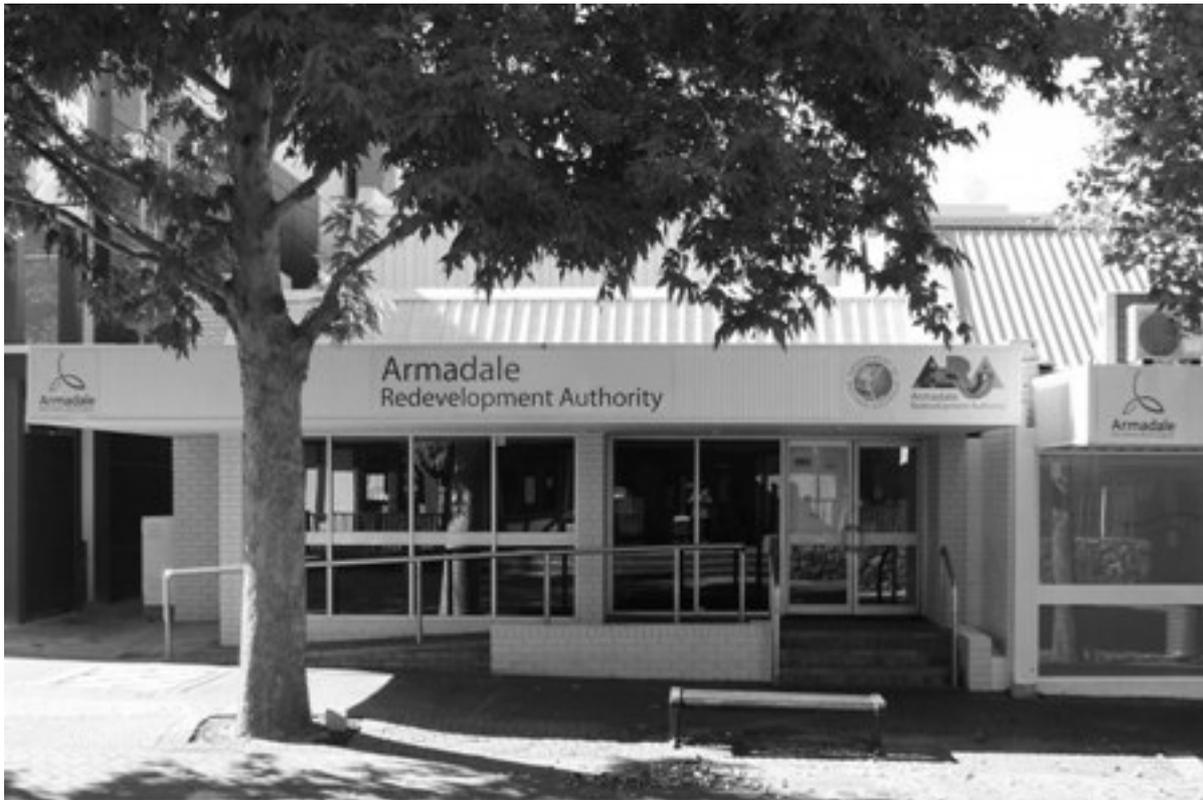


ARMADALE REDEVELOPMENT AUTHORITY



2009 - 2010 ANNUAL REPORT FOR THE YEAR ENDING 30 JUNE 2010



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(Photo on Front Cover – Armadale Redevelopment Authority Office)

Statement of Compliance
For the year ended 30 June 2010

STATEMENT OF COMPLIANCE

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

In accordance with Section 63 of the Financial Management Act 2006, we hereby submit for your information and presentation to Parliament the Annual Report of the Armadale Redevelopment Authority for the year ended 30 June 2010.

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

Yours sincerely



Mr Charles Johnston
Chairperson



John Ruprecht
Deputy Chairperson



John Ellis
Chief Executive Officer

7 September 2010

OVERVIEW OF AGENCY

Executive Summary

We are pleased to present the Armadale Redevelopment Authority's 2009 - 2010 Annual Report. In the last twelve months the Armadale Redevelopment Authority (ARA) has experienced a significant transition in its business direction and operations. This transitory phase of moving from planning to implementation is expected to continue into the next twelve months and the ARA will continue to modify and expand its functions in response to a range of challenging environmental factors. Following earlier years dominated by project planning, the last few years have seen the physical emergence of significant projects including Champion Lakes and the Forrestdale Business Park. The ARA's innovative Developer Contribution Scheme was further refined for use to stimulate development in a number of precincts.

Performance Highlights of 2009-2010:

Corporate Initiatives

- Jointly commissioned with the City of Armadale a study to facilitate the transition and normalisation of land under the planning jurisdiction of the ARA.
- Initiated, with the support of the Housing Industry of Australia and the Master Builders Association, a trial of private certification of planning compliance.

Forrestdale Business Park East

- Developer Contribution Scheme district works completed to enable developers to meet main conditions of subdivision.
- Spine roads opened to Armadale and Ranford Roads.
- Two significant bulky goods projects given development approval.
- All land for the widening and extension of Ranford Road to Armadale Road was acquired by the ARA.

Forrestdale Business Park West

- A Developer Contribution Scheme has been established for the new business park land to the west of Tonkin Highway.
- Structure planning for Forrestdale Business Park West has commenced.

Champion Lakes

- Federal Government stimulus funding received through the City of Armadale for sporting infrastructure and environmental works.
- Starting and finishing towers substantially completed.
- Water edge stabilisation completed.
- Public beach grassed and toilet block opened.
- National Rowing Masters successfully held in June.
- Starting pontoons installed.

City West Precinct

- Green Ave and Tudor Avenue upgrades completed.
- Revised structure plan completed.

Aboriginal Interpretive Site

- Construction contract tender awarded and construction commenced.
- Walkways and Interpretive wall artworks completed and installed. Canopy artwork completed but yet to be constructed.
- Management arrangement agreed with City of Armadale.

Overview of Armadale Redevelopment Authority

For the year ended 30 June 2010

Wungong Urban Water

- Two Structure plan approved.
- Peer review completed as input into Board Project Review.
- Non drinking water supply business case jointly commissioned with Water Corporation.
- Developer Contribution Scheme report drafted for public notification.
- Zone development policies (Place Codes) drafted.

Champion Lakes Residential Precinct

- 43 development approvals granted for new homes in the LandCorp subdivision.

Champion Drive -- Seville Grove

- 17 development approvals granted for new homes in the LandCorp subdivision.

Social and Economic Development

- The ARA, in partnership with Murdoch University, has been working towards holding a Film Festival in Armadale scheduled to be held in 2011. The Festival is intended to act as a catalyst for the promotion of the Armadale region, and encourage and support the development of local talent. It will offer particular prominence to the interests of youth. It will combine high profile film premieres with independent short films, created by young people as well as foreign commercially appealing productions.
- Facilitated the establishment of the Armadale Region Business Association through business planning and lease of premises (former Post Office).
- Project managed the creation of a site for the Parkerville Children and Youth Care for a Child Advocacy Centre.

Operational Structure

Enabling Legislation

The Armadale Redevelopment Authority was established under the *Armadale Redevelopment Act 2001* and commenced operations on 23 March 2002.

Responsible Minister

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

Mission

As provided by the Act, the functions of the ARA are as follows:

- **Planning and Development Control:**
 - (a) to plan, undertake, promote and coordinate the development and redevelopment of land in the redevelopment area; and
 - (b) for that purpose —
 - (i) under Part 4, to prepare and keep under review a redevelopment scheme for that area; and
 - (ii) under Part 5, to control developments in that area.
- **Economic and Social Development:**
 - (a) to identify opportunities for investment in Armadale and to encourage that investment;
 - (b) to identify opportunities for the provision of facilities and programmes to support and enhance community life in Armadale, and to encourage the provision of those facilities and programmes;

Overview of Armadale Redevelopment Authority

For the year ended 30 June 2010

- (c) to facilitate and encourage the provision of diversified employment opportunities in Armadale;
- (d) to identify infrastructure services necessary to promote economic and social development in Armadale, and to encourage the provision of those services;
- (e) to facilitate coordination between relevant statutory bodies and State government agencies for the purpose of promoting economic and social development in Armadale;
- (f) to provide information and advice for the purpose of promoting economic and social development in Armadale; and
- (g) generally to take steps to encourage, promote, facilitate and monitor economic and social development in Armadale.

Values

The ARA's goal is to help realise the potential of Armadale as a diverse vibrant community – “the natural place to grow” and, to this end:

- Operates with integrity and equity.
- Balances social, economic and environmental issues to achieve sustainable outcomes.
- Approaches issues laterally and creatively.
- Adapts a persistent but responsive approach to issues.
- Engages and maintains communication with all stakeholders.

Board of the Authority

The Board is the ARA's governing body and has the responsibility for ensuring the ARA performs its functions in accordance with the provisions of the *Armadale Redevelopment Act 2001* and other laws governing the conduct of corporate entities.

The Board has a number of specific statutory responsibilities set out in the Act focussed around introducing and maintaining redevelopment schemes over all areas under its planning jurisdiction.

The provisions of the *Financial Management Act 2006* also govern the ARA's approach to financial administration, audit and management of its finances. The Board complied with all the statutory requirements set out in these Acts.

Operationally, the Board assisted the ARA's management team setting program and project strategies, analysing client needs, establishing minimum standards and best practice initiatives and oversight of delegation and decision-making processes.

The *Armadale Redevelopment Act 2001* specifies that the Board should comprise six members appointed by the Minister, of whom two must be Councillors nominated by the City of Armadale. Criteria for the appointment of members in accordance with sections 7 and 8 of the Armadale Redevelopment Act 2001 are:

- Four persons who in the opinion of the Minister have a relevant qualification;
- Two persons who are members of the Council of the City of Armadale nominated by that Council; and
- Two members to then be appointed by the Minister as Chairperson and Deputy Chairperson of the Authority.

Mr Charles Johnson (Chairperson), Mr John Ruprecht (Deputy Chairperson), Cr Linton Reynolds AM, Cr Henry Zelones JP, and two vacancies comprised Board membership as at the 30th June 2010.

Overview of Armadale Redevelopment Authority

For the year ended 30 June 2010

Changes to the Board during the 2009-2010 year included:

- Mr Peter Jackson (Former Chairperson), resigned on 14 April 2010.
- Ms Kay Hallahan AO Hon. D Litt (Curtin) (Former Deputy Chairperson), term expired on 19 March 2010.
- Mrs Marion Fulker resigned on 21 January 2010.
- Mr Antonito Buti resigned on 18 June 2010.
- Mr Charles Johnson (Chairperson) appointed 28 June 2010. (First appointed to the Board 15 March 2010)
- Mr John Ruprecht (Deputy Chair) appointed 28 June 2010. (First appointed to the Board 15 March 2010)



Mr Charles Johnson (Chairperson)

Mr Charles Johnson has a background in urban geography and town planning, with almost 30 years experience working at Local and State government levels as well as a period in private consultancy. He is currently Executive Director of Strategic Policy and Research within the Department of Planning.



Mr John Ruprecht (Deputy Chairperson)

Mr John Ruprecht has more than 25 years experience in water supply, water resource management and natural resource management.

He is currently the Director of Water Resource Management in the Department of Water.



Cr Linton Reynolds, AM JP

Cr Reynolds is Mayor of the City of Armadale and is Chair of the Western Australian Local Government Grants Commission. He has had a wide and varied career with the Commonwealth Public Service and local government. His knowledge of the locality and its community is of great benefit.



Cr Henry Zelones JP

Cr Zelones is a member of the Armadale City Council, a member of the Heritage Council of WA and State Councillor for the WA Local Government Association. A long term Kelmscott resident he represents the River (Kelmscott) Ward on the City Council. Henry is an active member of a number of community and business organisations.

Overview of Armadale Redevelopment Authority

For the year ended 30 June 2010

Board Members Attendance

The Board met seventeen times in the financial year 2009 - 2010. Meeting attendance for the period 1 July 2009 to 30 June 2010:

Board Member	Board (including Special Meetings) Qualified to Attend	Board (including Special Meetings) Actually Attended	Audit and Risk Meetings Qualified to Attend	Audit and Risk Management Committee Actually Attended	Planning and Development Control Committee Qualified to Attend ⁷	Planning and Development Control Committee Actually Attended ⁷
Antonio Buti ¹	17	14	3	3	9	2
Marion Fulker ²	7	6	0	0	6	5
Kay Hallahan ³	9	9	0	0	9	9
Peter Jackson ⁴	14	14	3	3	9	9
Charles Johnson ⁵	8	8	0	0	0	0
John Ruprecht ⁵	8	7	0	0	0	0
Linton Reynolds ⁶	17	15	3	3	0	0
Henry Zelones ⁶	17	17	3	3	0	0

1 Antonio Buti resigned from the board on 18 June 2010.

2 Marion Fulker resigned from the board on 21 January 2010.

3 Kay Hallahan, Deputy Chairperson, term expired on 19 March 2010.

4 Peter Jackson, Chairperson, resigned from the board on 14 April 2010.

5 Charles Johnson and John Ruprecht were appointed to the board on 15 March April 2010.

6 Members nominated by the City of Armadale.

7 The Planning and Development Control Committee was absorbed into the general ARA Board from April 2010.

Board Committees

Two sub-committees to the Board, with delegated powers to make determinations on behalf of the Board or informed recommendations to the Board, met to deal with issues particular to the roles and responsibilities assigned to each committee.

