Annual Report 2008/2009

Midland Redevelopment Authority

Proud history. Exciting future.

MIDLAND
REDEVELOPMENT
AUTHORITY

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STATEMENT OF COMPLIANCE
for the year ended 30 June 2009

Hon. John Day BSc BDSc MLA
Minister for Planning; Culture and the Arts
13th Floor, Dumas House
2 Havelock Street
WEST PERTH WA 6005

Dear Minister

In accordance with Section 63 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament the Annual Report of the Midland Redevelopment Authority for the financial year ended 30 June 2009.

This Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

Yours sincerely

Dr Fred Affleck
CHAIRPERSON

Phil DiMasi
DEPUTY CHAIRPERSON

7 September 2009

OVERVIEW
for the year ended 30 June 2009

Executive Summary

The Midland Redevelopment Authority (MRA) is now in its tenth year of operations. Its vision is to enhance Midland by creating conditions that foster a strong economy that delivers more jobs, more opportunities and greater wealth for all West Australians.

Its mission - Revitalising Midland – has the following guiding objectives:

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

Performance Highlights of 2008/09

- Completing the first residential subdivisions at The Workshops urban village in the heritage heart of the redevelopment area.
- Progressing a proposal by the Singapore-based Raffles Education Corporation to establish a university on The Workshops site.
- Hosting (with EPRA) leaders of major urban renewal projects from Singapore, Auckland and major Australian cities for a Place Leaders Association workshop on planning for the future.
- Winning the 'Rising Star' award for a first-time entrant and winner in the Urban Development Institute of Australia (WA) annual awards for excellence, and Woodbridge Lakes winning best residential development under 150 lots.
- Promoting a Workshops location for the Federal Government-funded Midland Super GP Clinic.
- Amending the Midland Redevelopment Scheme to create the new planning precinct, The Workshops, to include the key heritage buildings and spaces.
- Completing conservation works to the Foundry, Ambulance Garage and First Aid Post, and extending the Pattern Shop.
- Creating Stage 1 of the Midland Atelier creative industries centre in partnership with FORM Contemporary Craft and Design.
- Completing Stage 1 and 2 remediation works in the Helena East (heritage) precinct and The Sidings subdivision.

Operational Structure

Enabling Legislation

The MRA was established under the *Midland Redevelopment Act 1999* and commenced operations on 1 January 2000.

Responsible Minister

The Hon. John Day BSc BDSc MLA, Minister for Planning; Culture and the Arts.

Mission

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

The MRA is also subject to the *Financial Management Act 2006* and other relevant State legislation not specially provided for under the Act. It must also comply with all accountability and reporting requirements of the *Midland Redevelopment Act 1999* and State Government.

Section 20(3) of the *Midland Redevelopment Act 1999* requires Ministerial approval for the Authority to enter into contracts with a value in excess of $1,000,000. There were two such contracts in 2008/09:

Land Sale Contracts:
Purchase of Lot 602 Yelverton Drive for $1.372 million.

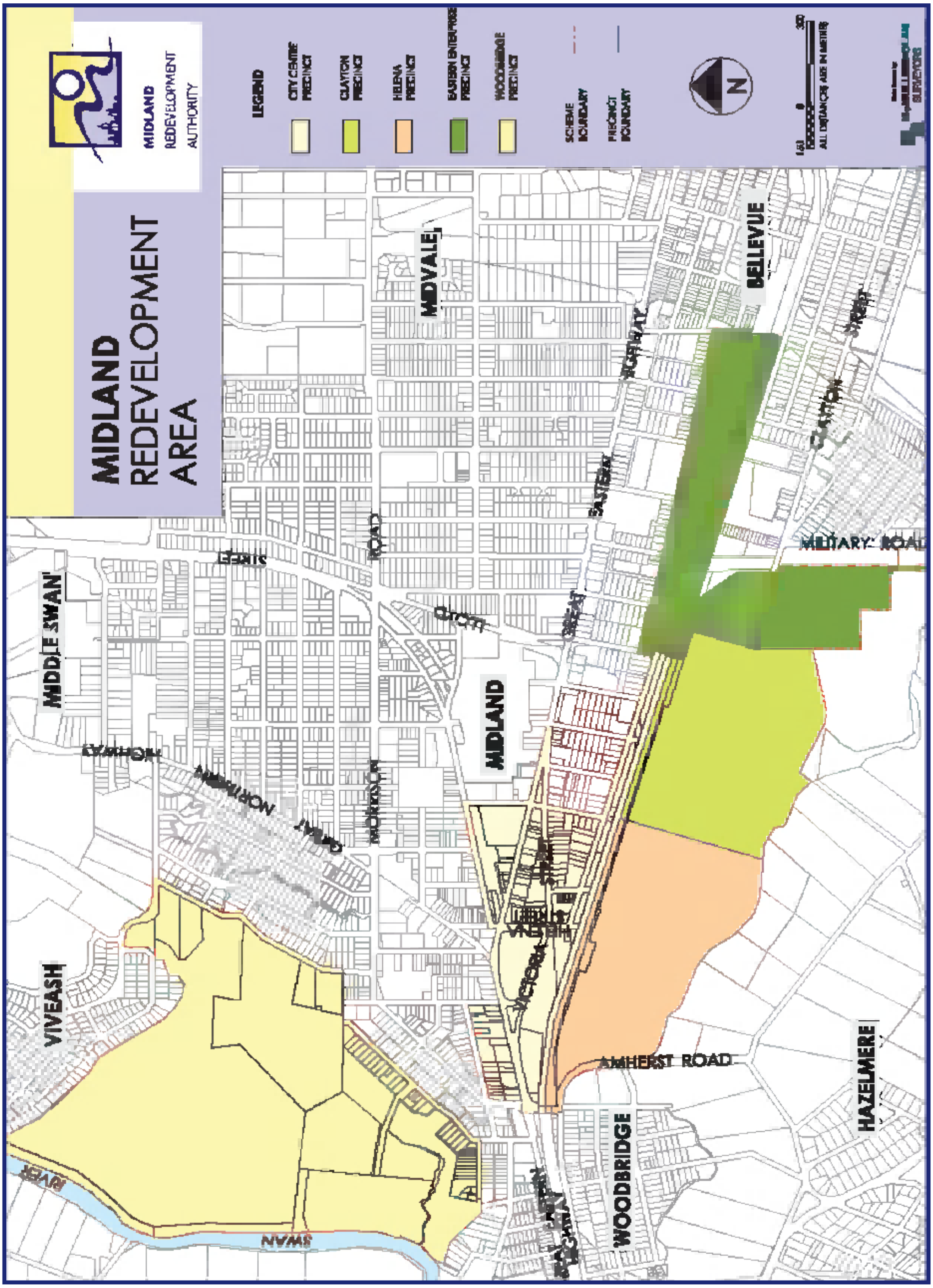
Land Development Contracts:
Civil works contract for the subdivision of Sector 10A valued at $4.258 million.

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

The northern section, located in west Midland and known as Woodbridge, abuts the Swan River and covers the Ray Marshall Park and adjacent areas. The other land parcel is known as Midland Central and covers part of the town centre, the former Railway Workshops site and the WA Meat Industry Authority livestock saleyards.

In 2009/10 it is planned to amend the Redevelopment Area to exclude the Ray Marshall Park and adjacent areas from the planning control of the MRA.

OVERVIEW
for the year ended 30 June 2009



OVERVIEW
for the year ended 30 June 2009

Board

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

The members represent a broad spectrum of knowledge and experience in fields appropriate to the activities of the MRA. Board Members are Dr Fred Affleck (Chairman), Mr Phil DiMasi (Deputy Chairman), Ms Philippa Rogers (to 13 August 2008), Dr Ann ten Seldam (from 15 December 2008), Cr Joe Marino and Cr Jon Holmes.

Dr Fred Affleck, Chairman

Dr Affleck is a transport expert with experience in industry and consulting in NSW, Victoria, South Australia and WA and in academia. He is Chair of the Western Australian Port Operations Task Force, a member of the Freight and Logistics Council of WA, President of the Patrons and Friends of the West Australian Symphony Orchestra, a Fellow of the Australian Institute of Company Directors and a Fellow of the Chartered Institute of Logistics and Transport.

He is Adjunct Professor of Transport Studies and was the inaugural Executive Director of the Planning and Transport Research Centre from 2003 to 2008. Dr Affleck was a Commissioner on the National Transport Commission from 2006 to 2008.

Mr Phil DiMasi

Mr DiMasi was born in Midland and completed his secondary education there. He is a registered builder, has been involved in the building industry for many years and is the founder and Managing Director of Ventura Homes.

Mr DiMasi has served on the board of the executive council of the Housing Industry Association and is a member of the Master Builders Association and the Australian Institute of Management.

Ms Philippa Rogers

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

Ms Rogers is also treasurer of Rail Heritage WA, a committee chair of the National Trust and a member of other historical societies and several Midland community groups.

Dr Ann ten Seldam

Dr ten Seldam has lived in Guildford since 1976 and has worked in the Midland and hills areas for many years. She is well known in the local community as a medical practitioner and as a Board member of the Swan City Youth Service.

Dr ten Seldam has also held a part-time position with the Royal Flying Doctor Rural Female GP Service and with the Street Doctor Service.

Cr Joe Marino

Cr Marino is an accountant with extensive experience in the public sector. He is an officer in the Department of Treasury and Finance and was first elected to the Swan City Council in 1997.

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

Cr Jon Holmes

Cr Homes lives in Midland and works for the State Land Services section of the Department for Planning and Infrastructure's Midland office. He was first elected to the Swan City Council's Midland Ward in 2003.

Cr Holmes chairs the City of Swan's Bush Fire Advisory Committee and its Local Emergency Management Committee, and represents the council on the Eastern District Emergency Management Committee. He is also a member of the Council's audit committee and Deputy Chair of the Local Government Reference Group of the Swan Catchment Council for Natural Resource Management.

OVERVIEW
for the year ended 30 June 2009

Organisational Structure

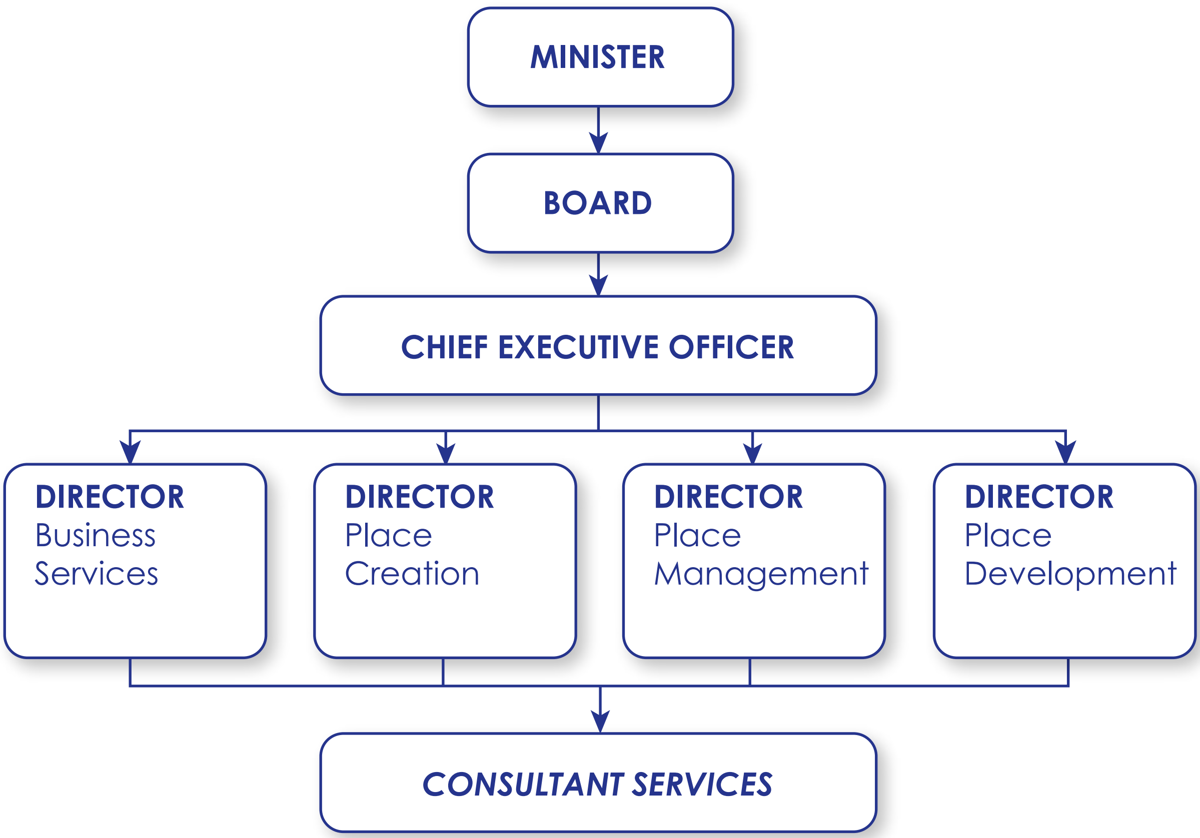
The Chief Executive Officer administers the day-to-day operations of the MRA and has prescribed delegated authority for particular management decisions. With the exception of the Chief Executive Officer, the Authority employs no staff directly; support is provided by staff seconded from the Department for Planning and Infrastructure and by consultants. At 30 June 2009, 14 staff members were on secondment to the MRA.

