

ARMADALE
REDEVELOPMENT
AUTHORITY

ANNUAL REPORT 2007



CONTENTS

1	Statement of Compliance
2	Mandate
3	The Armadale Redevelopment Area
6	The Year at a Glance
7	Highlights of the Year
7	Vision and Objectives
8	Chairperson's Report
10	Board Members
14	Organisational Structure
15	Executive Director's Report
16	Relevant Legislation
17	Required Reporting
18	• Disability Services
18	• Recordkeeping
18	• Sustainability
19	• Corruption Prevention
19	• Compliance with Public Sector Standards and Ethical
20	• Equal Opportunity
20	• Workers Compensation
20	• Human Resource Management Standards
20	• Freedom of Information
21	Certification of Key Performance Indicators
22	Independent Audit Opinion
23	Key Performance Indicators
28	Financial Statements

STATEMENT OF COMPLIANCE

HON. ALANNAH MACTIERNAN BA LLB BJURIS JP MLA

MINISTER FOR PLANNING AND INFRASTRUCTURE

13TH FLOOR, DUMAS HOUSE

2 HAVELOCK STREET

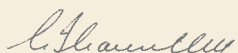
WEST PERTH WA 6005

Dear Minister

In accordance with Section 66 of the *Financial Administration and Audit Act 1985*, we hereby submit for your information and presentation to Parliament the Annual Report of the Armadale Redevelopment Authority for the year ended 30 June 2007.

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

Yours sincerely



Gerry Gauntlett

Chairperson

Armadale Redevelopment Authority Board



Kay Hallahan

Deputy Chairperson

Armadale Redevelopment Authority Board

4 September 2007

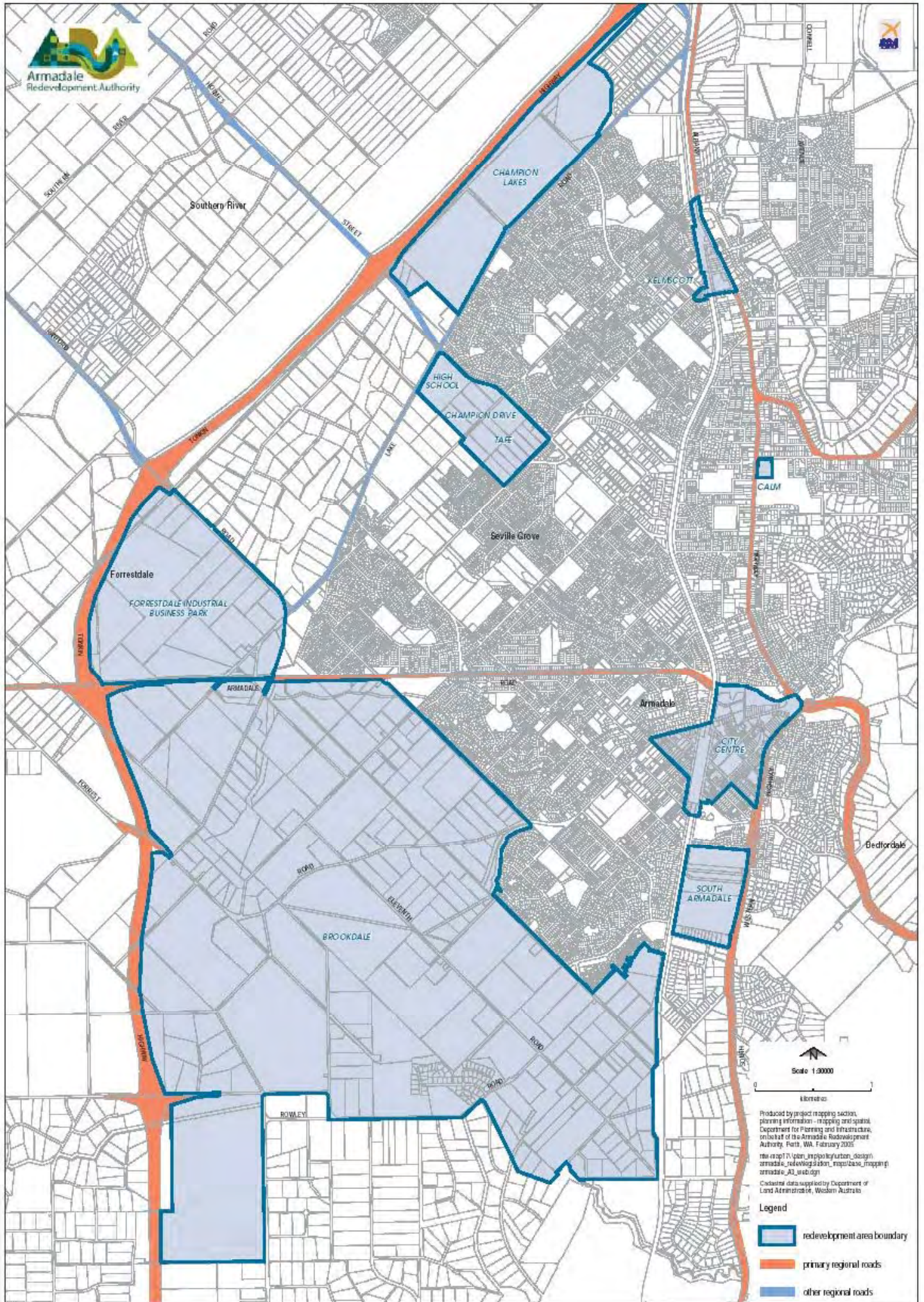
MANDATE

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.



ARMADALE REDEVELOPMENT AUTHORITY AREA

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.

The current Armadale population of 55,000 is expected to increase to 117,000 over the next 15 years through the development of these eight key projects.

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;
- Creating inner-city residential neighbourhoods with pedestrian friendly street networks;
- Improving Public Transport Access; and
- Providing an enhanced range of retail and commercial services commensurate with its function as a strategic Regional Centre.

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.

FORRESTDAL 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.

Works on creating the park have commenced with contractors on site installing the two major spine roads, drainage systems and sewer services which can be extended through the park.

Provision of this infrastructure will enable landowners to proceed to subdivide their land for industrial uses.

Development of the park recognises its high water table and proximity to Southern River. Drainage design will use exiting groundwater flows to distribute rain events through natural processes.

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

Champion Lakes is 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 has been developed as a significant water-based recreational park 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 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.

The 26 hectare residential component of the project has been designed to capitalise on its unique water side environment. Work on this prestigious area has commenced with lots to be available in early 2008.

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 project has reached the stage of practical completion with first homebuyers being given the opportunity to purchase land ahead of general release.

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.

KELMSCOTT

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

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

Improvements to public facilities include the Kelmscott station upgrade which commenced in 2006 and landscaping works on Albany Highway due for completion in the third quarter of 2007. Private sector improvements include development approval for a significant new retail and commercial development within the precinct which are due to commence in late 2007.

WUNGONG URBAN WATER (FORMERLY 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. The plan will incorporate natural resource management, water sensitive urban design and energy efficient housing that will address the impact of climate change.

The Wungong Urban Water Master Plan will create up to 16,000 lots and allow for a population growth to 40,000 residents. The development will recognise the area'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.

THE CURRENT
ARMADALE
POPULATION OF
55,000 IS EXPECTED
TO INCREASE TO
117,000 OVER THE
NEXT 15 YEARS
THROUGH THE
DEVELOPMENT OF
THESE EIGHT KEY
PROJECTS.

THE YEAR AT A GLANCE

ACHIEVEMENTS. CHALLENGES. ISSUES. HIGHLIGHTS. VISION. OUTCOMES.

ACHIEVEMENTS

- The opening of the first phase of the \$140 million retail investment in the city centre, in December 2006, heralded the start of the program to capture local residents' shopping commitment, much of which bypassed Armadale in the past.
- The culmination of four years effort saw the Champion Lakes Regatta Centre open to the sporting fraternity and the local community in April 2007.
- The key to the future of growth in Armadale is the Wungong Urban Water project. With planning and environmental clearances, the project has reached the stage where developers can, with some certainty, begin their structure planning.
- Opportunities for future employment took a great step forward with the commencement of works by the ARA in the Forrestdale Business Park. These works will enable landowners to develop their land for general industrial use, giving rise to around 5,000 jobs in the coming years.
- The much-awaited White Water Park at Champion Lakes moved a step closer to reality with the appointment of a preferred developer for the project. Due diligence and feasibility work in late 2007 will confirm the viability or otherwise of the White Water Park.

CHALLENGES

- The main challenge is to ensure the Developer Contribution Scheme for the Wungong Urban Water project is effective. This scheme holds the key to the timely and viable development of this 1,500ha site.
- Good educational choices are fundamental to the growth of Armadale. Given that some potential partners for the Educational Access Centre have now moved in a different direction, a new approach to increase public education will need to be found.
- Now that Champion Lakes is open to the public, management of the facility for sporting and community use needs to be a priority.
- As developments progress from the planning to the implementation phase, the ARA needs to respond in a very timely fashion to statutory planning applications.
- A continuing challenge is to create a cultural environment in Armadale that attracts and welcomes new residents and businesses while recognising the needs of the existing community.