- **Audit and Risk Committee**

The Board's Audit and Risk Committee considers governance activities, internal and external audit investigations and reports, corporate compliance and risk management. The Audit and Risk Committee, in accordance with the approved three-year Strategic Internal Audit Plan, considered a number of reports relating to reviews undertaken to ensure appropriate controls and compliance.

- **Planning and Development Control Committee**

The Board's Planning and Development Control Committee facilitates the timely processing of development applications and oversees all statutory planning responsibilities. Following positive legal advice, the role of this Committee was fully absorbed into the Board in April 2010.

Overview of Armadale Redevelopment Authority

For the year ended 30 June 2010

Remuneration

Board members are remunerated by the Minister on the recommendation of the Minister for Public Sector Management.

The remuneration arrangements as at 30 June 2010 were as follows:

Director	Fees \$	Superannuation \$	Other Benefits \$	Total \$
Antonio Buti	12,182	1,096	0	13,278
Marion Fulker	9,270	834	0	10,104
Peter Jackson	23,681	1,783	3,861	29,325
Charles Johnson	0	0	0	0
Kay Hallahan	13,309	1,197	0	14,506
Linton Reynolds	12,650	1,138	0	13,788
John Ruprecht	0	0	0	0
Henry Zelones	12,650	1,138	0	13,788
Total	83,742	7,186	3,861	94,789

Conflict of Interest

New Board members declare any financial or pecuniary interest at their first meeting. The ARA has a standing protocol requiring a Board member to disclose an interest in any item on the agenda.

Disclosures are recorded in the minutes and a copy of the disclosure placed in the ARA's Conflict of Interest Register.

When a conflict declaration is made, the Board may either allow the member to make a statement to the Board then leave the meeting room, or request the member to leave the room.

A conflict of interest process also applies to the ARA staff and contractors who are required to make conflict disclosures to the Chief Executive Officer, who in turn determines the course of required management action.

Community Reference Group

The Minister appointed a Community Reference Group (CRG) under Section 63 of the Armadale Redevelopment Act 2001 to assist the ARA to obtain a broad range of community views on matters relating to the performance of its functions under the Act. The Minister for Planning Culture and the Arts acting on advice from the Board agreed to disband the Community Reference Group in June 2010 as its role was no longer required.

Organisational Structure / ARA Employees

The ARA employees are primarily sourced through LandCorp via a Contract for Services, as the ARA has no employment powers. The Chief Executive officer administers the day to day operations of the ARA and has prescribed delegated authority for particular management decisions.

Consultants with specific expertise are appointed to assist with individual projects.

Overview of Armadale Redevelopment Authority

For the year ended 30 June 2010

The ARA has an Executive Group which meets fortnightly to consider management issues:

- John Ellis – Chief Executive Officer;
- Shelley Pike – Director, Strategy and Governance;
- Stuart Devenish – Director, Planning and Operations;
- Mike Garner – Manager Development;
- Jamie Douglas – Manager Planning; and
- Margaret Vincent - Administration Manager.

In addition to the fortnightly executive meetings the Chief Executive Officer meets individually with the Directors and Managers on alternate fortnights.

Staff meetings with all employees are held on a monthly basis to share information and disseminate Board outcomes to ensure our people are kept abreast of relevant information and have the opportunity to contribute to the decision making process.



John Ellis
Chief Executive Officer

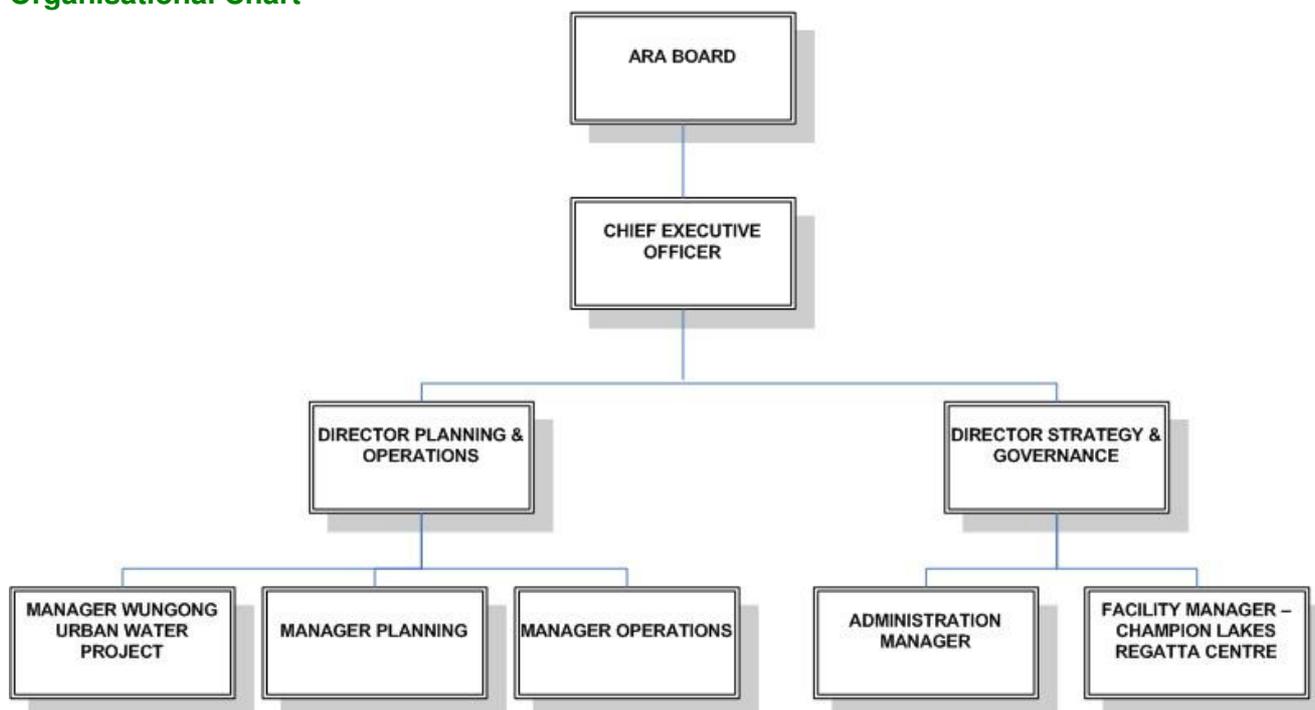


Shelley Pike
Director Strategy & Governance



Stuart Devenish
Director Planning & Operations

Organisational Chart



Overview of Armadale Redevelopment Authority

For the year ended 30 June 2010

Compliance with other Legislation

The financial administration of the ARA has complied with the requirements of the *Financial Management Act 2006* and associated Treasurer's Instructions. In 2009 - 2010 the ARA complied with all appropriate legislation, including the following:

- Aboriginal Heritage Act 1972;
- Armadale Redevelopment Act 2001;
- Auditor General Act 2006;
- Contaminated Sites Act 2003;
- Corruption and Crime Commission Act 2003;
- Disability Services Act 1993;
- Equal Opportunity Act 1984;
- Financial Management Act 2006;
- Freedom of Information Act 1992;
- Government Railways Act 1904;
- Industrial Relations Act 1979;
- Minimum Conditions of Employment Act 1993;
- Occupational Safety and Health Act 1984;
- Public Sector Management Act 1994;
- Salaries and Allowances Act 1975;
- State Records Act 2000;
- State Supply Commission Act 1991.

Performance Management Framework

Outcome Based Management Framework

The ARA's goals are linked to the WA Government's goals:

- **State Build – Major Projects Building Strategic infrastructure that will create jobs and underpin Western Australia's long-term economic development.**

The Armadale Redevelopment Authority is creating employment opportunities in a region previously lacking domestic employment. The development of the 330 hectare Forrestdale Business Park, when completed, will provide up to 12,000 jobs.

- **Social and Environmental Responsibility.**

To ensure that economic activity is managed in a socially and environmentally responsible manner for the long term benefit of the state the ARA is:

- Pioneering water recycling systems for in-house and irrigation;
- Avoiding "cut to fill" residential development practices;
- Protecting water quality and quantity flows into the Wungong River;
- Creating fauna corridors; and
- Protecting the ecological balance in Greenfield developments.

Agency Level Government Desired Outcome

The ARA acts with integrity, thinks creatively, is persistent and communicates with all stakeholders and operates under the following guiding objectives to realise its vision for Armadale.

To support and facilitate:

- The growth of community spirit and well being;
- The creation of an investment climate to underpin new employment opportunities;
- The recognition and management of environmental issues; and
- Where ever possible implement innovative solutions to environmental challenges.

Overview of Armadale Redevelopment Authority

For the year ended 30 June 2010

Changes to Outcome Based Management Framework

The Armadale Redevelopment Act (2001) defines the outcomes for the ARA to achieve are, namely:

1. Preparation, implementation and review of a Redevelopment Scheme to control development through planning, undertaking, promoting and coordinating development in the Redevelopment Area;
2. Facilitation and promotion of opportunities for new investment and the creation of diversified employment opportunities;
3. Identification of and support for opportunities providing facilities and programs enhancing community life in Armadale; and
4. Identification of infrastructure services and the coordination of such services and other activities between and by relevant government agencies to promote economic and social development in Armadale.

Shared Responsibilities with Other Agencies

Contract For Services - The ARA has a Contract For Services (CFS) with LandCorp to access resources in corporate services, finance and accounting, information technology, Human Resources and project management. The CFS is endorsed by both the ARA and LandCorp Boards and is reviewed annually.

The CFS enables the ARA to benefit from the existing operational services within LandCorp.

AGENCY PERFORMANCE

Report on Operations

Redevelopment Areas

The Armadale redevelopment area comprises eight separate sites, each with strategic attributes that contribute to Armadale's future social and economic growth.

City Centre

City Centre is an area formed by Armadale Road to the north, South Western Highway to the east, Fourth Road and Church Avenue to the south and the railway line to the west. It also includes some land on the western side of the railway near the new station bounded by Forrest Road, Fifth Road and Green Avenue.

The redevelopment aims to make the city centre more vibrant and efficient by:

- Encouraging innovative urban design and attractive buildings;
- Enhanced parks and gardens;
- Providing better access and traffic flow;
- Increasing overall performance and service to the community;
- Improving amenity, safety and security;
- Creating inner-city residential neighbourhoods with pedestrian friendly street networks;
- Improving Public Transport Access; and
- Providing an enhanced range of retail and commercial services commensurate with its function as a Strategic Regional Centre.

Forrestdale Business Park

Forrestdale Business Park is an area of about 330 hectares straddling the Tonkin Highway and bounded by Ranford Road in the north and Armadale Road to the south.

With excellent access to these major arterial roads the ARA has championed the Park's development as a contemporary, efficient and highly functional industrial business park, characterised by high quality industrial buildings and a coordinated design of landscaping to public areas to ensure high presentation standards.

The site is challenged by fragmented land ownership, high water table, proximity to Southern River, a conservation category wetland and clay soils. Development, therefore, required a well managed developer contribution scheme with the ARA managing provision of the upfront critical common infrastructure. For the east side of the Park, this infrastructure, comprising common access roads, drainage, sewer, water supply and upgrading of adjoining arterial roads, has a budget cost of approximately \$55M. Some \$35.5M of these works have been undertaken to date. This has enabled a number of land owners to undertake subdivisional works during the year, progressing the release of 75ha of serviced land into the market place.

The business park will be a major new focus of economic and employment activity for the region, with the potential to generate up to 12,000 new jobs.

Performance of the Armadale Redevelopment Authority

For the year ended 30 June 2010

Champion Lakes

Champion Lakes is a 135 hectare site about four kilometres north-west of the Armadale city centre. The redevelopment area is long and narrow, bordered by the extension of Tonkin Highway to the north-west, Lake View Terrace to the north-east, Lake Road to the south-east and the extension of Champion Drive to the south-west.

The Champion Lakes Project comprises four precincts:

- **Commercial Precinct**

Subdivision plans for the commercial precinct have been prepared along with detailed engineering design in readiness for works. The precinct is poised for commencement of subdivisional works when market conditions improve so as to achieve an optimal commercial outcome.

- **Residential Precinct**

The first stage of the LandCorp residential development was released in May 2008, including the development of display homes by four Perth builders. The majority of the first stage lots have been sold and houses are continuing to be constructed, with a number of houses now occupied.

Stage 2 of the residential area has been released with encouraging sales. The release of 49 lots in Stage 3 is expected in late 2010.

- **Regatta Centre Precinct**

Champion Lakes Regatta Centre continues to be well utilised with over 1350 sessions booked at the venue for competition, training or educational activities. This is an increase of 45% on the previous year. The facility is now home to several major events including School Boys and Girls Head of the River Rowing Regatta's. State championships in rowing, kayaking, dragon boating, radio controlled sailing and outrigger canoeing are now held annually with most state sporting associations booking up to five years ahead. Community events for cycling, triathlon and open water swimming have provided thousands with the chance to test their fitness against their peers.

Schools from the local area and as far away as Joondalup have utilised the facility for a wide range of water based activities. 700 participants took part in a secondary schools triathlon catering to students from the entire metro area. Local schools are making greater use of the opportunities presented by the venue and have instigated out of school hours rowing and kayaking programs.

The regatta centre hosted the Australian Masters Rowing Championships in June 2010 with more than 600 competitors participating in 250 races over 4 days. This was the first national championship in rowing to be held in WA since 1995, and augers well for the National Championships in 2013 to be awarded to Champion Lakes.