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

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

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

Organisation Chart - June 2009



OVERVIEW
for the year ended 30 June 2009

MRA staff for 2008/09:

Chief Executive Officer	Kieran Kinsella
Director Business Services	Neil Parry
Management Accountants	Jon Segui
	Holly Caldwell
Business Support Officer	Nicole Carey
Administrative Assistant	Gail Hayes
Director Planning	Annelise Safstrom
Planning Manager	Dominic Mitchell
Manager Planning Projects	Colin Connor (from 23 October 2008)
Senior Planning Consultant	Julie Mackay
Planner	Ryan Del Casale (to 2 January 2009)
Director Place Management	Kim Hutchinson
Property Management Officer	Kevin Harris
Director Place Development	Sandor Windnagel
Manager Development	Chris Porter
Executive Assistant	Marina Hodda

Key consultants as at 30 June 2009 were:

Place Development

Heritage	Heritage & Conservation Professionals
	Palassis Architects
	John Taylor Architect
	Philip Griffiths Architects
	Hocking Planning and Architecture
Environment	Coffey Environments Pty Ltd
Engineering	Wood & Grieve Engineers
Landscaping	Urbis Pty Ltd

Business Services

Taxation advice	Ernst & Young
Audit Services	Internal Audit – Stanton Partners
	External Audit – Office of Auditor General (Stamfords Consulting, BDO Kendalls)
Public Relations	Roberts Thorn Consulting
Valuation Services	Landgate Valuation Services
	DTZ (WA) Pty Ltd
	Christie Whyte Moore
Property Sales and Consulting	Time Conti and DTZ (WA) Pty Ltd

OVERVIEW
for the year ended 30 June 2009

Key legislation impacting on the MRA's activities

In the performance of its functions, the MRA complies with the following relevant legislation:

Corporate legislation

Auditor General Act 2006
Disability Services Act 1993
Electoral Act 1907
Equal Opportunity Act 1984
Financial Management Act 2006
Freedom of Information Act 1992
Industrial Relations Act 1979
Midland Redevelopment Act 1999
Minimum Conditions of Employment Act 1993
Occupational Safety and Health Act 1984
Public Interest Disclosure Act 2003
Public Sector Management Act 1994
Salaries and Allowances Act 1975
State Records Act 2000
State Superannuation Act 2000
State Supply Commission Act 1991
Statutory Corporations (Liability of Directors) Act 1996
Workers Compensation and Injury Management Act 1981

Land development legislation

Aboriginal Heritage Act 1972
Contaminated Sites Act 2003
Environmental Protection Act 1986
Heritage of Western Australia Act 1990
Land Administration Act 1997
Main Roads Act 1930
Planning and Development Act 2005
Swan and Canning Rivers Management Act 2006
Transfer of Land Act 1893

In its financial administration the MRA has complied with the requirements of the *Financial Management Act 2006* and all other relevant legislation, and exercised controls which provide reasonable assurance that the receipt and expenditure of money and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

At the date of signing, the MRA is not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.

Performance Management Framework

Outcome Based Management Framework

The MRA's goals are linked to Goal 2 in the WA Government's strategic planning framework, **Jobs and Economic Development**: To create conditions that foster a strong economy that delivers more jobs, more opportunities and greater wealth for all Western Australians.

Agency Level Government Desired Outcome

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

- *Revitalise Midland and strengthen it as a strategic regional centre.* Growth in development in the city centre in terms of the economic and social mix continues to enhance Midland as a destination of choice.
- *Integrate development to ensure maximum benefits for the City and the community.* The MRA continues to work closely with the City of Swan as its long-term partner to achieve outcomes consistent with its vision.
- *Maintain and enhance environmental, social, heritage and cultural values within and around the redevelopment area.* The completion of the Heritage Conservation Project and several exciting adaptation prospects will ensure that the social and cultural values of the former Midland Railways Workshops are preserved and enhanced through active public and community involvement in the dynamic activation of the spaces created by the MRA.
- *Invest responsibly for sustainable economic outcomes.* The MRA is working with its development partners to achieve an environmentally and economically sustainable outcome that will ensure Midland becomes a model community for best practice sustainable development and revitalisation.

In all of the above objectives, the MRA has achieved a high level of success.

Service

The MRA provides a series of activities as a single service. This includes activities to plan, undertake, promote and coordinate the development and redevelopment of land in the defined redevelopment area.

Changes to Outcome Based Management Framework

The MRA's Outcome Based Management Framework did not change from the previous year, although there was some refinement of the indicators. The current framework is under review and a decision will be made in 2009/10 on any changes necessary to better reflect the activities undertaken as part of an overall strategic review of operations and longer-term strategic positioning.

Shared Responsibilities with Other Agencies

The MRA did not share any responsibilities with other agencies in 2008/09.

AGENCY PERFORMANCE
for the year ended 30 June 2009

Chief Executive Officer's Report on Operations

The MRA made good progress during the year in review despite the economic slowdown and its impact on planned land sales.

The new apartments and commercial premises in the city centre are contributing to a strong economic resurgence in Midland and the wider region. Quality cafes and restaurants in the Juniper Gardens and The Crescent areas add to the offerings in the nearby Midland Gate Shopping Centre, attracting customers throughout the week and on weekends.

The Federal Budget boost for the Midland Health Campus provided added impetus for planning the new state-of-the-art hospital in Clayton Street, opposite the large WA Police Operations Support Facility. As well as boosting jobs during construction and on completion, the health campus offers important synergies with the proposed Raffles Education Corporation (REC) university on The Workshops site.

From the outset, the MRA has made strong efforts to attract a higher education institution to provide local students with access to tertiary education. With Midland's renaissance as a prosperous regional centre well under way, improved education opportunities are essential to meet the demands of the region's rapidly growing population and ensure its long-term economic future.

At the time of reporting, the REC proposal was before the State Government.

The win for Woodbridge Lakes in the State UDIA awards and the MRA named as a 'Rising Star' urban developer was a proud moment. Woodbridge Lakes continues to redress negative perceptions of Midland by offering high-quality homes close to the city centre.

The latest addition to the WA Police Operations Support Facility (OSF) is also a winner.

The three-storey modern office building, housed inside the former Railway Workshops flanging shop, preserves the external shell of the original building by encasing the new offices in a glass box. It won two major architecture awards - an Australian Institute of Architects public architecture award and the Heritage Council of WA Architecture Award. The OSF now houses about 650 police and support staff, with more to come.

The first residential subdivisions at The Workshops urban village were completed, and await the Government's decision on the REC proposal. If the university goes ahead the apartment and townhouse lots are likely to be required for student housing.

The final remediation of The Workshops site was delayed to accommodate budget cuts and is planned for completion in the next financial year.

Another exciting project, the Midland Atelier creative industries centre, came to fruition during the year. The Atelier comprises the restored Foundry and extended Pattern Shop heritage buildings. The MRA's partner FORM has completed the first stage of the planned fitout works, including an exhibition area and work spaces for up to 26 jewellers and designer-makers of furniture and other objects.

Actual Results versus Budget Targets

Financial Targets

Comparison for the 2007/08 and 2008/09 financial years and the estimates for the coming year are below.

	2007/08 Actual $'000	2008/09 Actual $'000	2009/10 Estimates $'000
Total Revenue	15,533	3,670	7,773
Trading Profit/(Loss)	8,544	1,139	2,008
Capital Works Expenditure	14,571	19,995	11,567
Total Borrowings (Debt Level)	15,233	38,773	46,147
Net Debt Level	15,058	38,224	45,347
Debt Servicing Cost (Capitalised)	516	1,360	1,842
Debt Servicing Cost (Expensed)	129	340	460

Notes

These forecasts assume:

- Residential property growth rates and market demand stabilize.
- The cost of construction continues to decline to a more sustainable level.
- Commercial property growth rates start to improve.
- Cost escalations will be contained at around 3% or less per annum.
- Interest rates will be market based with only minor rate adjustments throughout the period.
- Borrowings capacity is at a peak.

AGENCY PERFORMANCE
for the year ended 30 June 2009

Key Performance Indicators

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

The performance of those areas is measured in the tables below.

Summary of Key Performance Indicators

Effectiveness Indicator	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2008/09 Target
Land developed for sale	40%	50%	50%	50%	57%	47%
Improvement in value	n/a	n/a	9%	3%	16%	5%
Site investigated and extent of remediation completed	33%	35%	50%	50%	59%	58%
Subdivision of land for development – (commercial)	16%	39%	29%	28%	29%	28%
Subdivision of land for development – (residential)	31%	70%	72%	72%	73%	72%

Efficiency Indicator	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2008/09 Target
Number of development applications over statutory limit – non-heritage	n/a	n/a	20	19	4	0
Number of development applications over statutory limit –heritage	n/a	n/a	0	0	0	0
Operating expense per dollar of land sales	0.160	0.353	0.265	0.34	1.74	0.69
Operating expense per dollar of capital works	0.177	0.302	0.356	0.28	0.23	0.11

The key outcomes and achievements for each of the key result areas in 2008/09 are highlighted below.

Place Creation

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

Key outcomes in 2008/09 included:

- Developed an implementation plan in consultation with the City of Swan to action the outcomes of the 2007 Enquiry by Design (EbD) Midland 2017 – The Challenge.
- Continued detailed design development and documentation of subdivision and landscape plans for the remaining sectors in The Workshops and The Sidings.
- Adopted The Workshops design guidelines with Heritage Council of WA endorsement and continued to develop site specific guidelines and conservation plans as required to suit release of land parcels.
- Proposed various concepts for the WAMIA livestock saleyards site and developed a preferred subdivision layout.
- Continued to work closely with the Department of Health on master planning for the Midland Health Campus site and explored opportunities for health-related activities -in the redevelopment area.
- As part of the Helena River Foreshore Management Plan, developed landscape options for the foreshore area that are integrated with water harvesting proposals.

AGENCY PERFORMANCE
for the year ended 30 June 2009

Statutory Planning

An integral role of Place Creation is to fulfil the MRA's statutory planning responsibilities. This has been achieved by:

- Progressing the Scheme Amendment for the Helena precinct to better reflect the desired densities and development objectives.
- Continuing to review and develop policies, with a focus this year on sustainability, housing, parking, managing noise and public art.
- Monitoring and controlling the development and delivery of subdivision plans to facilitate the MRA's land release program and ensuring the timely preparation of design guidelines for development sectors.
- Managing the MRA's development control functions to ensure timely and accurate assessment and processing of development applications and the maintenance of appropriate records on the processing of development applications.

Place Development

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

Key outcomes in 2008/09 included:

- Completed the overall planning, design and documentation of The Workshops precinct.
- Completed subdivision works to Sector 10B of The Workshops precinct.
- Completed remediation works to Sectors 10A and 10B of the Workshops precinct.
- Commenced remediation works to Sectors 10C, 10D and 10E of the Workshops precinct.
- Commenced subdivision works to Sectors 10A, 13 and selected parts of 10D and E of The Workshops precinct.
- Completed heritage conservation works to the Pattern Shop, First Aid Post and Ambulance Garage.
- Commenced staged development works to the Foundry as part of MRA's initiative to establish a Creative Industries enclave.

Place Management

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

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

In 2008/09 the MRA continued to activate buildings and spaces on the Railway Workshops site through short and long-term leasing opportunities and the promotion of its facilities for special events and one-off activities. These included:

- Sponsoring special events at the Railway Workshops, including the Stan Gurney Commemorative Bike Race on ANZAC Day.
- Promoting Midland in general and The Workshops in particular as a place for cultural activities including concerts, openings and launches as well as the production of films, videos and fashion shoots.
- Actively maintaining a high standard of maintenance of parks, gardens and streetscapes within the redevelopment area.

