories	16	49,302,238	48,382,812
Property, plant and equipment	18	1,117,855	975,379
Intangible assets	19	4,890	6,519
Total Non-Current Assets		50,424,983	49,364,710
Total Assets		64,578,581	60,658,067
Current Liabilities			
Payables	21	1,127,710	2,412,590
Provisions	22	210,614	143,138
Total Current Liabilities		1,338,324	2,555,728
Non-Current Liabilities			
Provisions	22	67,551	88,743
Borrowings	23	32,489,648	30,823,137
Total Non-Current Liabilities		32,557,199	30,911,880
Total Liabilities		33,895,523	33,467,608
NET ASSETS		**30,683,058**	**27,190,459**
Equity	24		
Contributed equity		14,150,000	14,150,000
Retained earnings		16,533,058	13,040,459
TOTAL EQUITY		**30,683,058**	**27,190,459**

The Balance Sheet should be read in conjunction with the accompanying notes.

MIDLAND REDEVELOPMENT AUTHORITY
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2006

	Note	2006 $	2005 $
Balance of equity at start of period			
CONTRIBUTED EQUITY			
Balance at start of period		14,150,000	14,150,000
Capital contributions		-	-
Other contributions by owners		-	-
Distributions to owners		-	-
Balance at end of period	24	14,150,000	14,150,000
RETAINED EARNINGS			
Balance at start of period		13,040,459	6,618,578
Profit / (loss) for the period		3,492,599	6,421,881
Balance at end of period	24	16,533,058	13,040,459
Balance of equity at end of period		**30,683,058**	**27,190,459**

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

MIDLAND REDEVELOPMENT AUTHORITY
CASH FLOW STATEMENT
for the year ended 30 June 2006

	Note	2006 $	2005 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Proceeds from sale of land		10,859,086	16,887,205
Receipts from customers		631,794	614,595
Interest received		49,060	42,902
GST receipts on sales		1,114,630	1,649,815
GST receipts from taxation authority		660,469	1,268,637
Payments			
Employee costs		(727,033)	(564,740)
Supplies and services		(2,207,986)	(1,616,325)
Payments for land development costs		(12,829,689)	(17,452,717)
Finance costs		(422,542)	(333,187)
GST payments on purchases		(1,337,753)	(1,802,618)
GST payments to taxation authority		(372,006)	(1,161,981)
Net cash used in operating activities	25	(4,581,970)	(2,468,414)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(177,671)	(32,466)
Net cash used in investing activities		(177,671)	(32,466)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		7,364,070	6,898,408
Repayment of borrowings		(5,697,558)	(4,000,000)
Net cash provided by financing activities		1,666,511	2,898,408
CASH FLOWS FROM STATE GOVERNMENT			
Grants and subsidies		3,440,000	-
Net cash provided by State Government		3,440,000	-
Net increase in cash held		346,870	397,528
Cash assets at the beginning of the period		764,288	366,760
Cash assets at the end of the period	25	**1,111,158**	**764,288**

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

1 First time adoption of Australian equivalents to International Financial Reporting Standards

General

This is the Authority's first published financial report prepared under Australian equivalents to International Financial Reporting Standards (AIFRS).

Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements have been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Australian Accounting Standards and the Urgent Issues Group (UIG) Interpretations.

The UIG Interpretations are adopted through AASB 1048 'Interpretation and Application of Standards' and are classified into those corresponding to IASB Interpretations and those only applicable in Australia.

The AASB has decided to maintain the statements of accounting concepts (SAC 1 and SAC 2) and has continued to revise and maintain accounting standards and the UIG Interpretations that are of particular relevance to the Australian environment, especially those that deal more specifically with not for profit entity issues and/or do not have an equivalent IASB Standard or Interpretation.

In accordance with the option provided by AASB 1.36A and exercised by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements', financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information has been prepared under the AIFRS basis.

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. This TI requires the early adoption of revised AASB 119 'Employee Benefits' as issued in December 2004, AASB 2004-3 'Amendments to Australian Accounting Standards', AASB 2005-3 'Amendments to Australian Accounting Standards [AASB 119], AASB 2005-4 'Amendments to Australian Accounting Standard [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]' and AASB 2005-6 'Amendments to Australian Accounting Standards [AASB 3]' to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' so that the ability to designate financial assets and financial liabilities at fair value is restricted. AASB 2005-6 excludes business combinations involving common control from the scope of AASB 3 'Business Combinations'.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 33 'Reconciliations explaining the transition to AIFRS'.

