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WESTERN AUSTRALIAN SPORTS CENTRE TRUST

## Western Australian Sports Centre Trust

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### STATEMENT OF COMPLIANCE

For year ending 30 June 2006

Hon. Minister for Sport and Recreation

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 Western Australian Sports Centre Trust for the financial year ended 30 June 2006. The Annual Report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.

Dated this 31<sup>st</sup> day of August, 2006.



Mr Denis McNerney  
Chairman



Ms Victoria Wilmot  
Board of Management



Mr Graham Moss  
Chief Executive Officer

### MISSION & OBJECTIVES

#### Our Purpose

The management of venues with a primary sporting focus.

#### Our Mission

To manage and promote major state owned sporting, recreation and entertainment facilities for the benefit of all West Australians by delivering excellence in venue presentation, customer service and financial management.

#### Our Vision

Innovative leaders in sustainable venue management.

# Chairman's Report

WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS



**DENIS McINERNEY, CHAIRMAN**

It is with great pleasure that I present the 2005/06 Annual Report of the Western Australian Sports Centre Trust.

The Trust's management of four of the State's major sport, recreation and entertainment venues; Arena Joondalup, Challenge Stadium, SpeedDome and the Kwinana Motorplex continues to play an important role in the sport and recreation industry in Western Australia.

Challenge Stadium enjoyed an excellent year resulting in a significant increase in revenue mainly from commercial events and activities which lead to a reduction in its operating deficit.

Arena Joondalup continued to see an expansion in its community based programmes and although it experienced a slight downturn in attendances due to closure of the Aquatic Centre for approximately six weeks, it continues to play an important role in the sports and recreation industry in the rapidly expanding northern region.

The SpeedDome played host to two international and national track cycling events and the continued success of Western Australia's track cyclists on the international stage is testament to the role the SpeedDome plays in the development of the State's elite track cyclists.

The Kwinana Motorplex enjoyed its most successful season with spectator numbers continuing to climb and competitor numbers recording significant increases in speedway and particularly drag racing. It was pleasing that the Kwinana Motorplex won both national and international awards in the motor sport industry.

Towards the end of the financial year a review of the Trust commenced. The purpose and rationale of the review is to consider the most appropriate roles, responsibilities, organisational structures and funding models to ensure effective delivery of services and outcomes in the context of Government priorities and principles.

The Trust played an active role in the review providing the review team with relevant information and assistance. As at the 30<sup>th</sup> June 2006 the review had not been finalised however the Trust looks forward to receiving its findings and implementing its recommendations.

The current Board of Management completed its third and final year of tenure however the Minister for Sport and Recreation requested that the Board members continue in their role until the review of the Trust has been completed. Board members were happy to accept the Minister's request and I thank them for their contribution throughout the year.

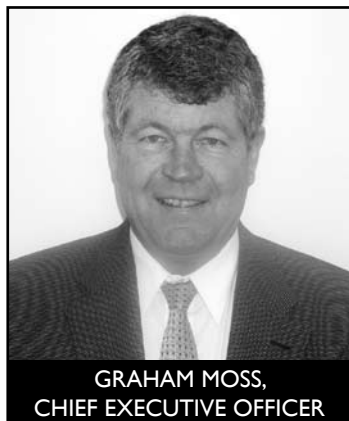
I also thank management and staff for their continuing efforts and congratulate them for their contribution to the effective and efficient operation of the Trust and the venues it manages.

Facility development in Western Australia is at the beginning of an exciting era with a number of new major venues planned to be built over the next few years. The WA Sports Centre Trust looks forward to being involved in this exciting era.

Denis McInerney  
CHAIRMAN

# Chief Executive Officer's Report

WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS



The 2005/2006 financial year could best be described as a holding year for the Trust. The Trust continued to effectively manage the four major venues in its portfolio namely Challenge Stadium, Arena Joondalup, SpeedDome and the Kwinana Motorplex however, with a number of major facility developments planned for the future the Trust has also positioned itself to be considered for management responsibility of these venues.

The development of the Mt Claremont Sporting Precinct to accommodate the relocation of facilities at Perry Lakes has seen the Trust involved in the master planning of the precinct and the examination of the development of Challenge Stadium to accommodate future needs of the Trust and of the WA Institute of Sport.

The Trust has also developed a Business Plan for the future Multi-Purpose Indoor Entertainment and Sports Stadium for consideration by Government and is following with interest the developments of the Major Stadium Taskforce with respect to the provision of Perth's major sporting stadium.

During the year a review of the Trust was commenced with part of its scope being to take account of the current and possible future responsibilities of the Trust, including the potential implications of:

- The Major Stadium Taskforce recommendations
- The Multi-Purpose Indoor Entertainment and Sports Stadium
- The rebuilding of Perry Lakes facilities at the Mt Claremont Sports Precinct
- Updates to existing stadia such as the WACA ground, Subiaco Oval and Challenge Stadium.

At the end of the financial year the review had not been completed however its findings and recommendations are due to be released in the second half of this calendar year. The Trust believes it is well experienced to expand its venue management portfolio and looks forward to the outcomes of the review.

The operating performance of the Trust for the year was sound. Revenue across all areas of operation increased by 3.25%, customer satisfaction levels increased overall and is well above the national average and net assets increased by \$32 million to \$135 million following a revaluation of buildings.

The Trust did however incur an operating loss of \$226,681, before statutory adjustments, however this loss was offset by prior year profits.

Attendances fell marginally at Challenge Stadium and Arena Joondalup due mainly to a cooler than normal summer which impacted on the aquatic centres at these venues and the closure of the aquatic centre at Arena Joondalup for maintenance purposes. Attendances at the SpeedDome and the Kwinana Motorplex increased by an average of 3.0%.

There was an overall growth in the community based programmes particularly at Challenge Stadium and Arena Joondalup and continued growth in memberships to the Health and Fitness Centres at these venues.

A number of national and international sporting events were staged at the venues including the World Cup Darts Championship, Commonwealth Water Polo Championships, Four Nations Basketball Championships and the Indian Rim Asian University Games at Challenge Stadium. At the SpeedDome the National Junior Track Cycling Championships, the Perth International Track Cycling Grand Prix and the Melbourne 2006 Commonwealth Games Queens Baton Relay event were staged.

The Kwinana Motorplex also hosted numerous national and international sporting and drag racing events. So successful was the motor sport season at the Kwinana Motorplex that it was rated as Australia's number one speedway venue by Speedway Racing News and on April 2006, the management of the Motorplex was awarded the "Australian Speedway Promoter of the Year" at the Knoxville Hall of Fame in the United States of America.

There was an increase in the number of major entertainment events staged at Arena Joondalup and in particular Challenge Stadium which hosted nine concerts, a significant increase on the previous year. At Arena Joondalup two Rock It concerts were staged, the first of which attracted a sell out audience of 26,000 people.

Some \$1.0 million was expended on capital works and upgrades at the four venues during the year and these works are detailed more fully elsewhere in this report.

The facilities for the Arena Community Sport and Recreation Association at Arena Joondalup were commenced during the year. These facilities, which consist of nine hard stand, floodlit netball courts, a floodlit athletics, rugby union and rugby league field and a joint user clubroom at a total cost of \$1.7 million, will be funded through the Department of Sport and Recreation's CSRFF programme together with a significant financial contribution from the City of Joondalup, the Trust and the sporting associations themselves. These new facilities will provide a significant boost in patronage at Arena Joondalup.

# Chief Executive Officer's Report

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

The Trust continues to lead the way in the reduction of energy use and has now achieved a 38% reduction in energy consumption since the Energy Smart Government Programmes was introduced in 2002. This has been mainly achieved by the installation of the geothermal heating system at Challenge Stadium however many other energy reducing systems have also been implemented. The Trust received an "Energy Champion Award" from the Sustainable Energy Development Office in 2005 recognising its achievements and commitments to energy reduction.

The average annual employee level for the Trust for the year was 202 FTE comprising full time, part-time and casual staff. During the year particular focus on training was given to the areas of leadership and customer service.

The Trust's marketing efforts concentrated on providing marketing and promotional support for the venue's business units and events. The venues 12,000 members received regular publications and the Trust's website continued to show a steady growth in visitations.

The current Board completed its third year of service and I thank the Chairman and Board members for their contribution and support during the year.

The management team and staff of the Trust worked tirelessly during the year and I thank them for their contribution.

There is an exciting future ahead in the development of major sports and entertainment facilities in Western Australia over the coming years and the Trust looks forward to being a part of this development.

Graham Moss  
CHIEF EXECUTIVE OFFICER

### ADMINISTRATIVE STRUCTURE

The WA Sports Centre Trust Act provides for the establishment of a Board of Management to administer the legislation. The Board is appointed by and is responsible to the Minister for Sport and Recreation.

The Act provides for the appointment of:

- Three persons each of whom is in the Minister's opinion qualified for appointment by reason of knowledge of or experience in commerce, law, financial management or administration or personnel management or administration;
- Three persons each of whom is in the Minister's opinion qualified for appointment by reason of knowledge of or experience in sport;
- Two persons who are officers of the public service of the State; and
- One person who is a member of the staff of the University of Western Australia.

### BOARD MEMBERS

#### Denis McInerney - Chairman

Mr McInerney was appointed as a Board member and Chairman for a three year term on 1 July, 2003. Denis is the Managing Director of McInerney Ford, a business he has operated for some 30 years. He currently holds or has held senior voluntary positions with numerous sporting organisations including the West Coast Eagles Football Club, Weightlifting WA, Commonwealth Games Task Force, Soccer West Coast, Suburban Turf Cricket Association and the WA Olympic Council.

#### Tony Di Francesco

Mr Di Francesco was appointed as a Board member for a three year term commencing on 1 July, 2003. Tony is the Managing Partner of Ilberys Lawyers and has an extensive involvement in many sporting and commercial Boards, Committees and Associations. He is a member of the Australian and New Zealand Sport Lawyers Association Inc, Australian Institute of Company Directors, Law Society of Western Australia and the Law Council of Australia.

#### Ronnie Hurst

Mr Hurst was appointed as a Board member for a three year term commencing on the 1 July, 2003. Ronnie is currently employed with the Department of Sport and Recreation in the position of Director Programmes & Services. Prior to his employment with the Department, he was employed with the City of Melville in the position of Manager Community Development. He had a distinguished sporting career, having competed in the 1978 Commonwealth Games in springboard and highboard diving representing Scotland. He also played Rugby Union for Edinburgh and Western Australia and is a martial arts practitioner.

#### James Limnios

Mr Limnios was appointed as a Board member on 13 October, 2003 for a term expiring on the 30 June, 2006. He is currently the Executive Director of the Limnios Property Group, a Perth based real estate and development consultancy Company.

James has won many awards as one of WA's highest achieving real estate business persons and is a member of many sporting and community clubs and organisations.

#### Tim Marney

Mr Marney was appointed as a Board member on the 10 May, 2004 for a term expiring on the 30 June, 2006. Tim is the Under-Treasurer for the Department of Treasury and Finance. Prior to this appointment, he held the position of Executive Director with the Department. His sporting interests include martial arts training and teaching (he holds a Black Belt in Farn Harn Do), cycling and car restoration.

#### Sue Taylor

Ms Taylor was reappointed as a Board member for a three year term on the 1 July, 2003. Sue had been a Board member for nine and a half years prior to her reappointment. Sue is currently employed with Freehills as a Paralegal Consultant.

She is a Member of the Order of Australia and has received the Australian Sports Medal and the Centenary Medal. She has served on numerous Boards, Committees and Associations of both a sporting and legal nature. She is a current Board member of the Commonwealth Games Federation, Vice President of the Australian Commonwealth Games Association, Member of the Board of Melbourne 2006 Commonwealth Games Pty Ltd, Chairman of Board of Directors of AANA, delegate to the International Federation of Netball Association and President of Netball WA.

### Victoria Wilmot

Ms Wilmot was appointed as a Board member for a three year term on the 1 July, 2003. Vicki is currently employed with the University of WA in the position of Business Manager; Finance and Resources. She is a member of the Institute of Chartered Accountants in Australia, a Fellow of the Financial Services Institute of Australia and she forms part of the Finance sub-committee of the Board.

She has won a number of State and National awards in financial, legal and portfolio management fields and has a strong interest in sport.

### Elizabeth Woods

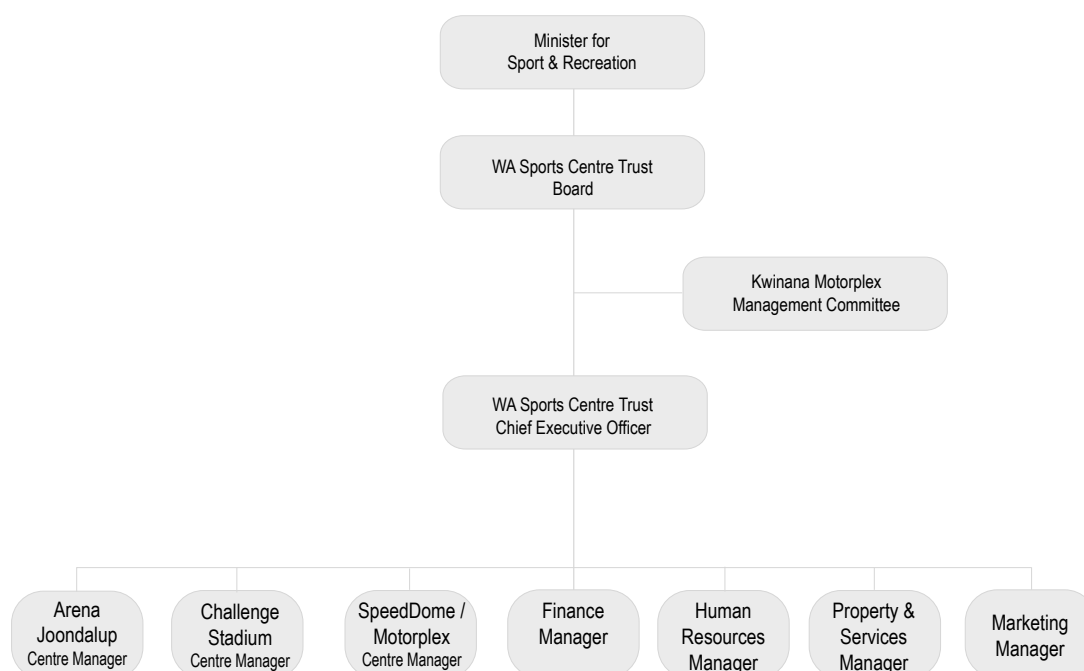
Ms Woods was appointed as a Board member for a three year term on the 1 July 2003. Libby is currently employed as the Deputy Chief Stipendiary Magistrate and has served as a member of numerous legal committees.

She has an extensive involvement in basketball, serving as a member of the Perry Lakes Referees Association, member of the Basketball WA Tribunal, member of the National Scoretable Committee, member of the Basketball WA Council, Vice President of the Executive of Basketball WA, life member of Basketball WA awarded in 1999, member of the Board of Basketball Australia and recipient of the Australian Sports Medal.

### Notes:

- Lauren Cowan resigned from the Board on the 6<sup>th</sup> September 2005
- Board members Tim Marney and Ronnie Hurst requested and were granted leave of absence from the Board effective from the 27<sup>th</sup> April 2006.

## ORGANISATIONAL STRUCTURE



### ENABLING LEGISLATION

The Western Australian Sports Centre Trust was established as a Statutory Authority under Section 4 of the Western Australian Sport Centre Trust Act on the 12th December 1986.

Legislation impacting on the WA Sports Centre Trust activities:

- Financial Administration and Audit Act 1985
- Public Sector Management Act 1994
- Salaries and Allowance Act 1975
- Freedom of Information Act 1992
- State Supply Commission Act 1991
- Equal Opportunity Act 1984
- Occupational Safety and Health Act 1984
- Workplace Agreement Act 1993
- Minimum Conditions of Employment Act 1993
- Industrial Relations Act 1979
- State Records Act 2000
- Library Board of Western Australia Act 1951
- Disability Services Act 1993

### OBJECTIVES AND AGENCY LEVEL GOVERNMENT DESIRED OUTCOMES

The WA Sports Centre Trust's objectives and desired outcomes, which are consistent with the prior year, related to:

- Provision of facilities for elite sports training and competition;
- Provision of facilities for community sport, entertainment and recreation.

### PUBLICATIONS

The following publications are produced by the Trust and are available on request from the Trust:

- Annual report
- The WA Sports Centre Trust, Challenge Stadium, Arena Joondalup and SpeedDome websites
- Challenge Stadium and Arena Joondalup quarterly magazines
- Various information brochures and pamphlets relating to venue activities

### CONTRACTS WITH SENIOR OFFICERS

At the date of reporting, other than normal contracts of employment, no Board members or senior officers or firms of which Board members or senior officers are members, or entities in which Board members or senior officers have substantial interests had any interests in existing or proposed contracts with the Trust.

### CHANGES IN WRITTEN LAW

There were no changes in any written law that affected the Trust during the financial year.

### MINISTERIAL DIRECTIVES

No Ministerial directives were received during the financial year.



### PRICING POLICIES ON SERVICES

In accordance with TI 903 (4)(x) the Trust has discretion to charge for goods and services subject to Ministerial approval.

### INSURANCE PREMIUMS PAID TO INDEMNIFY MEMBERS OF THE BOARD

An insurance policy has been taken out to indemnify members of the Board against any liability incurred under section 13 or 14 of the Statutory Corporations (Liability of Directors) Act 1996. The amount of the insurance premium for 2005/06 was \$13,248.

### ELECTORAL ACT 1907 SECTION 175ZE

In compliance with section 175ZE of the Electoral Act 1907, the Trust is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

The details of the report are as follows:

**Expenditure with Advertising Agencies amounted to \$12,005 and was with the following:**

- Marketforce Productions
- Market Creations

**Expenditure with Market Research Agencies amounted to \$9,955 and was with the following:**

- Centre for Environmental and Recreation Management (CERM) – University of South Australia

Expenditure with Polling Agencies was nil.

**Expenditure with Direct Mail Agencies was \$57,369.**

**Expenditure with Media Advertising Agencies amounted to \$90,250 and was with the following:**

- The West Australian
- Media Decisions
- Southern Cross Broadcasting

**TOTAL EXPENDITURE \$169,579**

### COMPLIANCE WITH THE PUBLIC SECTOR MANAGEMENT ACT

In administration of the Western Australian Sports Centre Trust, guidelines and processes supporting the Public Sector Standards in Human Resource Management have been developed to address compliance requirements.

Policies and standards supporting the guidelines are available in the human resources manual, which is accessible to all staff in hardcopy, on the intranet system and in the Trust's Training library.

Management is responsible for compliance with the public sector standards and ethical codes. Such responsibility is reflected in management job descriptions. The Human Resources Department supports management in complying with the standards and codes.

An assessment of compliance by Butler Settineri in June 2006 determined that the Trust had met compliance requirements in the 2005/06 financial year.

The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

|  |     |
|--|-----|
| Number lodged  | One |
| Number of breaches found, including details of multiple breaches per application | NIL |
| Number still under review  | NIL |

### FREEDOM OF INFORMATION

During the year two Freedom of Information applications were made. The information requested was provided in accordance with the provisions of the Freedom of Information Act 1992.

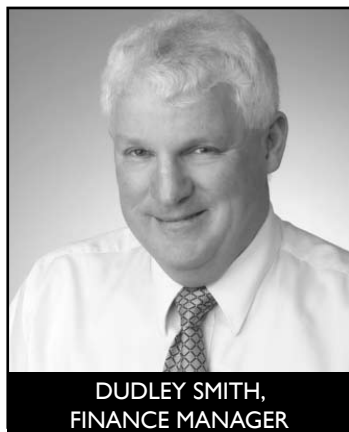
### EQUAL OPPORTUNITY

No Equal Opportunity issues were raised in the period.

Dated this 31st day of August, 2006.



Graham Moss  
CHIEF EXECUTIVE OFFICER



The Trust's Finance Department provides financial and management reporting, information technology and records management for the operation of Challenge Stadium, Arena Joondalup, SpeedDome and Kwinana Motorplex.