The Railway Workshops Interpretive Centre, located in the restored Time Keeper's Office, was temporarily closed during the year. It is planned to reopen once the site works are completed and access restored to The Workshops for heritage tours and other activities.

Facilities management maintains the MRA's physical assets, including heritage buildings and public spaces, to maintain and enhance their value and contribute to the revitalisation of the area. During 2008/09 Place Management:

- Continued to manage the MRA's heritage and other properties to attract new businesses and activate unused spaces.
- Managed the integration of parks and gardens into local authority administration as part of the normalisation process.
- Maintained the MRA's public artworks so that their presence is recognised and importance understood through active interpretation.
- Sought support for the development and implementation of a water harvesting project from the roofs of restored heritage buildings.
- Managed the restoration of the timber-framed heritage buildings on The Workshops site, including the preparation of restoration plans. Plans were also developed for the conservation, restoration and protection of heritage machinery, and where possible harvested items of machinery were used to add to the interpretation of the site.

AGENCY PERFORMANCE
for the year ended 30 June 2009

Business Services

Business Services provides commercial, administrative and financial support to meet the needs of the MRA's internal and external customers. These functions include procurement, land acquisition, sales of developed land and commercial leasing. The MRA's corporate functions include accounting, human resources and corporate and statutory administration. The focus is on ensuring that commercial opportunities are recognised and the benefit to the MRA maximised.

Corporate Support

In 2008/09 Business Services has:

- Developed the MRA's financial feasibility plan for the period 2008/09 to 2013/14.
- Continued the development and maintenance of corporate governance policies and procedures with associated manuals, as well as developing the MRA's Business Continuity Plan and Board Charter.
- Ensured the day-to-day operations of the MRA are adequately resourced.
- Provided quality advice and met key external reporting information and timeframe requirements of agencies such as Department of Treasury and Finance and Office of Auditor General.
- Managed the net debt levels to minimise borrowing costs.
- Prepared and provided the Minister for Planning; Culture and the Arts with the information necessary to allow an adequate assessment of the MRA's performance during the year, including the Annual Report.
- Ensured that the MRA met all statutory reporting requirements.

Commercial Operations

In 2008/09 Business Services has:

- Negotiated the lease of Lot 414 Juniper Gardens (the former Australian Opera Studio premises) to the City of Swan, with the City retaining an option to purchase the property during 2009.
- Negotiated the swap of Coal Dam Park for more developable land in the city centre.
- Worked with MRA's land sales and marketing consultants to promote and market the final lots in Midland city centre and Woodbridge Lakes, including lots that were repurchased.
- Negotiated the return of the Eastern Paddock from the WA Police Service to enhance the developable land adjacent to the Midland Livestock Saleyards.
- Prepared new and extended leases for all tenants of the MRA.

SIGNIFICANT ISSUES IMPACTING THE MRA for the year ended 30 June 2009

Current Issues and Trends

Contaminated Sites

The *Contaminated Sites Act 2003* came into effect on 1 December 2006. This Act requires government agencies to report any known and suspected contaminated sites to the Department of Environment and Conservation (DEC). The DEC is then required to classify these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as *"contaminated - remediation required"* or *"possibly contaminated - investigation required"*, agencies may need to recognise a liability for investigation or remediation expenses.

As at 30 June 2009 in accordance with this Act, the MRA recognised a provision for contaminated sites of $15,603 million, after spending nearly $9,015 million in 2008/09 remediating and decontaminating the site.

The Act also provides for the placement of memorials on titles, which restricts land transaction until the memorial is lifted. This process usually occurs once remediation has been completed and validated by the DEC. Any delays in this process will impact on the MRA's ability to effect subdivisions and secure titles and settle on land expected to be sold during 2009/10.

Housing Affordability

While the residential market in Perth has softened, affordability has not increased to any real degree. The cost of construction remains a barrier to property ownership and affordability remains a critical issue for Government. The average cost of homes has reached a point where even land and homes in the traditional 'blue collar' areas are beyond the reach of much of the workforce. In 2006 the median house price for Midland was $255,000 and in 2009 it is $330,000 - down by approximately $20,000 on the 2008 median when the market was at its peak*.

Median housing prices in Midland have decreased by 5.4% over the past year after rising sharply in 2007/08. The five-year growth in Midland is about 15%, consistent with the longer term 10 year average of 15.6%*. The MRA is addressing this issue by identifying affordable housing sites, determining appropriate uses and densities for those sites, determining suitable mechanisms for ensuring affordability in the future, and working closely with residential property investors to make dwellings affordable and available.

Capital Works

The slowing of the property market as part of the overall slowing of the economy has severely impacted on the MRA's ability to fund and undertake capital works. A tightness in liquidity markets expressed through a restricted cash position by the Department of Treasury and Finance has left the MRA reliant on sales to fund a large portion of its capital works program.

While sales in the later part of 2008/09 indicated an improvement in both the residential and commercial markets, the severe downturn in the early part of the financial year continues to affect the MRA in that expected sales did not eventuate and the window of opportunity for several developments has now closed. The MRA has stocks of land available, with more becoming available as the remediation program progresses. More capital works or an acceleration of the program depend on those stocks of land being sold.

Economic and social trends

While the WA economy has slowed, even with interest rates at a decade low the demand for land has been tempered as confidence left the market. Some revival was experienced late in 2008/09. It appears that confidence plays a more important part than mechanical fiscal adjustments to determine demand. Any further interest rate cuts are not expected to stimulate demand to a significant degree, particularly if the major lenders do not pass on the adjustments.

Changes in Written Law

There were no changes to written law that the MRA is aware of that had a significant impact upon its operations in 2008/09.

Likely development and forecast results of operations

The MRA plans a capital works program each year for the next five years. The ability to achieve set performance targets will depend largely on the Government's continued financial support, as the prevailing economic conditions make relying on land sales to fund expenditure extremely tenuous.

* *Source: REIWA Website*

DISCLOSURES AND LEGAL COMPLIANCE
for the year ended 30 June 2009

Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

MIDLAND REDEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2009

I have audited the accounts, financial statements, controls and key performance indicators of the Midland Redevelopment Authority.

The financial statements comprise the Balance Sheet as at 30 June 2009, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Board's Responsibility for the Financial Statements and Key Performance Indicators
The Board is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role
As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer www.audit.wa.gov.au/pubs/AuditPracStatement_Feb09.pdf. .

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

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

DISCLOSURES AND LEGAL COMPLIANCE
for the year ended 30 June 2009

Auditor General

Midland Redevelopment Authority
Financial Statements and Key Performance Indicators for the year ended 30 June 2009

Audit Opinion
In my opinion,

(i) the financial statements are based on proper accounts and present fairly the financial position of the Midland Redevelopment Authority at 30 June 2009 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;

(ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and

(iii) the key performance indicators of the Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2009.

Matter of Significance
Without qualification to the audit opinion expressed above, I draw attention to the financial position of the Authority. The Authority has reported a negative net assets position since the 2006-07 reporting period due to the recognition of a provision for contaminated sites. The negative net assets position has increased from $10.6 million at 30 June 2008 to $14.5 million at 30 June 2009. I am highlighting this matter because of the uncertainty regarding the ability of the Authority to return to a positive net assets position in a timely manner. Note 3 to the financial statements provides information relative to this matter.

COLIN MURPHY
AUDITOR GENERAL
16 September 2009

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

FINANCIAL STATEMENTS
for the year ended 30 June 2009

MIDLAND REDEVELOPMENT AUTHORITY
CERTIFICATION OF FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2009

The accompanying financial statements of the Midland Redevelopment Authority have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2009 and the financial position as at 30 June 2009.

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

Dr Fred Affleck
CHAIRPERSON

Phil DiMasi
DEPUTY CHAIRPERSON

Jon Segui
CHIEF FINANCE OFFICER

7 September 2009

INCOME STATEMENT
for the year ended 30 June 2009

	Note	2009 $	2008 $
INCOME			
Revenue			
Land sales	5	2,655,327	14,882,790
Lease income		327,989	206,196
Interest income	6	71,829	182,758
Other income	7	614,355	261,064
Total Income		**3,669,500**	**15,532,808**
EXPENSES			
Expenses			
Cost of sales	5	1,370,889	6,015,052
Other selling costs	5	145,138	323,730
Employee benefits expense	8	1,637,924	1,455,366
Supplies and services	9	1,565,483	2,132,064
Depreciation and amortisation expense	10	86,090	84,434
Finance costs	11	340,059	129,104
Members allowances		51,070	43,997
Property maintenance	12	829,008	1,043,499
Loss on disposal of non-current assets	13	2,157	794
Contaminated sites expense	14	112,898	119,221
Write Down Inventory to Net Realisable Value	15	1,141,420	9,725,373
Impairment of receivables	18	405,040	-
Total Expenses		**7,687,176**	**21,072,634**
Profit/(loss) before grants and subsidies from State Government		(4,017,676)	(5,539,826)
Grants and subsidies from State Government	16	-	6,216,000
PROFIT/(LOSS) FOR THE PERIOD		**(4,017,676)**	**676,174**

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

BALANCE SHEET
as at 30 June 2009

	Note	2009 $	2008 $
ASSETS			
Current Assets			
Cash and cash equivalents	28	259,114	67,750
Receivables	18	156,965	831,631
Inventories	19	5,217,566	3,395,104
Other current assets	20	7,451	75,051
Total Current Assets		**5,641,096**	**4,369,536**
Non-Current Assets			
Restricted cash and cash equivalents	17	289,869	107,200
Inventories	19	38,919,449	30,997,353
Property, plant and equipment	21	1,578,058	1,565,325
Intangible assets	22	72,091	104,099
Total Non-Current Assets		**40,859,467**	**32,773,977**
Total Assets		**46,500,563**	**37,143,513**
LIABILITIES			
Current Liabilities			
Payables	24	994,730	2,354,954
Provisions	25	6,016,724	15,142,921
Total Current Liabilities		**7,011,454**	**17,497,875**
Non-Current Liabilities			
Provisions	25	15,230,185	15,047,002
Borrowings	26	38,773,115	15,232,651
Total Non-Current Liabilities		**54,003,300**	**30,279,653**
Total Liabilities		**61,014,754**	**47,777,528**
NET ASSETS		**(14,514,191)**	**(10,634,015)**
EQUITY	27		
Contributed equity		14,150,000	14,150,000
Reserves		605,765	468,265
Retained earnings		(29,269,956)	(25,252,280)
TOTAL EQUITY		**(14,514,191)**	**(10,634,015)**

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2009

	Note	2009 $	2008 $
Balance of equity at start of period		**(10,634,015)**	**(11,408,354)**
CONTRIBUTED EQUITY			
Balance at start of period		14,150,000	14,150,000
Capital contributions		-	-
Other contributions by owners		-	-
Distributions to owners		-	-
Balance at end of period	27	14,150,000	14,150,000
RESERVES			
Asset Revaluation Reserve			
Balance at start of period		468,265	382,515
Gains / (losses) from asset revaluation		137,500	85,750
Balance at end of period		605,765	468,265
RETAINED EARNINGS			
Balance at start of period		(25,252,280)	(25,940,869)
Change in accounting policy or correction of prior period errors[(a)]		-	12,415
Profit / (loss) for the period		(4,017,676)	676,174
Balance at end of period	27	(29,269,956)	(25,252,280)
Balance of equity at end of period		**(14,514,191)**	**(10,634,015)**

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

(a) Under AASB 108, voluntary changes in accounting policy and correction of prior period errors are adjusted against the opening balances of each affected component of equity in the comparatives. Note that changes in accounting policy under AASB 116 and AASB 138 in respect to revaluation of assets are not accounted for under AASB 108. Changes to the fair value model under these Standards are not applied retrospectively.

