

EAST PERTH REDEVELOPMENT AUTHORITY

ANNUAL REPORT 2003



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This is the eleventh Annual Report of the East Perth Redevelopment Authority.  
EPRA's office is at 184 Bennett Street, East Perth.

P O Box 6828, EAST PERTH WA 6892

Telephone	: (08) 9222 8000
Facsimile	: (08) 9325 5016
E-mail	: <a href="mailto:reception@epra.wa.gov.au">reception@epra.wa.gov.au</a>
Website	: <a href="http://www.epra.wa.gov.au">www.epra.wa.gov.au</a>



## STATEMENT OF COMPLIANCE

The Hon Alannah MacTiernan 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 East Perth Redevelopment Authority for the year ended 30 June 2003.

The Annual Report has been prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.

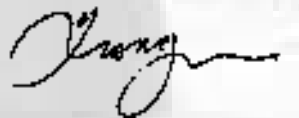
Yours sincerely



Dr Ken Michael  
Chairman



Cr Simon Chester  
Member



Mr Tony Morgan  
Chief Executive Officer

31 August 2003



## REPORT FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

We are pleased to present the eleventh annual report for the East Perth Redevelopment Authority. Activities during the year consolidated EPRA's position in its statutorily defined project areas in East Perth, The Village Northbridge and the Gateway projects.

The strategic directions for the year were established by the Board and management at a workshop during April 2002 and the associated business plan was adopted by the Board in June 2002. The results for the year saw the great majority of these business plan targets achieved.

At \$25 million sales revenue was well up on the previous year's \$14 million, largely due to excellent take up in The Village Northbridge where the market bid prices to record levels. It is worth noting that there are currently an additional \$4 million of sales under contract.

EPRA's practice has been, and will continue to be, to offer its residential and mixed use product to the market at public auction as this ensures that market prices are accurately reflected in sales results. Landmark commercial and complex sites are advertised for sale by public tender.

The positive financial results are reflected in EPRA's net asset value which continued to climb, ending the year at \$68.8 million, up from \$59.6 at the start.

In The Village Northbridge nineteen properties were sold to the Department of Housing and Works to ensure their retention for social housing purposes and the Talbot Hobbs heritage precinct was unveiled by the Minister for Planning and Infrastructure as a permanent record of architectural achievement in the area.

The Gateway project acquired the former Metrobus site in Adelaide Terrace and forward works are well under way. Negotiations for the

acquisitions of the Police Headquarters and Chemistry Laboratory sites, also in Adelaide Terrace, continue. Following extensive public consultation the Gateway master plan is now being finalised.

The Causeway interchange is proposed for inclusion in the redevelopment area and the public consultation process for this boundary extension is currently in process.

Further feasibility studies into the potential redevelopment options for the East Perth Power Station were developed for consideration by Cabinet.

Private investment in the project areas reflects confidence in, and expectations of, the redevelopment and \$60 million has been committed by the private sector during the year in the East Perth area. The recent levels of sales in The Village Northbridge foreshadows similar activity in that area over the next year.

During the December 2002 quarter EPRA was examined as a component of the government's statutory authority review program with the recommendation that

*...EPRA should remain as an independent statutory authority until such time as the Minister determines that it has no further role to play in its redevelopment area.*

This is a significant vote of confidence in the activities of EPRA.

For the last two years there has been a conference of national redevelopment authorities and these have served to permit exchanges of information and cross fertilisation of ideas. In September 2003 a national conference will be held in Perth, hosted by EPRA and the three other Perth based redevelopment authorities. As an adjunct to these conferences the Place Leaders



## REPORT FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER (cont.)

Association is currently being formed. This is a national grouping of parties interested in, or involved with, redevelopment activities and includes representatives from the public and private sectors. EPRA is a founder member. The Association exists to raise the profile of redevelopment activities around the country and to allow lessons learned to be shared quickly and easily.

EPRA's annual survey indicated that, overall, customers were satisfied with the service they received.

