



MIDLAND
REDEVELOPMENT
AUTHORITY

ANNUAL REPORT
2005

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Statement of Compliance

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

Dear Minister

In accordance with Section 66 of the *Financial Administration and Audit Act 1985*, we hereby submit for your information and presentation to Parliament the Annual Report of the Midland Redevelopment Authority for the year ended 30 June 2005.

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

Yours sincerely



Dr Fred Affleck
CHAIRMAN



Phil DiMasi
DEPUTY CHAIRMAN

30 August 2005

Mandate

The Midland Redevelopment Authority (MRA) is established under the *Midland Redevelopment Act 1999* (the Act) and is responsible to the Minister for Planning and Infrastructure. The MRA commenced operations on 1 January 2000.

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

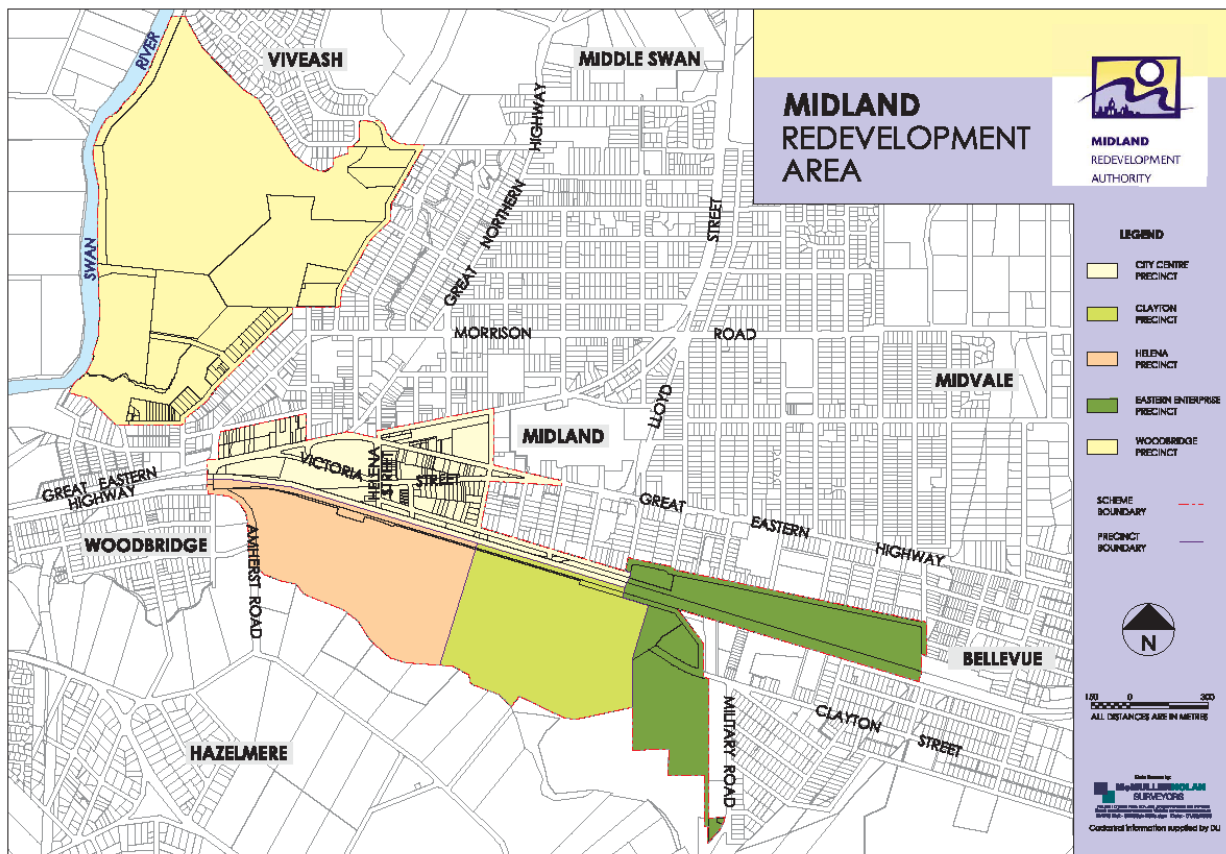
The MRA is also subject to the *Financial Administration Audit Act 1985* and other relevant State legislation not specially provided for under the Act. It must also comply with all accountability and reporting requirements of the State Government.

The Midland Redevelopment Area

The Redevelopment Area is defined in Schedule 1 of the Act and covers an area of about 256 hectares in two parcels of land.

The northern section, located in West Midland and known as Woodbridge, abuts the Swan River and covers the Ray Marshall Park and adjacent areas.

The other land parcel is known as Midland Central and covers part of the town centre, the Railway Workshops site and the WA Meat Industry Authority saleyards.



The Year at a Glance

Achievements

- Investing a further \$16.799 million in infrastructure works, including completing Stage 1 of the first residential subdivision (Woodbridge Lakes), constructing various commercial lots and completing further remediation of the WA Police Service site.
- Land sales totalling \$16.941 million, including the sale of a 4.27 ha bulky goods site on Clayton Street which set a new benchmark for commercial land values in Midland. A trading profit for the year of \$9.982 million, enabling the net debt target of \$31.143 million to be met.
- Approving 27 Development Applications with a total construction value of more than \$30 million.
- Successful celebrations of the Centenary of the Workshops, culminating in the naming of the Railway Workshops as a Western Australian heritage icon and the restoration and adaptation of the former Timekeeper's Office to create the Railway Workshops Interpretive Centre.

Setbacks

- As was the case last year, the MRA's plans to release another 1.8 ha of land in Clayton Precinct on the eastern end of the redevelopment area adjacent to the existing Harvey Norman development were delayed by the WA Meat Industry Authority's relocation from the site not progressing as anticipated.
- The Midland Train Station and its environs presents a major urban design/renewal opportunity that the MRA has not yet fully grasped. In the coming year the MRA will increase its commitment to work with the precinct's major stakeholders to find a financially feasible development approach to revitalise this major site.

Issues

- A major challenge for the MRA since its inception has been to create 'dress circle' real estate in Midland. The successful sale of Woodbridge Lakes Stage 1 and the early DAs received for the lots indicate that the goal of attracting high quality housing investment in Midland is well on the way to being realised.
- Most of the high value heritage buildings are located in the Helena precinct. The MRA is in the process of creating the concept of a Workshops Village in this area that integrates residential uses, significant public spaces, a rail heritage centre, a creative industries cluster and education facilities by adapting the heritage buildings and creating new development sites on adjacent vacant land.

Financial Indicators

Indicator	2005/06 \$Million Estimated	2004/05 \$Million Actual	2004/05 \$Million Estimated
Land sales	14.613	16.941	18.179
Other revenue	0.303	0.657	0.315
Trading profit	4.534	9.982	3.790
Capital works	11.835	16.799	13.033
Total borrowings	28.199	30.823	28.550
Debt servicing costs	1.749	1.814	1.758

Highlights of the Year

- Completing Stage 1 of the Woodbridge Lakes residential subdivision and bringing 29 single residential lots to market, with all 13 in the first release sold at auction.
- Construction of five other lots – one large format retail, one commercial and three mixed-use lots.
- 27 development applications approved with a total construction value of more than \$30 million.
- The announcement of a \$14.245 million State Government capital works allocation for the restoration of key Railway Workshops heritage buildings.
- Substantial progress made on plans for an integrated Workshops Village comprising an education precinct, a rail heritage centre and commercial and residential development.
- The sale of a 4.27 ha bulky goods site on the corner of Clayton and Lloyd Streets for \$11.771 million, a new benchmark for a greenfields site in the area.
- Publication of *Midland Metro Concept Plan 2010* report and summary brochure.
- Public art installations in Coal Dam Park, Woodbridge Lakes and the city centre.
- The restoration and fitout of the Railway Workshops Interpretive Centre, and the creation of a heritage walk leading from the centre to the main Workshops buildings.
- Celebrating the centenary of the Railway Workshops with a number of events and activities including an Open Day, the dedication of Stage II of the Workers' Wall and a *Tribute to Paul Robeson* picnic concert attended by 3000 people.
- The Railway Workshops being named a Western Australian heritage icon in recognition of the site's social and economic contribution to the State's development.
- Completing the remediation of the WA Police Service site.
- The release of the MRA's comprehensive heritage strategy that guides all work on the Railway Workshops site.

