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Annual Report

# 2006

Armadale Redevelopment Authority



## Statement of Compliance

Hon. Alannah MacTiernan BA LLB BJuris JP MLA  
Minister for Planning and Infrastructure  
13<sup>th</sup> Floor, Dumas House  
2 Havelock Street  
WEST PERTH WA 6005

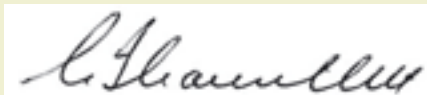


Dear Minister

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 2006.

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

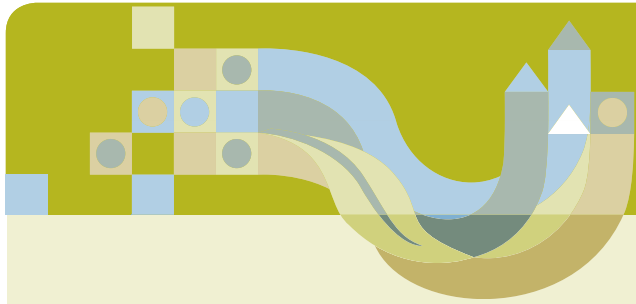
Yours sincerely



**Gerry Gauntlett**  
**Chairperson, Armadale Redevelopment Authority Board**  
31 August 2006



**Kay Hallahan**  
**Deputy Chairperson, Armadale Redevelopment Authority Board**  
31 August 2006



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## Mandate

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

As provided by the Act, the functions of the ARA are to plan, undertake, promote and coordinate the development and redevelopment of land in the defined redevelopment area. The ARA 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 ARA powers to deal in land and other assets and to undertake works in the area.

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

## Relevant Legislation

In all its programs and their delivery, the ARA recognises the right of access of the community and 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 financial administration of the ARA has complied with the requirements of the *Financial Administration and Audit Act 1985* and associated Treasurer's Instructions. In 2005/06 the ARA complied with all appropriate legislation, including the following Acts

- *Financial Administration and Audit Act 1995;*
- *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; and*
- *Disability Services Act 1993.*





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 owned by the Government, it is likely that the ARA will form partnerships with LandCorp to progress development.

### **City Centre**

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

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

- Encouraging innovative urban design and attractive buildings;
- Enhancing parks and gardens;
- Providing better access and traffic flow;
- Increasing overall performance and service to the community;
- Improving amenity, safety and security; and
- Creating inner-city residential neighbourhoods with pedestrian friendly street networks.

### **South Armadale**

The South Armadale site has the potential for a modern, efficient business and employment node characterised by innovative urban design, landscaping and water sensitive design principles. Development 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**

Forrestdale Business Park is 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 effective 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 5,000 new jobs.

### **Champion Lakes**

A 136 hectare site about four kilometres 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. Future 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**

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.

### **Albany Highway Precinct (CALM site)**

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

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

The CALM precinct is a key site for the expansion of the hospital and accordingly the site has been included in the master planning of the future hospital extensions. The site will be acquired by the Department of Health for its expansion.

### **Brookdale**

The 1,580 hectare site is planned as a model example of a sustainable urban area. A 15 to 20 year master plan envisages a diverse and vibrant residential area that showcases best practice in sustainable urban development incorporating natural resource management, water sensitive urban design and energy efficient housing.

The Brookdale master plan will create up to 15,000 lots and allow for a population growth to 40,000 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 Western Australia 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 have now been formalised into a concept plan, redevelopment scheme and implementation.



## 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; and
- 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; and
- Innovative approaches.

## Corporate Commitment

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

As an agency within 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

In 2005/06 a number of important steps were taken towards making the revitalisation of Armadale become a reality.

Structure plans were completed for the Forrestdale Business Park, Champion Drive residential area, Kelmscott district centre and the City West residential precincts. This foundation planning lays the groundwork for quality development within the redevelopment areas to move forward next year.

The ARA remains at the forefront of putting the sustainability theory into practice. The introduction of the Sustainability Audit for all development in the areas under the ARA's planning control will assist the achievement of key sustainability outcomes. This assessment tool forms the platform for the introduction of more targeted energy and water efficient development requirements, such as in-house plumbed rainwater tanks in Champion Drive and Champion Lakes residential developments.

A continuing major focus of the ARA in 2005/06 was the need to support improved access to all levels of education within 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 led the successful bid for an Australian Technical College for Armadale and Gosnells. A facility design and management study for the Education Access Centre, to be built adjacent to the new railway station, was substantially completed. This will accommodate the new city library, TAFE, Curtin University and selected secondary school studies.

The successful marketing of a high-density residential site adjacent to the western forecourt of the railway station took the plan for inner city living forward.

The Champion Lakes International Rowing Course development continued with the lake's optimum water level being achieved in January. Substantial drainage and landscaping works also commenced.

For the third consecutive year, the ARA sponsored and hosted elements of the Perth International Arts Festival. This complemented other community sponsorships including a NAIDOC Week art exhibition, now regarded as the best in the State.

The foundations were also set for business growth through the commencement of the \$80 million upgrade of the Armadale Shopping City and the granting of development approval for the \$60 million expansion of the Armadale Central shopping complex.



## Challenges

Major challenges during the year revolved around delivering operational outcomes.

Champion Lakes contains an 890,000m<sup>3</sup> stockpile of surplus soil which requires removal before full development can be achieved. Around 750,000m<sup>3</sup> will need to be removed in the coming year.

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 with the Water Corporation on drainage levels.

The ongoing master planning 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.

The ARA also recognised the need to support government and private agencies in dealing with areas of significant social need.

## Financial and Non-Financial Outcomes

As shown in the Key Performance Indicators attached to this report, strong growth in residential development in Armadale has been achieved with a 115 per cent increase in value of building license approvals which represents \$99.8 million worth of residential development.

Non residential development showed a 154 per cent increase on the previous year due largely to business investment in the expansion of the Armadale Central shopping complex, – a total of \$67.8 million worth of non residential building approvals.



Business activity continued to grow during the year with 54 per cent of businesses reporting growth.

In terms of facilitating new development, 58 development applications were approved by the ARA during the year, with the average time taken to provide development approval falling from 55 days to 35 days in 2005/06.

In 2005/06 the State Government provided \$4.7 million to support the operations of the ARA. This figure included \$3 million as a capital injection but does not include the provision of \$10 million for the pre-funding of infrastructure for the Forrestdale Business Park.

At 30 June 2006, the ARA had \$7.556 million in current assets compared to \$2.826 million at 30 June 2005.

### Targets

In 2006/07 the ARA will focus on completing the Champion Lakes infrastructure, providing core infrastructure to facilitate the development of the Forrestdale Business Park, progressing Brookdale master planning and implementing 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 and to assist general community growth.



## Highlights of 2005/06

### Champion Lakes Water

The 2.8 gigalitre water body was filled to its optimal level in January 2006. This enabled the project to be formally handed over to the ARA by the Tonkin Highway contractors.

### Champion Lakes Landscaping

Landscape architects were appointed and work commenced on implementing the landscape master plan. Lake edge planting, significant drainage control and road works were completed.

### Champion Lakes Surplus Soil

Around 130,000m<sup>3</sup> of the estimated 890,000m<sup>3</sup> of surplus soil was removed. Importantly, work commenced on identifying and proving-up a site to take most of the remaining soil.

### City Centre Retail Expansion

Work commenced on the \$80 million Armadale Shopping City retail expansion, while rezoning and land transfers laid the groundwork for the \$60 million Armadale Central development. Together, these projects will add two discount department stores and around 17,000m<sup>2</sup> of new speciality retail space.

### Residential Development

Subdivision planning was completed for the 360 lot Champion Lakes residential development and the first stage of 70 lots in Champion Drive.



### **Australian Technical College**

The Australian Technical College Perth South was secured for Armadale and Gosnells. A site on Commerce Avenue within the railway reserve was identified by the ARA for sale, allowing the College to commence its operations in 2007.

### **City West Residential**

The 9.7 hectare City West Precinct has had its structure plan finalised. This area has the potential to become one of Perth's best transit orientated development opportunities.

