



Armadale
Redevelopment Authority



Annual Report 2005

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 2005.

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 "Kay Hallahan".

Kay Hallahan
29 August 2005



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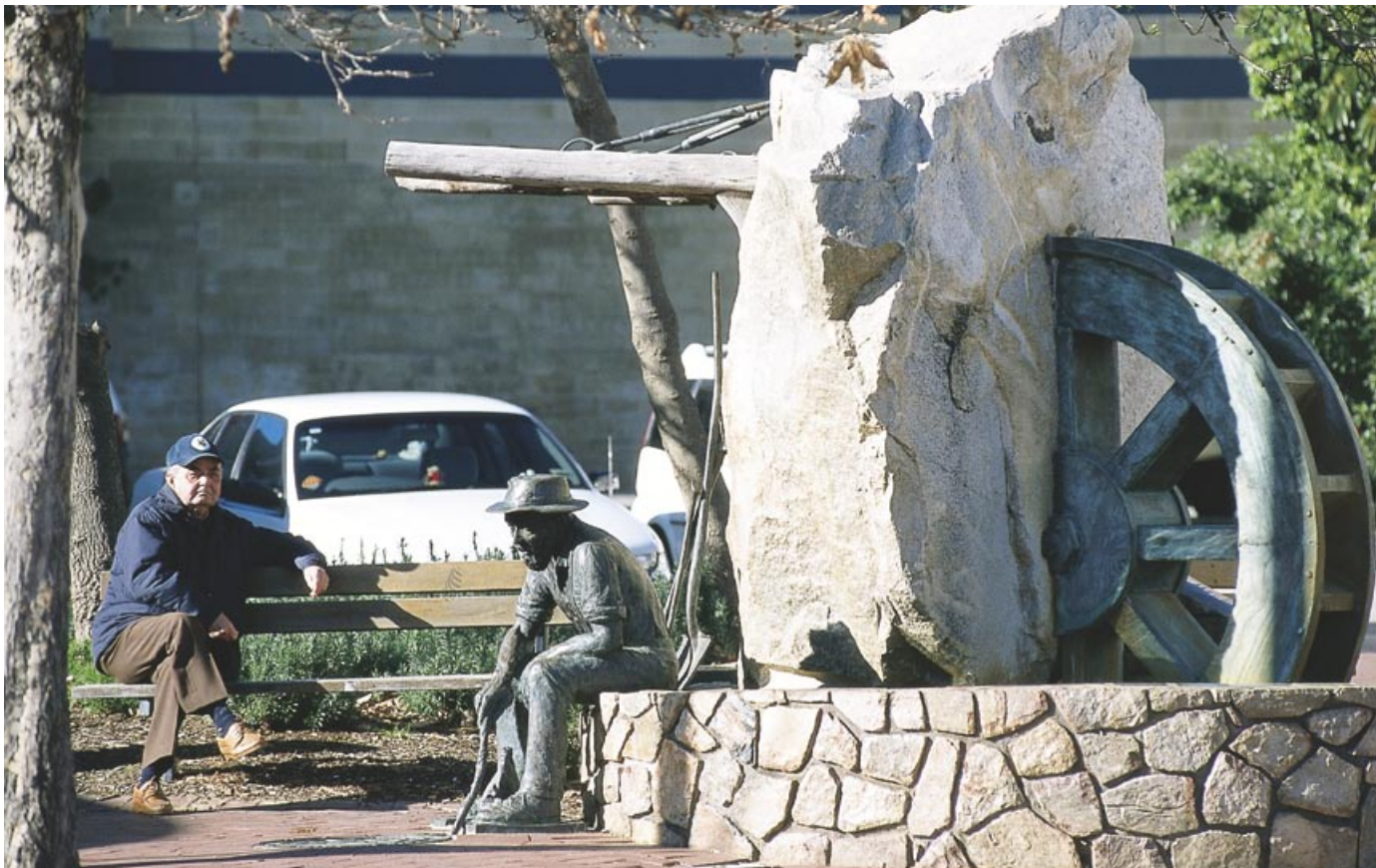
Mandate

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.

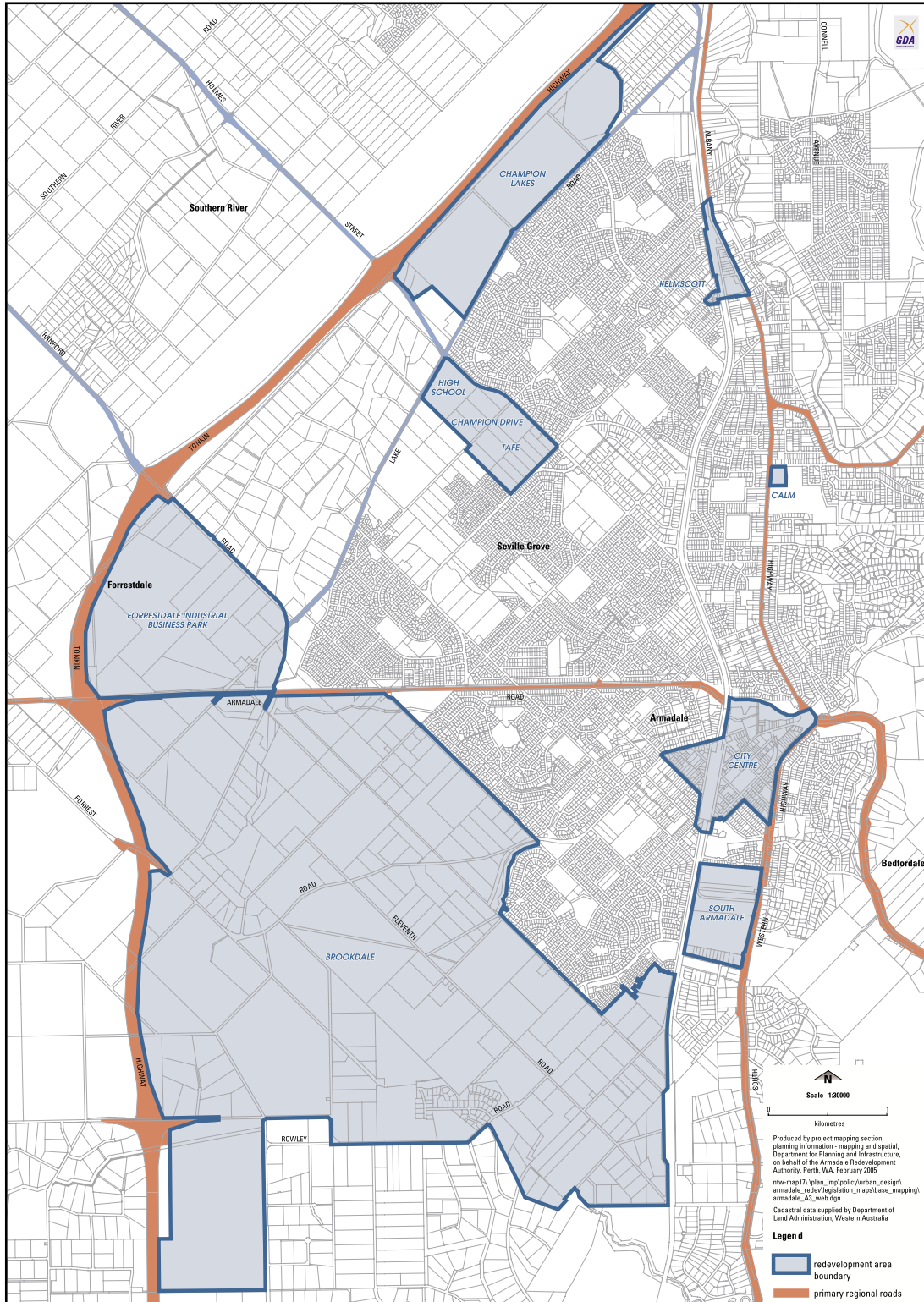
A particular focus of the Authority's functions is economic and social development.