Champion Lakes Boating Club has greatly increased its membership and capacity with each discipline recording competition success and securing coaches for club development. Ongoing infrastructure development on site has had a significant impact to operations over the past year with several constructions or projects completed or nearing completion.

Pump infrastructure has allowed the lawns to be reticulated with a shandy of fresh and lake water significantly reducing the amount of salinity being distributed onto the grounds. Discharge from the lake to the Wungong Brook occurred during the winter period. Above average winter rains allowed the system to be tuned and several problems to be eliminated.

Performance of the Armadale Redevelopment Authority

For the year ended 30 June 2010

Bank stabilisation works have ensured that erosion along the event path and around the bridge abutments has significantly reduced creating a safer environment for the public.

Additional sports infrastructure, such as the Rowing Start Pontoon and Kayak Bow Holder Start System have allowed events to be run to the highest standard. The soon to be complete Start and Finish Towers will provide efficiency and comfort for event officials and brings the facility to an international standard.

Completion of a public toilet at the Henley Drive beach area has improved the facilities for beachgoers. The public beach with large grassed areas and sandy beach is a focal point for up to 200 people each day during summer to enjoy the lake. Recreational cyclists and walkers have taken to the 5km circuit of Champion Lakes. Daily several hundred use the pathways to enjoy the environment for fitness and relaxation.

Christmas Eve 2009 saw a fatality at the public beach when an 11 year old boy drowned while swimming. This situation is under review by the Coronial Inquiries Unit. Facility management is assisting with this investigation.

Fortnightly water quality monitoring has identified several occasions when the safe levels for primary contact and one occasion for secondary contact have been exceeded. The lake was closed for the relevant activities until the bacteria readings decreased below the trigger levels. Investigation is currently underway to identify the source of the bacteria and to find a solution to managing these exceedences.

- **Aboriginal Interpretive Centre Precinct**

The requirement for the Champion Lakes Aboriginal Interpretive Centre (AIC) was identified in 2002, following consultation with indigenous community members, as part of an ethnographic survey of Wright Lake in Armadale. A major recommendation from the consultation related to the setting aside of land within the Champion Lakes project area, next to the area which was formerly Wright Lake, for an aboriginal interpretive centre.

Construction of the AIC was a condition of consent for the development of Champion Lakes Regatta Centre under Section 18 of the Aboriginal Heritage Act 1972.

The AIC is an exciting and significant development for the Nyoongar community in the Armadale and wider metropolitan area.

Three public art commissions have been awarded to Nyoongar artists for the canopy, interpretive wall and the walkway, community art project. The involvement of local indigenous people in the construction phase and in creating the artworks associated with the Centre will create an enduring sense of ownership and pride in the community.

The centre is substantially completed except for the canopy. Completion is anticipated early in the 2010 – 2011 financial year. The ARA is liaising with the City of Armadale regarding the City taking on the management of the centre.

Champion Drive

A new residential neighbourhood characterised by a range of opportunities and housing styles supported by the ARA sustainability guidelines. The ARA in conjunction with LandCorp is encouraging builders to promote energy efficiency in design, orientation, and use of alternative materials and building techniques.

Performance of the Armadale Redevelopment Authority

For the year ended 30 June 2010

A display village, named Revolution Road, showcased homes using innovative building materials and construction techniques commenced construction in early 2008. From August 2008 to March 2009 seven builders, architects and materials suppliers showcased 10 homes allowing homebuyers and renovators to directly compare for themselves innovative alternative materials, design and building methods with a new generation of brick and tile home.

The first stage (comprising 98 lots) of the project by LandCorp is almost fully sold.

The second stage of residential development, a Department of Housing Joint Venture, is near completion with lots being released late 2010.

Kelmscott

The western portion of the Kelmscott town centre was included in the Armadale Redevelopment Area in January 2005. The 13.7 hectare site comprises lots in both public and private ownership and is bounded by Albany Highway, Davis Road, Railway Avenue and the rail line north to Westfield Road.

A concept plan, scheme amendment, cultural and heritage strategy and design guidelines were all finalised in 2006, providing a redevelopment framework. Redevelopment aims to better connect east and west Kelmscott via a grade separated rail crossing at Davis Road, extension of Gilwell Avenue and upgrade public and private facilities.

Improvements to public facilities include the Kelmscott station upgrades were completed in September 2008. Stage 1 Landscaping works and new street lighting on Albany Highway have been completed. To progress further, the project is reliant upon a key private development which is currently on hold.

Wungong Urban Water

The Wungong Urban Water Master Plan is an innovative response to achieving viable urban development in a highly water sensitive area.

The visionary project will ultimately provide an enviable living environment for up to 45,000 people, making it Western Australia's largest Master Planned area. The plan envisages a diverse and vibrant 1580 hectare residential area that showcases best practice in sustainable urban development incorporating natural resource management, water sensitive urban design and energy-efficient housing.

An important proposed initiative is the provision of a non-drinking water supply for irrigation and certain in-house uses. This pioneering work should enable the use of drinking water to be reduced to 15% of the total water requirements. The scheme is designed to provide nearly 5GL of non-drinking water per year, providing a significant saving on Perth's limited drinking water supply.

As a national demonstration water sensitive urban design project, the initiatives have attracted funding from the Australian Government Water Smart Australia fund for activities assisting in implementing the Intergovernmental Agreement on a National Water Initiative. The State Government's support to this initiative has seen a matching state commitment, to progress the implementation of key water initiatives. The year has seen two structure plan approvals (Cell C and K within the project area), with an approval for an amendment to the Cell E Structure Plan and 501 lots receiving WAPC subdivisional approval.

Performance of the Armadale Redevelopment Authority

For the year ended 30 June 2010

South Armadale

The South Armadale site has the potential for a modern, efficient business and employment node characterised by innovative urban design, landscaping and water sensitive design principles. Development hinged on future operational planning of Austral Bricks, the major landowner, who has decided not to proceed with re-development of its holding. Accordingly, planning control for this area will be transferred back to the City of Armadale as part of an on going process of 'normalisation' of the ARA's initial redevelopment areas.

Albany Highway Precinct (CALM site)

The Albany Highway precinct is about two hectares in area and is two kilometres north of the Armadale City Centre.

Before being vacated, the precinct was the south-west headquarters of the former Department of Conservation and Land Management (CALM). The precinct is located adjacent to the south of the Armadale Health Centre and Armadale-Kelmscott District Memorial Hospital.

The CALM precinct is a key site for the expansion of the hospital and accordingly the site has been included in the master planning of future hospital extensions and has been acquired by the Department of Health for its expansion. Planning control for this area will be transferred back to the City of Armadale as part of the normalisation process.

Social Enhancement Projects

The ARA is the only redevelopment authority with a statutory requirement to enhance the social and economic development of the areas over which it has jurisdiction. The ARA frequently partners with other organisations to achieve social and economic outcomes. The major projects for 2009-10 included:

- **ARA Annual Business and Residents Survey**

Since 2002 the ARA has completed an Annual Business and Residents Survey designed to measure:

- Community / Stakeholder optimism and satisfaction;
- Ascertain business and community awareness of the ARA;
- Determine business and community awareness of the projects in the Armadale region that are carried out by the ARA.

The results of the survey are used to inform the strategic and business planning process and the annual key performance indicators.

It should be emphasised that the economic achievements of the ARA, including new employment opportunities and housing diversity, contribute directly to social enhancement.

SIGNIFICANT ISSUES AND TRENDS

Current and Emerging Issues and Trends

- Public perceptions of education and security need to be addressed.
- Developers and builders often see Armadale as affordable product rather than recognising the need for more diverse housing stock.

Economic and social trends

- The global financial crisis has impacted on business growth in Armadale. This is reflected in the reduction of industrial land prices in the Forrestdale Business Park.
- Increasing concern regarding adequacy of residential land supply focuses attention on the need for regulatory agencies to facilitate development.

Changes in Written Law

The ARA is not aware of any changes to written law that had a significant impact on its operations in 2009-10.

Likely Development and Forecast Results of Operations

The ARA works within the community to deliver integrated land infrastructure and services for sustainable growth. The ability to achieve set performance targets depends largely on the continued financial support of the State as the ARA operates over predominately privately owned land. During the year significant developments at the Forrestdale Business Park have received approval and there was much development planning activity in the Wungong Urban Water project area. More importantly, the Developer Contribution Schemes for these areas have been reviewed. These Schemes underpin successful subdivision.

DISCLOSURES AND LEGAL COMPLIANCE



Auditor General

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

**ARMADALE REDEVELOPMENT AUTHORITY
FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS
FOR THE YEAR ENDED 30 JUNE 2010**

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

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 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. This document is available on the OAG website under "How We Audit".

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.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Armadale Redevelopment Authority

Financial Statements and Key Performance Indicators for the year ended 30 June 2010

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Armadale Redevelopment Authority at 30 June 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards 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 2010.



COLIN MURPHY
AUDITOR GENERAL
9 September 2010

Disclosures and Legal Compliance

For the year ended 30 June 2010

Armadale Redevelopment Authority Certification of Financial Statements for the year ended 30 June 2010

The accompanying financial statements of the Armadale 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 ended 30 June 2010 and the financial position as at 30 June 2010.

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



Charles Johnson
CHAIRPERSON



John Ruprecht
DEPUTY CHAIRPERSON



Frank Marra
CHIEF FINANCIAL OFFICER

Disclosures and Legal Compliance
For the year ended 30 June 2010

Armadale Redevelopment Authority
Statement of Comprehensive Income
For the year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	1,685	1,578
Supplies and services	7	1,095	111
Depreciation and amortisation expense	8	139	127
Finance costs	9	28	635
Accommodation expenses	10	248	311
Cost of land sales	13	-	513
Developer contribution expenses	11	23,246	7,644
Other expenses	12	1,053	714
Total cost of services		<u>27,494</u>	<u>11,633</u>
INCOME			
Revenue			
Land Sales	13	-	227
Interest revenue	14	577	570
Commonwealth grants	15	-	100
Developer contribution fees	16	23,246	7,644
Other revenue	17	1,768	1,619
Total revenue		<u>25,591</u>	<u>10,160</u>
NET COST OF SERVICES		(1,903)	(1,473)
INCOME FROM STATE GOVERNMENT			
Service appropriation		1,790	1,720
Total income from State Government	18	<u>1,790</u>	<u>1,720</u>
SURPLUS/(DEFICIT) FOR THE PERIOD		<u>(113)</u>	<u>247</u>
OTHER COMPREHENSIVE INCOME			
Gains/(losses) recognised directly in equity	29	-	-
Total other comprehensive income		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>(113)</u>	<u>247</u>

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

Disclosures and Legal Compliance
For the year ended 30 June 2010

Armadale Redevelopment Authority
Statement of Financial Position
As at 30 June 2010

	Note	2010 \$'000	2009 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	30	137	636
Inventories	19	16,966	16,654
Receivables	20	16,425	15,136
Other current assets	21	34	35
Total Current Assets		<u>33,562</u>	<u>32,461</u>
Non-Current Assets			
Inventories	19	3,433	3,540
Property, plant and equipment	22	3,313	2,329
Infrastructure	23	606	622
Total Non-Current Assets		<u>7,352</u>	<u>6,491</u>
TOTAL ASSETS		<u>40,914</u>	<u>38,952</u>
LIABILITIES			
Current Liabilities			
Payables	25	1,407	461
Provisions	26	3,400	4,326
Other current liabilities	28	1,748	3,559
Total Current Liabilities		<u>6,555</u>	<u>8,346</u>
Non-Current Liabilities			
Payables	25	13,630	12,224
Borrowings	27	700	700
Provisions	26	403	603
Total Non-Current Liabilities		<u>14,733</u>	<u>13,527</u>
TOTAL LIABILITIES		<u>21,288</u>	<u>21,873</u>
NET ASSETS		<u>19,626</u>	<u>17,079</u>
EQUITY			
Contributed equity	29	31,660	29,000
Accumulated surplus/(deficit)	29	(12,034)	(11,921)
TOTAL EQUITY		<u>19,626</u>	<u>17,079</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Armadale Redevelopment Authority Statement of Changes in Equity For the year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
Balance of Equity at start of period		17,079	10,932
CONTRIBUTED EQUITY	29		
Balance at start of period		29,000	23,100
Capital contribution		2,660	5,900
Balance at end of period		<u>31,660</u>	<u>29,000</u>
ACCUMULATED SURPLUS/(DEFICIT)	29		
Balance at start of period		(11,921)	(12,168)
Comprehensive income for the year		(113)	247
Balance at end of period		<u>(12,034)</u>	<u>(11,921)</u>
Balance of equity at end of period		<u>19,626</u>	<u>17,079</u>
Total income and expense for the period (a)		<u>(113)</u>	<u>247</u>

(a) The aggregate net amount attributable to each category of equity is: surplus of \$113,000 (2009: surplus of \$247,000).