2 Significant Accounting Policies

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

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (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 and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, 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 also 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.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of land and buildings which have been measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar ($).

(c) Income

Revenue
Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

Sale of goods
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. Revenue from the sale of land is recognised on settlement.

Grants and other contributions revenue
Revenue is recognised at fair value when the Authority obtains control over the assets comprising the contributions, usually when cash is received.

Interest
Revenue is recognised as the interest accrues.

Gains
Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non current assets and some revaluations of non current assets.

(d) Property, Plant and Equipment

Capitalisation/Expensing of assets
Items of property, plant and equipment costing over $1,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than $1,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement
All items of property, plant and equipment and infrastructure are initially recognised at cost.

For items of property, plant and equipment and infrastructure acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

Subsequent measurement
After recognition as an asset, the Authority uses the revaluation model for the measurement of land, buildings and infrastructure and the cost model for all other property, plant and equipment. Land, buildings and infrastructure are carried at fair value less accumulated depreciation on buildings and infrastructure and accumulated impairment losses. All other items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses.

Where market evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Where market evidence is not available, the fair value of land and buildings is determined on the basis of existing use. This normally applies where buildings are specialised or where land use is restricted. Fair value for existing use assets is determined by reference to the cost of replacing the remaining future economic benefits embodied in the asset, i.e. the written-down current replacement cost. Where the fair value of buildings is dependent on using the depreciated replacement cost, the gross carrying amount and the accumulated depreciation are restated proportionately.

The revaluation of land and buildings is an independent valuation provided on an annual basis by the Department of Land Information (Valuation Services).

The most significant assumptions in estimating fair value are made in assessing whether to apply the existing use basis to assets. Professional judgment by the valuer is required where the evidence does not provide a clear distinction between market type assets and existing use assets.

Refer to note 18 ‘Property, plant and equipment’ for further information on revaluations.

(e) Depreciation of non-current assets

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

Depreciation is calculated on the diminishing value basis, using rates which are reviewed annually. Rates for each class of depreciable asset are:

Furniture and equipment	10%
Computer equipment	25%
Leasehold and freehold improvements	20%

(f) Intangible Assets

Capitalisation/Expensing of assets
Acquisitions of intangible assets costing over $1,000 are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than $1,000 are immediately expensed directly to the Income Statement.

All acquired intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition. The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets can only be revalued to fair value where an active market exists. The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

Amortisation for intangible assets is calculated on the diminishing value basis using rates which are reviewed annually. All intangible assets controlled by the Department have a finite useful life and zero residual value. Rates for each class of intangible asset are:

Software[(a)]	25%

(a) Software that is not integral to the operation of any related hardware.

Computer Software
Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than $1,000 is expensed in the year of acquisition.

(g) Impairment of Assets

Property, plant and equipment and intangible assets are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Authority is a not for profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

Intangible assets with an indefinite useful life and intangible assets not yet available for use each reporting period irrespective of whether there is any indication of impairment. Tests are undertaken at each reporting date.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each reporting date.

See note 20 'Impairment of assets' for the outcome of impairment reviews and testing.

(h) Leases

The Authority has entered into a number of operating lease arrangements for motor vehicles where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(i) Financial Instruments

The Authority has two categories of financial instrument:

- Financial assets (cash and cash equivalents and receivables); and
- Financial liabilities (payables and borrowings).

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

(j) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash includes cash on hand and in banks and investments. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(k) Inventories

Inventories comprising of land held for resale are valued at the lower of cost and 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 attributable to the land development.

(l) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

(m) 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. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

(n) Borrowings

Loans from the Western Australian Treasury Corporation are recorded at an amount equal capitalised as part of a qualifying asset.

(o) Borrowing Cost

All borrowing costs are expensed in the period incurred, except for borrowing costs that are capitalised as part of a qualifying asset.

(p) Employee Benefits

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

All annual leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Long Service Leave
A liability for long service leave is recognised after an employee has completed four years of service. An actuarial assessment of long service leave undertaken by PriceWaterhouseCoopers in 2005 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.

All unconditional long service leave provisions are classified as current liabilities as the Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Superannuation
The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. Employees who are not members of either of these schemes become non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund. The Authority contributes to this accumulation fund in compliance with the *Commonwealth Government's Superannuation Guarantee (Administration) Act 1992*.