Vision

Midland as a vibrant regional centre with a strong sense of identity, recognised for its cultural diversity and growing opportunities in commerce, education and the arts.

Mission

Revitalising Midland.

Objectives and Functions

The MRA operates under the following guiding objectives for the overall project to realise its vision for Midland:

- Revitalise Midland and strengthen it as a strategic regional centre
- Integrate development to ensure maximum benefits for the city and the community
- Maintain and enhance environmental, social, heritage and cultural values within and around the redevelopment area
- Invest responsibly for sustainable economic outcomes.

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

Chairman's Report

Five years after the MRA began work, Midland is going through a remarkable renaissance. There is significant activity in all four precincts of the Midland Central redevelopment area.

In the city centre the mixed-use subdivision in The Crescent is sold out and Juniper Gardens is nearing completion. On the Workshops site only a few lots remain in Stage 1 of Woodbridge Lakes, the premium residential area, and another 54 will be brought to the market by the end of 2005. A \$14.25 million heritage conservation project is underway to give several Workshops heritage buildings another 100 useful years and facilitate more investment in an integrated Workshops Village.

In Clayton precinct the biggest WA Police Service complex in the State is taking shape. A total of 1000 police employees will be relocated in Midland by the end of 2008. Nearby in the large format retail precinct on the corner of Lloyd and Clayton Streets, one of Australia's largest Harvey Norman stores is trading strongly. When completed this area will be Perth's premier bulky goods shopping destination. On the eastern edge of the Workshops, planning is underway for the land to be vacated by the WA Meat Industry Authority.

The MRA has completed a third of the allotted 15 years for the redevelopment of Midland and is more than halfway towards one of its principal goals – creating 4000 jobs to replace those lost when the Workshops closed. Total Government and private sector investment in the area now totals several hundred million dollars and rises every day.

In the last few years planning for Perth's future has moved ahead rapidly. Projects like the Midland urban renewal have come to the forefront as examples of how best to develop under-utilised land along the main transport corridors.

However, it's not all about land sales and buildings. There are superb, creative art works throughout the site that reinforce Midland's unique character and sense of cultural identity and heritage. Like all good public art, they liven up the streetscapes and are popular with the community.

While there is still a lot to be done, the last 12 months have seen excellent progress.

I congratulate the two City of Swan Board members, Cr Charlie Zannino and Cr Joe Marino, on their reappointment to the MRA. Their contribution, and that of Philippa Rogers and Phil DiMasi, is highly valued and ensures the continued stability of the Board.

My sincere thanks go to our hard-working Minister Alannah MacTiernan, and Midland MLA Michelle Roberts for their guidance and support, and to the committed and highly productive MRA staff and consultant team who set new standards of excellence every year.



Dr Fred Affleck
CHAIRMAN

Board

The MRA has five Board members, three nominated by the Minister for Planning and Infrastructure and two nominated by the City of Swan. This close connection with the City of Swan reflects a genuine partnership between the MRA and the City for the revitalisation of Midland.

The members represent a broad spectrum of knowledge and experience in fields appropriate to the activities of the MRA. Current Board Members are Dr Fred Affleck (Chairman), Mr Phil DiMasi (Deputy Chairman), Cr Charlie Zannino, Cr Joe Marino, and Ms Philippa Rogers.

Dr Fred Affleck, Chairman

Dr Affleck is a transport expert with a strong industry and academic background. He is Professor of Transport Studies at Murdoch University and Director of the Planning and Transport Research Centre.

Dr Affleck has held public service, senior management and consulting roles in NSW, Victoria, South Australia and WA. He is a member of the National Council of the Australasian Railway Association Inc, a Fellow of the Australian Institute of Company Directors and a Fellow of the Chartered Institute of Logistics and Transport.

Mr Phil DiMasi, Deputy Chairman

Mr DiMasi was born in Midland and completed his secondary education there. He has been involved in the building industry for many years and is the founder and Managing Director of Ventura Homes.

Mr DiMasi has served on the board of the executive council of the Housing Industry Association and is a member of the Master Builders Association and the Australian Institute of Management.

Ms Philippa Rogers

Ms Rogers is a local government heritage officer and advocate for rail heritage, with extensive knowledge of WA railways history. Her publication on WA railways in World War II, 'Troops, Trains and Trades', is regarded as a definitive work on the contribution of rail - particularly the Midland Railway Workshops, including female workers - to the State's war effort.

Ms Rogers is also treasurer of Rail Heritage WA, a committee chair of the National Trust and a member of other historical societies and several Midland community groups.

Cr Charlie Zannino

Cr Zannino owns and operates a vineyard in the Swan Valley and has business interests there, in Midland and Belmont. He was first elected to council in 1987, was Shire President from 1991 to 1993 and Mayor from May 2001 to May 2003.

Cr Joe Marino

Cr Marino is an accountant with extensive experience in the public sector. He is an officer in the Department of Premier and Cabinet, and was first elected to council in 1997.

Cr Marino is a Board member of the Swan Chamber of Commerce, Chairman of the Eastern Horizons Taskforce and holds office in several other community groups including the Swan Aged Persons Home Trust and the Swan City Youth Service.

Organisational Structure

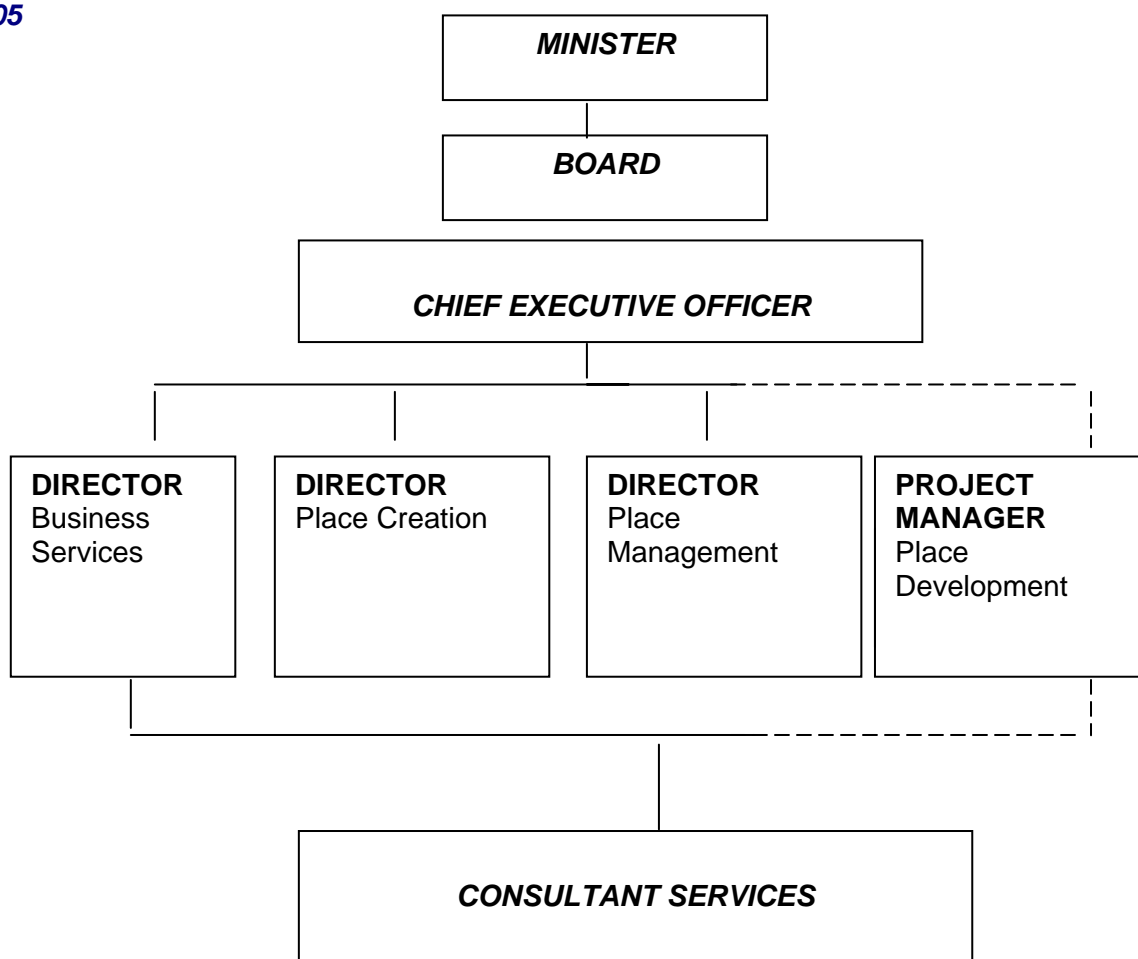
The Chief Executive Officer administers the day-to-day operations of the MRA and has prescribed delegated authority for particular management decisions. With the exception of the Chief Executive Officer, the MRA employs no staff directly; support is provided by staff seconded from other State Government agencies or on contract terms and by consultants. At 30 June 2005, seven staff were on secondment and one on contract to the MRA.