### **Brookdale Master Plan**

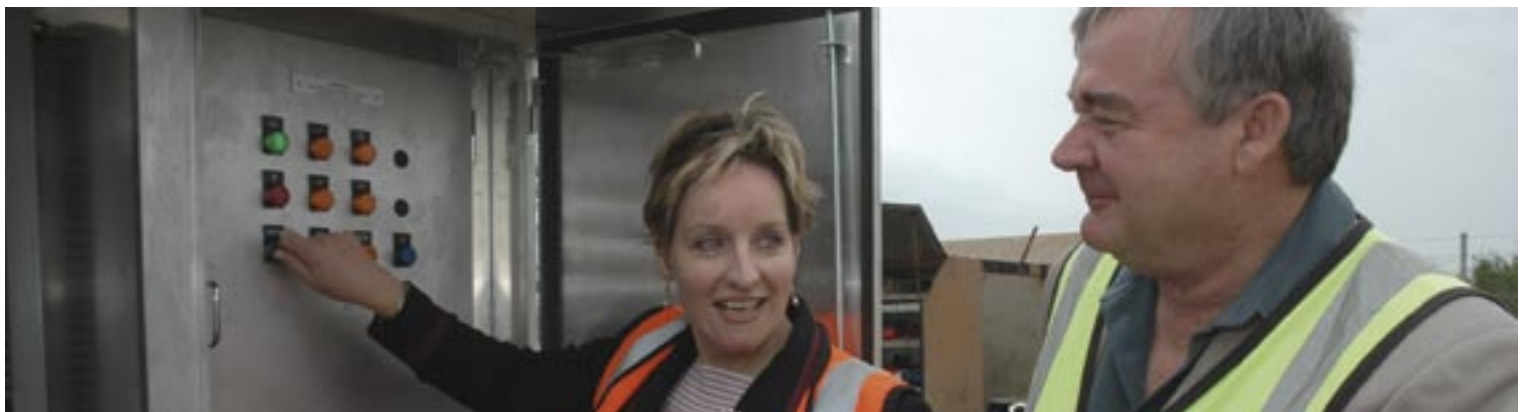
Significant progress in master planning Brookdale was achieved. In particular, the Strategic Environmental Assessment was submitted to the Environmental Protection Authority (EPA). This assessment is critical to gaining statutory approval for the innovative urban development envisaged for the 1,580 hectare area at Brookdale.

### **Forrestdale Business Park**

Structure planning for the 195 hectare Forrestdale Business Park was finalised and the major drainage and road alignments identified. In addition, the ARA developed its 2.6 hectare site on Ranford Road in preparation for sale in early 2006/07.

### **Kelmscott District Centre**

The scheme amendment and concept plan for the Kelmscott District Centre were approved, paving the way for the revitalisation of this centre to proceed. The Albany Highway landscape master plan was also completed.



## Chairperson's Report

Public works expenditure always plays a significant role in economic development. Such is the case in Armadale. The ARA has in its four years of operation expended approximately \$13 million on capital works, the major components being:

- City Centre \$4.70 million
- Champion Lakes \$4.68 million
- Forrestdale Business Park \$1.58 million
- Brookdale \$1.49 million



Forecasted expenditure for 2006/07 financial year totals about \$21 million - half of which is identified with Champion Lakes infrastructure. The other major component is \$5 million for civil engineering works in the Forrestdale Business Park.

This approved expenditure reflects the State Government's confidence and commitment to the revitalisation of Armadale. It produces an economic multiplier result and also serves to boost local business investment confidence. In this context, the ARA undertook the significant initiative of preparing and franchising its Business Prospectus during the year. This attracted considerable investor interest in Armadale under the market brand "Armadale – The Natural Place to Grow".

Significant progress has been made in achieving the goal of Armadale becoming a Strategic Regional Centre, with the commencement of the \$80 million expansion of the Armadale Shopping City and the granting of development approval for the \$60 million Armadale Central retail project.

Meanwhile, much has been achieved in the complicated and continuing process of town planning for the various redevelopment areas, particularly Brookdale. The master planning phase for this 1,580 hectare areas commenced in early 2004 and the planning team comprises more than 50 people representing 24 organisations within Commonwealth, State and Local Government agencies as well as the private sector.

The scale and complexity of this redevelopment area requires a multi-faceted design approach, which includes protection and enhancement of degraded wetlands and major watercourses. Redevelopment will be based on the total water cycle regime of water management from rainfall to river. We anticipate that the statutory planning scheme will be gazetted in early 2007, assuming that optimal cooperation is forthcoming from our Government regulatory authorities.

During the year, structure plans were completed for the Forrestdale Business Park, Kelmscott District Centre and the residential precincts of Champion Drive and City West.

The real estate market has been experiencing a boom that is unprecedented in recent memory, certainly at least since the 1960s. Increasing the supply of land and housing to meet rapid and sustained increases in demand has become a real issue and calls into focus the role of redevelopment authorities.

The ARA in its own right owns 26 hectares of residential land within the Champion Lakes project and has brought forward planning and subdivisional approval to facilitate the production of around 300 residential lots commencing in late 2006. This development will be undertaken by LandCorp.

We are also in negotiation with a major developer selected to buy a site and build 60 apartments within the railway reserve, the first Transit Orientated Development for Armadale.

Overarching the above initiatives is the Brookdale area where much effort is being extended to provide a framework that will produce a wide range of lot sizes and built form. Ultimately, it is the range of building design, size and price that will achieve flexibility in the finished product and increase the supply side of the equation.

We have had a challenging year and I am confident that we will witness more tangible results "on the ground" during 2006/07.

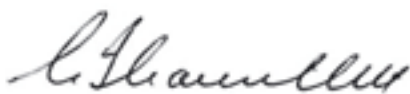
Relocating our office into new premises on Jull Street has, I think, enhanced the public presence of the ARA. Similarly, the much enjoyed sponsorship of the Minnowarra and Moorjitch Mardaa Award Exhibitions indicates our interest in and support of culture in the community.

The City of Armadale executive staff have been of great assistance in advisory and technical committee participation on all ARA projects.

LandCorp continues to provide us with efficient and excellent services and support.

I reiterate congratulations to one of our Board members, Mayor Linton Reynolds, for his well deserved award as a Member of the Order of Australia. Thank you to all Board members and staff for your considerable dedication to the operation and aspirations of the ARA.

The support, advocacy and gentle prompting from time to time of our Minister, the Hon Alannah MacTiernan, is gratefully acknowledged.



**Gerry Gauntlett**  
**CHAIRPERSON**



## Corporate Governance

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

The Board has a number of specific statutory responsibilities set out in the Act. 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 ARA's approach to financial administration, audit and management of its finances.

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

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

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

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



## Board Committees and Working Groups

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

### Committees

These included:

- Audit and Risk Committee

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

The Audit and Risk Committee, in accordance with the approved three-year Strategic Internal Audit Plan, considered a number of reports relating to reviews undertaken to ensure appropriate controls and compliance.

- Planning and Development Control Committee

The Board's Planning and Development Control Committee facilitates the timely processing of development applications and oversees all statutory planning responsibilities.

- Staff Resources Committee

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

### Working Groups

These included:

- Brookdale Master Planning Working Group;
- Champion Lakes Precinct Working Group;
- City Centre Advisory Working Group;
- Kelmscott Steering Working Group;
- Connected Communities Working Group;
- Forrestdale Business Park Precinct Working Group; and
- Gateway Working Group.

## Community Reference Group

The Minister appointed a Community Reference Group (CRG) under Section 63 of the Act to assist the ARA 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 consists of the following members:

- Kim Fletcher;
- Brett Tizard;
- Vivienne Hansen;
- Annette Nicolson;
- Mark Ashton; (term expired on 31 December 2005).
- Matthew Keogh;
- Steven Erceg;
- Steve Aldersea; and
- Lesley Greenway.

## Board Members

The *Armadale Redevelopment 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 reappointed during the reporting period:



**Ms Verity Allan** was appointed to the Board on 1 January 2002. She was reappointed on 1 January 2006 for a term ending on 31 December 2006.

Ms Allan is a member of the Brookdale Steering Committee, the Built Form Working Group, the Planning and Development Committee, Kelmscott Steering Committee and is Chair of the Gateways Committee. Ms Allan is a strategic 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.



**Ms Kay Hallahan AO Hon. D Litt (Curtin)** was appointed as Deputy Chairperson to the Board on 1 January 2002. Ms Hallahan was reappointed on 1 January 2006 for a term ending on 31 December 2006.

Ms Hallahan is a member of the Planning and Development Committee, and Kelmscott Steering Committee. Ms Hallahan's Order of Australia Award recognised her considerable contribution to State Parliament and a wide range of community organisations. She is a past National Board Chair of Save the Children Australia and remains connected with a number of organisations in Armadale.

### 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 also Chairperson of the Heritage Council of WA.



**Dr Antonio (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 a member of the Audit and Risk Management Committee and Festivals Committee. Dr Buti is a local resident, university law lecturer and moderator of hypotheticals.



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

Cr Reynolds is the Chairperson of the Audit and Risk Management Committee and the Staff Resources Committee and is the current Mayor of the City of Armadale. He is also a member of the Local Government 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.



**Cr 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.

Cr Zelones is a member of the Audit and Risk Management Committee. He is also a Councillor with the City of Armadale representing the River Ward, Chairman of the South East Zone of Councils and a State Councillor for the Western Australian Local Government Association (WALGA). 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 ARA has a standing protocol requiring a Board member to disclose an interest in any item on the agenda.