### FINANCIAL MANAGEMENT AND REPORTING

#### BALANCE SHEET

The Balance Sheet shows that the Trust's net assets increased by \$32 million in 2005/06 to \$134 million due to an increase in buildings value which were revalued during the year as part of a systematic revaluation of assets.

#### INCOME STATEMENT

The Income Statement shows a net loss for the year of \$1,116,177 which was due to a number of statutory adjustments. The operating result before statutory adjustments was a loss of \$226,681 but this was increased

by additional depreciation on revalued buildings of \$470,000, capital funded items treated as expense items of \$235,000, accruals of long service leave and annual leave of \$141,000 and sundry adjustments of \$43,000.

### OTHER ISSUES

The Finance Department has continued to participate in the move to the Government's Shared Service Centre by attending meetings and providing input as required.

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

Procurement and Contract Management has been maintained to ensure correct documentation, evaluation and awarding of contracts in accordance with State Supply Commission policy and guidelines. This process has been the subject to two audits during the year which have resulted in two unqualified audit reports.

The Trust was the subject of a functional review during the year and the Finance Department provided input and financial data to the Department of Premier and Cabinet Review Project Team.

### RECORDS MANAGEMENT

The Trust's Recordkeeping Plan was approved by the State Records Commission on 14 July 2005. In addition the Trust has completed the draft of the Policies and Procedures Manual for hardcopy and electronic records, in accordance with the State Records Commission requirement, as an addition to the Recordkeeping Plan.

The Trust is developing and implementing strategies to ensure that each employee is aware of the compliance responsibilities of the Recordkeeping Plan. This will be evidenced by the following:

1. The efficiency and effectiveness of the Trust's recordkeeping systems is to be evaluated at least once every 5 years.
2. The Trust will conduct a recordkeeping training program.
3. The efficiency and effectiveness of the recordkeeping training program will be reviewed on a regular basis.
4. The Trust's induction program addresses employee roles and responsibilities in regard to their compliance with the Recordkeeping Plan.

### INFORMATION TECHNOLOGY

The Trust has successfully implemented a number of Information Technology (IT) systems during this financial year. These included the installation of new data servers and the implementation of an online maintenance system. The wireless networks were also expanded to provide customers with direct access to the Internet for their function or event.

Web monitoring software has been deployed and a new tape backup system was introduced. The IT Helpdesk has also been redesigned to log and monitor support requests and provides an invaluable tool for the IT Support functions. The IT Disaster Recovery Plan is being reviewed on a regular basis.

Dudley Smith  
FINANCE MANAGER

## BUDGET ESTIMATES FOR 2006/07

In accordance with Section 42 of the Financial Administration and Audit Act 1985 and pursuant to TI 953 (2) the budget estimates for the 2006/07 financial year as submitted to the Minister are as follows:

### WESTERN AUSTRALIAN SPORTS CENTRE TRUST BUDGETED INCOME STATEMENT for the year ended June 30, 2007

|   | 2006/07             |
|---|---------------------|
| <b>INCOME</b>   |                     |
| <b>Revenues</b>   |                     |
| Sales   | 5,500,000           |
| Provisions of services  | 9,794,000           |
| Interest revenue  | 70,000              |
| Other revenue   | 2,200,000           |
| <b>Total Income</b>   | <b>17,564,000</b>   |
| <b>EXPENSES</b>   |                     |
| <b>Expenses</b>   |                     |
| Cost of sales   | 2,050,000           |
| Employee benefits expenses  | 9,724,000           |
| Supplies and services   | 7,550,000           |
| Depreciation and amortization expense   | 2,531,000           |
| Finance costs   | 20,000              |
| Accommodation expenses  | 500,000             |
| Capital User Charge   | 8,247,000           |
| Other expenses  | 1,500,000           |
| <b>Total expenses</b>   | <b>32,122,000</b>   |
| <b>Profit/(Loss) from ordinary activities before grants and subsidies from State Government</b> | <b>(14,558,000)</b> |
| <b>Grants and Subsidies from State Government</b>   | <b>14,818,000</b>   |
| <b>Profit/(loss) for the period</b>   | <b>260,000</b>      |

### AGENCY LEVEL GOVERNMENT DESIRED OUTCOMES, SERVICES AND PERFORMANCE INFORMATION

**Outcome:** Provision of facilities for elite sports training and competition.

**Service: 1:** Management of elite sport facilities

The following indicators provide a measure of how effective and efficient the Trust provides facilities and services for WAIS elite training programmes:

| Service Measures  | 2005/06<br>Target | 2005/06<br>Actual |
|---|-------------------|-------------------|
| <b>Key Effectiveness Indicator</b>                          |                   |                   |
| Customer satisfaction of elite sporting training facilities | 81%               | 85%               |

A survey of participants produced a level of satisfaction with the quality of elite sporting training facilities of 85% compared to a target of 81%. This indicator would suggest that the management of elite sport facilities has been effective in achieving the desired outcome.

#### Key Efficiency Indicator

|   |       |       |
|---|-------|-------|
| Average cost per hour of elite training and competition | \$345 | \$276 |
|---|-------|-------|

The average cost per hour of providing elite sporting training facilities was \$276 compared to a target of \$345 would suggest that the Trust has been efficient in achieving the desired outcome

The above service measures are linked to the Government Strategic Goal of enhancing the quality of life and wellbeing of all people throughout Western Australia.

**Outcome:** Provision of facilities for community sport, entertainment and recreation.

**Service: 2:** Management of community sport, entertainment and recreation facilities

The following indicators provide a measure of how effective and efficient the Trust provides facilities and services for community sport, entertainment and recreation at Challenge Stadium and Arena Joondalup:

| Service Measures                           | 2005/06<br>Target | 2005/06<br>Actual |
|--|-------------------|-------------------|
| <b>Key Effectiveness Indicator</b>         |                   |                   |
| Customer satisfaction at Challenge Stadium | 82%               | 84%               |
| Customer satisfaction at Arena Joondalup   | 84%               | 84%               |

A survey of customers produced a level of satisfaction of 84% at both Challenge Stadium and Arena Joondalup which compared to a target of 82% and 84% respectively. These indicators would suggest that management has been effective in achieving the desired outcome at both venues.

| Service Measures                                   | 2005/06<br>Target | 2005/06<br>Actual |
|--|-------------------|-------------------|
| <b>Key Efficiency Indicators</b>                   |                   |                   |
| Average cost per patron visit to Challenge Stadium | \$8.25            | \$9.38            |
| Average cost per patron visit to Arena Joondalup   | \$8.05            | \$9.43            |

The average cost per patron visit at Challenge Stadium and Arena Joondalup were above target due to a decrease in the number patron visits for the year which increased the average cost.

These service measures are linked to the Government Strategic Goal of enhancing the quality of life and wellbeing of all people throughout Western Australia.

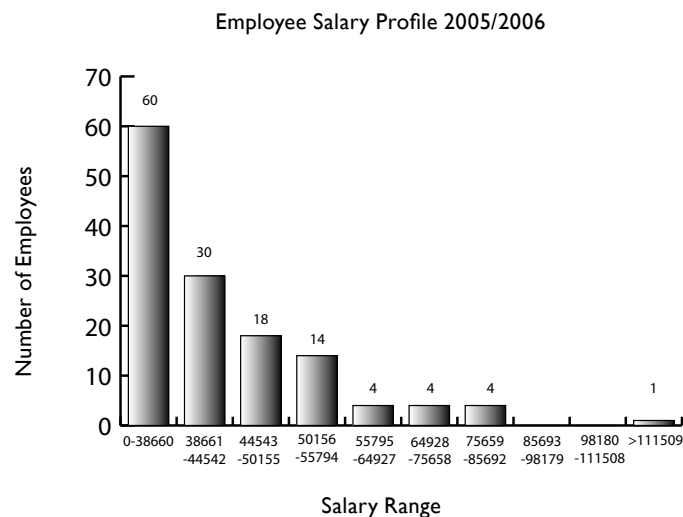


Driven by its mission to “become a strategic partner with Management and Coordinators to achieve better business results and increase employee job satisfaction”, the Human Resources Department partners with and consults with internal key stakeholders to deliver effective and efficient HR practices and initiatives to all venues and employees of the WA Sports Centre Trust.

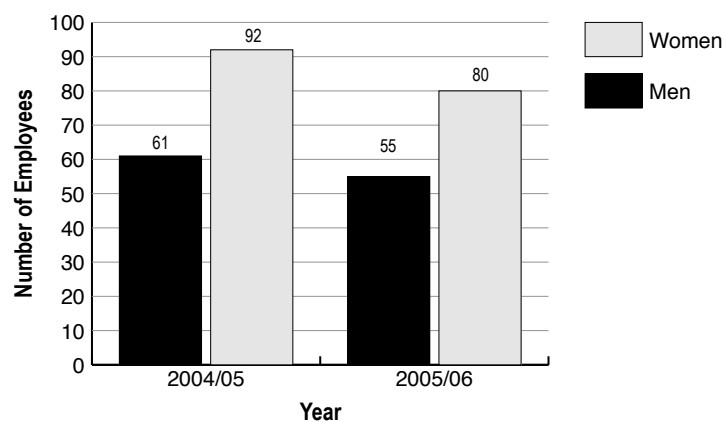
### STAFFING

During the 2005/06 period the average annual employee level for the Trust was 202 FTE comprising full-time, part-time and casual staff compared to 198 FTE in the 2004/05 period.

Employee salary profiles for the permanent and fixed term employees in 2005/2006 are shown in the following graph



The number of male and female, permanent and fixed term employees for 2005/06 is shown on the following graph.



To meet venue needs, 50 permanent and fixed term appointments were made throughout the Trust. Casual employees are a large component of the workforce. During the 2005/06 financial year, 1000 casual employees were engaged with approximately 57% of those recruited in the 2005/06 year.

The 2005/06 staff turnover was 29.8% compared to 17.5% in 2004/05 and 22% in 2003/04. This was influenced predominantly by the areas of Catering at Challenge Stadium where structural changes and replacement of the Chef position on 3 occasions resulted in above average turnover and the Trust Property & Services where the Electrician position was replaced 3 times due to employees being offered competitive and unmatched salaries in the private sector.

### LEARNING AND DEVELOPMENT

Actual training and development activities in the 2005/06 period accounted for 2390 hours of employee time. Average paid training hours per full time equivalent was 17.43.

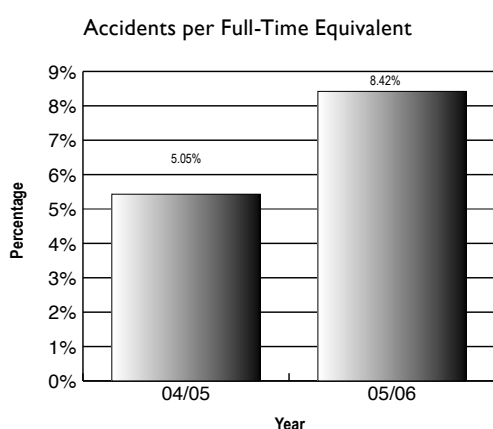
Training and development strategies are implemented to ensure that employees have the right skills and knowledge to meet current and future business needs of the Trust. This is a combination of training required for essential qualifications, skills training related to the employees positions and training to enhance the quality of employment and employees own professional development. Training needs are assessed through the annual performance planning and development process as well as on an as needs basis. During 2005/06 particular focus was given to the areas of leadership and customer service.

### REWARDS AND RECOGNITION

As well as day to day recognition two formal recognition and reward programmes exist at the Trust. The newly named Employee of Excellence and Arena Star Performer (for the Employee of the Quarter) and the Chairman's Award (for the Employee of the Year).

### WORKERS COMPENSATION

Workers' compensation costs per \$100 of gross payroll was \$2.15. The Trust recorded 19 workers' compensation claims in the 2005/06 period, increased from 10 in the 2004/05 period. Of these 17 claims 10 resulted in lost time. Average lost time was 19.92 hours compared to 26.72 hours in the previous period. The value of lost time for the claims occurring in the period totaled \$33,422. The percentage of accidents per FTE has increased in the 2005/06 period:



### EQUAL OPPORTUNITY

No Equal Opportunity issues were raised in the period.

### HUMAN RESOURCE STANDARDS

One breach of Human Resource Standard was lodged with the Trust during 2005/06 under the Public Sector Management Regulations 2005. This was referred to the Office Public Sector Standards Commissioner for review and no breach was found.

### KEY INITIATIVES

#### Leadership Practices

The Trust has a set of preferred leadership practices which it encourages its leaders to uphold and apply in the workplace. These were designed in consultation with staff to assist the Trust in becoming a high performing and engaged organisation. During 2005/06 a perception mapping survey was undertaken to obtain staff feedback on how staff perceived the Trust leaders to be upholding leadership practices of teamwork, accountability, recognition, performance management, organisational culture and communication. For Challenge Stadium these results were compared to its 2004/05 survey with noted improvements in the areas of accountability, organisational culture and communication. Across the Trust results indicated staff perceived things to be going well particularly in the areas of teamwork and accountability and that improvement could be made in regard to recognition and feedback.

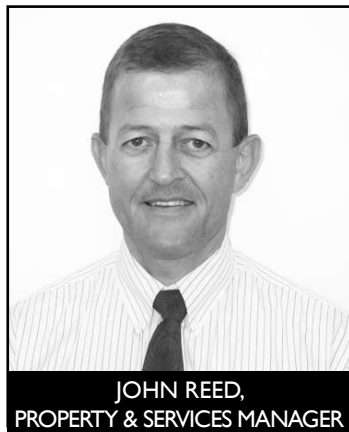
#### Frontline Management Program

As a training focus for 2005/06 a Frontline Management Program was implemented, involving 15 Coordinators from across the Trust. It is recognised that the Coordinators have a significant and direct involvement in managing and leading Trust staff and accordingly a direct influence on the overall culture of the organisation and engagement levels of employees. The Frontline Management program was implemented to assist in the development of management skills whilst receiving a formal and nationally recognised qualification. All participants were required to undertake a project which will allow them to demonstrate the skills and knowledge they have acquired during the program with the benefit being a valuable contribution to improving selected operations and processes across the Trust.

#### Recognition Program

In consideration of the results of the leadership practices perception mapping survey which indicated that improvements could be made in the area of recognition, a review of the Trust's "Wow Award" was undertaken. Based on staff feedback and research of current trends in recognition, two new formal awards were implemented. Whilst applying to all Trust employees these are aligned to Challenge Stadium and Arena Joondalup to allow for greater involvement and communication of the awards with members. Known as the "Employee of Excellence" at Challenge Stadium and "Arena Star Performer" at Arena Joondalup, the awards are based on the four key principles of Teamwork, Innovation, Customer Service and Leadership and will be awarded on a quarterly basis.

Nicki Eastman  
HUMAN RESOURCES MANAGER



The 2005/06 financial year was in many ways a year of consolidation within the Property and Services department, with significant improvements in many areas of operations and a strengthening of the skills within the team.

### GENERAL

The year saw general improvement in the presentation of the venues

thanks to the efforts of Trust staff and various maintenance contractors.

A major effort was made at all venues to solve some long-standing roof leaks during the summer and, by and large, these have been successful.

Further improvements were also made to the grounds reticulation system at Challenge Stadium and the bushes in the front circle were all replaced.

Roof catwalk systems were installed at Challenge and extended at Arena to allow safer access by staff and contractors.

Most significantly from a maintenance perspective, a computerised maintenance software package was purchased for the Trust venues. This will automatically generate planned maintenance and allow formalisation of the current maintenance system, provide historical records of asset maintenance and a method for staff from all departments to submit maintenance requests. The initial task was to input the details of the assets and buildings for each venue and this was completed at Arena and partly at Challenge.

Two major contracts were re-tendered at the start of the year: The cleaning contract at both Challenge Stadium and Arena Joondalup was won by the previous contractor against stiff opposition from a large field of candidates. The grounds maintenance contract at Arena Joondalup was also re-tendered and was awarded to Gro-Turf.

Whilst reporting on maintenance contracts, it is worth noting that a number of other contracts were also re-tendered during the year. These have resulted in savings for the Trust. They include, fire detection systems, emergency lighting systems, mobile telephones, fixed telephone voice services, pest control and chiller maintenance.

### CAPITAL WORKS

The usual range of Capital Works projects were undertaken at the Trust venues in order to maintain or improve the presentation and operational capabilities of the venues.

The following provides information on some of the work undertaken.

- At Challenge Stadium works included the repainting of the building exterior; replacement of the louvre panels on the external plantrooms; replacement of the central skylights; concrete repairs

to both the indoor pool return gutters and the dive tower and the purchase of toilet facilities for the water polo pool. In addition to this a large quantity of equipment was purchased for various departments such as Aquatics, Events and Challenge Fitness Centre Fitness in order to improve operations and reduce outgoings.

- At Arena Joondalup astro turf repairs were carried out, the leisure pool river ride was retiled, the Olympic pool was extensively repaired, the sodium hypochlorite water treatment system for both pools was replaced with chlorine gas treatment, the aquatic change-rooms were renovated, protective wall sheeting and security grilles were replaced in the sports hall and additional storage facilities were constructed. Additionally, capital equipment was purchased for a variety of departments.
- The Arena Community Sport and Recreation Association was formalised during the year and stage one of the development, being the construction of nine hard-stand netball courts on an existing grass sports field plus sports lighting to both this new facility and the athletics/rugby oval, began in May. Although due for completion by the end of the financial year, this stage of the project was only approaching that point, due mainly to the general difficulty in obtaining materials and manpower within the construction industry. Stage two of the project, construction of the Clubrooms, will commence in the second half of 2006.
- At the SpeedDome the pits area and main competitor corridors were re-coated with non-slip paint, the sports lighting and emergency lighting was overhauled and the roof underwent further repairs.
- At Kwinana Motorplex the competitor viewing area was completed as was the extension of the pit area lighting and public address systems in order to encompass the last two rows of the pit area. There was also expenditure on an alarm system and garage.

### EXPENDITURE

Property and Services expenditure was \$22,257 less than budget in the Corporate Services area, mainly as a result of being understaffed for several periods during the year. The combined expenditure for the three maintained venues was \$59,628 less than budget which equates to 5.5% of the budget. A large part of this saving was as a result of the re-tendering of various contracts.

A financial benefit which passes unnoticed in the Property and Services area is savings made in energy and utilities, as these savings are passed on directly to the various user departments in the form of reduced recoups.

There has been another excellent result on this front with the geothermal system contributing a massive reduction of some \$250,000 per annum in the gas costs at Challenge Stadium. Challenge Stadium also managed a further reduction in electrical power consumption of \$8,300, maintaining the steady downward pressure on usage which has seen a 22% reduction over the last four years. Utility consumption costs for Challenge Stadium were reduced by 9.2% or \$60,644 over the previous financial year.



Currently a trial is being conducted at Challenge Stadium on a water-less urinal system and if successful it will be rolled out to all Trust venues, resulting in the saving of many thousands of litres of water consumption per year.

The picture at Arena Joondalup is not quite as extensive, however, there was still an overall reduction in utility costs over the previous year of \$3,732. Water consumption was reduced by 38%, however gas consumption has increased by 33% in the last two years.

Midvale Speed Dome also registered a small reduction in utility costs with a significant reduction in water consumption again being offset by higher electricity usage.

| Venue             | Utilities | Repairs & Maintenance | Capital   |
|-------------------|-----------|-----------------------|-----------|
| Challenge Stadium | \$601,691 | \$328,287             | \$540,247 |
| Arena Joondalup   | \$435,491 | \$567,196             | \$261,030 |
| Midvale SpeedDome | \$25,772  | \$29,532              | \$26,680  |
| Kwinana Motorplex | -         | -                     | \$183,634 |

### ENERGY SMART GOVERNMENT PROGRAM

In accordance with the Energy Smart Government policy the Western Australian Sports Centre Trust has committed to achieve a 12% reduction in non-transport related energy use by 2006/07 with a 10% reduction targeted by 2005/06

| Energy Smart Government program                            | Baseline Data | 2004/2005 Actuals | Variation % |
|--|---------------|-------------------|-------------|
| Energy Consumption (MJ)                                    | 65,227,649    | 40,580,000        | -38%        |
| Energy Cost (\$)   | \$1,067,980   | \$716,845         | -33%        |
| Greenhouse Gas Emissions (tonnes of CO <sub>2</sub> )      | 4460          | 5965              | +33%        |
| Performance Indicators by category Public Buildings MJ/sqm | 1902          | 1183              | -37.8%      |

The Trust has exceeded the State Government target of a 10% reduction in total energy consumption by a massive 27.8%.