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 comprises eight 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 Ranford 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.

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 about 12,000 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.

Kelmscott

In January 2005 the western portion of the Kelmscott town centre was added to the Armadale redevelopment area. The 13.7 hectare site comprises lots in both public and private ownership and is bounded by Albany Highway, the rail line as far north as Westfield Road, Davis Road and Railway Avenue. It also includes nine lots west of Railway Avenue to provide for a grade separated rail crossing at Davis Road.

Redevelopment aims to provide improved connections for vehicles and pedestrians to the Kelmscott town centre and station and better link the commercial areas east and west of Albany Highway. Public and private facilities will be upgraded to create an urban focus for the centre. Options were examined in 2002 during a Kelmscott Enquiry-by-Design workshop and are progressing and being formalised into a concept plan, redevelopment scheme and implementation strategy for public comment, finalisation and gazettal in late 2005.



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

Achievements

The year 2004/05 built on the foundation of the planning work completed in the previous year. City Centre design guidelines were set in place and local area plans drafted to guide development at the Forrestdale Business Park, Champion Drive and Champion Lakes. This planning foundation sets the scene for quality development to move forward in the redevelopment areas in the coming year.

The ARA remains at the forefront of putting sustainability theory into practice. The introduction of the Sustainability Scorecard for all development in the areas under the ARA's planning control will ensure sustainability outcomes. This assessment tool forms the platform for the introduction of more targeted energy and water efficient development requirements.

A major focus of the ARA in 2004/05 was the need to support improved education access at all levels in Armadale. The ARA worked closely with the Department of Education and Training on a Local Area Education Plan for Armadale which should result in greater choice and quality of secondary education.

Concurrently, the ARA initiated the bid for an Australian Technical College for Armadale. A contract was also awarded for a facility design and management study for the Education Access Centre to be built adjacent to the new railway station. This will accommodate the new City Library, TAFE, Curtin University and selected secondary school studies.

The opening of the relocated Armadale Railway Station and forecourt and the new city centre road works provided the start of physical works in the City Centre.

The completion of earthworks for the Champion Lakes rowing course and the commissioning of the sustainable water supply were major advances in turning this former degraded area into a national sporting showcase.

For the second year, Armadale hosted Perth International Arts Festival events sponsored by the ARA. This complemented other community sponsorships including a NAIDOC Week art exhibition and the 'Scintillating' woodcraft competition which used wood from sugar gum trees removed for the railway station redevelopment.

The foundations were also set for business growth through the approval for upgrade of the Armadale Shopping City and the advancement of a zoning amendment to facilitate the expansion of the Plaza Shopping Centre.



Finally, the inclusion of part of the Kelmscott District Centre into the redevelopment area provided the opportunity to acquire a number of residential properties to facilitate the grade separation of Davis Road and the railway which will overcome the rail safety issue at the Denny Avenue crossing. Concept planning for Kelmscott also commenced.

Challenges

Major challenges during the year revolved around delivering operational outcomes.

Champion Lakes contains a 1.2 million m³ stockpile of surplus soil which requires removal before full development can be achieved. Much of the soil can be spread on site but some may need to be moved off site.

Future funding for sporting infrastructure and the Aboriginal Interpretive and Enterprise Centre will also need to be sourced to complete the project.

The Forrestdale Business Park structure planning experienced delays due to negotiations with the Department of Environment on buffers for a conservation category wetland and redesign to provide a 30ha site for a proposed Coles Myer regional distribution centre. Coles Myer have now cancelled plans for such a centre in Western Australia.


The ongoing masterplanning of Brookdale continues to absorb much attention due to its size, environmental complexity and the challenge of pioneering new sciences to ensure it is a national demonstration of urban water management and energy efficiency.

Issues

The main issue faced by the ARA is to leverage private investment into Armadale. As the ARA is a minor landowner in the redevelopment area, it is critical that private land development and business investment is facilitated through timely zoning and development controls and targeted public works.

Financial and Non-Financial Outcomes

As shown in the Performance Indicators attached to this report, strong growth in residential development in Armadale has been achieved with a 56.7% increase in value of building licence approvals. Non-residential development showed a 13.9% fall on the previous year due to a temporary lack of new industrial land and the long design phase for the upgrade of city centre developments.



However, business activity continued to grow during the year with 53% of businesses reporting growth.

In terms of facilitating new development, the average time taken to provide development approval by the ARA fell from 74.5 days to 55 days in 2004/05. The target in the Redevelopment Scheme is 60 days.

In 2004/05 the State Government provided \$4.18 million to support the operations of the ARA. This figure included \$3.0 million as a capital injection but does not include the provision of \$10.0 million for the pre-funding of infrastructure for the Forrestdale Business Park.

At 30 June 2005, the ARA had \$1.201 million in current assets compared to \$3.568 million in 2004.

Targets

In 2005/06 the ARA will focus on completing the Champion Lakes infrastructure, providing core infrastructure to facilitate the development of the Forrestdale Business Park, progressing Brookdale masterplanning and finalising the Kelmscott Redevelopment Scheme and Concept Plan. In addition, the ARA will seek State Government commitment to support the Education Access Centre development and the Government sector office building in the city centre.

In a more general sense, there will be an ongoing focus to facilitate business investment in Armadale.



Highlights of the Year

- Opening of the new Armadale Railway Station and forecourt.
- Completion of the first stage of the Commerce Avenue upgrade and the re-introduction of two-way traffic into part of Jull Street and Third Road.
- Addition of part of the Kelmscott District Centre to the redevelopment areas.
- Commencement of works to create Whitehead Street as the new link between Church Avenue and Jull Street.
- Commissioning of the Yarragadee aquifer bore and the start of pumping to fill Champion Lakes.
- Completion of the construction of the Champion Lakes basin.
- Coordination of the bid to secure an Australian Technical College for Armadale and Gosnells.
- Working with the Department of Education on the Armadale Local Area Education Plan.
- Appointment of architects to undertake a facility design and management study for the Armadale Education Access Centre.
- Release for comment of the Brookdale indicative masterplan.
- Establishment of the Brookdale Built Form Working Group chaired by the Government Architect.
- Environmental Protection Authority approval of the scoping document for the Brookdale strategic environmental assessment.
- Approval of the development application for a \$75 million expansion of the Armadale Shopping City.





Chairman's Report

The Armadale Redevelopment Authority has now completed three years of operation since inception.

The year under review has been a period of hard work for staff in dealing with a complex range of planning and strategic policy issues.

The number of redevelopment areas under the ARA's control was augmented by the inclusion of the Kelmscott Town Centre. Its particular challenge is to produce a rejuvenated urban design to solve entrenched road traffic and rail crossing problems and to restore connectivity to the eastern and western sections on either side of Albany Highway. A detailed structure plan is anticipated in time for the 175th anniversary of Kelmscott's foundation.