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

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

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

## Access to Independent Advice

With the approval of the Chairperson, a Board member may seek independent legal advice on matters presented to the Board or a Board Committee. The Board or Committee Chairperson is responsible for authorising ARA 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 2006 were as follows:

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

## Directors' Insurance

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

### **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, is brought into the Board's formal discussion and consideration processes.

### **Ministerial Advice and Approvals**

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

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

Two approvals were tabled in Parliament during the reporting period.

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

### **Ministerial Directions**

The Board maintains 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 ARA during the reporting period.



## Code of Conduct

The Board aimed to maintain a high level of leadership by setting high ethical standards, through practical strategies such as the ARA'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 2005 to 30 June 2006:

Members	Board (including Special Board meetings)		Audit		Planning and Development Control	
	S	#	S	#	S	#
	Gerry Gauntlett	17	17			11
Kay Hallahan	17	16	2	1	11	9
Verity Allan	17	12			11	5
Tony Buti	17	9*	2	1		
Linton Reynolds	17	17	2	2		
Henry Zelones	17	16	2	2		1

S - Total number of meetings

# - Actual number of meetings attended

\* - Tony Buti granted leave of absence 1 September 2005 – 31 December 2005

## Stakeholder Interaction

The Board plays an integral part in the ARA'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.



## Executive Director's Report

During 2005/06, the statutory and strategic operations for the ARA increased due to planning schemes now being in place for the full year, landscape and subdivision planning for Champion Lakes, the ongoing master planning of Brookdale, the completion of concept planning for the Kelmscott District Centre and structure plans for the Forrestdale Business Park and Champion Drive.



Operational activities also gained pace. City Centre road works took shape with the completion of the upgrade of Commerce Avenue and the master planning of the railway precinct.

Significant effort has gone into supporting the vision for the strategic regional centre of Armadale. A major impetus to this was the granting of development approval for the \$80 million revamp of the Armadale Shopping City. Support has also been provided to the proposed \$60 million expansion of the Plaza site for a new retail development to include cinema expansion and a Big W discount department store in addition to more than 50 speciality stores.

One of the cornerstones of the new Armadale is the Champion Lakes aquatic recreation park. In 2005/06 the project advanced with the completion of 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. Drainage works were also commenced.

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 early 2007. This will initiate the development of up to 14,000 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 ARA.

Better education facilities have also been a focus of the ARA, which initiated a successful 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 finalisation of the structure plan for City West precinct, which is potentially one of the best examples of transit orientated development in Perth. The identification of sites in the railway reserve for the Australian Technical College and the Government office building go a long way to adding depth to the City Centre revival.

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**

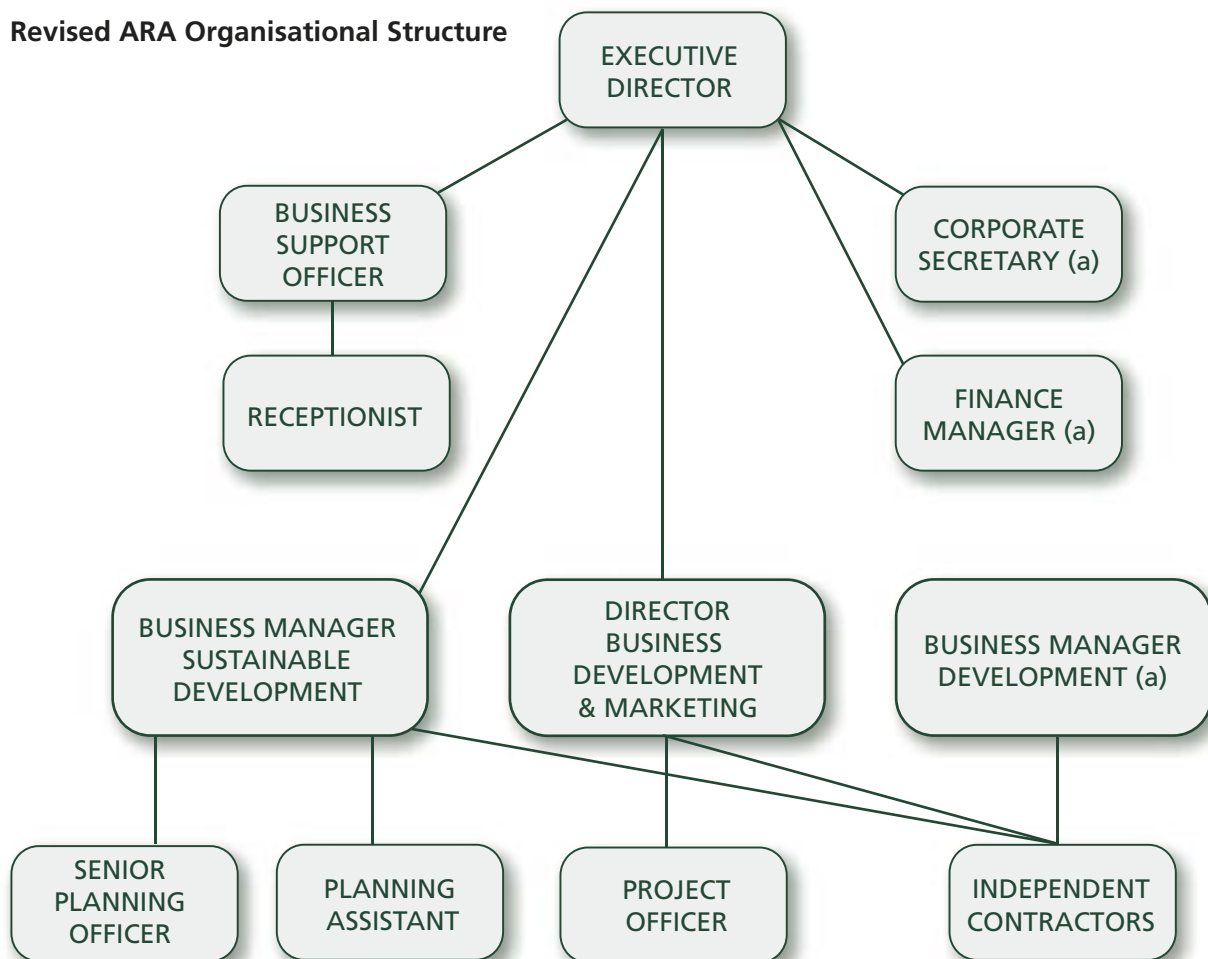
## Organisational Structure

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

The ARA 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.

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

### Revised ARA Organisational Structure



Note (a) LandCorp Resource

Specific consultants were appointed to assist in projects including the Kelmscott District Centre, 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.

## Required Reporting

### Sustainability

#### Sustainability Audit

The ARA launched its Sustainability Audit in May 2005, the first of its kind in Western Australia. In 2006 the ARA has made a number of amendments to the Audit and will continue to demonstrate best practice sustainability through its project planning and delivery.

In 2006 the following amendments were made:

- The Champion Drive precinct will be the first housing estate in WA to require the mandatory installation of rainwater tanks as a condition of planning approval. All single and multi residential dwellings are required to install a minimum 3,000 litre rainwater tank and multi residential dwellings to install a 2,000 litre rainwater tank plumbed to toilets and cold water washing machine outlets;
- All dwellings shall achieve a five star energy rating and demonstrate 50 per cent use of native plants in the garden; and
- Greywater systems will be encouraged.

#### Local Area Implementation Plans for Sustainability (LAIPS)

The ARA has adopted residential design guidelines and subdivision guidelines for Champion Drive and 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 coordinated 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.



## Youth Outcomes

The ARA has taken planning control of the Public Transport Authority rail reserve, including the former Armadale train station site. The train station site has been offered to the City of Armadale to house a skate park and youth centre. The ARA will also work with ING and Westzone developers to seek contribution through social offsets for the construction of the youth precinct.

## 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.

## Advertising and Sponsorship

Major sponsorships were provided to the Armadale Chamber of Commerce Awards Night, the Perth International Arts Festival, the Minnowarra Festival Arts Awards and the NAIDOC Week Art Exhibition

<b>Electoral Act Information</b>	<b>\$</b>
<b>Advertising</b>	
BICUBIC PRINTING & CORPORATE GRAPHICS	380
EDGE VISUAL	1,735
KEY2DESIGN	18,816
LAST PIXEL PRODUCTIONS	23,124
MARKETFORCE PRODUCTIONS	12,598
PROCOPY	1,095
PROFILE PHOTOGRAPHY	1,550
STATE LAW PUBLISHER	292
<b>Direct Mail</b>	nil
<b>Media Advertising</b>	nil
<b>Polling</b>	nil
<b>Research</b>	
COLLIERS INTERNATIONAL	6,000
JILL CAMERON AND ASSOCIATES	12,610
KNIGHT FRANK	17,000
MARKET EQUITY	28,990
UNIVERSITY OF WESTERN AUSTRALIA	28,600
<b>Total Expenditure</b>	<b>152,790</b>

## Cultural Diversity

In December 2005 the ARA finalised its Cultural Heritage Strategy. It has been prepared to ensure that the cultural heritage significance of places identified and listed in the strategy are appropriately conserved. As the Cultural Heritage Strategy is a statutory document, the ARA shall take account of its contents in its deliberations on detailed structure plans and development proposals submitted on land within the redevelopment area.