The organisation supporting the MRA has been structured to reflect its functional programs. The operating sections of the MRA are:

- Place Creation
- Place Development
- Place Management
- Business Development

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

Organisation Chart June 2005



The Chief Executive Officer is Kieran Kinsella.

The MRA staff for 2004/05 were:

Director Business Services	Chris Porter
Director Place Creation	Megan Bartle
Director Place Management	Kim Hutchinson
Management Accountant	John Segui (part year)
Planning Manager	Cath Blake-Powell
Business Support Officer	Nicole Carey
Executive Assistant	Marina Hodda (part year)
Customer Service Officer	Christine May

Key consultants as at 30 June 2005 were:

Project Management	Clifton Coney Group
Heritage	Heritage & Conservation Professionals
	Palassis Architects
Environment	ENV Australia (to May 2005)
	ATA Environmental (from May 2005)
Engineering	Wood & Grieve Engineers
Landscaping	Tract (WA) Pty Ltd
Accounting Services	Ernst & Young
Audit Services	Internal Audit – Ernst and Young
	External Audit – Office of Auditor General
Public Relations	Roberts Thorn Consulting

Chief Executive Officer's Report

The MRA's mission is to revitalise Midland. This is the ultimate goal of the activities we call Place Making, which bring together the professional disciplines of business planning, land acquisition, urban design, architecture, economics and other related areas to develop the vision and planning framework for the development of land in the redevelopment area.

Fine-tuning of master plans through consulting with the community is an important part of Place Making and ensures understanding and acceptance of the planning outcomes.

Four *Key Result Areas* (KRAs) combine to deliver the MRA's Place Making activities – Place Creation, Place Development, Place Management and Business Services.

- **Place Creation**

Place Creation translates the vision for the redevelopment area into the detailed planning program that prepares and delivers land for development. It shapes the physical outcomes of the Midland redevelopment project and provides integrated, sustainable development solutions for each distinct parcel of land.

Key outcomes in 2004/05 included the gazettal in February 2005 of the consolidated Redevelopment Scheme for the whole redevelopment area, significant progress on the Swan Regional Riverside Park masterplan project (with the City of Swan), the transit-oriented development project around the Midland rail station and the Rail Heritage Centre project.

Work also progressed on the Midland education precinct, including investigating the potential for a rail training facility. A conservation plan for the Foundry, proposed for use by creative industries, was completed in March 2005.

The MRA Board adopted a sustainability statement and action plan in February 2005.

A community-led management plan for the Helena River parklands made progress, with the MRA sponsoring three local schools to propagate indigenous trees for restoration works along the river banks.

Preliminary approval was gained for Woodbridge Lakes Stage II (another 52 single residential and three mixed-use lots).

Design guidelines were prepared for Woodbridge Lakes, the large format retail area in Clayton precinct and City Centre East.

During the year the MRA approved 27 development applications with a total construction value of \$30,182,879. These included the WA Police Service forensics building, a community housing project, mixed-use developments in The Crescent, the medical centre in The Crescent and Woodbridge Lakes Stage 1 housing.

Other achievements included publication of *Midland Metro Concept Plan 2010* report and summary brochure, public art installations in Coal Dam Park, Woodbridge Lakes and the City Centre, the restoration and fitout of the Railway Workshops Interpretive Centre and detailed design development for the Workshops Village.

- **Place Development**

Place Development implements the detailed plans for the land being redeveloped and prepares the product for the market. This includes the environmental remediation, infrastructure, subdivision works and development control required to prepare and develop the land for sale.

Projects valued at \$16.66 million were undertaken during the year, with most completed by 30 June 2005. On the Workshops site the Interpretation Centre was refurbished and fitted out, stage 1 of an irrigation upgrade completed and the remediation and Stage 1 of the Woodbridge Lakes residential subdivision was completed and 29 single residential lots brought to market. Five other lots were constructed – one large format retail, one commercial and three mixed-use lots.

The remediation of Woodbridge Lakes Stage II and the western part of Workshops Village was completed, and construction begun of Stage II (52 lots).

Some Workshops buildings of little heritage significance were demolished. The remediation of the eastern section of Helena precinct is awaiting approval by the Department of Environment and will proceed during the coming year.

In the city centre, work was substantially completed on the Juniper Gardens mixed-use subdivision in The Crescent, including the public open space to be named after renowned artist Robert Juniper.

In Clayton precinct, remediation was completed of the remainder of the WA Police Service site and of the large bulky goods site on the corner of Lloyd Street and Clayton Street sold during the year. A large lot next to the new Harvey Norman store on the opposite corner was also remediated and was being prepared for sale.

- **Place Management**

Place Management fosters and promotes the growing new community. It involves managing the MRA's assets and developing initiatives to realise opportunities in commerce, education and the arts in the Midland area.

The goal of Place Management is to activate the MRA's buildings and public spaces to attract new economic and enterprise initiatives, enhance cultural diversity and make the city a vibrant, interesting and welcoming place.

In 2004/05 a new security contract was tendered and new organisation appointed to manage security on the Railway Workshops site. This contract together with several safety initiatives has assisted the MRA to reduce risk on the site.

New landscape contractors were appointed to maintain the MRA's landscaping assets and a new bore commissioned to supply water to the landscaped areas. The MRA reuses storm water on the Railway Workshops site to augment underground water supplies used for reticulation.

The MRA again sponsored the National Review of Live Art at the Railway Workshops and the annual Winterfest youth festival.

The centenary of the Midland Railway Workshops was celebrated with a number of events and activities including an Open Day, the dedication of Stage II of the Workers' Wall and a *Tribute to Paul Robeson* picnic concert.

The restored Time Keeper's Office is now the Railway Workshops Interpretive Centre and provides tours of the Railway Workshops several days a week. A heritage walk trail leads from the centre to the main heritage buildings and features, with interpretive panels to identify significant points of interest for visitors.

Several organisations used the Workshops for functions and special events. The MRA supported local media and arts students by allowing use of the Railway Workshops to produce films, videos and plays.

The MRA completed extensive condition reports on several of the heritage buildings in preparation for their restoration.

The MRA's public art continues to attract interest and is increasing popular with tourists and visitors to the region. Stage II of the Workers Wall project saw additional art works integrated into new wall panels. Together with the Railway Workshops Interpretive Centre, opened in April, the Railway Workshops and the Midland city centre are becoming a significant cultural tourism destination.

• **Business Services**

Business Services provides administrative and financial support for the MRA's internal and external customers.

The Business Services Directorate manages the commercial operations of the MRA, including the procurement and development for sale of the MRA's residential and commercial land holdings. It also aims to maximise commercial opportunities for the MRA's existing buildings.

The MRA was successful in several residential, mixed use and commercial land sales in 2004/05. In central Midland the MRA's first release of 13 mixed-use lots were all sold and settled at prices well above reserves. The buyer of the first commercial site in central Midland (settled in February 2005) was a consortium proposing to develop a major health services facility, in line with the MRA's design guidelines for this precinct.

In December 2004 the MRA's release of commercial land by public tender resulted in competitive tender bids and a price well over the forecast reserve. The developer, Midland Central Pty Ltd, proposes a large format retail complex on the southwest corner of Lloyd and Clayton Streets at the eastern end of the Railway Workshops site. The project will create up to 150 new jobs, with the consortium investing more than \$20 million in new facilities.

A major success for the MRA was the release of its Woodbridge Lakes residential development with 29 lots offered for sale early in 2005. The Woodbridge Lakes residential development, on the western end of the former Railway Workshops site, includes several areas of public open space. At 30 June 2005, 20 of the 29 lots in the subdivision had sold.