With the inclusion of Kelmscott Town Centre, the ARA is now responsible for approximately 2000 ha of land contained in eight discrete redevelopment areas.

Considerable investigative work has been undertaken by a diverse consultancy team into the master planning of Brookdale with a major role being performed by CSIRO, which has selected Brookdale as one of just two Australian pilot projects in its 'Healthy Country' program. The project aims to achieve a total urban water management outcome, the first in Western Australia. CSIRO has also undertaken two social research projects for the ARA, one involving research into creating an identity for Brookdale and the other a study of the perceptions and expectations of the local community adjacent to the Champion Lakes redevelopment area. This study has produced a range of alternative urban street designs using prototype software called Public Participation GIS Tool.

Excavation work is complete for the major Champion Lakes project and it is anticipated that the water body will be full by the end of 2005. The vision for Champion Lakes is as the major recreation facility in the south-eastern corridor, providing opportunities as the headquarters of four major sports – rowing, canoeing, triathlon and dragon boat racing. An excellent DVD presentation of the whole project was launched by the Minister for Planning and Infrastructure, Alannah MacTiernan, in June.

During the year development approval was granted to ING for the \$75 million expansion of Armadale City Shopping Centre to some 30,000m² of retail space. This proposed investment will considerably enhance the city centre. The ARA has also initiated an amendment to the



Development Scheme to make a marginal change to the retail precinct boundary in the city centre to provide for future expansion of the Armadale Shopping Plaza on the northern side of Jull Street. Comprehensive Design Guidelines for the city centre have been prepared to ensure optimum quality building development.

One of the most challenging tasks for the ARA has been to develop and implement a Sustainability Audit to assess the sustainability of proposed development within the redevelopment areas. This is accompanied by Local Area Implementation Plans for Sustainability. After considerable research, consultation and workshops with relevant industry and community representatives, the Sustainability Audit is now being applied to all development applications.

If the ARA achieves its goals, it will be as a result of the working partnerships created with a wide range of Government agencies. These include the Western Australian Planning Commission, LandCorp and, as already mentioned, CSIRO. Early in this year tangible examples were the new rail station forecourt and the upgrading of Commerce Avenue, in collaboration with the Public Transport Authority and the City of Armadale respectively.

Once again the ARA fostered cultural activities with a Festival of Perth concert at Araluen and a Fiesta day of street theatre and multi-cultural song and dance entertainment. It was rewarding to sponsor the City's Minnowarra Art exhibition and to jointly stage the 'Scintillating' woodcraft exhibition with the City and the Forest Heritage Centre.

Next year will see more physical development following an intensive period of planning, particularly in the Forrestdale Business Park and Champion Drive areas.

We have enjoyed an optimum level of co-operation and assistance from the Mayor, Councillors and executive staff of the City of Armadale.

Thank you to Board Members for their guidance, participation and collective expertise. On behalf of the Board I express our gratitude to the Minister, the Hon. Alannah MacTiernan, for her inspirational support.

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

The Board's Planning and Development Control Committee facilitates the timely processing of development applications that were consistent with the Authority's planning.

Staff Resources Committee

The Board's Staff Resources Committee considers the staffing resources and requirements of the Authority.

Festivals Committee

The Festivals Committee is charged with advising the Board on festivals and related sponsorships.

Working Groups

These included:

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

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 (ceased being a member on 20 August 2004)
- Kim Fletcher
- Brett Tizard
- Nola Bycroft (ceased being a member on 20 August 2004)
- Vivienne Hansen
- Annette Nicolson
- Mark Ashton
- Matthew Keogh
- Steven Erceg
- Steve Aldersea (was appointed in August 2004)
- Lesley Greenway.

Board Members

The Armadale Redevelopment Authority Act 2001 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.

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



Dr Tony Buti was appointed to the Board on 1 January 2002.

He was reappointed on 1 July 2004 for a term ending on 31 December 2007.

Dr Buti is Chairperson of the Community Reference Group and member of the Festivals Committee. He 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. She was reappointed on 1 January 2005 for a term ending on 31 December 2005.

Ms Allan is a member of the Brookdale Steering Committee and Built Form Working Group, the Planning and Development Committee, Staff Resources Committee and Chair of the Gateways Committee. Ms Allan is a town planner with a wealth of experience in local government and redevelopment. She brings to the Board extensive expertise in the field of sustainability. Ms Allan is the Chairperson of the Water and Rivers Commission Board, a member of the Western Australian Planning Commission's Statutory Planning Committee and a Board Director of LandCorp. She is a former Councillor at the City of Nedlands. Her experience extends across the private sector and government. She has a strong interest in environmental and social planning.

Member who resigned but was reappointed during the reporting period:



Kay Hallahan AO was appointed as Deputy Chairperson to the Board on 1 January 2002. She resigned from the Board in August 2004 due to her preselection as a candidate for the seat of Canning at the Federal Election in February 2005. Ms Hallahan was reappointed in late 2004 for a term ending on 31 December 2005.

Ms Hallahan is a member of the Audit and Risk Committee, the Festivals Committee and Chair of the education Taskforce. Her Order of Australia Award recognised her considerable contribution to the State Parliament and a wide range of community organisations. She is the immediate past National Board Chair of Save the Children Australia and involved with a number of Armadale organisations.

Current Board Members



Mr Gerry Gauntlett was appointed as Chairperson to the Board on 1 July 2002. He was reappointed as Chairperson on 1 January 2004 for a term ending on 31 December 2006.

Mr Gauntlett is the Chairperson of the Planning and Development Control Committee and the Brookdale Steering committee. He 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.

Current Board Members *cont...*



Linton Reynolds was appointed to the Board on 1 January 2002. He was reappointed on 1 July 2005 for a term ending on 31 June 2007.

Mr Reynolds is the Chair of the Audit and Risk Committee and the Staff Resources Committee, 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. He was reappointed on 1 July 2005 for a term ending on 1 June 2007.

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

Policies and Standing Procedures

Policies and Standing Procedures set the parameters for a number of processes that support the Board's governance structures.

Conflict of Interest

New Board members declare any financial or pecuniary interest at their first meeting. The Authority 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

Member 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 2005 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.

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 2004 to 30 June 2005:

Members	Board (including Special Board meetings)		Audit		Planning and Development Control	
	*	#	*	#	*	#
Gerry Gauntlett	11	11			10	10
Kay Hallahan	11	8	1	1		
Verity Allan	11	8			10	7
Tony Buti	11	9				
Linton Reynolds	11	10	1	1		
Henry Zelones	11	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 provided to the Chamber of Commerce Awards Night in Jull Street, the Perth International Arts Festival, the Minnowarra Festival Arts Awards and the NAIDOC Week art exhibition.



Executive Director's Report

During the year 2004/05, the statutory and strategic operations for the ARA increased due to planning schemes now being in place for the full year, the ongoing masterplanning of Brookdale, the commencement of concept planning for the Kelmscott District Centre and advancing structure plans for the Forrestdale Business Park and Champion Drive.

Operational activities also gained pace. City Centre road works took shape with the partial upgrade of Commerce Avenue, the return of two way traffic to part of Jull Street and Third Road and the acquisition and clearing of the Whitehead Road reserve connecting Church Avenue to Jull Street.