CASH FLOW STATEMENT
for the year ended 30 June 2009

	Note	2009 $	2008 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Proceeds from sale of land		2,287,109	14,882,790
Receipts from customers		1,032,553	433,845
Interest received		71,829	182,758
GST receipts on sales		825,184	2,071,391
GST receipts from taxation authority		1,984,748	1,304,096
Payments			
Employee benefits		(1,653,883)	(1,449,021)
Supplies and services		(1,585,959)	(2,767,073)
Payments for land development costs		(20,055,422)	(14,104,809)
Payments for land purchases		(2,000,944)	(1,990,000)
Finance costs		(289,652)	(136,881)
GST payments on purchases		(2,323,445)	(1,945,520)
GST payments to taxation authority		(442,203)	(1,063,846)
Other Payments		(992,976)	(1,632,550)
Net cash provided by / (used in) operating activities	28	**(23,143,061)**	**(6,214,820)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(23,370)	(143,462)
Proceeds from sale of investments		-	8,000,000
Purchase of investments		-	(8,000,000)
Net cash provided by / (used in) investing activities		**(23,370)**	**(143,462)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		23,540,464	9,297,654
Repayment of borrowings		-	(9,151,206)
Net cash provided by / (used in) financing activities		**23,540,464**	**146,448**
CASH FLOWS FROM STATE GOVERNMENT			
Grants and subsidies		-	6,216,000
Net cash provided by State Government		**-**	**6,216,000**
Net increase / (decrease) in cash and cash equivalents		**374,033**	**4,166**
Cash and cash equivalents at the beginning of the period		174,950	170,784
Cash and cash equivalents at the end of the period	28	**548,983**	**174,950**

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

1 Australian equivalents to International Financial Reporting Standards

General

The Authority's financial statements for the year ended 30 June 2009 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Authority has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard or Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the annual reporting period ended 30 June 2009.

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 the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The *Financial Management Act* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Accounting Standards, the Framework, Statements of Accounting Concepts 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 and buildings which have been measured at fair value.

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

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

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included at note 3 'Key sources of estimation uncertainty'.

The financial statements have been prepared on a going concern basis.

(c) Reporting Entity

The reporting entity comprises the Midland Redevelopment Authority.

(d) Income

Revenue Recognition

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 risks and rewards of ownership control transfer to the purchaser and can be measured reliably. In relation to the sale of land, revenue is recognised upon settlement or where equitable interest has passed.

Lease Income
Lease income from tenancy agreements is recognised when it becomes due and payable to the Authority.

Rendering of services
Revenue is recognised on delivery of the service to the client or by reference to the stage of completion of the transaction.

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

Interest
Revenue is recognised as the interest accrues.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

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.

(e) Borrowing Costs

Borrowing costs for qualifying assets are capitalised when the requirements of AASB 123 have been met, other borrowing costs are expensed when incurred.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the Authority's outstanding borrowings during the year, in this case 4.86% (2008: 6.99%)

(f) Property, Plant and Equipment

Capitalisation/Expensing of assets
Items of property, plant and equipment costing $5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than $5,000 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 are initially recognised at cost. For items of property, plant and equipment acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

Subsequent measurement
After recognition as an asset, the Authority uses the revaluation model for the measurement of land and buildings and the cost model for all other property, plant and equipment. Land and buildings are carried at fair value less accumulated depreciation on buildings 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-based evidence is available, the fair value of land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions. When buildings are revalued by reference to recent market transactions, the accumulated depreciation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount.

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

Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation Services) and recognised with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

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

Derecognition
Upon disposal or derecognition of an item of property, plant and equipment, any revaluation reserve relating to that asset is retained in the asset revaluation reserve.

Asset Revaluation Reserve
The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets as described in note 21 'Property, plant and equipment'.

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	40 years
Plant, equipment and improvements	5 - 10 years
Furniture and equipment	10 years
Computer equipment	4 years

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

(g) Intangible Assets

Capitalisation/Expensing of assets
Acquisitions of intangible assets costing $5,000 or more are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred of less than $5,000 are immediately expensed directly to the Income Statement.

All acquired intangible assets are initially measured at cost. For assets acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition. The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

Amortisation for intangible assets with finite useful lives is calculated for the period of the expected benefit (estimated useful life) on the straight line basis using rates which are reviewed annually. All intangible assets controlled by the Authority have a finite useful life and zero residual value. The expected useful lives for each class of intangible asset are:

Software[(a)]	4 years

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

Computer Software
Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than $5,000 is expensed in the year of acquisition.

(h) Impairment of Assets

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

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. 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 balance sheet 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 where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairment at each balance sheet date.

(i) Leases

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

The Authority has also entered into a number of lease arrangements with tenants of property owned by the Authority. The Authority, as the lessor, retains all of the risks and benefits incident to ownership of the items held under the leases. Lease income is recognised in the Income Statement in the period in which it is earned. Lease income invoiced in advance is recognised as Income in Advance.

(j) Financial Instruments

In addition to cash, the Authority has two categories of financial instrument:

- Loans and receivables; and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- WATC Borrowings
- Restricted cash and cash equivalents

Financial Liabilities

- Payables
- Receivables

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

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

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(k) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash, cash on hand and cash at bank.

(l) Inventories

Inventories comprising of land held for resale are valued at the lower of cost and net realisable value. Other costs incurred in bringing inventories to a saleable condition are recorded at cost. This includes costs associated with the design, development and other costs directly attributable to the land development including where applicable, remediation cost for contamination. These costs will be recovered from the sale of the developed land. Development expenses capitalised include all costs directly attributable to the development project.

(m) Receivables

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

(n) Payables

Payables are recognised when the Authority 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.

(o) Borrowings

All loans payable 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.

(p) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal or constructive obligation as a result of a past event and when the outflow of resources embodying economic benefits is probable and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date.

(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 balance sheet 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 balance sheet 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 balance sheet date.

A liability for long service leave is recognised after an employee has completed two years of service. An actuarial assessment of long service leave undertaken by PriceWaterhouseCoopers at 30 June 2008 determined that the liability measured using the short hand method was not materially different from the liability measured using the present value of expected future payments.

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

Sick Leave

Liabilities for sick leave are recognised when it is probable that sick leave paid in the future will be greater than the entitlement that will accrue in the future.

Past history indicates that on average, sick leave taken each reporting period is less than the entitlement accrued. This is expected to continue in future periods. Accordingly, it is unlikely that existing accumulated entitlements will be used by employees and no liability for unused sick leave entitlements is recognised. As sick leave is non-vesting, an expense is recognised in the income statement for this leave as it is taken.

Purchased Leave

The provision for purchased leave relates to Public Service employees who have entered into an agreement to self-fund up to an additional four weeks leave per calendar year. The provision recognises the value of salary set aside for employees and is measured at the nominal amounts expected to be paid when the liabilities are settled. This liability is measured on the same basis as annual leave.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Superannuation

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

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members, or to the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members. Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Authority makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's *Superannuation Guarantee (Administration) Act 1992*. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

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 balance sheet date. The liabilities under these schemes have been calculated separately for each scheme annually by Mercer Human Resource Consulting using the projected unit credit method.

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

The GSS Scheme, the WSS Scheme, and the GESBS Scheme, where the current service superannuation charge is paid by the Authority to the GESB, are defined contribution schemes. The liabilities for current service superannuation charges under the GSS Scheme, the WSS Scheme, and the GESBS 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 an agency perspective, apart from the transfer benefits, it is a defined contribution plan under AASB 119.

(ii) Provisions - Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance and payroll tax, are not employee benefits and are recognised separately as liabilities and expenses when the employment to which they relate has occurred. Employment on-costs are not included as part of the Authority's 'Employee benefits expense' and the related liability is included in Employment on-cost provision.

Deferred Works

A provision for deferred works is recognised when a contract of sale provides for specific capital works to be undertaken on the land subsequent to the sale of the land.

Contaminated Sites

Under the *Contaminated Sites Act 2003*, the Authority is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated - remediation required or possibly contaminated - investigation required, the Authority may have a liability in respect of investigation or remediation expenses.

During previous years, the Authority has reported four suspected contaminated sites and the EPA have issued Ministerial Statements confirming that these sites also require remediation.

An estimation of the cost to remediate these sites has been prepared along with approximate timings of the outflows. This estimation has been used to calculate a Provision for Contaminated Sites and the timings used to determine the costs expected to be incurred during the next 12 months. The provision has, for the most part, resulted in an increase in the Authority's inventory balance. A small portion has been recognised as a Contaminated Sites expense due to the land involved no longer being held by the Authority.

Parking Contributions

A provision for parking contributions is recognised when a developer becomes obligated to pay a parking contribution to the Authority as a result of not fulfilling minimum parking requirements in their particular development plans as stipulated by the Midland Redevelopment Scheme 2000. These contributions are held by the Authority to be applied for the provision of public parking, cycling, pedestrian facilities or public transport within the redevelopment area.

(q) 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.

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

(r) 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 Authority considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(s) Comparative Figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

3 Key Sources of Estimation Uncertainty

Defined benefit superannuation plans

In determining the Authority's ultimate cost of its defined benefit superannuation plans, actuarial assumptions are required to be made. The principal assumptions used were as follows:

	2009	2008
Number of employees	1	1
Discount rate	5.34%	6.64%
Expected salary increase rate	4.50%	4.50%

The discount rate is based on the 10 year Government bond rate.

Provision for Contaminated Sites

In determining the Authority's liability for remediating contaminated sites, assumptions regarding the level of remediation work are made. Assumptions include soil volume based on methodical sample testing, method of soil remediation, engineering estimates and the provision of professional consultants. Once the sites are fully assessed using environmental testing the level of remediation work required may change requiring the liability to be adjusted.

Provision for Deferred Works

In determining the Authority's liability for deferred works, the provisions of the contract of sale for each site is consulted to determine assumptions regarding the level of work required. Once the sites are fully assessed the level of work required may change requiring the liability to be adjusted.

Advice received from environmental consultants suggests that a health risk assessment based on the probable building design may reduce the required remediation to residential standards only on exposed ground areas rather than the entire site.

Provision for Parking Contributions

In determining the Authority's liability for parking, a range of possible parking outcomes are determined and the cost of the preferred outcome is estimated, this cost is compared to the parking contributions received from developers to determine if there is any significant difference. As further contributions are received and decisions are made as to the parking outcomes to pursue the liability will require adjustment.

Negative Net Assets Position

The Authority has reported a negative net equity position due the recognition of the provision for contaminated sites in prior reporting periods commencing 30 June 2007 as required by the *Contaminated Sites Act 2003*. At 30 June 2009, total liability recognised since its introduction amount to $35.6 million. This is primarily funded through the proceeds from the sale of properties and borrowings.

The Authority has evaluated and documented strategies to ensure it is able to remain within its borrowing and cash capacities which include:

- Increase land sales revenue through private sector agreements;
- Seek additional capital appropriation or increase borrowing capacity;
- Cost reduction program; and
- Defer capital projects.

Fair value of borrowings

The Authority recognises its initial borrowings amount as per its accounting policy at fair value before measuring the liability at amortised cost. The Authority has determined that its interest rate is equal to its discount rate and that the expected timing of cash flows will remain consistent over the period of the loans.

Sale of land

The Authority has recognised as revenue the sale of a parcel of land to the WA Police Department. This sale has been recognised on the basis that the WAPD has obtained equitable title to the land and is in full use and obtains full benefits from the land. The title of the land has not yet passed to the State Government but this is due to an administrative issue only.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

4 Disclosure of Changes in Accounting Policy and Estimates

Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2008 that impacted on the Authority:

Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:

AASB 1004 'Contributions';
AASB 1050 'Administered Items';
AASB 1051 'Land Under Roads';
AASB 1052 'Disaggregated Disclosures';
AASB 2007-9 'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137];
Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities.

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and revised topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 do not apply to Statutory Authorities. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance, otherwise, there is no financial impact.