The Pension Scheme and the pre-transfer benefit for employees who transferred to the GSS Scheme are defined benefit schemes. These benefits are wholly unfunded and the liabilities for future payments are provided for at reporting date.

The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash outflows.

The GSS Scheme and the WSS Scheme, where the current service superannuation charge is paid by the Authority to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS Scheme and WSS Scheme are extinguished by the concurrent payment of employer contributions to the GESB.

(q) Provisions Other

Employee benefit on-costs
Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred.

(r) Accrued Salaries

Accrued salaries (refer note 20 'Payables') 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. Accrued salaries are settled within a few days of the financial year end. The Authority considers the carrying amount approximates net fair value.

(s) Comparative Figures

Comparative figures have been restated on the AIFRS basis. Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

	2006 $	2005 $
3 Trading profit		
Sales	9,284,086	16,941,551
Less: Cost of sales		
Cost of land sold	(4,654,989)	(6,741,203)
Other selling costs	(745,486)	(673,590)
	(5,400,475)	(7,414,793)
Trading profit before derecognition of reserve	3,883,611	9,526,758
Derecognition of Reserve *	(4,550,000)	-
Trading profit	(666,389)	9,526,758

* The derecognition of reserve relates to a land swap arrangement with the Department for Planning and Infrastructure whereby the MRA derecognised Reserve 28348 held under a Management Order, transferred lot 5 Yelverton Drive to the State Government and received Swan Location 15700 from the State Government.

	2006 $	2005 $
4 Deposits on Land Sales		
Department of Health 30% Deposit for future hospital site	3,375,000	-
5 Other revenue		
Development application fees	15,978	12,675
Recoup of expenses	139,880	104,625
Other Income	59,803	52,155
	215,661	169,455
6 Employee expenses		
Wages and salaries	647,664	493,364
Superannuation	82,201	59,389
Long service leave	21,001	23,904
Annual leave	4,097	(8,264)
Other related expenses (a)	18,354	30,957
	773,317	599,350

(a) These employee expenses include superannuation, worker's compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee benefit liabilities.

	2006 $	2005 $
7 Supplies and services		
Advertising, public relations (a)	388,236	536,582
Consultants and contractors	224,907	100,755
Communications	19,231	19,814
Consumables	61,281	47,164
Maintenance	6,156	4,433
Insurance premiums	81,504	93,385
Other costs	128,593	67,667
	909,908	869,800

(a) The advertising expenses were disclosed as other expenses in 2004/05 and have been reclassified as supplies and services in 2005/06.

	2006 $	2005 $
8 Depreciation and amortisation expense		
Depreciation		
Furniture and equipment	9,226	8,120
Computer equipment	13,850	19,025
Leasehold & freehold improvements	8,839	1,488
	31,915	28,633
Amortisation		
Computer software	1,629	-
	1,629	-
Total depreciation and amortisation	33,544	28,633
9 Borrowing costs		
Interest expense paid to Western Australian Treasury Corporation	422,542	333,187
Interest capitalised during the financial year	1,542,001	1,481,456
Weighted average capitalisation rate on funds borrowed	5.84%	5.80%
10 Accommodation expenses		
Lease rentals	27,067	50,000
Cleaning	15,518	16,669
Other occupancy costs	14,519	33,675
	57,104	100,344
11 Property maintenance		
Railways Workshop Building Maintenance		
Workshops miscellaneous	116,574	171,485
Workshops site security	262,189	271,632
Workshops breakdown maintenance	27,038	83,389
Workshops routine maintenance	100,868	232,243
Workshops restorative maintenance	371,422	114,301
Other Initiatives		
Juniper Gardens Maintenance	36,702	-
Helena Street North Upgrade	30,211	-
Curtin Uni Relocation Expenses	192	-
Legal advice - property leasing	2,928	328
Total property maintenance expense	948,124	873,378
12 Net loss on disposal of non-current assets		
Loss on disposal of non-current assets		
Computer equipment	3,280	4,096
Net loss	3,280	4,096

	2006 $	2005 $
13 Other expenses from ordinary activities		
Donations and other	3,040	24,286
Motor vehicles and travel	75,476	80,234
Surrender of lease [(a)]	-	275,000
Asset revaluation decrement 18)	-	522,612
	78,516	902,132

(a) During the 2004-05 financial year, the MRA purchased the leasing rights from the Eastern Region Business and Enterprise Arts Centre Inc. for the control of Building One of the former Midland Enterprise Centre as part of its redevelopment of Juniper Gardens precinct.