During the year the MRA continued negotiations with the WA Meat Industry Authority for the acquisition of their Crown Reserve site, Lot 14240, located on the northern side of Clayton Street. A sale agreement was reached between the parties and the Department for Planning and Infrastructure following an agreed valuation for the 1.7 hectare site, and settlement will occur in November 2005. The acquisition of the property will consolidate the MRA's land holdings in its Eastern Enterprise precinct and provide improved development opportunities in this area.

In June 2004 the MRA reached agreement with the WA Police Service for the sale of a large parcel of land (approximately 16 hectares) on the Railway Workshops site. The agreement will provide sufficient land to allow the completion of the WA Police Service Operational Support Facility.

External providers delivered a range of necessary corporate support services during the year. The previously outsourced contract for key accounting bureau services managed by Ernst and Young ceased on 30 June 2005, with additional MRA staff resources providing these services in the future. Advice provided by firms including Jackson McDonald, Minter Ellison, the State Solicitor's Office and Watts and Woodhouse met requirements for legal services.

Other Legislation

In all its programs and their delivery, the MRA 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 MRA is aware of its obligations under such acts as the *Disability Discrimination Act 1992* and the *WA Disability Services Act (1993)*. It gives close attention to disabled access in the design of refurbished and new buildings and in landscaping public areas, and to current transport access code requirements.

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

In 2004/05 the MRA complied with the following legislation:

- *Government Employees Superannuation Act 1987*
- *Occupational Health, Safety & Welfare Act 1984*
- *Official Corruption Act 1988 (a nil report was filed for the year)*
- *Principles, procedures and policies of public administration and management were applied in accordance with the Act and regulations. The MRA has developed a code of conduct to ensure it operates within the Government's Code of Ethics*
- *State Supply Commission Act 1991*
- *Workers Compensation and Injury Management Act 1981*
- *Industrial Relations Act 1979*
- *Aboriginal Heritage Act 1972*
- *Heritage of Western Australia Act 1990*
- *Public Sector Management Act 1994*
- *Environmental Protection Act 1986*
- *Swan River Trust Act 1988*
- *Water and Rivers Commission Act 1995*

Reporting Requirements

Midland Redevelopment Act 1999 Section 21 (3)

Section 20(3) of the Act requires Ministerial approval for the MRA to enter into contracts with a value in excess of \$1,000,000. In accord with Section 21(3) of the Act all such ministerial approvals under Section 20(3) are required to be reported in the annual report. There were three such contracts in 2004/05:

- August 2004 - Woodbridge Lakes stage 1 subdivision works, Sector 11C & 12, awarded to Works Infrastructure for \$2,464,671 + GST
- November 2004 - City Centre East subdivision works awarded to Ertech Pty Ltd for \$1,456,251 + GST
- April 2005 - Woodbridge Lakes stage 2 subdivision works for Sector 11C & 12, awarded to Works Infrastructure for \$2,747,163 + GST.

Community Outcomes

The MRA has a Customer Service Charter that reflects its commitment to ensure the redevelopment has maximum benefits to the city and its community.

The MRA has a Disability Services Plan approved by the Disability Services Commission.

Advertising and Sponsorship

Expenditure incurred by the MRA during 2004/05 in relation to Section 175ZE of the *Electoral Act 1907* was as follows:

Advertising agencies	
- Gatecrasher	\$141,972
Market research organisations	Nil
Polling organisations	Nil
Direct mail organisations	
- Lasermail	\$3,235
Media advertising organisations	
- Marketforce Productions	\$198,383

Waste Paper Recycling

The MRA uses Specialised Security Shredding for waste paper removal. The contractor collects all grades of paper except cardboard. The collection and destruction of confidential material is included in this contract.

Energy Smart Government Policy

As the MRA has less than 25 FTEs, no report is required on the performance of energy saving initiatives against the Energy Smart Government policy objectives. However, the MRA is aware of the objective and makes every effort to save energy by ensuring minimal use of lights, heating and other appliances in its offices.

Evaluations

The MRA did not undertake any program evaluations in the 2004/05 financial year.

Recordkeeping

The MRA has in place an efficient and effective recordkeeping system that is reviewed in accord with the requirements of the State Records Commission Standard 2. The system is due for evaluation in 2005/06.

The MRA 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

The MRA Board approved the MRA's Sustainability Action Plan in December 2004. Since then a number of initiatives have been progressed at both a strategic and operational level in order to align business activities with the Government's sustainability aspirations.

It has been a refreshing process, given the finding that a lot of MRA activities and successes appear to be well within the sustainability framework defined by the Sustainability Code of Practice.

The MRA's Sustainability Action Plan is ordered according to the three key sustainability principles:

1. Planning reporting and decision-making are conducted in accordance with sustainability principles
2. Agency operations support sustainability
3. Public sector employees are encouraged and empowered to support sustainability.

Within these three categories there are 49 specific actions relevant to the MRA's business. Responsibility for the actions has been allocated according to business units and timeframes set to achieve these actions. The MRA's performance according to the principles at 30 June 2005 is:

Principle	Total actions	% Completed	% Commenced or on-going	% To be started by end 2005
Principle 1	18	21	58	21
Principle 2	19	5	90	5
Principle 3	12	8	58	34

The framework applies responsibility to each action and allows ease of discussion of the MRA's sustainability performance at senior management meetings.

Corruption Prevention

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

Freedom of Information

The MRA is subject to the *Freedom of Information (FOI) Act 1992*. Chris Porter, Director Business Services is appointed Freedom of Information Coordinator and is the initial recipient of requests for information under the Act.

There were no FOI requests in the year under review.

Statement of Compliance with Public Sector Standards

1. In the administration of the Midland Redevelopment Authority, I have complied with the Public Sector Standards in Human Resource Management and the Western Australian Public Sector Code of Ethics.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal checks to satisfy myself that the statement made in 1. above is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:
 - Number lodged: *Nil*
 - Number of breaches found, including details of multiple breaches per application: *Nil*
 - Number still under review: *Nil*.
4. The MRA has appointed Chris Porter, Director Business Services as a Public Interest Disclosure officer and has established internal procedures relating to the MRA's obligations under the *Public Interest Disclosure Act 2003*. The MRA is aware of its obligation to provide protection for people who make a public interest disclosure and the outcome of that assessment

No public interest disclosures were made during the year in review.



Kieran Kinsella
Chief Executive Officer

30 August 2005

Certification of Performance Indicators

We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Midland Redevelopment Authority's performance, and fairly represent the performance of the Midland Redevelopment Authority for the financial year ended 30 June 2005.



Dr Fred Affleck
Chairman



Phil DiMasi
Deputy Chairman

30 August 2005



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

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

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Midland Redevelopment 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 2005.

Scope

The Board's Role

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

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

Summary of my Role

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

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

D D R PEARSON
AUDITOR GENERAL
19 October 2005

MIDLAND REDEVELOPMENT AUTHORITY

Objective

To contribute, through the delivery of the Concept Plan, to:

- The revitalisation of Midland;
- The environmental rehabilitation of the area
- Expansion of the economic base for the area

Performance Indicators

The Midland Redevelopment Authority (MRA) was set up to rejuvenate the land in the redevelopment area and to improve the strategic development of Midland as an important regional centre.

The MRA has made significant progress with obtaining the essential approvals from the various regulatory authorities including heritage and environmental approvals for certain precincts. This has resulted in the MRA achieving planning authority over these precincts which replaces City of Swan and WA Planning Commission town planning approval processes.

Outcomes

1. The revitalisation of Midland

Outcome - To improve the strategic development of Midland as an important regional centre

The MRA has significant land holdings in Midland comprising the former Midland Railway Workshops site and areas within Midland town centre itself. The release of commercial land for sale continued in 2004/05 which will provide land to create significant investment in Midland and also generate employment opportunities during the construction phase of new developments as well as long term employment growth with new industries. The successful release of large format retail commercial land in 2003/04 was followed up in 2004/05 with a price well over the forecast reserve being achieved for a commercial land release of a large 42,754 square metre site for large format retail land uses on the former Midland Railway Workshops site. The project will create up to 150 new jobs, with the consortium investing more than \$20 million in new facilities.

In 2004/05 the MRA commenced its residential land sales program with its Woodbridge Lakes sub division. Following a successful auction on 19 February 2005 of all 13 lots offered for sale, a further 7 of the remaining 16 lots were sold by 30 June 2005. Following the 2003/04 commencement of the release of mixed use land (residential/commercial) a further successful auction occurred in 2004/05 with all 7 lots (2,161m²) sold in the Crescent Midland.

