



# Annual Report 2004

Armadale Redevelopment Authority



## Statement of Compliance

Hon. Alannah MacTiernan BA LLB B Juris JP MLA  
Minister for Planning and Infrastructure  
13th Floor, Dumas House  
2 Havelock Street  
WEST PERTH WA 6005



Dear Minister

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

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

Yours sincerely

A handwritten signature in black ink that reads "GI Gauntlett".

GI Gauntlett

A handwritten signature in black ink that reads "Verity Allan".

Verity Allan

27 August 2004



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## Mandate

The Armadale Redevelopment Authority is established under the Armadale Redevelopment Act 2001 and is responsible to the Minister for Planning and Infrastructure. The Authority commenced operations on 23 March 2002.

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

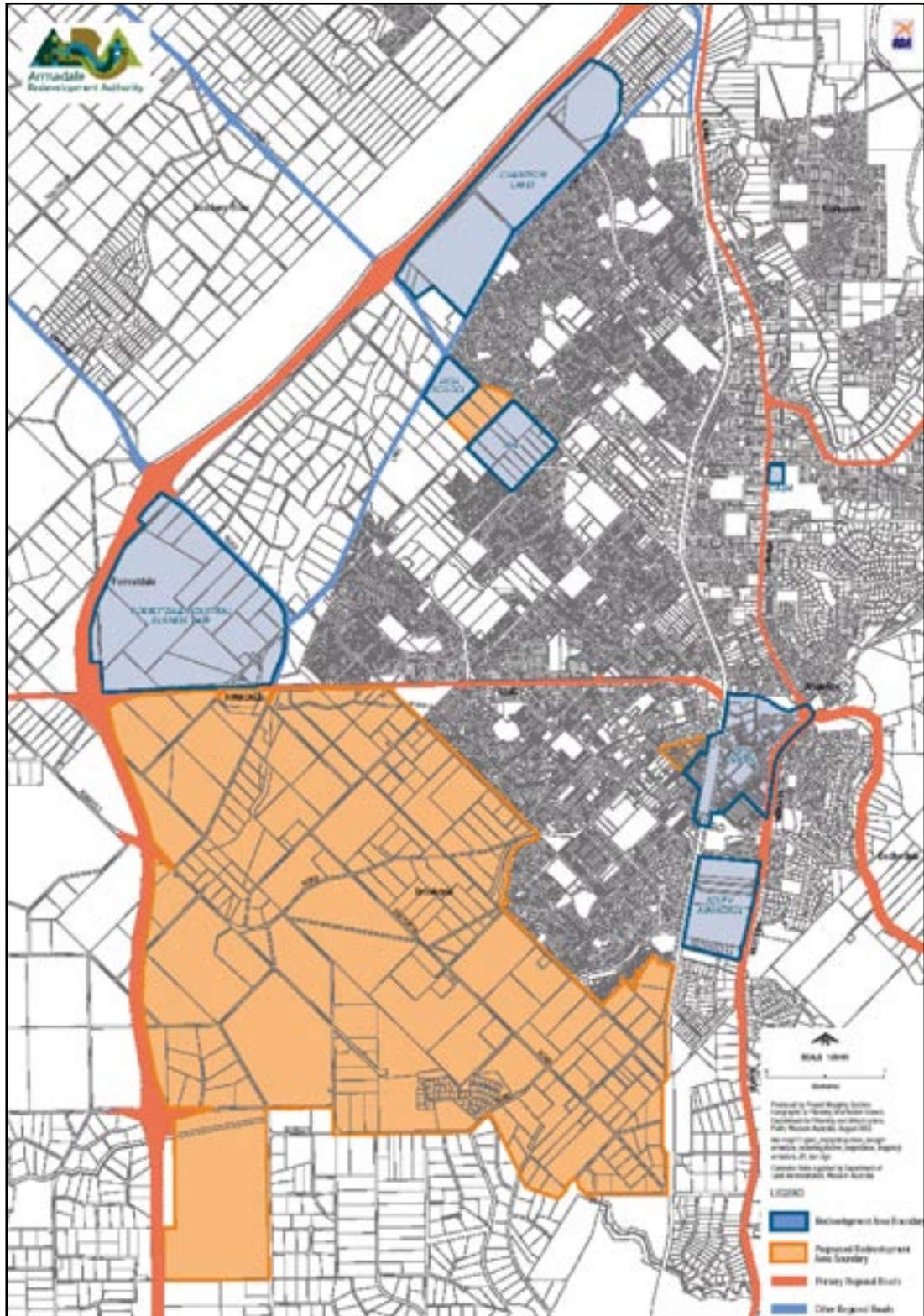
**A particular focus of the Authority's functions is economic and social development.**

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





## The Armadale Redevelopment Area



Armadale Redevelopment Authority  
Redevelopment Area

Figure 1

## **The Armadale Redevelopment Area** *cont...*

The Armadale Redevelopment Area comprises seven separate sites, each with strategic attributes that will contribute to Armadale's future social and economic growth.

Where land is in Government ownership, it is likely the ARA will form partnerships with LandCorp to progress development.

### **City Centre**

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
- enhancing 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.

### **South Armadale**

This site has the potential for a modern, efficient business and employment node characterised by innovative urban design, landscaping and water sensitive design principles. Development hinges on future operational planning of Austral Bricks, the major landowner.

It will have effective and efficient internal roads and connections to regional networks and a range of opportunities for business development.



## **Forrestdale Business Park**

An area of about 190 hectares bordered to the south by Armadale Road, to the north-west by the proposed southern alignment of the Tonkin Highway and to the north-east by Road.

It will be developed as a contemporary, efficient and highly functional industrial business park, characterised by excellent exposure and access to the primary regional road network and high-quality industrial buildings. Simple but effectively coordinated design and landscaping of public areas will ensure high presentation standards.

Development of the park will recognise its high watertable and proximity to Southern River.

The business park will be a major new focus of economic and employment activity for the region, with the potential to generate up to 5000 new jobs.

## **Champion Lakes**

A 136-hectare site about 4kms north-west of the 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.

Champion Lakes will be a significant water-based recreational area that combines the potential of international-standard competitive sporting facilities with passive and active public water activities. Conservation and wetland habitat environments will support fauna and flora. Potential developments include an Aboriginal Interpretative and Enterprise Centre, resort-style accommodation, a high-quality residential area, conference facilities and small-scale business and commercial activities. It will set new standards in environmental management and water-sensitive design.

## **Champion Drive High School and TAFE**

A new residential neighbourhood characterised by a range of opportunities and housing styles, and by leading edge water sensitive design principles and practices.

The ARA will encourage builders to promote energy efficiency in design, orientation, use of materials and operation.

## **The Armadale Redevelopment Area** *cont...*

### **CALM site, Albany Highway**

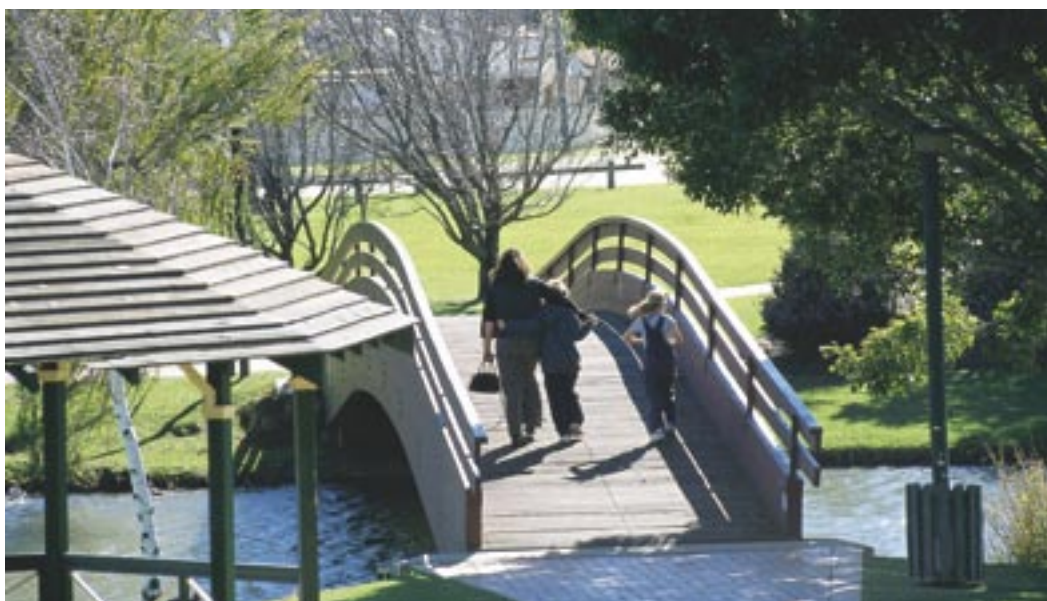
The site has an area of about two hectares and is 2km north of the city centre. It is bordered to the west by Albany Highway, to the north by Ecko Road and to the east and south by the Armadale Health Centre and Armadale-Kelmscott District Memorial Hospital.