In financial terms this equates to an annual reduction of \$351,135 when compared to the benchmark year of 2000/2001, a major contribution to the reduction of operating costs for the Trust.

In addition, these results were recognised by being amongst the finalists of the Premiers Awards in the Environmental category, being awarded for Major Facility Management in the Department of Sport and Recreation's annual awards in direct recognition of the benefits from the geothermal system and finally, receiving an Energy Champion award from the Office of Energy's Sustainable Energy Development Office.

This is an achievement of which the organisation can be justifiably proud.

During the year the following energy saving initiatives were undertaken:

- Installation of a more energy efficient main chiller at Challenge Stadium.
- Installation of a solar water heating system also at Challenge Stadium funded via the Office of Energy's Capital Advance Program
- Improved reliability and operational strategies with the geothermal system at Challenge Stadium.
- General fine tuning of lighting and air-conditioning controls at all venues

Further energy-reducing initiatives planned are as follows:

- In a bid to tackle the energy consumption levels at Arena Joondalup and in particular the energy consumed in pool heating, a grant was obtained from the Office of Energy to carry out a feasibility study on a geothermal heating installation similar to that successfully operating at Challenge Stadium. Disappointingly, the results of the study showed that the system would not be viable as drilling costs have escalated so much in the intervening years since the system at Challenge Stadium was installed that the payback period would be over 16 years. A solar water heating system is now being investigated, and at this early stage it appears that this will be viable for the Olympic pool at least.
- An upgrade of the Building Management System at Challenge Stadium to improve the control of the major air handling plant on site. This will also have the benefit of improving air quality and temperature control in the main sporting areas such as the Main Arena, the indoor Aquatic Centre and the Gymnastics Training Centre.
- The installation of a Variable Speed Drive on the main reticulation bore pump at Challenge Stadium.
- Installation of timer switches and light sensors on selected general lighting circuits at Arena Joondalup.
- Installation of time delay switches on air-conditioning units at Arena Joondalup.

John Reed  
PROPERTY AND SERVICES MANAGER



**LEAH LORD,  
ACTING MARKETING MANAGER**

The Marketing Department provides marketing and promotional support and services for the business activities and events carried out at the venues managed by the WA Sports Centre Trust.

During the year the Department continued the production and distribution of member magazines, as recommended by Market Equity in November 2004. The quarterly publications, distributed directly to over 12,000 members of both Challenge Stadium and Arena Joondalup, formed the centrepiece of the venues' marketing and communication efforts. Member magazines were designed and produced in-house.

The distribution of magazines was supported by monthly advertisements in each of the venue's relevant local newspapers to reach non-users of the venue. In addition, the Marketing Department also designed and produced a variety of printed promotional materials for all business units of the Trust.

The Trust's websites form an important part of the marketing efforts. The sites were maintained during the year using the Content Management System implemented in early 2005. Website statistics show steady growth in the number of visitors and hits on all of the Trust's sites. Some email marketing was conducted during the year; however these efforts were hampered by a lack of compatibility between the website database and

the Class database used extensively throughout the business. Work has begun on the integration of these two databases, which should be completed in late 2006.

Staff training was undertaken at both Challenge Stadium and Arena Joondalup during the year to ensure that relevant staff from each business unit could utilize the system.

### EVENT MANAGEMENT

The Trust staged a number of large scale events during the 2004/05 financial year which saw the Marketing staff undertake considerable responsibility for event management, promotional planning and implementation. In particular, the Marketing Department was responsible for the marketing and promotion of the following events staged by the Trust during the year:

The 2006 Commonwealth Water Polo World Championships

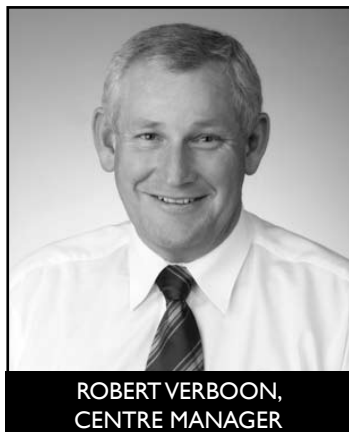
Challenge Stadium hosted the 2006 Commonwealth Water Polo Championships in January. 17 teams from 11 countries competed over the 7 days of competition. The Championships were extremely successful and the Trust was commended by all those involved.

### PERTH TRACK CYCLING GRAND PRIX

The 2006 Perth International Cycling Grand Prix was staged at the SpeedDome during February. Many of the world's leading cyclists competed together with numerous state senior and junior cyclists. The event attracted a near capacity audience of some 1350 spectators.

Once again, the event icon and supporting promotional material was designed and produced in-house. Pre-event promotion included press and radio advertising, posters distributed to metropolitan bicycle shops, flyers distributed at various cycling events, and direct mail to WA Cycling Federation and Triathlon WA databases.

Leah Lord  
MARKETING MANAGER



### OVERVIEW

The 2005/06 financial year was one of mixed successes for Challenge Stadium. The numbers of events staged escalated whilst overall patron visits fell. Income increased by 13.0% over the previous year whilst expense increases were contained to 8.6% which resulted in a decrease in operating deficit of approximately 7.2% compared to the previous year.

The Commonwealth Water Polo Championships held in January 2006 was the highlight international event staged in the Challenge Stadium for the year. Male and female teams competed in this event which saw fourteen teams from eight nations compete with honours going to Australia in the women's and men's teams. The Indian Rim Asian University Games held in December 2005, was an inaugural event established by a combined WA University organization and showed great promise.

Sporting events dominated the events calendar at Challenge Stadium resulting in the staging of slightly fewer commercial events. The commercial event staged, which included 9 concerts, were however very successful and attracted capacity crowds.

The Perth Wildcats and Perth Orioles played all their national competition fixtures at the venue during the year with mixed results. Attendances to the games were on a par to previous years and improvements to the game presentation were well received.

Venue patron visits for the year were 909,596 a reduction of some 4.5% from the previous year. The patronage downturn was predominately from lower aquatic and catering attendances.

### AQUATIC CENTRE

The Challenge Stadium Aquatic Centre attracted 356,053 patrons during the year, which was a 4.8% reduction in attendance from the previous year.

The Aquatic Centre conducted a total of 364 events during the year. Major events included 3 international events, 5 national Water Polo events, 33 state championship events and 310 local events in all aquatic disciplines.

Event bookings increased by 16% from the previous year with Swimming WA and Royal Life Saving Society WA increasing their usage of the venue during the year. The February/March/ April school swimming carnival season was very successful with increases in student participation and spectator numbers whilst carnival numbers remained the same as the previous year.

The stand out events for the year were the Commonwealth Water Polo Championships, Indian Rim Asian University Games, the National Elite Junior Diving Championships and the National Water Polo fixtures.

Major events included:

- 33 Swimming WA Events
- 18 WA Diving State Championships
- 5 National Water Polo league fixtures
- PSA Boys Interscholar Swimming
- 80 WA Water Polo Summer and Winter Competition Fixtures
- 66 School Swimming Carnivals
- AUSSI Masters State Championships
- WA Disabled State Championships
- 24 Club Swimming Events

User groups catered for by the Aquatic Centre were wide ranging and included:

- Swimming WA
- WA Water Polo
- WA Diving Association
- Royal Life Saving Society of WA
- High Performance coaches (Swimming, Diving, Water Polo)
- University of Western Australia Guild
- School Sports WA
- Diving and Triathlon clubs
- Aqua Aerobics
- Learn to swim squads
- General recreation and fitness swimmers

Elite sport training and competition activities for the year included the High Performance Swim training (25,060 hours of lane hire), competition swimming (362 hours), diving training and competition (1,388 hours) and water polo training (2,895 hours).

The Aquatic Centre's gross revenue fell by 3.94% due to the reduction in attendance numbers. Aquatic expenditure decreased by 2% due to the reduction in utility costs associated with the operation of the geothermal heating system.

### EVENT OPERATIONS

Challenge Stadium arenas comprise a 4500 seat main arena, an 830sqm training hall and a purpose built gymnastic training centre.

The arena's are used for sports training and competition and for commercial activities such as conferences, exhibitions, large dinners/ breakfasts and concerts.

A total of 94 events were staged in the arenas during the year, a 10% increase from the previous year. These included 74 sporting, 3 conference/seminars, 1 exhibition and trade show, 9 concerts and 7 catering events.

# Challenge Stadium

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

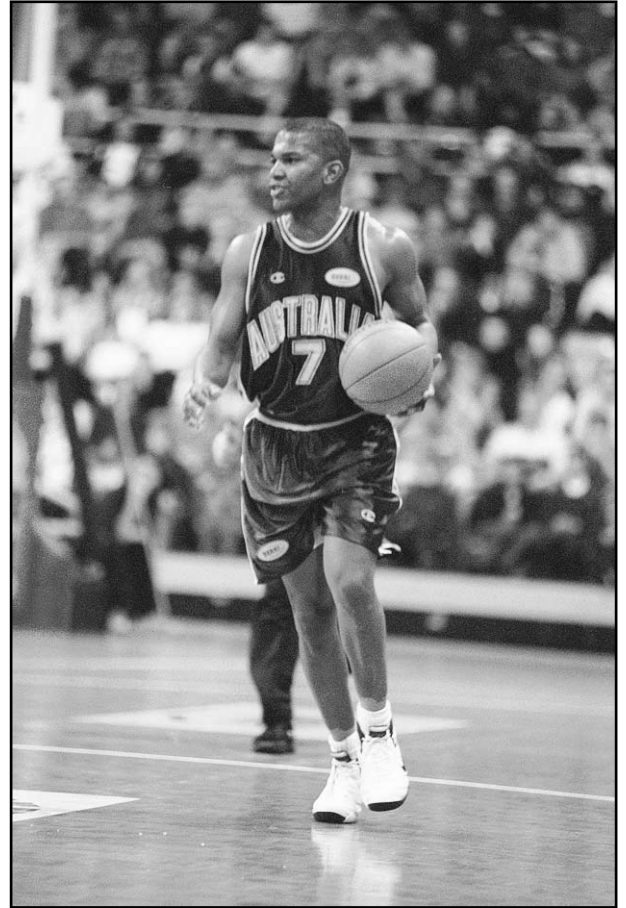
The 74 major sporting events held in the main arena during the year included:

- Indian Rim Asian University Games
- Four Nations Basketball Tournament
- World Cup Darts Championships
- Commonwealth Bank National League Netball
- NBL Perth Wildcat Fixtures
- WA State Gymnastics Championships
- WA Smoke Free State Netball League
- Country Week Volleyball Competition
- WA Dancesport Championships
- Rottneest Channel Swim Briefing
- Ricki Grace Testimonial
- Two Green Machine Boxing Championships

The 20 non-sporting events staged included:

- Nelly "Sweat Suit Tour" Concert
- Youth Alive Concert
- Coca Cola Live and Local Concert
- Simple Plan Concert
- Kelly Clarkson Concert
- Bangles Concert
- Planet Shakers Conference
- Rob Thomas Concert
- Trade Gift & Home Wares Tradeshow
- D&D Ball
- Deep Purple & Status Quo Concert

The increase in events came mainly from the sporting and concert areas and resulted in a significant increase in revenue in the event operations area.



### EVENT CATERING

Event catering consists of four business areas being the Perfect Balance Café, events, banquets and functions.

The increase in events in the venue during the year changed the balance of the catering from previous years whereby corporate hospitality for major sporting events and catering for large crowds associated with concerts took precedence over the banquet functions.

Event catering hosted 7 banquet functions in the main arena during the year catering to a range of guests from 200 to 1200. Dinner functions included

- Curtin University Ball
- UWA Ecoms Ball
- Clough Dinner
- WA Institute of Sport Dinner
- WA School Girls Breakfast
- D&D Ball

Event catering experienced a significant downturn in net profit during the year prompting a mid year review of its operation. Measures have been put in place which should ensure an increase in profitability in future years.



### PROGRAMMES

A wide range of quality innovative programs for schools, community and corporate groups are offered by Challenge Stadium's Programmes business unit. The Challenge Swim School and Toddler Gym programmes are the major revenue contributors to the programmes area.

Programmes conducted during the year included:

- Challenge Swim School
- Toddler Gym
- Birthday Parties
- Holiday Sports School
- Corporate Synergy Training
- Sports Education Experiences
- Specialist sporting clinics for football, netball and diving
- Four Wheel Drive courses

The Programmes business unit recorded a net profit of \$264,271 an increase of 13.00% over the previous year.

### MERCHANDISE

The Challenge Sports store stocks a comprehensive range of aquatic swimwear and accessories, aerobic and leisure wear.

The Sports store recorded a reduction in net profit compared to the previous year as a result in the reduction of patronage to the aquatic centre.

### CHALLENGE FITNESS CENTRE

Fitness Centre memberships were stable compared to the previous year indicating that the fitness centre has reached its maximum membership of some 1,500 members. Member retention rate increased to 47% and net profit increased by 10.75% over the previous year.

Significant improvements in the Women on Weights programme and the Private Pilates Program resulted in improved attendances at the Evolve Studio. Introduction of the Jului Horvath gyro tonic machinery also increased attendances at the rehabilitation / wellness programs conducted by the fitness centre.

### CUSTOMER FOCUS

Customer focus continued to be a major priority at Challenge Stadium. The University Of South Australia's Centre for Environmental and Recreation Management customer service survey was again conducted during the year to measure Challenge Stadium's customer service delivery to patrons.

An overall customer satisfaction level of 84.3% was achieved. This result remains above the mean for similar venues around Australia and represents a 1.45% improvement on the previous year.

### WA INSTITUTE OF SPORT

The Western Australian Institute of Sport (WAIS) is headquartered at Challenge Stadium which provides world class training and competition facilities for the majority of WAIS's 400 plus athletes.

WAIS athletes represent the state at international competition with great success. WAIS's focus for this year has been on refining its programs for the 2008 Olympic campaign and providing opportunities for some outstanding young athletes.

Challenge Stadium also houses the WA Sporting Hall of Champions. The Hall of Champions perpetuates the achievements of Western Australia's best ever sportsmen and women.

Challenge Stadium hosted the WAIS 21st Annual dinner with great success. Over 500 guests enjoyed the opportunity to celebrate elite sport in this state with WAIS Olympians and Paralympians and some 50 members of the WA Hall of Champions in attendance.



### SPORTS LOTTERIES HOUSE

Sports Lotteries House is administered by the WA Sports Federation and is situated adjacent to Challenge Stadium. Sport Lotteries House accommodates the following organisations:

- WA Sports Federation
- Sports Medicine Australia
- Triathlon WA
- Touchwest
- Baseball WA
- ACHPER
- Arts, Sport & Recreation Industry Training Council
- WA Water Polo Association
- Womensport West
- Fitness Western Australia
- Cycling WA
- Canoeing WA
- WA Diving Association
- AUSSI Masters

### HALL OF CHAMPIONS

This year has seen the completion of a major refurbishment project with the photographs of Hall of Champions members being reproduced and remounted to archival standards.

The Western Australian Hall of Champions is located on the upper level of Challenge Stadium. Established in 1985, 14 Western Australian sporting champions were inducted at that time. The Hall of Champions now has 99 members from 22 sports. The new members inducted to the Hall of Champions in 2006 were:

- Rechelle Hawkes – Hockey
- Bernie Naylor – AFL
- Bruce Reid - Cricket

### ROYAL LIFESAVING SOCIETY OF WA

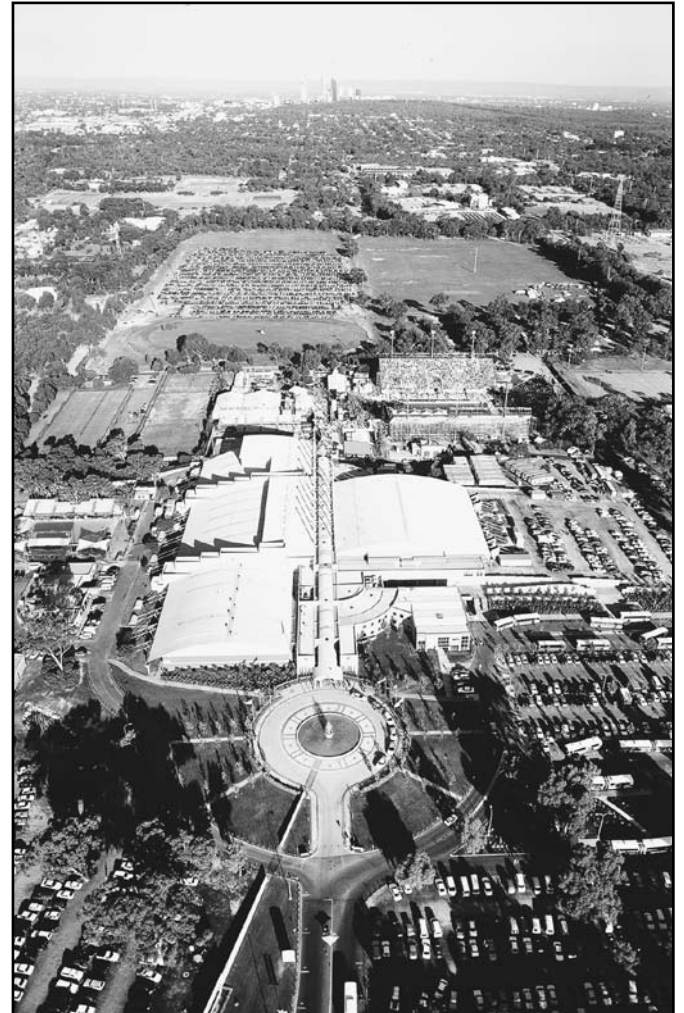
The Royal Lifesaving Society of WA is located adjacent to the 10 lane outdoor pool at Challenge Stadium and has new training and education rooms within the venue.

The aim of the Royal Lifesaving Society is to prevent the loss of life and to promote safe participation in water related pursuits.

In pursuing this aim the Society provides a number of community and vocational based services. These include:

- Vocational Education and Training in Sport and Community Recreation
- Safety Services and Expert Advice
- Community Education in Swim & Survive, Bronze Medallion and First Aid
- Community Awareness of Aquatic Issues
- Participation in Sport of Lifesaving

The Royal Lifesaving Society of WA makes extensive use of the Challenge Stadium aquatic facilities for its training programmes.



### TENANTS

Ascend Physiotherapy operates a medical and physiotherapy treatment facility specialising in sports related injuries.

Challenge Children's Centre operates a day care facility within the Challenge Stadium precinct for the benefit of the local community.

Teamworks Development Training operates adventure/ corporate synergy training programmes utilising the high rope course, climbing wall and function facilities at Challenge Stadium.

Robert Verboon  
CENTRE MANAGER



**MARK ZUNDANS,  
CENTRE MANAGER**

### OVERVIEW

The 2005/2006 year, whilst reasonably successful, was a year of contrasts.

Attendance figures decreased slightly from the previous year (down 7.8% to 835,300 visits), due to an extended closure of the aquatic centre. During the first major shut down of the aquatic centre since it opened in 2000, a range of issues were

addressed including pool leaks and general maintenance which could not be conducted during normal operation. Whilst the closure was unbudgeted and generated significant disruption to the aquatic and ancillary business units, the outcomes from the work were as expected and presented a fresher more enjoyable facility for all patrons.

Arena Joondalup presented two editions of Rock iT during the year – one at each end of summer. The December edition featured music heavyweights Foo Fighters, Oasis, Spiderbait, and Wolfmother, and proved to be the most successful edition of the festival yet. In contrast, the end of summer edition featuring an all Australian line up struggled, and produced a less than desirable result. The festival still maintains a wonderful record of success and presents as the biggest and best locally produced entertainment event in WA.