Much effort has gone into supporting the vision of the strategic regional centre of Armadale achieving its designated status. A major impetus to this was the granting of conditional development approval for the \$75 million revamp of the Armadale Shopping City. Support has also been provided to the proposed \$54 million expansion of the Plaza site for a new retail development to include cinema expansion and a Big W discount department store.

One of the cornerstones of the new Armadale is the Champion Lakes aquatic recreation park. In 2004/05 the project advanced to the completion of the construction of the rowing course and the commissioning of the water supply from the 700 metre bore into the Yarragadee aquifer. While much more work is required to complete the project for sporting events, critical planning for landscaping, water management, conservation management and the Aboriginal Interpretive and Enterprise Centre was advanced.

Brookdale, the future residential growth area of Armadale, has considerably advanced its master-planning and is on target for the new scheme to be finalised by late 2006. This will initiate the development of up to 12,000 lots demonstrating best practice in urban water and energy management.

The staff and consultant team of the ARA have responded very well to the increased work tempo. The team has displayed great cohesion and spirit, which provides an excellent foundation for the ongoing management of the Authority.



Better education facilities have also been a focus of the ARA, which initiated a bid for an Australian Technical College for Armadale. Also, cooperation with the Department of Education and Training has led to a local area education plan being progressed. To give a physical presence for education, the ARA has commissioned a major design and management study for the Armadale Education Access Centre to be located adjacent to the Armadale Railway Station.

The year also saw the signing of memoranda of understanding with the CSIRO and LandCorp to underpin the innovative urban development of Armadale. The ongoing successful service level agreement with LandCorp has assisted the ARA through the provision of corporate, financial accounting, information technology and project management support.

Without doubt, the backbone of the ARA is a professional, dedicated and supportive Board and a committed Minister. Add to this the strong community spirit of Armadale residents and there is a great recipe for success.

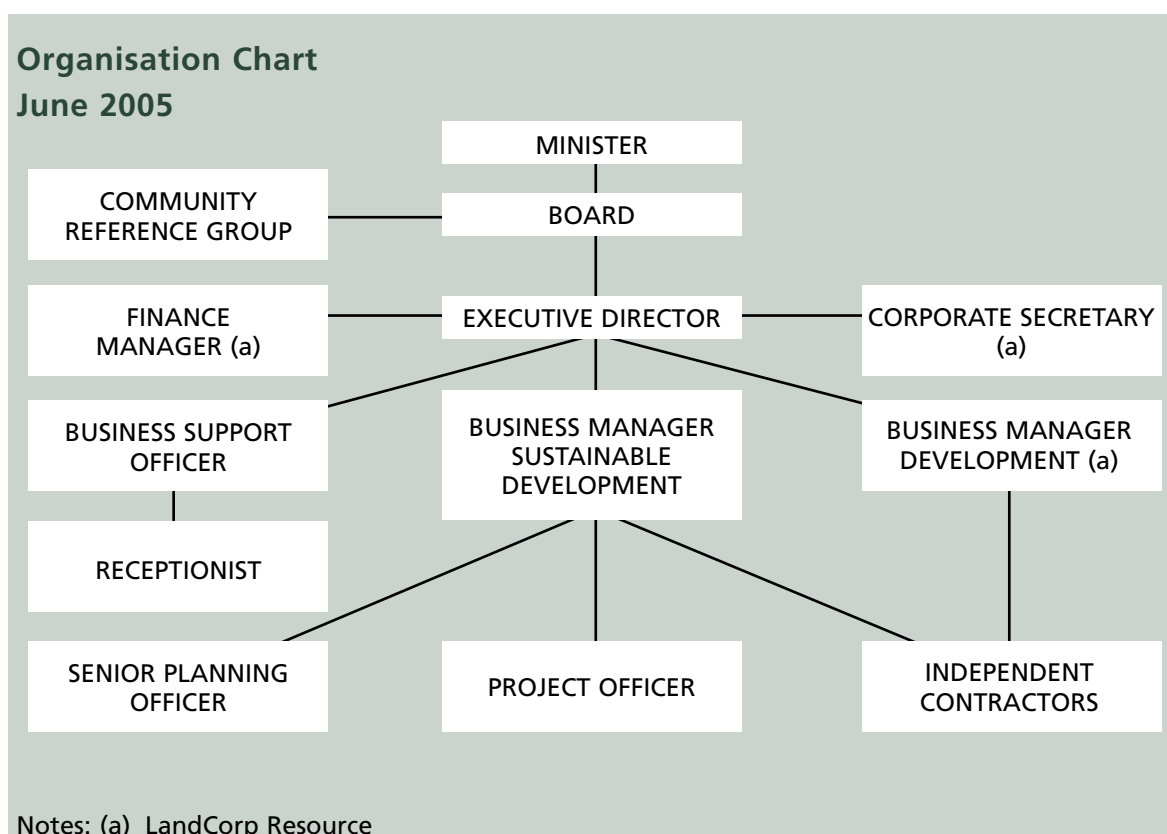
John Ellis
EXECUTIVE DIRECTOR

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 Audit

The ARA launched its Sustainability Audit on 6 May 2005. The audit is an online assessment tool integrated in the Development Application process, and will form the basis for assessing the sustainability of proposed developments in the ARA redevelopment areas. It is the first of its kind in Western Australia. The audit sets targets to improve the performance of buildings across a range of elements. Before its adoption, the audit was trialled extensively for three month trial and reviewed. The ARA will continue to work with industry to ensure the provisions are both practical and relevant

Local Area Implementation Plans for Sustainability (LAIPS)

The ARA has developed residential design guidelines and development guidelines for Champion Drive, Champion Lakes and the Forrestdale Business Park. The plans establish a clear set of sustainable outcomes and determine the best means of project delivery for subdivision and structure planning. They support the objectives of the State Government *Liveable Neighbourhoods* initiative and ensure a co-ordinated approach to built form, streetscape and building orientation. The plans ensure the ARA estates will promote best practice sustainability principles in subdivision, structure planning and integrated building efficiency guidelines.

NAIDOC Week art award

The ARA sponsored the initial annual NAIDOC Week art exhibition in July 2005. The ARA will work to establish the Moorjitch Mar-daa Award as the State's leading indigenous art and craft award over the next few years. This Inaugural exhibition celebrated and showcased the vast Western Australian Aboriginal talent at Armadale, a significant centre of traditional Nyoongar culture. NAIDOC week is widely celebrated in Armadale and has strong links with both the local and wider Aboriginal community.

'Scintillating' woodcraft competition

The remains of two century-old Armadale sugar gums were used in a \$12,000 woodcraft competition sponsored by the ARA and the City of Armadale. Selected woodcraft artists (designers, furniture makers, woodcarvers, wood turners and sculptors) produced a range of items that were exhibited in Armadale and central Perth locations. The pieces of art ensure the trees live on into the future.

Corruption Prevention

The ARA is developing corruption prevention policies for risks associated with corruption and misconduct, particularly to do with the tendering process. These policies will be incorporated in the ARA risk management program and staff induction practices will be revised to make sure new staff are aware of their responsibilities.