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

Disclosures and Legal Compliance
For the year ended 30 June 2010

Armadale Redevelopment Authority
Statement of Cash Flows
For the year ended 30 June 2010

	Note	2010 \$'000	2009 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		1,790	1,720
Capital contributions		<u>2,660</u>	<u>5,900</u>
Net cash provided by State Government		<u>4,450</u>	<u>7,620</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(1,632)	(1,596)
Supplies, services and other payments		(12,672)	(22,217)
Interest paid		(28)	-
GST payments on purchases		(1,097)	(1,073)
GST payments to taxation authority		-	(1,552)
Receipts			
Sale of land		-	227
Interest received		577	570
Developer contributions		9,307	7,644
Commonwealth grants		-	90
GST receipts on sales		337	959
GST receipts from taxation authority		942	3,118
Other receipts		544	6,784
Net cash used in operating activities	30	<u>(3,722)</u>	<u>(7,046)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		<u>(1,227)</u>	<u>(680)</u>
Net cash used in investing activities		<u>(1,227)</u>	<u>(680)</u>
CASH FLOWS FROM FINANCING ACTIVITIES ACTIVITIES			
Net cash used in investing activities		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		(499)	(106)
Cash and cash equivalents at the beginning of period		<u>636</u>	<u>742</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	30	<u>137</u>	<u>636</u>

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

Disclosures and Legal Compliance

For the year ended 30 June 2010

Armadale Redevelopment Authority Notes to the Financial Statements for the year ended 30 June 2010

Note 1 Australian Accounting Standards

General

The Authority's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term "Australian Accounting standards" refers to Standards and Interpretations issued by the Australian Accounting standards Board (AASB).

In preparing these financial statements the Authority has adopted, where relevant to its operations, new and revised standards and Interpretations from their operative dates.

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. No Australian Accounting Standards that have been issued or amended but are not operative have been early adopted by the Authority for the annual reporting period ended 30 June 2010.

Note 2 Summary of Significant Accounting Policies

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

a) General Statement

The financial statements constitute general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had 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 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 statements are presented in Australian dollars rounded to the nearest thousand dollars (\$'000).

Note 2 Summary of Significant Accounting Policies (cont'd)

The judgements that have been made in the process of applying the Authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 3 'Judgements made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 4 'Key sources of estimation uncertainty'.

c) Reporting Entity

The reporting entity comprises the Authority.

d) Contributed Equity

AASB Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* requires transfers in the nature of equity contributions, other than as a result of a restructure of administrative arrangements, to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners by Treasurer's Instruction TI 955 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and have been credited directly to Contributed Equity.

Transfers of net assets to/from other agencies, other than as a result of a restructure of administrative arrangements, are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 29 'Equity'.

e) 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:

Developer Contribution Scheme Contributions

Developer Contribution Scheme (DCS) revenues are recognised when developers obtain clearance on title(s) for land held within the DCS area. Developer Contribution fees representing costs incurred in realising the DCS revenues are also recognised at this point.

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 pass to the purchaser and can be measured reliably.

Interest

Revenue is recognised as the interest accrues.

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.

Service Appropriations

Service appropriations are recognised as revenues at nominal value in the period in which the Authority gains control of the appropriated funds, which is at the time those funds are deposited to the bank account.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 2 Summary of Significant Accounting Policies (cont'd)

Grants, donations, gifts and other non-reciprocal contributions

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

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

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 where applicable, gains from the revaluation of non-current assets.

f) Borrowing costs

Borrowing costs are expensed when incurred.

g) Property, Plant and Equipment

Capitalisation/expensing of assets

Items of property, plant and equipment and infrastructure costing over \$5,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than \$5,000 are immediately expensed direct to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

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

Subsequent measurement

Subsequent to initial recognition as an asset, the revaluation model is used for the measurement of land and buildings and the cost model is used for all other property, plant and equipment and infrastructure. 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 and infrastructure are stated at historical 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 value 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 depreciated 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.

Note 2 Summary of Significant Accounting Policies (cont'd)

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 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 judgement 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 and infrastructure, 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 22 '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 listed below. While useful lives listed below are adhered to, from time to time depending on the asset and expected use, the useful life may be varied where it is determined that this would more appropriately reflect the use of the asset.

Buildings	20 to 40 years
Infrastructure	60 to 80 years
Furniture & Office Equipment	10 years
Computer Equipment	3 to 4 years
Plant & Equipment	10 years
Leasehold Improvements	5 years

h) Impairment of Assets

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

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling 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.

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

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 2 Summary of Significant Accounting Policies (cont'd)

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 impairments at each reporting period. As at the end of the reporting period, no assets were identified as surplus at the Authority.

i) Leases

The Authority holds operating leases for office premises, motor vehicles and some equipment. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased property.

j) Financial Instruments

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

- Loans and receivables (includes cash and cash equivalents); and
- Financial liabilities measured at amortised cost.

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables

Financial Liabilities

- Payables
- Other liabilities
- WATC borrowings

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face 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 Statement of Cash Flows, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

l) Inventories

Inventories are measured at the lower of cost and net realisable value. Inventories include land acquired for development and infrastructure and other costs incurred in bringing inventories to a saleable condition, including costs associated with design and development and other costs directly traceable to the development activities of the Authority.

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

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 2 Summary of Significant Accounting Policies (cont'd)

m) Receivables

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

n) Payables

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

o) Accrued Salaries

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

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 reporting period 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 reporting period 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 end of the reporting period.

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

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

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

Note 2 Summary of Significant Accounting Policies (cont'd)

Long Service Leave

A liability for long service leave is recognised after an employee has completed seven years of service. An actuarial assessment of long service leave was undertaken by PricewaterhouseCoopers Securities Ltd in 2009-10.

Superannuation

The Authority has no liabilities under the Government Employees Superannuation Board (GESB) Pension or Gold State Super Schemes (GSS).

Employees under the GSS Scheme are funded by concurrent contributions made by the Authority to the GESB. The concurrently funded part of the GSS Scheme is a defined contribution scheme as these contributions extinguish all liabilities in respect of the concurrently funded GSS Scheme obligations. Employees commencing employment prior to 16 April 2007 who were not members of either the Pension or the 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. See also note 2(s) 'Superannuation expense'.

(ii) Provisions - Other

Employment On-Costs

Employment on-costs, including workers' compensation insurance, are not employee benefits and are recognised as separate 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-costs provision.

Future Development Obligations

Where the Authority has provided an undertaking to carry out development projects in lieu of arrangements with external parties for contributions paid or for the sale of development rights of land under its control, a provision has been raised to recognise the Authority's future development obligations in respect of contributions paid and / or land sold or developed ready for sale.

q) 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. See note 2(j) 'Financial Instruments' and note 27 'Borrowings'.

r) Employee costs

Although the Authority has no employment powers, it is staffed by officers seconded to it under a Service Level Agreement (the Agreement) with the Western Australian Land Authority. The Western Australian Land Authority is responsible for payments to staff. The Authority reimburses these costs to the Western Australian Land Authority on a monthly basis in accordance with the Agreement.

s) Superannuation

All staff are eligible to become members of the Superannuation fund of their choice, complying with the Commonwealth Government's Explanatory Memorandum for the Superannuation Legislation Amendment (Choice of Superannuation Funds) Bill 2003.

Note 2 Summary of Significant Accounting Policies (cont'd)

The following elements are included in calculating the superannuation expense in the Income Statement:

(i) Defined contribution plans – Employer contributions paid to employee's nominated superannuation fund, including GSS (concurrent contributions), WSS, and the GESB Super Scheme (GESBS).

The Authority's superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided in the current year.

The liability for charges under the chosen Superannuation scheme is extinguished by the payment of employer contributions to the schemes.

t) Resources Received Free of Charge or for Nominal Cost

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

u) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

v) Comparative figures

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

Note 3 Judgements made by management in applying accounting policies

The judgements that have been made in the process of applying accounting policies that have the most significant effect on the amounts recognised in the financial statements include:

Operating lease commitments – the Authority has entered into commercial leases and has determined that the lessors retain all the significant risks and rewards of ownership of the property. Accordingly, these leases have been classified as operating leases.

Public infrastructure and planning expenses – capital expenditure undertaken by the Authority on land owned by the Crown or State as part of the Authority's mandate has been expensed based on the best information currently available regarding the transfer of future ownership to the Local Council at nil or minimal cost.

Capitalisation of development expenditure – development expenditure is capitalised with reference to the stage of completion of the project.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 4 Key sources of estimation uncertainty

The key estimates and 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 include:

Future Development Obligations

The Authority assesses its obligations for future development costs at each balance sheet date. Where there are indications of future development obligations, provisions for such obligations is raised. Calculations performed in assessing future development obligations incorporate a number of key project estimates and forecasts.

Developer Contribution Revenues

Developer contribution revenues representing developer contributions to the Developer Contribution Scheme are calculated using a model that factors in key assumptions and estimations regarding future cost estimates, expectations of price increases, escalation factors, developer land areas as well as costs incurred to date. These assumptions are based on the best available information at the time.

Long Service Leave

In calculating the Authority's long service leave provision, several estimations and assumptions have been made including expected future salary rates, salary inflation, discount rates, employee retention rates and expected future payments. Any changes in these estimations and assumptions may impact on the carrying amount of the long service leave provision.

Note 5 Disclosure of changes in accounting policy and estimates

(i) Initial application of an Australian Accounting Standard

1. The Authority has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Authority:

AASB 101	Presentation of Financial Statements (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised standard.
AASB 2007-10	Further Amendments to Australian Accounting Standards arising from AASB 101. This standard changes the term "general purpose financial report" to "general purpose financial statements", where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.
AASB 2008-13	Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners (AASB 5 & 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. This may impact on the presentation and classification of Crown land held by the Authority where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department of Planning and Infrastructure). The Authority does not expect any financial impact when this standard is first applied prospectively.
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about financial Instruments AASB 4, AASB 7, AASB 1023 and AASB 1038. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 5 Disclosure of changes in accounting policy and estimates (cont'd)

(ii) Voluntary changes in Accounting Policy

No voluntary changes in accounting policies were adopted by the Authority during 2009-10.

(iii) 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 the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. Where applicable, these will be applied from their application date:

AASB 2009-11	<p>Amendments to Australian Accounting Standards arising from AASB 9 (AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1039 and Interpretations 10 & 12).</p> <p>The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.</p>
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(iv) Changes in accounting estimates

The Authority administers Developer Contribution Schemes (the Schemes) on behalf of developers in the Armadale precinct. As part of the Authority's review of the cost estimates for the Schemes, costs to the value of \$1.631 million previously considered to be non-recoverable, were deemed to be recoverable during the current year. In view of this, these previously expensed costs have been recognised in Inventory in the current year.

	2010 \$'000	2009 \$'000
Note 6 Employee benefits expense		
Wages and salaries (a)	1,316	1,296
Superannuation - defined contribution plans (b)	182	161
Long service leave (c)	55	23
Annual leave	132	98
	1,685	1,578

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

(b) Defined contribution plans include WSS and GSS (contributions paid).

(c) Includes a superannuation contribution component

Employment on-costs such as workers' compensation insurance are included at note 12 'Other Expenses'. The employment on-costs liability is included at note 26 'Provisions'

Disclosures and Legal Compliance

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Note 7 Supplies and services		
Communications	24	19
Consultants and contractors	528	(692)
Consumables	37	133
Estate marketing and maintenance	2	81
Insurance	68	41
Strategic marketing	98	155
Travel	84	90
Other	254	284
	<u>1,095</u>	<u>111</u>

Note 8 Depreciation and amortisation expense

Depreciation

Buildings	54	21
Infrastructure	16	16
Furniture and office equipment	7	10
Computer equipment	9	28
Plant and equipment	4	2
Leasehold improvements	49	50
	<u>139</u>	<u>127</u>

Note 9 Finance costs

Interest expense (a)	<u>28</u>	<u>635</u>
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(a) Interest expense comprises interest on borrowings from the Western Australian Treasury Corporation.

Note 10 Accommodation expenses

Lease rentals	131	114
Cleaning	44	20
Electricity	19	12
Rates and taxes	16	5
Other	38	160
	<u>248</u>	<u>311</u>

Note 11 Developer contribution expenses

Developer contribution expenses	<u>23,246</u>	<u>7,644</u>
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Disclosures and Legal Compliance
For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Note 12 Other expenses		
Employment on-costs (a)	128	111
Property management expenses	373	29
Public infrastructure	402	507
Recruitment costs	12	36
Audit fees (b)	18	31
Revaluation Decrements	120	0
	<u>1,053</u>	<u>714</u>

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 26 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(b) Audit fees, see also note 37 'Remuneration of auditor'.

Note 13 Cost of land sales

Sales - Land	-	227
Cost of land sales:		
Land and development costs	-	(573)
Stock adjustments	-	77
Total cost of sales	<u>-</u>	<u>(513)</u>
Trading Profit / (loss)	<u>-</u>	<u>(286)</u>

Note 14 Interest Revenue

Interest received	<u>577</u>	<u>570</u>
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(a) Interest revenue includes interest earned on Bills of Exchange and from banks.

Note 15 Commonwealth grants

Commonwealth grants	<u>-</u>	<u>100</u>
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Commonwealth grants in 2008-09 comprised a non-reciprocal grant of \$100,000 received from the Department of Health and Ageing in relation to the Champion Lakes Regatta Centre, Champion Lakes.