The Arena Community Sport and Recreation Association made significant steps toward the development of playing and social facilities during the year. In a joint venture between four local sporting clubs, the City of Joondalup, the Department of Sport and Recreation and the Trust, the first sod of soil was turned in March, marking the start of the project. Whilst the project is staged and not scheduled to be completed until early 2007, this was a significant milestone in the Association's existence.

### HEALTH AND FITNESS

The Health and Fitness business unit achieved outstanding results. Despite a significantly increased budget, income targets were met in all but two months of the year, resulting in a net operating surplus of some \$330,000.

A change in leadership of the facility saw a change in the structure of the Health and Fitness business unit and a more streamlined leadership unit was created.

Maintaining a membership base of an average of 2680 active members saw the business unit look to alternate revenue generating streams. Personal Training proved to be extremely popular and experienced significant growth through the year. Similarly, a number of special programmes were introduced including Boot Camp, the Weight Loss Challenge and City to Surf training group, all of which proved to be successful.

The continued excellent performance also allowed for the purchase of new equipment which provided a much needed upgrading of equipment.

Future expansion of the facility is being investigated and is proving to be necessary considering the increasing demand for fitness facilities in the Northern suburbs.

### AQUATIC COMMERCIAL

An unscheduled closure during the year capped off an indifferent year in the aquatic facility. Following some defects identified in both pools, it was necessary to close the aquatic facility for a period of six weeks through April and May.

This unbudgeted closure had a significant impact on revenue. During the closure the Olympic pool had major repairs to the liner, gutters and grates, and starting blocks. The leisure pool received a face lift by way of new tiles around the river ride and replacement of expansion joints.

Taking advantage of the closure, all change room tiles were re-grouted and all floors in the facility were professionally cleaned. Results following the closure were extremely pleasing.

Another significant upgrade was the change from liquid chlorine to chlorine gas for water treatment. Following installation of the apparatus, significant savings in chemical use have been experienced. Also, water quality has significantly improved in both clarity and feel and air in the facility is notably void of any harsh chlorine smells.

In a trend that seemed to be consistent across most swimming facilities across WA, usage was down through the year. Unseasonable weather through all seasons made predicting usage challenging and actual usage inconsistent. With decreased visits targeted income was difficult to meet.



### AQUATIC SPORT

The Arena Swim Club capped off its most successful season in its brief history. The Club finished third in both the WA Swimming State Series and A Premiership Division. On the back of these results, Arena Swim Club had:

National Age results

8 personal best times from 7 swimmers

8 qualified for finals

Arena Swim Club finished 27th (2nd WA club)

1 individual gold medal

4 individual silver medals

1 relay gold medal

1 relay bronze medal

National Open results

11 personal best times from 25 swimmers

6 qualified for finals

1 'B' final

Arena Swim Club finished 39th out of 250+ Clubs.

The programme has progressed significantly over the past year, which bodes well for the future as swimmers come of age.

The coaching structure was discussed both internally and also in consultation with WAIS and Swimming Australia's National Head Coach with the aim of ensuring the best results for the athletes and the programme. Whilst no commitment to long term change was made, several options of combining high performance and participation needs were discussed. Further developments are expected over the next 12 months.

### AQUATIC PROGRAMMES

Learn to Swim performed well through the year with target numbers (950 enrolments) being attained in each term with the exception of term two in 2006. The disruption caused by the closure of the pools impacted significantly on the Learn to Swim programme, cutting term two down to a mere six weeks (normally ten). The reduced programme saw many people withdraw their enrolment, which may have longer term effects. Whilst the programme still produced an overall net profit, it was well down on budget.

The Arena Joondalup Learn to Swim programme also converted to the Royal Lifesaving Swim and Survive programme through the year. The change from in house certification to the RLSSA programme brought the programme in line with the education department which makes for easier transition for children and uniform assessments.

### CHILD CARE

Child care continued to perform well with another strong year.

Accreditation through the National Child Care Accreditation Council was awarded to Arena Joondalup Out of School Hour Care after a

Validation and Quality Assurance visit in March 2006. This was a great achievement for the programme and ensures that it remains first class.

The Active After Schools Community programme was introduced and funded through the Australian Sports Commission in Term One 2006. The program has been successful and remains ongoing.

Reforms to the Out of School Hour Care through the Department of Families, Community Services and Indigenous Affairs in the 2006/2007 Federal Budget mean additional changes have been made to Arena Joondalup Out of School Hour Care. Places are now uncapped, an improved compliance strategy has been introduced for the child care sector (including weekly submission of vacancy information) and increased funding for Jobs Education and Training child care will reflect on enrolments.

### LEISURE PROGRAMMES

Leisure Programmes experienced a huge increase in income and in the services it provides through the introduction of new programmes including Drama, Toddler Sport and Art and School Holiday programmes. Adult programmes have also expanded. Last financial year had an average of 113 children registered into programmes which increased to an average of 281 this year.

A number of new projects were commenced at the end of the last financial year. These included additional classes with popular children's programmes, expanding the bellydancing class and the introduction of dry side toddler birthday parties.

Wages for the year were considerably higher due to increased training for staff teaching new programmes as well as training conducted for a Programmes Assistant to handle the administrative needs of the programmes.

Next financial year the focus will be on duplication and consolidation of programmes.





### INDOOR / OUTDOOR

In what proved to be a busy year for both indoor and outdoor facilities there were some facility management issues which required addressing. Notable issues included the deteriorating synthetic hockey pitch and also major fungal outbreak on the main arena.

The hockey pitch underwent major repairs late in 2005, which saw the pitch back to a playable standard. However its 10 year life span is almost complete and a replacement pitch will be required within the next 2 years.

The main oval was hit by a devastating fungal infection late in the year. Several high profile bookings were lost due to the deterioration of the grass surface and whilst partial recovery was achieved, a significant renovation programme will be required at the end of the WAFL season.

There was however a significant increase in use of function rooms for everything from birthday parties to product launches and seminars. Function room sales were up approximately 12% which translated to significant increases in revenue for both room hire and catering. A more focused marketing campaign in the local community and broader Perth market were key factors in the growth.

Arena Joondalup also hosted two separate exhibition style events in the ANZ Home and Lifestyle Expo and the Emergency and Crisis Management Conference. This demonstrated the flexibility and diversity of the facilities at Arena Joondalup and laid the foundations for events such as this in the future.

The year also featured the following major events:

- Two Rock iT concerts
- Rodney Rude comedy act
- Screening of the Green v Mundine fight
- West Perth Football Club fixtures
- West Coast Eagles scratch match
- 25th Anniversary Perth Bikers Charity Ride
- TouchWest State Touch Titles
- ANZ Home and Lifestyle Expo
- Kidz Day Out



### SPORTING COMPETITIONS

Sporting Competitions were impacted by several interruptions due to major events and facility upgrades however still managed to maintain good numbers through most competitions.

Netball and soccer ran well with teams consistently re-registering and additional divisions added through demand. Umpires and teams have provided positive feedback which places these competitions in positive stead for the future.

The Ultimate Sporting Competition also experienced solid growth in the later part of the year. Whilst still developing this is a fairly unique competition in the northern suburbs and has developed a strong following. This competition should develop further over the coming years.

Basketball has continued to suffer from teams being inconsistent and officials becoming more difficult to source. Arena Joondalup has registered with Basketball WA to receive support for officials however this has not had a significant influence on the competition.

### RETAIL OUTLET

Despite being effected by the closure of the pools the retail outlet performed exceptionally well, returning an on budget performance for the year. An overall net profit of \$34,000 was achieved which is an excellent result for the shop.

Gross margins were lower than budgeted, however this can be attributed to both the pool closure and price reduction on selected stock to clear discontinued lines.

During the year the permanent Sales Assistant resigned. The vacancy was not filled, and the shop continued to operate with casual staff. This provided more flexibility in operation which suited the business considering the disruptions experienced in April and May.

A sales analysis and inventory management system was developed to assist in managing and forecasting business trends. The system is expected to result in higher rates of stock-turn and the timely introduction of new season stock.

### SPECIAL EVENTS

The strongest line up ever for Rock iT was assembled in December. Rock legends Foo Fighters and Oasis headlined with powerful support from Australian bands Spiderbait and Wolfmother. Also English band Kaiser Chiefs proved to be extremely popular with the younger attendees. This was the third consecutive sellout Rock iT with the biggest crowd on record (26,000) and arguably the best.

The same cannot be said for the End of Summer Edition of Rock iT held in March 2006. Due to the inability to secure a prominent international headline act this Rock iT did not reach the lofty heights of past three events. Rock iT took a step back in time to reproduce its first ever concert and headline act Silverchair. Coming back from a three year layoff and with no recently released new album this event was always going to test the strength of the Rock iT brand. While only 13,500 people attended this event it was still considered a very large concert in industry terms.

Touch West staged its second State Championships at Arena in March which was once again well attended by competitors from all over Western Australia. This was the second of three contracted events and negotiations have commenced for future State Championship events beyond 2007.

Arena Joondalup played host to two inaugural events, Kidz Day Out and the ANZ Home & Lifestyle Expo. Both events were reasonably well attended for first time events and received good feedback from those who attended. While it is unlikely that the Kidz Day Out will return, the ANZ Home & Lifestyle Expo has re booked for April 2007.

The future for events at Arena Joondalup continues to look extremely positive and with the event train platform coming online in early 2007, Arena Joondalup will be a prime venue for event organisers.

### CATERING SERVICES

Catering services enjoyed an excellent year returning a net profit of some \$80,000 an increase of 68% compared to the previous year.

A significant increase in revenue from events and function catering were the main drivers of this increase.

Whilst the Café and kiosk performed well its results were impacted by the pool closure during the year.

The Sports Bar, except for some major events, does not attract regular patronage from sports users of the venue.

An increase in revenue from supplier commissions was achieved from a change in the non alcoholic beverage supplier.

### CUSTOMER SERVICE

Arena Joondalup customer service team has again performed outstandingly well in presenting a welcoming first impression for visitors to the facility. This was achieved in what was one of the busier years on record for the team.

A significant increase in ticket sales from the ticket outlet was experienced which placed enormous strain on resources, however the processes were undertaken professionally as always.

Programme registration was moved away from front reception. The benefit of this was immediately evident with a calmer and more controlled registration process for patrons and also significantly reduced work load at main reception through peak times.

Through the Christmas holiday period Arena Joondalup played host to a massive Vacation Swimming programme which catered for a record 1750 enrolments on a daily basis.

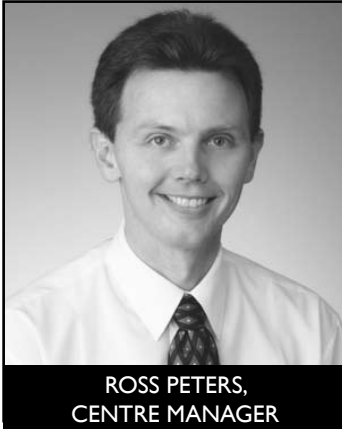
### SUMMARY

The City of Joondalup continues to expand and as such Arena Joondalup needs to ensure it continues to adequately cater for the growing population. This will prompt some strategic planning for the facility and create opportunities for the facility to grow and continue to prosper.

The installation of the events train platform will be a significant boost to managing large gatherings at Arena Joondalup. This is an exciting development which will be a great asset to users of Arena Joondalup.

The Arena Community Sport and Recreation project which will see the provision of nine lit netball courts, a floodlit athletics and rugby ground and a common use club room for athletes, rugby league, rugby union and netball is expected to be completed during the next financial year and will lead to a significant increase in utilisation at Arena Joondalup.

Mark Zundans  
CENTRE MANAGER



### OVERVIEW

The focus of the year was the fulfilment of two of the WA Sport Centre Trust's primary functions: to provide training facilities for sportspersons and the holding of competitive sporting events of International, National and State standards.

To start the year off on this theme the Western Australian Cycling Federation conducted a Junior Track Cycling Grand Prix

during July 2005, featuring cyclists who were in Perth for the Cycling Australia Junior World Championship Team training camp. Ryan Bayley also made a guest appearance on his home track. This event was also used as a test event for the 2006 National Junior Track Cycling Championships conducted in April. This event attracted approximately 400 competitors and over 1200 spectators, with the Western Australian team convincingly winning the Ray Godkin Trophy for the state with the most medals.

The English, Scottish and Malaysian track cycling teams used the venue as their training base throughout January and February prior to the Commonwealth Games in Melbourne. This situation provided the Trust and the WAIS Cycling Programme with an opportunity to host the fourth International Track Cycling Grand Prix featuring these world class athletes which attracted an attendance of approximately 1000 spectators and over 100 competitors

The SpeedDome also hosted the Coates Hire Operations Australia 120th Birthday function. This function saw the central floor space of over 1000 square metres, which is predominately used as an In-Line Hockey Court, transformed into an "intimate" cocktail function venue for 250 guests. The set up included a stage with 3 large screens as a backdrop and an extremely impressive sound and lighting show. Catering services for the function were provided by the Challenge Stadium Events Catering team, who were highly commended by the client for both the quality of the food produced and the level of service delivered.

A highlight of the year was the SpeedDome being chosen by the Melbourne 2006 Commonwealth Games Corporation as one of only three venues in Perth for the Queens Baton Relay to visit during its relay across all Commonwealth countries throughout the world.

The events and activities staged at the SpeedDome during the year included:

- Coates Hire Australia 120th Birthday
- WA Cycling Junior Track Cycling Grand Prix
- Melbourne 2006 Commonwealth Games Queens Baton Relay
- National Junior Track Cycling Championships
- 2006 Perth International Track Cycling Grand Prix
- In-Line Hockey WA Branch Metro League and State Championships

- WA Cycling Federation Track Cycling Season
- WA Cycling State Junior and Senior Track Cycling Championships
- 2006 Westral Track Cycling Carnival
- 2006 Classic Challenge (Motor sport event)

The operating deficit of the SpeedDome for the year was \$190,927 compared to \$190,609 the previous year. This result provides further confidence that the operating deficit of the venue has stabilised, although it is worthy of note that this years result included an additional \$9894 in wage costs due to increases in wage rates. However an additional \$9,108 in revenue was achieved in the Indoors/Outdoors business units. Continual efforts will be made to reduce the operating deficit in forthcoming years through identifying and attracting further opportunities for national level sporting events and other commercial events.

The total venue attendance for the venue was 24,718 compared to 23,852 the previous year. Cycling attendance for various competition, training and programmes accounted for 31% of attendances. Spectators to the various events conducted at the venue accounted for approximately 23% of attendances, with in-Line hockey, skating, martial arts and other activities accounting for the balance of total venue attendance.

A number of the SpeedDome's strategic objectives were achieved during the year:

- Two major events were staged being the Perth International Cycling Grand Prix and the National Junior Track Cycling Championships.
- Maintenance and presentation of the venue was sustained with the repainting of the floor coatings in the bike pits and corridor areas. The highest ranking "enjoyable aspect" mentioned in the SpeedDome annual customer survey was "facilities".

All SpeedDome business units performed better than budget. Income from all areas was better than anticipated with particularly positive results from Indoors business unit, Venue hire, License fees and Tenant's rental.

An analysis of the major areas of revenue generation is provided below:

| Activity  | Revenue  |
|---|----------|
| Venue Hire/License Fees   | \$51,790 |
| Perth International Track Cycling Grand Prix (Ticket Sales and Sponsorship) | \$19,030 |
| Tenants Rental  | \$24,098 |

### TENANTS

BMX Sports Western Australia, Bando Kickboxing, Fit Australia Personal Training, Midland Cycling Club, Midland Pythons Weightlifting Club and Hutchison Telecommunications all maintained their relationship with the SpeedDome throughout the year.

Ross Peters  
CENTRE MANAGER

### OVERVIEW

The Kwinana Motorplex comprises a oval clay speedway track and a quarter mile drag strip each with spectator capacities of 15,000 and separate corporate boxes, race control, media and commentary suites. Common facilities for ticketing, parking, pits, medical and scrutineering are also provided.

The Motorplex was built by the Government of Western Australia with management responsibility vested in the WA Sports Centre Trust. The day to day operation of motor sport activity is carried out by Kwinana Motorplex Pty Ltd via a license agreement with the Trust.

The sixth season of events at the Motorplex has been arguably the best ever, with outstanding performances on the track and the continued of growth in attendances at the venue.

The venue has gained a reputation both nationally and internationally as one of the world's most outstanding motorsport venues.

The governing bodies for both Drag Racing (ANDRA) and Speedway (NASR) have commended the Motorplex operating model as being the best designed and managed facility in Australia.

Speedway Racing News, Australia's most popular and longest running Speedway magazine, recently rated the Motorplex as Australia's number one Speedway venue.

Motorplex management are regularly contracted to perform consultancy work for National and International Motorsport facilities assisting with design and operational facets of the various venues.

In April 2006, the management of the Motorplex was awarded the 'Australian Speedway Promoters of the Year' at the Knoxville Hall of Fame in the United States of America.

In addition the Motorplex catering contractor was nominated by the West Australian Caterers Association as a finalist for best outdoor catering.

This season events at the Motorplex have been televised on free to air and payTV, covered in industry magazines both Nationally and Internationally. The "West Australian" and local print media continue to cover Speedway and Drag Racing weekly with significant stories.

The investment by the Motorplex Licensee in a large video screen has resulted in increased spectator entertainment at the venue. The screen, used at both the Drag Racing and Speedway events, adds a new dimension to the activities at the Motorplex enhancing the experience for the spectators who attend the events.

### EVENTS

Events staged during the year included:

- 12 Super Speedway events and 13 Speedway practice nights
- 9 National Open drag racing events held over 12 days, a Nostalgia Drags event and the Western Hi Tech Titles
- 6 Fast Friday's for Speedway and Drag Racing
- 30 Wednesday night street car meetings
- One black top Rally event as part of a National Series
- Two non racing events including one Motorvation street car show and one Burnout show.

The 20th anniversary of Motorvation not only attracted a huge crowd over the 2 days but also had an exhibitor/driver entry list in excess of 650 for the second year in a row.

Major Drag Racing events competitor numbers exceeded the 200 average barrier for the first time with several events receiving over 200 entries topping out with 279 teams competing at the 35th annual Westernationals.

Super Speedway events also had the pits bursting at the seams with all Super Speedway events recording record entries during the season.

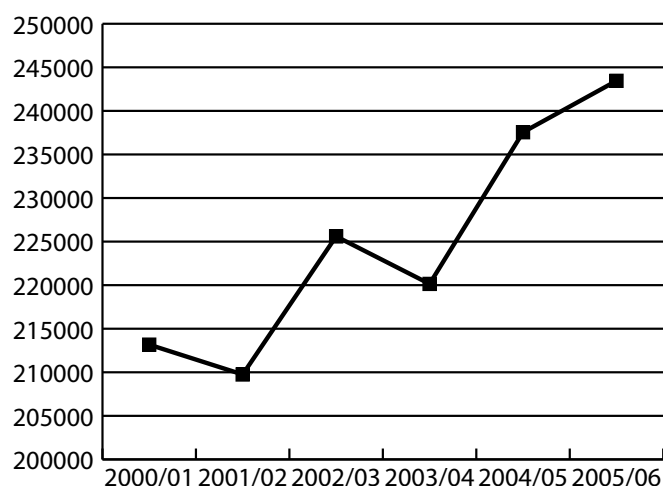
This trend also spilled over into the Fast Friday combined Speedway and Drag Racing events. The Grand final event received 255 competitor entries.

### ATTENDANCES

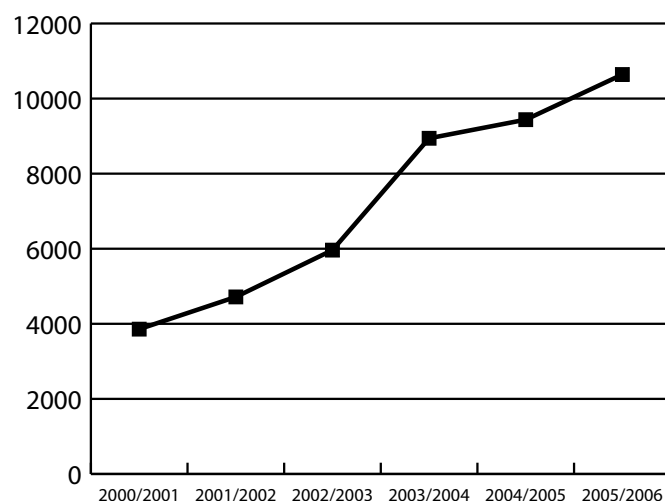
Attendances totalled 243,451 for the 2005/06 season which was a 2.5% increase on the previous year. In excess of 90 public events were scheduled at the Kwinana Motorplex during 10 months of operation and the complex was also booked on 55 days for driver training. Competitor numbers also increased significantly on the previous year.