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 2004/05 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 2004/05 in relation to Section 17SZE of the Electoral Act was as follows:

Advertising	
Key2design	14,682
Last Pixel Productions	24,000
Marketforce Productions	7,518
Direct Mail	nil
Media Advertising	nil
Polling	nil
Research	
Q & A Communications Group	28,618
Swan Chamber of Commerce	4,462
University of Western Australia	23,697
Total Expenditure	102,977

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 2004/05 financial year.

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 two (2) Freedom of Information requests in 2004/05.

Publications

The principal publications of the ARA during the year were:

- 2003/2004 Annual Report
- Sustainability Progress Report 2005
- Champion Lakes Project DVD
- Armadale Redevelopment Scheme Amendment No.1
- Armadale Redevelopment Scheme Amendment No.3
- Armadale Redevelopment Authority Design Guidelines – City Centre
- Local Area Implementation Plan for Sustainability Forrestdale
- Local Area Implementation Plan for Sustainability Champion Drive
- Brookdale Redevelopment Scheme 2005
- Sustainability Audit
- *Armadale Showcase* newsletter winter 2004.

All publications can be downloaded from the ARA's website www.ara.wa.gov.au.



Annual Estimates

2004/05 Estimates	\$'000
Cost of Services	6,130
Revenue from Ordinary Activities	239
Net Cost of Services	(5,891)
Revenue from State Government	1,188
Net Loss	(4,703)

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

29 August 2005

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 2005.



Gerry Gauntlett
CHAIRMAN



Kay Hallahan
BOARD MEMBER

29 August 2005



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

ARMADALE REDEVELOPMENT AUTHORITY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

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 2005.

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.

D D R PEARSON
AUDITOR GENERAL
21 October 2005

Performance Indicators

Armadale Redevelopment Authority

Performance Indicators for the Year ended 30 June 2005

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

The Government Goal most appropriate for the Armadale Redevelopment Authority is:

To enhance the quality of life and wellbeing of all people throughout Western Australia.

Effectiveness Indicators

The effectiveness indicators applied to measure the ARA's performance in achieving the outcome are intended to reflect quantifiable measures based on survey results and hard data.

The ARA conducts an annual survey of businesses and residents in the Armadale local government area.

The survey sample is derived from random sampling of both residential and businesses within the City of Armadale and data collection is facilitated through telephone interviews.

The **residential** response rate of 32.3% was achieved, equal to 381 responses (2004 - 305 responses) out of a total sample size of 1180 (from a population of 35,274 people aged over 18 years.) The confidence level of 95% was achieved with a standard error* of +/-4.99% at 50%^ however at 70%^ (a more indicative measure for these results) the standard error is +/-4.58% (2004 approx 5.59%)*.

The **business** response rate of 43.8% was achieved, equal to 321 responses out of a total sample size of 733 (from a population of 2168). The confidence level of 95% was achieved with a standard error* of +/-5.05% at 50%^ however at 70%^ (a more indicative measure for these results) the standard error is +/-4.68 (2004 approx 11.12%).

***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 +/- 5.00% would illustrate that we can be 95% confident that the true score for the population is between 75% and 85%.**



^ 50% and 70% refers to the mean score at which the standard error is calculated. If mean scores typically reside around the middle of a scale then it would be appropriate to use 50% when determining standard error, however many survey results (including the research undertaken for the ARA) are skewed towards one end of the scale . The more that results are skewed to one end of the scale the lower the standard error. This is why the standard error is lower at 70%.

If on a 1-5 point scale the mean is 3 then the most appropriate measure would be 50%, if the mean was 4 then it would be 75%. We have shown both 50% and 70% as 50% is the 'high water mark' for determining standard error, however 70% is a more indicative measure for this research.

Hard data is drawn from building licence applications to the City of Armadale and internal monitoring of development applications.

Key Effectiveness Indicator 1: Value of Building Approvals – shows economic growth in terms of building investment.

	2002/03	2003/04	2004/05	Target
Residential Value	\$24.7M	\$29.7M	\$46.5M	
Variation		20.3%	56.7%	10%
Non-Residential Value	\$26.2M	\$31.0M	\$26.7M	
Variation		18.6%	(13.9)%	10%

Source: City of Armadale

Result: These indicators show the relative level of investment in residential and non-residential (employment / building investment).

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.

Strong residential growth has been dampened by the reduced value of non-residential building approvals. In part this is due to delays in planning at the Forrestdale Business Park and the extended design phase associated with the Armadale Shopping City expansion.

The target for annual increase in value of building approvals is set in consideration of population and related business growth of 3%pa together with escalation in building costs.

Key Effectiveness Indicator 2: Assessment by Residents and Businesses of the ARA's contribution to the Economic and Social Development of Armadale. (New Indicator). – Shows external acknowledgement of the ARA achieving its core outcomes.

	2004/05	Target
Residents Agree	60.8%	60%
Businesses Agree	41.9%	60%

Source: Annual Survey

Result: As this is the first year of measuring this indicator, a trend is not possible to estimate. The lower scoring by businesses may reflect the fact work on the business park and shopping centre upgrade is yet to commence. During the survey period, a contentious planning amendment was advertised for public comment.

The target set is based on a desire to achieve significant support from residents and businesses.

Key Effectiveness Indicator 3: Level of Business Activity – shows impact of ARA's efforts to achieve economic outcomes.

	2002/03	2003/04	2004/05	Target
Improvement in Business Activity over year				
% of Businesses	51%	55%	53%	51%

Source: Annual Survey

Result: Although less businesses showed an increase in activity during 2004/05 than in 2003/04, the result still shows a majority of businesses experienced an increase in activity.

The target set is based on the view that a majority of businesses should experience a growth in business activity.



Key Effectiveness Indicator 4: Development Applications Determined by ARA – Shows facilitation of economic investment.

	2004/05
Development Applications	
Number Determined	
Number	20
Variation	

Source: ARA

Result: Given the first redevelopment scheme was not gazetted until May 2004, 2004/05 is the first full year in which applications determined can be calculated.

This indicator is intended to measure growth in general development activity within the area under direct ARA planning and development jurisdiction.

As the new planning scheme provisions are translated into on the ground activity, this indicator should show increasing growth.

The target will be 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.

Efficiency Indicators

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

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

Targets for Indicators 2 to 4 will be set when comparable annual figures are available.

Key Efficiency Indicator 1: Average Time to Process Development Applications [Relates to Service (A)]

	2003/04	2004/05	Target
Development Applications			
Number Determined	11	20	
Average Processing Period	74.5 Days	55.0 Days	60 Days
Proportion Exceeding 60 Days	45%	35%	

(Note: Processing Period is period following formal acceptance of application net of any period when the application was returned to the applicant for classification or further information).

(a) Partial year as scheme gazetted in May 2004 at which time all development applications were required to be submitted to the ARA.

Source: ARA

Result: This indicator shows organisational efficiency in processing applications. The target set is the statutory requirement for determination as stated in the Redevelopment Scheme.

Key Efficiency Indicator 2: Costs Per Development Application Determined [Relates to Service (A)] (New Indicator)

	2004/05
Development Applications	
Number Determined	20
Cost	\$2,122,000
Cost per application	\$160,100

Source: ARA

Note: Costs are based on annual net cost of services less public infrastructure expense.

Result: This indicator shows efficiency in terms of cost per application.