14 Grants and subsidies from State Government	3,440,000	-

15 Receivables

	2006 $	2005 $
GST Receivable	-	168,411
Bond Receivable	125,126	-
Other debtors	33,247	90,178
	158,373	258,589

16 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 capitalised include all costs directly attributable to the development project.

	2006 $	2005 $
Current	12,750,642	10,241,337
Non-current	49,302,238	48,382,812
	62,052,880	58,624,149
Consisting of:		
Land held for resale		
Land transferred to Authority from Government [(a)]	17,435,000	20,185,000
Development expenses capitalised [(b)]	53,367,228	44,075,510
Borrowing costs capitalised	5,800,347	4,258,346
Allocated to cost of goods sold	(14,549,695)	(9,894,707)
	62,052,880	58,624,149

(a) The most recent valuation of land held for resale, which have not been recognised in the financial statements, were market valuations by the Valuer General's Office at 1 July 2004. The value of $42,178,500 is based on current-use. The MRA's internal budgets indicate that the realisation value of the land when developed and sold exceeds the carrying value.

(b) Includes payment to other Government Agencies for development costs incurred during 1999/2001 prior to the Establishment of the MRA.

17 Other current assets

	2006 $	2005 $
Prepayments	133,425	29,143

	2006 $	2005 $
18 Property, plant and equipment		
Property		
Railway Institute Building - at fair value [(a)]	800,000	800,000
	800,000	800,000
Leasehold & freehold improvements		
At cost	162,871	46,271
Accumulated depreciation	(16,283)	(7,444)
Accumulated impairment losses	-	-
	146,588	38,827
Furniture and equipment		
At cost	175,601	123,130
Accumulated depreciation	(48,744)	(39,518)
Accumulated impairment losses	-	-
	126,857	83,612
Computer equipment		
At cost	105,536	109,110
Accumulated depreciation	(61,126)	(56,170)
Accumulated impairment losses	-	-
	44,410	52,940
	1,117,855	975,379

(a) The revaluation of land and buildings was performed during the year ended June 2005 in accordance with an independent valuation by the Department of Land Information (Valuation Services). Fair value has been determined on the basis of current market buying values. The valuation was made in accordance with a policy of regular revaluation.

Reconciliations

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

	Furniture & Equipment $	Computer Equipment $	Leasehold & Freehold Improvement $	Property $	Total $
2006					
Carrying amount at start of year	83,612	52,940	38,827	800,000	975,379
Additions	52,471	9,017	116,600	-	178,088
Disposals	-	(3,697)	-	-	(3,697)
Reveluation increments/(decrements)	-	-	-	-	-
Depreciation	(9,226)	(13,850)	(8,839)	-	(31,915)
Write-off of assets	-	-	-	-	-
Impairment losses	-	-	-	-	-
Carrying amount at end of year	126,857	44,410	146,588	800,000	1,117,855
2005					
Carrying amount at start of year	75,828	74,614	32,541	1,321,790	1,504,773
Additions	15,904	7,966	7,774	822	32,466
Disposals	-	(4,096)	-	-	(4,096)
Reveluation increments/(decrements)	-	-	-	(522,612)	(522,612)
Depreciation	(8,120)	(19,025)	(1,488)	-	(28,633)
Write-off of assets	-	-	-	-	-
Impairment losses	-	-	-	-	-
Reclassified as intangible assets	-	(6,519)	-	-	(6,519)
Carrying amount at end of year	83,612	52,940	38,827	800,000	975,379

	2006 $	2005 $
19 Intangible assets		
Computer software		
At cost	20,770	20,770
Accumulated amortisation	(15,880)	(14,251)
Accumulated impairment losses	-	-
	4,890	6,519
Reconciliation		
Carrying amount at start of year	6,519	-
Reclassified as intangible assets	-	6,519
Disposals	-	-
Reveluation increments/(decrements)	-	-
Amortisation	(1,629)	-
Write-off of assets	-	-
Impairment losses	-	-
Carrying amount at end of year	4,890	6,519

20 Impairment of assets

There were no indications of impairment to Property, plant and equipment, Infrastructure and Intangible assets at 30 June 2006.

The Authority held no goodwill or intangible assets with an indefinite useful life during the reporting period and at reporting date there were no intangible assets not yet available for use.

All surplus assets at 30 June 2006 have either been classified as non-current assets held for sale or written-off.