The following graphs illustrate the growth in spectator and competitor numbers over the six years of operation of the Motorplex.

**Motorplex Spectator Numbers**



**Motorplex Competitor Numbers**



### NOISE MONITORING

Noise monitoring procedures continued during 2005/06 season in compliance with the Noise Management Plan. A summary report of the noise monitoring and complaints received during the 2005/06 season was produced along with the annual Audit report and forwarded to the Department of Environment.

### KWINANA MOTORPLEX MANAGEMENT COMMITTEE

the Kwinana Motorplex Management Committee acts as an advisory Committee to the Western Australian Sports Centre Trust.

The Committee meets quarterly during the year and comprises the following members:

|                      |  |
|----------------------|--|
| Mr John Iriks        | Chairman                                 |
| Mr Neil Hartley      | Town of Kwinana                          |
| Cr Rodney Pattinson  | Town of Kwinana                          |
| Mr Paul Watt         | Department of Environment & Conservation |
| Mr Gary Mioceovich   | Kwinana Motorplex Pty Ltd                |
| Mr Kevin Prendergast | Kwinana Motorplex Pty Ltd                |
| Mr Denis McInerney   | WA Sports Centre Trust                   |
| Mr Graham Moss       | WA Sports Centre Trust                   |
| Ms. Tonia Swetman    | Kwinana Industries Council               |
| Mr Ian Critchley     | Community Representative                 |

### RESPONSIBILITY OF THE COMMITTEE

The Kwinana Motorplex Management Committee oversees the implementation of the Kwinana Motorplex Management Strategy which addresses relevant issues regarding the operation of the facility including:

- The emergency response plan
- The noise management plan
- The traffic management plan
- An operational procedures monitoring system
- Implementation of environmental conditions

The Kwinana Motorplex Management Strategy is available for public inspection and is reviewed annually as follows:

- the monitoring of noise impacts to ensure compliance with acceptable noise levels
- an assessment of public complaints about the use of the facility and actions to address those complaints
- an assessment of the Emergency Response Plan
- an assessment of traffic management measures and their success or otherwise.

Ross Peters  
CENTRE MANAGER

# Certificate of Performance Indicators


WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Western Australian Sports Centre Trust's performance, and fairly represent the performance of the Western Australian Sports Centre Trust for the financial year ended 30 June 2006.

Dated this 31st day of August, 2006.



Mr Denis McInerney  
Chairman



Ms Victoria Wilmot  
Board of Management



Mr Graham Moss  
Chief Executive Officer

# Performance Indicators

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

The Trust's Performance Indicators have been developed to assess its outcomes and services and are measured in terms of effectiveness and efficiency. These indicators are linked to the Government Strategic Goal of enhancing the quality of life and wellbeing of all people throughout Western Australian.

### KEY EFFECTIVENESS INDICATORS

**DESIRED OUTCOME 1** Provision of facilities for elite sports training and competition.

**SERVICE 1** Management of elite sport facilities

#### Customer Satisfaction

This indicator provides a measure of how the outcome of provision of facilities for elite sports training and competition has been achieved by providing customer satisfaction.

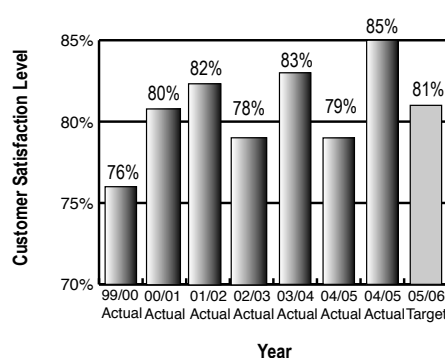
**Indicator:** Customer Service Survey – Elite Sport Facilities

A customer service survey was conducted in March 2006 by the Centre for Environmental and Recreational Management, based within the University of South Australia. The survey measured overall satisfaction with facilities at Arena Joondalup, Challenge Stadium and the SpeedDome. Customers were asked to rate the quality of services and facilities on the scale of 1 (very poor) to 7 (very good).

The survey result for 2005/06 showed a customer satisfaction level of 85% compared to a target of 81%. This was an excellent result and is well above the mean customer satisfaction of all venues surveyed across Australia of 81%.

The survey result was based on the following statistics:

Response: 165  
Population: 272  
Error Rate: +/- 4.86%  
Confidence Level: 95%



**DESIRED OUTCOME 2** Provision of facilities for community sport, entertainment and recreation.

**SERVICE 2** Management of community sport, entertainment and recreational facilities

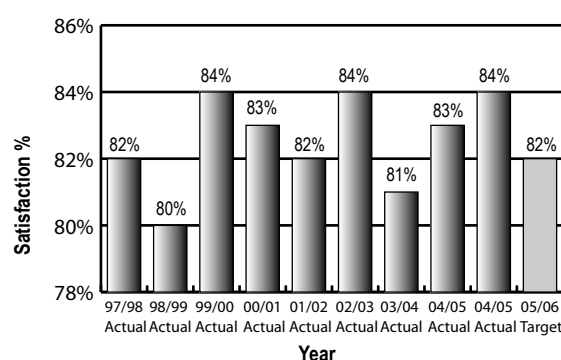
#### Customer Satisfaction

This indicator provides a measure of how the outcome of provision of facilities for community sport, entertainment and recreation has been achieved by providing customer satisfaction.

A customer service survey was conducted in March 2006 by the Centre for Environmental and Recreational Management, based within the University of South Australia. The survey measured overall satisfaction. Customers were asked to rate the quality of services and facilities on the scale of 1 (very poor) to 7 (very good).

### Indicator 1 Customer Service Survey – Challenge Stadium

The survey result for 2005/06 shows a customer satisfaction level of 84% compared to a target of 82%. This was an improvement on the prior year and is above the mean customer satisfaction for all venues surveyed across Australia of 81%.

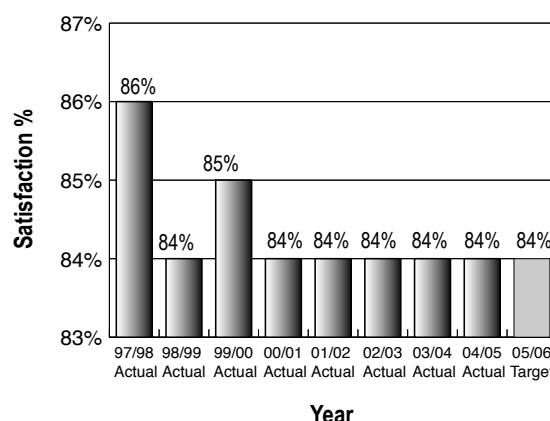


The survey result was based on the following statistics:

Response: 565  
Population: 9,368  
Error Rate: +/- 4.58%  
Confidence Level: 95%

### Indicator 2 Customer Service Survey – Arena Joondalup

The survey result for 2005/06 shows a customer satisfaction level of 84% compared to a target of 84%. Customer satisfaction at Arena Joondalup has been consistent for a number of years and is higher than the mean customer satisfaction for all venues surveyed across Australia of 81%.



The survey result was based on the following statistics:

Response: 121  
Population: 5,263  
Error Rate: +/- 7.62%  
Confidence Level: 95%

# Performance Indicators

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

### KEY EFFICIENCY INDICATORS

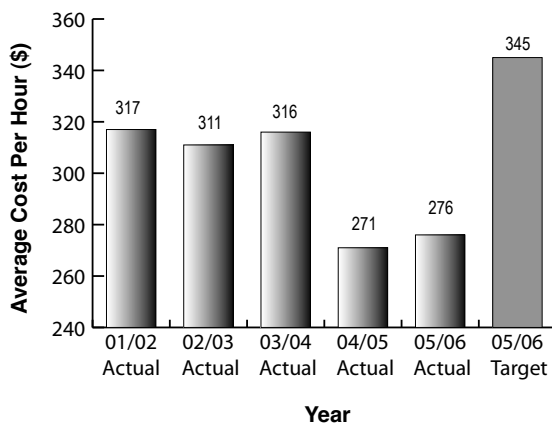
**DESIRED OUTCOME 1** Provision of facilities for elite sport training and competition.

**SERVICE 1** Management of elite sport facilities

**Indicator 1** Cost of providing elite training and competition

The Trust provides facilities and services for WAIS elite training programs at Challenge Stadium, Arena Joondalup and SpeedDome, the cost of providing these facilities is a measure of efficiency of achieving this outcome.

The average cost per hour of elite training and competition for 2005/06 was \$276 compared with a target of \$345. This reduction in average cost per hour is mainly due to an increase in the number of elite swimming training hours in 2005/06.

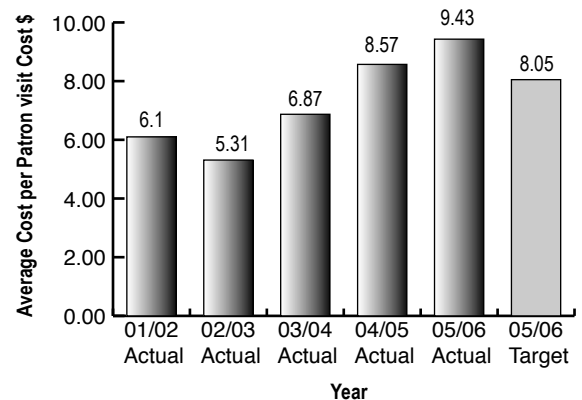


**Indicator 2** Average cost per patron visit – Arena Joondalup

This indicator provides a measure of how the service of management and maintenance of the facilities achieves the desired outcomes by measuring the cost of providing the facilities and services to the community of Western Australia.

The average cost per patron visit to Arena Joondalup in 2005/06 was \$9.43 compared to a target of \$8.05.

The average cost per patron visit has increased due to a decrease in patron visits following the closure of the two swimming pools for refurbishment and retiling.



**DESIRED OUTCOME 2** Provision of facilities for community sport, entertainment and recreation.

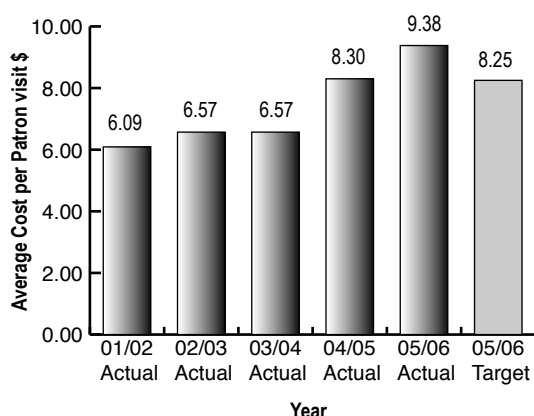
**SERVICE 2** Management of community sport, entertainment and recreational facilities.

**Indicator 1** Average cost per patron visit – Challenge Stadium

This indicator provides a measure of how the service of management and maintenance of the facilities achieves the desired outcomes by measuring the cost of providing the facilities and services to the community of Western Australia.

The average cost per patron visit to Challenge Stadium in 2005/06 was \$9.38 compared to a target of \$8.25.

The average cost per patron has increased due to an increase in depreciation expenses following a significant revaluation of buildings and a decrease in the number of patron visits during the year.







## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

**WESTERN AUSTRALIAN SPORTS CENTRE TRUST  
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 Western Australian Sports Centre Trust 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 Trust 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 Trust are relevant and appropriate to help users assess the Trust'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  
25 September 2006

# Certification of Financial Statements

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

The accompanying financial statements of the Western Australian Sports Centre Trust 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 circumstances which would render any particulars included in the financial statements misleading or inaccurate.

Dated this 31st day of August, 2006.



Mr Denis McNerney  
CHAIRMAN



Ms Victoria Wilmot  
BOARD OF MANAGEMENT



Mr Dudley Smith  
CHIEF FINANCE OFFICER

# Income Statement

for the year ending June 30, 2006

WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

|   |             | 2006<br>\$          | 2005<br>\$          |
|---|-------------|---------------------|---------------------|
| <b>INCOME</b>   | <b>Note</b> |                     |                     |
| <b>Revenue</b>  |             |                     |                     |
| Sales   | 3           | 5,246,704           | 4,914,198           |
| Provision of services   | 4           | 9,339,728           | 9,156,940           |
| Interest revenue  | 5           | 85,180              | 105,757             |
| Other revenues  | 6           | 2,000,135           | 1,958,693           |
| <b>Gains</b>  |             |                     |                     |
| Gains on disposal of non-current assets                       | 7           | 4,190               | -                   |
| <b>Total Income</b>   |             | <b>16,675,937</b>   | <b>16,135,588</b>   |
| <b>EXPENSES</b>   |             |                     |                     |
| <b>Expenses</b>   |             |                     |                     |
| Cost of sales   | 3           | 2,171,770           | 2,051,974           |
| Employee benefits expense                                     | 8           | 9,366,583           | 8,966,275           |
| Supplies and services   | 9           | 7,288,738           | 6,704,733           |
| Depreciation and amortisation expense                         | 10          | 3,001,347           | 2,446,849           |
| Finance costs   | 11          | 70,184              | 25,611              |
| Accommodation expenses  | 12          | 453,763             | 457,615             |
| Capital user charge   | 13          | 8,177,720           | 8,094,600           |
| Other expenses  | 14          | 1,488,009           | 1,744,324           |
| <b>Total expenses</b>   |             | <b>32,018,114</b>   | <b>30,491,981</b>   |
| <b>Loss before grants and subsidies from State Government</b> |             | <b>(15,342,177)</b> | <b>(14,356,393)</b> |
| <b>Grants and subsidies from State Government</b>             | <b>15</b>   | <b>14,226,000</b>   | <b>14,688,000</b>   |
| <b>(Loss)/Profit for the period</b>                           |             | <b>(1,116,177)</b>  | <b>331,607</b>      |

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

# Balance Sheet

for the year ending June 30, 2006

WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

|                                      | Note | 2006<br>\$         | 2005<br>\$         |
|--------------------------------------|------|--------------------|--------------------|
| <b>ASSETS</b>                        |      |                    |                    |
| Current Assets                       |      |                    |                    |
| Cash and cash equivalents            | 25   | 281,361            | 751,046            |
| Inventories                          | 16   | 397,970            | 456,295            |
| Receivables                          | 17   | 1,386,553          | 524,220            |
| Other current assets                 | 18   | 201,762            | 45,746             |
| <b>Total Current Assets</b>          |      | <b>2,267,646</b>   | <b>1,777,307</b>   |
| <b>Non-Current Assets</b>            |      |                    |                    |
| Receivables                          | 17   | 9,795,000          | 8,389,000          |
| Property, plant and equipment        | 19   | 127,728,381        | 97,310,459         |
| <b>Total Non-Current Assets</b>      |      | <b>137,523,381</b> | <b>105,699,459</b> |
| <b>Total Assets</b>                  |      | <b>139,791,027</b> | <b>107,476,766</b> |
| <b>LIABILITIES</b>                   |      |                    |                    |
| <b>Current Liabilities</b>           |      |                    |                    |
| Payables                             | 20   | 1,698,508          | 1,660,321          |
| Borrowings                           | 21   | 107,795            | 119,233            |
| Provisions                           | 22   | 918,544            | 835,447            |
| Other current liabilities            | 23   | 1,082,058          | 960,235            |
| <b>Total Current Liabilities</b>     |      | <b>3,806,905</b>   | <b>3,575,236</b>   |
| <b>Non-Current Liabilities</b>       |      |                    |                    |
| Borrowings                           | 21   | 112,461            | 167,859            |
| Provisions                           | 22   | 265,000            | 303,000            |
| Other non-current liabilities        | 23   | 609,723            | 829,762            |
| <b>Total Non-Current Liabilities</b> |      | <b>987,184</b>     | <b>1,300,621</b>   |
| <b>Total Liabilities</b>             |      | <b>4,794,089</b>   | <b>4,875,857</b>   |
| <b>NET ASSETS</b>                    |      | <b>134,996,938</b> | <b>102,600,909</b> |
| <b>EQUITY</b>                        |      |                    |                    |
| Contributed Equity                   | 24   | 37,459,690         | 36,559,690         |
| Reserves                             | 24   | 49,873,239         | 17,394,311         |
| Retained earnings                    | 24   | 47,664,009         | 48,646,908         |
| <b>TOTAL EQUITY</b>                  |      | <b>134,996,938</b> | <b>102,600,909</b> |

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

# Statement of Changes in Equity

for the year ending June 30, 2006

WESTERN AUSTRALIAN SPORTS CENTRE TRUST | FINANCIAL STATEMENTS

|   | Note | 2006<br>\$                | 2005<br>\$                |
|---|------|---------------------------|---------------------------|
| <b>Balance of equity at start of period</b> | 36   | 102,600,909               | 100,394,302               |
| <b>CONTRIBUTED EQUITY</b>                   |      |                           |                           |
| Balance at start of period                  |      | 36,559,690                | 35,444,690                |
| Capital contribution                        |      | 900,000                   | 1,115,000                 |
| Balance at end of period                    | 24   | <u>37,459,690</u>         | <u>36,559,690</u>         |
| <b>RESERVES</b>                             |      |                           |                           |
| <b>Asset Revaluation Reserve</b>            |      |                           |                           |
| Balance at start of period                  |      | 17,394,311                | 16,634,311                |
| Gains from asset revaluation                |      | 32,478,928                | 760,000                   |
| Balance at end of period                    | 24   | <u>49,873,239</u>         | <u>17,394,311</u>         |
| <b>RETAINED EARNINGS</b>                    |      |                           |                           |
| Balance at start of period                  |      | 48,646,908                | 48,315,301                |
| Net adjustment on transition to AIFRS (a)   |      | 133,278                   | -                         |
| Restated balance at start of period         |      | 48,780,186                | 48,315,301                |
| (Loss)/profit for the period                |      | (1,116,177)               | 331,607                   |
| Balance at end of period                    | 24   | <u>47,664,009</u>         | <u>48,646,908</u>         |
| <b>Balance of equity at end of period</b>   |      | <u><b>134,996,938</b></u> | <u><b>102,600,909</b></u> |
| Total income and expense for the period     |      | <u>31,362,751</u>         | <u>1,091,607</u>          |

(a) The net adjustment on transition to AIFRS was \$133,278. On 1 July 2005 on adoption of AASB 139 the non interest bearing loan to the Office of Energy had to be restated at fair value with an impact of \$133,278 for the discount which will be unwound over the term of the loan.

These items accounted for under AASB 139 have a transition date of 1 July 2005 in accordance with AASB 1.36A and Treasurer's Instruction 1101.