ISSUES

- A significant issue for 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 developments and business investment are facilitated through timely zoning and development controls and targeted public works.

The ARA also recognises the need to support government and private agencies in addressing areas of social need.

HIGHLIGHTS OF 2007

Champion Lakes Opening

On 29 April, a multi-sport regatta was held to celebrate the opening of this international class rowing and canoeing facility.

Champion Lakes Surplus Soil

Contracts were awarded for the removal of 600,000m³ of the original 800,000m³ of surplus soil from the construction of the rowing lake.

Champion Lakes Residential

The ARA entered into a contract with LandCorp to sell the development rights for the 26 hectare residential precinct. In February, work commenced on the high quality development.

Champion Drive

The first stage of 91 lots in the 55 hectare precinct was offered for sale by LandCorp to alleviate the lack of land supply in the area.

Sustainability Initiative

The commencement of a residential development in Champion Drive saw the first ever requirement in Western Australia for the installation of rainwater tanks plumbed into the home toilets and laundry.

Wungong Urban Water

The year saw great progress in the 16,000 lot Wungong Urban Water project. The Redevelopment Scheme was advertised, environmental clearance was granted and the ARA received an offer of a Water Smart Australia grant by the Commonwealth Government.

Forrestdale Business Park

The first developed site in the park, a prime 2.6 hectare site, was sold by the ARA. An \$8.6 million contract was also awarded for the construction of the spine roads and provision of sewer to allow private land owners to develop their holdings.

Kelmscott Town Centre

Work commenced on the landscaping of Albany Highway and development approval was given to Primewest to redevelop a significant portion of the town centre.

City Centre

The ARA acquired and on-sold the land to enable the \$60 million Armadale Central retail development to proceed.

VISION

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. 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.

OUTCOMES

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

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

///
OPPORTUNITIES
FOR FUTURE
EMPLOYMENT
TOOK A GREAT
STEP FORWARD
WITH THE
COMMENCEMENT
OF WORKS IN THE
FORRESTDALE
BUSINESS PARK. //

CHAIRPERSON'S REPORT

AFTER FIVE YEARS IT IS APPROPRIATE TO REFLECT ON THE BRIEF HISTORY OF THE ARMADALE REDEVELOPMENT AUTHORITY. THIS IS PARTICULARLY RELEVANT AS *THE ARMADALE REDEVELOPMENT ACT* PROVIDED THAT A MINISTERIAL REVIEW OF THE OPERATION AND EFFECTIVENESS OF THE ACT BE CARRIED OUT AS SOON AS IS PRACTICABLE AFTER THE EXPIRATION OF FIVE YEARS FROM ITS COMMENCEMENT (IN 2002).

The Act stipulated six discrete redevelopment areas. Changes in land usage and ownership have meant that the Authority has not pursued redevelopment of two areas, the 'CALM site' and 'South Armadale Site', both located on Albany Highway.

However, two additional areas, Kelmscott Town Centre and the Wungong Urban Water project (formally Brookdale) have been included in the schedules of the Act.

All of the redevelopment areas have provided planning, feasibility and implementation challenges for the ARA. I am pleased to report that after five years considerable results have been achieved.

It is useful to recall some of the projects and public works that have been completed in that time frame. These include the extension of Tonkin Highway, Champion Lakes International Rowing Course, Champion Drive residential subdivision, a new railway station and forecourt and the Commerce Avenue upgrade.

In addition, engineering works are now underway on the Forrestdale Business Park and the Champion Lakes residential subdivision.

One of the key objectives of the ARA is to enable Armadale to attain the position of a Strategic Regional Centre. Considerable momentum was gained with the injection of a combined investment value of around \$140 million into the two major retail shopping centre developments.

The Authority has played an important role in guiding these developments in conjunction with the owners and their consultants. This role has included acquisition of strategic parcels of land to facilitate optimum site assembly.

On completion, these centres will provide a total retail floor space of around 52,000m², including three discount department stores – a major capital injection into the city centre.

In a similar vein, albeit on a smaller scale, planning and collaboration has resulted in development approval for a significant redevelopment and traffic enhancement within the Kelmscott District Centre.

Other noteworthy projects in Armadale have included the cinema complex and the commencement of the Australian Technical College.

It is fair to say that the operation of the ARA, combined with the commitment of the State Government, is playing a major role in the revitalisation of Armadale.

Perhaps the biggest challenge for the ARA is the Wungong Urban Water project. It comprises the 1,580 hectares of land bound by Tonkin Highway, Armadale Road and the existing Brookdale residential suburb.

It is anticipated that this project will have the effect of virtually doubling the existing population catchment for the City of Armadale, providing sufficient demand for the full range of goods and services warranted in a Strategic Regional Centre.

To date the ARA has completed the planning and environmental approval phases for Wungong Urban Water and the implementation phase will commence later this year. The initial demonstration Water Smart Australia project (jointly funded by State and Federal Governments) will deliver examples of park avenues, living streams, water drainage management and empirically test the detailed effectiveness of the master plan.

At the same time the development contribution scheme will need to be costed, approved and explained to the 200 plus owners in the scheme area. It is anticipated that structure plans for one or more of the 13 precincts will be prepared and submitted by owner – developers later this year.

The ARA and its consultant team have prepared a very detailed planning regime for Wungong Urban Water, including the almost completed suite of specific planning policies. The objective is to achieve the best possible urban development outcome that will be a model for landscape planning, water management, use of place codes and diverse energy efficient built form.

The ARA has prepared a five-year Strategic Plan for the period 2007 - 2011, in the context of which a Social Development Strategy for the next financial year has been adopted.

It is pleasing to report that the ARA has had the benefit of sound, efficient leadership from its Executive Director, assisted by a capable and hardworking team. I thank all staff and Board Members for their commitment and achievements during the year. It is reassuring to have a stable and experienced Board.

The ARA presently employs only 10 permanent staff, which is an indication of the efficiency of the operation. This situation reflects the advantage of being able to use the corporate services of LandCorp. The service agreement between the two agencies is of great assistance.

We have continued to enjoy an excellent relationship with the City of Armadale as we jointly endeavour to implement the slogan 'Armadale – The Natural Place to Grow'. The Mayor, Councillors and executive staff have assisted the ARA with their encouragement and participation in various planning and technical committees.

Finally, I thank the Hon Alannah MacTiernan MLA for her representation and dedicated support of all things Armadale.



G.I. Gauntlett
CHAIRPERSON

IT IS FAIR TO
SAY THAT THE
OPERATION
OF THE ARA,
COMBINED WITH
THE COMMITMENT
OF THE STATE
GOVERNMENT, IS
PLAYING A MAJOR
ROLE IN THE
REVITALISATION
OF ARMADALE.

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.

CURRENT BOARD MEMBERS

Mr Gerry Gauntlett

Mr Gauntlett is the Chairperson of the Planning and Development Control Committee and the Wungong Urban Water 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.

Ms Kay Hallahan AO Hon. D Litt (Curtin)

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.

Ms Verity Allan

Ms Allan is a member of the Wungong Urban Water 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 town planner with a wealth of experience in local government and redevelopment. She brings to the Board extensive expertise in the important 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 member of LandCorp and was 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.

Dr Antonio (Tony) Buti

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

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

Cr Zelones is a member of the Audit and Risk Management Committee. He is a Councillor with the City of Armadale representing the River Ward and Chairman of the South East Zone of Councils. Councillor Zelones is also a State Councillor for the Western Australian Local Government Association (WALGA) and chairs the Revenue Expert Committee looking into improving the sustainability of Local Government in Western Australia. 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.

CORPORATE GOVERNANCE - BOARD

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 the submission of a proposed redevelopment scheme and reviewing the operation and effectiveness of the Act as soon as is 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:

- Wungong Urban Water 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.

THE BOARD IS THE
ARA'S GOVERNING
BODY AND IS
CHARGED WITH
ENSURING THE
ARA PERFORMS
ITS FUNCTIONS
IN ACCORDANCE
WITH THE
ARMADALE
REDEVELOPMENT
ACT 2001.

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;
- Annette Nicolson;
- Steve Aldersea;
- John Anderson; (appointed October 2006).
- Patrick Weir; (appointed October 2006).
- Paul Ziersch; (appointed on 18 June 2007).
- Wendy Chapell; (appointed on 18 June 2007).
- Jodie Clarke; (appointed on 18 June 2007).
- Brett Tizard; (resigned from group in September 2006).
- Steven Erceg; (resigned from group in May 2006).
- Vivienne Hansen; (resigned from group in May 2007).
- Matthew Keogh; (resigned from group in May 2007).
- Lesley Greenway; (resigned from group in May 2007)

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 2007 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 *Armada 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.

Six 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 2006 to 30 June 2007:

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.