The 2006 NAIDOC Week Art Exhibition, sponsored by the ARA, was a great success with hundreds of people from across Perth attending the five day display. A total of 95 pieces were exhibited and included artists such as Lance Chadd (winner) and Julie Dowling, among Australia's most highly collected artists. The ARA will work to establish the Moorjitch Mar-daa Award as the State's leading indigenous art award over the next few years. The exhibition showcased the vast Western Australian Aboriginal talent at Armadale, a significant centre of traditional Nyoongar culture.

## Disability Services

The ARA has in place a Disability Services Plan that addresses the needs of people with disabilities in gaining access to and receiving service or information from the ARA. The ARA continues to investigate and address issues for these clients.

## Evaluations

The ARA did not undertake any evaluations in 2005/06.

## Equal Opportunity

The ARA is an equal opportunity (EEO) employer and complies with the relevant EEO legislation.

All human resource procedures, including recruitment, selection and training are based on equal opportunity principles. Training is provided to all new starters on EEO matters and an Acceptable Workplace Conduct document is provided to promote awareness of and compliance with EEO principles.

There were no reports of these principles being breached by the ARA or its staff during the reporting period.



## Workers Compensation

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

## Human Resource Standards

The ARA has developed its own Human Resource Standards that underpin all human resource activities. We have retained our Code of Conduct which has adopted the public sector's ethical principles. The Code of Conduct applies to all people employed by the ARA including the Board, management and employees. New employees are made aware of the Code at the time of orientation.

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

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

## Waste Paper Recycling

The ARA is committed to sustainability in all areas of operation. The ARA has in place a waste paper recycling program to assist in reducing the consumption of paper and ensuring that waste paper is returned to the system, wherever possible.

## 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 ARA is aware of the objectives and makes every effort to save energy by ensuring minimal use of lights, heating and other appliances in its offices.



## 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 Freedom of Information requests in 2005/06.

## 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 the second half of 2006.

The ARA conducts a recordkeeping training program for new staff as part of an induction program that addresses employees' roles and responsibilities in complying with the recordkeeping system.

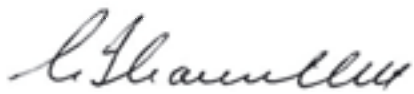
## Annual Estimates

<b>2005/06 Estimates</b>	<b>\$'000</b>
Cost of Services	12,936
Revenue from Ordinary Activities	8,739
Net Cost of Services	(4,197)
Revenue from State Government	1,470
<b>Net Profit</b>	<b>(2,727)</b>



## Certification of Key Performance Indicators

The accompanying Key Performance Indicators of the Armadale Redevelopment Authority are based on proper records, are relevant and appropriate for assisting users to assess the ARA's performance and fairly represent the indicated performance for the year ended 30 June 2006.



**Gerry Gauntlett**  
**CHAIRPERSON**  
31 August 2006



**Kay Hallahan**  
**DEPUTY CHAIRPERSON**  
31 August 2006





## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

**ARMADALE REDEVELOPMENT AUTHORITY  
FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2006**

#### **Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Armadale Redevelopment Authority at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the 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
- (iii) the key effectiveness and efficiency performance indicators of the Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2006.

#### **Scope**

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

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the Notes to the Financial Statements.

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

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

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

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

D D R PEARSON  
AUDITOR GENERAL  
18 September 2006

## Key Performance Indicators

### Armadale Redevelopment Authority Performance Indicators for the Year ended 30 June 2006

Effectiveness and efficiency key performance indicators have been developed to reflect the core outcome of the ARA 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 residences and businesses within the City of Armadale through telephone interviews.

The residential response rate of 22.9% was achieved, equal to 384 responses (2005 - 381 responses) out of a total sample size of 1677 residents (from a population of 35,274 people aged over 18 years. The confidence level of 95% was achieved with a standard error\* of  $\pm 4.99\%$  at 50%^ however at 70%^ (a more indicative measure for these results) the standard error is  $\pm 4.56\%$  (2005 approx +/- 4.58%)

The business response rate of 33.6% was achieved, equal to 330 responses (2005 - 321 responses) out of a total sample size of 950 businesses from a population of 2168. The confidence level of 95% was achieved with a standard error\* of  $\pm 4.97\%$  (2005: +/-5.05%) at 50%^ however at 70%^ (a more indicative measure for these results) the standard error is  $\pm 4.55\%$  (2005: +/-4.68).

**\*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.**

	2003/04	2004/05	2005/06	Target
<b>Residential Value</b>	\$29.7M	\$46.5M	\$99.8M	
<b>Variation</b>	20.3%	56.6%	115%	10%

<b>Non-Residential Value</b>	\$31.0M	\$26.7M	\$67.8M	
<b>Variation</b>	18.6%	(13.9)%	154%	10%

Source: City of Armadale

The target variation for non-residential development is set at 10%, however the non-residential value of \$67.8M includes a 'one-off' \$54M shopping centre expansion and accordingly the variation figure is high at 154%. The target variation for the residential value is 10%, however increasing building costs and the release of residential land in the Armadale area has seen the variation for the 2005/06 period increase significantly to 115% on the previous year, being \$99.8M.

*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.

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 a current allowance for escalation in building costs. The 3% growth equates to a 100% increase in population over 24 years reflecting forecast population growth for the Armadale area.

**Key Effectiveness Indicator 2: Assessment by Residents and Businesses of the ARA's contribution to the Economic and Social Development of Armadale - shows external acknowledgement of the ARA achieving its core outcomes**

	2004/05	2005/06	Target
<b>Residents Agree</b>	60.8%	57%	60%
<b>Businesses Agree</b>	41.9%	55%	60%

Source: Annual Survey

*Result:* This is the second year of measuring this indicator. The higher scoring by businesses may reflect the fact that new residential development and shopping centre upgrades commenced in this financial year. The residential respondents recorded a slight decrease (of 3%) on the 2005 result however this is not statistically significant.

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.**

	2003/04	2004/05	2005/06	Target
<b>Improvement in Business Activity over year</b>				
<b>% of Businesses</b>	55%	53%	52%	51%

Source: Annual Survey

*Result:* Although less businesses showed an increase in activity during 2005/06 than in 2004/05, 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	2005/06	Target
<b>Development Applications Determined</b>			
<b>Number</b>	20	58	
<b>Variation</b>		190%	9%

Source: ARA

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

The ARA Redevelopment Scheme was gazetted in May 2004 and accordingly 2004/05 is the first full year in which applications determined were calculated

As the planning scheme provisions are translated into on the ground activity, this indicator has increased significantly on the 2004/05 figure of 20 applications. The target of 9% is seen as a long term average figure. In addition 2005/06 was the first full year of operation of the Interim Brookdale Redevelopment Scheme has accounted for a significant proportion of Development Applications during the 2005/06 year. The final Brookdale Scheme, to be gazetted in 2007, is also likely to have a marked impact on residential applications in 2008/09 when full development can be anticipated.

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.

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

	2003/04 (a)	2004/05	2005/06	Target
<b>Development Applications Number Determined</b>	11	20	58	
<b>Average Processing Period</b>	74.5 Days	55 Days	35 Days	60 Days
<b>Proportion Exceeding 60 Days</b>	45%	35%	12%	

(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).

In 2005/06 there has been additional resources and improved procedures applied to processing Development Applications.

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

(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)]

	2004/05	2005/06	Target
<b>Development Applications Number Determined</b>	20	58	
<b>Cost</b>	\$2,122,000	\$11,627,000	
<b>Cost per application</b>	\$106,100	\$200,466	\$150,000

Source: ARA

Note: Costs are based on annual total costs of services less public infrastructure expense.

Result: This indicator shows efficiency in terms of cost per application. The target of \$150,000 set is based on the evidence of the two years' results.

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

	2004/05	2005/06
<b>Lots Given Subdivision Approva Number</b>	316	102
<b>Costs</b>	\$2,122,000	\$11,627,000
<b>Costs per lot</b>	\$6,715	\$113,991

Source: ARA

Note: Costs are as explained in Indicator 2.

*Result:* This shows operation costs in terms of new lot creations. It is too early in the series to establish a meaningful target.