Effectiveness Indicator - Land developed for sale

	Cumulative total as at 30/06/03 (m ²)	Land Development 2003 / 04 (m ²)	Land Development 2004 / 05 (m ²)	Cumulative Total as at 30/06/05 (m ²)	Total Land Available 30/06/05 (m ²)	Cumulative % of Land Developed (m ²)
Commercial: - In progress - Complete	0 21,832	146,400 536	25,434 190,901	171,834 213,269	406,000	42.3% 52.5%
Residential: - In progress - Complete	9,900 0	0 1,694	17,193 12,061	27,093 13,755	143,000	18.9% 9.6%
Total - In Progress - Complete	9,900 21,832	146,400 2,230	42,627 202,962	198,927 227,024	549,000	36.2% 41.4%

2. The environmental rehabilitation of the area

Outcome – The environmental rehabilitation of former industrial sites

Documentation of an approved Public Environmental Review (PER) process for environmental remediation works for the Railway Workshops is currently being implemented. As the PER is the benchmark for effectively implementing the remediation, work will be measured against the approved conditions. All work has been carried out to the satisfaction of the Department of Environment in accordance with the PER documentation of the approved remediation works program.

Effectiveness Indicator – Sites investigated and extent of remediation completed

Environmental investigations and clearances are required for all of the MRA's land holdings. Prior to its sub division and development any land affected by contamination must be investigated and remediated to the satisfaction of the Department of Environment.

	Cumulative total as at 30/06/03 (hectares)	2003/2004 (hectares)	2004/2005 (hectares)	Cumulative total as at 30/06/05 (hectares)
Area under investigation	70.76	1.332	0.0000	72.092
Area under remediation	1.85	12.6385	31.5863	46.0748
Remediation completed	1.85	12.6385	14.5178	29.0063

The MRA's total land holding comprised 72.092 hectares. The above table shows that in 2003/04 a total of 14.4885 hectares had received clearance by the Department of Environment with the remediation completed by 30 June 2004. Remediation works which commenced in 2004/05 in the MRA's Clayton Precinct covering a land area of 14.5178 hectares, were completed in May 2005. This means that a total of 29.0063 hectares have now been fully remediated since 2000. Planning for the remediation of the Helena East Precinct comprising of 17.0685 hectares of land is underway. The Helena East Precinct is deemed to be the most heavily contaminated area within the former Midland Railway Workshops.

3. Expansion of the economic base for the area

Outcome – Expansion of the economic base for the area

The MRA is seeking to expand the economic base of the area by increasing the availability and quality of residential and commercial land. The preparation of residential and commercial sub divisions and the anticipated land sales should lead to increased population, improved employment opportunities and increase the level of economic activity in the area.

Effectiveness Indicator - Sub division of land for development

	2002/03		2003/04		2004/05		Cumulative Total	
	Commercial (No Lots)	Residential (No Lots)	Commercial (No Lots)	Residential (No Lots)	Commercial (No Lots)	Residential (No Lots)	Commercial (No Lots)	Residential (No Lots)
No. of sub divisions lots commenced	48	13	4	29	12	53	64	95
No. of Lots seeking clearance	Nil	Nil	Nil	29	Nil	Nil	0	29
No. of Lots finalised	Nil	Nil	5	13	1	29	6	42

The above table shows that the commencement of the 29 lot Woodbridge Lakes sub division occurred in 2003/04 and was completed in 2004/05 enabling the land sales program to commence in February 2005. In 2004/05 the MRA's Helena Precinct Sector 11C/12 sub division commenced comprising 53 residential lots and 3 commercial lots on the Midland Railway Workshops site. The MRA's Juniper Gardens 9 lot commercial development, in Midland town centre, also commenced in 2004/05.

Effectiveness Indicator - Improvement in value of MRA land holdings

The MRA has commenced the provision of infrastructure works on its sites leading to an increase in land value of these properties. With the planned land uses, as developed in the MRA's Concept Plan for the various sites, it is anticipated that a significant increase in value will be realised.

The table below provides Department of Land Information valuations of the MRA land holdings for the period 2000/01 to 2002/03 based on the land zonings prior to the introduction of the MRA's Redevelopment Scheme for each precinct. The valuation for 2003/04 and 2004/05 reflects the impact of the Redevelopment Scheme zonings on land values and the commencement of infrastructure works leading to the recently created sub divisions of Juniper Gardens (commercial), Woodbridge Lakes (residential) and Clayton (commercial).

Land Use	Original Valuation 2000/2001 (\$million)	Valuation 2001/2002 (\$million)	Market Valuation 2002/2003 (\$million)	Market Valuation 2003/2004 (\$million)	Market Valuation 2004/2005 (\$million)
All uses	14.150	20.085	23.250	34.710	48.346

Advice from the MRA's property consultants indicates that the introduction of the Redevelopment Scheme zonings in each precinct will lead to a several fold increase in land value with the associated infrastructure works to facilitate these new land uses.

Efficiency Indicator - Planning application assessments

Year	Number of assessments made	Average assessment period (days)	Statutory Requirement (days)
2001/02	Nil	Nil	60
2002/03	5	56	60
2003/04	8	57.25	60
2004/05	30	47	60

Although a significant increase in the number of development applications occurred in 2004-05, the average assessment period was reduced over prior years. However, a number of development applications exceeded the 60 day statutory requirement. These extended assessment periods were as a result of the development application assessment process requiring either applications to be publicly advertised for a statutory period of 30 days, involve referral to the City of Swan, need a determination by the MRA Board or were due to significant delays with the receipt of revised drawings from applicants.

In 2004/05 9 applications (30%) required an assessment process exceeding 60 days with an average assessment period of 89 days. Excluding these extended assessments the average assessment period for the remaining 21 applications (70%) was just 32 days.

Efficiency Indicator - Comparison of administrative operating expenses per dollar of land sales and capital works during the year.

This relates inputs to outputs to quantify how well MRA is using its resources and shows the dollar of administrative operating expenses per dollar of gross land sales made during the year and the dollar of operating expenses per dollar of capital works conducted during the year:

In 2003/04 the MRA completed its first land sale of a commercial lot to a consortium creating a large format retail complex in the Clayton Precinct. Further land sales occurred in late 2003/2004 with the delayed settlements and land sales revenues realised, in 2004/2005. This was due to the delays associated with the completion of sub divisions approvals and the associated issuing of land titles.

\$ per \$ of:	2000/01	2001/02	2002/03	2003/04	2004/05
Land sales	N/A	N/A	N/A	0.758	0.160
Capital Works	0.129	0.072	0.085	0.278	0.177

In 2004/05 the MRA commenced its residential land sales program and continued with its mixed use and commercial land releases leading to a significant increase in land sales revenue in comparison with 2003/04. This is reflected in the table which demonstrates that a significant reduction in the proportion of MRA operational expenditures to land sales resulted for 2004/05.

In 2004/05 the MRA had an increased level of capital works expenditures with a number of residential, mixed use and commercial sub divisions undertaken through the year. The above table shows that this increased activity resulted in a reduction on the ratio of operating expenses to capital works expenditures in comparison to 2003/04.

Certification of Financial Statements

The accompanying financial statements of the Midland Redevelopment Authority have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the year ending 30 June 2005 and the financial position at 30 June 2005.

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



Dr Fred Affleck
CHAIRMAN



Phil DiMasi
DEPUTY CHAIRMAN



Chris Porter
PRINCIPAL ACCOUNTING OFFICER

30 August 2005



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

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

Audit Opinion

In my opinion,

- (i) the controls exercised by the Midland Redevelopment Authority provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Authority at 30 June 2005 and its financial performance and cash flows for the year ended on that date.