The following Australian Accounting Standards and Interpretations are not applicable to the Authority as they have no impact or do not apply to not-for-profit entities:

AASB Standards and Interpretations	
1048	'Interpretation and Application of Standards' (issued September 2008)
1049	'Whole of Government and General Government Sector Financial Reporting' (revised - October 2007)
2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8
2008-10	'Amendments to Australian Accounting Standards – Reclassification of Financial Assets [AASB 7 & AASB 139]'
2008-12	'Amendments to Australian Accounting Standards – Reclassification of Financial Assets – Effective Date and Transition [AASB 7, AASB 139 & AASB 2008-10]'
Interpretation 4	'Determining whether an Arrangement contains a Lease' (revised – February 2007)
Interpretation 12	'Service Concession Arrangements'
Interpretation 13	'Customer Loyalty Programmes'
Interpretation 14	'AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction'
Interpretation 129	'Service Concession Arrangements: Disclosures'

Voluntary changes in accounting policy

During the year the capitalisation threshold used for items of property, plant and equipment changed from $1,000 to $5,000 or more. The costs associated with utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than $5,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied early the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Authority but are not yet effective. Where applicable, the Authority plans to apply these Standards and Interpretations from their application date:

Title	Operative for reporting periods beginning on/after
AASB 101 'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Authority does not expect any financial impact when the Standard is first applied.	1 January 2009
AASB 2008-13 'Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110]. This Standard amends AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. The Authority does not expect any financial impact when the Standard is first applied prospectively.	1 July 2009

The following Australian Accounting Standards and Interpretations are not applicable to the Authority as they will have no impact or do not apply to not-for-profit entities:

Title	Operative for reporting periods beginning on/after
AASB 3 'Business Combinations' (March 2008)	1 July 2009
AASB 8 'Operating Segments'	1 July 2009
AASB 123 'Borrowing Costs' (June 2007). This Standard has been revised to mandate the capitalisation of all borrowing costs attributable to the acquisition, construction or production of qualifying assets. The Authority already capitalises borrowing costs directly attributable to property under construction; therefore there will be no impact on the financial statements when the Standard is first applied.	1 January 2009

Title	Operative for reporting periods beginning on/after
AASB 127 'Consolidated and Separate Financial Statements' (March 2008)	1 July 2009
AASB 1039 'Concise Financial Reports' (August 2008)	1 January 2009
AASB 2007-3 'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'	1 January 2009
AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]'	1 January 2009
AASB 2007-8 'Amendments to Australian Accounting Standards arising from AASB 101'	1 January 2009
AASB 2007-10 'Further Amendments to Australian Accounting Standards arising from AASB 101'	1 January 2009

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Title	Operative for reporting periods beginning on/after
AASB 2008-1 'Amendments to Australian Accounting Standard - Share-based Payments: Vesting Conditions and Cancellations' [AASB 2]	1 January 2009
AASB 2008-2 'Amendments to Australian Accounting Standards - Puttable Financial Instruments and Obligations arising on Liquidation' [AASB 7, AASB 101, AASB 132, AASB 139 & Interpretation 2]	1 January 2009
AASB 2008-3 'Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASBs 1, 2, 4, 5, 7, 101, 107, 112, 114, 116, 121, 128, 131, 132, 133, 134, 136, 137, 138, 139 and Interpretations 9 & 107]'	1 July 2009
AASB 2008-5 'Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038]'	1 January 2009
AASB 2008-6 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]'	1 July 2009
AASB 2008-7 'Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Joint Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]'	1 January 2009
AASB 2008-8 'Amendments to Australian Accounting Standards - Eligible Hedged Items [AASB 139]'	1 July 2009
AASB 2008-9 'Amendments to AASB 1049 for Consistency with AASB 101'	1 January 2009
AASB 2008-11 'Amendments to Australian Accounting Standards - Business Combinations Among Not-for-Profit Entities [AASB 3]'	1 July 2009
Interpretation 15 'Agreements for the Construction of Real Estate'	1 January 2009
Interpretation 16 'Hedges of a Net Investment in a Foreign Operation'	1 October 2008
Interpretation 17 'Distributions of Non-cash Assets to Owners'	1 July 2009

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009 $	2008 $
5 Trading profit / (loss)		
Sales	2,655,327	14,882,790
Cost of Sales:		
Opening Inventory	(34,392,457)	(39,284,352)
Purchases	(21,368,166)	(16,695,016)
Deferred Works	894	7,921
Contaminated Sites	9,110,405	5,838,565
Write Down of Inventory to Net Realisable Value	1,141,420	9,725,373
	(45,507,904)	(40,407,509)
Closing Inventory	44,137,015	34,392,457
Cost of Sales	(1,370,889)	(6,015,052)
Other selling costs	(145,138)	(323,730)
	(1,516,027)	(6,338,782)
Trading Profit / (Loss)	1,139,300	8,544,008

6 Interest revenue

Interest on bank accounts	71,019	127,117
Interest on prepayment of borrowings	-	41,600
Interest on deferred land sale settlement	-	14,041
Interest on business activity statement refund	810	-
	71,829	182,758

7 Other revenue

Development application fees	4,444	24,841
Recoup of expenses	328,223	100,629
Other income	281,688	135,594
	614,355	261,064

8 Employee benefits expense

Wages and salaries[(a)]	1,284,611	1,250,171
Superannuation - defined contribution plans	133,754	143,002
Superannuation - defined benefit plans (see Note 25)	(3,747)	3,000
Long service leave[(b)]	97,075	36,643
Annual leave[(b)]	126,231	22,550
	1,637,924	1,455,366

(a) Includes the value of the fringe benefit to the employee plus the fringe benefits tax component.

(b) Includes a superannuation contribution component.

Employment on-costs such as workers' compensation insurance are included at note 9 'Supplies and services'. The employment on-costs liability is included at note 25 'Provisions'.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009	2008
	$	$
9 Supplies and services		
Advertising and public relations	143,050	384,676
Consultants and contractors	741,206	1,332,824
Communications	21,860	13,775
Consumables	284,185	135,083
Maintenance	424	1,885
Motor vehicles and travel	111,907	117,627
Insurance premiums	99,803	108,975
Other costs	163,048	37,219
	1,565,483	2,132,064

10 Depreciation and amortisation expense

Depreciation		
Building	17,500	15,750
Furniture and equipment	9,832	15,472
Computer equipment	8,997	19,304
Plant, equipment and improvements	20,962	20,963
	57,291	71,489
Amortisation		
Computer software	28,799	12,945
	28,799	12,945
Total depreciation and amortisation	86,090	84,434

11 Finance costs

Finance costs expensed	340,059	129,104
Finance costs capitalised	1,360,237	516,416

12 Property maintenance

Property repairs and maintenance	593,823	797,201
Security	235,185	246,298
Total property maintenance expense	829,008	1,043,499

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009 $	2008 $
13 Net loss on disposal of non-current assets		
Costs of disposal of non-current assets		
Furniture and equipment	522	-
Computer equipment	1,635	794
Proceeds from disposal of non-current assets		
Furniture and equipment	-	-
Computer equipment	-	-
Net loss	2,157	794
14 Contaminated sites expense		
Remediation costs relating to land no longer held by the Authority	112,898	119,221
15 Write Down Inventory to Net Realisable Value		
Write Down Inventory to Net Realisable Value[(a)]	1,141,420	9,725,373

(a) An assessment for Net Realisable Value was required primarily due to the increase in cost resulting from the Contaminated need to remediate the Midland Workshop site and recognise a provision for contaminated sites, refer notes 19 & 25. The resulting resulting cost of inventory exceeded the net realisable value and therefore a write-down was necessary.

	2009 $	2008 $
16 Grants and subsidies from State Government		
State Funding for Capital Works Program	-	6,216,000
17 Restricted cash and cash equivalents		
Non-current		
Parking Contribution Funds[(a)]	289,869	107,200

(a) Cash held in this account is to be used only for the purpose of providing public parking, cycling and pedestrian facilities or public transport within the redevelopment area.

	2009 $	2008 $
18 Receivables		
Current		
Trade debtors	417,797	598,256
GST receivable	144,208	233,375
Allowance for impairment of receivables	(405,040)	-
	156,965	831,631
Reconciliation of changes in the allowance for impairment of receivables:		
Balance at the start of year	-	-
Doubtful debts expense recognised in the income statement	405,040	-
Amounts written off during the year	-	-
Amount recovered during the year	-	-
Balance at end of year	405,040	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009	2008
	$	$
19 Inventories		
Current	5,217,566	3,395,104
Non-current	38,919,449	30,997,353
	44,137,015	34,392,457
Consisting of:		
Land held for resale:		
- Land holdings[(a)]	24,428,151	22,427,208
- Development costs capitalised[(b)]	93,869,506	75,863,416
- Provision for contaminated sites	15,507,901	24,618,305
- Write Down Inventory to Net Realisable Value	(49,310,214)	(48,168,794)
- Borrowing costs capitalised	8,534,109	7,173,872
- Allocated to cost of goods sold	(48,892,438)	(47,521,549)
	44,137,015	34,392,457

(a) The most recent valuation of land held for resale has been recognised in the financial statements as a write down of inventory to net realisable value has been recognised, refer note 15.

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

20 Other current assets

	2009	2008
Prepayments	7,451	75,051

21 Property, plant and equipment

	2009	2008
Land		
At fair value[(a)]	600,000	550,000
Accumulated impairment losses	-	-
	600,000	550,000
Buildings		
At fair value[(a)]	770,000	700,000
Accumulated depreciation[(b)]	-	-
Accumulated impairment losses	-	-
	770,000	700,000
Furniture and equipment		
At cost	77,802	168,958
Accumulated depreciation	(22,709)	(67,798)
Accumulated impairment losses	-	-
	55,093	101,160

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009	2008
	$	$
21 Property, plant and equipment (continued)		
Computer equipment		
At cost	52,316	140,047
Accumulated depreciation	(37,643)	(85,136)
Accumulated impairment losses	-	-
	14,673	54,911
Plant, equipment and improvements		
At cost	209,620	214,518
Accumulated depreciation	(71,328)	(55,264)
Accumulated impairment losses	-	-
	138,292	159,254
	1,578,058	1,565,325

(a) Freehold land and buildings were revalued as at 1 July 2008 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2009 and recognised at 30 June 2009. The fair value of all land and buildings has been determined by reference to recent market transactions.

(b) Prior to the revaluation of buildings the accumulated depreciation is credited to the asset and then the net asset amount is restated to the revalued amount.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Reconciliations

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

2009	Land $	Buildings $	Furniture & Equipment $	Computer Equipment $	Plant, Equipment & Improvements $	Total $
Carrying amount at start of year	550,000	700,000	101,160	54,911	159,254	1,565,325
Additions	-	-	20,759	2,611	-	23,370
Disposals	-	-	(1,635)	(522)	-	(2,157)
Revaluation increment/(decrement)	50,000	87,500	-	-	-	137,500
Depreciation	-	(17,500)	(9,832)	(8,997)	(20,962)	(57,291)
Write-off of assets	-	-	(55,359)	(33,330)	-	(88,689)
Impairment losses	-	-	-	-	-	-
Carrying amount at end of year	600,000	770,000	55,093	14,673	138,292	1,578,058

2008	Land $	Buildings $	Furniture & Equipment $	Computer Equipment $	Plant, Equipment & Improvements $	Total $
Carrying amount at start of year	550,000	630,000	88,546	34,877	180,217	1,483,640
Additions	-	-	28,468	39,750	-	68,218
Disposals	-	-	(382)	(412)	-	(794)
Revaluation increment/(decrement)	-	85,750	-	-	-	85,750
Depreciation	-	(15,750)	(15,472)	(19,304)	(20,963)	(71,489)
Write-off of assets	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-
Carrying amount at end of year	550,000	700,000	101,160	54,911	159,254	1,565,325

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009	2008
	$	$

22 Intangible assets

	2009 $	2008 $
Computer software		
At cost	126,835	137,032
Accumulated amortisation	(54,744)	(32,933)
Accumulated impairment losses	-	-
	72,091	104,099

Reconciliation

	2009 $	2008 $
Carrying amount at start of year	104,099	41,800
Additions	-	75,244
Disposals	-	-
Revaluation increments/(decrements)	-	-
Amortisation	(28,799)	(12,945)
Write-off of assets	(3,209)	-
Impairment losses	-	-
Carrying amount at end of year	72,091	104,099

23 Impairment of assets

There were no indications of impairment to property, plant and equipment and intangible assets at 30 June 2009.

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

All surplus assets at 30 June 2009 have either been classified as non-current assets held for sale or written-off.

24 Payables

	2009 $	2008 $
Current		
Trade payables	(42)	108,049
GST payable	35,876	553,673
Audit fees	40,970	29,000
Accrued expenses	834,466	1,341,926
Contract retentions	40,727	294,019
Income in advance	42,733	28,287
	994,730	2,354,954

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009 $	2008 $
25 Provisions		
Current		
Employee benefits provision		
Annual leave[a]	75,760	80,566
Long service leave[b]	167,549	180,419
Other provisions		
Employment on-costs[c]	1,370	411
Deferred Works[d]	-	-
Contaminated Sites[e]	5,772,045	14,881,525
	6,016,724	15,142,921
Non-current		
Employee benefits provision		
Long service leave[b]	86,743	86,128
Superannuation[g]	14,253	18,000
Other provisions		
Employment on-costs[c]	504	137
Deferred Works[d]	5,102,960	5,103,854
Contaminated Sites[e]	9,735,856	9,736,780
Parking contributions[f]	289,869	102,103
	15,230,185	15,047,002

(a) Annual leave liabilities have been classified as current as there is no unconditional right to defer settlement for at least 12 months after balance date. Assessments indicate that actual settlement of the liabilities will occur within 12 months.

(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 balance sheet date. Assessments indicate that actual settlement of the liabilities will occur within 12 months.

(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 under Other expenses.

(d) Deferred works are classified as current when the works are scheduled to occur within 12 months.

(e) Contaminated sites are classified as current when the works are scheduled to occur within 12 months.