The redevelopment will promote high quality urban design and presentation, capitalising on the site's elevation and views across the coastal plain. It offers commercial development potential with a medical focus, and is also appropriate for residences and community facilities. Development of the site relies on the finalisation of site masterplanning by the Armadale/Kelmscott Hospital.

### **Brookdale**

The 1580 ha site is planned as a model example of a sustainable urban area. A 15 to 20-year master plan envisages a diverse and vibrant residential area that showcases best practice in sustainable urban development incorporating natural resource management, water sensitive urban design and energy-efficient housing.

The Brookdale master plan will create up to 10,000 lots and allow for a population growth to 30,000 residents. The development will recognise Brookdale's Aboriginal and European cultural history, as well as being used as a model to guide development in similar water-sensitive areas in WA and nationally.







## Vision and Objectives

The ARA's vision for the redevelopment of Armadale is to establish a physical, social and environmental framework that will enable Armadale to build on its existing strengths and assets and develop the vibrant, multi-dimensional place of civic, cultural and economic significance that a Strategic Regional Centre should be. The redevelopment will draw on and accentuate the points of difference that give Armadale its unique beauty, character and identity, and will deliver an outstanding example of sustainable urban development.

## Corporate Philosophy

The ARA will harness the potential of a diverse vibrant community with its own sense of place.

It will:

- Operate with integrity and equity
- Balance social, economic and environmental issues to achieve sustainable outcomes
- Approach issues laterally and creatively
- Adapt a persistent but responsive approach to issues
- Maintain communication with all stakeholders.

Through the application of its values, the ARA will support and facilitate:

- Growth of community spirit and well-being
- Creation of an investment climate to underpin new employment opportunities
- Recognition and management of environmental issues
- Innovative approaches.

## Corporate Commitment

The ARA will act with integrity, think creatively, be persistent and communicate with all stakeholders.

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

## The Year at a Glance

The year 2003 / 04 set the base for the future of the redevelopment of Armadale with the gazettal of the Redevelopment Scheme, the commencement of the excavation of Champion Lakes and the inclusion of 1500 ha of Brookdale as part of the Redevelopment Area. In addition, confidence is growing in the local community that Armadale is on the verge of a social and economic revival.

Against this backdrop is the challenge of communicating the new Armadale to the rest of Perth and Western Australia.

The value of residential and non-residential building approvals in 2003 / 04 grew by around 20% compared to 2002 / 03 thus giving substance to the start of the regrowth of Armadale.

The ARA is at the forefront of the State's efforts to instil sustainability as a key focus of Government. The Authority was the first agency to publish its Sustainability Action Plan, which is being reinforced through the development of sustainability implementation plans for each of the precincts in the Redevelopment Area.

Sustainability will underpin future development at the Forrestdale Business Park, Champion Lakes and Brookdale. Brookdale, through its sheer size and fragile water environment, offers the best opportunity in Western Australia to demonstrate the principles of sustainability by the application of creative solutions to avoid the traditional approach to urban development.

The year also saw the commencement of the ARA's first capital works project. The forecourt to the new railway station is seen as a great opportunity to create a public space in the heart of Armadale.

This public space will be the venue for the Perth International Arts Festival events in Armadale in its program sponsored by the ARA.

Sponsoring the Arts Festival is just one of the ARA sponsorships designed to engage the community and enhance its spirit. Sustainability of the Armadale revitalisation hinges on a vibrant community being maintained.

Similarly, business growth will be sustained through the creation of a supportive economic environment. The Redevelopment Scheme implementation is expected to provide the stimulus for the growth in business investment.



## Highlights of the Year

- ARA becomes the first Government agency to release an Implementation Strategy for Sustainability (August 2003)
- Redevelopment Scheme gazetted
- Construction begins of new Armadale Rail Station and Forecourt
- Brookdale added to Redevelopment Area
- 2004 Perth International Arts Festival events held in Armadale
- Earthworks begin for Champion Lakes development
- Catchment to Consumer Water Symposium hosted (October 2003)
- CSIRO added Brookdale as a project under the Healthy Country Flagship Program





## Chairman's Report

The guiding principles for the successful redevelopment of Armadale are to:

- optimise the Armadale city centre's capacity to operate as a strategic regional centre.
- Strengthen the city's economic base
- Develop sustainable plans for the city centre and project areas
- Maintain and enhance the community's social, cultural, environmental and heritage values.

Implementing these principles is ongoing and the Authority made significant progress on each front during the year under review.

The new railway station forecourt and the upgrading of Commerce Avenue are the first public works the ARA has undertaken in the city centre, with the Perth Transport Authority and the City of Armadale respectively. When completed next year, these projects will set the standard in terms of road design, landscaping, lighting and public art and will form the first stage of the Gateways project.

There was active consultation with major landowners in the city centre, and the ARA anticipates receiving Development Applications for major retail development in the second half of 2004. Importantly, the Authority has commissioned a leading firm of architects to formulate Design Guidelines to facilitate an optimum result.

The completion and gazettal of the Redevelopment Scheme for the specified project areas including the city centre was completed and gazetted during the year, and will be supported by planning policies to assist landowners prepare development proposals.

The Champion Lakes project area of 136 ha includes a portion which was acquired from the Western Australian Planning Commission for \$2.5 million. The remainder, owned by the City of Armadale, is also being transferred to the Authority.

The Government demonstrated its confidence in the ARA by including an extra area of some 1500 hectares in Brookdale to come under the Authority's control. A multi-skilled consultant team has been engaged to prepare a master plan for Brookdale. The first step in this program was the 'Catchment to Consumer' water symposium convened by Board member Verity Allan and involving a wide range of Government agency representation.



During the year the Authority again sponsored a major event of the Regional Chambers of Commerce and Industry and the City's Minnowarra Art Exhibition. A new initiative was to bring the Perth International Arts Festival to Armadale, which proved very popular and successful. We hope to repeat that success again next year.

Anecdotal reporting is of an increased awareness of the role and potential of the ARA and a sense that progress is being made.

I am most appreciative of the wide-ranging contribution of all Board members and staff, with whom there is a strong sense of purpose and teamwork.

We have enjoyed co-operation and assistance from many Government agencies, particularly LandCorp. Special mention must be made of the highly supportive collaboration with the City of Armadale, which is critical to our function.

In conclusion the ARA Board recognises and appreciates the personal support of the Minister, the Hon Alannah MacTiernan.

Gerry Gauntlett  
CHAIRMAN

## Corporate Governance

The Board is the Authority's governing body and is charged with ensuring that the Authority performs its functions in accordance with the provisions of the Armadale Redevelopment Authority Act and other laws governing the conduct of corporate entities.

The Board has a number of specific statutory responsibilities, set out in the Act. These include submission of a proposed redevelopment scheme, and reviewing the operation and effectiveness of the Act as soon as practicable five years from its commencement.

The provisions of the Financial Administration and Audit Act (1985) also governed the Authority's approach to financial administration, audit and management of its finances.

The Board complied with all the statutory requirements set out in these Acts.

In addition to statutory responsibilities, the Board undertook strategic roles for the Authority focused on:

- Business direction
- Corporate standards
- Policies and decision frameworks
- Advice to the Minister and Government.

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

### Board Committees and Working Groups

To support ARA activities, a number of Board-endorsed committees and working groups were established and chaired by a Board member.





## **Committees**

These included:

### **Audit Committee**

The Board's Audit Committee considers governance activities, internal and external audit investigations and reports, corporate compliance and risk management.

The Audit 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**

At its November 2003 meeting, the Board approved the Planning and Development Control Committee being established to facilitate the timely processing of development applications that were consistent with the Authority's planning scheme .

## **Working Groups**

These included:

- Brookdale
- Champion Lakes Precinct
- City Centre Advisory
- Education Taskforce
- Festivals
- Forrestdale Business Park Precinct
- Gateways.

## Corporate Governance *cont...*

### Community Reference Group

The Minister appointed a Community Reference Group (CRG) under Section 63 of the Act to assist the Authority to obtain a broad range of community views on matters relating to the performance of its functions under the Act.