Key Efficiency Indicator 3: Costs Per lot given Subdivision Approval [Relates to Service (B)] (New Indicator)

	2004/05
Lots Given Subdivision Approval	
Number	316
Cost	\$2,122,000
Cost per lot	\$6,715

Source: ARA

Note: Costs are as explained in Indicator 2.

Result: This shows operation costs in terms of new lot creations.



Key Efficiency Indicator 4: Costs Relative to Value of Non-Residential Development Approved [Relates to Service (C)] (New Indicator)

	2004/05
Value of Non-Residential Development Approved	\$51.145M
Costs	\$2,122,000
Cost per \$'Million Development Approved	\$41,490

Source: ARA

Note: Costs are as explained in Indicator 2.

Result: This indicator shows planning staff efficiency in terms of value of non-residential development approved comprising commercial, industrial and government facilities and infrastructure.

Financial Statements

Armadale Redevelopment Authority

Certification of Financial Statements for the year ended 30 June 2005

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 2005 and the financial position as at 30 June 2005.

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.



Gerald Gauntlett
CHAIRPERSON



Kay Hallahan
DEPUTY CHAIRPERSON



Frank Marra
PRINCIPAL ACCOUNTING OFFICER

29 August 2005



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

ARMADALE REDEVELOPMENT AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

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 30 June 2005 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
21 October 2005

Armadale Redevelopment Authority Statement of Financial Performance for the year ended 30 June 2005

	Note	2005 \$'000	2004 \$'000
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	2	599	472
Supplies and services	3	1,206	637
Depreciation and amortisation expense	4	46	39
Borrowing costs expense	5	132	65
Accommodation expenses	6	61	53
Members allowances		60	66
Carrying amount of non-current assets disposed of	10	1	-
Other expenses from ordinary activities	7	2,374	98
Total cost of services		4,479	1,430
Revenue from ordinary activities			
<i>Revenue from non-operating activities</i>			
Interest revenue	8	203	98
Other revenue from ordinary activities	9	36	37
Total revenues from ordinary activities		239	135
NET COST OF SERVICES		(4,240)	(1,295)
REVENUES FROM STATE GOVERNMENT			
Service appropriation		1,180	750
Subsidies from Government		-	2,500
Resources received free of charge		8	12
Total revenues from State Government	11	1,188	3,262
CHANGE IN NET ASSETS		(3,052)	1,967

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

Armadale Redevelopment Authority

Statement of Financial Position

as at 30 June 2005

	Note	2005 \$'000	2004 \$'000
Current Assets			
Cash assets	20	285	415
Receivables	13	913	3,146
Inventories	12	1,625	-
Other assets	14	3	7
Total Current Assets		<u>2,826</u>	<u>3,568</u>
Non-Current Assets			
Inventories	12	4,756	-
Property, plant and equipment	15	425	3,784
Total Non-Current Assets		<u>5,181</u>	<u>3,784</u>
Total Assets		<u>8,007</u>	<u>7,352</u>
Current Liabilities			
Payables	16	2,935	302
Provisions	17	115	97
Other liabilities	18	11	1
Total Current Liabilities		<u>3,061</u>	<u>400</u>
Non-Current Liabilities			
Payables	16	320	2,300
Provisions	17	46	20
Total Non-Current Liabilities		<u>366</u>	<u>2,320</u>
Total Liabilities		<u>3,427</u>	<u>2,720</u>
NET ASSETS		<u>4,580</u>	<u>4,632</u>
Equity			
Contributed equity		5,500	2,500
Accumulated surplus/(deficiency)		(920)	2,132
TOTAL EQUITY	19	<u>4,580</u>	<u>4,632</u>

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

Armadale Redevelopment Authority Statement of Cash Flows for the year ended 30 June 2005

	Note	2005 \$'000	2004 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriations		1,180	750
Subsidies from Government		-	2,500
Capital contributions		3,000	2,000
Net cash provided by State Government		<u>4,180</u>	<u>5,250</u>
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(553)	(487)
Supplies and services		(3,521)	(811)
GST payments on purchases		(573)	(271)
GST payments to taxation authority		(35)	(254)
Receipts			
Other receipts		47	37
Interest received		205	97
GST receipts on sales		28	258
GST receipts from taxation authority		507	217
Net cash used in operating activities	20	<u>(3,895)</u>	<u>(1,214)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from redemption of investments		5,713	5,026
Purchase of non-current physical assets		(2,748)	(1,409)
Payments for investments		(3,380)	(8,060)
Net cash used in investing activities		<u>(415)</u>	<u>(4,443)</u>
Net increase/(decrease) in cash held		(130)	(407)
Cash assets at the beginning of the financial year		415	822
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	20	<u><u>285</u></u>	<u><u>415</u></u>

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



Armadale Redevelopment Authority

Notes to the Financial Statements

for the year ended 30 June 2005

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) Service Appropriations and Subsidies from Government

Service 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.



Armadale Redevelopment Authority

Notes to the Financial Statements

for the year ended 30 June 2005

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

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".



(ii) Superannuation

All staff are eligible to 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 charges under the West State Superannuation Scheme and the Colonial Select Superannuation Plan are extinguished by the payment of employer contributions to the schemes.

g) Acquisition of assets

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

h) 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 & Office Equipment	10 years
Computer Equipment	4 years
Computer Software	4 years
Leasehold Improvements	5 years



Armadale Redevelopment Authority

Notes to the Financial Statements

for the year ended 30 June 2005

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

i) 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.

j) Inventories

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

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

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.

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) Rounding of amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

o) 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.

p) 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.

q) Comparative Figures

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

r) 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.

Armadale Redevelopment Authority Notes to the Financial Statements

for the year ended 30 June 2005

	2005 \$'000	2004 \$'000
2 Employee expenses		
Wages and salaries	443	370
Superannuation	61	33
Long service leave	28	31
Annual leave	16	27
Other related expenses (a)	51	11
	599	472

(a) These employee expenses include payroll tax, workers compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability.

3 Supplies and services

Communications	21	23
Consultants and contractors	918	374
Consumables	40	38
Repairs and maintenance	1	2
Travel	31	28
Other	195	172
	1,206	637

4 Depreciation and amortisation expense

Depreciation		
Plant, equipment and vehicles	17	12
Amortisation		
Leasehold Improvements	29	27
	46	39

5 Borrowing costs expense

Interest paid	132	65
---------------	-----	----

6 Accommodation expenses

Lease rentals	52	47
Repairs and maintenance	6	4
Cleaning	3	2
	61	53



	2005	2004
	\$'000	\$'000
7 Other expenses from ordinary activities		
Audit fees (Note 26)	14	12
Property Management Expenses	3	-
Public Infrastructure	2,357	86
	<u>2,374</u>	<u>98</u>
8 Interest revenue		
Interest received	203	98
	<u>203</u>	<u>98</u>
9 Other revenue from ordinary activities		
Sale of information	7	1
Rental Income	11	-
Sundry income	18	36
	<u>36</u>	<u>37</u>
10 Net gain/(loss) on disposal of non-current assets		
<i>Loss on Disposal of Non-Current Assets</i>		
Plant, equipment and vehicles	1	-
	<u>1</u>	<u>-</u>
11 Total revenues from State Government		
Appropriation revenue received during the year:		
Service appropriations	1,180	750
Resources received free of charge		
Determined on the basis of the following estimates provided by agencies:		
Office of the Auditor General	-	12
Department of Land Information	8	-
Subsidies from government	-	2,500
	<u>1,188</u>	<u>3,262</u>

Armadale Redevelopment Authority

Notes to the Financial Statements

for the year ended 30 June 2005

	2005	2004
	\$'000	\$'000
12 Inventories		
Current		
Land held for resale:		
- Development costs	1,625	-
Non-current		
Land held for resale:		
- Acquisition costs	4,436	-
- Development costs	320	-
	4,756	-
The aggregate carrying amount of inventories recognised and included in the financial statements is as follows:		
- Current	1,625	-
- Non-current	4,756	-
	6,381	-

The most recent valuations of undeveloped land, which have not been recognised in the financial statements, were internal valuations at 30 June 2005. Market value of land held at this date amounted to \$14,453 thousand (2004: \$2,236 thousand). The internal valuations have been determined taking into account advice from independent valuers, real estate agents and both internal and external property advisors.