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

	2004/05	2005/06
<b>Value of non Residential Development Approved</b>	\$51.145M	\$58.7M
<b>Costs</b>	\$2,122,000	\$11,627,000
<b>Cost per \$'Million Development Approved</b>	\$41,490	\$198,075

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. It is too early in the series to establish a meaningful target. .

## Armadale Redevelopment Authority

### Certification of Financial Statements for the year ended 30 June 2006

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 2006 and the financial position as at 30 June 2006.

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



**Gerry Gauntlett**  
**CHAIRPERSON**  
31 August 2006

**Kay Hallahan**  
**DEPUTY CHAIRPERSON**  
31 August 2006

**Frank Marra**  
**CHIEF FINANCIAL OFFICER**  
31 August 2006

**Armadale Redevelopment Authority**  
**Income Statement**  
**for the year ended 30 June 2006**

	Note	2006 \$'000	2005 \$'000
<b>COST OF SERVICES</b>			
<b>Expenses</b>			
Employee benefits expense	6	736	629
Supplies and services	7	1,253	1,206
Depreciation and amortisation expense	8	56	46
Finance costs	9	152	132
Accommodation expense	10	119	61
Cost of land sold	12	9,244	-
Loss on disposal of non-current assets	15	1	1
Other expenses	11	1,375	2,404
<b>Total cost of services</b>		<u>12,936</u>	<u>4,479</u>
<b>INCOME</b>			
<b>Revenue</b>			
Land sales	12	8,310	-
Interest revenue	13	243	203
Other revenue	14	186	36
<b>Total revenue</b>		<u>8,739</u>	<u>239</u>
<b>NET COST OF SERVICES</b>		<u>(4,197)</u>	<u>(4,240)</u>
<b>INCOME FROM STATE GOVERNMENT</b>			
Service appropriation		1,470	1,180
Resources received free of charge		-	8
<b>Total income from State Government</b>	16	<u>1,470</u>	<u>1,188</u>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<u>(2,727)</u>	<u>(3,052)</u>

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



**Armadale Redevelopment Authority**  
**Balance Sheet**  
**as at 30 June 2006**

	Note	2006 \$'000	2005 \$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	27	788	285
Inventories	17	2,453	1,625
Receivables	18	4,308	914
Other current assets	19	7	2
<b>Total Current Assets</b>		7,556	2,826
<b>Non-Current Assets</b>			
Inventories	17	5,322	4,756
Property, plant and equipment	20	209	424
Intangible assets	21	-	1
<b>Total Non-Current Assets</b>		5,531	5,181
<b>TOTAL ASSETS</b>		13,087	8,007
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables	23	2,582	2,591
Provisions	24	226	115
Other current liabilities	25	1,017	355
<b>Total Current Liabilities</b>		3,825	3,061
<b>Non-Current Liabilities</b>			
Payables	23	534	320
Provisions	24	3,875	46
<b>Total Non-Current Liabilities</b>		4,409	366
<b>TOTAL LIABILITIES</b>		8,234	3,427
<b>NET ASSETS</b>		4,853	4,580
<b>EQUITY</b>			
Contributed equity	26	8,500	5,500
Accumulated surplus/(deficiency)	26	(3,647)	(920)
<b>TOTAL EQUITY</b>		4,853	4,580

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

**Armadale Redevelopment Authority  
Statement of Changes in Equity  
for the year ended 30 June 2006**

	Note	2006 \$'000	2005 \$'000
<b>Balance of Equity at start of period</b>	36	4,580	4,632
<b>CONTRIBUTED EQUITY</b>	26		
Balance at start of period		5,500	2,500
Capital contribution		3,000	3,000
Balance at end of period		8,500	5,500
<b>ACCUMULATED SURPLUS (RETAINED EARNINGS)</b>	26		
Balance at start of period		(920)	2,132
Restated balance at start of period		(920)	2,132
Surplus/(deficit) or profit/(loss) for the period		(2,727)	(3,052)
Balance at end of period		(3,647)	(920)
<b>Balance of equity at end of period</b>		4,853	4,580
Total income and expense for the period		(2,727)	(3,052)

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

**Armadale Redevelopment Authority**  
**Cash Flow Statement**  
**for the year ended 30 June 2006**

	Note	2006 \$'000	2005 \$'000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Service appropriation		1,470	1,180
Capital contributions		3,000	3,000
<b>Net cash provided by State Government</b>		4,470	4,180
<b>Utilised as follows:</b>			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Payments</b>			
Employee benefits		(721)	(553)
Supplies and services		(7,008)	(3,521)
GST payments on purchases		(759)	(573)
GST payments to taxation authority		(34)	(35)
<b>Receipts</b>			
Sale of land		8,310	-
Interest received		239	205
GST receipts on sales		34	28
GST receipts from taxation authority		766	507
Other receipts		189	47
<b>Net cash provided by/(used in) operating activities</b>	27	1,016	(3,895)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of non-current physical assets		(1,587)	(2,748)
Proceeds from redemption of investments		7,302	5,713
Payments for investments		(10,698)	(3,380)
<b>Net cash provided by/(used in) investing activities</b>		(4,983)	(415)
<b>Net increase/(decrease) in cash and cash equivalents</b>		503	(130)
Cash and cash equivalents at the beginning of period		285	415
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	27	788	285

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

## **Armadale Redevelopment Authority Notes to the Financial Statements for the year ended 30 June 2006**

### **Note 1 First time adoption of Australian equivalents to International Financial Reporting Standards**

This is the ARA's first published financial statements prepared under Australian equivalents to International Financial Reporting Standards (AIFRS). Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2006, the financial statements of the ARA had been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

In accordance with the option provided by AASB 1 paragraph 36A and exercised by Treasurer's Instruction 1101 'Application of Australian Accounting Standards and Other Pronouncements', financial instrument information prepared under AASB 132 and AASB 139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. There are no differences of a material nature. All other comparative information has been prepared under the AIFRS basis.

#### **Early adoption of standards**

The ARA cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. This TI requires the early adoption of revised AASB 119 'Employee Benefits' as issued in December 2004, AASB 2004-3 'Amendments to Australian Accounting Standards; AASB 2005-3 'Amendments to Australian Accounting Standards [AASB 119]', AASB 2005-4 'Amendments to Australian Accounting Standard [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]' and AASB 2005-6 'Amendments to Australian Accounting Standards [AASB 3]' to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' so that the ability to designate financial assets and financial liabilities at fair value is restricted. AASB 2005-6 excludes business combinations involving common control from the scope of AASB 3 'Business Combinations'.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 36.

## Note 2 Summary of Significant Accounting Policies:

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

### a) **General Statement**

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

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

### b) **Basis of Preparation**

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

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

The financial statements are presented in Australian dollars rounded to the nearest thousand dollars (\$'000)

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

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

### c) **Reporting Entity**

The reporting entity comprises the ARA.

### d) **Contributed Equity**

UIG Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' requires transfers in the nature of equity contributions to be designated by the Government (the owner) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions. Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity.

## Note 2 Summary of Significant Accounting Policies (con't):

### e) **Income Revenue**

Revenue is measured at the fair value of consideration received or receivable. Revenue is recognised for the major business activities as follows:

#### *Sale of goods*

Revenue is recognised from the sale of goods and disposal of other assets when the significant risks and rewards of ownership control pass to the purchaser.

#### *Interest*

Revenue is recognised as interest as interest accrues.

#### *Rendering of services*

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

#### *Service Appropriations*

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

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

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

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

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

### **Gains**

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets and some revaluations on non-current assets.

## Note 2 Summary of Significant Accounting Policies (con't):

### f) Property, Plant and Equipment

#### *Capitalisation/Expensing of assets*

Items of property, plant and equipment costing over \$1,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$1,000 are immediately expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

#### *Initial recognition and measurement*

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

#### *Subsequent measurement*

After recognition as an asset, items of property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses.

#### *Depreciation*

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

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

Furniture & Office Equipment	10 years
Computer Equipment	4 years
Leasehold Improvements	5 years

### g) Intangible Assets

#### *Capitalisation/Expensing of assets*

Acquisitions of intangible assets costing over \$1,000 and internally generated intangible assets costing over \$1,000 are capitalised. The cost of utilising the assets is expensed (amortised) over their useful life. Costs incurred below these thresholds are immediately expensed directly to the Income Statement.

All acquired and internally developed intangible assets are initially recognised at cost. For assets acquired at no cost or for nominal cost, the cost is their fair value at the date of acquisition.

The cost model is applied for subsequent measurement requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses.

The carrying value of intangible assets is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indicator of impairment arises during the reporting year indicating that the carrying value may not be recoverable.