Scope

The Board's Role

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

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

Summary of my Role

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

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

D D R PEARSON
AUDITOR GENERAL
19 October 2005

Midland Redevelopment Authority

Financial Statements

30 June 2005

MIDLAND REDEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2005

	Note	2005 \$	2004 \$
REVENUE			
Revenue from ordinary activities			
<i>Revenue from operating activities</i>			
Sales	2	16,941,551	2,943,971
Lease income		445,140	146,941
<i>Revenue from non-operating activities</i>			
Interest revenue		42,902	14,234
Other revenues from ordinary activities	3	169,455	151,214
		<hr/>	<hr/>
Total revenues from ordinary activities		17,599,048	3,256,360
EXPENSES			
Expenses from ordinary activities			
Cost of sales and other selling costs	2	7,414,793	1,678,939
Employee expenses	4	599,350	581,737
Supplies and services	5	333,218	303,651
Depreciation expense	6	28,633	55,913
Borrowing cost expense	7	333,187	263,179
Accommodation expenses	8	100,344	26,719
Members allowances		51,454	41,642
Property maintenance	9	873,378	661,495
Carrying amount of non-current assets disposed of	10	4,096	-
Other expenses from ordinary activities	11	1,438,714	474,766
		<hr/>	<hr/>
Total expenses from ordinary activities		11,177,167	4,088,041
Profit/(loss) from ordinary activities before grants and subsidies from State Government			
		6,421,881	(831,681)
Grants and subsidies from State Government	12	-	675,000
		<hr/>	<hr/>
NET PROFIT/(LOSS)		6,421,881	(156,681)
Total changes in equity other than those resulting from transactions with WA State Government as owners			
		<u>6,421,881</u>	<u>(156,681)</u>

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

MIDLAND REDEVELOPMENT AUTHORITY
STATEMENT OF FINANCIAL POSITION
for the year ended 30 June 2005

	Note	2005 \$	2004 \$
Current Assets			
Cash assets	21(a)	764,288	366,760
Receivables	13	258,589	158,096
Inventories	14	10,241,337	6,142,244
Other current assets	15	29,143	14,381
Total Current Assets		<u>11,293,357</u>	<u>6,681,481</u>
Non-Current Assets			
Inventories	14	48,382,812	42,443,981
Property, plant and equipment	16	981,898	1,504,773
Total Non-Current Assets		<u>49,364,710</u>	<u>43,948,754</u>
Total Assets		<u>60,658,067</u>	<u>50,630,235</u>
Current Liabilities			
Payables	17	2,412,590	1,739,657
Provisions	18	143,138	91,188
Total Current Liabilities		<u>2,555,728</u>	<u>1,830,845</u>
Non-Current Liabilities			
Provisions	18	88,743	106,083
Interest-bearing liabilities	19	30,823,137	27,924,729
Total Non-Current Liabilities		<u>30,911,880</u>	<u>28,030,812</u>
Total Liabilities		<u>33,467,608</u>	<u>29,861,657</u>
NET ASSETS		<u>27,190,459</u>	<u>20,768,578</u>
Equity	20		
Contributed equity		14,150,000	14,150,000
Retained profits		<u>13,040,459</u>	<u>6,618,578</u>
TOTAL EQUITY		<u>27,190,459</u>	<u>20,768,578</u>

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

MIDLAND REDEVELOPMENT AUTHORITY
STATEMENT OF CASH FLOWS
for the year ended 30 June 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Proceeds from sale of land		16,887,205	3,191,165
Receipts from customers		614,595	644,486
GST receipts on sales		1,649,815	79,469
GST receipts from taxation authority		1,268,637	749,981
Interest received		42,902	14,234
Payments			
Employee costs, supplies and services		(19,633,782)	(11,395,614)
GST payments on purchases		(1,802,618)	(996,380)
GST payments to taxation authority		(1,161,981)	(214,689)
Borrowing costs		(333,187)	(49)
Net cash used in operating activities	21(b)	<u>(2,468,414)</u>	<u>(7,927,397)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		<u>(32,466)</u>	<u>(54,456)</u>
Net cash used in investing activities		<u>(32,466)</u>	<u>(54,456)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		6,898,408	7,652,808
Repayment of borrowings		<u>(4,000,000)</u>	<u>-</u>
Net cash provided by financing activities		<u>2,898,408</u>	<u>7,652,808</u>
CASH FLOWS FROM STATE GOVERNMENT			
Grants and subsidies		<u>-</u>	<u>675,000</u>
Net cash provided by State Government		<u>-</u>	<u>675,000</u>
Net increase in cash held		397,528	345,955
Cash assets at the beginning of the financial year		<u>366,760</u>	<u>20,805</u>
Cash assets at the end of the financial year	21(a)	<u>764,288</u>	<u>366,760</u>

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

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

1 Significant Accounting Policies

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

General statement

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

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

Basis of accounting

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

(a) Grants and other contributions revenue

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the MRA obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

Contributions 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.

(b) Revenue recognition

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

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

(c) Acquisition of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

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

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

(d) Depreciation of non-current assets

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

Depreciation is calculated on the diminishing value basis, using rates which are reviewed annually. Rates for each class of depreciable asset are:

Furniture and equipment	10%
Computer equipment	25%
Property	2%
Leasehold and freehold improvements	20%

(e) Revaluation of land and buildings

The MRA has a policy of valuing land and buildings at fair value. The regular revaluation of the MRA's land and buildings undertaken by the Department of Land Information (Valuation Services) are recognised in the financial statements.

(f) Leases

The MRA has entered into a number of operating lease arrangements for motor vehicles where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(g) Cash

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks and investments. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(h) Inventories

Inventories comprising of land held for resale are valued at the lower of cost and net realisable value. Other costs incurred in bringing inventories to a saleable condition are recorded at cost. This includes costs associated with the design, development and other costs directly attributable to the land development.

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

(i) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists and in any event where the debt is more than 60 days overdue.

(j) Payables

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

(k) Interest bearing liabilities

Loan from the Western Australian Treasury Corporation are recorded at an amount equal to the net proceeds received.

(i) Borrowing costs

All borrowing costs are expensed in the period incurred, except for borrowing costs that are capitalised as part of a qualifying asset.

(m) Employee benefits

Annual leave

This benefit is recognised at the reporting date in respect of employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits, and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

Superannuation

Staff may contribute to the Gold State Superannuation Scheme, a defined benefit and lump sum scheme now closed to new members. All staff who do not contribute to this scheme become non-contributory members of the West State Superannuation Scheme, an accumulation fund. The MRA contributes to this accumulation fund in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

From 30 June 2004, the Treasurer has assumed the liability for pension and pre-transfer benefit superannuation liabilities. The assumption was designated as a contribution by owners under TI 955(3)(iv) on 30 June 2004.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of employer contributions to the GESB.

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

Employee benefit on-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses.

(n) Accrued salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. The MRA considers the carrying amount approximates net fair value.

(o) Comparative figures

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

(p) Rounding of amounts

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

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$	2004 \$
2 Trading profit		
Sales	16,941,551	2,943,971
Cost of sales	(6,741,203)	(1,391,246)
Other selling costs	(673,590)	(287,693)
Trading profit	<u>9,526,758</u>	<u>1,265,032</u>
3 Other revenues from ordinary activities		
Development application fees	12,675	37,748
Recoup of expenses	104,625	66,092
Other Income	52,155	47,374
	<u>169,455</u>	<u>151,214</u>
4 Employee expenses		
Wages and salaries	493,364	442,938
Superannuation	59,389	57,142
Long service leave	23,904	61,094
Annual leave	(8,264)	8,983
Other related expenses ^(a)	30,957	11,580
	<u>599,350</u>	<u>581,737</u>
(a) These employee expenses include superannuation, worker's compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee benefit liabilities.		
5 Supplies and services		
Communications	19,814	20,168
Consultants and contractors	100,755	79,574
Consumables	47,164	33,127
Maintenance	4,433	1,184
Insurance premiums	93,385	91,645
Other costs	67,667	77,953
	<u>333,218</u>	<u>303,651</u>
6 Depreciation expense		
Furniture and equipment	8,120	9,261
Computer equipment	19,025	18,687
Property	-	26,957
Leasehold & freehold improvements	1,488	1,008
	<u>28,633</u>	<u>55,913</u>

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$	2004 \$
7 Borrowing costs expense		
Interest paid to Western Australian Treasury Corporation	333,187	263,179
Borrowing costs capitalised during the financial year	1,481,456	1,019,296
Weighted average capitalisation rate on funds borrowed generally	5.80%	5.76%
8 Accommodation expenses		
Lease rentals	50,000	4,000
Cleaning	16,669	15,526
Other occupancy costs	33,675	7,193
	100,344	26,719
9 Property maintenance		
Workshops miscellaneous	171,485	157,450
Workshops site security	271,632	310,850
Workshops breakdown maintenance	83,389	44,943
Workshops routine maintenance	232,243	60,484
Workshops restorative maintenance	114,301	82,274
Legal advice - property leasing	328	5,494
	873,378	661,495
10 Net loss on disposal of non-current assets		
<u>Loss on disposal of non-current assets</u>		
Computer equipment	4,096	-
Net loss	4,096	-
11 Other expenses from ordinary activities		
Corporate marketing	125,386	4,280
Advertising, public relations	411,196	395,202
Donations and other	24,286	29,034
Motor vehicles and travel	80,234	46,250
Surrender of lease ^(a)	275,000	-
Asset revaluation decrement (see note 16)	522,612	-
	1,438,714	474,766
12 Grants and subsidies from State Government	-	675,000

(a) During the financial year, the MRA has purchased the leasing rights from the Eastern Region Business and Enterprise Arts Centre Inc. for the control of Building One of the former Midland Enterprise Centre as part of its redevelopment of Juniper Gardens precinct.