Board Member Dr Tony Buti chairs the CRG, which has the following members:

- Renee Baker;
- Kim Fletcher;
- Brett Tizard;
- Nola Bycroft;
- Vivienne Hansen;
- Annette Nicolson;
- Mark Ashton;
- Matthew Keogh;
- Steven Erceg; and
- Lesley Greenway.

### Board Directors

The Armadale Redevelopment Authority Act specifies that the Board should comprise six members, of which two must be City of Armadale Councillors (nominated by Council). Members are required to have relevant experience in one or more of the professional disciplines of urban planning, heritage, business management, property development, financial management, engineering, transport, housing and community affairs.

#### Directors whose terms ended and were re-appointed during the reporting period:

**Kay Hallahan AO** was appointed to the Board as Deputy Chair on 1 January 2002 for a term ending on 31 December 2003. The Minister approved a further one-year term commencing 1 January 2004 and ending 31 December 2004.



Ms Hallahan's Order of Australia Award recognised her considerable contribution to the State Parliament and a wide range of community organisations. She is currently the National Board Chair of Save the Children Australia and involved with a number of Armadale organisations.





**Mr Gerry Gauntlett** was appointed as Chairman to the Board on 1 July 2002 for a term ending on 31 December 2003. The Minister approved a further three-year term commencing 1 January 2004 and ending 31 December 2006.

Mr Gauntlett has extensive experience in property consultancy, specialising in the areas of commercial development and valuation. He is a member of the Heritage Council of WA and chairs its development committee.



**Dr Tony Buti** was appointed to the Board on 1 January 2002 for a term ending on 30 June 2004. The Minister approved a further three-year term commencing 1 July 2004 and ending 31 December 2007.

Dr Buti is a local resident and a lawyer lecturing at Murdoch University. He is also a business management consultant and company director and involved in a number of community organisations.



**Ms Verity Allan** was appointed to the Board on 1 January 2002 for a term ending on 31 December 2003. The Minister approved a further one-year term commencing 1 January 2004 and ending 31 December 2004.

Ms Allan is a town planner with a wealth of experience in local government and redevelopment authorities and has held senior positions in State and local Government and the private sector. Ms Allan is the Chair of the Water & Rivers Commission and a Commissioner of the Western Australian Planning Commission. Her particular interest is environmental planning.



#### **Current Board members**

**Linton Reynolds** was appointed to the Board on 1 January 2002 for a term ending on 30 June 2003. The Minister approved a further two-year term commencing 1 July 2003 and ending 30 June 2005.

Mr Reynolds is Mayor of the City of Armadale and a member of the Grants Commission, and 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.



**Henry Zelones JP** was appointed to the Board on 1 January 2002 for a term ending on 30 June 2003. The Minister approved a further two-year term commencing 1 July 2003 and ending 30 June 2005.

## Corporate Governance *cont...*



Mr Zelones is a member of the City Council representing the Kelmscott Ward. He owns and operates a local business, is a life member of the Chamber of Commerce and is involved in many community activities and organisations.

### Policies

Policies set the parameters for a number of processes that support the Board's governance structures. The Standing Procedures were also updated and approved at the March 2004 Board meeting.

### Conflict of Interest

New Board members declare any financial or pecuniary interest at their first meeting. The Authority also has a standing protocol whereby a Board member would disclose an interest in any item on the agenda.

Disclosures are recorded in the minutes and a copy of the disclosure placed in the Authority'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 Authority staff and contractors who are required to make conflict disclosures to the Executive Director, who in turn determines the course of required management action.

### Access to Independent Advice

With the approval of the Chairman, a Board member may seek independent legal advice on matters presented to the Board or a Board Committee. The Board or Committee Chairman is responsible for authorising Authority officers to pay the costs of obtaining the legal advice.

### Remuneration

Director remuneration is determined by the Minister for Planning and Infrastructure after consulting with the Minister responsible for administration of the Public Sector Management Act.

The remuneration arrangements as at 30 June 2004 were as follows:



Position	Amount
Chairman	\$19,750
Deputy	\$13,875
Member	\$ 8,000

## Directors' Insurance

Section 15 of the Statutory Corporations (Liability of Directors) Act 1996 authorises the Minister to approve the Authority paying a Director's insurance policy premium. Where the insurance policy is approved by the Minister, the Board members are required to contribute 1% to the annual policy premium to obtain coverage, with the balance of the premium to be paid by the Authority.

## Director Benefit or Related Transactions

No Director (or firm where a Director held a substantial interest) received or became entitled to a benefit other than the remuneration mentioned previously in this report.

## Communications

The Board maintains a Communications Protocol which aims to ensure information received by and provided to all Board members, outside the formal meetings process, are brought into the Board's formal discussion and consideration processes.

## Ministerial Advice and Approvals

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

Section 17 of the Act requires the Authority 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.



## Corporate Governance *cont.*

One approval was tabled in Parliament during the reporting period.

The Board also provides advice to the Minister on various aspects of the Authority's operations.

### Ministerial Directions

The Board maintained the policy, with respect to responding to a Ministerial Direction, to comply with the provisions of the Statutory Corporations (Liability of Directors) Act.

No Ministerial directions were received by the Authority during the reporting period.

### Code of Conduct

The Board aimed to maintain leadership in setting high ethical standards, through practical strategies such as the Authority's Code of Conduct, which applied to Board members and staff.

No breaches of the Code of Conduct were reported during the reporting period.

### Board Statistics

Meeting attendance for the period 1 July 2003 to 30 June 2004:

Members	Board (including Special Board meetings)		Audit		Planning and Development Control	
	*	#	*	#	*	#
Gerry Gauntlett	12	12			1	1
Kay Hallahan	12	10	1	1		
Verity Allan	12	12			1	1
Tony Buti	12	10				
Linton Reynolds	12	12	1	1		
Henry Zelones	12	11				

\* - Total number of meetings

# - Actual number of meetings attended



## **Stakeholder interaction**

The Board was an integral part of the Authority's communication with key industry bodies, local Government and other stakeholders. The Board uses these occasions to gather information and gain a firm appreciation of the perspectives of industry associations and community groups, which is then used in deliberative processes at Board meetings.

## **Sponsorships**

Major sponsorships were provided to the Chamber of Commerce Awards Night in Jull Street, the Perth International Arts Festival and the Minnowarra Festival Arts Awards.



## Executive Director's Report

The year 2003/04 was pivotal for the ARA, with the gazettal of the full Scheme for the Redevelopment Areas as originally established in 2001. This was the culmination of almost 18 months of master planning and consultation.

Planning does not cease with the Redevelopment Scheme. In December 2003 the Redevelopment Area was increased with the inclusion of around 1500 hectares of the Brookdale locality, additional land on Champion Drive to link the high school and TAFE sites and a minor extension of the City Centre west of the railway. The challenge now is to master plan the environmentally sensitive area of Brookdale and incorporate it into the Redevelopment Scheme.

Brookdale is an opportunity for the ARA to champion a fundamental change in urban development in Armadale. Designated as Perth's demonstration area for urban water management and captured as a project in CSIRO's Healthy Country Flagship Program, Brookdale will dominate much of the ARA's focus in coming years.

During the year the ARA released its sustainability action plan and commenced work on Local Area Implementation Plans for Sustainability for each of the planning precincts.

Underpinning these activities was the funding support provided by the State, systems provided and resources acquired from LandCorp under the Service Level Agreement, and the close cooperation of the City of Armadale. The State Government provided additional funding for the Forrestdale Business Park, capital works and operational costs.

The year saw the commencement of an internal audit program designed to test the ARA's management governance and procedures.

In the coming year, new road upgrades in the City Centre will commence to give effect to the Concept Plan and the new railway station and forecourt will be completed. Other expected highlights will be the completion of earthworks for Champion Lakes and the start of the Champion Drive subdivision.



On the planning side, the ARA's efficient management of its statutory planning powers under the Scheme and associated policies will be tested as it now has full planning and development control over all precincts except for Brookdale. The major focus will be on progressing the master planning of Brookdale and introduction of the Local Area Implementation Plans for Sustainability.

At year end the ARA had 6.5 full-time equivalent staff members, supplemented by contracted part-time project managers and a range of consultants.

The year's successes would not have been possible without the support and guidance of the Minister for Planning and Infrastructure and the Board. There was also heartening support by the broader community, whose ever-growing confidence in the future of Armadale will ensure the success of the redevelopment.