## Note 2 Summary of Significant Accounting Policies (con't):

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

Computer Software            4 years

### *Computer Software*

Software that is an integral part of the related hardware is treated as property, plant and equipment. Software that is not an integral part of the related hardware is treated as an intangible asset. Software costing less than \$1,000 is expensed in the year of acquisition.

### h) **Impairment of Assets**

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

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

Intangible assets with an indefinite useful life and intangible assets not yet available for use are tested for impairment at each reporting date irrespective of whether there is any indication of impairment.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment. Surplus assets at cost are tested for indications of impairments at each reporting date.

### i) **Leases**

The ARA holds operating leases its head office. Lease payments are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the property.



## Note 2 Summary of Significant Accounting Policies (con't):

### j) **Financial Instruments**

The ARA has two categories of financial instrument:

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

Initial recognition and measurement of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

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

### k) **Cash and Cash Equivalents**

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

### l) **Inventories**

Inventories are measured at the lower of cost and net realisable value. Other costs incurred in bringing inventories to a saleable condition are recorded costs. This includes costs associated with the design, development and other costs directly traceable to the development activities of the ARA.

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

### m) **Receivables**

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

### n) **Payables**

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

## Note 2 Summary of Significant Accounting Policies (con't):

### o) Provisions

Provisions are liabilities of uncertain timing and amount and are recognised where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance date.

#### **(i) Provisions - Employee Benefits**

##### *Annual Leave and Long Service Leave*

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

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

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

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

##### *Superannuation*

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

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

## Note 2 Summary of Significant Accounting Policies (con't):

### **(ii) Provisions -Other**

#### *Employment On-Costs*

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

#### *Future Development Obligations*

Amounts have been set aside to meet future development obligations in respect of land which has been sold or developed ready for sale.

### **p) Superannuation Expense**

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

- (i) Defined contribution plans – employer contributions paid to employee's nominated superannuation fund.

### **q) Resources Received Free of Charge or for Nominal Cost**

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

### **r) Employee costs**

Although the ARA 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.

### **s) 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.

## **Note 2 Summary of Significant Accounting Policies (con't):**

### **t) Comparative figures**

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

## **Note 3 Judgements made by management in applying accounting policies**

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

Public infrastructure – capital expenditure undertaken by the ARA on land owned by the Crown or State, with future ownership to be transferred at nil or minimal cost to the local council, as part of the ARA's mandate has been expensed.

## **Note 4 Key sources of estimation uncertainty**

There were no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

## **Note 5 Disclosure of changes in accounting policy and estimates**

### *Future impact of Australian Accounting Standards not yet operative*

The ARA cannot early adopt an Australian Accounting Standard or UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. TI 1101 has only mandated the early adoption of revised AASB 119, AASB 2004-3, AASB 2005-3, AASB 2005-4 and AASB 2005-6. Consequently, the ARA has not applied the following Australian Accounting Standards and UIG Interpretations that have been issued but are not yet effective. These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007. The Standard is considered to result in increased disclosures of an entity's risks, enhanced disclosure about components of a financial position and performance, and changes to the way of presenting financial statements, but otherwise there is no financial impact.

**Note 5 Disclosure of changes in accounting policy and estimates (con't):**

2. AASB 2005-9 'Amendments to Australian Accounting Standards [AASB 4, AASB 1023, AASB 139 & AASB 132]' (Financial guarantee contracts). The amendment deals with the treatment of financial guarantee contracts, credit insurance contracts, letters of credit or credit derivative default contracts as either an "insurance contract" under AASB 4 'Insurance Contracts' or as a "financial guarantee contract" under AASB 139 'Financial Instruments: Recognition and Measurement'. The ARA does not undertake these types of transactions resulting in no financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2006.

3. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease'. This interpretation deals with arrangements that comprise a transaction or a series of linked transactions that may not involve a legal form of a lease but by their nature are deemed to be leases for the purposes of applying AASB 117 'Leases'. At reporting date, the ARA has not entered into any arrangements as specified in the interpretation resulting in no impact when the Interpretation is first applied. The interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2006.

The following amendments are not applicable to the ARA as they will have no impact:

2005-1 AASB 139 (Cash flow hedge accounting of forecast intragroup transactions).

2005-5 'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'.

2006-1 AASB 121 (Net investment in foreign operations).

UIG 5 'Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds'.

UIG 6 'Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment'.

UIG 7 'Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies'.

	2006	2005
	\$'000	\$'000
<b>Note 6 Employee benefits expense:</b>		
Wages and salaries	543	518
Superannuation - defined contribution plans	82	61
Long service leave	46	28
Annual leave	51	16
Other related expenses	14	6
	736	629
<b>Note 7 Supplies and services:</b>		
Communications	21	21
Consultants and contractors	884	918
Consumables	27	40
Travel	43	31
Other	278	196
	1,253	1,206
<b>Note 8 Depreciation and amortisation expense:</b>		
Depreciation		
Plant and equipment	55	45
Amortisation		
Intangible assets	1	1
Total depreciation and amortisation	56	46
<b>Note 9 Finance costs:</b>		
Interest paid	152	132
<b>Note 10 Accommodation expense:</b>		
Lease rentals	96	52
Repairs and maintenance	18	6
Cleaning	5	3
	119	61
<b>Note 11 Other expenses:</b>		
Employment on-costs	37	30
Property Management Expenses	12	3
Public Infrastructure	1,309	2,357
Other	17	14
	1,375	2,404
<b>Note 12 Trading Profit:</b>		
Sales	8,310	-
Cost of Sales	(9,244)	-
Trading Profit	(934)	-
<b>Note 13 Interest revenue:</b>		
Interest revenue (a)	243	203

(a) Interest revenue includes interest earned on bills of exchange and from banks.

	2006 \$'000	2005 \$'000
<b>Note 14 Other revenue:</b>		
Sale of information	24	7
Rental Income	40	11
Sundry income	122	18
	186	36
<b>Note 15 Net gain/(loss) on disposal of non-current assets:</b>		
Costs of disposal of Non-Current Assets		
Office Equipment	(1)	(1)
Net gain/(loss)	(1)	(1)
<b>Note 16 Income from State Government:</b>		
Appropriation revenue received during the year:		
Service appropriations	1,470	1,180
Resources received free of charge		
Determined on the basis of the following estimates provided by agencies:		
Department of Land Information	-	8
	1,470	1,188
<b>Note 17 Inventories:</b>		
Current		
Inventories held for resale:		
- Undeveloped land (at cost)	1,479	-
- Work in progress (at cost)	974	1,625
	2,453	1,625
Non-current		
Inventories held for resale:		
- Undeveloped land (at cost)	2,502	4,436
- Work in progress (at cost)	2,820	320
	5,322	4,756

The most recent valuations of inventories, 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 \$11,811 thousand (2005: \$14,453 thousand). The internal valuations have been determined taking into account advice from independent valuers, real estate agents and both internal and external property advisors.

**Note 18 Receivables:**

**Current**

Receivables	34	63
GST receivable	178	150
Prepayments	-	1
Bills of exchange - endorsed by banks (a)	4,096	700
	4,308	914

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

	2006 \$'000	2005 \$'000
<b>Note 19 Other assets:</b>		
<b>Current</b>		
Accrued revenue	7	2
	<u>7</u>	<u>2</u>
<b>Note 20 Property, plant and equipment:</b>		
<b>Furniture and office equipment</b>		
At cost	43	37
Accumulated depreciation	(10)	(7)
Accumulated impairment losses	-	-
	<u>33</u>	<u>30</u>
<b>Computer equipment</b>		
At cost	65	66
Accumulated depreciation	(36)	(27)
Accumulated impairment losses	-	-
	<u>29</u>	<u>39</u>
<b>Leasehold improvements</b>		
At cost	265	173
Accumulated depreciation	(118)	(83)
Accumulated impairment losses	-	-
	<u>147</u>	<u>90</u>
<b>Capital works in progress</b>		
At cost	-	265
	<u>-</u>	<u>265</u>
	<u>209</u>	<u>424</u>



## Reconciliations

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

2006	Furniture and office equipment	Computer equipment	Leasehold improvements	Capital works in progress	Total
Carrying amount at start of year	30	39	90	265	424
Additions	8	7	92	-	107
Transfers	-	-	-	(265)	(265)
Disposals	(1)	(8)	-	-	(9)
Impairment losses	-	-	-	-	-
Depreciation	(4)	(9)	(35)	-	(48)
Carrying amount at end of year	33	29	147	-	209

2005	Land	Furniture and office equipment	Computer equipment	Leasehold improvements	Capital works in progress	Total
Carrying amount at start of year	2,236	24	34	82	1,407	3,783
Additions	-	10	18	37	465	530
Transfers	(2,236)	-	-	-	(1,599)	(3,835)
Disposals	-	(1)	(1)	-	(8)	(10)
Impairment losses	-	-	-	-	-	-
Depreciation	-	(3)	(12)	(29)	-	(44)
Carrying amount at end of year	-	30	39	90	265	424

	2006 \$'000	2005 \$'000
<b>Note 21 Intangible assets:</b>		
<b>Computer software</b>		
At cost	3	3
Accumulated amortisation	(3)	(2)
Accumulated impairment losses	-	-
	<u>-</u>	<u>1</u>
<b>Reconciliation</b>		
Computer Software		
Carrying amount at start of year	1	1
Amortisation expense	(1)	-
Carrying amount at end of year	<u>-</u>	<u>1</u>

## Note 22 Impairment of assets:

There were no indications of impairment of property, plant and equipment, and intangible assets at 30 June 2006.