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

# Statement of Cash Flows

for the year ending June 30, 2006

WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

|  | Note | 2006<br>\$          | 2005<br>\$          |
|--|------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>              |      |                     |                     |
| <b>Receipts</b>  |      |                     |                     |
| Sales of goods and services                              |      | 5,246,704           | 4,914,198           |
| Provision of services                                    |      | 9,539,867           | 9,210,382           |
| Interest received  |      | 85,180              | 105,757             |
| GST receipts on sales                                    |      | 1,513,652           | 1,491,324           |
| Other receipts   |      | 2,004,325           | 1,958,693           |
| <b>Payments</b>  |      |                     |                     |
| Employee benefits  |      | (9,223,707)         | (9,222,489)         |
| Supplies and services                                    |      | (9,626,418)         | (8,528,797)         |
| Finance costs  |      | (70,184)            | (25,611)            |
| Accommodation  |      | (453,763)           | (457,615)           |
| Capital User Charge                                      |      | (8,177,720)         | (8,094,600)         |
| GST payments on purchases                                |      | (1,087,811)         | (1,164,105)         |
| GST payments to taxation authority                       |      | (426,388)           | (312,557)           |
| Other payments   |      | (1,488,009)         | (1,744,324)         |
| Net cash used in operating activities                    | 25   | <u>(12,164,272)</u> | <u>(11,869,744)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>              |      |                     |                     |
| Proceeds from sales of non-current physical assets       |      | 104,190             | 100,000             |
| Purchase of non-current physical assets                  |      | <u>(940,342)</u>    | <u>(2,073,893)</u>  |
| Net cash (used in / provided by) investing activities    |      | <u>(836,152)</u>    | <u>(1,973,893)</u>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>              |      |                     |                     |
| Proceeds from borrowings                                 |      | 95,250              | 39,682              |
| Repayments of borrowings                                 |      | <u>(159,511)</u>    | <u>-</u>            |
| Net cash used in financing activities                    |      | <u>(64,261)</u>     | <u>39,682</u>       |
| <b>CASH FLOWS FROM STATE GOVERNMENT</b>                  |      |                     |                     |
| Grants and subsidies                                     |      | <u>12,595,000</u>   | <u>13,409,000</u>   |
| Net cash provided by State Government                    |      | <u>12,595,000</u>   | <u>13,409,000</u>   |
| Net decrease in cash and cash equivalents                |      | (469,685)           | (394,955)           |
| Cash and cash equivalents at the beginning of the period |      | <u>751,046</u>      | <u>1,146,001</u>    |
| CASH AND CASH EQUIVALENTS AT THE END OF PERIOD           | 25   | <u>281,361</u>      | <u>751,046</u>      |

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

# Notes to Financial Statements

for the year ending June 30, 2006

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

### **I. First time adoption of Australian equivalents to International Financial Reporting Standards**

This is the Trust's first published financial statements 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 of the Trust had 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, Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

The UIG Interpretations are adopted through AASB 1048 and are classified into those corresponding to IASB interpretations and those only applicable in Australia.

The AASB continues to revise and maintain statements of accounting concepts, accounting standards and the UIG Interpretations that are of particular relevance to the Australian environment, deal more specifically with not-for-profit entity issues and/or do not have an equivalent IASB Standard of Interpretation.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction 1106 'Transition to Australian equivalents to International Financial Reporting Standards', 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 is prepared under the AIFRS basis.

The Trust 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 36.

### **2. Summary of significant accounting policies**

#### **(a) General Statement**

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards as applied by the Treasurer's Instructions which may modify or clarify their application, disclosure, format and wording to provide certainty and to ensure consistency and appropriate reporting across the public sector. For example, AASB 116 requires land and buildings to be measured at cost or fair value; TI 954 mandates the fair value option.

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, UIG Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

#### **(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, buildings and infrastructure 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 whole Australian dollars.

The judgements that have been made in the process of applying the Trust's accounting policies that have the most significant effect on the amounts recognised in the financial statements are included at Note 2 (t).

#### **(c) Reporting Entity**

The reporting entity comprises the Western Australian Sports Centre Trust.

#### **(d) 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 is recognised from the sale of goods and disposal of other assets when the significant risk and rewards of ownership control transfer to the purchaser.

##### **Provision of services**

Revenue is recognised on delivery of the service or by reference to the stage of completion.

##### **Grants, donations, gifts and other non-reciprocal contributions**

Revenue is recognised at fair value when the Trust obtains control over the assets comprising the contributions, usually when cash is received.

Other non-reciprocal contributions that are not contributions by owners are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

Where contributions recognised as revenues during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions where undischarged as at the reporting date, the nature of, and amounts pertaining to, those undischarged conditions are disclosed in the notes.

##### **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.

# Notes to Financial Statements

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

### (e) Borrowing Costs

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. Other borrowing costs are expensed when incurred.

### (f) Property, Plant and Equipment and Infrastructure

#### Capitalisation/Expensing of assets

Items of property, plant and equipment and infrastructure costing over \$1,000 are recognised as assets and the cost of utilising assets is expenses (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure 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, the cost is their fair value at the date of acquisition.

Items of property, plant and equipment and infrastructure costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

#### Subsequent measurement

After recognition as an asset, the Trust 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.

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

When buildings are revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

Fair value of infrastructure has been determined by reference to the written-down current replacement cost (existing use basis) as the assets are specialised and no market evidence of value is available. Land under infrastructure is included in land reported under property, plant and equipment. Valuations are provided by an independent valuer every 3 to 5 years.

When infrastructure is revalued, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

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.

#### Depreciation

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

|                     |                |
|---------------------|----------------|
| Buildings           | 20 to 50 years |
| Plant and equipment | 3 to 20 years  |
| Office equipment    | 3 to 20 years  |
| Motor vehicles      | 5 years        |
| Infrastructure      | 20 to 50 years |

#### (g) Impairment of Assets

Property, plant and equipment, infrastructure 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 written down to the recoverable amount and an impairment loss is recognised. As the Trust 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 are tested for impairment at each reporting date irrespective of whether there is any indication of impairment.

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. Surplus assets at cost are tested for indications of impairments at each reporting date.

#### (h) Leases

The Trust's rights and obligations under finance leases, which are leases that effectively transfer to the Trust substantially all of the risks and benefits incidental to ownership of the leased items, are initially recognised, at the commencement of the lease term, as assets and liabilities equal in amount to the fair value of the leased item or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. The assets are disclosed as plant, equipment and vehicles under lease, and are depreciated to the Income Statement over the period during which the Trust is expected to benefit from use of the leased assets. Minimum lease payments are allocated between the finance charge and the reduction of the outstanding lease liability, according to the interest rate implicit in the lease.

The Trust has entered into a number of operating lease arrangements for the rent of the office building where the lessor effectively retains all of



# Notes to Financial Statements

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

the risks and benefits incidental 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 Trust has two categories of financial instrument:

- Loans and receivables (includes cash and term deposits); and
- Non-trading financial liabilities.

Initial recognition and measurement is at fair value. Subsequent measurement is at amortised cost using the effective interest method.

Short-term receivables and payables with no stated interest rate are measured at transaction cost/face value where the effect of discounting is immaterial.

### (j) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

### (k) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out basis.

Inventories not held for resale are valued at cost unless they are no longer required, in which case they are valued at net realisable value.

### (l) Receivables

Receivables are recognised and carried at original invoice amount less any provision for uncollectible amounts (impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The provision for uncollectible amounts (doubtful debts) is raised when collectability is no longer probable. The carrying amount is equivalent to fair value as it is due for settlement within 30 days.

A provision for doubtful debts can only be raised if there is objective evidence of impairment.

### (m) Payables

Payables are recognised when the Trust becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days.

### (n) Borrowings

All loans are initially recognised at cost, being the fair value of the net proceeds received. Subsequent measurement is at amortised cost using the effective interest rate method.

### (o) Provisions

Provisions are liabilities of uncertain timing and amount. The Trust only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance sheet reporting date and adjusted to reflect the current best estimate.

### (i) Provisions - Employee Benefits

#### Annual Leave and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting date is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

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.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Trust 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 (GSS) Scheme, 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 (WSS) Scheme, an accumulation scheme. The Trust contributes to this accumulation scheme 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 liabilities under these schemes have been calculated separately for each scheme annually by Barton Consultancy Actuaries using the projected unit credit method.

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 Trust 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.

The Gold State Superannuation Scheme is a defined benefit scheme for the purposes of employees and whole of government reporting. However, from the agencies' perspective, apart from the transfer benefits, it is a defined contribution plan under AASB 119.

# Notes to Financial Statements

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

### (p) Superannuation Expense

The superannuation expense of the defined benefit plans is made up of the following elements:

- Current service cost;
- Interest cost (unwinding of the discount);
- Actuarial gains and losses; and
- Past service cost.

Actuarial gains and losses of the defined benefit plans are recognised immediately as income or expense in the income statement.

The superannuation expense of the defined contribution plans is recognised as and when the contributions fall due.

### (q) Accrued Salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year; as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Trust considers the carrying amount of accrued salaries to be equivalent to the net fair value.

### (r) Resources Received Free of Charge or for Nominal Cost

Resources received free of charge or for nominal cost which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

### (s) Comparative Figures

Comparative figures have been restated on the AIFRS basis except for financial instruments information which has been prepared under the previous AGAAP Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. The transition date to AIFRS for financial instruments was 1 July 2005 in accordance with AASB 1 paragraph 36A and Treasurer's Instruction 1101.

### (t) Judgements made by management in apply accounting policies

The Trust has made a judgement in the calculation of the fair value of land and buildings and independent valuations are obtained from Department of Land Information, Valuation Services for this purpose.

The Trust has made a judgement on the expected useful life of assets in the calculation of depreciation.

### (u) Future impact of Australian Accounting Standards not yet operative

The Trust has not applied new Australian Accounting Standards that have been issued but are not yet effective as they will have no impact.

|                          | 2006<br>\$  | 2005<br>\$  |
|--------------------------|-------------|-------------|
| <b>3. Trading Profit</b> |             |             |
| Sales                    | 5,246,704   | 4,914,198   |
| Cost of Sales:           |             |             |
| Opening inventory        | (456,295)   | (372,546)   |
| Purchases                | (2,113,445) | (2,135,723) |
|                          | (2,569,740) | (2,508,269) |
| Closing inventory        | 397,970     | 456,295     |
| Cost of Goods Sold       | (2,171,770) | (2,051,974) |
| Trading Profit           | 3,074,934   | 2,862,224   |

|  | 2006<br>\$ | 2005<br>\$ |
|--|------------|------------|
| <b>4. Provision of Services</b>                      |            |            |
| Venue usage  | 9,339,728  | 9,156,940  |
|  | 9,339,728  | 9,156,940  |
| <b>5. Interest revenue</b>                           |            |            |
| Interest revenue – Westpac Banking Corporation       | 24,771     | 29,332     |
| Interest revenue – WA Treasury Corporation           | 60,409     | 76,435     |
|  | 85,180     | 105,757    |
| <b>6. Other revenue</b>                              |            |            |
| Commissions, sponsorship and other revenue           | 643,542    | 652,061    |
| Programme Revenue                                    | 1,356,593  | 1,306,632  |
|  | 2,000,135  | 1,958,693  |
| <b>7. Net gain on disposal of non-current assets</b> |            |            |
| <u>Costs of Disposal of Non-Current Assets</u>       |            |            |
| Plant, equipment and vehicles                        | -          | -          |
| <u>Proceeds from Disposal of Non-Current Assets</u>  |            |            |
| Plant, equipment and vehicles                        | 4,190      | -          |
| Net gain   | 4,190      | -          |
| <b>8. Employee benefits expense</b>                  |            |            |
| Wages and salaries                                   | 7,896,765  | 7,433,714  |
| Superannuation – defined contribution plans          | 771,638    | 742,566    |
| Long service leave (a)                               | 109,484    | 179,854    |
| Annual leave (a)                                     | 502,098    | 524,706    |
| Other related expenses (l)                           | 86,598     | 85,435     |
|  | 9,366,583  | 8,966,275  |

(a) Includes a superannuation contribution component

(l) Employment on-costs such as workers' compensation insurance and payroll tax are included at note 14 'Other expenses'. The employment on-costs liability is included at note 22 'Provisions'.

# Notes to Financial Statements

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

|  | 2006<br>\$        | 2005<br>\$        |
|--|-------------------|-------------------|
| <b>9. Supplies and Services</b>  |                   |                   |
| Communications   | 82,266            | 88,570            |
| Consumables  | 215,497           | 212,404           |
| Utilities  | 816,945           | 865,690           |
| Major event costs  | 3,293,109         | 3,090,254         |
| Insurance  | 283,842           | 282,674           |
| Equipment hire   | 277,916           | 91,172            |
| Advertising and promotion  | 140,850           | 148,558           |
| Other  | 2,178,313         | 1,925,411         |
|  | <u>7,288,738</u>  | <u>6,704,733</u>  |
| <b>10. Depreciation expense</b>  |                   |                   |
| Plant, equipment and vehicles  | 465,023           | 408,940           |
| Buildings  | 2,386,389         | 1,854,733         |
| Office equipment   | 44,667            | 47,908            |
| Leased plant, equipment and vehicles   | 105,268           | 135,268           |
|  | <u>3,001,347</u>  | <u>2,446,849</u>  |
| <b>11. Finance Costs</b>   |                   |                   |
| Unwind of fair value of borrowings   | 50,410            |                   |
| Finance lease finance charges  | 19,774            | 25,611            |
|  | <u>70,184</u>     | <u>25,611</u>     |
| <b>12. Accommodation expenses</b>  |                   |                   |
| Cleaning   | 453,763           | 457,615           |
|  | <u>453,763</u>    | <u>457,615</u>    |
| <b>13. Capital User Charge</b>   |                   |                   |
| Capital User Charge  | 8,177,720         | 8,094,600         |
|  | <u>8,177,720</u>  | <u>8,094,600</u>  |
| The Capital User Charge is based on a 8% charge on net assets by the Department of Treasury and Finance. |                   |                   |
| <b>14. Other expenses</b>  |                   |                   |
| Repairs and maintenance  | 843,038           | 1,168,726         |
| Doubtful debts expense   | 853               | 383               |
| Employment on-costs  | 604,118           | 540,215           |
| Audit fees   | 40,000            | 35,000            |
|  | <u>1,488,009</u>  | <u>1,744,324</u>  |
| <b>15. Grants and subsidies from State Government</b>  |                   |                   |
| Revenue received during the year:  |                   |                   |
| Grants for services  | 14,226,000        | 14,688,000        |
|  | <u>14,226,000</u> | <u>14,688,000</u> |
| <b>16. Inventories</b>   |                   |                   |
| Current  |                   |                   |
| Inventories held for resale:   | 397,970           | 456,295           |
| - Finished goods at cost   | <u>397,970</u>    | <u>456,295</u>    |
| <b>17. Receivables</b>   |                   |                   |
| Current  |                   |                   |
| Receivables  | 271,553           | 434,220           |
| Provision for impairment of receivables  | <u>(10,000)</u>   | <u>(10,000)</u>   |
|  | <u>261,553</u>    | <u>424,220</u>    |
| Loans and advances:  |                   |                   |
| Receivable from Treasury Holding account   | 1,025,000         | -                 |
| Receivable from Lake Joondalup Baptist College   | 100,000           | 100,000           |
|  | <u>1,125,000</u>  | <u>100,000</u>    |
|  | <u>1,386,553</u>  | <u>524,220</u>    |
| Non-current  |                   |                   |
| Receivable from Treasury Holding account   | 9,795,000         | 8,289,000         |
| Receivable from Lake Joondalup Baptist College   | -                 | 100,000           |
|  | <u>9,795,000</u>  | <u>8,389,000</u>  |

|  | 2006<br>\$         | 2005<br>\$         |
|--|--------------------|--------------------|
| <b>18. Other assets</b>                  |                    |                    |
| Prepayments                              | 201,762            | 45,746             |
|  | <u>201,762</u>     | <u>45,746</u>      |
| <b>19. Property, plant and equipment</b> |                    |                    |
| Freehold land                            |                    |                    |
| At fair value                            | 13,570,000         | 12,960,000         |
|  | <u>13,570,000</u>  | <u>12,960,000</u>  |
| Buildings                                |                    |                    |
| At fair value                            | 112,562,340        | 85,908,577         |
| Accumulated depreciation                 | <u>(2,386,389)</u> | <u>(5,522,513)</u> |
|  | <u>110,175,951</u> | <u>80,386,064</u>  |
| Plant, equipment and vehicles            |                    |                    |
| At cost                                  | 8,345,718          | 7,867,684          |
| Accumulated depreciation                 | <u>(4,872,009)</u> | <u>(4,406,986)</u> |
|  | <u>3,473,709</u>   | <u>3,460,698</u>   |
| Leased plant, equipment and vehicles     |                    |                    |
| At capitalised cost                      | 898,939            | 842,810            |
| Accumulated depreciation                 | <u>(631,453)</u>   | <u>(526,185)</u>   |
|  | <u>267,486</u>     | <u>316,625</u>     |
| Office equipment                         |                    |                    |
| At cost                                  | 773,988            | 675,158            |
| Accumulated depreciation                 | <u>(532,753)</u>   | <u>(488,086)</u>   |
|  | <u>241,235</u>     | <u>187,072</u>     |
|  | <u>127,728,381</u> | <u>97,310,459</u>  |

(1) Freehold land and buildings were revalued as at 1 July 2005 by the Department of Land Information (Valuation Services). The valuations were performed during the year ended 30 June 2006 and recognised at 30 June 2006. The fair value of all land and buildings has been determined by reference to recent market transactions.

In accordance with AASB 116.35 the Trust has credited accumulated depreciation to the asset prior to revaluation and restated the net amount to the revalued amount.

# Notes to Financial Statements

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the reporting period are set out below.

|                                  | Freehold land     | Buildings          | Plant, equipment and vehicles | Leased plant, equipment and vehicles | Office equipment | Total              |
|----------------------------------|-------------------|--------------------|-------------------------------|--------------------------------------|------------------|--------------------|
|                                  | \$                | \$                 | \$                            | \$                                   | \$               | \$                 |
| <b>2006</b>                      |                   |                    |                               |                                      |                  |                    |
| Carrying amount at start of year | 12,960,000        | 80,386,064         | 3,460,698                     | 316,625                              | 187,072          | 97,310,459         |
| Additions                        | -                 | 307,348            | 478,034                       | 56,129                               | 98,830           | 940,341            |
| Disposals                        | -                 | -                  | -                             | -                                    | -                | -                  |
| Revaluation increments           | 610,000           | 31,868,928         | -                             | -                                    | -                | 32,478,928         |
| Depreciation                     | -                 | (2,386,389)        | (465,023)                     | (105,268)                            | (44,667)         | (3,001,347)        |
| Carrying amount at end of year   | <u>13,570,000</u> | <u>110,175,951</u> | <u>3,473,709</u>              | <u>267,486</u>                       | <u>241,235</u>   | <u>127,728,381</u> |
| <b>2005</b>                      |                   |                    |                               |                                      |                  |                    |
| Carrying amount at start of year | 12,200,000        | 81,272,172         | 2,909,036                     | 365,739                              | 176,468          | 96,923,415         |
| Additions                        | -                 | 968,625            | 960,602                       | 86,154                               | 58,512           | 2,073,893          |
| Disposals                        | -                 | -                  | -                             | -                                    | -                | -                  |
| Revaluation decrements           | 760,000           | -                  | -                             | -                                    | -                | 760,000            |
| Depreciation                     | -                 | (1,854,733)        | (408,940)                     | (135,268)                            | (47,908)         | (2,446,849)        |
| Carrying amount at end of year   | <u>12,960,000</u> | <u>80,386,064</u>  | <u>3,460,698</u>              | <u>316,625</u>                       | <u>187,072</u>   | <u>97,310,459</u>  |

|  | 2006             | 2005             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>20. Payables</b>  |                  |                  |
| Current  |                  |                  |
| Trade payables   | 1,504,066        | 1,562,974        |
| Other creditors  | 172,592          | 74,950           |
| GST payable  | 21,850           | 22,397           |
|  | <u>1,698,508</u> | <u>1,660,321</u> |
| <b>21. Borrowings</b>  |                  |                  |
| Current  |                  |                  |
| Finance lease liabilities (secured) (I)  | 107,795          | 119,233          |
|  | <u>107,795</u>   | <u>119,233</u>   |
| Non-current  |                  |                  |
| Finance lease liabilities (secured) (I)  | 112,461          | 167,859          |
|  | <u>112,461</u>   | <u>167,859</u>   |
| (I) Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default. |                  |                  |
| Assets pledged as security   |                  |                  |
| The carrying amounts of non-current assets pledged as security are:  |                  |                  |
| Finance lease  |                  |                  |
| Leased plant, equipment and vehicles   | 267,486          | 316,625          |
|  | <u>267,486</u>   | <u>316,625</u>   |

|                             | 2006           | 2005           |
|-----------------------------|----------------|----------------|
|                             | \$             | \$             |
| <b>22. Provisions</b>       |                |                |
| Current                     |                |                |
| Employee benefits provision |                |                |
| Annual leave (a)            | 470,039        | 457,780        |
| Long service leave (b)      | 328,695        | 269,000        |
|                             | <u>798,734</u> | <u>726,780</u> |
| Other provisions            |                |                |
| Employment on-costs (c)     | 119,810        | 108,667        |
|                             | <u>918,544</u> | <u>835,447</u> |
| Non-current                 |                |                |
| Employee benefits provision |                |                |
| Long service leave (b)      | 230,434        | 263,000        |
|                             | <u>230,434</u> | <u>263,000</u> |
| Other provisions            |                |                |
| Employment on-costs (c)     | 34,566         | 40,000         |
|                             | <u>34,566</u>  | <u>40,000</u>  |
|                             | <u>265,000</u> | <u>303,000</u> |

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after reporting date.