Note 16 Developer contribution fees

Developer contribution fees	<u>23,246</u>	<u>7,644</u>
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Disclosures and Legal Compliance

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Note 17 Other revenue		
Sale of information	94	65
Grants	-	50
Rental Income	48	53
Sundry income	1,626	1,451
	<u>1,768</u>	<u>1,619</u>
Note 18 Total income from State Government		
Appropriation revenue received during the year:		
Service appropriations	<u>1,790</u>	<u>1,720</u>
Note 19 Inventories		
Current		
Inventories held for sale:		
- Developed land (at cost)	-	-
- Work in progress (at cost)	772	5,497
	<u>772</u>	<u>5,497</u>
Non-current		
Inventories held for sale:		
- Undeveloped land (at cost)	2,117	2,713
- Undeveloped land (at net realisable value)	-	720
	<u>2,117</u>	<u>3,433</u>
Current		
Inventories held for use in Developer Contribution Schemes		
- Developed land (at cost)	-	-
- Work in progress (at cost)	16,194	11,157
	<u>16,194</u>	<u>11,157</u>
Non-current		
Inventories held for use in Developer Contribution Schemes		
- Undeveloped land (at cost)	1,316	107
	<u>1,316</u>	<u>107</u>
Current Inventory	16,966	16,654
Non-current inventory	3,433	3,540

Inventories held are measured at the lower of cost or net realisable value. The most recent valuations of land held for sale, which have not been recognised in the financial statements, were internal valuations at 1 January 2010. Market value of land held for sale at this date amounted to \$31.945 million (2009: \$44.041 million). The internal valuations have been determined taking into account advice from independent valuers, real estate agents and both internal and external property advisors.

At 30 June 2010, the write-down of inventories held for sale to net realisable value amounted to \$15,802 (2009: \$165,257). There were no reversals of write-downs. The write-down is included in the cost of sales.

Disclosures and Legal Compliance

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Note 20 Receivables		
Current		
Trade debtors	1,155	2,463
Allowance for impairment of receivables	-	(152)
Accrued revenue	35	12
GST receivable	186	121
Bills of exchange - endorsed by banks (a)	15,049	12,692
	<u>16,425</u>	<u>15,136</u>

(a) This figure consists of Bills of Exchange accepted or endorsed by Australian banks or bank issued negotiable certificates of deposit. The bills, generally 14 days in length, are matured or reinvested to meet fortnightly cash requirements.

Reconciliation of changes in the allowance for impairment of receivables:

Balance at start of year	152	-
Doubtful debts recognised during the year	-	152
Amounts written off / recovered during the year	(152)	-
Balance at the end of the year	<u>-</u>	<u>152</u>

Note 21 Other current assets

Current		
Prepayments	<u>34</u>	<u>35</u>

Note 22 Property, plant and equipment

Buildings

At fair value (a)	1,918	2,113
At cost	-	-
Accumulated depreciation	-	(22)
	<u>1,918</u>	<u>2,091</u>

Furniture and office equipment

At cost	84	69
Accumulated depreciation	(15)	(8)
	<u>69</u>	<u>61</u>

Computer equipment

At cost	54	54
Accumulated depreciation	(50)	(41)
	<u>4</u>	<u>13</u>

Plant and equipment

At cost	42	42
Accumulated depreciation	(7)	(2)
	<u>35</u>	<u>40</u>

Disclosures and Legal Compliance

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Note 22 Property, plant and equipment (cont'd)		
Leasehold improvements		
At cost	280	251
Accumulated depreciation	(176)	(127)
	<u>104</u>	<u>124</u>
Capital works in progress		
At cost	<u>1,183</u>	<u>0</u>
Total Property, plant and equipment	<u>3,313</u>	<u>2,329</u>

(a) Buildings were revalued as at 1 July 2009 by the Western Australian Land Information Authority (Valuation Services). The valuations were performed during the year ended 30 June 2010 and recognised at 30 June 2010. In undertaking the revaluation, fair value was determined by reference to the depreciated replacement cost for buildings. In undertaking the revaluation, fair value was determined by reference to the depreciated replacement cost for buildings. Refer note 2(g) 'Property, plant and equipment'.

(b) As at 30 June 2010, there were no accumulated impairment losses on property, plant and equipment.

Reconciliations

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

	Buildings	Capital works in progress	Furniture and office equipment	Computer equipment	Plant and equipment	Leasehold improvements	Total
2010	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	2,091	-	61	13	40	124	2,329
Additions	-	1,183	15	-	-	29	1,227
Transfers	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Revaluation							
Decrements	(120)	-	-	-	-	-	(120)
Impairment losses	-	-	-	-	-	-	-
Depreciation	(53)	-	(7)	(9)	(5)	(49)	(123)
Carrying amount at end of year	<u>1,918</u>	<u>1,183</u>	<u>69</u>	<u>4</u>	<u>35</u>	<u>104</u>	<u>3,313</u>

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 22 Property, plant and equipment (cont'd)

Reconciliations

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

	Buildings	Capital works in progress	Furniture and office equipment	Computer equipment	Plant and equipment	Leasehold improvements	Total
2009	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	325	1,033	50	33	-	174	1,615
Additions	1,813	-	21	12	42	-	1,888
Transfers	(25)	(1,033)	-	(4)	-	-	(1,062)
Disposals	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-
Depreciation	(22)	-	(10)	(28)	(2)	(50)	(112)
Carrying amount at end of year	2,091	-	61	13	40	124	2,329

	2010 \$'000	2009 \$'000
Note 23 Infrastructure		
Infrastructure		
At cost	638	638
Accumulated depreciation	(32)	(16)
Accumulated impairment losses	-	-
	<u>606</u>	<u>622</u>
Reconciliation		
Carrying amount at start of year	622	638
Additions	-	-
Depreciation expense	(16)	(16)
Carrying amount at end of year	<u>606</u>	<u>622</u>

Note 24 Impairment of assets

There were no indications of impairment of property, plant and equipment at 30 June 2010.

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

All surplus assets at 30 June 2010 have been classified as assets held for sale or written off.

Disclosures and Legal Compliance

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Note 25 Payables		
Current		
Trade payables	1,407	461
Non-current		
Trade payables	13,630	12,224
Note 26 Provisions		
Current		
Employee Benefits		
Annual leave (a)	139	109
Long service leave (b)	109	98
	<u>248</u>	<u>207</u>
Other provisions		
Employment on-costs (c)	22	13
Future development obligations	3,122	4,106
Other	8	-
	<u>3,152</u>	<u>4,119</u>
Total current	<u>3,400</u>	<u>4,326</u>
Non-current		
Employee Benefits		
Long service leave (b)	75	78
Other provisions		
Employment on-costs (c)	10	4
Future development obligations	318	521
	<u>328</u>	<u>525</u>
Total non-current	<u>403</u>	<u>603</u>
<p>(a) Annual leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:</p>		
Within 12 months of reporting date	139	109
More than 12 months after reporting date	-	-
	<u>139</u>	<u>109</u>
<p>(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:</p>		
Within 12 months of reporting date	109	98
More than 12 months after reporting date	75	78
	<u>184</u>	<u>176</u>

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 26 Provisions (cont'd)

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost) is included at note 12 'Other expenses'.

Movements in Other Provisions

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

	2010 \$'000	2009 \$'000
<u>Future development obligation provision</u>		
Carrying amount at start of year	4,627	9,552
Additional provisions recognised	1,395	-
Payments/ other sacrifices of economic benefits	(2,582)	(4,925)
Carrying amount at end of year	<u>3,440</u>	<u>4,627</u>
<u>Employee on-cost provision</u>		
Carrying amount at start of year	17	18
Additional provisions recognised	15	1
Payments/ other sacrifices of economic benefits	-	(2)
Carrying amount at end of year	<u>32</u>	<u>17</u>
<u>Other provision</u>		
Carrying amount at start of year	-	-
Additional provisions recognised	8	-
Payments/ other sacrifices of economic benefits	-	-
Carrying amount at end of year	<u>8</u>	<u>-</u>

Note 27 Borrowings

Current

Borrowings	<u>-</u>	<u>-</u>
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Non-Current

Borrowings	<u>700</u>	<u>700</u>
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Note 28 Other current liabilities

Current

Accrued expenses	1,635	3,446
Cash in lieu	113	113
	<u>1,748</u>	<u>3,559</u>

Note 29 Equity

Equity represents the residual interest in the net assets of the Authority. The Government holds the equity interest in the Authority on behalf of the community.

Disclosures and Legal Compliance
For the year ended 30 June 2010

	2010	2009
	\$'000	\$'000
Note 29 Equity (cont'd)		
Contributed equity		
Balance at start of period	29,000	23,100
Capital contributions (a)	2,660	5,900
Balance at end of period	<u>31,660</u>	<u>29,000</u>

(a) Capital Contributions have been designated as contributions by owners and are credited directly to equity.

Accumulated surplus/(deficiency)		
Balance at start of period	(11,921)	(12,168)
Change in accounting policy	-	-
Restated opening balance	<u>(11,921)</u>	<u>(12,168)</u>
Result for the period	(113)	247
Income and expense recognised directly in equity	-	-
Balance at end of period	<u>(12,034)</u>	<u>(11,921)</u>

Note 30 Notes to the Statement of Cash Flows

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled

Cash and cash equivalents	<u>137</u>	<u>636</u>
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Cash and cash equivalents comprise cash on hand and short term deposits with original maturities of three months or less that are readily convertible to cash.

Disclosures and Legal Compliance
For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
Note 30 Notes to the Statement of Cash Flows (cont'd)		
(b) Reconciliation of net cost of services to net cash flows used in operating activities:		
Net cost of services	(1,903)	(1,473)
Non-cash items:		
Depreciation and amortisation expense	139	127
Inventory related expenses and adjustments	505	-
Change in accounting estimates	(1,087)	-
Fair value revaluation decrement	120	-
(Increase)/decrease in assets:		
Current receivables	(1,289)	(1,454)
Current inventories	(312)	(1,635)
Other current assets	(1)	(10)
Non-current inventories	-	(896)
Increase/(decrease) in liabilities:		
Current payables	946	(231)
Current provisions	(926)	(2,383)
Other current liabilities	(1,811)	1,753
Non-current payables	1,406	726
Non-current provisions	(200)	(2,559)
Change in GST	691	989
Net cash used in operating activities	<u>(3,722)</u>	<u>(7,046)</u>

Note 31 Commitments for expenditure

(a) Contractual expenditure commitments

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

Within 1 year	1,074	2,188
Later than 1 year and not later than 5 years	<u>1,344</u>	<u>485</u>
	<u>2,418</u>	<u>2,673</u>
The commitments include amounts for:		
Capital and Public infrastructure works	<u>2,418</u>	<u>2,673</u>

Disclosures and Legal Compliance

For the year ended 30 June 2010

	2010 \$'000	2009 \$'000
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Note 31 Commitments for expenditure (cont'd)

(b) Lease commitments

The Authority has its office premises, and its motor vehicle fleet under non-cancellable operating leases. Commitments in relation to leases contracted for at reporting date but not recognised as liabilities, are payable as follows:

Within 1 year	228	213
Later than 1 year and not later than 5 years	55	121
	<u>283</u>	<u>334</u>

The property lease is a non-cancellable lease with a one year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by CPI. There are a further two 6 month options on the lease.

Representing:

Cancellable operating leases	131	117
Non-cancellable operating leases	152	217
	<u>283</u>	<u>334</u>

Note 32 Contingent liabilities and contingent assets

The Authority has resumed land, and made an offer of payment in lieu of land taken and accounted for the resumption on the basis of a professional valuation obtained. The amount that will be paid has not yet been agreed between the parties.

As at the end of reporting period, the Authority does not have any other contingent liabilities.

The Authority has no contingent assets.

Note 33 Events occurring after the balance sheet date

The Authority is not aware of any events, favourable or unfavourable, that have occurred after the end of the reporting period.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 34 Explanatory Statements

Significant variations between estimated and actual results for income and expense are shown below. Significant variations are considered to be those greater than 10% or \$5 million.

Significant variations between estimated and actual results for 2010

	2010 Actual \$'000	2010 Estimates \$'000	Variation \$'000
<u>Expenses</u>			
Employee benefits expense	1,685	2,097	(412)
Supplies and services	1,095	1,486	(391)
Depreciation and amortisation expense	139	119	20
Finance costs	28	225	(197)
Accommodation expenses	248	333	(85)
Cost of land sold	-	1,266	(1,266)
Developer contribution expenses	23,246	16,900	6,346
Other expenses	1,053	2,805	(1,752)
<u>Revenue</u>			
Land sales	-	3,567	(3,567)
Interest revenue	577	175	402
Government grants	-	3,910	(3,910)
Developer contribution fees	23,246	16,900	6,346
Other revenue	1,768	328	1,440

Employee benefits expense

The variance is due to staff turnover and time delays in between filling vacant positions and a higher than expected rate of capitalisation of staff costs to Developer Contribution Scheme projects.

Supplies and services

The movement is due to revised developer contribution cost estimates resulting in a reversal of expenses in the current year.

Depreciation and amortisation expense

The variance is due to higher capital costs transferred from work in progress to fixed assets resulting in higher depreciation balances.

Finance costs

Finance costs are lower than expected due to the capitalisation of interest charges on prefunding works undertaken by the Western Australian Land Authority on behalf of the Authority in the current year.

Accommodation expenses

Accommodation costs are lower due to cost savings in security expenses and lower than anticipated increases in rent and associated costs.

Cost of land sold

Development and sale of industrial lots at Champion Lakes was deferred due to economic and market conditions. Projected cost of sales expenses have therefore not taken place.

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For the year ended 30 June 2010

Note 34 Explanatory Statements (cont'd)

Developer contribution expenses

Developer contribution targets were exceeded due to a greater than expected number of developers opting for clearance on their land during 2009-10.