(f) Parking contributions are classified as current when the works are scheduled to occur within 12 months.

(g) Defined benefit superannuation plans

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009	2008
	$	$

The amounts recognised in the Income Statement are as follows:

	Pension Scheme	
	2009	2008
Current service cost	-	-
Interest cost (unwinding of the discount)	1,000	1,000
Net actuarial losses/(gains) recognised	(4,747)	2,000
Total included in employee benefits expense (see note 8)	(3,747)	3,000

The amounts recognised in the Balance Sheet are as follows:

Present value of unfunded obligations	14,253	18,000
Liability in the Balance Sheet	14,253	18,000

Reconciliation of the unfunded liability recognised in the Balance Sheet is as follows:

Liability at the start of the year	18,000	15,000
Current service cost	-	-
Interest cost (unwinding of the discount)	1,000	1,000
Net actuarial losses/(gains) recognised	(4,747)	2,000
Benefits paid	-	-
Liability at the end of the year	14,253	18,000

Movements in Provisions

Employee Benefit Liabilities

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

Provision for employee benefits

Current	243,309	260,985
Non-current	100,996	104,128
	344,305	365,113

Movements in Other Provisions

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

Employment on-cost provision

Carrying amount at start of year	548	2,503
Additional provisions recognised	1,326	(1,955)
Payments/other sacrifices of economic benefits	-	-
Unwinding of the discount	-	-
Carrying amount at end of year	1,874	548

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009	2008
	$	$
Provision for Deferred Works		
Carrying amount at start of year	5,103,854	5,111,775
Additional provisions recognised	-	-
Payments/other sacrifices of economic benefits	(894)	(7,921)
Unwinding of the discount	-	-
Carrying amount at end of year	5,102,960	5,103,854
Provision for Contaminated Sites		
Carrying amount at start of year	24,618,305	30,456,870
Additional provisions recognised	-	5,118,388
Payments/other sacrifices of economic benefits	(9,110,404)	(10,956,953)
Unwinding of the discount	-	-
Carrying amount at end of year	15,507,901	24,618,305
Provision for Parking Contributions		
Carrying amount at start of year	102,103	-
Additional provisions recognised	187,766	102,103
Payments/other sacrifices of economic benefits	-	-
Unwinding of the discount	-	-
Carrying amount at end of year	289,869	102,103

26 Borrowings

Borrowings from Western Australian Treasury Corporation	38,773,115	15,232,651

27 Equity

Contributed equity		
Balance at start of year	14,150,000	14,150,000
Contributions by owners	-	-
Distributions to owners	-	-
Balance at end of year	14,150,000	14,150,000
Reserves		
Asset Revaluation Reserve		
Balance at start of year	468,265	382,515
Net revaluation increments / (decrements):		
Land	50,000	-
Building	87,500	85,750
Balance at end of year	605,765	468,265
Retained earnings		
Balance at start of year	(25,252,280)	(25,940,869)
Prior period adjustments[a]	-	12,415
Result for the period	(4,017,676)	676,174
Balance at end of year	(29,269,956)	(25,252,280)

(a) The prior period adjustments relate mostly to the change in method for calculating the cost of sales figures and the expensing of some previously capitalised costs.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009	2008
	$	$

28 Notes to the Cash Flow Statement

(a) Reconciliation of cash

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

	2009 $	2008 $
Cash and cash equivalents	259,114	67,750
Restricted cash and cash equivalents	289,869	107,200
	548,983	174,950

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

	2009 $	2008 $
Profit / (Loss)	(4,017,676)	676,174
Non-cash items:		
Depreciation and amortisation expense	86,090	84,434
Loss on disposal of non-current assets	2,157	794
Fixed assets written off	91,898	-
Impairment of receivables	405,040	-
Prior period adjustments	-	12,415
Non-operating items:		
Grants and subsidies from State Government	-	(6,216,000)
(Increase)/decrease in assets:		
Current receivables	180,459	(552,502)
Current inventories	(1,822,462)	7,718,233
Other current assets	67,600	19,500
Non-current inventories	(7,922,096)	(2,826,338)
Increase/(decrease) in liabilities:		
Current payables	(842,427)	337,266
Current provisions	(9,126,197)	(3,482,164)
Non-current provisions	183,183	(2,228,735)
Change in GST receivables/payables	(428,630)	242,103
Net cash provided by / (used in) operating activities	(23,143,061)	(6,214,820)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	2009 $	2008 $

29 Commitments

(a) Capital expenditure commitments

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

	2009 $	2008 $
Within 1 year	7,738,051	17,339,828
Later than 1 year and not later than 5 years	-	1,795,602
Later than 5 years	-	-
	7,738,051	19,135,430

The capital commitments include amounts for:

	2009 $	2008 $
Inventories	7,738,051	19,135,430

(b) Non-cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

	2009 $	2008 $
Within 1 year	37,153	39,324
Later than 1 year and not later than 5 years	11,919	17,930
Later than 5 years	-	-
	49,072	57,254

(c) Lease commitments receivable

Minimum lease commitments payable to the Authority are as follows:

	2009 $	2008 $
Within 1 year	367,120	155,469
Later than 1 year and not later than 5 years	95,700	12,360
Later than 5 years	-	-
	462,820	167,829

These commitments are all inclusive of GST.

30 Contingent liabilities and contingent assets

Contingent Liabilities

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

Deferred Works

The Authority is obligated to provide a site suitable for hospital use. The site is currently remediated to commercial standards and further remediation will be undertaken to obtain the necessary environmental approvals however there is some uncertainty as to the level of remediation which will be required which may increase the value of these works by approximately $776,500.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Contingent Assets

During the period the Authority took possession of a parcel of land previously sold to the WA Police Department. The land is heavily contaminated and at present it has been determined to have no value when transferred to the Authority.

31 Events occurring after the balance sheet date

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

32 Explanatory statement

This statement provides details of any significant variations between estimates and actual results for 2009 and between actual results for 2008 and 2009. Significant variations are considered to be those greater than 10% and $100,000.

Significant variances between estimate and actual results for the financial year

	Note	2009 Estimate $	2009 Actual $	Variance $
Land sales	(i)	4,639,418	2,655,327	(1,984,091)
Other income	(ii)	180,000	614,355	434,355
Cost of sales	(iii)	3,094,000	1,370,889	(1,723,111)
Other selling costs	(iv)	319,000	145,138	(173,862)
Finance costs	(v)	150,000	340,059	190,059
Write Down Inventory to Net Realisable Value	(vi)	-	1,141,420	1,141,420

Explanation of variances:

(i) Land sales
Downturn in the property market impacted our land sales during the financial year. The variance is due to less property sales than forecasted.

(ii) Other income
The variance is due to the receipt of contribution from the City of Swan for the construction of a gross pollutant trap near the Coal Dam Park and the sale of furniture and equipment to the City of Swan as part of their lease on the Old Midland Junction School.

(iii) Cost of sales
The variance is due to less property sales realised during the financial year.

(iv) Other selling costs
The variance is due to lower than expected agent's commission and settlement costs arising from less property sales during the financial year.

(v) Finance costs
The Authority heavily relied on funds from borrowings to proceed with its capital works programme. The variance is due to higher financing costs as a result of higher loan draw downs.

(vi) Write down inventory to net realisable value
Downturn in the property market impacted on land values throughout the metropolitan area. The write down is due to lower net realisable value for the Authority's inventory.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Significant variances between actual and prior year actual - revenues and expenditures

	Note	2009 $	2008 $	Variance $
Land sales	(i)	2,655,327	14,882,790	(12,227,463)
Lease income	(ii)	327,989	206,196	121,793
Interest income	(iii)	71,829	182,758	(110,929)
Other income	(iv)	614,355	261,064	353,291
Cost of sales	(v)	1,370,889	6,015,052	(4,644,163)
Other selling costs	(vi)	145,138	323,730	(178,592)
Employee benefits expense	(vii)	1,637,924	1,455,366	182,558
Supplies and services	(viii)	1,565,483	2,132,064	(566,581)
Finance costs	(ix)	340,059	129,104	210,955
Property maintenance	(x)	829,008	1,043,499	(214,491)
Write Down Inventory to Net Realisable Value	(xi)	1,141,420	9,725,373	(8,583,953)
Grants and subsidies from State Government	(xii)	-	6,216,000	(6,216,000)

Explanation of variances:

(i) Land sales and related cost of sales
The variance is due to less property sold this financial year compared with last financial year.

(ii) Lease income
The variance is due to the letting of Line 6 within the Workshop Block 1 by EDI Rail.

(iii) Interest income
The variance is due to higher cash balance in our operating account last financial year.

(iv) Other income
Partnership contributions to install services and revenue from lease agreements led to a higher other income for this financial year.

(v) Cost of sales
Lower property sales were realised this financial year compared with last financial year.

(vi) Other selling costs
Lower costs related to property sales were incurred this financial year compared with last financial year.

(vii) Employee benefits expense
The variance is due to higher employment benefits paid this financial year related to employees transferring other government departments.

(viii) Supplies and services
The Authority has scaled back its expenditure due to tight financial resources resulting in lower supplies and services incurred this financial year.

(ix) Finance costs
The variance is due to greater reliance on borrowed funds this financial year.

(x) Property maintenance
The variance is due to site improvements such as roof replacements and upgrade to infrastructure services resulting in less maintenance costs.

(xi) Write Down Inventory to Net Realisable Value
The Authority experienced the impact of the contaminated sites legislation last financial year.

(xii) Grants and subsidies from State Government
The Authority received no capital appropriation this financial year.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

33 Financial instruments

(a) Financial Risk Management Objectives and Policies

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

Credit risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority. The Authority measures credit risk on a fair value basis and monitors risk on a regular basis.

The maximum exposure to credit risk at balance sheet date in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 33(c) Financial Instrument Disclosures.

The Authority trades only with recognised, creditworthy third parties. The Authority 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 Authority's exposure to bad debts is minimal. There are no significant concentrations of credit risk.

Provision for impairment of financial assets is calculated based on past experience, and current and expected changes in client credit ratings. For financial assets that are either past due or impaired, refer to note 18 'Receivables'.

Liquidity risk

The Authority is exposed to liquidity risk through its trading in the normal course of business. Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due.

The Authority's objective is to maintain a balance between continuity of funding and flexibility through the use of borrowings. The Authority has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Market risk

The Authority does not trade in foreign currency and is not materially exposed to other price risks. The Authority's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations. The Authority'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. Other than as detailed in the interest rate sensitivity analysis table at Note 33(c) Financial Instrument Disclosures, the Authority has limited exposure to interest rate risk because it has no borrowings other than WATC borrowings.

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2009	2008
	$	$
Financial Assets		
Cash and cash equivalents	259,114	67,750
Restricted cash and cash equivalents	289,869	107,200
Loans and receivables	12,757	598,256
Financial Liabilities		
Financial liabilities measured at amortised cost[(a)]	39,731,969	17,033,932

(a) The amount of financial liabilities measured at amortised cost excludes GST payable to the ATO (statutory receivable/payable).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

(c) Financial Instrument Disclosures

Credit Risk and Interest Rate Risk Exposure

The following table discloses Authority's maximum exposure to credit risk, interest rate exposures and the ageing analysis of financial assets. The Authority's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown below. The table discloses the ageing analysis of financial assets that are past due but not impaired and impaired financial assets. The table is based on information provided to senior management of the Authority.

The Authority does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposures and ageing analysis of financial assets

			Interest rate exposure		Past due but not impaired							
	Weighted Average Effective Interest Rate	Carrying Amount	Variable Interest Rate	Non-Interest Bearing	Up to 3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years	Impaired financial assets
	%	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial Assets												
2009												
Cash and cash equivalents	2.75	259	259	-	-	-	-	-	-	-	-	-
Receivables[(a)]	-	13	-	13	13	-	-	-	-	-	-	405
Restricted cash and cash equivalents[(b)]	3.19	290	-	-	-	290	-	-	-	-	-	-
		562	**259**	**13**	**13**	**290**	**-**	**-**	**-**	**-**	**-**	**405**
2008												
Cash and cash equivalents	6.75	68	68	-	-	-	-	-	-	-	-	-
Receivables[(a)]	-	598	-	598	592	6		-	-	-	-	-
Restricted cash and cash equivalents[(b)]	7.25	107	-	-	-	107	-	-	-	-	-	-
		773	**68**	**598**	**592**	**113**	**-**	**-**	**-**	**-**	**-**	**-**

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).
(b) Restricted cash and cash equivalents is a WA State Bond with a fixed interest rate maturing within 6 months.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

Liquidity Risk

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the balance sheet date. The table includes both interest and principal cash flows. An adjustment has been made where material.