21 Payables

	2006 $	2005 $
Trade payables	278,893	1,778,720
GST Payable	74,656	-
Audit fees	25,886	23,750
Accrued expenses	653,856	504,512
Contract retentions	94,419	105,608
	1,127,710	2,412,590

	2006 $	2005 $
22 Provisions		
Current		
Employee benefits		
Annual leave	52,989	48,892
Long service leave	140,144	81,993
Other provisions		
Employment on-costs [(a)]	17,481	12,253
	210,614	143,138
Non-current		
Employee benefits		
Long service leave	44,876	82,026
Superannuation	19,000	-
Other provisions		
Employment on-costs [(a)]	3,675	6,717
	67,551	88,743

(a) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation, payroll tax and workers compensation premiums. The liability for such on-costs is included here. The associated expense is included under Other related expenses (under Employee expenses).

The Authority considers the carrying amount of employee benefits to approximates the net fair value.

Employee Benefit Liabilities
The aggregate employee benefit liability recognised and included in the financial statements is as follows:

	2006 $	2005 $
Provision for employee benefits		
Current	193,133	130,885
Non-current	63,876	82,026
	257,009	212,911

Movements in Other Provisions
Movements in provisions during the financial year, other than employee benefits, are set out below.

	2006 $	2005 $
Employment on-cost provision		
Carrying amount at start of year	18,970	-
Additional provisions recognised	2,186	18,970
Payments/other sacrifices of economic benefits	-	-
Unwinding of the discount	-	-
Carrying amount at end of year	21,156	18,970

23 Borrowings

	2006 $	2005 $
Borrowings from Western Australian Treasury Corporation	32,489,648	30,823,137

	2006 $	2005 $
24 Equity		
Contributed equity		
Opening balance	14,150,000	14,150,000
Capital contribution	-	-
	14,150,000	14,150,000
Retained earnings		
Opening balance	13,040,459	6,618,578
Net profit/(loss)	3,492,599	6,421,881
Closing balance	16,533,058	13,040,459

25 Notes to the Cash Flow Statement

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	2006 $	2005 $
Cash and cash equivalents	1,111,158	764,288

(b) Reconciliation of profit to net cash flows used in operating activities

	2006 $	2005 $
Profit	3,492,599	6,421,881
Non-cash and non-operating items:		
Depreciation expense	33,544	28,633
Loss on disposal of non-current assets	3,280	4,096
Asset revaluation decrement	-	522,612
Grants and subsidies from State Government	(3,440,000)	-
(Increase)/decrease in assets:		
Current receivables	(68,195)	(54,346)
Current inventories	(2,509,305)	(4,099,093)
Other current assets	(104,282)	(14,762)
Non-current inventories	(919,426)	(5,938,831)
Increase/(decrease) in liabilities:		
Current payables	(1,359,536)	672,933
Current provisions	67,476	51,950
Non-current provisions	(21,192)	(17,340)
Change in GST receivables / payables	243,067	(46,147)
Net cash used in operating activities	(4,581,970)	(2,468,414)

	2006 $	2005 $

26 Commitments

(a) Capital expenditure commitments

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

Within 1 year	2,615,172	1,672,190
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	2,615,172	1,672,190

The capital commitments include amounts for:

Inventories	2,615,172	1,672,190

(b) Non cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year	32,365	21,520
Later than 1 year and not later than 5 years	21,061	12,424
Later than 5 years	-	-
	53,426	33,944

(c) Lease commitments receivable

Minimum lease commitments payable to the Authority are as follows:

Within 1 year	78,600	221,100
Later than 1 year and not later than 5 years	155,400	234,000
Later than 5 years	-	-
	234,000	455,100

These commitments are all inclusive of GST.

27 Contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets that would materially affect the Authority.

28 Events occurring after the balance sheet date

The Authority is not aware of any matters or circumstances that have arisen since the end of the financial year to the date of this report which has significantly affected or may significantly affect the activities of the Authority, the results of those activities or the state of affairs of the Authority in the ensuing or any subsequent year.