Members	Board (including Special Board Meetings)		Audit and Risk Management Committee		Planning and Development Control Committee	
	Σ	#	Σ	#	Σ	#
Gerry Gauntlett	14	14	11	11		
Kay Hallahan	14	14			11	11
Verity Allan	14	9			11	9
Tony Buti	14	13	4	4		
Linton Reynolds	14	14	4	4		
Henry Zelones	14	14	4	4		

Σ - Total number of meetings
- Actual number of meetings attended

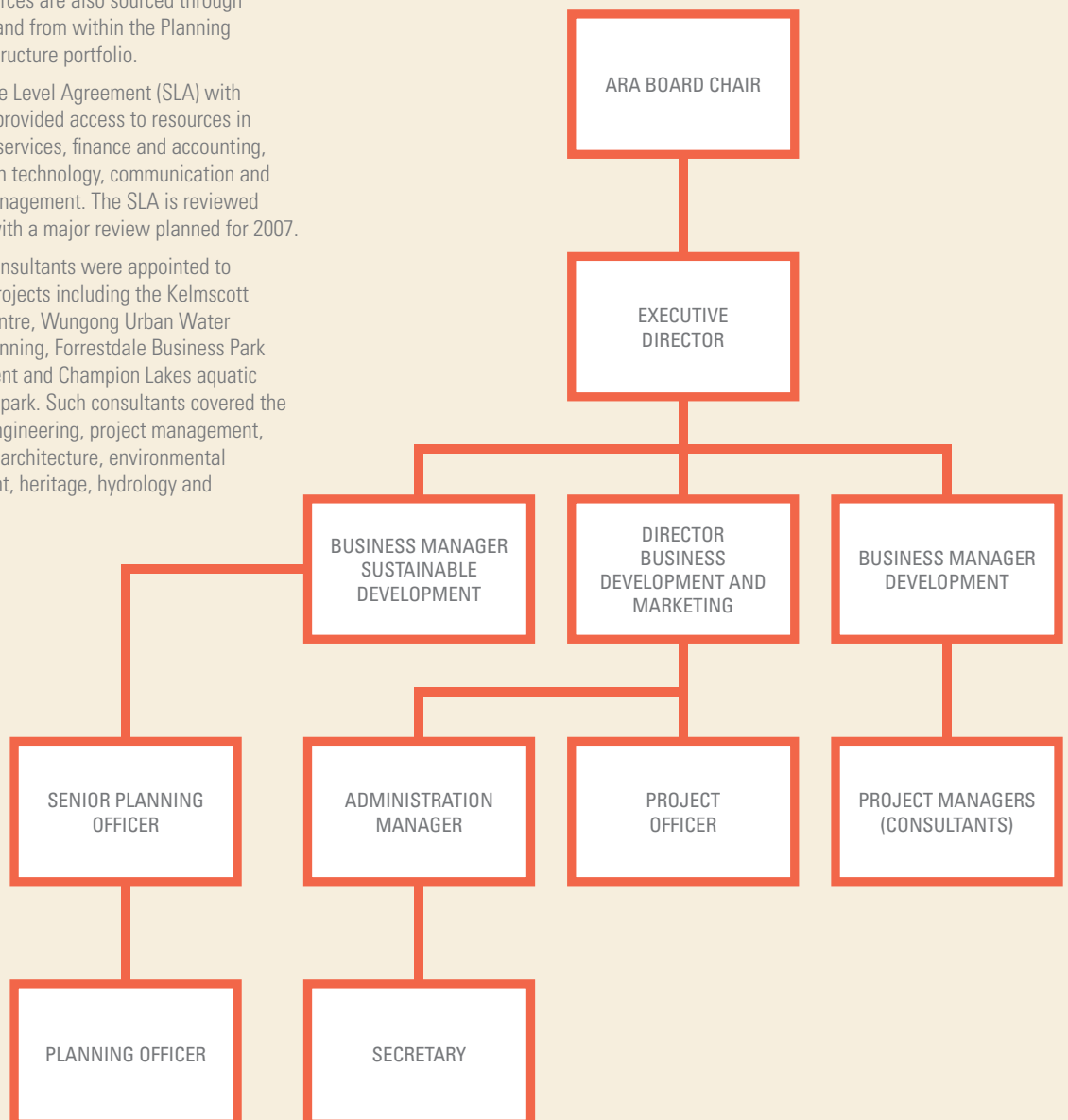
ORGANISATIONAL STRUCTURE

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 (SLA) with LandCorp provided access to resources in corporate services, finance and accounting, information technology, communication and project management. The SLA is reviewed annually with a major review planned for 2007.

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



EXECUTIVE DIRECTOR'S REPORT

DURING 2006/07 THE ARA CELEBRATED ITS FIFTH YEAR OF OPERATION IN ITS TEN-YEAR STATUTORY LIFE. NOW AT ITS HALF-WAY POINT, THE ARA IS POISED TO OVERSEE A WAVE OF DEVELOPMENT ON A NUMBER OF FRONTS.

The initial planning is now bearing fruit through the residential estates under development at Seville Grove (Champion Drive) and Champion Lakes and the industrial estate at the Forrestdale Business Park.

A hallmark achievement for the ARA was the official opening of the Champion Lakes Regatta Centre on 29 April 2007. The inaugural regatta launched Champion Lakes as a State and national venue for aquatic competition, including rowing, canoeing, dragon boating and triathlon sports. The facility also provides the local community with a place for swimming and general recreation.

In June 2007 a developer was awarded preferred developer status to complete due diligence and project feasibility for the White Water Park at Champion Lakes. Initial planning to subdivide the 15 hectare commercial site, including the White Water Park, was completed to identify development opportunities.

Perhaps the most significant project for the future of Armadale was progressed considerably during the year. The Wungong Urban Water Project Master Plan was released for public comment. Following this release, the EPA granted environmental clearance for the 16,000 lot project to proceed. The project's status as a national demonstration of urban water management was reinforced through the offer of a Water Smart Australia grant by the Federal Government. This was the only urban development in Australia to be awarded this status.

The Wungong Urban Water project complements other initiatives. These include the first mandating of in-house plumbed rainwater tanks for residential developments by the ARA, which will establish it as a leader in Western Australia in its efforts to address climate change.

In support of the general growth in Armadale, the ARA facilitated further retail investment through its support for the \$60 million Armadale Central development and the Primewest commercial and retail development in Kelmescott.

On the social side, the ARA joined with the City of Armadale to launch the Connected Communities portal to host community interaction via the internet. The ARA also provided a site for the establishment of the Australian Technical College, initiated a regional recreation study and sponsored the successful third NAIDOC Week art exhibition.

Without a real committed team effort on the part of all staff, the successes of the year would not have been achieved. Maintaining the ongoing cooperative relationship with the City of Armadale has also underpinned many of the year's successes.

The full team however, goes beyond staff. The team for the rejuvenation of Armadale is very much the Minister, Board, staff and the Armadale community.



John Ellis
EXECUTIVE DIRECTOR

RELEVANT LEGISLATION

IN ALL ITS PROGRAMS AND THEIR DELIVERY, THE ARA RECOGNISES THE RIGHT OF ACCESS OF THE COMMUNITY AND OF INDIVIDUALS TO SERVICES, OPPORTUNITIES AND THE GOVERNMENT DECISION-MAKING PROCESS.

It is mindful of its community service obligations and takes into consideration the impact of its programs on all groups, including disadvantaged groups within the community.

The financial administration of the ARA has complied with the requirements of the *Financial Administration and Audit Act 1985* and associated Treasurer's Instructions. In 2006/07 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.*

REQUIRED REPORTING

DISABILITY SERVICES. RECORDKEEPING. SUSTAINABILITY. CORRUPTION PREVENTION. COMPLIANCE. EQUAL OPPORTUNITY.
WORKERS COMPENSATION. HUMAN RESOURCE MANAGEMENT STANDARDS. FREEDOM OF INFORMATION.

ARA ANNUAL REPORT REPORTABLE EXPENDITURE 2006/07

ELECTORAL ACT INFORMATION

ADVERTISING

Bicubic Printing and Corporate Graphics	355
Blackbox Design	24,551
Marketforce Express	6,885
Modus Operandi	10,784
Pro-copy	1,100
Proactive Advertising and Marketing Pty Ltd	12,844
Professional Public Relations	81,347
	137,867

MEDIA ADVERTISING 0

MARKET RESEARCH

Patterson Market Research 19,650

DIRECT MAIL 0

POLLING 0

TOTAL EXPENDITURE 157,517

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. Community consultation is always performed using a variety of mediums, including newsletters, public displays, workshops, information offices, websites and information phone lines, to ensure the widest audience is reached. The Disability Services Plan is under review and will be replaced by a Disability Access and Inclusion Plan during the coming year.

RECORDKEEPING

The ARA has in place an efficient and effective recordkeeping system that is reviewed annually. It is due for evaluation in the second half of 2007.

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.

SUSTAINABILITY

Planning for Climate Change

The Wungong Urban Water Redevelopment project is being planned and designed to respond to a drying climate and to address greenhouse gas emissions by making homes, buildings, infrastructure and transport within the estate more efficient. The project is one of the CSIRO's two national demonstration estates for urban water management and has a design target of 75% reduction in drinking water use per household.