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$	2004 \$
13 Receivables		
GST Receivable	168,411	122,264
Other debtors	90,178	35,832
	<u>258,589</u>	<u>158,096</u>
14 Inventories		
Inventories consist of land held for resale and associated development expenses. The cost of inventories represents items of planning, design, project management, demolition, lease purchases environmental studies and land grants in relation to the project development. These costs will be recovered from the development and sale of freehold land transferred to the MRA from the Government of Western Australia. Development expenses capitalised include all costs directly attributable to the development project.		
Current	10,241,337	6,142,244
Non-current	48,382,812	42,443,981
	<u>58,624,149</u>	<u>48,586,225</u>
Consisting of		
Land held for resale		
Land transferred to MRA from Government ^(a)	20,185,000	20,185,000
Development expenses capitalised ^(b)	48,333,856	31,554,729
Allocated to cost of goods sold	(9,894,707)	(3,153,504)
	<u>58,624,149</u>	<u>48,586,225</u>
(a) The most recent valuation of land held for resale, which have not been recognised in the financial statements, were market valuations by the Valuer General's Office at 1 July 2004. The value of \$42,178,500 is based on current-use. The MRA's internal budgets indicate that the realisation value of the land when developed and sold exceeds the carrying value.		
(b) Includes payment to other Government Agencies for development costs incurred during 1999/2001 prior to the Establishment of the MRA.		
15 Other current assets		
Prepayments	<u>29,143</u>	<u>14,381</u>
16 Property, plant and equipment		
Property		
Railway Institute Building - at cost	-	1,348,747
Accumulated depreciation	-	(26,957)
Railway Institute Building - at fair value ^(a)	800,000	-
	<u>800,000</u>	<u>1,321,790</u>

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$	2004 \$
16 Property, plant and equipment (continued)		
Leasehold & freehold improvements		
At cost	46,271	38,497
Accumulated depreciation	(7,444)	(5,956)
	<u>38,827</u>	<u>32,541</u>
Furniture and equipment		
At cost	123,130	107,226
Accumulated depreciation	(39,518)	(31,398)
	<u>83,612</u>	<u>75,828</u>
Computer equipment		
At cost	129,880	147,729
Accumulated depreciation	(70,421)	(73,115)
	<u>59,459</u>	<u>74,614</u>
	<u>981,898</u>	<u>1,504,773</u>

- (a) The revaluation of land and buildings was performed during the year ended June 2005 in accordance with an independent valuation by the Department of Land Information (Valuation Services). Fair value has been determined on the basis of current market buying values. The valuation was made in accordance with a policy of regular revaluation.

Reconciliations

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

	Furniture and equipment	Computer equipment	Leasehold & freehold improvements	Property	Total
2005	\$	\$	\$	\$	\$
Carrying amount at start of year	75,828	74,614	32,541	1,321,790	1,504,773
Additions	15,904	7,966	7,774	822	32,466
Disposals	-	(4,096)	-	-	(4,096)
Revaluation increments/(decrements)	-	-	-	(522,612)	(522,612)
Depreciation	(8,120)	(19,025)	(1,488)	-	(28,633)
Write-off of assets	-	-	-	-	-
Carrying amount at end of year	<u>83,612</u>	<u>59,459</u>	<u>38,827</u>	<u>800,000</u>	<u>981,898</u>

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$	2004 \$
17 Payables		
Trade payables	1,778,720	1,214,719
Audit fees	23,750	29,562
Accrued expenses	504,512	387,851
Contract retentions	105,608	107,525
	<u>2,412,590</u>	<u>1,739,657</u>
18 Provisions		
Employee benefits		
Current		
Annual leave	48,892	57,156
Long service leave	81,993	34,032
Other employee benefits ^(a)	12,253	-
	<u>143,138</u>	<u>91,188</u>
Non-current		
Long service leave	82,026	106,083
Other employee benefits ^(a)	6,717	-
	<u>88,743</u>	<u>106,083</u>
<p>(a) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation, payroll tax and workers compensation premiums. The liability for such on-costs is included here. The associated expense is included under Other related expenses (under Employee expenses).</p>		
<p>The MRA considers the carrying amount of employee benefits to approximate the net fair value.</p>		
<u>Employee Benefit Liabilities</u>		
<p>The aggregate employee benefit liability recognised and included in the financial statements is as follows:</p>		
Provision for employee benefits		
Current	143,138	91,188
Non-current	88,743	106,083
	<u>231,881</u>	<u>197,271</u>
19 Interest bearing liabilities		
Borrowings from Western Australian Treasury Corporation	<u>30,823,137</u>	<u>27,924,729</u>
20 Equity		
Contributed equity		
Opening balance	14,150,000	14,150,000
Capital contribution	-	-
Closing balance	<u>14,150,000</u>	<u>14,150,000</u>

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$	2004 \$
20 Equity (continued)		
Retained profits		
Opening balance	6,618,578	6,775,259
Net profit/(loss)	6,421,881	(156,681)
Closing balance	<u>13,040,459</u>	<u>6,618,578</u>
21 Notes to the Statement of Cash Flows		
(a) Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Bank account	764,038	366,510
Cash on hand	250	250
Total cash assets	<u>764,288</u>	<u>366,760</u>
(b) Reconciliation of net profit/(loss) to net cash used in operating activities		
Net profit/(loss)	6,421,881	(156,681)
Non-cash and non-operating items:		
Depreciation expense	28,633	55,913
Grants and subsidies from State Government	-	(675,000)
Loss on disposal of non-current assets	4,096	-
Asset revaluation decrement	522,612	-
(Increase)/decrease in assets:		
Current receivables	(54,346)	292,720
Property, plant and equipment	-	(1,377,145)
Current inventories	(4,099,093)	(2,318,035)
Other current assets	(14,762)	6,858
Non-current inventories	(5,938,831)	(4,386,243)
Increase/(decrease) in liabilities:		
Current payables	672,933	518,544
Current provisions	51,950	11,122
Non-current provisions	(17,340)	58,955
Change in GST receivables	<u>(46,147)</u>	<u>41,595</u>
Net cash used in operating activities	<u>(2,468,414)</u>	<u>(7,927,397)</u>

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$	2004 \$
22 Commitments		
(a) Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year	1,672,190	1,275,000
Later than 1 year and not later than 5 years	-	-
Later than 5 years	-	-
	<u>1,672,190</u>	<u>1,275,000</u>
The capital commitments include amounts for:		
Inventories	<u>1,672,190</u>	<u>1,275,000</u>
(b) Non cancellable operating lease commitments		
Commitments for minimum lease payments are payable as follows:		
Within 1 year	21,520	19,915
Later than 1 year and not later than 5 years	12,424	8,276
Later than 5 years	-	-
	<u>33,944</u>	<u>28,191</u>
(c) Lease commitments receivable		
Minimum lease commitments payable to the MRA are as follows:		
Within 1 year	221,100	-
Later than 1 year and not later than 5 years	234,000	-
Later than 5 years	-	-
	<u>455,100</u>	<u>-</u>

These commitments are all inclusive of GST.

23 Contingent liabilities and contingent assets

There were no contingent liabilities and contingent assets that would materially affect the MRA.

24 Events occurring after the balance sheet date

The MRA is not aware of any matters or circumstances that have arisen since the end of the financial year to the date of this report which has significantly affected or may significantly affect the activities of the MRA, the results of those activities or the state of affairs of the MRA in the ensuing or any subsequent year.

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

25 Explanatory statements

(i) Significant variations between estimates and actual results for the financial year.