A similar annual survey of the communities surrounding the project areas shows that, as an organisation, EPRA has achieved high levels of awareness among local residents and businesses within its three project areas.

EPRA's relationships with local government remain positive. The City of Perth is a significant stakeholder in EPRA's operations by means of its involvement in the normalisation process and by continuing to have two members on the EPRA board. Another member is also a Town of Vincent councillor and the Town of Vincent recently demonstrated its support of EPRA's operations by requesting EPRA's redevelopment area to be extended over an additional half hectare of land within the Town's boundaries. The process to acquire this land is now under way.

Mike Day, an EPRA board member, was appointed to the board of the Subiaco Redevelopment Authority during the year. This enhanced the already close relationship between the two authorities since EPRA's CEO was appointed as CEO of the Subiaco Redevelopment Authority in July 2001. Efficiencies were identified from combining management of the two authorities and formalising the arrangement by a service agreement. To gain the most benefit management was reorganised along functional responsibilities with focus on planning, operations and place management. Place

management brings an increased emphasis on community engagement and economic development and is recognised as the key activity to ensure enduring benefit to the community into the future.

There were no changes to board membership during the year although the two City of Perth nominees' appointments have expired. The Minister is considering new nominations.

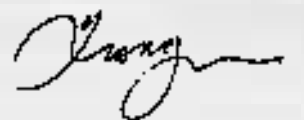
EPRA's staff complement increased by two to 16 full time equivalents following the replacement of two outsourced contract positions with permanent staff.

We would like to take the opportunity to thank the Government for its continuing confidence in EPRA and particularly to express our appreciation to members of the board, staff and consultants for their support, professionalism and commitment to EPRA and the projects at hand.

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 and that during the year there were no breaches of the Standards.



Dr Ken Michael  
Chairman



Mr Tony Morgan  
Chief Executive Officer



## ENABLING LEGISLATION

The East Perth Redevelopment Authority was established by the East Perth Redevelopment Act 1991. EPRA's functions are described in that Act as:

- a) to plan, undertake, promote and coordinate the redevelopment of land in the redevelopment area; and
- b) for that purpose-
  - i) to prepare and keep under review a redevelopment scheme for that area; and
  - ii) to control developments in that area.

There were no amendments to the Act during the year.

## THE MINISTER

The Minister for Planning and Infrastructure, the Hon Alannah MacTiernan MLA is responsible for the East Perth Redevelopment Act 1991. This Act gives the Minister the right to make written directions to the Board. There were no directions during the year.

*The redevelopment area.*





## CORPORATE GOVERNANCE

### Membership of the Board

EPRA's Board consists of seven members appointed by the Minister, two of whom are required to be City of Perth Councillors. Board meetings are held monthly or more frequently if required. The Chief Executive Officer, the management team and the Secretary to the Board, attend each meeting.

Board Members are remunerated according to guidelines set by the Public Sector Management Office. Board members who are public servants do not receive remuneration.

### Sub-Committees to the Board

Three sub-committees to the Board, with delegated powers to make determinations on behalf of the Board or informed recommendations to the Board, met to deal with issues particular to the roles and responsibilities assigned to each committee.

- Planning Committee - Cr Simon Chester (Chairman), Ms Christine Costa, Mr Mike Day, Cr Judy McEvoy, and Mr Tony Morgan;
- Internal Audit Committee - Dr Ken Michael (Chairman), Mr Mike Day, Mr Steven Yovich, and Mr Tony Morgan. Mr Ian Goldsmith, a representative of the Office of the Auditor General, attends meetings in an advisory capacity;
- Land, Works and Services Committee – Mr Steven Yovich (Chairman), Dr Ken Michael, Ms Christine Costa and Mr Tony Morgan.

### Strategic Planning Workshop

The Board attended a strategic planning workshop in April 2003 with management to establish the strategic directions for EPRA for the next five years and the business plan for 2003-04.