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

All surplus assets at 30 June 2006 have been classified as assets held for sale or written off.

	2006 \$'000	2005 \$'000
<b>Note 23 Payables:</b>		
<b>Current</b>		
Trade payables (a)	2,582	2,591
<b>Non-current</b>		
Trade payables	534	320

(a) This figure includes an amount of \$2,500 thousand discounted to net present value using the ARA's corporate lending rate for a 17 month bond. The liability due to the Western Australian Planning Commission (WAPC), is payable on 30 November 2006.

<b>Note 24 Provisions:</b>		
<b>Current</b>		
Employee benefits provision		
Annual leave (a)	86	82
Long service leave (b)	33	26
	<u>119</u>	<u>108</u>
Other provisions		
Employment on-costs (c)	7	7
Other	100	-
	<u>107</u>	<u>7</u>
	<u>226</u>	<u>115</u>
<b>Non-current</b>		
Employee benefits provision		
Long service leave (b)	80	44
	<u>80</u>	<u>44</u>
Other provisions		
Employment on-costs (c)	5	2
Future development obligations	3,790	-
	<u>3,795</u>	<u>2</u>
	<u>3,875</u>	<u>46</u>

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

Within 12 months of reporting date	86
	<u>86</u>

(b) Long service leave liabilities have been classified as current where there is no unconditional right to defer settlement for at least 12 months after reporting date. Assessments indicate that actual settlement of the liabilities will occur as follows:

Within 12 months of reporting date	33
More than 12 months after reporting date	80
	<u>113</u>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including workers compensation insurance. The provision is the present value of expected future payments. The associated expense, apart from the unwinding of the discount (finance cost) is included at note 11 'Other expenses'.

	2006 \$'000	2005 \$'000
<b>Note 24 Provisions (con't):</b>		
<u>Movements in Other Provisions</u>		
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.		
<u>Future development obligation provision</u>		
Carrying amount at start of year	-	-
Additional provisions recognised	3,790	-
Carrying amount at end of year	3,790	-
<u>Employee on-cost provision</u>		
Carrying amount at start of year	9	7
Additional provisions recognised	3	2
Carrying amount at end of year	12	9
<u>Other provision</u>		
Carrying amount at start of year	-	-
Additional provisions recognised	100	-
Carrying amount at end of year	100	-
<b>Note 25 Other liabilities:</b>		
<b>Current</b>		
Accrued expenses (a)	879	344
Deposits (b)	100	1
Cash in lieu	38	10
	1,017	355

(a) Accrued expenses were previously included under the heading of trade payables.

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

#### Note 26 Equity:

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

#### Contributed equity

Balance at start of year	5,500	2,500
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#### Contributions by owners

Capital contribution (a)	3,000	3,000
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Balance at end of year	8,500	5,500
------------------------	-------	-------

(a) Capital Contributions have been designated as contributions by owners in Treasurer's Instruction TI 955 'Contributions by Owners Made to Wholly Owned Public Sector Entities' and are credited directly to equity.

#### Accumulated surplus/(deficit) (Retained earnings)

Balance at start of year	(920)	2,132
Result for the period	(2,727)	(3,052)
Balance at end of year	(3,647)	(920)

	2006 \$'000	2005 \$'000
<b>Note 27 Notes to the Cash Flow Statement:</b>		
<u>Reconciliation of cash</u>		
Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash and cash equivalents	788	285
Cash and cash equivalents comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash, and bank overdrafts, if any.		
<u>Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities:</u>		
Net cost of services	(4,197)	(4,240)
<b>Non-cash items:</b>		
Depreciation and amortisation expense	56	46
Resources received free of charge	-	8
Adjustment for other non-cash items	20	132
<b>(Increase)/decrease in assets:</b>		
Current receivables	25	(28)
Current inventories	4,339	-
Other current assets	(4)	4
<b>Increase/(decrease) in liabilities:</b>		
Current payables	496	201
Current provisions	111	44
Other current liabilities	127	11
Non-current provisions	38	-
Net GST receipts/(payments)	(726)	(545)
Change in GST in receivables/payables	731	472
<b>Net cash provided by/(used in) operating activities</b>	<b>1,016</b>	<b>(3,895)</b>

	2006 \$'000	2005 \$'000
<b>Note 28 Commitments:</b>		
(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	2,274	2,025
Later than 1 year and not later than 5 years	71	46
Later than 5 years	-	-
	2,345	2,071
The commitments include amounts for:		
Capital	2,069	340
Public infrastructure	276	1,731
	2,345	2,071
(b) Lease commitments		
The ARA 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	74	56
Later than 1 year and not later than 5 years	98	3
	172	59
Representing:		
Non-cancellable operating leases	172	59
The property lease is a non-cancellable lease with a three year term, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require that the minimum lease payments shall be increased by CPI. Three options exist to renew the lease at the end of the term.		

#### Note 29 Contingent liabilities and contingent assets:

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

##### (a) Compulsory Acquisitions

The ARA has pending acquisitions which may effect the financial position to the value of \$650 thousand. The compulsory acquisition of part lots 14 and 79 Whitehead Street Armadale carries a potential liability of \$650 thousand.

There are no contingent assets.

**Note 30 Explanatory Statement:**

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

**Significant variances between estimated and actual result for 2006**

	2006 Actual \$'000	2006 Estimate \$'000	Variation \$'000
Depreciation and amortisation expense	56	121	(65)
Finance costs	152	130	22
Accommodation expenses	119	70	49
Cost of land sold	9,244	6,895	2,349
Other expenses	1,375	3,161	(1,786)
Interest revenue	243	220	23

Depreciation and amortisation expense

The variance is due to a less leasehold improvements being written off during the financial year.

Finance costs

The variance is due to recognition of interest on development works in the Forrestdale Business Park, undertaken by LandCorp, on behalf of the ARA.

Accommodation expenses

The variance is due to additional costs associated with relocation of the ARA's head office during the financial year.

Cost of land sold

The variance is due to a higher amount of work in progress allocated to residential land at Champion Lakes, sold to LandCorp during the year.

Other expenses

The variance is due to greater capitalisation of development expenditure in the Armadale City Centre.

Interest revenue

The variance is due to increased surplus funds available for investment in commercial bills.

**Significant variances between actual results for 2005 and 2006**

	2006 \$'000	2005 \$'000	Variation \$'000
Employee benefits expense	736	629	107
Finance costs	152	132	20
Accommodation expenses	119	61	58
Cost of land sold	9,244	-	9,244
Other expenses	1,375	2,404	(1,029)
Land sales	8,310	-	8,310
Interest revenue	243	203	40
Other revenue	186	36	150
Service appropriation	1,470	1,180	290

Employee benefits expense

The variance is due to the approval of a pay rise under the LandCorp Enterprise Agreement.

Finance costs

The variance is due to recognition of interest on development works in the Forrestdale Business Park, undertaken by LandCorp, on behalf of the ARA.

**Note 30 Explanatory Statements (con't):**Accommodation expenses

The variance is due to additional costs associated with relocation of the ARA's head office during the financial year.

Cost of land sold

The variance is due to the ARA recognising its first sales at Champion Lakes and the Armadale City Centre.

Other expenses

The variance is due to greater capitalisation of development expenditure in the Armadale City Centre.

Interest revenue

The variance is due to increased surplus funds available for investment in commercial bills.

Other Revenue

The variance is due to an unrealised profit on the deferment of the \$2.5 million liability to the Western Australian Planning Commission, being recognised during the financial year.

Service Appropriation

The variance is due to additional funding for increased operating costs

**Note 31 Financial Instruments:**(a) Financial Risk Management Objectives and Policies

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

*Credit risk*

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

*Liquidity risk*

The ARA has appropriate procedures to manage cash flows including draw downs of bills of exchange by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

*Cash flow interest rate risk*

The ARA is not exposed to interest rate risk because cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings.