Details and reasons for significant variations between estimates and actual results are detailed below. Significant variations are considered to be those greater than 10% and \$50,000.

	Notes	2005 Actual \$	2005 Estimates \$	Variance \$	
Sales	i	16,941,551	18,257,425	(1,315,874)	(7%)
Lease income	ii	445,140	246,659	198,481	80%
Interest revenue		42,902	-	42,902	0%
Other revenues from ordinary activities		169,455	-	169,455	0%
Cost of sales and other selling costs	i	7,414,793	11,870,185	(4,455,392)	(38%)
Employee expenses		599,350	621,147	(21,797)	(4%)
Supplies and services	iii	333,218	279,317	53,901	19%
Depreciation expense		28,633	28,000	633	2%
Borrowing cost expense		333,187	-	333,187	0%
Accommodation expenses	iv	100,344	25,500	74,844	294%
Members allowances		51,454	55,000	(3,546)	(6%)
Property maintenance	v	873,378	783,500	89,878	11%
Carrying amount of non-current assets disposed of		4,096	-	4,096	0%
Other expenses from ordinary activities	vi	1,438,714	372,777	1,065,937	286%

Explanation of variances

(i) Sales and related cost of sales

The variance is due to expected land sales not realised during the financial year. Unrealised land sales include the sales deferral of the planned redeveloped Midland Saleyards operated by the WA Meat Industry Authority.

(ii) Lease income

The variance is due to additional lease agreements made during the financial year including the lease of the Works Manager's Building and the sub-lease of Building Block 1 to various parties.

(iii) Supplies and services

The variance is due to higher insurance premiums paid during the financial year as well as consultancy costs in relation to specialist taxation advice not provided for.

(iv) Accommodation expenses

The variance is due to the leasing arrangements made with the Australian Historical Railway Society not previously forecasted and office alterations within the Railway Institute Building.

(v) Property maintenance

The variance is due to increased frequency of maintenance on the Railway Workshops and Midland Central Sites. Variance is also due to increased costs for landscaping and maintenance brought about by the construction, redevelopment and general improvement of facilities.

(vi) Other expenses from ordinary activities

The variance is due to the asset revaluation decrement not provided for during the financial year. The variance is also due to the payment made to the Eastern Region Business and Enterprise Arts Centre not provided for during the financial year (see note 11).

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

25 Explanatory statements (continued)

(ii) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year.

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than \$100,000.

	Notes	2005 \$	2004 \$	Variance \$	
Sales	i	16,941,551	2,943,971	13,997,580	475%
Lease income	ii	445,140	146,941	298,199	203%
Interest revenue		42,902	14,234	28,668	201%
Other revenues from ordinary activities		169,455	151,214	18,241	12%
Cost of sales and other selling costs	i	7,414,793	1,678,939	5,735,854	342%
Employee expenses		599,350	581,737	17,613	3%
Supplies and services		333,218	303,651	29,567	10%
Depreciation expense		28,633	55,913	(27,280)	(49%)
Borrowing cost expense		333,187	263,179	70,008	27%
Accommodation expenses		100,344	26,719	73,625	276%
Members allowances		51,454	41,642	9,812	24%
Property maintenance	iii	873,378	661,495	211,883	32%
Carrying amount of non-current assets disposed of		4,096		4,096	0%
Other expenses from ordinary activities	iv	1,438,714	474,766	963,948	203%

Explanation of variances

(i) Sales and related cost of sales

The variance is due to commercial and residential land sales within the City Centre, Clayton Precinct and Helena Precinct (Woodbridge Lakes).

(ii) Lease income

The variance is due to additional lease agreements signed during the financial year for the rent of several buildings within the former Midland Railway Workshops. This includes Building Block 1 and the Works Manager's Building.

(iii) Property maintenance

The variance is due to increased frequency of maintenance on the Railway Workshops and Midland Central Sites. Variance is also due to increased costs for landscaping and maintenance brought about by the construction, redevelopment and general improvement of facilities.

(iv) Other expenses from ordinary activities

The variance is due to the asset revaluation decrement recognised during the financial year. The variance is also due to the payment made to the Eastern Region Business and Enterprise Arts Centre (see note 11).

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

26 Financial instruments

(a) Interest rate risk exposures

The MRA's exposure to interest rate risk and weighted average interest for financial assets is set out below.

		Fixed interest rate maturity						
	Weighted average effective interest rate	Variable Rate	Less than 1 year	1 to 5 years	More than 5 years	Non- Interest Bearing	Total	
2005	%	\$000	\$000	\$000	\$000	\$000	\$000	
Financial Assets								
Cash assets	5.00	764	-	-	-	-	764	
Receivables		-	-	-	-	259	259	
		764	-	-	-	259	1,023	
Financial Liabilities								
Payables		-	-	-	-	2,413	2,413	
Interest-bearing liabilities	5.80	-	10,197	9,706	10,920	-	30,823	
		-	10,197	9,706	10,920	2,413	33,236	
2004								
Financial assets	5.00	367	-	-	-	158	525	
Financial liabilities	5.76	-	10,329	7,819	9,777	1,740	29,665	

(b) Credit risk exposures

The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the MRA's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

(c) Net fair values

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

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

27 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 of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

\$	2005	2004
0 - 10,000	3	4
10,001 - 20,000	1	-
20,001 - 30,000	1	1

The total remuneration of the members of the Accountable Authority is:

\$52,004	\$44,224
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The superannuation included here represents the superannuation expense incurred by the MRA in respect of members of the Accountable Authority.

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

Remuneration of senior officers

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

\$	2005	2004
90,001 - 100,000	1	3
100,001 - 110,000	2	-
140,001 - 150,000	1	1

The total remuneration of senior officers is:

\$457,314	\$427,321
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The superannuation included here represents the superannuation expense incurred by the MRA 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.

28 Related bodies and affiliated bodies

The MRA does not provide any assistance to other bodies which would deem them to be regarded as related or affiliated bodies under the definitions included in Treasurer's Instruction 951 Related and Affiliated Bodies.

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

	2005 \$	2004 \$
29 Remuneration of auditor		
Remuneration to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators	18,000	16,500
30 Supplementary financial information		
<u>Write-offs</u>		
Amounts written off during the financial year	-	-
<u>Losses through theft, defaults and other causes</u>		
Losses of public moneys and public and other property through theft or default	-	-
Amount recovered	-	-
<u>Gifts of public property</u>		
Gifts of public property provided by the MRA	-	-

MIDLAND REDEVELOPMENT AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2005

31 Impact of adopting Australian Equivalents to IFRS

The Australian Accounting Standards Board (AASB) is adopting the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005. AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' requires financial reports with reporting periods ending on 30 June 2005 to disclose any known or reliably estimable information about the impacts on the financial report had it been prepared using the Australian equivalents to IFRS.

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

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

	Notes	30 June 2005 \$	1 July 2004 \$
Total equity under previous AGAAP		27,190,459	20,768,578
Adjustments to retained profits:			
Reclassify computer software as intangibles	(i)		
Property plant and equipment		(6,519)	(10,172)
Intangible asset		6,519	10,172
Total equity under AIFRS		<u>27,190,459</u>	<u>20,768,578</u>

(i) AASB 138 prescribes that computer software that is an integral part of the related hardware be treated as property, plant and equipment. Other software licences should be treated as an intangible asset. Software licences that are not integral to the operation of any computer hardware were identified. These are reclassified as intangible assets under AIFRS.

Reconciliation of net profit for the period as presented under previous AGAAP to that under AIFRS:

	Notes	30 June 2005 \$	1 July 2004 \$
Net profit for the period under previous AGAAP		6,421,881	(156,681)
No adjustments identified		-	-
Net profit for the period under AIFRS		<u>6,421,881</u>	<u>(156,681)</u>

There is no impact on the Cash Flow Statement of the MRA.

Publications

The principal publications of the MRA during the year were:

- *Midland Redevelopment Authority Annual Report 2003/2004*
- Consolidated Redevelopment Scheme
- *The Midlander* newsletter (summer 2005)
- *Midland Metro Concept Plan 2010 report* and summary brochure
- Large Format Retail Policy
- Car parking (revised policy)
- Design guidelines for Woodbridge Lakes, the large format retail area in Clayton precinct and The Crescent 1B (revised guidelines).

All publications can be downloaded from the MRA's website www.mra.wa.gov.au.