### Australian Institute of Company Directors Workshop

In March 2003 Members attended a workshop prepared by the AICD jointly for the East Perth, Subiaco and Midland Redevelopment Authorities. The workshop was specifically designed to address governance issues relevant to boards of statutory government authorities



## BOARD MEMBERS' ATTENDANCE AT MEETINGS

	BOARD 11 meetings	PLANNING 13 meetings	INTERNAL AUDIT 2 meetings	LAND, WORKS & SERVICES 4 meeting
Board Member	Attended	Attended	Attended	Attended
Dr Ken Michael (Chair)	11	n/a	2	4
Mr Steven Yovich	9	n/a	1	2
The Rt Hon Peter Nattrass*	7	n/a	n/a	n/a
Mr Mike Day	8	11	1	n/a
Cr Judy McEvoy*	10	12	n/a	n/a
Ms Christine Costa	9	11	n/a	2
Cr Simon Chester	10	12	n/a	n/a

### Terms of Appointment

Member	Expiry of Term
Dr Ken Michael (Chair)	10 February 2005
Mr Steven Yovich	31 December 2001
The Rt Hon Peter Nattrass	30 May 2003
Mr Mike Day	31 December 2003
Cr Judy McEvoy	31 May 2003
Ms Christine Costa	10 February 2006
Cr Simon Chester	10 February 2006

Members whose terms have expired remain in office under clause 1(2) of schedule 2 to the East Perth Redevelopment Act 1991 until a successor is appointed.

\*Members nominated by the City of Perth.





## MANAGEMENT

EPRA is organised into four functional divisions, each reporting to the Chief Executive Officer, Tony Morgan:

Executive Director, Place Creation - Mark Hedges

Executive Director, Place Development - Alf Lay

Executive Director, Place Management - Chris Melsom

Executive Director, Business Services - David Beattie

The Chief Executive Officer and twelve members of staff are full-time employees. Five other staff members are part time employees.

Four part time employees were added to the staff complement during the year to fill vacancies and to internalise previously outsourced functions.

The Chief Executive Officer is remunerated according to the Salaries and Allowances Tribunal. Staff are employed under the Government Officers Salaries, Allowances and Conditions award.

The Chief Executive Officer and Executive Directors meet regularly to consider management issues. Monthly progress reports and quarterly Business Plan reports are presented to the Board.

The team is supplemented by various consultants including: internal audit, external project management, legal, taxation, human resource, information technology, urban planning, engineering, settlement agents and real estate groups.



## OPERATIONS

### Statement of Purpose

To utilise the powers conferred by the East Perth Redevelopment Act 1991 to coordinate and undertake the urban redevelopment of specified land on behalf of the Western Australian Government.

### Vision

To be recognised as the leading urban renewal authority in Australia by using our special expertise to deliver outstanding and successful projects that build better communities

### Strategic Objectives

EPRA's Board and senior management each year prepare strategic directions and a business plan. This includes a review and update of corporate objectives to reflect more accurately EPRA's current operating environment. The 2002-03 business plan was based on strategic objectives slightly amended from the previous year:

- At least maintain the net value of assets used in the organisation;
- Deliver urban renewal projects that create sustainable and diverse communities;
- Foster community and other key stakeholder relationships;
- Ensure EPRA acts in accordance with relevant government legislation;
- To have highly satisfied, competent people delivering the Authority's business effectively;
- Review the role and relevance of EPRA.

### Financial Highlights

	<u>Actual</u>	<u>Budget</u>	<u>Actual 2002</u>
Sales revenue	\$25.1m	\$26.3m	\$14.0m
Operating surplus	\$7.9m	\$1.9m	\$3.1m
Net Asset Value	\$68.8m	\$60.3m	\$59.6m
Return on assets	12.2%	3.2%	4.3%

### Significant Achievements

- Financial results exceeded budget
- Majority of business plan targets achieved
- Exemption from the National Tax Equivalent Regime
- Metrobus site forward works commenced
- Sustainability policy developed
- Housing diversity policy adopted
- Talbot Hobbs heritage precinct launched in Northbridge
- Organisation restructured on functional basis
- East Perth Power Station redevelopment options prepared for Cabinet consideration
- Agreement to provide management services signed with Subiaco Redevelopment Authority



## OPERATIONS cont.

### East Perth Project Overview

#### Objectives

The East Perth project has continued to mature as a comprehensive, mixed-use urban village close to the heart of central Perth.