Sustainability Audit

The ARA implemented its Sustainability Audit in May 2005, the first of its kind in Western Australia, the Audit is an online assessment tool integrated with the Development Application process and forms the basis for assessing the sustainability of proposed developments in the ARA redevelopment areas. The audit software tailors the various sustainability indicators to the type of development and its location. The Audit is constantly upgraded and revised to meet new initiatives. In 2006 the ARA made a number of amendments to the Audit in respect to a new land releases at Seville Grove within the Champion Drive Precinct. These are as follows;

- The Champion Drive precinct will be in 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 will be required to install a minimum 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.

Cost / Benefit Analysis

The ARA assess the costs and benefits of various sustainability initiatives before they are implemented. In 2006 a detailed analysis of the use of rainwater tanks plumbed to service the toilet and laundry was undertaken. This analysis showed that a 24% saving in drinkable water could be achieved with only a relatively small additional initial cost impost.

Similar analysis of the costs and benefits entailed in increasing the existing requirement for energy efficiency from 5 stars to a 6 star rating is currently being conducted before consideration for implementation in the sustainability audit.

Local Area Implementation Plans for Sustainability (LAIPS)

The ARA has adopted residential design guidelines and subdivision guidelines for Champion Drive, West of Rail Precinct 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's '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.

Sustainability Procurement Initiatives

The ARA has conducted and managed all its purchasing and contracting activities in accordance with State Supply Commission Policies and the Government's Buy Local Policy.

In accordance with its Sustainability Action Plan, the ARA has initiated a waste management and office recycling policy. It has adopted procurement initiatives which promote indigenous employment and training, support regional suppliers and the use of re-cycled products wherever practicable. In 2006 the ARA completed the conversion of all its fleet vehicles to four cylinder models

CORRUPTION PREVENTION

Corruption prevention measures are dealt with as part of LandCorp's Risk Management Framework and Code of Conduct. For example, risks associated with unauthorised access and disclosure of confidential information have been identified as part of LandCorp's risk management processes and action has been taken to ensure suitable controls are in place.

COMPLIANCE WITH PUBLIC SECTOR STANDARDS AND ETHICAL CODES

We confirm that, in accordance with section 31 of the *Public Sector Management Act 1994*, the Authority has complied with the Public Sector Standards and Code of Ethics and that procedures are in place to ensure such compliance.

THE ARA IS
AN EQUAL
OPPORTUNITY
(EEO) EMPLOYER
AND COMPLIES
WITH THE
RELEVANT EEO
LEGISLATION.

EQUAL OPPORTUNITY

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

The ARA continued to provide a flexible workplace to support individual circumstances such as consideration and implementation of part-time arrangements on return from maternity leave, for staged retirement purposes and to achieve work/life balance.

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.

WORKERS COMPENSATION

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

HUMAN RESOURCE MANAGEMENT STANDARDS

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

The Code of Conduct, which has adopted the public sector's ethical principles, has been retained.

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 Code of Conduct during the reporting period.

FREEDOM OF INFORMATION

The ARA is subject to the *Freedom of Information Act 1992*. Manager Business Services (LandCorp) is the appointed Freedom of Information Coordinator and is the initial recipient of requests for information under the Act. There were nil Freedom of Information requests in 2006/07.

ANNUAL ESTIMATES

2007/08 Estimates	\$'000
Cost of Services	5,342
Revenue From Ordinary Activities	3,505
Net Cost of Services	(1,837)
Revenue from State Government	1,200
Net Profit	(637)

CERTIFICATION OF KEY PERFORMANCE INDICATORS

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Armadale Redevelopment Authority's performance, and fairly represent the performance of the Armadale Redevelopment Authority for the financial year ended 30 June 2007.



Gerry Gauntlett
CHAIRPERSON
4 September 2007



Kay Hallahan
DEPUTY CHAIRPERSON
4 September 2007



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

ARMADALE REDEVELOPMENT AUTHORITY FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

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

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Board's Responsibility for the Financial Statements and Key Performance Indicators

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

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<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 key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

Page 1 of 2

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

Armadale Redevelopment Authority Financial Statements and Key Performance Indicators for the year ended 30 June 2007

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 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Authority provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2007.

COLIN MURPHY
AUDITOR GENERAL
7 September 2007

KEY PERFORMANCE INDICATORS

PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

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

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

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

Note: Goal obtained from Department of the Premier and Cabinet "Better Planning: Better Services" – A Strategic Planning Framework for the Western Australian Public Sector – November 2003.

EFFECTIVENESS INDICATORS

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

The Armadale Redevelopment Authority (ARA) conducts an annual survey (the 2007 Survey) of businesses and residents in the Armadale local government area based on the 2001 ABS census population data of 55,000 people.

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

The 2007 survey was completed during 26 June to the 9th July 2007.

Residential

A total of 390 interviews were completed out of a total random sample of 1219 residents from the Armadale area¹ - a response rate of 32%. A sample of this size from the residential population of the Armadale area results in a maximum survey error of $\pm 4.93\%$ at the 95% confidence level.

Business

In addition, 330 interviews were completed out of a total random sample of 541 businesses from the Armadale area – a response rate of 61%. A sample of this size from the business population of the Armadale area results in a maximum survey error of $\pm 4.97\%$ at the 95% confidence level.

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

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

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

	2003/04	2004/05	2005/06	2006/07	Target
Residential Value Variation	\$29.7M 20.3%	\$46.5M 56.6%	\$99.8M 115%	\$162.8M 63%	40%
Non-Residential Value 3 Year Moving Average Variation (a)	\$31.0M	\$26.7M	\$67.8M \$41.8M	\$85.9M \$60.1M 44%	15%

Key Effectiveness Indicator 1

Value of Building Approvals – shows economic growth in terms of building investment.

(a) The variation is based on a 3 year moving average with base year of 2003/04.

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

Source: City of Armadale.

In the residential segment, additional growth has occurred in terms of building material costs and higher value housing due to the increase in higher quality housing as more affluent home owners move into the Armadale area.

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

The 2006/07 growth of 63% for residential is a significant reduction in the variation for the 2005/06 period of 115% reflecting the earlier low base and moves closer to the long term target of 40%.

In terms of non-residential growth, this sector has very uneven investment periods. Currently there are two retail projects underway with a combined value of \$150M. This spurt in investment will corrupt the average annual growth figures which is why a three moving average is applied.

The 44% 2006/07 variation reflects the impact of the two large retail developments. The large discrepancy with the target will reduce in coming years as this retail spike wanes.

Based on recent costs of construction increases (9.5% in 2006) and the projected demographic growth of 3%pa, long term annual growth of 15% may be realistic.

Result: These indicators show the relative level of investment in residential and non-residential (employment / building investment). The results show firm growth is being achieved.

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.

	2004/05	2005/06	2006/07	Target
Residents Agree	60.8%	57%	66%	60%
Businesses Agree	41.9%	55%	58%	60%

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.

Source: *The 2007 Survey.*

Result

In 2007, 78% of residents had previously heard of the ARA (N=303). These respondents were asked to rate the extent to which they agree or disagree that the ARA is effectively assisting with the social development of the area, using a five point scale from "strongly agree" to "strongly disagree".

A third (32%) "Strongly agreed" that the ARA effectively assists with the social development of the area, and a further third (34%) "Slightly agree". This equates to a net agreement level of 66%; a significant increase from the 57% that agreed with the premise in 2006.

This indicates a significant improvement in local residents' perception of how the ARA is assisting with the social development of the area.

In 2007, 84% of businesses in the area had previously heard of the ARA (N=278). These respondents were asked to rate the extent to which they agree or disagree that the ARA is effectively assisting businesses to achieve economic development in the area. Again, respondents were asked to use a five point scale, where 5 - "strongly agree", 4 - "slightly agree", 3 - "mixed feelings", 2 - "slightly disagree" and 1 "strongly disagree".

27% of businesses aware of the ARA "strongly agreed" that ARA is effectively assisting businesses to achieve economic development in the area; an identical finding to the previous year (2006). A slightly higher proportion (31%) "slightly agreed" which results in a net agreement figure of 58% in 2007. Though this finding represents a 3% increase since 2006 (when 55% agreed to some extent) this difference is not statistically significant.

The 2006/07 results for residents and businesses are within the target range and the variation is not significant. Importantly, the year on year trend is positive.

	2003/04	2004/05	2005/06	2006/07	Target
Improvement in Business Activity over year					
% of Businesses	55%	53%	52%	54%	51%

Key Effectiveness Indicator 3

Level of Business Activity – shows impact of ARA's efforts to achieve economic outcomes for 2006/07.

Source: *The 2007 Survey.*

Result

In terms of the level of business activity, in 2007, 54% of businesses claimed that their business activity had "increased" in the last 12 months. Over one third (35%) felt their business activity had "remained the same". These findings are comparable to those from 2006, when 52% reported "increased" activity and 33% claimed the level of activity had "remained the same" as the previous year.