Other expenses

The variance is due to lower than anticipated Public Infrastructure and Master Planning costs resulting from delays in projects.

Land sales

Projected sales for Champion Lakes did not take place during 2009-10 as development of industrial lots was deferred due to the market and economic conditions.

Interest revenue

The variance is due to higher cash balances being available for investment during the current year as a result of lower than expected levels of development expenditure.

Government grants

Projected grant proceeds were not received during the year due to the suspension of the Water Smart Australia initiative in 2009-10.

Developer contribution fees

Developer contribution targets were exceeded due to a greater than expected number of developers opting for clearance on their land during 2009-10.

Other revenue

The variance is due to year end adjustments to actuals in 2010 not anticipated when formulating the 2010 estimates.

Significant variations for actual results for income and expense are shown below. Significant variations are considered to be those greater than 10% or \$5 million.

Significant variations between actual results for 2010 and 2009

	2010 Actual \$'000	2009 Actual \$'000	Variation \$'000
<u>Expenses</u>			
Supplies and services	1,095	111	984
Finance costs	28	635	(607)
Accommodation expenses	248	311	(63)
Cost of land sold	-	513	(513)
Developer contribution expenses	23,246	7,644	15,602
Other expenses	1,053	714	339
<u>Revenue</u>			
Land sales	-	227	(227)
Interest revenue	577	570	7
Government grants	-	100	(100)
Developer contribution fees	23,246	7,644	15,602

Note 34 Explanatory Statements (cont'd)

Supplies and services

The increase in supplies and services expense is due to the balance being lower than expected in 2009 due to a reversal of developer contribution scheme costs previously considered not recoverable.

Finance costs

Finance costs are significantly lower in 2009-10 compared to 2008-09 due to the capitalisation of interest charges on prefunded infrastructure works in Developer Contribution Scheme projects in 2009-10. These costs were previously considered not recoverable from the developer contribution scheme and therefore expensed.

Accommodation expenses

The movement in accommodation expenses is due to the increase in rent and utilities expenses being off-set by the more significant decline in building security and repairs and maintenance costs.

Cost of land sold

No land sales took place in 2009-10 hence there was no cost of land sold expense in the current year. The Authority's core business lies in a planning and infrastructure works development capacity. Land development and sales are usually incidental to this core function.

Developer contribution expenses

The increase in developer contribution expenses is due to works being undertaken in accordance with the development plans and on behalf of developers wanting to obtain clearances on their land.

Land Sales

No land sales took place in 2009-10. The Authority's core business lies in a planning and infrastructure works development capacity. Land development and sales are usually incidental to this core function.

Government grants

Government grants income in the previous year was a one-off payment from the Australian Department of Health and Ageing for works at the Champion Lakes Regatta Centre.

Developer contribution fees

The increase in developer contribution expenses is due a greater number of developers opting to obtain clearances on their land in 2009-10, thereby settling on their liability to the developer contribution schemes administered by the Authority.

Note 35 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.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 35 Financial Instruments (cont'd)

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 35(c).

Credit risk associated with the Authority's financial assets is minimal because, outside of the government, 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 changes in client ratings. For financial assets that are either past due or impaired, refer to Note 20 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 has appropriate procedures to manage cash flows including drawdowns of appropriations; management of bills of exchange and 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 relates 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 35(c), the Authority is not exposed to interest rate risk because cash and cash equivalents are non-interest bearing; interest bearing receivables are at fixed rates and terms and it has no borrowings other than the WATC borrowings.

(b) Categories of Financial Instrument

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:

	2010	2009
	\$'000	\$'000
Financial Assets		
Cash and cash equivalents	137	636
Loans and receivables (a)	16,239	15,015
Financial Liabilities		
Financial liabilities measured at amortised cost	17,485	16,944

(a) The amount of loans and receivables excludes GST recoverable from the ATO.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 35 Financial Instruments (cont'd)

(c) Financial Instrument Disclosures

Credit Risk, Liquidity Risk and Interest Rate Risk Exposures

The following table details the exposure to liquidity risk and interest rate risk as at the balance sheet date. The Authority's maximum exposure to credit risk at the balance sheet date is the carrying amount of the financial assets as shown on the following table. The table is based on information provided to senior management of the Authority. The contractual maturity amounts in the table are representative of the undiscounted amounts at the balance sheet date. An adjustment for discounting has been made where material.

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.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 35 Financial Instruments (cont'd)

Financial Assets	Weighted Average Effective Interest Rate %	Interest rate exposure			Past due but not impaired							
		Carrying Amount \$'000	Variable Interest Rate \$'000	Non-Interest Bearing \$'000	Up to 3 Months \$'000	3-12 months \$'000	1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	More than 5 Years \$'000	Impaired financial assets \$'000
2010												
Financial Assets												
Cash and cash equivalents	3.70%	137	137	0	-	-	-	-	-	-	-	-
Receivables (a)	4.69%	16,239	15,049	1,190	117	-	-	-	-	-	-	-
		16,376	15,186	1,190	117	-	-	-	-	-	-	-
2009												
Financial Assets												
Cash and cash equivalents	6.66%	636	636	-	-	-	-	-	-	-	-	-
Receivables (a)	3.03%	15,015	12,692	2,323	1,048	669	-	-	-	-	-	152
		15,651	13,328	2,323	1,048	669	-	-	-	-	-	152

(a) The amount of receivables excludes GST recoverable from the ATO.

Financial Liabilities	Weighted Average Effective Interest Rate %	Interest rate exposure			Contractual Maturity Dates:								
		Carrying Amount \$'000	Variable Interest Rate \$'000	Non-Interest Bearing \$'000	Adjustment for discounting \$'000	Total nominal amount \$'000	Up to 3 Months \$'000	3-12 months \$'000	1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	More than 5 Years \$'000
2010													
Financial Liabilities													
Financial liabilities measured at amortised cost	4.40%	17,485	14,330	3,155	-	17,485	3,155	-	-	-	-	14,330	-
		17,485	14,330	3,155	-	17,485	3,155	-	-	-	-	14,330	-
2009													
Financial Liabilities													
Financial liabilities measured at amortised cost	4.45%	16,944	12,924	4,020	-	16,944	4,020	-	-	700	-	12,224	-
		16,944	12,924	4,020	-	16,944	4,020	-	-	700	-	12,224	-

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 35 Financial Instruments (cont'd)

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.

2010	Carrying amount	- 100 basis points		+ 100 basis points	
	(\$000's)	Surplus (\$000's)	Equity (\$000's)	Surplus (\$000's)	Equity (\$000's)
<i>Interest rate sensitivity analysis</i>					
Financial Assets					
Cash and cash equivalents	137	(1)	(1)	1	1
Receivables	15,049	(150)	(150)	150	150
Financial Liabilities					
Payables	13,630	136	136	(136)	(136)
Borrowings	700	7	7	(7)	(7)
		<u>(9)</u>	<u>(9)</u>	<u>9</u>	<u>9</u>

2009	Carrying amount	- 100 basis points		+ 100 basis points	
	(\$000's)	Surplus (\$000's)	Equity (\$000's)	Surplus (\$000's)	Equity (\$000's)
<i>Interest rate sensitivity analysis</i>					
Financial Assets					
Cash and cash equivalents	636	(6)	(6)	6	6
Receivables	12,692	(127)	(127)	127	127
Other financial assets					
Financial Liabilities					
Payables	12,224	122	122	(122)	(122)
Borrowings	700	7	7	(7)	(7)
		<u>(4)</u>	<u>(4)</u>	<u>4</u>	<u>4</u>

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.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 36 Remuneration of members of the Accountable Authority and senior officers

Remuneration of members of the Accountable Authority

The number of members of the Accountable Authority, whose total fees, salaries, superannuation and other

\$	2010	2009
Nil - 10,000	2	3
10,001 - 20,000	5	3
20,001 - 30,000	1	1
Total remuneration of the members of the Accountable Authority is:	95	78

The total remuneration includes the superannuation expense incurred by the Authority in respect of members of the Accountable Authority. No members of the Accountable Authority are members of the Pension Scheme.

Remuneration of senior officers

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

\$	2010	2009
150,000 - 160,000	-	1
160,001 - 170,000	1	1
170,001 - 180,000	1	-
230,001 - 240,000	-	1
240,001 - 250,000	1	-
Total remuneration (\$'000) of senior officers is:	586	561

The total remuneration includes the superannuation expense incurred by the Authority in respect of senior officers other than senior officers reported as members of the Accountable Authority. No senior officers are members of the pension scheme.

Note 37 Remuneration of auditor

	2010 \$'000	2009 \$'000
--	----------------	----------------

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

Auditing the accounts, financial statements and performance indicators	25	27
--	----	----

Note 38 Supplementary financial information:

Write-offs

There were no write-offs during the financial year, such as: bad debts, revenue and debts due to the State, or public and other property written off during the financial year.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Note 38 Supplementary financial information (cont'd)

Losses through theft, default and other causes

During the 2009-10 financial year, the Authority recorded a loss through the theft of cab vouchers. The maximum loss is estimated to be \$8,400. The Authority has lodged a claim with Riskcover in relation to this theft.

There were no other losses of public property through theft, vandalism or other circumstances during the year.

Note 39 Segment information

The Authority operates in one reportable service segment and one geographical segment.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Armadale Redevelopment Authority

Certification of Performance Indicators for the year ended 30 June 2010

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Armadale Redevelopment Authority's performance, and fairly represent the performance of the Armadale Redevelopment Authority for the financial year ended 30 June 2010.



Charles Johnson
CHAIRPERSON



John Ruprecht
DEPUTY CHAIRPERSON

Disclosures and Legal Compliance

For the year ended 30 June 2010

2010 Key Performance Indicators

Armadale Redevelopment Authority

Performance Indicators for the Year ended 30 June 2010

Outcome Statement

Effectiveness and efficiency key performance indicators have been developed to reflect the core outcome of the Authority to facilitate the enhanced economic and social development of Armadale.

Effectiveness Indicators

The effectiveness indicators applied to measure the Armadale Redevelopment Authority's performance in achieving its outcomes are intended to reflect quantifiable measures based on survey results and hard data.

The Armadale Redevelopment Authority (ARA) conducts an annual survey (the 2010 Survey) of businesses and residents in the Armadale local government area based on the 2006 Australian Bureau of Statistics (ABS) census population data of 50,000 people.

The survey sample is derived from random sampling of both residences and businesses within the City of Armadale and conducted through telephone interviews.

The 2010 survey was completed during the period 11 to 21 May 2010.

Residential – A total of n= 390 interviews were completed out of a total random sample of 1,688 residents from the Armadale area ¹ – a response rate of 23%. A response of this size from the residential population of 'the Armadale area' results in a maximum survey error of $\pm 4.96\%$ confidence level for the adult population of the ARA precinct.*

Business - In addition, n= 330 interviews were completed out of a total random sample of 599 businesses from the Armadale area – a response rate of 55%. This is a high response rate. Business surveys struggle to achieve better than a 50% response rate even with such expensive measures as a pre-notification letter, and hybrid research design. The 55% response rate was achieved in this instance without those additional measures. A response of this size from the business population of 'the Armadale area' results in a maximum survey error of $\pm 3.6\%$ at the 95% confidence level.*

¹ The "Armadale area" refers to the suburbs: Armadale, Bedforddale, Brookdale, Camillo, Champion Lakes, Forrestdale, Harrisdale, Haynes, Hilbert, Karragullen, Kelmscott, Mt Nasura, Mt Richon, Roleystone, Seville Grove, Westfield and Wungong. Respondents were informed of this at the start of the survey to ensure they considered the "Armadale area" in its entirety when answering the questions.

*standard error refers to the range that we can be 95% confident that the score falls into i.e. if the measurement is 80%, a standard error of $\pm 5.00\%$ would illustrate that we can be 95% confident that the true score for the population is between 75% and 85%.

In addition to the annual survey hard data is also drawn from building licence applications to the City of Armadale and internal monitoring of development applications at the Armadale Redevelopment Authority.

Disclosures and Legal Compliance

For the year ended 30 June 2010

KEY EFFECTIVENESS INDICATOR 1: VALUE OF BUILDING APPROVALS – (shows economic growth in terms of building investment).

	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Target
Residential Value	\$24.7M	\$29.7M	\$46.5M	\$99.8M	\$162.8M	\$213.4M	\$218.4M	\$277.4M	-
Variation	-	20.3%	56.6%	115%	63%	31%	2%	27%	40%
Non-Residential Value	\$26.2M	\$31.0M	\$26.7M	\$67.8M	\$85.9M	\$60.0M	\$65.9M	\$54.0M	-
3 Year Moving Average	-	-	-	\$41.8M	\$60.1M	\$71.2M	\$70.60M	\$59.9M	-
Variation (a)	-	-	-	-	-	18%	-1%	-15%	15%

Source: City of Armadale.

(a) The variation is based on a 3 year moving average with a base year of 2007/08.

The 3 year moving average is a common form of dampening a moving series which is prone to spikes in investment patterns. Thus variations are based on an average of the past 3 years in a series and compared to the previous 3 year averages.

The target for annual increase in value of residential building approvals is set in consideration of population growth, changing profile of home buyers and allowance for growth starting from a statistically low base together with a current allowance for escalation in building costs to arrive at a projected target of 40%.