13 Receivables

Current

Trade debtors	63	32
GST receivable	150	81
Bills of exchange - endorsed by banks (a)	700	3,033
	913	3,146

(a) This figure consists of Bills of Exchange accepted or endorsed by Australian banks or bank issued negotiable certificates of deposit. The bills, generally 30 days in length, are matured or reinvested to meet monthly cash requirements.

14 Other assets

Current

Prepayments	1	2
Accrued revenue	2	5
	3	7



	2005	2004
	\$'000	\$'000
15 Property, plant and equipment		
Land		
At fair value (a)	-	2,236
	-	2,236
Furniture and office equipment		
At cost	37	28
Accumulated depreciation	(7)	(4)
	30	24
Computer equipment		
At cost	66	50
Accumulated depreciation	(27)	(16)
	39	34
Computer software		
At cost	3	3
Accumulated depreciation	(2)	(2)
	1	1
Leasehold improvements		
At cost	173	136
Accumulated depreciation	(83)	(54)
	90	82
Capital works in progress		
At cost	265	1,407
	265	1,407
Total plant and equipment, net	425	3,784

(a) The fair value of the freehold land represents the cost of acquisition (at 31 December 2003) discounted by the Authority's two year corporate bond rate, due to payment for the land being deferred until 31 December 2005.

Armadale Redevelopment Authority Notes to the Financial Statements for the year ended 30 June 2005

15 Property, plant and equipment *cont...*

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	2,236	24	34	1	82	1,407	3,784
Additions	-	10	18	-	37	465	530
Transfers	(2,236)	-	-	-	-	(1,599)	(3,835)
Disposals	-	(1)	(1)	-	-	(8)	(10)
Depreciation	-	(3)	(12)	-	(29)	-	(44)
Carrying amount at end of year	-	30	39	1	90	265	425
						2005	2004
						\$'000	\$'000

16 Payables

Current

Trade payables (a)	2,592	110
Accrued expenses	343	192
	<u>2,935</u>	<u>302</u>

Non-current

Trade payables	<u>320</u>	<u>2,300</u>
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(a) This figure includes an amount of \$2,500 thousand discounted to net present value using the Authority's corporate lending rate for a two year bond. The liability due to the Western Australian Planning Commission (WAPC), is payable on 31 December 2005. The Authority is currently negotiating with WAPC to defer payment until 30 November 2006.

17 Provisions

Employee Benefits

Current

Annual leave	87	71
Long service leave	28	26
	<u>115</u>	<u>97</u>

Non-Current

Long service leave	<u>46</u>	<u>20</u>
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	2005	2004
	\$'000	\$'000

17 Provisions *cont...*

Employee Benefit Liabilities

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

Provision for employee benefits:

Current	115	97
Non-Current	46	20
	161	117

18 Other liabilities

Current

Deposits (a)	1	1
Cash in lieu	10	-
	11	1

(a) Deposits include deposits received on sale of land.

19 TOTAL EQUITY

Contributed equity

Opening balance	2,500	500
Capital contributions (a)	3,000	2,000
Closing balance	5,500	2,500

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

Accumulated surplus/(deficiency)

Opening balance	2,132	165
Change in net assets	(3,052)	1,967
Closing balance	(920)	2,132

Armadale Redevelopment Authority Notes to the Financial Statements for the year ended 30 June 2005

	2005	2004
	\$'000	\$'000

20 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	285	410
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(b) Reconciliation of net cost of services to net cash flows used in operating activities:

Net cost of services	(4,240)	(1,295)
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Non-cash items:

Depreciation and amortisation expense	46	39
Resources received free of charge	8	12
Adjustment for other non-cash items	132	64

(Increase)/decrease in assets:

Current receivables	(28)	(9)
Other current assets	4	-

Increase/(decrease) in liabilities:

Current payables	201	(14)
Current provisions	44	34
Other current liabilities	11	-
Non-current payables	-	-
Non-current provisions	-	5

Net GST receipts/(payments)	(545)	(13)
Change in GST in receivables/payables	472	(37)

Net cash used in operating activities	(3,895)	(1,214)
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	2005	2004
	\$'000	\$'000

21 Commitments for expenditure

(a) Capital expenditure commitments

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

Within 1 year	2,025	987
Later than 1 year and not later than 5 years	46	91
	2,071	1,078

The commitments include amounts for:

Capital	340	-
Public infrastructure	1,731	1,078
	2,071	1,078

(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	56	585
Later than 1 year and not later than 5 years	3	5
	59	590

22 Contingent liabilities and contingent assets

In addition to the liabilities incorporated in the financial statements, the Authority has the following contingent liabilities:

(a) Compulsory Acquisitions

The Authority has pending acquisitions which may effect the financial position to the value of \$596 thousand. The compulsory acquisition of part lots 14 and 79 Whitehead Street Armadale carries a potential liability of \$1,000 thousand although \$404 thousand has already been paid.

(2004: nil.)

There are no contingent assets.

Notes to the Financial Statements

for the year ended 30 June 2005

23 Explanatory Statements

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

Employee expenses

This expense increased \$127 thousand due to wage increases resultant from the registration of the Government Officers Salaries Allowances and Conditions (GOSAC) General Agreement; and the LandCorp Enterprise Agreement 2005.

Supplies and services

This expense increased \$569 thousand due to increased expenditure on Forrestdale Business Park, Brookdale and Champion Drive; and the inclusion of administration expenses under this heading.

Borrowing costs expense

This expense increased \$67 thousand due to recognition of the full year's notional interest expense on the \$2,500 thousand Champion Lakes liability to the Western Australian Planning Commission per note 16(a).

Other expenses from ordinary activities

This expense increased \$2,276 thousand due to increased expenditure on Armadale City Centre, Armadale Railway and Kelmscott District Centre.

Interest revenue

This revenue increased \$105 thousand due to increased surplus funds available for investment in commercial bills.

Subsidies from Government

This revenue decreased \$2,500 thousand due to funding received from the Western Australian Planning Commission during 2003/04.

Service appropriation

This revenue increased \$430 thousand due to expanded infrastructure works on the Armadale City Centre, Armadale Railway and Kelmscott District Centre.



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

Supplies and services

This expense is \$653 thousand above target due to consultant, administration and master planning costs being higher than anticipated.

Other expenses from ordinary activities

This expense is \$2,016 thousand below target due to expenditure on Armadale City Centre and Armadale Railway being lower than anticipated.