The 2006/07 result is marginally over the target confirming that more than 50% of businesses achieved improved business activity.

	2004/05	2005/06	2006/07	Target
Development Applications Determined				
Number	20	58	83	
Variation		190%	43%	18%

Key Effectiveness Indicator 4

Development Applications Determined by ARA – shows facilitation of economic investment.

Source: Armadale Redevelopment Authority.

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

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

As the planning scheme provisions are translated into on the ground activity, this indicator has increased significantly on the 2004/05 figure of 20 applications. The target of 18% is seen as a long term average figure. In addition, 2005/06 was the first full year of operation of the Interim Brookdale Redevelopment Scheme which has accounted for a significant proportion of Development Applications during the 2006/07 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.

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

The target 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. However previous growth has been minimal. Therefore to more accurately reflect this fact, the target for the medium term is set at double the long term average annual growth rate of 9%.

As the target set is a long term target, the increase in activity from a low base explains the exceedence of the variation target. As the previous year base increases the variation should come closer to the target of 18%.

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.

	2003/04	2004/05	2005/06	2006/07	Target
Development Applications					
Number Determined	11	20	58	83	
Average Processing Period	74.5 Days	55 Days	35 Days	32 Days	60 Days
Proportion Exceeding 60 Days	45%	35%	12%	11%	

Key Efficiency Indicator 1

Average Time to Process Development Applications [Relates to Service (A)].

(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 2006/07 procedures were introduced to improve the process of 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.

Source: Armadale Redevelopment Authority.

Result

This indicator shows a marginal improvement in organisational efficiency in processing applications.

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

	2004/05	2005/06	2006/07	Target
Development Applications				
Numbers Determined	20	58	83	
Cost	\$2,122,000	\$2,383,000	\$3,139,834	
Cost per application	\$106,100	\$41,086	\$37,829	\$30,000

Key Efficiency Indicator 2

Costs Per Development Application Determined [Relates to Service (A)].

Source: Armadale Redevelopment Authority.

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

The cost figure for 2005/06 has been revised from that published in the 2006 Annual Report due to an accounting error. The difference from the target is not significant.

Result

This indicator shows efficiency in terms of cost per application. The target of \$30,000 set is based on the evidence of the three years' results. The downward trend in costs is encouraging and is converging on the target of \$30,000 per application.

	2004/05	2005/06	2006/07	Target
Lots Given Subdivision				
Approval Number	316	102	336	
Costs	\$2,122,000	\$2,383,000	\$3,139,834	
Costs per Lot	\$6,715	\$23,363	\$9,345	\$7,000

Key Efficiency Indicator 3

Costs Per lot given Subdivision Approval [Relates to Service (B)].

Source: Armadale Redevelopment Authority.

Note: Costs are as explained in Indicator 2.

The cost figure for 2005/06 has been revised from that published in the 2006 Annual Report due to an accounting error.

Result

This shows operation costs in terms of new lot creations. The target of \$7,000 is based on the previous year's results. The year's result shows the increase in processing efficiency as volume of applications improves. The difference from the target is not significant.

	2004/05	2005/06	2006/07
Lots Given Subdivision			
Approval Number	\$51.145M	\$58.7M	\$21.4M
Costs	\$2,122,000	\$2,383,000	\$3,139,834
Costs per Lot	\$41,490	\$40,596	\$146,721

Key Efficiency Indicator 4

Costs Relative to Value of non Residential Development Approved by ARA [Relates to Service (C)].

Source: Armadale Redevelopment Authority

Note: Costs are as explained in Indicator 2.

The cost figure for 2005/06 has been revised from that published in the 2006 Annual Report due to an accounting error.

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.

Given the lumpy nature of non-residential development, this variable is prone to show impacts of "one off" investments occurring in 2004/05 and 2005/06.

ARMADALE REDEVELOPMENT AUTHORITY CERTIFICATION OF FINANCIAL STATEMENTS

for the year ended 30 June 2007

The accompanying financial statements of the Armadale Redevelopment Authority have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2007 and the financial position as at 30 June 2007.

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
4 September 2007



Kay Hallahan
DEPUTY CHAIRPERSON
4 September 2007



Frank Marra
CHIEF FINANCIAL OFFICER
4 September 2007

INCOME STATEMENT

for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
COST OF SERVICES			
Expenses			
Employee benefits expense	6	797	720
Supplies and services	(a)	7 1,918	1 246
Depreciation and amortisation expense	8	65	5 6
Finance costs	9	120	1 52
Accommodation expenses	10	86	1 19
Cost of land sold	12	32,488	9 244
Loss on disposal of non-current assets	15	9	1
Other expenses	11	1,049	1 398
Total cost of services		36,532	1 2,936
INCOME			
Revenue			
Land sales	12	24,307	8 310
Interest revenue	13	849	2 43
Other revenue	14	55	1 86
Total revenue		25,211	8 739
NET COST OF SERVICES		(11,321)	(4,197)
INCOME FROM STATE GOVERNMENT			
Service appropriation		2,750	1 470
Resources received free of charge		2	-
Total income from State Government	16	2,752	1 470
SURPLUS/(DEFICIT) FOR THE PERIOD		(8,569)	(2,727)

(a) includes administration expenses

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

BALANCE SHEET
for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	26	1,822	7 88
Inventories	17	1,938	2,453
Receivables	18	19,994	4,308
Other current assets	19	25	7
Total Current Assets		<u>23,779</u>	<u>7,556</u>
Non-Current Assets			
Inventories	17	3,961	5,322
Property, plant and equipment	20	164	2 09
Total Non-Current Assets		<u>4,125</u>	<u>5,531</u>
TOTAL ASSETS		<u>27,904</u>	<u>13,087</u>
LIABILITIES			
Current Liabilities			
Payables	22	615	2,582
Provisions	23	16,058	2 26
Other current liabilities	24	1,414	1,017
Total Current Liabilities		<u>18,087</u>	<u>3,825</u>
Non-Current Liabilities			
Payables	22	1,364	5 34
Provisions	23	1,569	3,875
Total Non-Current Liabilities		<u>2,933</u>	<u>4,409</u>
TOTAL LIABILITIES		<u>21,020</u>	<u>8,234</u>
NET ASSETS		<u>6,884</u>	<u>4,853</u>
EQUITY			
Contributed equity	25	19,100	8,500
Accumulated surplus/(deficiency)	25	(12,216)	(3,647)
TOTAL EQUITY		<u>6,884</u>	<u>4,853</u>

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

STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
Balance of Equity at start of period		4,853	4,580
CONTRIBUTED EQUITY			
Balance at start of period		8,500	5,500
Capital contribution		10,600	3,000
Balance at end of period	2.5	19,100	8,500
ACCUMULATED SURPLUS (RETAINED EARNINGS)			
Balance at start of period		(3,647)	(920)
Surplus/(deficit) for the period		(8,569)	(2,727)
Balance at end of period	2.5	(12,216)	(3,647)
Balance of equity at end of period		6,884	4,853
Total income and expense for the period		(8,569)	(2,727)

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

CASH FLOW STATEMENT

for the year ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		2,750	1,470
Capital contributions		10,600	3,000
Net cash provided by State Government		13,350	4,470
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(742)	(721)
Supplies and services		(19,474)	(7,008)
GST payments on purchases		(1,896)	(759)
GST payments to taxation authority		(478)	(34)
Receipts			
Sale of land		12,970	8,310
Interest received		277	239
GST receipts on sales		637	34
GST receipts from taxation authority		1,792	766
Other receipts		113	189
Net cash provided by/(used in) operating activities	26	(6,801)	1,016
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(1,281)	(1,587)
Proceeds from redemption of investments		(11,662)	7,302
Payments for investments		7,428	(10,698)
Net cash provided by/(used in) investing activities		(5,515)	(4,983)
Net increase/(decrease) in cash and cash equivalents		1,034	503
Cash and cash equivalents at the beginning of period		788	285
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	26	1,822	788

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

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2007

NOTE 1 AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

General

The Authority's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) Accounting Standards (including Australian Accounting Interpretations). In preparing these financial statements the Authority has adopted, where relevant to its operations, new and revised standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Authority for the annual reporting period ending 30 June 2007.

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 as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has 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 throughout 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 Authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 3 'Judgements made by management in applying accounting policies'.

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

c) Reporting Entity

The reporting entity comprises the Authority.

d) Contributed Equity

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 by Treasurer's Instruction (TI) 955 'Contributions by Owners Made to Wholly-Owned Public Sector Entities' and have been credited directly to Contributed Equity.

Transfers of net assets to/from other agencies are designated as contributions by owners where the transfers are non-discretionary and non-reciprocal. See note 26 'Equity'.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*):

e) Income

Revenue recognition

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

Sale of goods

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

Interest

Revenue is recognised as interest accrues.