John Ellis

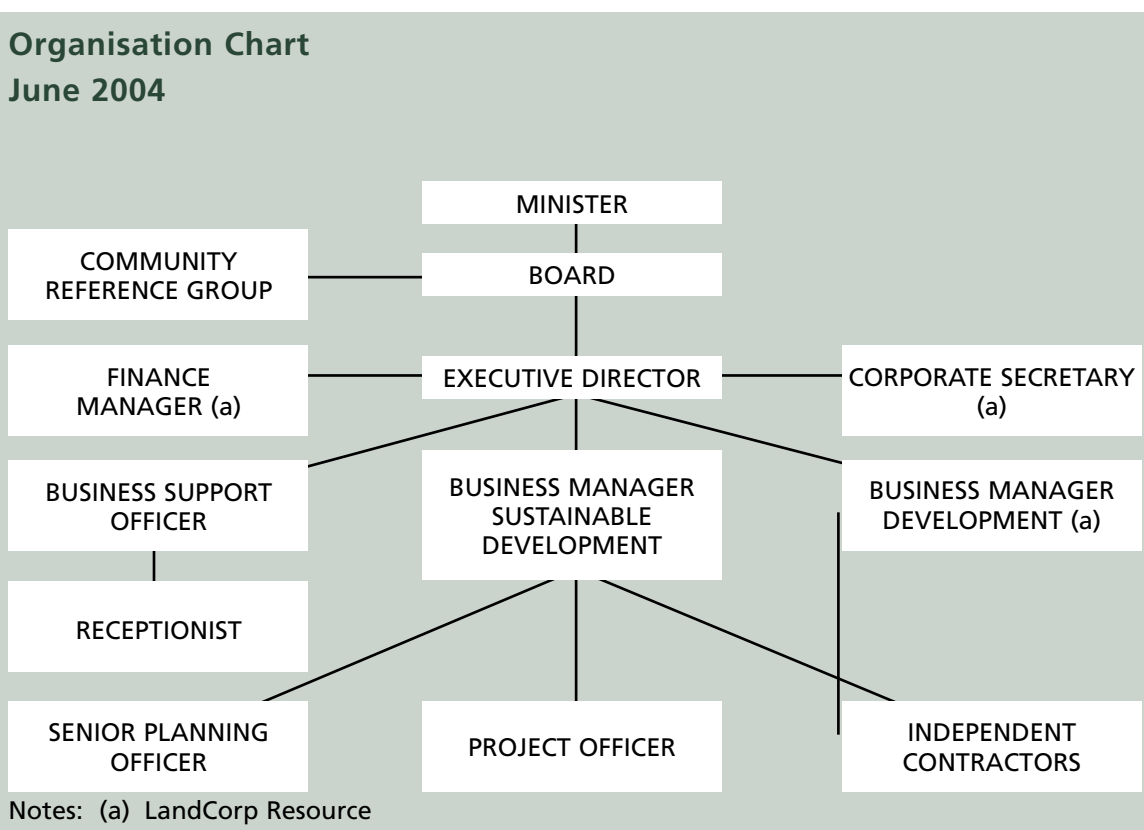
EXECUTIVE DIRECTOR

## Organisational Structure

The Executive Director administers the day-to-day operations of the ARA and has prescribed delegated authority for particular management decisions.

The Authority has no powers to employ staff. Dedicated staff are sourced through a Service Level Agreement with LandCorp. Additional staff resources are also sourced through Landcorp and from within the Planning and Infrastructure Portfolio.

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



The Service Level Agreement with LandCorp provided access to resources in Corporate Services, Finance and Accounting, Information Technology, Communication and Project Management.

Specific consultants were appointed to assist in projects including the Brookdale master planning, Forrestdale Business Park development and Champion Lakes aquatic recreation park. Such consultants covered the fields of engineering, project management, landscape architecture, environmental assessment, heritage, hydrology and public art.





## **Sustainability**

### **Sustainability at the ARA**

The ARA became a signatory to the WA Cleaner Production Statement on 20 June 2003. The goal of Cleaner Production is to increase resource efficiency and to minimise and/or prevent wastes and emissions being generated in the production and distribution of goods and services.

The ARA is working with WA SIG to promote cleaner production and eco-efficiency in the redevelopment of Armadale-Kelmscott.

### **Carbon Neutral Program**

The ARA became a member of the Carbon Neutral Program, an initiative of Men of the Trees, on 20 May 2004. This initiative means that 98 trees will be planted to offset the calculated annual carbon emissions of the three ARA fleet vehicles. All trees planted for the Carbon Neutral Program will be audited, grown specifically for the local environment in areas of high priority, with follow-up maintenance carried out on all sites.

### ***Sustainable Armadale calico bags***

The ARA is committed to the State Governments Waste 2020 Strategy. In a bid to reduce the use and number of plastic bags within the city, the Minister for Planning and Infrastructure and Member for Armadale, Alannah MacTiernan, launched *The Great Armadale Calico Bag Giveaway* on 11 June 2004. The joint project by the ARA, Armadale Shopping City and the City of Armadale will see 10,000 calico bags distributed to local residents. Used just twice a week, these 10,000 bags will save more than one million plastic bags a year.

### **Greensmart**

In 2003 the ARA became a regional partner of the HIA GreenSmart Program. As an accredited regional partner, the ARA is committed to:

- contribute to improving the environmental performance of the building industry
- deliver environmental improvements that are responsive to community expectations of building types and costs
- work with other GreenSmart professionals to pursue good environmental management in the building industry.

## **Organisational Structure** *cont...*

### **Memoranda Of Understanding**

Southern River/ Forrestdale/ Brookdale/ Wungong

In recognition of the importance of the local river networks, In October 2003 the ARA signed a MoU to preserve and enhance the health of the local river system.

The agreement is with the Environmental Protection Authority, Water and Rivers Commission, WA Planning Commission, City of Armadale, City of Gosnells and the Water Corporation. It is aimed at promoting co-operation in the implementation of the Southern River, Forrestdale, Brookdale and Wungong Urban Water Management Strategy.

### **Water Management**

In February 2004, the ARA and CSIRO drafted a MoU to partner and demonstrate best practice in natural resource management, urban water management and built form integration for community development in Armadale.

### **CSIRO Healthy Country**

The ARA is taking part in the CSIRO Healthy Country National Research Flagship Program, which aims to investigate and implement new initiatives for urban water cycle management in Brookdale. Brookdale is one of the main urban projects to develop new urban water management systems in this national program.

The challenge is how to drive increased water benefits from Australia's limited water resources in the face of increasing demands from industry, urban development and irrigation, and at the same time achieve healthy rivers and fisheries.

### **Neighbourhood Improvement Project**

In conjunction with the City of Armadale and the Department of Housing and works, the ARA joined NIP in 2003. This initiative has resulted in verge improvements, home safety and security assessments, Switched on Living pilot energy audits, great garden workshops and the scheduled construction of the Bernice Hargrave Adventure Playground.



### **Sustainability in-house**

The ARA recognises the importance of keeping staff informed on current sustainability initiatives locally, nationally and internationally. Staff regularly attend training, presentations, workshops and lectures on sustainability programs and initiatives.

In the office, the ARA promotes double-sided printing, electronic editing and the use of email to reduce paper consumption. Paper and other resources are recycled, and one document copy is circulated to staff to reduce the need to make numerous copies of the same document.

With the office located within easy walking distance of the Armadale train station and bus routes, staff use public transport where possible to attend meetings and functions.

## Relevant Legislation

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

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

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

In 2003/04 the ARA complied with all appropriate legislation including the following Acts:

- Financial Administration and Audit Act 1985
- Public Sector Management Act 1994
- Salaries and Allowances Act 1975
- Equal Opportunity Act 1984
- Occupational Safety and Health Act 1984
- Workplace Agreement Act 1993
- Minimum Conditions of Employment Act 1993
- Industrial Relations Act 1979
- Library Board of Western Australia Act 1951
- Disability Services Act 1993.

## Reporting Requirements

### Customer Group Outcomes

The ARA will develop specific charters and plans as appropriate. Where no plans are in place, the Authority adopts the relevant LandCorp policies and procedures through its Service Level Agreement.

The ARA does not have a Disability Services Plan as it owns no buildings.



## Advertising and Sponsorship

Expenditure incurred by the Authority during 2003/04 in relation to Section 17SZE of the Electoral Act was as follows:

Electoral Act Information	
<b>Advertising</b>	<b>55,216</b>
Key2design	
Jaz Creative	
Marketforce Australia Pty Ltd	
Marketforce Productions	
Media Decisions	
<b>Direct Mail</b>	<b>nil</b>
<b>Media Advertising</b>	<b>nil</b>
<b>Polling</b>	<b>nil</b>
<b>Research</b>	<b>24,461</b>
Market Equity	
Jasmine Geddes	
Strategic Know How	
<b>Total Expenditure</b>	<b>79,677</b>

## Energy Smart Government Policy

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

## Evaluations

The ARA did not undertake any program evaluations in the 2003/04 financial year.