Interest rate exposures and ageing analysis of financial liabilities

			Interest rate exposure				Maturity dates						
	Weighted Average Effective Interest Rate	Carrying Amount	Variable Interest Rate	Non-Interest Bearing	Adjustment for discounting	Total nominal amount	Up to 3 months	3-12 months	1-2 years	2-3 years	3-4 years	4-5 years	More than 5 years
	%	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
Financial Liabilities													
2009													
Payables[a]	-	959	-	959	-	-	-	-	-	-	-	-	-
Borrowings	4.86	38,773	-	-	-	38,773	7,025	9,693	5,127	4,836	4,836	4,837	2,419
		39,732	**-**	**959**	**-**	**38,773**	**7,025**	**9,693**	**5,127**	**4,836**	**4,836**	**4,837**	**2,419**
2008													
Payables[a]	-	1,801	-	1,801	-	-	-	-	-	-	-	-	-
Borrowings	6.99	15,233	-	-	-	15,233	2,641	3,564	1,706	1,706	1,706	1,706	2,204
		17,034	**-**	**1,801**	**-**	**15,233**	**2,641**	**3,564**	**1,706**	**1,706**	**1,706**	**1,706**	**2,204**

(a) The amount of financial liabilities measured at amortised cost excludes the GST payable to the ATO (statutory payable).

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

	Carrying Amount	-1% Change		+1% Change	
		Profit	Equity	Profit	Equity
2009	**$000**	**$000**	**$000**	**$000**	**$000**
Financial Assets					
Cash and cash equivalents	259	-2.59	-2.59	2.59	2.59
Receivables	13	-0.13	-0.13	0.13	0.13
Restricted cash and cash equivalents	290	-2.90	-2.90	2.90	2.90
Financial Liabilities					
Payables	959	9.59	9.59	-9.59	-9.59
Borrowings	38,773	387.73	387.73	-387.73	-387.73
Total Increase/(Decrease)		**391.70**	**391.70**	**-391.70**	**-391.70**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

	Carrying Amount	-1% Change		+1% Change	
		Profit	Equity	Profit	Equity
2008	**$000**	**$000**	**$000**	**$000**	**$000**
Financial Assets					
Cash and cash equivalents	68	-0.68	-0.68	0.68	0.68
Receivables	598	-5.98	-5.98	5.98	5.98
Restricted cash and cash equivalents	107	-1.07	-1.07	1.07	1.07
Financial Liabilities					
Payables	1,801	18.01	18.01	-18.01	-18.01
Borrowings	15,233	152.33	152.33	-152.33	-152.33
Total Increase/(Decrease)		**162.61**	**162.61**	**-162.61**	**-162.61**

Fair values

All financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

34 Remuneration of members of the accountable authority and senior officers

Remuneration of members of the accountable authority

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

$	2009	2008
0 - 10,000	4	4
10,001 - 20,000	1	1
20,001 - 30,000	1	1
The total remuneration of the members of the accountable authority is:	**$51,070**	**$43,997**

The total remuneration includes the superannuation expense incurred by the authority in respect of members of the accountable authority. One member resigned during the financial year and was replaced.

No members of the accountable authority are members of the Pension Scheme.

Where a member's remuneration is zero, the member is included in a band labelled '$0 - $10,000'.

Remuneration of senior officers

The number of senior officers, other than senior officers reported as members of the accountable authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands are:

$	2009	2008
110,001 - 120,000	-	3
120,001 - 130,000	2	1
140,001 - 150,000	2	-
190,001 - 200,000	-	1
200,001 - 210,000	1	-
The total remuneration of senior officers is:	**$738,343**	**$663,231**

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2009

The superannuation included here represents the superannuation expense incurred by the Authority in respect of senior officers other than senior officers reported as members of the accountable authority. One senior officer resigned during the previous financial year and was replaced.

One senior officer is a member of the Pension Scheme.

	2009 $	2008 $

35 Remuneration of auditor

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

	2009 $	2008 $
Auditing the accounts, financial statements and performance indicators	31,050	29,000

36 Related bodies and affiliated bodies

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

37 Supplementary financial information

	2009 $	2008 $
Write-offs		
Public property written-off by the Board during the financial year	91,898	-
Losses through theft, defaults and other causes		
Losses of public moneys and public and other property through theft or default	-	-
Amount recovered	-	-
	-	-
Gifts of public property		
Gifts of public property provided by the Authority	-	-

KEY PERFORMANCE INDICATORS
for the year ended 30 June 2009

MIDLAND REDEVELOPMENT AUTHORITY
CERTIFICATION OF PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2009

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Midland Redevelopment Authority's performance, and fairly represent the performance of the Midland Redevelopment Authority for the financial year ended 30 June 2009.

Dr Fred Affleck
CHAIRPERSON

Phil DiMasi
DEPUTY CHAIRPERSON

7 September 2009

KEY PERFORMANCE INDICATORS
for the year ended 30 June 2009

Detailed Information in Support of Key Performance Indicators

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

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

The MRA's Outcome Based Management Framework did not change from the previous year, though there was some refinement of the methodology for collecting the data relevant to the indicators. The current framework is under review and a decision will be made in 2009/10 on any changes needed to better reflect the activities undertaken.

Government Goal

To create conditions that foster a strong economy that delivers more jobs, more opportunities and greater wealth for all Western Australians.

Agency Level Government Desired Outcomes

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

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

Service

The MRA provides a series of activities as a single service. This includes activities to plan, undertake, promote and coordinate the development and redevelopment of land in the defined redevelopment area.

Land Areas

Unless otherwise indicated, the MRA has included the Midland Livestock Saleyards in its indicators as it intends to acquire the property in the future.

Outcomes

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

The MRA has significant land holdings in Midland comprising the former Midland Railway Workshops site, adjacent areas and areas in the Midland city centre. The MRA gives priority to projects that increase urban density and promote commercial and retail activity. The Department of Planning's recently released Direction 2031 document published by the Western Australian Planning Commission in June 2009 identified Midland as the principal and strategic city centre in the north-east sub-region, which is forecast to grow by 37 per cent to an estimated population of 258,000 by 2031. This increase will require an additional 40,000 dwellings and an additional 42,000 jobs over a 20-year period. The work of the MRA will contribute to achieving those requirements.

The MRA's effectiveness in revitalising Midland is measured by its progress in developing its significant land holdings.

In terms of the first indicator - land developed - the figures show that about 53.3% of the land in the redevelopment area is developed, or development is progressing. Not included in these figures is land that has been remediated but not yet serviced. Given that remediation is the largest component of development in terms of the actual work undertaken to achieve full development, the MRA is much further advanced than the figures suggest.

The MRA did not achieve its target of 54% for commercial land as the tightening of the market and the increased cost of construction made the economical development of commercial sites difficult.

The residential target for 2008/09 was also not met. The residential market is very soft at present and while no conscious decision was made to limit or reduce the capital development of land for residential release, the market indicated it was reasonable to be reactive in delivering this product to the market in 2008/09. That being so, the MRA still fulfilled its commitment to residential development by completing eight large multi-storey development lots and 26 terrace house lots in The Workshops ready for release.

KEY PERFORMANCE INDICATORS
for the year ended 30 June 2009

Effectiveness Indicator: Land developed for sale

	Unimproved Land (m^2)	Development In Progress (m^2)	Development Complete (m^2)	Total Land Available (m^2)
Commercial	241,374	15,090	214,615	471,079
Residential	12,890	17,828	42,429	73,147
Total	**254,264**	**32,918**	**257,044**	**544,226**

	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2008/09 Target	2008/09 Variance
Commercial	54%	51%	50%	46%	54%	8%
Residential	32%	44%	51%	58%	73%	15%
Complete	**50%**	**50%**	**50%**	**57%**	**47%**	**10%**

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

Infrastructure works on MRA land holdings have contributed to an increase in land value in the Midland redevelopment area when measured on a five- and 10-year average basis. The five-year growth in Midland is about 15%, consistent with the longer term 10-year average of 15.6%.

In 2006 the median house price for Midland was $255,000 and in 2009 it is $330,000 - down by approximately $20,000 on the 2008 median when the market was at its peak (source: REIWA website). Median housing prices in Midland have decreased by 5.4% over the past year, but are still substantially above the levels in 2003/04 when the MRA commenced its sales activity.

The decrease in sales activity during 2008/09 means that individual sales have been used to measure the performance, which can lead to distortion in data analysis.

The MRA estimates the sale price of its land holdings to better forecast its ability to fund future works. These estimates are provided by expert property consultants for residential and commercial properties.

Performance is measured by the actual sales price achieved during the financial year.

Effectiveness Indicator: Improvement in value of MRA land holdings

Subdivision (2006/07)	Estimate rate/m^2 2006/07	Actual rate/m^2 2006/07	% Change	% Target +/-	% Variance
Hospital Site	140	140	0%	5%	0%
Woodbridge Lakes Estate Stage 2	597	634	+6%	5%	1%
Woodbridge Lakes Estate Sector 12	412	491	+19%	5%	14%
City Centre Subdivision	453	507	+12%	5%	7%
		Average Variance	**+9%**	**5%**	**4%**

KEY PERFORMANCE INDICATORS
for the year ended 30 June 2009

Subdivision (2007/08)	Estimate rate/m^2 2007/08	Actual rate/m^2 2007/08	% Change	% Target +/-	% Variance
Woodbridge Lakes Estate Stage 1	670	701	+5%	5%	0%
Woodbridge Lakes Estate Stage 2	567	664	+17%	5%	12%
Sector 14 Lot 8030	536	536	0%	5%	0%
City Centre Subdivision	957	857	(10%)	5%	(5%)
		Average Variance	**+3%**	**5%**	**(2%)**

Subdivision (2008/09)	Estimate rate/m^2 2008/09	Actual rate/m^2 2008/09	% Change	% Target +/-	% Variance
Woodbridge Lakes L656	933	831	(11%)	5%	(6%)
Woodbridge Lakes L703-705	711	515	(28%)	5%	(23%)
City Centre Subdivision L431	1,017	925	(9%)	5%	(4%)
		Average Variance	**(16%)**	**5%**	**(11%)**

Although 2008/09 produced negative results, other indicators of activity in the residential and commercial market began to show signs of revival late in the year. It is planned that this recovery, coupled with the release of multiple quality lots by the MRA in 2009/10 and the announcement of significant infrastructure developments within the Midland redevelopment area to commence in 2010/11, will provide the impetus for renewed interest and investment in Midland.

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

The MRA is committed to transforming brown-field sites into useful land areas. The redevelopment area contains large blocks of land laid waste through contamination or badly-planned usage.

The MRA intends to provide valuable urban space for commercial, industrial and community use in the urban landscape. This indicator shows how the MRA is progressing with transforming degraded contaminated land into clean, usable spaces that attract people and promote activation.

The MRA has completed Stage 1 and Stage 2 of the Helena East Soil Remediation Works. A reduction in funding in 2008/09 delayed the remediation program and Stages 3 and 4 are still to be completed. The discovery, identification and quantification of an area containing a dense non-aqueous phase liquid (a severe contaminant) led to delays in completing more remediation as the treatment and remediation plan has still to be finally approved and implemented. The discovery of hexavalent chromium on the site also added to the remediation cost, which in turn slowed the amount of decontamination and remediation undertaken.

The MRA has completed the remediation of 510,804 sq m of land in and around the redevelopment area. This represents 59% of the total area to be investigated and is ahead of the yearly target of 58%.

KEY PERFORMANCE INDICATORS
for the year ended 30 June 2009

Effectiveness Indicator: Sites investigated and extent of remediation completed

	30 June 2009 (m^2)
Total area to be investigated	870,575
Total area under investigation	294,408
Total area with remediation complete	510,804
Remaining area to be investigated	65,363
2004/05 Actual completion	33%
2005/06 Actual completion	35%
2006/07 Actual completion	50%
2007/08 Actual completion	50%
2008/09 Actual completion	59%
2008/09 Target completion	58%
2008/09 Variance	1%

4. To invest responsibly for sustainable economic outcomes

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

Effectiveness Indicator: Subdivision of land for development

During the financial year the MRA completed the subdivision of The Workshops (Sector 10), comprising 38 residential and 15 commercial lots. However, these lots failed to sell when first available as the market deteriorated. Since then a proposal to locate a major educational facility on The Workshops site has negated to a degree the urgency for the subdivision of land, as the need for individual land parcels gave way to a super-lot development.