(b) Financial Instrument disclosures

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

### Note 31 Financial Instruments (con't):

Interest rate risk exposure

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

	Weighted Average Effective Interest Rate	Variable Interest Rate	Within 1 Year	Fixed Interest Rate Maturity					Non- Interest Bearing	Total
				1-2 Years	2-3 Years	3-4 Years	4-5 Years	More than 5 Years		
2006	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Financial Assets</b>										
Cash and cash equivalents	5.50%	787	-	-	-	-	-	-	1	788
Receivables	0.00%	-	-	-	-	-	-	-	35	35
Bills of exchange	5.73%	-	4,096	-	-	-	-	-	-	4,096
		787	4,096	-	-	-	-	-	36	4,919
<b>Financial Liabilities</b>										
Payables	5.42%	-	2,442	-	-	-	-	-	138	2,580
Non-current payables	6.15%	-	-	-	-	-	-	534	-	534
		-	2,442	-	-	-	-	534	138	3,114

	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		
2005	%	\$	\$	\$	\$	\$	
<b>Financial Assets</b>							
Cash and cash equivalents	4.74%	285	-	-	-	1	286
Receivables	0.00%	-	-	-	-	63	63
Bills of exchange	5.53%	-	700	-	-	-	700
		285	700	-	-	64	1,049
<b>Financial Liabilities</b>							
Payables	5.60%	-	2,522	-	-	69	2,591
Non-current payables	6.00%	-	-	-	320	-	320
		-	2,522	-	320	69	2,911

#### 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.



	2006 \$'000	2005 \$'000
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**Note 32 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:	70		67

The total remuneration includes the superannuation expense incurred by the ARA in respect of members of the Accountable Authority.

No members of the ARA are members of the Pension Scheme.

Remuneration of senior officers

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

\$			
100,000 - 110,000	1		2
130,001 - 140,000	1		-
150,001 - 160,000	-		1
160,001 - 170,000	1		-
Total remuneration of senior officers is:	412		367

The total remuneration includes the superannuation expense incurred by the ARA in respect of senior officers other than senior officers reported as members of the Accountable Authority.

**Note 33 Remuneration of auditor:**

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

Auditing the accounts, financial statements and performance indicators	16	14
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**Note 34 Supplementary financial information:**

There were no bad debts written off during the year.

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

**Note 35 Segment information:**

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

**Note 36 Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS):**

**Reconciliation of Equity at date of transition to AIFRS: 1 July 2004**

	Note	AGAAP actual \$'000	A-IFRS impact	A-IFRS 01-Jul-04 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash & cash equivalents		415	-	415
Trade receivables		3,146	-	3,146
Other current assets		7	-	7
<b>Total Current Assets</b>		<u>3,568</u>		<u>3,568</u>
<b>Non-Current Assets</b>				
Property, plant and equipment	(a)	3,784	(1)	3,783
Intangible assets	(a)	-	1	1
<b>Total Non-Current Assets</b>		<u>3,784</u>		<u>3,784</u>
<b>Total Assets</b>		<u>7,352</u>		<u>7,352</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade & other payables		302	-	302
Short term provisions		97	-	97
Other current liabilities		1	-	1
<b>Total Current Liabilities</b>		<u>400</u>		<u>400</u>
<b>Non-Current Liabilities</b>				
Trade & other payables		2,300	-	2,300
Long term provisions		20	-	20
<b>Total Non-Current Liabilities</b>		<u>2,320</u>		<u>2,320</u>
<b>Total Liabilities</b>		<u>2,720</u>		<u>2,720</u>
<b>NET ASSETS</b>		<u>4,632</u>		<u>4,632</u>
<b>Equity</b>				
Contributed equity		2,500	-	2,500
Accumulated surplus		2,132	-	2,132
<b>TOTAL EQUITY</b>		<u>4,632</u>		<u>4,632</u>

**Note 36 Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) (con't):**

**Reconciliation of Income Statement (Profit or Loss) for the year ended 30 June 2005**

	Note	AGAAP actual \$'000	A-IFRS impact	A-IFRS 30-Jun-05 \$'000
<b>COST OF SERVICES</b>				
<b>Expenses</b>				
Employee benefits expense		569	-	569
Supplies and services		1,206	-	1,206
Depreciation and amortisation expense		46	-	46
Finance costs		132	-	132
Accommodation expenses		61	-	61
Members allowances		60	-	60
Carrying amount of non-current assets disposed of	(b)	1	(1)	-
Loss on disposal of non-current assets	(b)	-	1	1
Other expenses		2,404	-	2,404
<b>Total cost of services</b>		<b>4,479</b>	<b>-</b>	<b>4,479</b>
<b>INCOME</b>				
<b>Revenue</b>				
Interest revenue		203	-	203
Other revenue		36	-	36
<b>Total revenue</b>		<b>239</b>	<b>-</b>	<b>239</b>
<b>NET COST OF SERVICES</b>		<b>(4,240)</b>	<b>-</b>	<b>(4,240)</b>
<b>INCOME FROM STATE GOVERNMENT</b>				
Service appropriation		1,180	-	1,180
Subsidies from Government		-	-	-
Resources received free of charge		8	-	8
<b>Total income from State Government</b>		<b>1,188</b>	<b>-</b>	<b>1,188</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(3,052)</b>	<b>-</b>	<b>(3,052)</b>

**Note 36 Explanatory notes explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) (con't):**

**Reconciliation of Equity at the end of the last reporting period under previous AGAAP: 30 June 2005**

	Note	AGAAP actual \$'000	A-IFRS impact	A-IFRS 30-Jun-05 \$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents		285	-	285
Receivables		914	-	914
Inventories		1,625	-	1,625
Other current assets		2	-	2
<b>Total Current Assets</b>		<b>2,826</b>	<b>-</b>	<b>2,826</b>
<b>Non-Current Assets</b>				
Inventories		4,756	-	4,756
Property, plant and equipment	(a)	425	<b>(1)</b>	424
Intangible assets	(a)	-	<b>1</b>	1
<b>Total Non-Current Assets</b>		<b>5,181</b>	<b>-</b>	<b>5,181</b>
<b>TOTAL ASSETS</b>		<b>8,007</b>	<b>-</b>	<b>8,007</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Payables		2,935	-	2,935
Provisions		115	-	115
Other current liabilities		11	-	11
<b>Total Current Liabilities</b>		<b>3,061</b>	<b>-</b>	<b>3,061</b>
<b>Non-Current Liabilities</b>				
Payables		320	-	320
Provisions		46	-	46
<b>Total Non-Current Liabilities</b>		<b>366</b>	<b>-</b>	<b>366</b>
<b>TOTAL LIABILITIES</b>		<b>3,427</b>	<b>-</b>	<b>3,427</b>
<b>NET ASSETS</b>		<b>4,580</b>	<b>-</b>	<b>4,580</b>
<b>EQUITY</b>				
Contributed equity		5,500	-	5,500
Accumulated surplus/(deficiency)		(920)	-	(920)
<b>TOTAL EQUITY</b>		<b>4,580</b>	<b>-</b>	<b>4,580</b>

**Note 36 Explanatory notes explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) (con't):**

**Reconciliation of Cash Flow Statement for the year ended 30 June 2005**

	Note	AGAAP actual \$'000	A-IFRS impact	A-IFRS 30-Jun-05 \$'000
<b>CASH FLOWS FROM STATE GOVERNMENT</b>				
Service appropriation		1,180	-	1,180
Capital contributions		3,000	-	3,000
<b>Net cash provided by State Government</b>		<u>4,180</u>		<u>4,180</u>
<b>Utilised as follows:</b>				
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Payments</b>				
Employee benefits		(553)	-	(553)
Supplies and services		(3,521)	-	(3,521)
GST payments on purchases		(573)	-	(573)
GST payments to taxation authority		(35)	-	(35)
<b>Receipts</b>				
Interest received		205	-	205
GST receipts on sales		28	-	28
GST receipts from taxation authority		507	-	507
Other receipts		47	-	47
<b>Net cash used in operating activities</b>		<u>(3,895)</u>		<u>(3,895)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Purchase of non-current physical assets		(2,748)	-	(2,748)
Proceeds from redemption of investments		5,713	-	5,713
Payments for investments		(3,380)	-	(3,380)
<b>Net cash used in investing activities</b>		<u>(415)</u>		<u>(415)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(130)		(130)
Cash and cash equivalents at the beginning of period		415		415
<b>CASH ASSETS AT THE END OF PERIOD</b>		<u>285</u>		<u>285</u>

The following explanatory notes relate to the 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 AASB 138 "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 ARA 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.

### **Note 36 Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) (con't):**

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

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

The ARA 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 AASB 136 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 ARA has assessed that the recoverable amount of the assets is supported by the value in use given the operations undertaken by the ARA. 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.

#### **(b) Carrying amount of assets disposed of**

This balance comprises assets disposed of for amounts lower than their carrying values. Under the transition to Australian equivalents to International Financial Reporting Standards, this item has been reclassified as 'Loss on disposal of non-current assets'.



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