Interest revenue

This revenue is \$103 thousand above target due to increased surplus funds available for investment in commercial bills.

Other Revenue from Ordinary Activities

This revenue is \$3,950 thousand below target due to the delayed sale of the residential component of Champion Lakes land holdings to LandCorp.

Service Appropriation

This revenue is \$150 thousand above target due to the addition of Kelmscott District Centre during the year.

Notes to the Financial Statements

for the year ended 30 June 2005

24 Financial instruments

(a) Interest rate risk exposure

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

2005	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 \$		
Financial Assets							
Cash	4.74%	285	-	-	-	1	286
Receivables	0.00%	-	-	-	-	63	63
Bills of exchange	5.53%	-	700	-	-	-	700
		285	700	-	-	64	1,049
Financial Liabilities							
Payables	5.60%	-	2,522	-	-	69	2,591
Non-current payables	6.00%	-	-	-	320	-	320
		-	2,522	-	320	69	2,911
2004							
Financial Assets	3.94%	414	-	-	-	33	447
Financial Liabilities	5.07%	-	-	2,300	-	302	2,602

b) 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.

c) Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.



	2005	2004
	\$'000	\$'000

25 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 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:	<u>67</u>	<u>72</u>
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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:

\$

100,000 - 110,000	2	-
120,001 - 130,000	-	1
150,001 - 160,001	1	-

Total remuneration of senior officers is:	<u>367</u>	<u>124</u>
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26 Remuneration of auditor

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

Auditing the accounts, financial statements and performance indicators	<u>14</u>	<u>12</u>
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27 Write-offs and losses

There were no bad debts written off during the year (2004: nil).

There were no losses of public property through theft, vandalism or other circumstances during the year (2004: nil).

Notes to the Financial Statements

for the year ended 30 June 2005

28 Segment information

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

29 Impact of adopting Australian equivalents to IFRS

Management of the transition to A-IFRS

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 annual financial report prepared under A-IFRS will be for the year ended 30 June 2006.

In 2003 through its service provider, a Project Team was established to manage the transition to A-IFRS. 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.

Subsequently, a business impact study was conducted to determine the effect and best options for future reporting periods. The Authority, through its service provider, then began the process of redesign and systems building in order to capture information necessary to allow the preparation of financial statements which are fully compliant with A-IFRS. To assist in the transition to A-IFRS, the Authority prepared an opening A-IFRS compliant balance sheet at 1 July 2004.

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 likely impacts of A-IFRS on the results and financial position of the Authority

The following proforma statement of financial performance and statement of financial position outline the likely impacts on the current year results and financial position of the Authority had the financial statements been prepared using A-IFRS, based on the Authority's accounting policy decisions current at the date of this financial report. Users of the financial report should note that further developments in A-IFRS (for example, the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group), if any, may result in changes to the accounting policy decisions made by the Authority to date, and consequently, the likely impacts outlined in the proforma financial statements.

Proforma Statement of Financial Performance for the year ended 30 June 2005

	YTDA		PYTD
	AGAAP	A-IFRS	A-IFRS
Note	actual	impact	proforma
	\$'000		\$'000
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	599	-	599
Supplies and services (a)	1,206	-	1,206
Depreciation and amortisation expense	46	-	46
Borrowing costs expense	132	-	132
Accommodation expenses	61	-	61
Members allowances	60	-	60
Carrying amount of non-current assets disposed of	1	-	1
Other expenses from ordinary activities	2,374	-	2,374
Total cost of services	4,479	-	4,479
Revenue from ordinary activities			
<i>Revenue from non-operating activities</i>			
Interest revenue	203	-	203
Other revenue from ordinary activities	36	-	36
Total revenues from ordinary activities	239	-	239
NET COST OF SERVICES	(4,240)	-	(4,240)
REVENUES FROM STATE GOVERNMENT			
Output appropriation	1,180	-	1,180
Subsidies from Government	-	-	-
Resources received free of charge	8	-	8
Total revenues from State Government	1,188	-	1,188
CHANGE IN NET ASSETS	(3,052)	-	(3,052)

Notes to the Financial Statements

for the year ended 30 June 2005

29 Impact of adopting Australian equivalents to IFRS *cont...*

Proforma Statement of Financial Position as at 30 June 2005

	Note	AGAAP actual \$'000	A-IFRS impact	A-IFRS proforma \$'000
Current Assets				
Cash and cash equivalents		285	-	285
Trade receivables		913	-	913
Inventories		1,625	-	1,625
Other current assets		3	-	3
Total Current Assets		2,826	-	2,826
Non-Current Assets				
Inventories		4,756	-	4,756
Property, plant and equipment	(a)	425	(1)	424
Intangible assets	(a)	-	1	1
Total Non-Current Assets		5,181	-	5,181
Total Assets		8,007	-	8,007
Current Liabilities				
Trade and other payables		2,935	-	2,935
Short term provisions		115	-	115
Other current liabilities		11	-	11
Total Current Liabilities		3,061	-	3,061
Non-Current Liabilities				
Trade and other payables		320	-	320
Long term provisions		46	-	46
Total Non-Current Liabilities		366	-	366
Total Liabilities		3,427	-	3,427
NET ASSETS		4,580	-	4,580
Equity				
Contributed equity		5,500	-	5,500
Accumulated surplus/(deficiency)		(920)	-	(920)
TOTAL EQUITY		4,580	-	4,580

29 Impact of adopting Australian equivalents to IFRS *cont...*

The impact of adopting AIFRS including the key differences in accounting policies

Reconciliation of total equity as presented under previous AGAAP to that under AIFRS:

	30 June 2005	1 July 2004
	\$'000	\$'000
Total equity under previous AGAAP	4,580	4,632
Adjustments to accumulated surplus/(deficiency):	-	-
Total equity under AIFRS	4,580	4,632

Reconciliation of surplus/(deficit) for the period as presented under previous AGAAP to that under AIFRS:

	30 June 2005
	\$'000
Surplus/(deficit) for the period under previous AGAAP	(920)
Surplus/(deficit) for the period under previous AIFRS	(920)

Explanatory notes to the proforma financial statements

The following explanatory notes relate to the proforma financial statements above and describe, for significant items, the differences between the accounting policies under A-IFRS and the current treatment of those items under Australian GAAP (AGAAP).

(a) Property, Plant and Equipment

This balance comprises purchased software and the cost of software which has been developed and implemented by external consultants. The computer software is being depreciated over a period of 4 years for all assets.

In accordance with AASB138 "Intangible Assets" computer software for a computer controlled machine that cannot operate without that specific software is an integral part of the related hardware and is treated as property plant and equipment. The same applies to the operating system of a computer. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset. The computer software used by the Authority has been treated as an intangible asset and not property plant and equipment as it is not part of the computer hardware or operating system.

An intangible asset can only be recognised if and only if:

- it is probable that future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably

The Authority has determined that the computer software shall be carried at its cost less accumulated amortisation in accordance with AASB 138 paragraph 74.

In accordance with IAS36 recoverable amount is the higher of fair value less costs to sell and its value in use. Where value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

The Authority has assessed that the recoverable amount of the assets is supported by the value in use given the operations undertaken by the Authority. No specific discounted cash flow has been undertaken on these specific assets given the immaterial nature of the assets. The cash generating unit applicable to these assets has been determined to be the organisation as the computer software and its applications are used across the business.



Notes



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