Following the 'normalisation' of 75% of the original project area in 2002, all remaining residential lots that were developed have since been sold. A thriving community is emerging to take advantage of proximity and access to the city through the extension of the Central Area Transit (bus) system and the redevelopment of the Claisebrook train station.

The stunning waterfront landscape of the Claisebrook inlet created through the project provides the setting for the soon-to open hotel and tavern tourist complex on South Cove.

The gradual activation of the Cove and foreshore is highlighting the qualities originally seen in the vision for the developing East Perth as a sustainable, mixed use urban village. High quality lifestyle and amenity exist together with increasing employment and education opportunities through new commercial development, including the relocation of the ABC into East Perth.

The East Perth project will deliver some 1,450 new residences to house a new population of around 2,200-2,500 residents. It will also accommodate a working population of up to 10,000 employees from existing and new businesses.

#### Deliverables

EPRA's investment, including land acquisition costs will be in the order of \$127m. The sale of land commenced in 1994 and is expected to conclude in 2006-07, generating approx \$224m over that time. In turn it is estimated the private sector expenditure on new residential and other buildings will be in the order of \$685m.

Planning review of the vision for the remaining land in East Perth has commenced based around delivering contemporary 'transit-oriented development' concepts alongside the railway and freeway reserves.

The former East Perth Power Station and adjacent land have been the subject of ongoing studies that aim to bring about the retention and adaptation of the heritage listed power station buildings and equipment for 'highest and best' urban uses.

The redevelopment of the East Perth project area will be achieved with the environmental remediation of all development land in the project area. This land was previously used for light industry, warehousing and manufacturing, the most contaminated being under the former gas-works site, now Mardalup Park.

The East Perth project is well on the way to delivering an environment that is safe, secure and enjoyable for the community to live, work and play. EPRA's design guidelines have achieved a diversity of architectural styles within a consistent urban form and scale. Good amenities contribute to the area's enjoyment, functionality and safety and the project provides good access to public transport, shops, education facilities, parks, restaurants and medical services.



## OPERATIONS cont.

The redeveloped heritage buildings such as the former Boans Warehouse and East Perth Primary School are strong indicators of the importance given to the retention and incorporation of heritage and cultural values. The awarded public art collection of the project area tells the story of past lives and future values of the East Perth community.

East Perth has delivered numerous public and affordable housing sites. Future development phases, including land in the Royal Street West precinct and the Imago site will see EPRA deliver 10-15% of its new dwellings for either social housing, affordable rental housing or affordable owner-occupied housing consistent with the recent adoption of a new housing diversity policy.

### Current Status

As at the end of June 2003, almost all of the available properties have been sold, with only two commercial lots remaining and two developed multi-unit residential lots yet to be put on the market.

At the same time, construction expenditure of approx. \$80m has been incurred in improving the streetscape, provision of public art and development of new subdivisions and land stock.

### Statistics

Project area	146 hectares
Released land for approx	1,450 new residences
Housing a population of	2,200 -2,500 new residents
Working population of	up to 6,000 new employees
Housing diversity	10-15% of all new housing will be for social or affordable purposes

### The Village Northbridge Project Overview

#### Objectives

The Village Northbridge project is focused on delivering more than just upgraded roads and buildings, but also includes lifestyle, amenity and community-minded neighbourhoods comprising people from all walks of life and income levels.

This will be achieved through creation of a landscaped, pedestrian friendly environment which encourages life outside the home and in the cafes, parks and streets of The Village Northbridge.

The project will deliver some 460 new residences to house a new population of around 1,250 residents. It will also accommodate a working population of 3,000-3,500 new employees through the provision of 70,000m<sup>2</sup> of office, retail, commercial and showroom floorspace.