29 Explanatory statements

(i) Significant variations between estimates and actual results for the financial year.
Details and reasons for significant variations between estimates and actual results are detailed below.
Significant variations are considered to be those greater than 10% and $50,000

	Note	2006 Actual $	2006 Estimates $	Variance $	
Sales	(i)	9,284,086	14,973,000	(5,688,914)	(38%)
Deposits on land sales	(ii)	3,375,000	-	3,375,000	100%
Lease income	(iii)	359,202	278,100	81,102	29%
Other revenue	(iv)	215,661	-	215,661	100%
Cost of sales and other selling costs	(i)	5,400,475	11,315,033	(5,914,558)	(52%)
Derecognition of reserve	(v)	4,550,000	-	4,550,000	100%
Employee expenses	(vi)	773,317	691,102	82,215	12%
Supplies and services	(vii)	909,908	628,128	281,780	45%
Finance costs	(viii)	422,542	352,425	70,117	20%
Property maintenance	(ix)	948,124	765,000	183,124	24%

Explanation of variances

(i) Sales and related cost of sales
The variance is due to expected land sales not realised during the financial year. Unrealised land sales include the sales deferral of a Woodbridge Lakes auction to June due to unfavourable market conditions and the deferral of the $4m sale of Lot 8030 Clayton Street due to the Rail Freight Realignment Study.

(ii) Deposits on land sales
The variance is due to a 30% deposit for the hospital site on lot 515 Clayton St was received from the Department of Health during the year.

(iii) Lease income
The variance is due to additional lease arrangements made during the year for events held and equipment hired and there were also some lease reviews undertaken during the year.

(iv) Other revenue
The variance has arisen as other revenue was not provided for in the 2005/06 Operational Budget.

(v) Derecognition of reserve
The variance relates to a land swap arrangement with the Department for Planning and Infrastructure whereby the MRA derecognised Reserve 28348 held under a Management Order, transferred lot 5 Yelverton Drive to the State Government and received Swan Location 15700 from the State Government.

(vi) Employee expenses
The variance is due the creation of two new positions of a planner and a property management officer during the year.

(vii) Supplies and services
The variance is due to additional consultants and studies required during the year including the Freight Rail Realignment Study and Workshops Village Creative Industries Study as well as additional sponsorships granted.

(viii) Finance costs
The variance relates to additional borrorwing drawdowns required during the year to meet operational requirements resulting in a higher interest cost for the year.

(ix) Property maintenance
The variance is due to there being a high level of heritage buildings within the redevelopment area that have required a high level of maintenance during the year.

29 Explanatory statements (continued)

(ii) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year.

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than $100,000.

	Note	2006 $	2005 $	Variance $	
Sales	(i)	9,284,086	16,941,551	(7,657,465)	(45%)
Deposits on land sales	(ii)	3,375,000	-	3,375,000	100%
Cost of sales and other selling costs	(i)	5,400,475	7,414,793	(2,014,318)	(27%)
Derecognition of reserve	(iii)	4,550,000	-	4,550,000	100%
Employee expenses	(iv)	773,317	599,350	173,967	29%
Other expenses	(v)	78,516	902,132	(823,616)	(91%)
Grants and subsidies from State Gover	(vi)	3,440,000	-	3,440,000	100%

Explanation of variances

(i) Sales and related cost of sales

The variance is due to a different sales program for the year as well as expected land sales not realised during the financial year. Unrealised land sales include the sales deferral of a Woodbridge Lakes auction to June due to unfavourable market conditions and the deferral of the $4m sale of Lot 8030 Clayton Street due to the Rail Freight Realignment Study.

(ii) Deposits on land sales

The variance is due to a 30% deposit for the hospital site on lot 515 Clayton St was received from the Department of Health during the year.

(iii) Derecognition of reserve

The variance relates to a land swap arrangement with the Department for Planning and Infrastructure whereby the MRA derecognised Reserve 28348 held under a Management Order, transferred lot 5 Yelverton Drive to the State Government and received Swan Location 15700 from the State Government.

(iv) Employee expenses

The variance is due to the creation of two new positions of a planner and a property management officer during the year.

(v) Other expenses

The variance is due to the asset revaluation decrement and the surrender of lease payment made to the Eastern Region Business and Enterprise Arts Centre recognised during the 2004/05 financial year.

(vi) Grants and subsidies from State Government

The variance is due to State funding received in 2005/06 in relation to the MRA's 2005/06 capital works program, in particular the Heritage Conservation Project.