## Reporting Requirements *cont...*

### Recordkeeping

The ARA has in place an efficient and effective recordkeeping system that is reviewed from time to time. It is due for evaluation in 2006.

The Authority 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.

### Freedom of Information

The ARA is subject to the Freedom of Information Act 1992. Janelle Shinnars (LandCorp) is the appointed Freedom of Information Coordinator and is the initial recipient of requests for information under the Act. There were no FOI requests in 2003/04.

### Publications

The principal publications of the ARA during the year were:

- 2002/2003 Annual Report
- Implementation Strategy for Sustainability
- 'Armada Showcase' newsletter (Spring 20003, winter 2004)
- Redevelopment Scheme 2004
- Draft Concept Plan.

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

### Annual Estimates

2004/05 Estimates	\$'000
Cost of Services	5,587
Revenue from Ordinary Activities	4,100
Net Cost of Services	1,487
Revenue from State Government	1,042
Net Loss	445



## Statement of Compliance with Public Sector Standards

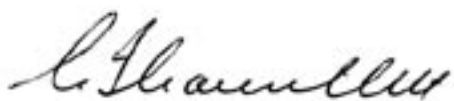
1. In the administration of the Armadale Redevelopment Authority, I have complied with the Public Sector Standards in Human Resource Management and the Western Australian Public Sector Code of Ethics.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal checks to satisfy myself that the statement made in 1. above is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:  
Number lodged: Nil  
Number of breaches found, including details of multiple breaches per application: Nil  
Number still under review: Nil.
4. The ARA has appointed Janelle Shidders as a Public Interest Disclosure officer and has established internal procedures relating to the Authority's obligations under the Public interest Disclosure Act 2003. The ARA is aware of its obligation to provide protection for people who make a public interest disclosure and the outcome of that assessment.  
No public interest disclosures were made during the year in review.

John Ellis  
EXECUTIVE DIRECTOR

27 August 2004

## Certification of Performance Indicators

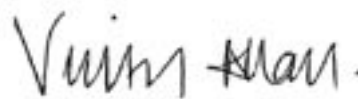
The accompanying performance indicators of the Armadale Redevelopment Authority are based on proper records, are relevant and appropriate for assisting users to assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2004.



Gerry Gauntlett

CHAIRMAN

27 August 2004



Verity Allan

BOARD MEMBER





## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

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

##### **Audit Opinion**

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

##### **Scope**

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

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

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

###### *Summary of my Role*

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

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

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON  
AUDITOR GENERAL  
November 1, 2004

## Performance Indicators

### Armadale Redevelopment Authority

#### Performance Indicators for the Year ended 30 June 2004

Effectiveness and efficiency key performance indicators have been developed to reflect the core role of the Authority to facilitate economic and community development in Armadale.

#### Effectiveness Indicators

Outcome (Result)	Creation of opportunities for new investment and employment	Economic and Social Development Enhancement
Strategy (How)	Facilitation and Promotion of these opportunities	Identification and support of opportunities for relevant infrastructure and programs
KPIs	Increase in value of building approvals over 2002/03 levels: residential non-residential to show relative level of investment in residential and non-residential (employment) building investment	Increase in value of public expenditure over 2002/03 levels indicates success in facilitating infrastructure investment.  Survey of business activity. shows supporting business investment and growth
<b>Measure</b>	<b>Residential Approvals (a)</b>	<b>Value of Public Expenditure (b)</b>
2002/03	\$24.694 M	\$28.625 M
2003/04	\$29.716 M	\$68.150 M
Variation	+20.3%	+76.2%
<b>Measure</b>	<b>Non Residential Approvals (a)</b>	<b>Business Activity Improvement over past year (c)</b>
2002/03	\$26.179 M	51% of businesses
2003/04	\$31.047 M	55%
Variation	+18.6%	+7.8%



## Performance Indicators *cont...*

- Note: (a) Building approvals supplied by City of Armadale from building licence approvals.
- (b) Value of public expenditure forecast provided by Department of Treasury and Finance, Capital Works Program Electorate Reports.
- (c) Business activity figures extracted from survey of 75 businesses in August each year.

Dollar figures are nominal and are not adjusted for inflation.

Comment: The growth in both residential and non-residential value of building approvals is a strong pointer to real investment being undertaken in Armadale.

Public expenditure growth is, by its nature, lumpy as it is project driven. In the case of 2003/04, investment in the new Tonkin Highway has given a major boost to the expenditure forecasts.

Business activity improvement over the year is strong at 55%. While an increase over the previous year of 7.8%, it represents an increase of 57% on the 2001/02 result.

## Efficiency Indicator

### Efficiency Indicator – Planning approvals

To facilitate development in its Redevelopment Areas, the ARA can be measured by its efficiency in processing development applications. In August 2003, the Interim Redevelopment Scheme was gazetted over the City Centre. The full scheme was gazetted in May 2004.

Year	Number of applications processed	Average Processing Period (days)	Statutory Requirement (days)
2002/03	Nil	Nil	60
2003/04	11	74.5	60

The average period exceeded the statutory 60 days due to a small number of applications being referred back to applicants for more information and / or a delay in receipt of response from referral agencies.

### Efficiency Indicator – Capital Works Expenditure

The proportion of capital works funding expended in any year is a measure of efficiency in optimal application of State funding.

Year	Budget	Expenditure	Percentage of Budget Expended
2002/03	\$500,000	153,000	30.6%
2003/04	\$2,000,000	328,000	16.4%

Two factors contributed to the low percentage of capital funding expended in 2003 / 04. Firstly, rail station forecourt expenditure was delayed due to the builder going into liquidation. Secondly, the Redevelopment Scheme was only gazetted in May thus removing any opportunity to expend funds on its implementation. Significant capital expenditure will be incurred early in 2004/05. Capital works expenditure in Champion Lakes has not been included in this analysis as funding was not sourced through the capital works budget.



**Armadale Redevelopment Authority**  
**Certification of Financial Statements**  
**for the year ended 30 June 2004**

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

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.

Gerry Gauntlett  
CHAIRMAN

Verity Allan  
BOARD MEMBER

Frank Marra  
PRINCIPAL ACCOUNTING OFFICER

27 August 2004

Armadale Redevelopment Authority



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

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

##### **Audit Opinion**

In my opinion,

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

##### **Scope**

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

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

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

###### ***Summary of my Role***

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

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

D D R PEARSON  
AUDITOR GENERAL  
November 1, 2004



## Statement of Financial Performance for the year ended 30 June 2004

	Note	2004 \$	2003 \$
<b>COST OF SERVICES</b>			
<b>Expenses from ordinary activities</b>			
Employee expenses	2	471,925	297,403
Supplies and services	3	460,547	359,138
Depreciation and amortisation expense	4	38,827	36,007
Borrowing costs expense	5	64,587	–
Administration expenses	6	101,726	68,406
Accommodation expenses	7	53,210	51,467
Members allowances		65,672	64,725
Other expenses from ordinary activities	8	173,461	75,969
<b>Total cost of services</b>		<b>1,429,955</b>	<b>953,115</b>
<b>Revenue from Ordinary Activities</b>			
Revenue from non-operating activities			
Interest revenue	9	98,092	20,789
Other revenue from ordinary activities	10	36,514	69
<b>Total revenues from ordinary activities</b>		<b>134,606</b>	<b>20,858</b>
<b>NET COST OF SERVICES</b>		<b>1,295,349</b>	<b>932,257</b>
<b>REVENUES FROM STATE GOVERNMENT</b>			
Output appropriation		750,000	500,000
Subsidies from Government		2,500,000	–
Resources received free of charge		11,500	10,000
<b>Total revenues from State Government</b>	11	<b>3,261,500</b>	<b>510,000</b>
<b>CHANGE IN NET ASSETS</b>		<b>1,966,151</b>	<b>(422,257)</b>