## OPERATIONS cont.

### Deliverables

EPRA's investment, including land acquisition costs will be in the order of \$60m. The sale of land commenced in 2001-02 and is expected to conclude in 2005-06, generating approx \$70m over that time. In turn it is estimated the private sector expenditure on new residential and other buildings will be in the order of \$300m.

EPRA's planning protocols focus on providing the highest quality land which will bear maximum value for the proposed residential, commercial and recreational uses. This will be achieved by the environmental remediation of low level contamination over about one quarter of the project area. This land was previously used for light industry. The remediation process is being undertaken to the requirements of the Department of Environmental Protection and involves excavation of contaminated soil and replacement with clean fill.

In terms of a social dividend, the project will create an environment that is safe, secure and enjoyable for the Northbridge community to live, work and play. EPRA's design guidelines are tailored to these ends. Good amenities contribute to the area's enjoyment, functionality and safety and the project provides good access to public transport, shops, education facilities, parks, restaurants, medical services and places of worship.

There is also a strong emphasis on heritage and cultural values. Buildings with little or no heritage significance have been removed to facilitate development of new facilities and a number of buildings with high heritage values have been retained and enhanced by EPRA, prior to being sold for private use. Four heritage precincts have been created within the project area.

The recent adoption of a new housing diversity policy will also see EPRA deliver 10-15% of its new dwellings for either social housing, affordable rental housing or affordable owner-occupied housing. This represents about 70 out of the 460 new dwellings and will ensure a diverse population emerges.

### Current Status

As at the end of June 2003, approximately \$30m worth of properties have been sold, representing just under half of the total sales program.

At the same time, construction expenditure of approx. \$20m has been incurred in improving the streetscape, provision of public art and development of new subdivisions and land stock. This represents some 60% of the total construction estimate.

### Statistics

Project area	27 hectares
Released land for approx	460 new residences
Housing a population of	1,000-1,250 new residents
Non-residential floorspace	70,000m <sup>2</sup>
Working population of	3,000-3,500 new employees
Off street parking	550-600 bays
Housing diversity	10-15% of all new housing will be for social or affordable purposes





## OPERATIONS cont.

### The Gateway Precinct Project Overview

#### Objectives

The redevelopment of land in the Gateway Precinct will see the creation of a diverse, high-density urban community on the doorstep of Perth's CBD. The project will optimise the benefits of extensive Swan River frontage, high quality landscape environments, heritage buildings and landscape and the unique sporting and recreation opportunities that exist in the area.

A mixed working and residential community will be established to take advantage of under-utilised infrastructure, including frequent public transport and regional access routes. This will be achieved through creation of a landscaped, pedestrian friendly environment which encourages life beyond the home and in the cafes, parks and streets of the Gateway.

The project will deliver some 2,500 new residences to house a new population of around 6,000 new residents. It will also accommodate a working population of up to 350 new employees through the provision of 20,000m<sup>2</sup> of office, retail, commercial and showroom floorspace.

#### Deliverables

EPRA's investment, including land acquisition costs will be in the order of \$85m. The sale of land will commence in 2004-05. Subject to decisions by private land owners in the precinct including the Western Australian Trotting Association, redevelopment could be expected to take in the order of ten years. Sale of land through redevelopment could be expected to generate approx \$90m over that time. In turn it is estimated the private sector expenditure on

new residential and other buildings will be in the order of \$850m. Planning provisions and processes for the precinct are yet to be developed but will reflect the innovation, vision and 'sense of place' inherent in the draft masterplan that was published in July 2002.

This will be achieved by the environmental remediation of contamination on all land to be redeveloped in the area. The lower lying sites are largely on land that was reclaimed from the wide estuarine foreshore of the river using uncontrolled fill. As such, they generally require geotechnical stabilisation and environmental remediation. The remediation process being undertaken on the former Metrobus depot site is to the requirements of the Department of Environmental Protection and involves excavation of contaminated soil and replacement with clean fill.

In terms of a social dividend, the project will create an environment that is accessible, safe, secure and enjoyable for the Gateway community to live, work and play. Design guidelines and design assessment processes will be tailored to these ends.