Rendering of services

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

Service Appropriations

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

Grants, donations, gifts and other non-reciprocal contributions

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

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

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 balance sheet 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.

f) Borrowing costs

Borrowing costs for qualifying assets are capitalised net of any investment income earned on the unexpended portion of the borrowings. Other borrowing expenses are expensed when incurred.

g) Property, Plant and Equipment

Capitalisation/Expensing of assets

Items of property, plant and equipment costing over \$1000 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 the cost model is used for all plant and equipment. 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.

Depreciation on 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 3-4 years
- Leasehold Improvements 5 years

Works of art controlled by the Authority are classified as property, plant and equipment which are expected to have very long and indefinite useful lives. Their service potential has not, in any material sense, been consumed during the reporting period and so no depreciation has been recognised.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*):

h) Impairment of Assets

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

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

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

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment where fair value is determined by reference to market-based evidence. Where fair value is determined by reference to depreciated replacement cost, surplus assets are at risk of impairment and the recoverable amount is measured. Surplus assets at cost are tested for indications of impairments at each balance sheet date.

i) Leases

The Authority holds operating leases for 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.

j) Financial Instruments

The Authority has two categories of financial instrument:

- Loans and receivables (includes cash and cash equivalents); and
- Non-trading financial liabilities (payables).

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 (and restricted 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 Authority.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*):

o) Provisions

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

(i) Provisions - Employee Benefits

Annual Leave and Long Service Leave

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

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 Authority does not have an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet 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.

Employees may contribute to the Pension Scheme, a defined benefit pension scheme now closed to new members or the Gold State Superannuation Scheme (GSS), a defined benefit lump sum scheme also closed to new members.

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes became non contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Authority makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share.

(ii) Provisions -Other

Employment On Costs

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

Future Development Obligations

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.

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*):

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.

t) Comparative figures

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year. Minor rounding adjustments have been made to the 2006 figures.

NOTE 3 JUDGEMENTS MADE BY MANAGEMENT IN APPLYING ACCOUNTING POLICIES

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

Operating lease commitments – the Authority has entered into a commercial lease and has determined that the lessor retains all the significant risks and rewards of ownership of the property. Accordingly, the lease has been classified as an operating lease.

Public infrastructure – capital expenditure undertaken by the Authority 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 Authority's mandate has been expensed.

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

NOTE 4 KEY SOURCES OF ESTIMATION UNCERTAINTY

The key estimates and assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Future Development Obligations

The Authority assesses its obligations for future development costs at each balance sheet date. Where there is an indication of future development obligations, a provision for future development obligations is raised. Calculations performed in assessing future development obligations incorporate a number of key estimates.

NOTE 5 DISCLOSURE OF CHANGES IN ACCOUNTING POLICY AND ESTIMATES

Initial application of an Australian Accounting Standard

The Authority has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2006:

1. 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 Authority does not currently undertake these types of transactions, resulting in no financial impact in applying the Standard.
2. UIG Interpretation 4 'Determining whether an Arrangement Contains a Lease' as issued in June 2005. 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 balance sheet date, the Authority has not entered into any arrangements as specified in the Interpretation, resulting in no impact in applying the Interpretation.
3. UIG Interpretation 9 'Reassessment of Embedded Derivatives'. This Interpretation requires an embedded derivative that has been combined with a non-derivative to be separated from the host contract and accounted for as a derivative in certain circumstances. At balance sheet date, the Authority has not entered into any contracts as specified in the Interpretation, resulting in no impact in applying the Interpretation.

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

AASB Standards and Interpretations:

- 2005-1 'Amendments to Australian Accounting Standard' (AASB 139 – Cash flow hedge accounting of forecast intragroup transactions)
- 2005-5 'Amendments to Australian Accounting Standards [AASB 1 & AASB 139]'
- 2006-1 'Amendments to Australian Accounting Standards [AASB 121]'
- 2006-3 'Amendments to Australian Accounting Standards [AASB 1045]'
- 2006-4 'Amendments to Australian Accounting Standards [AASB 134]'
- 2007-2 'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraph 9
- 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'
- UIG 8 'Scope of AASB 2'

Voluntary changes in Accounting Policy

There have been no voluntary changes in Accounting Policy during the financial year.

Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective. 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 considered to result in increased disclosures, both quantitative and qualitative of the Authority's exposure to risks, enhanced disclosure regarding components of the Authority's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Authority does not expect any 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 2007.
2. 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)'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the financial instrument disclosure requirements in these standards. The Authority does not expect any 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 2007.
3. AASB 101 'Presentation of Financial Statements'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Authority is a not-for-profit entity and consequently does not expect any 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 2007.

NOTE 5 DISCLOSURE OF CHANGES IN ACCOUNTING POLICY AND ESTIMATES (continued)

4. AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)'. This Standard introduces policy options and modifies disclosures. These amendments arise as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. The Department of Treasury and Finance has indicated that it will mandate to remove the policy options added by this amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.
5. AASB 2007-5 'Amendment to Australian Accounting Standard – Inventories Held for Distribution by Not-for-Profit Entities (AASB 102)'. This amendment changes AASB 102 'Inventories' so that inventories held for distribution by not-for-profit entities are measured at cost, adjusted when applicable for any loss of service potential. The Authority does not have any inventories held for distribution so does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.
6. AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Authority has not entered into any arrangements as specified in the Interpretation or within the scope of Interpretation 12, 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 2008.
7. AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Authority if and when public-to-private service concession arrangements are entered into in the future. At balance sheet date, the Authority has not entered into any public-to-private service concession arrangements 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 2008.
8. AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the Authority has not entered into any public-to-private service concession arrangements 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 2008.
9. AASB 2007-6 'Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]
The amendments principally remove reference to expensing borrowing costs on qualifying assets as AASB 123 was revised to require such borrowing costs to be capitalised. This standard was issued on 14 June 2007 and applies to annual reporting periods beginning on or after 1 January 2009

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

AASB	Standards and Interpretations:
AASB 8	'Operating Segments'
AASB 1049	'Financial Reporting of General Government Sectors by Governments'
AASB 2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8
AASB 2007-3	'Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
AASB 2007-7	'Amendments to Australian Accounting Standard [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]'. This standard was issued on 28 June 2007 and applied to annual reporting periods beginning on or after 1 July 2007.
Interpretation 10	'Interim Financial Reporting and Impairment'
Interpretation 11	'AASB 2 – Group and Treasury Share Transactions'

Changes in accounting estimates

There were no changes in accounting estimates that have an effect in the current period or are expected to have an effect in future periods.

2007
\$'000

2006
\$'000

NOTE 6 EMPLOYEE BENEFITS EXPENSE:

Wages and salaries (a)	625	5 41
Superannuation - defined contribution plans (b)	78	8 2
Long service leave (c)	33	4 6
Annual leave	61	5 1
	<u>797</u>	<u>7 20</u>

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

(b) Defined contribution plans include West State and Gold State (contributions paid).

(c) Includes a superannuation contribution component

Employment on-costs such as workers' compensation insurance are included at note 11 'Other Expenses'.

The employment on- costs liability is included at note 23 'Provisions'

NOTE 7 SUPPLIES AND SERVICES

Communications	13	2 1
Consultants and contractors	1,218	8 84
Consumables	32	2 7
Estate marketing and maintenance	422	9 5
Insurance	26	2 8
Strategic marketing	152	1 25
Travel	37	4 3
Other	18	2 3
	<u>1,918</u>	<u>1,246</u>

NOTE 8 DEPRECIATION AND AMORTISATION EXPENSE:

Depreciation		
Plant and equipment	65	5 6

NOTE 9 FINANCE COSTS:

Interest expense (a)	<u>120</u>	<u>1 52</u>
----------------------	------------	-------------

(a) Interest charged by LandCorp for development expenditure on Forrestdale Business Park and interest on acquisition of land at Champion Lakes.

NOTE 10 ACCOMMODATION EXPENSES:

Lease rentals	59	9 6
Cleaning	7	5
Electricity	6	5
Rates and taxes	9	5
Other	5	8
	<u>86</u>	<u>1 19</u>

2007
\$'000

2006
\$'000

NOTE 11 OTHER EXPENSES:

Employment on-costs (a)	60	4 6
Property Management Expenses	25	1 2
Public Infrastructure	889	1 ,309
Recruitment costs	59	1 4
Audit fees (b)	16	1 7
	<u>1,049</u>	<u>1 ,398</u>

(a) Includes workers' compensation insurance and other employment on-costs. The on-costs liability associated with the recognition of annual and long service leave liability is included at note 23 'Provisions'. Superannuation contributions accrued as part of the provision for leave are employee benefits and are not included in employment on-costs.

(b) Audit fees, see also note 33 'Remuneration of auditor'.