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

## Statement of Financial Position

as at 30 June 2004

	Note	2004 \$	2003 \$
<b>Current Assets</b>			
Cash assets	19	414,795	822,157
Receivables	12	3,146,269	7,255
Other assets	13	6,597	7,011
<b>Total Current Assets</b>		<u>3,567,661</u>	<u>836,423</u>
<b>Non-Current Assets</b>			
Property, plant and equipment	14	<u>3,783,874</u>	152,155
<b>Total Non-Current Assets</b>		<u>3,783,874</u>	<u>152,155</u>
<b>Total Assets</b>		<u>7,351,535</u>	<u>988,578</u>
<b>Current Liabilities</b>			
Payables	15	302,099	244,506
Provisions	16	96,854	63,025
Other liabilities	17	500	-
<b>Total Current Liabilities</b>		<u>399,453</u>	<u>307,531</u>
<b>Non-Current Liabilities</b>			
Payables	15	2,300,119	-
Provisions	16	20,374	15,609
<b>Total Non-Current Liabilities</b>		<u>2,320,493</u>	<u>15,609</u>
<b>Total Liabilities</b>		<u>2,719,946</u>	<u>323,140</u>
<b>NET ASSETS</b>		<u>4,631,589</u>	<u>665,438</u>
<b>Equity</b>			
Contributed equity		2,500,000	500,000
Accumulated surplus		<u>2,131,589</u>	<u>165,438</u>
<b>TOTAL EQUITY</b>	18	<u>4,631,589</u>	<u>665,438</u>

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





## Statement of Cash Flows for the year ended 30 June 2004

	Note	2004 \$	2003 \$
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Output appropriations		750,000	500,000
Subsidies from Government		2,500,000	–
Capital contributions		2,000,000	500,000
<b>Net cash provided by State Government</b>		<b>5,250,000</b>	<b>1,000,000</b>
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee costs		(486,955)	(218,769)
Supplies and services		(810,679)	(496,250)
Borrowing costs		(415)	–
GST payments on purchases		(270,809)	(77,694)
GST payments to taxation authority		(254,113)	–
<b>Receipts</b>			
Other revenue from ordinary activities		36,514	51
Interest received		96,827	20,150
GST receipts on sales		257,777	3,549
GST receipts from taxation authority		216,982	87,520
<b>Net cash used in operating activities</b>	19	<b>(1,214,871)</b>	<b>(681,443)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from redemption of investments		5,026,483	–
Purchase of non-current physical assets		(1,409,474)	(23,896)
Payments for investments		(8,059,500)	–
<b>Net cash used in investing activities</b>		<b>(4,442,491)</b>	<b>(23,896)</b>
<b>Net increase/(decrease) in cash held</b>		(407,362)	294,661
Cash assets at the beginning of the financial year		822,157	527,496
<b>CASH ASSETS AT THE END OF THE FINANCIAL YEAR</b>	19	<b>414,795</b>	<b>822,157</b>

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

# Notes to the Financial Statements

for the year ended 30 June 2004

## 1 Summary of Significant Accounting Policies

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

### a) General

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

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

The statements have been prepared on the accrual basis of accounting using the historical cost convention.

### b) Output Appropriations and Subsidies from Government

Output appropriations and subsidies from government are recognised as revenues in the periods in which the Authority gains control of the funds. The Authority gains control of funds at the time those funds are deposited into the Authority's bank account.



**c) Contributed Equity**

Under UIG 38 “Contributions by Owners Made to Wholly-Owned Public Sector Entities” transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position.

**d) Revenue Recognition**

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

**e) Investments**

Investments are brought to account at the lower of cost or recoverable amount. Interest revenues are recognised on an accrual basis.

**f) Employee Benefits**

(i) Annual and Long Service Leave

A liability for annual and long service leave is recognised and is recorded at amounts expected to be paid when the liabilities are settled. Annual leave is measured at the amount due but unpaid at reporting date. Long service leave liability is calculated for all employees with more than 50% eligible service even though a legal liability to pay long service leave has not arisen.

An actuarial assessment of long service leave was carried out in July 2003 and it was determined that the actuarial assessment of the liability was not materially different from the liability reported. This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AASB 1028 “Employee Benefits”.

## Notes to the Financial Statements

for the year ended 30 June 2004

### 1 Summary of Significant Accounting Policies *cont...*

#### (ii) Superannuation

Staff may contribute to the Gold State Superannuation Scheme, a defined benefit lump sum scheme, now closed to new members. All staff who do not contribute to either of these schemes become members of either the West State Superannuation Scheme or the Colonial Select Superannuation Plan, accumulation funds complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992.

The liability for superannuation charges incurred under the Pension Scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, are provided for at reporting date.

The liability for charges under the Gold State Superannuation Scheme, West State Superannuation Scheme and the Colonial Select Superannuation Plan are extinguished by the payment of employer contributions to the schemes.

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

#### g) Depreciation of Non-Current Assets

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

Depreciation is provided for on the straight line basis using rates which are reviewed annually.



The following estimated useful lives are used in the calculation of depreciation for each class of depreciable asset:

Furniture and Office Equipment	10 years
Computer Equipment	4 years
Computer Software	4 years
Leasehold Improvements	5 years

#### **h) Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. The Authority is not party to any finance lease arrangements.

The Authority has entered into a number of operating lease arrangements for office premises and motor vehicles where the lessors effectively retain all risks and benefits incidental to ownership of the items held under the operating leases.

Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

#### **k) Receivables**

Accounts receivable are recognised at the amounts due less any allowance for doubtful debts, as they are generally due for settlement no more than 30 days from the date of recognition.

#### **l) Payables**

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

## Notes to the Financial Statements

for the year ended 30 June 2004

### 1 Summary of Significant Accounting Policies *cont...*

#### m) Resources Received Free of Charge

Resources received free of charge are recognised as revenue when and only when a fair value can be reliably determined and the resources would have been purchased if they had not been donated. Use of those resources is recognised as an expense.

#### n) Acquisition of Assets

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus costs incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Assets acquired at no cost or for nominal consideration are initially recognised at their fair values or cost at the date of acquisition.

#### o) Rounding

Amounts in the financial statements have been rounded to the nearest dollar.

#### p) Employee Costs

Although the Authority has no employment powers, it is staffed by officers seconded to it under a Service Level Agreement with the Western Australian Land Authority. Employee costs are charged on a monthly basis in accordance with the Agreement.

#### q) 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.

**r) Comparative Figures**

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

**s) Cash**

For the purposes of the statement of cash flows, cash includes deposits at call with financial institutions and other highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

**t) Credit Risk Exposure**

The Authority does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements represents the Authority's maximum exposure to risk.

**u) Net Fair Values**

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

## Notes to the Financial Statements

for the year ended 30 June 2004 *cont...*

	2004	2003
	\$	\$
<b>2 Employee Expenses</b>		
Wages and salaries	369,816	189,837
Superannuation	33,391	19,387
Long service leave	30,575	24,659
Annual leave	26,998	44,045
Other related expenses	11,145	19,475
	<u>471,925</u>	<u>297,403</u>
<b>3 Supplies and Services</b>		
Consultants and contractors - public infrastructure	86,846	153,031
Consultants and contractors - administration	373,701	206,107
	<u>460,547</u>	<u>359,138</u>
<b>4 Depreciation and Amortisation Expense</b>		
Furniture and Office Equipment Depreciation	2,197	1,416
Computer Equipment Depreciation	8,775	6,785
Computer Software Depreciation	721	721
Leasehold Improvements Amortisation	27,134	27,085
	<u>38,827</u>	<u>36,007</u>
<b>5 Borrowing Costs Expense</b>		
Interest	<u>64,587</u>	<u>-</u>
<b>6 Administration Expenses</b>		
Communications	22,537	13,636
Consumables	38,530	17,655
Insurance	26,783	27,292
Other costs	13,876	9,823
	<u>101,726</u>	<u>68,406</u>
<b>7 Accommodation Expenses</b>		
Lease rentals	47,121	45,883
Utilities	2,792	3,786
Other occupancy costs	3,297	1,798
	<u>53,210</u>	<u>51,467</u>





	2004	2003
	\$	\$

## 8 Other Expenses from Ordinary Activities

Advertising, public relations and sponsorship	133,913	36,840
Motor vehicle and travel	28,048	29,129
Audit fees (a)	11,500	10,000
	173,461	75,969

### a) Audit Fees

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

Fees for audit	11,500	10,000
Fees for other services	-	-
	11,500	10,000

## 9 Interest Revenue

Interest received	98,092	20,789
-------------------	--------	--------

## 10 Other Revenue from Ordinary Activities

Sale of information	936	69
Sale of publications	23	-
Sundry income	35,555	-
	36,514	69

## 11 Revenues from State Government

Appropriation revenue received during the year:

Output appropriations	750,000	500,000
-----------------------	---------	---------

Resources received free of charge

Determined on the basis of the following estimates provided by agencies:

Office of the Auditor General	11,500	10,000
Subsidies from Government	2,500,000	-
	3,261,500	510,000

## 12 Receivables

### Current

Trade debtors	32,067	18
GST receivable	81,185	7,237
Bills of exchange - endorsed by banks	3,033,017	-
	3,146,269	7,255