Good access to public transport, shops, education facilities, parks, restaurants, medical services and places of worship will be augmented through modifications to the existing public transport network and through changes to the principal road interchange at the western end of the Causeway.

There is also a strong emphasis on cultural heritage. Buildings and places of heritage significance will be adaptively re-used and incorporated into redevelopment proposals. The Western Australian Police Headquarters designed in the 1960's has recently been added to the state register of heritage places, with Gloucester Park being added to the interim register.





## OPERATIONS cont.

The recent adoption of a new housing diversity policy will also see EPRA deliver 10-15% of its new dwellings for either social housing, affordable rental housing or affordable owner-occupied housing. This will ensure a diverse population emerges.

### Current Status

As at the end of June 2003, work had commenced on a forward works remediation and demolition contract for the former Metrobus depot site. A contract was let to the Georgiou Group that will prepare the site for development by late 2003.

Work has been ongoing toward the acquisition of the Western Australian Police Headquarters site in accordance with the Governor's Order that directs the transfer of the land to EPRA. In the context of current State budgeting priorities, however, the Government has called for a review of the Gateway Project with respect to the impact of financial outcomes on state net debt. This review is being undertaken by EPRA with the Department of Treasury and Finance.

### Statistics

Project area	40 hectares
Released land for approx	2,500 new residences
Housing a population of	6,000 new residents
Non-residential floorspace	20,000 m <sup>2</sup>
Working population of	350 new employees
Off street parking	850 bays
Housing diversity	10-15% of all new housing will be for social or affordable purposes

### Publications

Publications by EPRA are available at its office at 184 Bennett Street, East Perth. The principal publications are :

- East Perth Redevelopment Scheme, Scheme Text and Planning Policies (\$50);
- Project Marketing Information ;
- Customer service charter;
- Annual Reports for the years ending 1993 – 2003;
- Design Guidelines ;

All these records are kept in controlled-access filing systems. No information of a personal nature concerning members of the public is kept by EPRA.

Many of these publications are – and others are being made - available on EPRA's website ([www.epra.wa.gov.au](http://www.epra.wa.gov.au)).



## OPERATIONS cont.

### Compliance With Other Legislation

EPRA complied with the requirements of various legislation during the year:

Disability Discrimination Act 1992

Disability Services Act 1993

Environmental Protection Act 1986

Equal Opportunity Act 1984

Financial Administration and Audit Act 1985

Freedom of Information Act 1992

Government Employees Superannuation Act 1987

Industrial Relations Act 1979

Land Administration Act 1997

Occupational Health, Safety and Welfare Act 1984

Official Corruption Commission Act 1988

Public Sector Management Act 1994

State Supply Commission Act 1991

Workers Compensation and Rehabilitation Act 1981

### Electoral Act 1907

In compliance with Section 175ZE of the Electoral Act 1907, the following expenditure was incurred during the year:

**\$,000**

#### Market Research:

Market Equity	64
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#### Media Advertising:

Marketforce Productions	18
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Media Decisions WA	203
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#### Marketing & Public Relations:

JDA	289
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Newscomm	331
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## CERTIFICATION OF PERFORMANCE INDICATORS

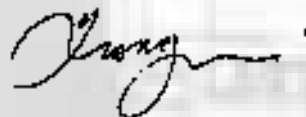
We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the East Perth Redevelopment Authority's performance, and fairly represent the performance of the East Perth Redevelopment Authority for the financial year ended 30 June 2003.



Dr Ken Michael  
Chairman



Cr Simon Chester  
Member



Mr Tony Morgan  
Chief Executive Officer

31 August 2003





**AUDITOR GENERAL**

**INDEPENDENT AUDIT OPINION**

To the Parliament of Western Australia

**EAST PERTH REDEVELOPMENT AUTHORITY**

**PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2003**

**Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the East Perth Redevelopment Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended June 30, 2003.

**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 efficiency and effectiveness.

***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**  
November 3, 2003



## KEY PERFORMANCE INDICATORS

### OUTCOME STATEMENT

EPRA aims to attract thousands of Western Australians back into the city to live, study, work and play.