30 Financial instruments

(a) Interest rate risk exposures

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

2006	Weighted average effective interest rate %	Variable Rate $000	Fixed interest rate maturity Less than 1 year $000	1 to 5 years $000	More than 5 years $000	Non-interest bearing $000	Total $000
Financial Assets							
Cash Assets	5.00	1,111	-	-	-	-	1,111
Receivables		-	-	-	-	158	158
		1,111	-	-	-	158	1,269
Financial Liabilities							
Payables		-	-	-	-	1,128	1,128
Interest-bearing liabilities	5.84	-	12,056	13,622	6,811	-	32,489
		-	12,056	13,622	6,811	1,128	33,617
2005							
Financial Assets	5.00	764	-	-	-	259	1,023
Financial Liabilities	5.80	-	10,197	9,706	10,920	2,413	33,236

(b) Credit risk exposures

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Authority's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(c) Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

31 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 of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

$	2006	2005
0 - 10,000	3	3
10,001 - 20,000	1	1
20,001 - 30,000	1	1
The total remuneration of the members of the Accountable Authority is:	$54,902	$52,004

The superannuation included here represents the superannuation expense incurred by the Authority in respect of members of the Accountable Authority.

No members of the Accountable Authority are members of the Pension Scheme.

Remuneration of senior officers
The 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:

$	2006	2005
20,001 - 30,000	1	-
60,001 - 70,000	1	-
90,001 - 100,000	1	1
100,001 - 110,000	1	2
140,001 - 150,000	-	1
150,001 - 160,000	1	-
The total remuneration of senior officers is:	$440,432	$457,314

The superannuation included here represents the superannuation expense incurred by the Authority in respect of senior officers other than senior officers reported as members of the Accountable Authority.

No senior officers are members of the Pension Scheme.

32 Related bodies and affiliated bodies

The Authority does not provide any assistance to other bodies which would deem them to be regarded as related or affiliated bodies under the definitions included in Treasurer's Instruction 951 Related and Affiliated Bodies.

	2006 $	2005 $
33 Remuneration of auditor		
Remuneration to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	19,300	18,000
34 Supplementary financial information		
Write-offs		
Amounts written off during the financial year	-	-
Losses through theft, defaults and other causes		
Losses of public moneys and public and other property through theft or default	-	-
Amount recovered	-	-
	-	-
Gifts of public property		
Gifts of public property provided by the Authority	-	-

35 Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

The Australian Accounting Standards Board (AASB) has adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005. AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires financial reports with reporting periods ending on 30 June 2005 to disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRS.

Reconciliation of equity at the date of transition to AIFRS:

	Notes	30 June 2005 $	1 July 2004 $
Total equity under previous AGAAP		27,190,459	20,768,578
Adjustments to retained profits:			
Reclassify computer software as intangibles	(i)		
Property plant and equipment		(6,519)	(10,172)
Intangible asset		6,519	10,172
Total equity under AIFRS		27,190,459	20,768,578

(i) AASB 138 prescribes that computer software that is an integral part of the related hardware be treated as property, plant and equipment. Other software licences should be treated as an intangible asset. Software licences that are not integral to the operation of any computer hardware were identified. These are reclassified as intangible assets under AIFRS.

Reconciliation of net profit at the date of transition to AIFRS:

	Notes	30 June 2005 $	1 July 2004 $
Net profit for the period under previous AGAAP		6,421,881	(156,681)
No adjustments identified		-	-
Net profit for the period under AIFRS		6,421,881	(156,681)

There is no impact on the Cash Flow Statement of the Authority.

Publications

The principal publications of the Authority during the year were:

- *Midland Redevelopment Authority Annual Report* 2004/2005
- *The Midlander* newsletter (spring 2005, autumn 2006)
- *The first five years 2000-2005*
- *8 art projects*
- *A Rail Heritage Centre for the Midland Railway Workshops*
- *Heritage Strategy for the Midland Central Redevelopment Area*
- *Design Guidelines for Large Format Retail - Lloyd and Clayton Street*
- *Design Guidelines for Victoria Street East 1B and Railway Parade North 1A*
- *Design Guidelines for Mixed Use - The Crescent 1B Revision 1*
- *Design Guidelines for Residential - Woodbridge Lakes Revision 1*
- *Planning Policy 2.6 – Car Parking*
- *Concept Plan Report 2005 – Midland Redevelopment Authority*
- *Residential – Woodbridge Lakes – Wallsend Road Style Guide Addendum (Design Guidelines)*
- *Residential – Woodbridge Lakes – Wallsend Road Style Guide Addendum*
- *Lot 602 Yelverton Drive Woodbridge – Site Specific Guidelines*

All publications can be downloaded from the Authority's website www.mra.wa.gov.au