## Notes to the Financial Statements

for the year ended 30 June 2004 *cont...*

	2004	2003
	\$	\$
<b>13 Other Assets</b>		
<b>Current</b>		
Accrued revenue	4,196	2,931
Prepayments	2,401	4,080
	<u>6,597</u>	<u>7,011</u>
<b>14 Property, Plant and Equipment</b>		
<b>Land</b>		
At fair value	2,236,024	–
	<u>2,236,024</u>	<u>0</u>
<b>Furniture and Office Equipment</b>		
At cost	27,771	20,614
Accumulated depreciation	(3,613)	(1,416)
	<u>24,158</u>	<u>19,198</u>
<b>Computer Equipment</b>		
At cost	49,617	29,275
Accumulated depreciation	(15,785)	(7,010)
	<u>33,832</u>	<u>22,265</u>
<b>Computer Software</b>		
At cost	2,885	2,885
Accumulated depreciation	(1,501)	(780)
	<u>1,384</u>	<u>2,105</u>
<b>Leasehold Improvements</b>		
At cost	135,672	135,672
Accumulated depreciation	(54,219)	(27,085)
	<u>81,453</u>	<u>108,587</u>
<b>Capital Works in Progress</b>		
At cost	1,407,023	–
	<u>1,407,023</u>	<u>0</u>
<b>Total Plant and Equipment, Net</b>	<u>3,783,874</u>	<u>152,155</u>



## Reconciliations

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

	Land	Furniture and office equipment	Computer equipment	Computer software	Leasehold improvements	Capital works in progress	Total
Carrying amount at start of year	0	19,198	22,265	2,105	108,587	0	152,155
Additions	2,236,024	7,157	20,342	-	-	1,407,023	3,670,546
Disposals	-	-	-	-	-	-	0
Depreciation	-	(2,197)	(8,775)	(721)	(27,134)	-	(38,827)
Carrying amount at end of year	2,236,024	24,158	33,832	1,384	81,453	1,407,023	3,783,874
					2004	2003	
					\$	\$	

## 15 Payables

### Current

Trade payables	109,767	7,959
Accrued expenses	192,332	236,547
	<u>302,099</u>	<u>244,506</u>

### Non-Current

Trade payables (a)	<u>2,300,119</u>	-
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- a) Liability has been discounted to net present value using the Authority's corporate lending rate for a two year bond, as the payable of \$2.5 million is not due until 31 December 2005

## 16 Provisions

### Employee Benefits

#### Current

Annual leave	71,043	44,045
Long service leave	25,811	18,980
	<u>96,854</u>	<u>63,025</u>

#### Non-Current

Long service leave	<u>20,374</u>	<u>15,609</u>
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## Notes to the Financial Statements

for the year ended 30 June 2004

### 16 Provisions *cont...*

2004	2003
\$	\$

#### Employee Benefit Liabilities

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

Provision for employee benefits

Current	96,854	63,025
Non-Current	20,374	15,609
	<hr/>	<hr/>
	117,228	78,634

### 17 Other liabilities

#### Current

Deposits (a)	<hr/>	<hr/>
	500	-

(a) *Deposits include deposits received on development application*

### 18 Equity

#### Contributed Equity

Opening balance	500,000	-
Capital contributions (a)	<hr/>	<hr/>
	2,000,000	500,000
Closing balance	<hr/>	<hr/>
	2,500,000	500,000

(a) *Capital Contributions have been designated as contributions by owners and are credited directly to equity in the Statement of Financial Position*

#### Accumulated Surplus

Opening balance	165,438	587,695
Change in net assets	<hr/>	<hr/>
	1,966,151	(422,257)
Closing balance	<hr/>	<hr/>
	2,131,589	165,438



	2004	2003
	\$	\$

## 19 Notes to the Statement of Cash Flows

### a) Reconciliation of cash

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

Cash assets	414,795	822,157
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### cb) Reconciliation of net cost of services to net cash flows used in operating activities

Net cost of services	(1,295,349)	(932,257)
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Non-Cash items:

Depreciation and amortisation expense	38,827	36,007
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Resources received free of charge	11,500	10,000
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Adjustment for other non-cash items	64,172	-
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(Increase)/decrease in assets:

Current receivables	(9,035)	(4,719)
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Other Current assets	414	-
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Increase/(decrease) in liabilities:

Current payables	(13,831)	117,535
------------------	----------	---------

Current provisions	33,829	63,025
--------------------	--------	--------

Other Current liabilities	-	-
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Non-Current payables	-	-
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Non-Current provisions	4,765	15,609
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Net GST receipts/(payments)	(13,032)	(18)
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Change in GST in receivables/payables	(37,131)	13,375
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Net cash used in operating activities	(1,214,871)	(681,443)
---------------------------------------	-------------	-----------

## Notes to the Financial Statements

for the year ended 30 June 2004 *cont...*

	2004	2003
	\$	\$
<b>20 Commitments for Expenditure</b>		
<b>a) Capital expenditure commitments</b>		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	698,000	168,000
Later than 1 year and not later than 5 years	91,000	-
	<u>789,000</u>	<u>168,000</u>
The capital commitments include amounts for:		
Public infrastructure	<u>789,000</u>	<u>168,000</u>

### 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	55,379	45,891
Later than 1 year and not later than 5 years	5,217	-
	<u>60,596</u>	<u>45,891</u>

## 21 Financial Instruments

### a) Interest rate risk exposure

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

	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Interest Rate Maturity			Non-Interest Bearing	Total
	%	\$	Less than 1 Year	1 to 5 Years	More than 5 Years	\$	\$
<b>2004</b>							
Financial Assets							
Cash	4.74%	414,295	-	-	-	500	414,795
Receivables	0.00%	-	-	-	-	32,068	32,068
Bills of exchange	5.34%	-	3,033,017	-	-	-	3,033,017
		414,295	3,033,017	-	-	32,568	3,479,879
Financial Liabilities							
Payables	0.00%	-	-	-	-	302,099	302,099
Non-Current payables	5.74%	-	-	2,300,119	-	-	2,300,119
		-	-	2,300,119	-	302,099	2,602,218
<b>2003</b>							
Financial Assets	4.25%	822,157	-	-	-	7,255	829,412
Financial Liabilities	0.00%	-	-	-	-	244,505	244,505



## 22 Remuneration of Members of the Accountable Authority and Senior Officers *cont...*

	2004	2003
	\$	\$
<b>Remuneration of Members of the Accountable Authority</b>		
The number of members of the Accountable Authority, whose total fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:		
Nil - 10,000	4	4
10,001 - 20,000	1	1
20,001 - 30,000	1	1
Total remuneration of the members of the Accountable Authority is:	71,531	74,483

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

### Remuneration of Senior Officers

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

110,001 - 120,000	-	1
120,001 - 130,000	1	-
Total remuneration of senior officers is:	124,113	116,924

## 23 Explanatory Statement

### a) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year

#### *Employee Expenses*

Increased by \$174,000 due to an increase in the level of staff.

#### *Supplies and Services*

Increased by \$101,000 due mainly to expenditure incurred on the infrastructure for Armadale Railway Station and Armadale City Centre.

#### *Borrowing Costs Expense*

Increased as per note 5(a).

## Notes to the Financial Statements

for the year ended 30 June 2004

### 23 Explanatory Statement *cont...*

#### *Administration Expenses*

Increased by \$34,000 due to increased activity within the Authority.

#### *Other Expenses from Ordinary Activities*

Increased by \$97,000 due to increased advertising and public relation expenses from a need to increase public awareness of the improvement activities occurring within Armadale.

#### *Interest Revenue*

Increased by \$77,000 due to increased level of surplus funds available for investment.

#### *Other Revenue from Ordinary Activities*

Increased by \$36,000 due mainly to co-sponsorship funds received from third parties for a water symposium held for Brookdale. This amount represents a one-off receipt of funds.

#### *Output Appropriation*

Increased by \$250,000 in line with budgeted amounts.

#### *Subsidies from Government*

Increased by \$2,500,000 due to funding received from the Western Australian Planning Commission.

### **b) Significant variations between estimates and actual results for the financial year**

#### *Supplies and Services*

\$2,900,000 below target due to Armadale Railway Station and Armadale City Centre projects being delayed.

#### *Borrowing Costs Expense*

Increased due to \$64,172 being included as a notional amount on non-current trade payable.





#### *Administration Expenses*

\$22,000 above target due to telephone and printing expenses being higher than anticipated.

#### *Other Expenses from Ordinary Activities*

\$70,000 below target due mainly to advertising and public relation expenses being lower than anticipated.

#### *Subsidies from Government*

\$2,500,000 above target due to funding received from the Western Australian Planning Commission, being negotiated subsequent to the preparation of the 2003/04 Business Plan.