### EFFECTIVENESS INDICATORS

These indicators quantify how well EPRA is achieving its outcomes. It is evident that the East Perth project has been improving its outcomes over the years. The 2002 figures provide the base for comparisons for The Village Northbridge and The Gateway and there have not been significant changes yet as the projects are still in their early stages.

	1992	East Perth Project			The Village Northbridge		The Gateway	
		1996	2002 <sup>5</sup>	2003	2002	2003	2002	2003
Living in the area:								
No of residents <sup>1</sup>	100	231	1,247	-6	1,199	-6	266	-6
Residential dwellings <sup>1</sup>	50	135	879	-6	739	-6	182	-6
Studying in the area:								
Educational institutions <sup>2</sup>	0	1	1	1	0	0	1	1
No of students <sup>3</sup>	0	1,100	1,763	2,289	0	0	1,126	1,148
Working in the area:								
Businesses < 50 staff <sup>2 3</sup>	103	99	265	283	115	112	27	25
Businesses > 50 staff <sup>2 3</sup>	3	5	5	4	1	1	6	5
Playing in the area:								
Visitors to public facilities <sup>4</sup>	n/a	n/a	2,065,992	1,969,520	n/a	n/a	1,691,172	1,217,886

#### NOTES:

##### Information Sources:

1. From ABS census data
2. 2002 Australia on Disc
3. Telephone Census conducted by Market Equity
4. Survey conducted by Market Equity (see note on survey methodology)
5. Comparative figures in 2002 for the East Perth project relating to the number of students and the number of workers in businesses with less than 50 staff, have been adjusted to reflect a refinement of the data collection procedures
6. ABS census data not available.



## KEY PERFORMANCE INDICATORS

### Methodology for measuring Visitors to public facilities:

- Market Equity conducted two random telephone surveys. The first survey conducted in July 2003 consisted of 135 interviews and the second survey conducted in August 2003 consisted of 201 interviews.
- The surveys interviewed members of the Perth general public aged 18 years and over.
- The surveys captured the incidence of recreational visits to parks, gardens, foreshore or other public open space, but does not include paid entertainment such as restaurants, galleries or sporting venues.
- A sampling frame of Perth metropolitan area adults represents 1,004,860 people from the 2001 ABS Census.
- Telephone numbers were randomly generated from Australia on Disc, which generates household numbers by street name in geographic areas.
- The first survey sample of 135 provides results with a maximum sampling accuracy of +9% at the 95% confidence level.
- The second survey sample of 201 provides results with a maximum sampling accuracy of +7% at the 95% confidence level.

### EFFICIENCY INDICATORS

These relate inputs to outputs to quantify how well EPRA is using its resources and show the dollar of operating expenses per dollar of land sales made during the year and dollar of operating expenses per dollar of capital works conducted during the year:

	2002-03	2001-02	2000-01	1999-00	1998-99
Operating Expenses per dollar of:					
Land sales	0.105	0.160	0.194	0.284	0.059
Capital works	0.191	0.166	0.285	0.294	0.242

In 2002-03 it is evident that the efficiency of delivering land sales has improved whereas that for capital works has slightly reduced. To a large extent this is a function of having a \$9m works program in 2002-03 compared with \$13m in 2001-02. It is worth noting that the 2002-03 result is significantly better than for 1998-99, 1999-2000 and 2000-01.





## CERTIFICATION OF FINANCIAL STATEMENT For the year ended 30 June 2003

The accompanying financial statements of the East Perth 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 financial year ending 30 June 2003 and the financial position as at 30 June 2003.

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



Dr Ken Michael  
Chairman  
Officer



Simon Chester  
Member



Tony Morgan  
Chief Executive Officer



David Beattie  
Principal Accounting

29 August 2003





**AUDITOR GENERAL**  
**INDEPENDENT AUDIT OPINION**

22

**To the Parliament of Western Australia**  
**EAST PERTH REDEVELOPMENT AUTHORITY**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2003**

**Audit Opinion**

In my opinion,

- (i) the controls exercised by the East Perth Redevelopment Authority provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Authority at June 30, 2003 and its financial performance and cash flows for the year ended on that date.