NOTE 12 TRADING PROFIT:

Sales- Land	24,307	8 ,310
Cost of Sales:		
Opening inventory	(7,775)	(6,380)
Purchases	(30,612)	(10,639)
Closing inventory	5,899	7 ,775
Total cost of sales	<u>(32,488)</u>	<u>(9,244)</u>
Trading Profit	<u>(8,181)</u>	<u>(934)</u>

NOTE 13 INTEREST REVENUE:

Interest revenue (a)	<u>849</u>	<u>2 43</u>
----------------------	------------	-------------

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

NOTE 14 OTHER REVENUE:

Sale of information	24	2 4
Rental Income	26	4 0
Sundry income	5	1 22
	<u>55</u>	<u>1 86</u>

NOTE 15 NET GAIN/(LOSS) ON DISPOSAL OF NON-CURRENT ASSETS:

Costs of Disposal of Non-Current Assets		
Office Equipment	<u>(9)</u>	<u>(1)</u>
Proceeds from Disposal of Non-Current Assets		
Office Equipment	<u>-</u>	<u>-</u>
Net gain/(loss)	<u>(9)</u>	<u>(1)</u>

2007
\$'000

2006
\$'000

NOTE 16 INCOME FROM STATE GOVERNMENT:

Appropriation revenue received during the year:

Service appropriations	2,750	1,470
Resources received free of charge (a)		
Determined on the basis of the following estimates provided by agencies:		
Department of Land Information	2	-
	<u>2,752</u>	<u>1,470</u>

(a) Where assets or services have been received free of charge or for nominal cost, the Authority recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Authority shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

NOTE 17 INVENTORIES:

Current

Inventories held for resale:

- Developed land (at cost)	354	1,479
- Work in progress (at cost)	1,584	974
	<u>1,938</u>	<u>2,453</u>

Non-current

Inventories held for resale:

- Undeveloped land (at cost)	2,224	2,502
- Work in progress (at cost)	1,737	2,820
	<u>3,961</u>	<u>5,322</u>

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	11,386	34
GST receivable	277	178
Prepayments	1	-
Bills of exchange - endorsed by banks (a)	8,330	4,096
	<u>19,994</u>	<u>4,308</u>

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

NOTE 19 OTHER CURRENT ASSETS:

Current

Accrued revenue	25	7
	<u>25</u>	<u>7</u>

2007
\$'000

2006
\$'000

NOTE 20 PROPERTY, PLANT AND EQUIPMENT:

Furniture and office equipment

At cost	54	43
Accumulated depreciation	(15)	(10)
	<u>39</u>	<u>33</u>

Computer equipment

At cost	84	65
Accumulated depreciation	(53)	(36)
	<u>31</u>	<u>29</u>

Leasehold improvements

At cost	129	265
Accumulated depreciation	(35)	(118)
	<u>94</u>	<u>147</u>
	<u>164</u>	<u>209</u>

Reconciliations

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

	Furniture and office \$000	Computer equipment \$000	Leasehold improvements \$000	Capital works in progress \$000 \$000	Total
2007					
Carrying amount at start of year	33	29	147	-	209
Additions	11	18	-	-	29
Transfers	-	-	-	-	-
Other disposals	-	-	(9)	-	(9)
Classified as held for sale	-	-	-	-	-
Revaluation increments	-	-	-	-	-
Impairment losses	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-
Depreciation	(5)	(16)	(44)	-	(65)
Carrying amount at end of year	<u>39</u>	<u>31</u>	<u>94</u>	<u>-</u>	<u>164</u>

NOTE 20 PROPERTY, PLANT AND EQUIPMENT (continued):

	Furniture and office	Computer equipment	Leasehold improvements	Capital works in progress	Total
	\$000	\$000	\$000	\$000	\$000
2006					
Carrying amount at start of year	30	39	90	265	424
Additions	8	7	92	-	107
Transfers	-	-	-	(265)	(265)
Other disposals	(1)	(8)	-	-	(9)
Classified as held for sale	-	-	-	-	-
Revaluation increments	-	-	-	-	-
Impairment losses	-	-	-	-	-
Impairment losses reversed	-	-	-	-	-
Depreciation	(4)	(9)	(35)	-	(48)
Carrying amount at end of year	33	29	147	-	209

NOTE 21 IMPAIRMENT OF ASSETS:

There were no indications of impairment of property, plant and equipment, and intangible assets at 30 June 2007.

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

All surplus assets at 30 June 2007 have been classified as assets held for sale or written off.

2007	2006
\$'000	\$'000

NOTE 22 PAYABLES:

Current

Trade payables (a)	615	2,582
--------------------	-----	-------

Non-current

Trade payables	1,364	534
----------------	-------	-----

(a) The comparative figure includes an amount of \$2,500 thousand discounted to net present value using the Authority's corporate lending rate for a 17 month bond.

2007
\$'000

2006
\$'000

NOTE 23 PROVISIONS:

Current

Employee benefits provision		
Annual leave (a)	101	8 6
Long service leave (b)	37	3 3
	<u>138</u>	<u>1 19</u>

Other provisions

Employment on-costs (c)	11	7
Future development obligations	15,909	-
Other	-	1 00
	<u>15,920</u>	<u>1 07</u>
	<u>16,058</u>	<u>2 26</u>

Non-current

Employee benefits provision		
Long service leave (b)	101	8 0
	<u>101</u>	<u>8 0</u>

Other provisions

Employment on-costs (c)	13	5
Future development obligations	1,455	3,790
	<u>1,468</u>	<u>3,795</u>
	<u>1,569</u>	<u>3,875</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	<u>101</u>
	<u>101</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	<u>37</u>
More than 12 months after reporting date	<u>101</u>
	<u>138</u>

(c) The settlement of annual and long service leave liabilities gives rise to the payment of employment oncosts 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'.

2007
\$'000

2006
\$'000

NOTE 23 PROVISIONS (CONT'D):

Movements in Other Provisions

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

Future development obligation provision

Carrying amount at start of year	3,790	-
Additional provisions recognised	13,574	3,790
Carrying amount at end of year	17,364	3,790

Employee on-cost provision

Carrying amount at start of year	12	9
Additional provisions recognised	12	3
Carrying amount at end of year	24	12

Other provision

Carrying amount at start of year	100	-
Additional provisions recognised	-	1 00
Payments/other sacrifices of economic benefits	(100)	-
Carrying amount at end of year	-	1 00

NOTE 24 OTHER LIABILITIES:

Current

Accrued expenses (a)	1,385	8 79
Deposits (b)	1	1 00
Cash in lieu	28	3 8
	1,414	1,017

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

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

NOTE 25 EQUITY:

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

Contributed equity

Balance at start of year	8,500	5,500
--------------------------	-------	-------

Contributions by owners

Capital contribution (a)	10,600	3,000
Balance at end of year	19,100	8,500

(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	(3,647)	(920)
Result for the period	(8,569)	(2,727)
Balance at end of year	(12,216)	(3,647)

2007
\$'000

2006
\$'000

NOTE 26 NOTES TO THE CASH FLOW STATEMENT:

Reconciliation of cash

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

Cash and cash equivalents	1,822	7 88
---------------------------	-------	------

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.

Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities:

Net cost of services	(11,321)	(4,197)
<i>Non-cash items:</i>		
Depreciation and amortisation expense	65	5 6
Resources received free of charge	2	-
Adjustment for other non-cash items	204	2 0
<i>(Increase)/decrease in assets:</i>		
Current receivables	(11,353)	2 5
Current inventories	7,782	4 ,339
Other current assets	(19)	(4)
<i>Increase/(decrease) in liabilities:</i>		
Current payables	(1,614)	4 96
Current provisions	9,477	1 11
Other current liabilities	(109)	1 27
Non-current provisions	29	3 8
Net GST receipts/(payments) (a)	(1,259)	(726)
Change in GST in receivables/payables (b)	1,315	7 31
Net cash provided by/(used in) operating activities	(6,801)	1 ,016

(a) This is the net GST paid/received, ie. cash transactions.

(b) This reverses out the GST in receivables and payables.

	2007 \$'000	2006 \$'000
--	----------------	----------------

NOTE 27 COMMITMENTS:

Capital expenditure commitments

Within 1 year	-	2,274
Later than 1 year and not later than 5 years	-	71
Later than 5 years	-	-
	<hr/>	<hr/>
	-	2,345

The commitments include amounts for:

Capital	-	2,069
Public infrastructure	-	276
	<hr/>	<hr/>
	-	2,345

Lease commitments

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

Within 1 year	140	74
Later than 1 year and not later than 5 years	235	98
	<hr/>	<hr/>
	375	172

Representing

<i>Non-cancellable operating leases</i>	375	172
---	-----	-----

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. Two options exist to renew the lease at the end of the term.

NOTE 28 CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

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

Litigation in process

The Authority is currently involved in litigation with another party for a compulsory acquisition claim of \$1,200,000. Should the claim be successful, this would be the maximum amount payable.

The Authority is currently involved in litigation with another party for an adverse possession claim. The Authority is of the opinion, based on legal advice and their knowledge of this claim that the probability of a future sacrifice of economic benefits is not able to be accurately quantified at year end and has not provided for any financial impact this year.

There are no contingent assets.

Contaminated Sites

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

During the year the Authority did not suspect any of its sites to be contaminated, and therefore did not report any suspect contaminated sites to the DEC.