In the residential segment, lower growth has occurred in terms of building material costs and value of housing in response to the general downturn in the market. The Federal Government's housing stimulus is targeted towards the lower cost end of the market. Over the past twelve months the City of Armadale has approved a record number of dwellings much of which has been infill housing. There was limited new subdivision during the year as new planning was underway to bring land on to the market in 2010/11.

In terms of non-residential growth, this sector has very uneven investment periods, which is why the three year moving average is applied. The variation figure is also somewhat distorted by its relationship to previous years where major multi-million dollar projects were underway. In particular, two major retail projects with a combined value of \$150M marked investment in the area for 2006/07 and 2007/08. The decline of 15% in 2009/10 occurs in part because much of the impact of the major retail expansion has washed through the 3 year moving average. Development in the Forrestdale Business Park is yet to be realised as subdivision only occurred during 2010 and will not translate into building approvals until 2010/11.

These indicators show the relative level of investment in residential and non-residential sectors (employment / building investment). The results show investment in residential was more resilient while non-residential was more impacted by credit and confidence issues.

While the data is drawn from an area greater than that under the direct planning jurisdiction of the ARA, it is postulated that the influence of the ARA affects activities within the Armadale local government area.

Disclosures and Legal Compliance

For the year ended 30 June 2010

KEY EFFECTIVENESS INDICATOR 2: ASSESSMENT BY RESIDENTS AND BUSINESSES OF THE ARA'S CONTRIBUTION TO THE ECONOMIC AND SOCIAL DEVELOPMENT OF ARMADALE – (shows external acknowledgement of the ARA achieving its core outcomes).

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Target
Residents Agree	60.8%	57%	66%	65%	57%	63%	60%
Businesses Agree	41.9%	55%	58%	59%	42%	52%	60%

Source: The 2010 Survey.

Result:

Residential: Regarding the results 'inclusive of respondents answering 'don't know/no opinion', almost one in four (24%) residential respondents "strongly agrees" to the notion that the ARA effectively assists with the social development of the area. A further one-in-three (32%) "slightly agrees". The proportion of respondents with a "negative" perception in 2010 (11%) is significantly lower than it was in 2009. In general, the residential respondents have become more 'optimistic' compared to 2009. When looking at the results 'exclusive of respondents answering 'don't know/no opinion', which are used as the base used for the annual KPI reporting, a similar pattern is shown.

In 2010, **63%** of the residential respondents indicated that they believe that the ARA is effectively assisting to achieve social development in the area. The 2010 results on 'agreement' were slightly better (not significantly) than the 2009 results (57%). About one out-of five had mixed feelings about this (24%). In general, the residential respondents have become more 'optimistic' in their belief that ARA is effectively assisting with social developments of the area compared to 2009.

A comparison of proportion of residential respondents who 'agree' or strongly agree' over time is shown below. With 63% agreeing, the target of 60% is clearly met in 2010.

Business: The results 'inclusive of respondents answering 'don't know/no opinion', show about two out-of five business respondents (41%) indicate that they believe that the ARA is effectively assisting businesses to achieve economic development in the area. About one out-of five (17%) had mixed feelings about this. The 2010 results are similar to the 2009 results, though the proportion of respondents who 'strongly agree' in 2010 is lower (not significant). The proportion of respondents with a "negative" perception has been stable around 20% in each of the three waves.

When looking at the results 'exclusive of respondents answering 'don't know/no opinion', which are used as the base used for the annual KPI reporting, a similar pattern is shown. In 2010, half of the respondents (**52%**) indicated that they believe that the ARA is effectively assisting businesses to achieve economic development in the area. About one out-of five had mixed feelings (21%). Note that the proportion that 'strongly agreed' with this proposition has dropped from 17% in 2009 to 13% in 2010 (not significant).

KEY EFFECTIVENESS INDICATOR 3: LEVEL OF BUSINESS ACTIVITY – (shows impact of ARA's efforts to achieve economic outcomes for 2009/10).

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Target
Improvement in Business Activity over year % of Businesses	55%	53%	52%	54%	41%	32%	32%	51%

Source: The 2010 Survey.

This indicator shows the proportion of business respondents who reported that over the past twelve months, their business activity: improved; became worse; or stayed the same.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Survey results in the current year (2010) were quite similar to 2009; 32% reported that their business activity had become better and 24% indicated that their business conditions had worsened. The dominant attitude was that it had “stayed the same” (41%).

Whilst the last three surveys show a stable pattern in results, when compared with the data of 2007 (and before) the situation has worsened slightly. Note that the proportion reporting that business conditions had “worsened” has grown from 10% in 2007 to 24% in 2010. At the other end of the scale, the proportion reporting that business conditions had improved has fallen quite materially from 54% in 2007 to 32% in 2010. In general, the data reflects a material deterioration in business activity over the last several years in line with the general economy.

KEY EFFECTIVENESS INDICATOR 4: DEVELOPMENT APPLICATIONS DETERMINED BY ARA. (Shows facilitation of economic investment)

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Target
Number of Development Applications Determined	20	58	83	140	78	107	-
Variation	-	190%	43%	69%	-44%	37%	18%

Source: Armadale Redevelopment Authority.

This indicator is intended to measure growth in general development activity within the area under direct ARA planning and development jurisdiction. The ARA Redevelopment Scheme was gazetted in May 2004 and accordingly 2004/05 is the first full year in which applications determined were calculated.

As the planning scheme provisions are translated into on the ground activity, this indicator has increased significantly on the 2004/05 figure of 20 applications. The target of 18% is seen as a long term average that the ARA would like to work towards. The Wungong Scheme, gazetted in early 2008, is likely to have a marked impact on residential applications in 2010/2011 when development occurs on current subdivisions which have been approved in the area.

It is likely that once the newly planned ARA areas are underway in terms of subdivision and development, a more regular growth pattern will become evident.

The target is set on the basis of development activity doubling over the next 8 years as general growth occurs and more area is covered under the Redevelopment Scheme. However previous growth has been minimal. Therefore to more accurately reflect this fact, the target for the medium term is set at double the long term average annual growth rate of 9%.

As the target set is a long term target, the movement from a market peak in 2008 to the market trough in 2009 followed by a rebound in 2010 reflects the volatility of this market and the likelihood of the target being significantly under or overshot depending on the point in the cycle when data pertaining to this indicator is captured.

Economic conditions, particularly a tight credit market and smaller land releases as developers rationalise projects, have contributed to a reduction in the number of development approvals issued throughout WA and nationally.

Renewed activity in the housing market due to first home buyers incentives helped to stimulate the market. Significant subdivision has occurred during the year in the Forrestdale Business Park West which will translate into more Development Application activity in the future.

Disclosures and Legal Compliance

For the year ended 30 June 2010

The future release of land in these projects is expected to result in a significant increase in the number of DAs being determined by 2010/11. The ARA has approved several subdivisions in Forrestdale Business Park, Wungong Urban Water and Champion Drive Precinct 2 over the past year, indicating that the predicted increase in development approvals is on track.

Efficiency Indicators

The ARA's efficiency can best be measured against the services provided, namely:

- (A) Implementation of a redevelopment scheme that meets statutory requirements;
- (B) Facilitation of development through release of lots; and
- (C) Facilitation of construction of non-residential facilities and infrastructure.

KEY EFFICIENCY INDICATOR 1: AVERAGE TIME TO PROCESS DEVELOPMENT APPLICATIONS (Relates to Service (A)).

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Target
Number Development Applications Determined	11	20	58	83	140	78	107	-
Average Processing Period	74.5 Days	55 Days	35 Days	32 Days	20 Days	22 Days	27 Days	60 Days
Proportion Exceeding 60 Days	45%	35%	12%	11%	5%	10%	11%	-

Source: Armadale Redevelopment Authority.

The number of development applications determined is the actual number processed in the financial year, including those approved and refused. It excludes the applications which were not determined or cancelled.

The Processing Period is the period (in days) following formal acceptance of development applications, less of any period when the applications were returned to the applicant for classification or further information.

The target set is the statutory requirement for determination as stated in the Redevelopment Scheme.

In 2007/08 improved procedures were introduced to improve the efficiency in processing development applications.

Result: This indicator shows a continuation in improvement in organisational efficiency in processing applications.

While the number of DA determinations has significantly increased from 2008/09, it is noteworthy that 89% of applications were determined within the target period. The average processing period also remains well below the target maximum. The figures indicate that the vast majority of DAs are processed quickly and efficiently. A number of highly complex applications have been received over the 2009/10 period which have involved extensive research and liaison with both applicants and public authorities, requiring longer determination periods.

Disclosures and Legal Compliance

For the year ended 30 June 2010

KEY EFFICIENCY INDICATOR 2: COSTS PER DEVELOPMENT APPLICATION DETERMINED (Relates to Service (A)).

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Target
Number of Development Applications Determined	20	58	83	140	78	107	-
Cost	\$2,122,000	\$2,383,000	\$3,139,834	\$3,815,000	\$2,969,000	\$3,845,000	-
Cost per application	\$106,100	\$41,086	\$37,829	\$27,250	\$38,064	\$35,934	\$30,000

Source: Armadale Redevelopment Authority.

Note: Costs are based on annual total costs of services less cost of land sold, developer contribution expenses and public infrastructure costs.

Result: This indicator shows the change in efficiency in terms of cost per application. The target of \$30,000 is based on the evidence of recent years' results.

The 2009/10 cost per application is inline with recent years although volumes have increase.

The cost per application is further pushed above target by the Authority's ongoing investment in future projects. Delays to future land releases at Wungong Urban Water and Armadale City West have been due to statutory reviews, requiring significant expenditure by the Authority. Returns on this expenditure will not be seen, however, until land is made available for subdivision and development. It is expected that the cost per application will significantly decrease by 2010/11 as the flow-on of applications received is realised.

KEY EFFICIENCY INDICATOR 3: COSTS PER LOT GIVEN SUBDIVISION APPROVAL (Relates to Service (B)).

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Target
Number of Lots	316	102	336	421	336	134	-
Total Costs of Lots	\$2,122,000	\$2,383,000	\$3,139,834	\$3,815,000	\$2,969,000	\$3,845,000	-
Costs per lot	\$6,715	\$23,363	\$9,345	\$9,062	\$8,836	\$28,694	\$7,000

Source: Armadale Redevelopment Authority.

Note: Costs are based on annual total costs of services less cost of land sold, developer contribution expenses and public infrastructure costs.

Result: This shows operation costs in terms of new lot creations. The target of \$7,000 is based on the 2004/05 result which is viewed as a realistic target as volumes increase. The year's result shows the effect of the market downturn (number of lots). It should be noted there was significant growth in structure plan preparation which positions developers to rapidly respond to future upturns in the market. The structure plan work by the ARA is not reflected in the above figures.

The increased expenditure on administration together with the severe reduction in lots created has resulted in a major cost per lot increase.

Disclosures and Legal Compliance

For the year ended 30 June 2010

KEY EFFICIENCY INDICATOR 4: COSTS RELATIVE TO VALUE OF NON RESIDENTIAL DEVELOPMENT APPROVED BY ARA (Relates to Service (C)).

	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	Target
Value of non Residential Development Approved	\$51.145M	\$58.7M	\$21.4M	\$24.1M	\$30.4M	\$78.3M	-
Costs	\$2,122,000	\$2,383,000	\$3,139,834	\$3,815,000	\$2,969,000	\$3,845,000	-
Cost per \$'Million Development Approved	\$41,490	\$40,596	\$146,721	\$158,299	\$97,664	\$49,106	\$100,000

Source: Armadale Redevelopment Authority.

Note: Costs are based on annual total costs of services less cost of land sold, developer contribution expenses and public infrastructure costs.

This indicator is designed to show planning staff efficiency in terms of value of non-residential development approved comprising commercial, industrial and government facilities and infrastructure against the agency cost of processing the approvals. A target of \$100,000 has been set to accommodate an expected greater volume of activity by achieving economies of scale. The target can be seen to sit between the earlier "lumpy" investments and the 2008 ebb in investment.

Result: Given the lumpy nature of non-residential development, this variable is prone to show impacts of "one off" investments. The increase in investment shown for 2010 compared to the previous years may show developers are positioning their projects to have approvals in place so as to rapidly respond to future market upturn. Approvals are valid for two years. The cost of development approved for 2010 shows strong divergence from the target showing good economies of scale during the general market downturn.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Ministerial Directives

The Minister for Planning, Culture and the Arts, the Hon John Day MLA, is responsible for the Armadale Redevelopment Act 2001. The ARA's enabling legislation requires that if the Minister gives a direction to Authority, it shall be in writing and tabled in Parliament.

- There were no Ministerial directions during the 2009 -2010 financial year.

The Armadale Redevelopment Act 2001 prescribes a number of matters requiring an approval of the responsible Minister.

Section 17 of the Act requires the ARA to obtain the Minister's approval for any contract or arrangement where the consideration exceeds \$1 Million. Ministerial approvals are tabled in the Western Australian Parliament in accordance with the Act.

- Five (5) approvals were tabled in Parliament during the 2009 – 2010 year.

Other Financial Disclosures

Pricing Policies of Services Provided

Fees apply to the provision of planning services, namely the assessment and determination of applications for development, structure plans, detailed area plans, scheme amendments and subdivision clearances. Rates are set on a fee for service cost recovery basis and correspond with comparable Local Government charges for such services.

Capital Works Incomplete

Capital works projects are ongoing and are undertaken in accordance with the approved State budget asset investment program.