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date.

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers' compensation premiums and payroll tax. The provision is measured at the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost), is included at note 14 'Other expenses'.

# Notes to Financial Statements

WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

|  | 2006<br>\$         | 2005<br>\$        |
|--|--------------------|-------------------|
| <b>23. Other Liabilities</b>             |                    |                   |
| Current                                  |                    |                   |
| Deferred revenue                         | 751,858            | 750,315           |
| Accrued salaries                         | 97,779             | -                 |
| Interest free loan from Office of Energy | 232,421            | 209,920           |
|  | <u>1,082,058</u>   | <u>960,235</u>    |
| Non-current                              |                    |                   |
| Interest free loan from Office of Energy | 692,591            | 829,762           |
|  | <u>692,591</u>     | <u>829,762</u>    |
| <b>24. Equity</b>                        |                    |                   |
| <b>Contributed equity</b>                |                    |                   |
| Balance at the start of the year         | 36,559,690         | 35,444,690        |
| <b>Contributions by owners</b>           |                    |                   |
| Capital contributions                    | 900,000            | 1,115,000         |
| Total contributions by owners            | <u>37,459,690</u>  | <u>36,559,690</u> |
| Balance at end of year                   | <u>37,459,690</u>  | <u>36,559,690</u> |
| <b>Reserves</b>                          |                    |                   |
| <b>Asset revaluation reserve</b>         |                    |                   |
| Balance at start of year                 | 17,394,311         | 16,634,311        |
| Net revaluation increments               |                    |                   |
| Land                                     | 610,000            | 760,000           |
| Buildings                                | <u>31,868,928</u>  | <u>-</u>          |
| Balance at end of year                   | <u>49,873,239</u>  | <u>17,394,311</u> |
| <b>Retained Earnings</b>                 |                    |                   |
| Balance at start of year                 | 48,646,908         | 48,315,301        |
| Net adjustment on transaction to AIFRS   | 133,278            | -                 |
| Restated balance at start of period      | 48,780,186         | 48,315,301        |
| Result for the period                    | <u>(1,116,177)</u> | <u>331,607</u>    |
| Balance at end of year                   | <u>47,664,009</u>  | <u>48,646,908</u> |

## 25. Notes to the Statement of Cash Flows

### 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 Balance Sheet as follows:

|                           |                |                |
|---------------------------|----------------|----------------|
| Cash and cash equivalents | 281,361        | 751,046        |
|                           | <u>281,361</u> | <u>751,046</u> |

### Reconciliation of (loss)/profit to net cash flows provided by/(used in) operating activities

|  |                     |                     |
|--|---------------------|---------------------|
| (Loss) / Profit  | (1,116,177)         | 331,607             |
| Non-cash items:  |                     |                     |
| Depreciation and amortization expense                    | 3,001,347           | 2,446,849           |
| Doubtful debts expense                                   | 853                 | 383                 |
| Net (gain)/loss on sale of property, plant and equipment | (4,190)             | -                   |
| Grants and subsidies from Government                     | (14,226,000)        | (14,688,000)        |
| (Increase)/decrease in assets:                           |                     |                     |
| Current receivables                                      | 162,667             | (3,596)             |
| Current Inventories                                      | 58,325              | (83,749)            |
| Other current assets                                     | (156,016)           | (6,194)             |
| Non-current receivables                                  | 100,000             | -                   |
| Increase/(decrease) in liabilities:                      |                     |                     |
| Current accounts payable                                 | 27,296              | 363,059             |
| Current provisions                                       | 83,097              | 161,476             |
| Other current liabilities                                | 108,004             | (104,115)           |
| Non-current accounts payable                             | (55,398)            | (42,365)            |
| Non-current provisions                                   | (38,000)            | (47,000)            |
| Other non-current provisions                             | (137,171)           | -                   |
| Net GST receipts/(payments)                              | -                   | (279,116)           |
| Change in GST in receivables/payables                    | (547)               | 81,017              |
| Net cash used in operating activities                    | <u>(12,164,272)</u> | <u>(11,869,744)</u> |

At the reporting date, the Trust had fully drawn on all financing facilities, details of which are disclosed in the financial statements.

## 26. Resources provided free of charge

During the year the following resources were provided to other agencies free of charge for functions outside the normal operations of the Trust:

|                                       |         |         |
|---------------------------------------|---------|---------|
| Western Australian Institute of Sport | 174,000 | 174,000 |
| - rental of building                  |         |         |

# Notes to Financial Statements

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

### 27. Commitments for expenditure

#### (a) Capital expenditure commitments

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

|               | 2006 | 2005    |
|---------------|------|---------|
|               | \$   | \$      |
| Within 1 year | -    | 900,000 |
|               | -    | 900,000 |

#### (b) Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities are payable:

|  |                |                |
|--|----------------|----------------|
| Within 1 year                                | 103,321        | 117,468        |
| Later than 1 year and not later than 5 years | 79,051         | 112,364        |
|  | <u>182,372</u> | <u>229,832</u> |
| Representing:                                |                |                |
| Non-cancellable operating leases             | 163,656        | 201,408        |
| Future finance charges on finance leases     | 18,716         | 28,424         |
|  | <u>182,372</u> | <u>229,832</u> |

#### (b)(i) Finance lease commitments

Minimum lease payment commitments in relation to finance leases are payable as follows:

|  |                |                |
|--|----------------|----------------|
| Within 1 year                                | 120,221        | 135,997        |
| Later than 1 year and not later than 5 years | 118,751        | 179,519        |
| Minimum finance lease payments               | 238,972        | 315,516        |
| Less future finance charges                  | (18,716)       | (28,424)       |
| Finance lease liabilities                    | <u>220,256</u> | <u>287,092</u> |
| Included in the financial statements as:     |                |                |
| Current (note 21)                            | 107,795        | 119,233        |
| Non-current (note 21)                        | <u>112,461</u> | <u>167,859</u> |
|  | <u>220,256</u> | <u>287,092</u> |

The Trust has the option to purchase leased assets at their agreed fair value on expiry of the lease. These leasing arrangements do not have escalation clauses, other than in the event of payment default.

#### (b)(ii) Non-cancellable operating lease commitments

|  |                |                |
|--|----------------|----------------|
| Within 1 year                                | 90,895         | 100,704        |
| Later than 1 year and not later than 5 years | 72,761         | 100,704        |
|  | <u>163,656</u> | <u>201,408</u> |

The property lease is a non-cancellable lease with a two year term, with rent payable monthly in advance.

### 28. Explanatory Statement

This statement provides details of any significant variations between estimates and actual results for 2006 and between the actual results for 2005 and 2006. Significant variations are considered to be those greater than 10% of \$500,000

#### (i) Significant variations between estimate and actual results for the financial year

|                         | 2006      | 2006      |             |
|-------------------------|-----------|-----------|-------------|
|                         | Estimate  | Actual    | Variance    |
|                         | \$        | \$        | \$          |
| Depreciation            | 2,531,000 | 3,001,347 | (470,347)   |
| Administration expenses | 300,000   | -         | 300,000     |
| Other expenses          | 100,000   | 1,488,009 | (1,388,009) |

#### Depreciation

The variance is due to the revaluation of buildings which increased depreciation by some \$470,000.

#### Administration

The variance is due to the reclassification of Administration expenses as Supplies and Services under AIFRS.

#### Other expenses

The variance is due to the inclusion of repairs and maintenance and some employee on-costs as other expenses.

#### (ii) Significant variations between actual and prior year actual – revenues and expenditures

|                       | 2006      | 2005      |           |
|-----------------------|-----------|-----------|-----------|
|                       | Actual    | Actual    | Variance  |
|                       | \$        | \$        | \$        |
| Supplies and services | 7,288,738 | 6,704,733 | (584,005) |
| Depreciation          | 3,001,347 | 2,446,849 | (554,498) |
| Other expenses        | 1,488,009 | 1,744,324 | 256,315   |

#### Supplies and services

The variance is due to additional equipment hire and major event costs related to more events during the financial year.

#### Depreciation

The variance is due to the revaluation of buildings which has increased depreciation expense for the year.

#### Other expenses

The variance is due to less expenditure on repairs and maintenance during the financial year.

### 29. Financial Instruments

#### (a) Financial Risk Management Objectives and Policies

Financial instruments held by the Trust are cash and cash equivalents, finance leases and receivables and payables. The Trust has limited exposure to financial risks. The Trust's overall risk management program focuses on managing the risks identified below.

##### Credit risk

The Trust trades only with recognised, creditworthy third parties. The Trust has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. In addition, receivable balances are monitored on an ongoing basis with the result that the Trust's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

##### Liquidity risk

The Trust has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

##### Cash flow interest rate risk

The Trust's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations. The Trust's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Otherwise, the Trust is not exposed to interest rate risk because cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings other than finance leases (fixed interest rate).

# Notes to Financial Statements

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

### (b) Financial Instrument disclosures

Financial instrument information for the year ended 2005 has been prepared under the previous AGAAP Australian Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. Financial instrument information from 1 July 2005 for the year ended 2006 has been prepared under AASB 132 'Financial Instruments: Presentation' and AASB 139 'Financial Instruments: Recognition and Measurement'

#### (a) Interest Rate Risk Exposure

The following table details the Trust's exposure to interest rate risk as at the reporting date:

|                           | Weighted<br>Average<br>Effective<br>Interest Rate | Variable<br>Interest<br>Rate | Fixed Interest Rate Maturity |              | Non-<br>Interest<br>Bearing | Total      |
|---------------------------|---|------------------------------|------------------------------|--------------|-----------------------------|------------|
|                           | %   | \$                           | Less than 1 Year             | 1 to 5 Years | \$                          | \$         |
| <b>2006</b>               |   |                              |                              |              |                             |            |
| Financial Assets          |   |                              |                              |              |                             |            |
| Cash and cash equivalents | 5.25  | 281,361                      | -                            | -            | -                           | 281,361    |
| Receivables               | -   | -                            | -                            | -            | 11,181,553                  | 11,181,553 |
|                           |   | 281,361                      | -                            | -            | 11,181,553                  | 11,462,914 |

|                           | Weighted<br>Average<br>Effective<br>Interest Rate | Variable<br>Interest<br>Rate | Fixed Interest Rate Maturity |              | Non-<br>Interest<br>Bearing | Total     |
|---------------------------|---|------------------------------|------------------------------|--------------|-----------------------------|-----------|
|                           | %   | \$                           | Less than 1 Year             | 1 to 5 Years | \$                          | \$        |
| <b>2006</b>               |   |                              |                              |              |                             |           |
| Payables                  |   |                              |                              |              | 1,698,508                   | 1,698,508 |
| Loan – Office of Energy   | -   | -                            | -                            | -            | 842,144                     | 842,144   |
| Finance lease liabilities | 8.75  | -                            | 107,795                      | 112,461      | -                           | 220,256   |
|                           |   | -                            | 107,795                      | 112,461      | 2,540,652                   | 2,760,908 |

|                           |      |         |         |         |           |           |
|---------------------------|------|---------|---------|---------|-----------|-----------|
| <b>2005</b>               |      |         |         |         |           |           |
| Financial assets          |      |         |         |         |           |           |
| Cash and cash equivalents | 5.4  | 751,046 | -       | -       | -         | 751,046   |
| Receivables               | -    | -       | -       | -       | 8,913,220 | 8,913,220 |
|                           |      | 751,046 | -       | -       | 8,913,220 | 9,664,266 |
| Financial liabilities     |      |         |         |         |           |           |
| Payables                  | -    | -       | -       | -       | 1,660,321 | 1,660,321 |
| Loan – Office of Energy   | -    | -       | -       | -       | 1,039,682 | 1,039,682 |
| Finance lease liabilities | 8.75 | -       | 119,233 | 167,859 | -         | 287,092   |
|                           |      | -       | 119,233 | 167,859 | 2,700,003 | 2,987,095 |

#### (b) Credit Risk Exposure

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Trust'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.

# Notes to Financial Statements

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

### 30. Remuneration of Members of the Accountable Authority and Senior Officers

|  | 2006 | 2005 |
|--|------|------|
|  | \$   | \$   |

Remuneration of Members of the Accountable Authority

The number of members of the Accountable Authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

|                 |   |   |
|-----------------|---|---|
| \$              |   |   |
| 0 – 10,000      | 3 | 3 |
| 10,000 – 20,000 | 1 | 1 |

The total remuneration of the members of the Accountable Authority is:

|               |               |
|---------------|---------------|
| <u>27,956</u> | <u>27,956</u> |
|---------------|---------------|

The superannuation included here represents the superannuation expense incurred by the Trust 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 fees, salaries, superannuation, non-monetary benefits and other benefits, for the financial year, fall within the following bands are:

|                   | 2006 | 2005 |
|-------------------|------|------|
|                   | \$   | \$   |
| \$                |      |      |
| 10,000 – 20,000   | -    | 1    |
| 20,000 – 30,000   | -    | 1    |
| 30,000 – 40,000   | -    | 2    |
| 50,000 – 60,000   | -    | 1    |
| 70,000 – 80,000   | 1    | 1    |
| 80,000 – 90,000   | 2    | 2    |
| 90,000 – 100,000  | 2    | 1    |
| 100,000 – 110,000 | 2    | 1    |
| 110,000 – 120,000 | 1    | 1    |
| 180,000 – 190,000 | 1    | 1    |

The total remuneration of senior officers is:

|                |                |
|----------------|----------------|
| <u>935,064</u> | <u>900,799</u> |
|----------------|----------------|

The superannuation included here represents the superannuation expense incurred by the Trust 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.

### 31. Remuneration of Auditor

Remuneration payable to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators

|               |               |
|---------------|---------------|
| <u>42,800</u> | <u>40,000</u> |
|---------------|---------------|

### 32. Contingent liabilities and contingent assets

The Trust's Board of Management are not aware of any contingent liabilities or contingent assets as at the balance sheet date.

### 33. Events occurring after the balance sheet date

The Trust's Board of Management are not aware of any matter or circumstances that have arisen since the end of the financial year to the date of this report which have significantly affected, or may significantly affect, the activities or the state of affairs of the Trust in the ensuing or subsequent years.

### 34. Supplementary financial information

There were no losses, write-offs or gifts during the year.



# Notes to Financial Statements

WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

## 35. Schedule of Income and Expenses by Service

|  | Management of Facilities<br>for Elite Sport |              | Management of Facilities for Community<br>Sport Entertainment & Recreation |             | Total        |
|--|---|--------------|--|-------------|--------------|
|  | 2006  | 2005         | 2006   | 2005        |              |
| REVENUE  | \$  | \$           | \$   | \$          | \$           |
| <b>Revenues from ordinary activities</b>   |   |              |  |             |              |
| Sales  | -   | -            | 5,246,704  | 4,914,198   | 4,914,198    |
| Provision of services  | 890,938                                     | 1,005,498    | 8,448,790  | 8,151,442   | 9,156,940    |
| Interest revenue   | -   | -            | 85,180   | 105,757     | 105,757      |
| Other revenues   | -   | -            | 2,000,135  | 1,958,693   | 1,958,693    |
| Gain on disposal of non-current assets   | -   | -            | 4,190  | -           | -            |
| <b>Total revenues from ordinary activities</b>                                   | 890,938                                     | 1,005,498    | 15,784,999   | 15,130,090  | 16,135,588   |
| <b>EXPENSES</b>  |   |              |  |             |              |
| Expenses from ordinary activities  |   |              |  |             |              |
| Cost of sales  | -   | -            | 2,171,770  | 2,051,974   | 2,051,974    |
| Employee expenses  | 4,664,986                                   | 4,461,807    | 4,701,597  | 4,504,468   | 8,966,275    |
| Supplies and services  | 2,796,332                                   | 2,475,162    | 4,492,406  | 4,229,571   | 6,704,733    |
| Depreciation and amortisation expense  | 1,245,978                                   | 1,024,505    | 1,755,369  | 1,422,344   | 2,446,849    |
| Accommodation expenses   | 226,180                                     | 228,808      | 227,583  | 228,807     | 457,615      |
| Borrowing costs  | -   | -            | 70,184   | 25,611      | 25,611       |
| Capital user charge  | 3,359,456                                   | 3,328,800    | 4,818,264  | 4,765,800   | 8,094,600    |
| Other expenses from ordinary activities  | 737,484                                     | 869,419      | 750,525  | 874,905     | 1,744,324    |
| <b>Total expenses from ordinary activities</b>                                   | 13,030,416                                  | 12,388,501   | 18,987,698   | 18,103,480  | 30,491,981   |
| <b>Loss from ordinary activities before grants and subsidies from Government</b> | (12,139,478)                                | (11,383,003) | (3,202,699)  | (2,973,390) | (14,356,393) |
| Grants and subsidies from State Government                                       | 7,919,000                                   | 8,548,000    | 6,307,000  | 6,140,000   | 14,688,000   |
| <b>Profit (loss) for the period</b>  | (4,220,478)                                 | (2,835,003)  | 3,104,301  | 3,166,610   | 331,607      |

# Notes to Financial Statements

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## 36. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS)

### RECONCILIATION OF EQUITY AT THE DATE OF TRANSITION TO AIFRS: 1 JULY 2004 (AASB 1.39(a)(i))

| Note  | Adjustments                  |                                      |                               |   |                   |                   | Total<br>Adjustments | AIFRS<br>1 July 2004 |
|---|------------------------------|--------------------------------------|-------------------------------|---|-------------------|-------------------|----------------------|----------------------|
|   | Previous GAAP<br>1 July 2004 | Reclassification,<br>AASB 5<br>36.1a | Write-down<br>AASB 5<br>36.1a | Restoration<br>costs<br>AASB 116<br>36.2a | AASB 138<br>36.3a | AASB 119<br>36.4a | AASB 112<br>36.8a    |                      |
|   | \$                           | \$                                   | \$                            | \$  | \$                | \$                | \$                   | \$                   |
| <b>ASSETS</b>   |                              |                                      |                               |   |                   |                   |                      |                      |
| <b>Current Assets</b>   |                              |                                      |                               |   |                   |                   |                      |                      |
| Cash and cash equivalents   | 1,146,001                    |                                      |                               |   |                   |                   |                      | 1,146,001            |
| Inventories   | 372,546                      |                                      |                               |   |                   |                   |                      | 372,546              |
| Receivables   | 531,007                      |                                      |                               |   |                   |                   |                      | 531,007              |
| Other current assets  | 39,552                       |                                      |                               |   |                   |                   |                      | 39,552               |
| <b>Total Current Assets</b>   | <b>2,089,106</b>             |                                      |                               |   |                   |                   |                      | <b>2,089,106</b>     |
| <b>Non-Current Assets</b>   |                              |                                      |                               |   |                   |                   |                      |                      |
| Inventories   | -                            |                                      |                               |   |                   |                   |                      | -                    |
| Receivables   | 6,085,000                    |                                      |                               |   |                   |                   |                      | 6,085,000            |
| Property, plant and equipment   | 96,923,415                   |                                      |                               |   |                   |                   |                      | 96,923,415           |
| <b>Total Non-Current Assets</b>   | <b>103,008,415</b>           |                                      |                               |   |                   |                   |                      | <b>103,008,415</b>   |
| <b>TOTAL ASSETS</b>   | <b>105,097,521</b>           |                                      |                               |   |                   |                   |                      | <b>105,097,521</b>   |
| <b>LIABILITIES</b>  |                              |                                      |                               |   |                   |                   |                      |                      |
| <b>Current Liabilities</b>  |                              |                                      |                               |   |                   |                   |                      |                      |
| Payables  | 1,297,346                    |                                      |                               |   |                   |                   |                      | 1,297,346            |
| Borrowings  | 107,328                      |                                      |                               |   |                   |                   |                      | 107,328              |
| Provisions  | 673,971                      |                                      |                               |   |                   |                   |                      | 673,971              |
| Other current liabilities   | 1,064,350                    |                                      |                               |   |                   |                   |                      | 1,064,350            |
| Liabilities directly associated with non-current assets classified as held for sale | -                            |                                      |                               |   |                   |                   |                      | -                    |
| <b>Total Current Liabilities</b>  | <b>3,142,995</b>             |                                      |                               |   |                   |                   |                      | <b>3,142,995</b>     |
| <b>Non-Current Liabilities</b>  |                              |                                      |                               |   |                   |                   |                      |                      |
| Payables  | -                            |                                      |                               |   |                   |                   |                      | -                    |
| Borrowings  | 210,224                      |                                      |                               |   |                   |                   |                      | 210,224              |
| Provisions  | 350,000                      |                                      |                               |   |                   |                   |                      | 350,000              |
| Other non-current liabilities   | 1,000,000                    |                                      |                               |   |                   |                   |                      | 1,000,000            |
| <b>Total Non-Current Liabilities</b>  | <b>1,560,224</b>             |                                      |                               |   |                   |                   |                      | <b>1,560,224</b>     |
| <b>Total Liabilities</b>  | <b>4,703,219</b>             |                                      |                               |   |                   |                   |                      | <b>4,703,219</b>     |
| <b>Net Assets</b>   | <b>100,394,302</b>           |                                      |                               |   |                   |                   |                      | <b>100,394,302</b>   |
| <b>Equity</b>   |                              |                                      |                               |   |                   |                   |                      |                      |
| Contributed equity  | 35,444,690                   |                                      |                               |   |                   |                   |                      | 35,444,690           |
| Reserves  | 16,634,311                   |                                      |                               |   |                   |                   |                      | 16,634,311           |
| Accumulated surplus/ (deficiency)   | 48,315,301                   |                                      |                               |   |                   |                   |                      | 48,315,301           |
| <b>Total Equity</b>   | <b>100,394,302</b>           |                                      |                               |   |                   |                   |                      | <b>100,394,302</b>   |