The *Contaminated Sites Act 2003* also had the effect of placing a memorial on the titles held by the MRA that classifies the land as *"Contaminated – Remediation Required"* under the Act. This classification adds another layer to the subdivision approvals process, which adds some months to the subdivision process.

	Commercial	Residential
Total lots planned to be created	41	131
Number of lots with an approved deposited plan	12	96
Number of lots outstanding	29	35
2004/05 Complete	16%	31%
2005/06 Complete	39%	70%
2006/07 Complete	29%	72%
2007/08 Complete	28%	72%
2008/09 Complete	29%	73%
2008/09 Target	28%	72%
2008/09 Variance	1%	1%

KEY PERFORMANCE INDICATORS
for the year ended 30 June 2009

Efficiency Indicator: Planning application assessments

The MRA is responsible for statutory planning in the redevelopment area. It aims to provide an efficient development control function to ensure timely and accurate assessment and process of development applications (DAs).

Under the *Midland Redevelopment Scheme 2005* the MRA must refer development applications for heritage buildings or for land within a gazetted heritage curtilage to the Heritage Council of Western Australia (HCWA). As there is no statutory or mandatory response time in which the application needs to be considered by the HCWA, it was important for the MRA to establish a separate category to measure the assessment of these applications. This is important because a large portion of the remaining land and buildings that the MRA has to develop are affected by heritage considerations. In 2008/09 there were no heritage developments requiring assessment.

The reduced number of applications compared to the previous years reflects the reduction in developments and new releases in 2008/09 in the redevelopment area. Applications that took longer to complete than the 60-day target did so for several reasons including:

- incomplete information provided by the proponent;
- slow return of referrals to aid assessment;
- the complexity of the development.

Non-heritage assessments

Year	Number of applications assessed	Number of applications assessed over statutory limit (60 days)	Target number of assessments over the statutory requirement
2006/07	72	20	0
2007/08	44	19	0
2008/09	16	4	0

Heritage assessments

Year	Number of applications assessed	Number of applications assessed over statutory limit (120 days)	Target number of assessments over the statutory requirement
2006/07	5	0	0
2007/08	3	0	0
2008/09	0	0	0

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

This relates inputs to outputs to quantify how well MRA uses its resources and shows the dollar of administrative operating expenses per dollar of gross land sales made during the year and the dollar of operating expenses per dollar of capital works conducted during the year.

Operating Costs per Dollar of:	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Actual	2007/08 Actual	2008/09 Actual	2008/09 Target
Land sales	0.758	0.160	0.353	0.265	0.34	1.74	0.69
Capital Works	0.278	0.177	0.302	0.356	0.28	0.23	0.11

The MRA's operating costs were higher than expected due to it being resourced to a level not commensurate with the decreased activity resulting from the downturn in the market. The effect of increased borrowings costs arising from the lack of sales also contributed significantly to the results achieved.

The lower than expected capital expenditure was due to delays in the remediation of the Helena East precinct.

OTHER FINANCIAL DISCLOSURES
for the year ended 30 June 2009

Ministerial Directives

No Ministerial directives were received during the financial year.

Other Financial Disclosures

Pricing Policies of Services Provided

Land Sales Pricing

The MRA prices its land based on consideration of valuations provided by the Valuation Services Division of Landgate and, where feasible, up to two contracted private valuers. The pricing benchmark is determined by a resolution at the Board meeting immediately before the land sale.

All land is sold by one of the following methods:

- public auction;
- public tender advertised in the local and State-wide newspapers and industry-specific publications; and
- private treaty.

Community Service Obligations

The MRA was previously provided with a CSO for the security and high order maintenance of the Midland Railway Workshops, as The Workshops buildings are recognised as having very significant heritage value and there is a need to secure the extensive heritage items remaining on the site.

In 2008/09 the MRA received no CSO and the cost of providing security for the MRA's assets was sourced internally from sales revenue.

Dividend Policy

The 1999 State Cabinet decision to establish the MRA reviewed its Financial Feasibility Plan and determined that it was not to be considered an agency subject to the Tax Equivalent Regime. It is therefore not required to provide a dividend to Government.

Capital Works

The MRA has made continuing progress on the development of Midland. Capital projects currently in progress are:

Capital Projects Currently in Progress	Estimated Total Cost of the Project $'000	Estimated Cost to Complete at 30 June 2009 $'000
Helena East Forward Works Stage 1&2	12,657	270
Helena East Subdivisional Works Stage 3&4	8,492	4,792
The Workshops Sector 10B	4,543	144
The Workshops Sector 10A	4,258	911

Completed Projects	Total Cost of the Project $'000
Pattern Shop Extension	1,057
First Aid Post and Ambulance Garage Conservation Works	271

OTHER FINANCIAL DISCLOSURES
for the year ended 30 June 2009

Employment and Industrial Relations

Staff Profile

	2007/08	2008/09
Full-time permanent	12	12
Full-time contract	1	0
Part-time measured on a FTE basis	3	3
On secondment	0	0
	16	**15**

Staff Development

The MRA is committed to the development of its employees and strategies to build a highly skilled, professional and fair workforce able to adapt to changing business technology and environment. During 2008/09 two (2) employees received an Attraction and Retention Benefit and Place Creation staff benefited from the Specified Calling Allowance. Attracting and retaining staff and corporate knowledge continues to be a challenge.

During the year in review MRA employees received more than 227 hours of in-house and external training, more than 100 hours above the previous financial year.

Workers Compensation

There were no workers compensation claims in 2008/09.

Governance Disclosures

Contracts with Senior Officers

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

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 sections 13 or 14 of the *Statutory Corporations (Liability of Directors) Act 1996*. The amount of the insurance premium paid for 2008/09 was $10,850.67 (excluding GST).

OTHER FINANCIAL DISCLOSURES
for the year ended 30 June 2009

Other Legal Requirements

Advertising

In accordance with section 175ZE of the *Electoral Act 1907*, the MRA incurred the following expenditure in advertising, market research, polling, direct mail and media advertising:

1. Total expenditure for 2008/09 was $71,263 (ex GST).
2. Expenditure was incurred in the following areas:

Advertising agencies - Marketforce Productions - Time Conti (selling agent)	$45,809 $9,556
Market research organisations	Nil
Polling organisations	Nil
Direct mail organisations	Nil
Media advertising organisations - Marketforce Retail	$15,896

Disability Access and Inclusion Plan

The MRA Disability Access and Inclusion Plan was lodged with the Disability Services Commission in February 2007.
The MRA's initiatives to address each of the six desired outcomes are:

1. *People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.*
   - All policies, guidelines and practices that govern the operation of MRA facilities and services are consistent with the policy on access.
   - Public events organised by the MRA, such as public land auctions and Ministerial events, are accessible to people with disabilities.
2. *People with disabilities have the same opportunities as other people to access the buildings and other facilities of a public authority.*
   - The MRA's administration building has disabled parking, toilets and full access throughout the lower floor. The Midland Railway Workshop site has disabled access to the public Workers' Wall area. However, it must be recognised that a significant number of MRA assets are listed as heritage buildings with heritage conservation restrictions that preclude adapting them for disabled access.
   - The Woodbridge Lakes and Juniper Gardens land developments have access ramps and pathways throughout the public areas.
3. *People with disabilities receive information from a public authority in a format that will enable them to access the information as readily as other people are able to access it.*
   - MRA information is available in person, via telephone, website and in hard copy which can be provided in a variety of formats on request. All information is available in a clear, concise and easy to understand language.
   - MRA provides access to Auslan interpreters on request.
4. *People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.*
   - MRA staff members with key client and public roles are trained to ensure that, in relation to service provision, they are aware of the key access needs of people with disabilities, their families and carers who use MRA facilities and services.
5. *People with disabilities have the same opportunities as other people to make complaints to a public authority.*
   - Complaints can be made to the MRA by various means. These include in person, in writing, by telephone through the MRA Community Feedback Line, and electronically via a feedback form available on the MRA website.
6. *People with disabilities have the same opportunities as other people to participate in any public consultation by a public authority.*
   - Issues for public comment are advertised via local newspaper articles, media releases on the MRA website and letters to homeowners surrounding the relevant land area. Responses can be made by telephone, letter, e-mail, website feedback form or in person. For large projects seeking public comment, open community forums are held for all interested parties to attend and participate in a group consultation. These processes are conducted in venues with disabled access.

OTHER FINANCIAL DISCLOSURES
for the year ended 30 June 2009

Compliance with Public Sector Standards and Ethical Codes *(Public Sector Management Act 1994 Section 31(1))*

1. In the administration of the Midland Redevelopment Authority, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and the MRA's Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal checks to satisfy myself that the statement made in 1 is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged:	Nil
Number of breaches found, including details of multiple breaches per application:	Nil
Number still under review:	Nil

Kieran Kinsella
CHIEF EXECUTIVE OFFICER

7 September 2009

OTHER FINANCIAL DISCLOSURES
for the year ended 30 June 2009

Recordkeeping Plans

The MRA has an efficient and effective recordkeeping system created in 2006 in accordance with the requirements of the State Records Commission Standard 2, made up of the following documents:

- Records Management Policy and Procedures Manual
- Record Keeping Induction Form
- Record Keeping Feedback Form
- Record Keeping Plan
- Retention and Disposal Schedule
- Disaster Management Plan-Vital Records
- Emergency Control Organisational Plan

All recordkeeping plans and training programs are reviewed annually, with no changes required for 2008/09. A full comprehensive review of the plans is scheduled for 2011.

The MRA conducts a recordkeeping training program for new staff as part of an induction program that addresses employees' roles and responsibilities in complying with the recordkeeping system. One (1) new employee was inducted during 2008/09.

Annual Estimates

In the 2009/10 financial year the MRA will invest nearly $11.657 million in projects that will shape the next wave of activity for the redevelopment area. Funding for the overall capital program remains tight, so some projects incomplete at the end of 2008/09 will continue into the next financial year.

It is likely that if major developments come to fruition, such as the proposed university or health-related uses that complement the Midland Health Campus, additional funding will be required to realise the vision and potential of the site. The major projects to be undertaken include:

	$'000
Helena East Forward Works • Complete Stages 3 and 4 of the soil remediation works in the Helena East precinct • Prepare environmental validation report and mandatory auditor's report for submission to the Department of Environment and Conservation • Obtain environmental clearances to enable creation of land titles	7,360
Helena East Subdivisional Works • Complete the planning and design of the Helena East Precinct • Continue with the subdivisional works of "The Workshops" and The Sidings subdivision • Progress the staged reconnection of the remaining heritage buildings to the new services infrastructure	2,530
Capitalised Borrowing Costs	1,767
TOTAL	**11,657**

OTHER FINANCIAL DISCLOSURES
for the year ended 30 June 2009

Government Policy Requirements

Corruption Prevention

The MRA reviewed and updated its Code of Conduct for staff in January 2008. At induction employees are informed about Public Sector standards on ethics and integrity, and provided with a copy of the Code of Conduct. One (1) new employee was inducted in 2008/09.

There is a separate Code of Conduct for Board members.

Occupational Safety and Health and Injury Management

The MRA is committed to ensuring occupational safety and health (OS&H) and injury management in the workplace. An Emergency Control Organisation Plan outlining emergency control organisation and safety preparations to be complied with by management and staff at the MRA office was originally created in 2004 and updated in November 2008. The plan complies with requirements prescribed in the Australian Standard AS 3745-2002 Emergency Control Organisation and Procedures for Buildings, Structures and Workplaces.

All new staff members are inducted on OS&H matters when commencing with the MRA and are encouraged to voice any concerns to MRA's Fire/First Aid Wardens or management. One (1) new employee was inducted in 2008/09. OS&H issues are discussed at monthly senior management meetings and all staff meetings.

The MRA also complies with the injury management requirements of the *Workers' Compensation and Injury Management Act 1981*.

Performance for 2008/09:

Indicator	Target 2008/09
Number of fatalities	Zero (0)
Lost time injury/diseases (LTI/D) incidence rate	Zero (0)
Lost time injury severity rate	Zero (0)
Percentage of workers returned to work within 28 weeks	Zero (0)
Percentage of managers trained in occupational safety, health and injury management responsibilities	20%

Freedom of Information

The Authority is subject to the *Freedom of Information (FOI) Act 1992*. Director Business Services, Neil Parry, is the appointed Freedom of Information Coordinator and is the initial recipient of requests for information under the Act.

There were no FOI requests in the year under review.

Publications

The principal publications of the Authority during the year were:

- *Midland Redevelopment Authority Annual Report 2007/08*

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

MIDLAND
REDEVELOPMENT
AUTHORITY

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