### **24 Write-Offs and Losses**

There were no bad debts written off during the year (2003: nil).

There were no losses of public property through theft, vandalism or other circumstances during the year (2003: nil).

### **25 Segment Information**

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

### **26 Contingent Liabilities and Contingent Assets**

There are no contingent liabilities where the Authority would consider there a probability of future sacrifice of economic benefits.

There are no contingent assets.

### **27 International Financial Reporting Standards**

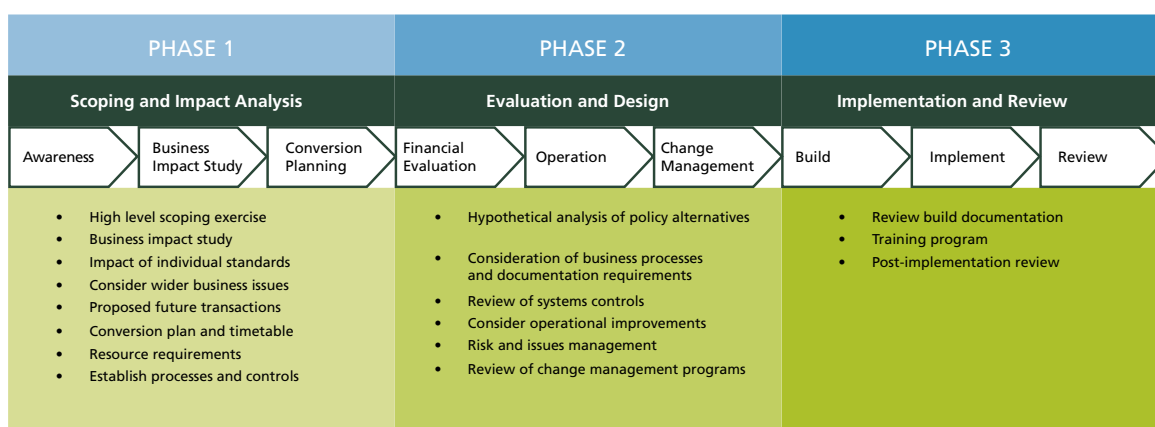
In accordance with the Financial Reporting Council's strategic directive, The Authority will be required to prepare financial statements that comply with Australian equivalents to International Financial Reporting Standards ("A-IFRS") for annual reporting periods beginning on or after 1 January 2005. Accordingly, The Authority's first half-year report prepared under A-IFRS will be for the half-year reporting period ended 31 December 2005, and its first annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

## Notes to the Financial Statements

for the year ended 30 June 2004

### 27 International Financial Reporting Standards *cont...*

In 2003, through its service provider, a Project Team was established to manage the transition to A-IFRS. The Authority plans to manage the transition to A-IFRS in 3 phases, as diagrammatically presented below with the key activities to be conducted as part of each stage. Risk management and change management will be managed throughout the life of the project.



During the reporting period, the Project Team conducted a high-level scoping exercise as part of its awareness training to obtain an idea of the effect and effort involved in adopting A-IFRS. Part of the scoping exercise involved identifying key areas of impact that will arise on adoption of A-IFRS including financial impact, effort required, and options available to The Authority on first-time adoption of A-IFRS. Now that The Authority has this information, it intends to conduct a business impact study to determine the approximate impact and best options for future reporting periods, and to begin a process to redesign and build systems and processes in order to capture information necessary to allow the preparation of financial statements which are fully compliant with A-IFRS.

The Project Team believes The Authority will be able to achieve its plan for A-IFRS implementation such that financial statements which are fully compliant with A-IFRS will be able to be prepared.



The Authority expect that key accounting policy differences of the Standards which have been identified as having a high commercial impact should be discussed where the Standard is expected to be generally applicable, and which may include:

- AASB1 "First-time adoption of A-IFRS"
- AASB 116 "Property, Plant and Equipment"
- AASB 136 "Impairment of Assets"
- AASB 139 "Financial Instruments: Recognition and Measurement"

The Authority has identified the following as being the significant areas of differences affecting adoption of A-IFRS. This does not represent an exhaustive list of the differences that will arise, and further analysis may change The Authority's assessment of the importance or otherwise of the various differences.

#### **First-Time Adoption of A-IFRS**

On first-time adoption of A-IFRS, The Authority will be required to restate its comparative balance sheet such that the comparative balances presented comply with the requirements specified in the A-IFRS. That is, the balances that will be presented in the financial report for the year ended 30 June 2005 may not be the balances that will be presented as comparative numbers in the financial report for the following year, as a result of the requirement to retrospectively apply the A-IFRS. In addition, certain assets and liabilities may not qualify for recognition under A-IFRS, and will need to be derecognised. As any adjustments on first-time adoption are to be made against opening retained earnings, the amount of retained earnings at 30 June 2004 presented in the 2005 financial report and the 2006 financial report available to be paid out as dividends may differ significantly.

Various voluntary and mandatory exemptions are available to The Authority on first-time adoption, which will not be available on an ongoing basis. The exemptions provide relief from retrospectively accounting for certain balances, instruments and transactions in accordance with A-IFRS, and includes relief from having to restate the identification of a 'deemed cost' for property, plant and equipment.

## Notes to the Financial Statements

for the year ended 30 June 2004

### 27 International Financial Reporting Standards *cont...*

The impact on The Authority of the changes in accounting policies on first-time adoption of A-IFRS will be affected by the choices made. The Authority is evaluating the effect of the options available on first-time adoption in order to determine the best possible outcome.

#### **Property, Plant and Equipment**

On transition to A-IFRS, The Authority has several options in the determination of the cost of each tangible asset, and can also elect to use the cost or fair value basis for the measurement of each class of property, plant and equipment after transition. At the date of this report, The Authority has not decided which options and measurement basis will be adopted and the likely impacts therefore cannot be determined.

The Authority measures its land and buildings at fair value. Under current Australian GAAP, revaluation increments and decrements within a class of assets must be set-off, however, A-IFRS requires revaluations to be tracked on an individual asset-by-asset basis. This change in accounting policy may result in the recognition of impairment losses in the profit and loss even though the class of assets has increased in value.

#### **Depreciation**

Under current Australian GAAP, The Authority's property, plant and equipment is depreciated to the extent of its depreciable amount, determined as the difference between carrying amount and residual value. The residual amount used in the determination of recoverable amount is estimated at the date of acquisition and is not subsequently increased for changes in prices, except where the asset had been re-valued. Under A-IFRS, the residual amount is reviewed at each balance date and revised to the current net amount expected from the disposal of the asset if it were already at the age and condition expected at the end of its useful life. Accordingly, changes to the residual value may introduce additional volatility in the profit or loss.



### **Proceeds from Sale of Assets**

The current definition of revenue requires proceeds on sale of non-current assets to be included as revenue – this has the effect of ‘grossing up’ the statement of financial performance. Under A-IFRS, only the net gain or loss from the sale will be recognised in profit or loss. Consequently, there will be no net impact on the income statement.

### **Impairment of Assets**

Non-current assets are written down to recoverable amount when the asset’s carrying amount exceeds recoverable amount.

Under A-IFRS, both current and non-current assets, including property, plant and equipment previously excluded as they were measured on the fair value basis, are tested for impairment. It is not practicable to determine the impact of the change in accounting policy for future financial reports, as any impairment or reversal thereof will be affected by future conditions.

### **Financial Assets and Financial Liabilities**

Under current Australian GAAP, financial assets and financial liabilities are recognised at cost, at fair value, or at net market value. On adoption of A-IFRS, The Authority will be required to classify these financial instruments into various specified categories. The classification of the instrument will affect the instrument’s subsequent measurement – at amortised cost using the effective interest rate method, fair value with movements recognised through equity or fair value recognised through the profit and loss.

The Authority is evaluating the different options available, but has not made any determination at reporting date of the accounting to be adopted, and consequently, the impact of the change on the financial statements cannot yet be quantified.

The Authority has the option of changing its accounting policy to value investment properties at cost (less accumulated depreciation) going forward, but has not yet determined whether it will elect to adopt this alternative accounting policy.



## Notes to the Financial Statements

for the year ended 30 June 2004

### 27 International Financial Reporting Standards *cont...*

#### Correction of Errors

An error made in a prior reporting period is presently corrected in the reporting period in which the error is discovered by recognising the effect of the error in the current financial statements. In future financial periods, any material prior period errors are to be accounted for retrospectively, i.e. by adjusting the opening balance of retained earnings of the comparative period. Accordingly, the identification of a material prior period error will no longer give rise to volatility in the current period income statement.



**Notes**

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