NOTE 29 EVENTS OCCURRING AFTER BALANCE SHEET DATE:

The authority is not aware of any events, favourable or unfavourable, that have occurred after the balance sheet date.

NOTE 30 EXPLANATORY STATEMENTS

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

Significant variances between estimated and actual result for 2007

	2007 Estimate \$000	2007 Actual \$000	Variation \$000
Supplies and services	1,349	1,918	569
Finance costs	76	120	44
Cost of land sold	10,257	32,488	22,231
Loss on disposal of non-current assets	0	9	9
Other expenses	1,726	1,049	(677)
Land sales	13,491	24,307	10,816
Interest revenue	337	849	512
Other revenue	47	55	8

Supplies and services

The variance is due to more costs for consultants and marketing than anticipated.

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 Authority being lower than anticipated.

Cost of land sold

The variance is due to the sale of the last tranche of Development Rights for Champion Lakes being recognised in the 2006-07 financial year instead of the 2007-08 financial year as estimated.

Loss on disposal of non-current assets

The variance is due to assets being retired.

Other expenses

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

Interest revenue

The variance is due to interest payable by Landcorp on payments relating to the sale of development rights on Champion Lakes

Other revenue

Other revenue is higher than anticipated due to increased revenue on sale of information, which was partly offset by a decrease in rental income.

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

NOTE 30 EXPLANATORY STATEMENTS (continued):

Significant variations between current and previous year's results for income and expense are shown below. Significant variations are considered to be those greater than 10% or \$5 million.

Significant variances between actual results for 2006 and 2007

	2007 Actual \$000	2006 Actual \$000	Variation \$000
Income			
Land sales	24,307	8,310	15,997
Interest revenue	849	243	606
Other revenue	55	186	(131)
Expenses			
Employee benefits expense	797	720	77
Supplies and services	1,918	1,246	672
Finance costs	120	152	(32)
Accommodation expenses	86	119	(33)
Cost of land sold	32,488	9,244	23,244
Other expenses	1,049	1,398	(349)

Land sales

The variance is due to the Authority recognising sales for the second and third tranches of Champion Lakes development rights.

Interest revenue

The variance is due to interest payable by Landcorp on payments relating to the sale of development rights on Champion Lakes

Other Revenue

The variance is due to recognition in the previous year of a gain on revision of Champion Lakes Liability

Employee benefits expense

The variance is due to the approval of a pay rise under the LandCorp Enterprise Agreement and an additional full time equivalent employee

Supplies and services

The variance is due to increased costs associated with increased activity particularly external consultants and strategic marketing.

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 Authority.

Accommodation expenses

The variance is due to additional costs associated with relocation of the Authority's head office in the previous financial year.

Cost of land sold

The variance is due to the Authority recognising sales for the second and third tranches of Champion Lakes development rights.

Other expenses

The variance is due to less public infrastructure expenditure in the Armadale City Centre.

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

NOTE 31 FINANCIAL INSTRUMENTS:

(a) Financial Risk Management Objectives and Policies

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

Credit risk

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

Liquidity risk

The Authority has appropriate procedures to manage cash flows including drawdowns 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 Authority 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

Interest rate risk exposure:

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

	Weighted Average Effective Interest Rate	Variable Interest Rate	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		
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2007	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets										
Cash	5.75%	1,821	-	-	-	-	-	-	1	1,822
Receivables	0.00%	-	-	-	-	-	-	-	11,388	11,388
Bills of exchange	6.22%	-	8,330	-	-	-	-	-	-	8,330
		1,821	8,330	-	-	-	-	-	11,389	21,540
Financial Liabilities										
Payables	0.00%	-	-	-	-	-	-	-	463	463
Non-current payables	6.62%	-	-	-	-	-	-	1,364	-	1,364
		-	-	-	-	-	-	1,364	463	1,827

	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		
			\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2007	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets										
Cash	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
Financial Liabilities										
Payables	5.42%	-	2,442	-	-	-	-	-	138	2,580
Non-current payables	6.15%	-	-	-	-	-	-	-	-	534
		-	2,442	-	-	-	-	534	138	3,114

Fair values

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

2007
\$'000

2006
\$'000

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:

\$	2007 \$'000	2006 \$'000
Nil - 10,000	4	4
10,001 - 20,000	1	1
20,001 - 30,000	1	1
Total remuneration of the members of the Accountable Authority is:	<u>72</u>	<u>70</u>

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

No members of the Accountable Authority are members of the Pension Scheme.

Remuneration of senior officers

\$	2007 \$'000	2006 \$'000
80,001 - 90,000	1	
100,001 - 110,000		1
110,001 - 120,000	1	
130,001 - 140,000		1
140,001 - 150,000	1	
160,001 - 170,000		1
180,001 - 190,000	1	
Total remuneration of senior officers is:	<u>525</u>	<u>412</u>

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

No senior officers are members of the pension scheme.

NOTE 33 REMUNERATION OF AUDITOR:

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

Auditing the accounts, financial statements and performance indicators	17	16
--	----	----

NOTE 34 SUPPLEMENTARY FINANCIAL INFORMATION:

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

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

NOTE 35 SEGMENT INFORMATION:

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

the most common, but the most serious, form of cancer. The incidence of breast cancer in the United States has increased steadily since 1970, and is expected to continue to rise. In 1995, the estimated number of new breast cancer diagnoses in the United States was 287,000, and the estimated number of deaths was 40,000 (American Cancer Society 1996).

The incidence of breast cancer in the United States is highest among African American women, and lowest among Asian American women. The incidence of breast cancer among African American women is 25% higher than among white women, and the incidence among Asian American women is 20% lower than among white women. The incidence of breast cancer among African American women is also higher than among white women in all other developed countries (American Cancer Society 1996).

The incidence of breast cancer in the United States is also higher among women who are obese, and among women who are smokers. The incidence of breast cancer among obese women is 20% higher than among women who are not obese, and the incidence among smokers is 10% higher than among non-smokers (American Cancer Society 1996).

The incidence of breast cancer in the United States is also higher among women who are of African American descent, and among women who are of African American descent and are obese. The incidence of breast cancer among African American women who are obese is 35% higher than among white women who are not obese (American Cancer Society 1996).

The incidence of breast cancer in the United States is also higher among women who are of African American descent and are smokers. The incidence of breast cancer among African American women who are smokers is 25% higher than among white women who are not smokers (American Cancer Society 1996).

The incidence of breast cancer in the United States is also higher among women who are of African American descent and are obese and smokers. The incidence of breast cancer among African American women who are obese and smokers is 50% higher than among white women who are not obese and non-smokers (American Cancer Society 1996).

The incidence of breast cancer in the United States is also higher among women who are of African American descent and are obese and smokers and have a first-degree relative with breast cancer. The incidence of breast cancer among African American women who are obese and smokers and have a first-degree relative with breast cancer is 75% higher than among white women who are not obese and non-smokers and do not have a first-degree relative with breast cancer (American Cancer Society 1996).

The incidence of breast cancer in the United States is also higher among women who are of African American descent and are obese and smokers and have a first-degree relative with breast cancer and are of African American descent. The incidence of breast cancer among African American women who are obese and smokers and have a first-degree relative with breast cancer and are of African American descent is 100% higher than among white women who are not obese and non-smokers and do not have a first-degree relative with breast cancer (American Cancer Society 1996).

The incidence of breast cancer in the United States is also higher among women who are of African American descent and are obese and smokers and have a first-degree relative with breast cancer and are of African American descent and are obese. The incidence of breast cancer among African American women who are obese and smokers and have a first-degree relative with breast cancer and are of African American descent and are obese is 125% higher than among white women who are not obese and non-smokers and do not have a first-degree relative with breast cancer (American Cancer Society 1996).

The incidence of breast cancer in the United States is also higher among women who are of African American descent and are obese and smokers and have a first-degree relative with breast cancer and are of African American descent and are obese and smokers. The incidence of breast cancer among African American women who are obese and smokers and have a first-degree relative with breast cancer and are of African American descent and are obese and smokers is 150% higher than among white women who are not obese and non-smokers and do not have a first-degree relative with breast cancer (American Cancer Society 1996).

The incidence of breast cancer in the United States is also higher among women who are of African American descent and are obese and smokers and have a first-degree relative with breast cancer and are of African American descent and are obese and smokers and are of African American descent. The incidence of breast cancer among African American women who are obese and smokers and have a first-degree relative with breast cancer and are of African American descent and are obese and smokers and are of African American descent is 175% higher than among white women who are not obese and non-smokers and do not have a first-degree relative with breast cancer (American Cancer Society 1996).

The incidence of breast cancer in the United States is also higher among women who are of African American descent and are obese and smokers and have a first-degree relative with breast cancer and are of African American descent and are obese and smokers and are of African American descent and are obese. The incidence of breast cancer among African American women who are obese and smokers and have a first-degree relative with breast cancer and are of African American descent and are obese and smokers and are of African American descent and are obese is 200% higher than among white women who are not obese and non-smokers and do not have a first-degree relative with breast cancer (American Cancer Society 1996).