- (1) Equivalent AGAAP line item 'Cash Assets' (AIFRS 'Cash and Cash Equivalents')
- (2) Equivalent AGAAP line item 'Other Assets' (AIFRS 'Other current assets')
- (3) New AIFRS category
- (4) Equivalent AGAAP line item 'Other Assets' (AIFRS 'Other non-current assets')
- (5) Equivalent AGAAP line item 'Interest-bearing liabilities' (AIFRS 'Borrowings')
- (6) Equivalent AGAAP line item 'Other liabilities' (AIFRS 'Other current liabilities')
- (7) Equivalent AGAAP line item 'Other liabilities' (AIFRS 'Other non-current liabilities')

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## RECONCILIATION OF EQUITY AT THE END OF THE LAST REPORTING PERIOD UNDER PREVIOUS AGAAP: 30 JUNE 2005 (AASB 1.39(a)(iii))

|  | GAAP<br>30 June 2005 | Reclassification,<br>Depreciation<br>AASB 5<br>36.1b | Write-down<br>AASB 5<br>36.1b | Restoration<br>costs<br>AASB 116<br>36.2b | Adjustments | Total | AIFRS<br>30 June 2005 |
|--|----------------------|--|-------------------------------|---|-------------|-------|-----------------------|
| <b>ASSETS</b>  |                      |  |                               |   |             |       |                       |
| <b>Current Assets</b>  |                      |  |                               |   |             |       |                       |
| (1) Cash and cash equivalents  | 751,046              |  |                               |   |             |       | 751,046               |
| Inventories  | 456,295              |  |                               |   |             |       | 456,295               |
| Receivables  | 524,220              |  |                               |   |             |       | 524,220               |
| (2) Other current assets   | 45,746               |  |                               |   |             |       | 45,746                |
| (3) Non-current assets classified as held for sale   | -                    |  |                               |   |             |       | -                     |
| <b>Total Current Assets</b>  | <u>1,777,307</u>     |  |                               |   |             |       | <u>1,777,307</u>      |
| <b>Non-Current Assets</b>  |                      |  |                               |   |             |       |                       |
| Receivables  | 8,389,000            |  |                               |   |             |       | 8,389,000             |
| Property, plant and equipment  | 97,310,459           |  |                               |   |             |       | 97,310,459            |
| Other non-current assets   | -                    |  |                               |   |             |       | -                     |
| (4) <b>Total Non-Current Assets</b>  | <u>105,699,459</u>   |  |                               |   |             |       | <u>105,699,459</u>    |
| <b>TOTAL ASSETS</b>  | <u>107,476,766</u>   |  |                               |   |             |       | <u>107,476,766</u>    |
| <b>LIABILITIES</b>   |                      |  |                               |   |             |       |                       |
| <b>Current Liabilities</b>   |                      |  |                               |   |             |       |                       |
| Payables   | 1,660,321            |  |                               |   |             |       | 1,660,321             |
| Borrowings   | 119,233              |  |                               |   |             |       | 119,233               |
| Provisions   | 835,447              |  |                               |   |             |       | 835,447               |
| Other current liabilities  | 960,235              |  |                               |   |             |       | 960,235               |
| (5) Liabilities directly associated with non-current assets classified as held for sale              | -                    |  |                               |   |             |       | -                     |
| (3) <b>Total Current Liabilities</b>   | <u>3,575,236</u>     |  |                               |   |             |       | <u>3,575,236</u>      |
| <b>Non-Current Liabilities</b>   |                      |  |                               |   |             |       |                       |
| Borrowings   | 167,859              |  |                               |   |             |       | 167,859               |
| Provisions   | 303,000              |  |                               |   |             |       | 303,000               |
| Other non-current liabilities  | 829,762              |  |                               |   |             |       | 829,762               |
| (7) <b>Total Non-Current Liabilities</b>   | <u>1,300,621</u>     |  |                               |   |             |       | <u>1,300,621</u>      |
| <b>Total Liabilities</b>   | <u>4,875,857</u>     |  |                               |   |             |       | <u>4,875,857</u>      |
| <b>Net Assets</b>  | <u>102,600,909</u>   |  |                               |   |             |       | <u>102,600,909</u>    |
| <b>Equity</b>  |                      |  |                               |   |             |       |                       |
| Contributed equity   | 36,559,690           |  |                               |   |             |       | 36,559,690            |
| Reserves   | 17,394,311           |  |                               |   |             |       | 17,394,311            |
| Accumulated surplus/(deficiency)   | 48,646,908           |  |                               |   |             |       | 48,646,908            |
| (3) Amounts recognised directly in equity relating to non-current assets classified as held for sale | -                    |  |                               |   |             |       | -                     |
| <b>Total Equity</b>  | <u>102,600,909</u>   |  |                               |   |             |       | <u>102,600,909</u>    |

The transition to AIFRS includes adjustments for the transition AIFRS as at 1 July 2004 plus adjustments for the period 1 July 2004 to 30 June 2005.

- (1) Equivalent AGAAP line item 'Cash Assets' (AIFRS 'Cash and Cash Equivalents')
- (2) Equivalent AGAAP line item 'Other Assets' (AIFRS 'Other current assets')
- (3) New AIFRS category
- (4) Equivalent AGAAP line item 'Other Assets' (AIFRS 'Other non-current assets')
- (5) Equivalent AGAAP line item 'Interest-bearing liabilities' (AIFRS 'Borrowings')
- (6) Equivalent AGAAP line item 'Other liabilities' (AIFRS 'Other current liabilities')
- (7) Equivalent AGAAP line item 'Other liabilities' (AIFRS 'Other non-current liabilities')

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## RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) FOR THE YEAR ENDED 30 JUNE 2005 (AASB 1.39(b))

|      | GAAP<br>30 June<br>2005   | Adjustments                                 |                  |                   |                   |                   |                  |                  | Total             | AIFRS<br>30 June<br>2005 |
|------|---|---|------------------|-------------------|-------------------|-------------------|------------------|------------------|-------------------|--------------------------|
| Note |   | Net gains on disposal of non-current assets |                  |                   |                   |                   |                  |                  |                   |                          |
|      |   | AASB 5<br>36.1c                             | AASB 116<br>36.5 | AASB 116<br>36.2c | AASB 138<br>36.3c | AASB 137<br>36.4c | AASB 137<br>36.6 | AASB 101<br>36.7 | AASB 112<br>36.8c |                          |
|      |   | \$  | \$               | \$                | \$                | \$                | \$               | \$               | \$                | \$                       |
|      | <b>Income Revenue</b>   |   |                  |                   |                   |                   |                  |                  |                   |                          |
|      | Sales   | 4,914,198                                   |                  |                   |                   |                   |                  |                  |                   | 4,914,198                |
|      | Provision of services   | 9,156,940                                   |                  |                   |                   |                   |                  |                  |                   | 9,156,940                |
|      | Interest revenue  | 105,757                                     |                  |                   |                   |                   |                  |                  |                   | 105,757                  |
| (7)  | Other revenue   | 1,958,693                                   |                  |                   |                   |                   |                  |                  |                   | 1,958,693                |
|      | <b>Gains</b>  |   |                  |                   |                   |                   |                  |                  |                   |                          |
|      | Proceeds from disposal of non-current assets                    | -   |                  |                   |                   |                   |                  |                  |                   | -                        |
| (4)  |   |   |                  |                   |                   |                   |                  |                  |                   |                          |
| (4)  | Gain on disposal of non-current assets                          | -   |                  |                   |                   |                   |                  |                  |                   | -                        |
| (5)  | Gain on disposal of other assets                                | -   |                  |                   |                   |                   |                  |                  |                   | -                        |
|      | Total income  | 16,135,588                                  |                  |                   |                   |                   |                  |                  |                   | 16,135,588               |
|      | <b>Expenses</b>   |   |                  |                   |                   |                   |                  |                  |                   |                          |
|      | Cost of sales   | 2,051,974                                   |                  |                   |                   |                   |                  |                  |                   | 2,051,974                |
| (1)  | Employee benefits expense                                       | 9,464,853                                   |                  |                   |                   | (498,578)         |                  |                  |                   | (498,578)                |
| (2)  | Supplies and services   | 6,704,733                                   |                  |                   |                   |                   |                  |                  |                   | 8,966,275                |
| (3)  | Depreciation and amortisation expense                           | 2,446,849                                   |                  |                   |                   |                   |                  |                  |                   | 6,704,733                |
| (2)  | Finance costs   | 25,611                                      |                  |                   |                   |                   |                  |                  |                   | 2,446,849                |
|      | Administration expenses n.a.                                    | -   |                  |                   |                   |                   |                  |                  |                   | 25,611                   |
|      | Accommodation expenses  | 457,615                                     |                  |                   |                   |                   |                  |                  |                   | -                        |
|      | Capital user charge   | 8,094,600                                   |                  |                   |                   |                   |                  |                  |                   | 457,615                  |
| (4)  | Carrying amount of non-current assets disposed of               | -   |                  |                   |                   |                   |                  |                  |                   | 8,094,600                |
| (4)  | Loss on disposal of non-current assets                          | -   |                  |                   |                   |                   |                  |                  |                   | -                        |
| (5)  | Loss on disposal of other assets                                | -   |                  |                   |                   |                   |                  |                  |                   | -                        |
| (6)  | Other expenses  | 1,245,746                                   |                  |                   |                   | 498,578           |                  |                  |                   | 498,578                  |
|      | Total expenses  | 30,491,981                                  |                  |                   |                   | -                 |                  |                  |                   | 1,744,324                |
|      |   |   |                  |                   |                   |                   |                  |                  |                   | -                        |
|      | Profit/(loss) before grants and subsidies from State Government | (14,356,393)                                |                  |                   |                   | -                 |                  |                  |                   | - (14,356,393)           |
|      | Grants and subsidies from State Government                      | 14,688,000                                  |                  |                   |                   |                   |                  |                  |                   | 14,688,000               |
|      | Profit/(loss) before income tax equivalents                     | 331,607                                     |                  |                   |                   | -                 |                  |                  |                   | 331,607                  |
|      | Income tax equivalent expense                                   | -   |                  |                   |                   |                   |                  |                  |                   | -                        |
|      | Profit/(loss) after income tax equivalents                      | 331,607                                     |                  |                   |                   | -                 |                  |                  |                   | - 331,607                |
| (8)  | Loss from extraordinary item                                    | -   |                  |                   |                   |                   |                  |                  |                   | -                        |
|      | Profit/(loss) for the period                                    | 331,607                                     |                  |                   |                   | -                 |                  |                  |                   | - 331,607                |

See Statement of Changes in Equity

- (1) Equivalent AGAAP line item 'Employee expenses' (AIFRS 'Employee benefits expense')
- (2) Supplies and services now includes Administration expenses
- (3) Equivalent AGAAP line item 'Borrowing costs expense' (AIFRS 'Finance costs')
- (4) Disposals are treated on the net basis under AIFRS
- (5) New AIFRS category
- (6) Equivalent AGAAP line item 'Other expenses from ordinary activities' (AIFRS 'Other expenses')
- (7) Equivalent AGAAP line item 'Other revenues from ordinary activities' (AIFRS 'Other revenue')
- (8) Extraordinary items are not separately disclosed under AIFRS

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### RECONCILIATION OF CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005 (AASB 1.40)

| Note  | GAAP<br>30 June<br>2005 | Adjustments<br><br>AASB 119<br>36.4d | Total     | AIFRS<br>30 June<br>2005 |
|---|-------------------------|--------------------------------------|-----------|--------------------------|
|   | \$                      | \$                                   | \$        | \$                       |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |                         |                                      |           |                          |
| <b>Receipts</b>   |                         |                                      |           |                          |
| Sale of goods and services                                  | 4,914,198               |                                      |           | 4,914,198                |
| Provision of services                                       | 9,210,382               |                                      |           | 9,210,382                |
| Interest received   | 105,757                 |                                      |           | 105,757                  |
| GST receipts on sales                                       | 1,491,324               |                                      |           | 1,491,324                |
| GST receipts from taxation authority                        | -                       |                                      |           | -                        |
| Other receipts  | 1,958,693               |                                      |           | 1,958,693                |
| <b>Payments</b>   |                         |                                      |           |                          |
| (1) Employee benefits                                       | (9,721,067)             | 498,578                              | 498,578   | (9,222,489)              |
| Supplies and services                                       | (8,528,797)             |                                      |           | (8,528,797)              |
| (2) Financing costs   | (25,611)                |                                      |           | (25,611)                 |
| Accommodation   | (457,615)               |                                      |           | (457,615)                |
| Capital user charge   | (8,094,600)             |                                      |           | (8,094,600)              |
| GST payments on purchases                                   | (1,164,105)             |                                      |           | (1,164,105)              |
| GST payments to taxation authority                          | (312,557)               |                                      |           | (312,557)                |
| Other payments  | (1,245,746)             | (498,578)                            | (498,578) | (1,744,324)              |
| <b>Net cash provided by/(used in) investing activities</b>  | <b>(11,869,744)</b>     | <b>-</b>                             | <b>-</b>  | <b>(11,869,744)</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |                         |                                      |           |                          |
| Proceeds from sale of non-current physical assets           | 100,000                 |                                      |           | 100,000                  |
| Purchase of non-current physical assets                     | (2,073,893)             |                                      |           | (2,073,893)              |
| <b>Net cash provided by/(used in) investing activities</b>  | <b>(1,973,893)</b>      | <b>-</b>                             | <b>-</b>  | <b>(1,973,893)</b>       |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |                         |                                      |           |                          |
| Proceeds from borrowings                                    | 39,682                  |                                      |           | 39,682                   |
| Repayment of borrowings                                     | -                       |                                      |           | -                        |
| Other proceeds  | -                       |                                      |           | -                        |
| Other repayments  | -                       |                                      |           | -                        |
| <b>Net cash provided by/(used in) financing activities</b>  | <b>39,682</b>           |                                      |           | <b>39,682</b>            |
| <b>CASH FLOWS FROM STATE GOVERNMENT</b>                     |                         |                                      |           |                          |
| Grants and subsidies  | 13,409,600              |                                      |           | 13,409,600               |
| <b>Net cash provided by State Government</b>                | <b>13,409,600</b>       | <b>-</b>                             | <b>-</b>  | <b>13,409,600</b>        |
| <b>Net increase/(decrease) in cash and cash equivalents</b> | <b>(394,955)</b>        |                                      |           | <b>(394,955)</b>         |
| Cash and cash equivalents at beginning of period            | 1,146,001               |                                      |           | 1,146,001                |
| <b>CASH AND CASH EQUIVALENT ASSETS AT END OF PERIOD</b>     | <b>751,046</b>          |                                      |           | <b>751,046</b>           |

(1) Equivalent AGAAP line item 'Employee costs' (IFRS 'Employee benefits')

(2) Equivalent AGAAP line item 'Borrowing costs expense' (IFRS 'Finance costs')

# Notes to Financial Statements

## WESTERN AUSTRALIAN SPORTS CENTRE TRUST | REPORT ON OPERATIONS

### Note 36.1 Non-Current Assets held for Sale (AASB 5)

AASB 5 requires non-current assets available for sale to be disclosed as a separate class of asset on the balance sheet. Assets classified as non-current assets classified as held for sale are not depreciated and are measured at the lower of carrying amount (prior to reclassification) and fair value less selling costs.

### Note 36.2 Restoration costs (AASB 116)

Where the construction or commissioning of an asset results in an obligation (i.e., a provision is recognised under AASB 137) for the entity to dismantle or remove the asset and restore the site the costs are termed restoration or decommissioning costs and AASB 116 requires that the initial estimate of such costs are included in the cost of the asset and depreciated over the useful life of that asset.

### Note 36.3 Intangible assets (AASB 138)

AASB 138 requires that software not integral to the operation of a computer must be disclosed as intangible assets. Intangible assets must be disclosed on the balance sheet. All software has previously been classified as property, plant and equipment (office equipment).

AASB 138 requires that all research costs must be expensed and imposes stricter recognition for the capitalisation of development costs. As a consequence, deferred research and development costs previously capitalised (under other assets) must be derecognised.

### Note 36.4 Employee benefits (AASB 119 and AASB 101)

AASB 101 requires that a liability must be classified as current where the entity does not have an unconditional right to defer settlement of the liability for at least twelve months beyond the reporting date. Consequently, all annual leave and long service leave entitlements (unconditional long service leave) must now be classified as current. Non-vested long service leave liability will be non-current to the extent that it does not become unconditional within 12 months from reporting date.

Employment on-costs are not included in employee benefits under AIFRS. However, under AGAAP employee benefits and on-costs are disclosed together on the face of the Income Statement as Employee expenses. Under AIFRS employee benefits is the equivalent item disclosed on the face. On-costs have been transferred to other expenses.

#### 36.4c Adjustments to the Income Statement for the period ended 30 June 2005

Employment on-costs expense has been reclassified from employee benefits expense to other expense (\$498,578)

#### 36.4d Adjustments to the Cash Flow Statement for the period ended 30 June 2005

Employment on-costs payments have been reclassified from employee benefits payments to other payments (\$498,578).

### Note 36.5 Net gain on disposal of non-current assets (AASB 116)

Under AGAAP the disposal of non-current assets is disclosed on the gross basis. That is, the proceeds of disposal are revenue and the carrying amounts of assets disposed of are expense. The disposal of non-current assets is disclosed on the net basis (gains or losses) under AIFRS.

### Note 36.6 Unwinding of discounts on provisions (AASB 137)

AASB 137 requires the unwinding of discounting to be disclosed as a finance cost (employee benefit provisions are excluded from this requirement).

### Note 36.7. Extraordinary items (AASB 101)

AASB 101 does not permit the disclosure of extraordinary items.

### Note 36.8. Income Tax (AASB 112)

AASB 112 requires the balance sheet liability method to be used, rather than the income statement method under AGAAP, and recognises deferred tax balances where there is a difference between the carrying amount of an asset and liability and its tax base. This has resulted in the recognition of a deferred tax liability for those assets that have been revalued. Under AGAAP, the tax effect of asset valuations are not recognised.