Capital Works Completed

The ARA achieved its financial objectives for the 2009-2010 financial year by ensuring value for money outcomes were achieved across all operational and capital projects.

Employment and Industrial Relations

Staff Profile

	2009-10
Full-time permanent	16
Full-time contract	0
Part-time measured on a FTE basis	0.67
On secondment	1
Total	17.67

Note: The ARA has no employment powers. All staff at the ARA are employed by LandCorp and are on fixed term contracts.

Staff Development

The ARA 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 the environment.

Disclosures and Legal Compliance

For the year ended 30 June 2010

During the 2009–2010 financial year, ARA employees attended 258.50 hours of in-house and external training.

Workers Compensation

No new workers compensation claims were made during the year. There are no current or ongoing workers compensation claims.

Governance Disclosures

Contracts with Senior Staff

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

Directors' Insurance

Section 15 of the *Statutory Corporations (Liability of Directors) Act 1996* authorises the Minister to approve the ARA paying a Director's insurance policy premium. Where the insurance policy is approved by the Minister, the Board members are required to contribute one per cent to the annual policy premium to obtain coverage, with the balance of the premium to be paid by the ARA.

Other Legal Requirements

Marketing and Advertising

In compliance with section 175ZE of the Electoral Act 1907, the following expenditure was incurred during the year in advertising, market research, polling, direct mail and media advertising:

1. Total Expenditure for 2009/10 was **\$59,453.85**
2. Expenditure was incurred in the following areas:

Advertising Agencies	
Adcorp Australia Limited	\$10,044
Department of Premier and Cabinet	\$985
Market Research	
Patterson Market Research	\$48,425
Polling Organisations	
Nil	Nil
Direct Mail Organisations	
Nil	Nil
Marketing and Public Relations	
Nil	Nil

Disclosures and Legal Compliance

For the year ended 30 June 2010

Disability Services

In accordance with Section 29(1) of the Disability Services Act 1993 the ARA has in place a Disability Access and Inclusion Plan that addresses the needs of people with disabilities in gaining access to and receiving service or information from the ARA.

The ARA's Disability Access and Inclusion Plan is available to the general public through the ARA website. The ARA'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 the ARA.

Strategy	Action
Ensure relevant ARA staff are aware of the disability legislation and any changes.	Relevant key staff to register for email updates from the Human Rights and Equal Opportunity Commission (HREOC).
Implement a planned approach to the identification and remediation of hazardous kerbs, road shoulders and/or paths and trails.	<ul style="list-style-type: none"> • Continue to implement upgrades of kerbing and paths already identified at Champion Lakes. • Identify and upgrade other inaccessible or hazardous footpaths and kerbs. • Ensure all new footpaths, kerbs and trails are constructed so as to provide a safe, continuously accessible path of travel. • Ensure footpaths are not made inaccessible or hazardous by signs, furniture, fencing etc.
Ensure relevant key staff are familiar with best practice in access and inclusion.	Provide information and training for staff on inclusion of people with disabilities.
Implement a planned approach to the development of accessible recreation and leisure areas including foreshore access.	Consider disabled access in any planned upgrades to the public beach at Champion Lakes.
Ensure that all ARA events are planned so they optimise accessibility for spectators with disabilities as far as is practicable.	Develop an Accessibility Events checklist.
Develop and implement a planned approach to improving access to buildings and facilities.	<ul style="list-style-type: none"> • Undertake facilities access audits and use this information in planning. • Include disability access in scoping briefs for civil works undertaken by the ARA ensuring compliance with all relevant standards. • Install accessible parking bays, set down areas and related signage where appropriate.
Establish a process for the ARA to implement of DAIP activities.	<ul style="list-style-type: none"> • Incorporate the objectives of the DAIP into the ARA's strategic business planning, budgeting processes and other relevant plans and strategies. • Appoint the Administration Manager to administer the Plan.

Disclosures and Legal Compliance

For the year ended 30 June 2010

2. People with disabilities have the same opportunities as other people to access the buildings and other facilities of the ARA.

Strategy	Action
Ensure all buildings and facilities including parking are physically accessible to people with disabilities where possible, including the ARA reception and client contact areas.	Liaise with the Project Managers to ensure all project designs for buildings and facilities are physically accessible to people with disabilities.
Ensure all future facilities built or leased by the ARA take into account the needs of people with disabilities.	<ul style="list-style-type: none"> • Include on property check list. • Briefs for new facilities will include a requirement for the provision of appropriate facilities for people with disabilities, according to relevant standards.

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

Strategy	Action
Commit to making publications as accessible / understandable as possible (written in plain English and succinct).	Business Managers to discuss with staff and review relevant publications prior to release.

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

Strategy	Action
Inform staff of their role in implementing and monitoring the plan to ensure its success.	Build DAIP initiatives in to the ARA Business Plan where appropriate.
Improve the awareness of new staff about disability and access issues.	Include DAIP in new staff Induction package.
Ensure that the Board and contractors of the ARA are aware of their requirements under the DAIP.	<ul style="list-style-type: none"> • Contractors and other users of ARA facilities to be made aware of the ARA's processes, practices and procedures around access. • The ARA Board to endorse the DAIP.
Improve access for people with disabilities to ARA consultative processes, including the capacity to accept verbal communications.	Ensure consultative processes provide the opportunity for people with disabilities to participate.

5. People with disabilities have the same opportunities as other people to make complaints to the ARA.

Strategy	Action
Ensure that current grievance mechanisms / complaint handling system are accessible for people with disabilities.	Reconcile with LandCorp process.
Improve staff knowledge so they can facilitate the receipt of complaints from people with a disability.	Incorporate the receipt of complaints from people with a disability in to the ARA Complaints Policy and Procedure.
Commit to ongoing monitoring of the DAIP to ensure implementation and satisfactory Outcomes.	Annual review of DAIP by the Administration Manager and endorsed by the Board.

Disclosures and Legal Compliance

For the year ended 30 June 2010

6. People with disabilities have the same employment opportunities with the ARA as other people.

Strategy	Action
Ensure people with disabilities are not disadvantaged in obtaining employment with the ARA.	Ensure EEO principles are adhered to in relation to employment opportunities for people with a disability.

Compliance with the Public Sector Management Act 31(1)

The ARA does not have employment powers and all staff are sourced through LandCorp. LandCorp has developed its own standards for Human Resource Management which covers the staff at the ARA and underpins all human resource-related activities. The new standards have regard to the principles set out in the *Public Sector Management Act* 1994 and have been lodged with the Commissioner for Public Sector Standards.

The Code of Conduct, which has adopted the public sector's ethical principles, has been retained and applies to all people employed by the ARA including the Board, management and employees. New employees are made aware of the Code at the time of orientation.

The ARA ensures the principles in the code form part of, and are reflected in, everyday business activities in recognition of the value of ethical behaviour in the future of its business.

- There were no reported breaches of the Code of Ethics or Code of Conduct during the reporting period.

Compliance with Public Sector Standards and Code of Ethics

The ARA confirms that, in accordance with Section 31 of the Public Sector Management Act 1994, the Authority has complied with the Public Sector Standards and Code of Ethics and that procedures are in place to ensure such compliance.

- There were no breaches of Public Sector Standards in 2009-2010 year.

Recordkeeping

In accordance with the State Records Commission Standard 2, the ARA has complied with the State Records Act 2000.

The ARA conducts a recordkeeping training program for new staff as part of an induction program that addresses employees' roles and responsibilities in complying with the recordkeeping system. The ARA has a comprehensive Record Keeping plan which was established in 2004 and comprehensively reviewed in 2008.

The ARA in conjunction with its contract for services with LandCorp has the following policies and procedures in place in relation to its Recordkeeping plan:

- LandCorp Records Management Policy;
- LandCorp Records Procedures Manual;
- LandCorp Project Thesaurus;
- ARA Records Management Retention and Disposal Schedule;
- LandCorp Brochure "Records and Administration".

Disclosures and Legal Compliance

For the year ended 30 June 2010

Annual Estimates for 2010/11

2010/11 Estimates		\$'000
Cost of Services	1	19,240
Revenue From Ordinary Activities	2	<u>15,011</u>
Net Cost of Services		(4,229)
Revenue from State Government		<u>1,810</u>
Net Profit / (loss)		<u>(2,419)</u>

Note 1 - Cost of services

Comprising;		\$'000
Cost of Sales		1,021
Estate Expenses		-
Developer Contribution expenses		12,793
Operating Expenses		<u>5,426</u>
Cost of Services		<u>19,240</u>

Note 2 - Revenue from ordinary activities

Comprising;		\$'000
Sales (after GST)		1,316
Developer Contribution revenues		12,793
Other operating revenue		<u>902</u>
Revenue from Ordinary Activities		<u>15,011</u>

Government Policy Requirements

ARA Commitment to OSH and Injury Management

The ARA, through a Contract for Services with LandCorp, is committed to providing and promoting a safe workplace, plant and systems of work in accordance with the Occupational Safety and Health Act (1984). The ARA takes a proactive approach to occupational safety and health, establishing clear goals and strategies to implement and monitor associated systems, responsibilities and prevention programs.

In accordance with good practice and as far as practicable, the ARA will:

- Consult and cooperate with employees, and their representatives, regarding occupational safety and health.
- Ensure that the use, cleaning, maintenance, transportation and disposal of plant and substances is carried out in ways that minimise staff exposure to hazards.
- Provide information, training and supervision to new and existing staff members to enable them to work in ways that minimise their exposure to hazards.
- In situations where it is not practicable to avoid hazards, staff will be provided with adequate protective clothing and equipment, and instructed in its use.
- Endeavour to review and improve its occupational safety and health performance by conducting regular reviews to ensure the effectiveness of the integration of safety and health into the ARA's business plans.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Occupational Safety and Health Consultation

The ARA has implemented a formal orientation process which encompasses Occupational Safety and Health matters. All employees are provided with an overview of the ARA's policy and procedures which outlines the ARA's above commitment. The ARA encourages all employees to discuss all Occupational Safety and Health issues with the Human Resources Manager for consideration and remediation if required.

ARA's Statement of Compliance to Injury Management

The ARA is committed to providing injury management support to all workers who sustain a work related injury or illness with a focus on safe and early return to meaningful work and in accordance with the Worker's Compensation and Injury Management Act 1981.

Occupational Safety and Health Management Systems

The ARA through its contract for services with LandCorp ensures its occupational safety and health management system is monitored and audited on a cyclical basis which is currently every three years.

The ARA engages the services of Ernst & Young to undertake the audit. The most recent audit was conducted in March 2010. A new Safe and Well at Work System has been prepared by the Chamber of Commerce and Industry and the policies and procedures contained in it are currently being reviewed in preparation for roll out. The ARA Project Procedures Manual also has comprehensive Occupational Safety and Health processes for use by all Project Managers who must comply with company policy and implement this for all site based and external projects.

2009/2010 Performance:

Number of fatalities	Nil
Lost time injury/diseases (LTI/D) incidence rate	Nil
Lost time injury severity rate	Nil
Percentage of injured workers returned to work within 28 weeks	NA
Percentage of managers trained in occupational safety, health and injury management responsibilities	80%

All employees are provided with basic OSH training as a component of their employment orientation as well as all Project Managers being provided with training to enable them to fulfil their roles at the ARA. The ARA Project Procedures Manual is an essential guide to OSH implementation and processes for all site based projects.

Note:

- All ARA injuries are reported to the Board quarterly.
- All contractor injuries are reported as they happen.
- Management receive a 2 weekly report.
- All serious injuries are reported to the Chief Executive Officer immediately.

Disclosures and Legal Compliance

For the year ended 30 June 2010

Freedom of Information

The ARA is subject to the *Freedom of Information Act 1992*. The Information Management Manager (LandCorp) is the appointed Freedom of Information Coordinator and is the initial recipient of requests for information under the Act.

- There was one Freedom of Information request in 2009 – 2010 year.

Substantive Equality

The ARA is not a Department represented on the Strategic Management Council and does not currently have obligations under the Substantive Equality Framework. However, the office is committed to the objectives of the policy to eliminate systemic racial discrimination in the delivery of public services and promote sensitivity to the different needs of client groups.

EEO initiatives contribute to the elimination of systemic racial discrimination in the delivery of services as well as promoting equal employment opportunity. The ARA, through its contract for services with LandCorp, has an EEO policy and EEO Management Plan and has undertaken EEO training for all employees to assist in complying with the Substantive Equality Framework.

Publications

The principal external publications of the Authority during the year were:

- Armadale Redevelopment Authority Annual Report 2008 - 2009;
- Reconciliation Action Plan (in conjunction with LandCorp);

In addition to the aforementioned the ARA produces fact sheets on all of its projects which are updated and released quarterly.

All external publications can be downloaded from the Authority's website. www.ara.wa.gov.au and in hard copy by request to info@ara.wa.gov.au

The ARA also has a number of internal documents for staff and Board Members in relation to administrative and procedural management. The following internal documents were comprehensively reviewed in the 2009 – 2010 year:

- Risk Management Plan;
- Business Continuity Plan;
- Tender Overview and Procedures;
- ARA Board Procedures; and
- ARA Compliment / Complaint Handling Procedure.

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OTHER FORMATS

This annual report is available in alternative formats on request. The Armadale Redevelopment Authority encourages people to access this annual report online through the ARA's website and to use recycled paper and print in black and white if they print a copy. The online annual report is presented in PDF format.