**Scope**

***The Board's Role***

The Board is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law. The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, and the Notes to the Financial Statements.

***Summary of my Role***

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence. An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

**D D R PEARSON**  
**AUDITOR GENERAL**  
**November 3, 2003**



## STATEMENT OF FINANCIAL PERFORMANCE For the year ended 30 June 2003

	Note	2002/03 \$' 000	2001/02 \$' 000
<b>REVENUE</b>			
<b>Revenue from ordinary activities</b>			
<i>Revenue from operating activities</i>			
Sales	2	25,065	13,984
Less: Cost of sales	3	18,196	8,733
Trading profit		6,869	5,251
Contribution income	4	3,385	0
		10,254	5,251
<i>Revenue from non-operating activities</i>			
Interest revenue		1,045	897
Rental revenue		890	1,149
Other revenue from ordinary activities		150	100
<b>Total revenues from ordinary activities</b>		12,339	7,397
<b>EXPENSES</b>			
<b>Expenses from ordinary activities</b>			
Depreciation	5	85	63
Administrative expenses		2,161	1,978
Sales and marketing		949	1,194
Property and project management		681	757
Public relations		553	233
Total expenses before Normalisation and Westrail land purchase		4,429	4,225
Normalisation of public infrastructure	6	0	19,191
Westrail land purchase	7	0	394
<b>Total expenses from ordinary activities</b>		4,429	23,810
<b>Profit/(Loss) from ordinary activities before income tax equivalents</b>		7,910	(16,414)
Income tax equivalent expense / (benefit)	8	(1,254)	(333)
<b>NET PROFIT/(LOSS)</b>		9,164	(16,081)

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



## STATEMENT OF FINANCIAL POSITION As at 30 June 2003

	Note	2002/03 \$' 000	2001/02 \$' 000
<b>CURRENT ASSETS</b>			
Cash assets	9	28,106	20,324
Receivables	10	516	2,097
Developed land	11	5,142	7,656
<b>TOTAL CURRENT ASSETS</b>		<b>33,764</b>	<b>30,077</b>
<b>NON-CURRENT ASSETS</b>			
Capital works in progress	12	15,290	14,383
Undeveloped land	13	19,846	23,736
Property, plant and equipment	14	405	361
<b>TOTAL NON-CURRENT ASSETS</b>		<b>35,541</b>	<b>38,481</b>
<b>TOTAL ASSETS</b>		<b>69,305</b>	<b>68,558</b>
<b>CURRENT LIABILITIES</b>			
Payables	15	122	511
Capital Works Creditors	16	0	3,032
Income in advance	17	0	3,800
Provisions	18	111	145
Other liabilities	19	146	60
<b>TOTAL CURRENT LIABILITIES</b>		<b>379</b>	<b>7,548</b>
<b>NON CURRENT LIABILITIES</b>			
Provisions	18	78	69
Parking contribution fund	20	13	16
Deferred tax liability	8	0	1,254
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>91</b>	<b>1,339</b>
<b>TOTAL LIABILITIES</b>		<b>470</b>	<b>8,887</b>
<b>NET ASSETS</b>		<b>68,835</b>	<b>59,671</b>
<b>EQUITY</b>			
Capital reserve	21	10,338	10,338
Retained profits	22	58,497	49,333
<b>TOTAL EQUITY</b>		<b>68,835</b>	<b>59,671</b>

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



**STATEMENT OF CASH FLOWS For the year ended 30 June 2003**

	Note	2002/03 \$' 000	2001/02 \$' 000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts			
Receipts from customers		23,828	17,968
Interest received		1,041	917
GST receipts on sales		371	236
GST receipts from Taxation Office		1,287	1,095
Payments			
Supplies and services		(3,448)	(2,837)
Employee costs		(1,224)	(1,170)
GST payments on purchases		(1,218)	(1,496)
GST paid to Taxation Office		(25)	(13)
NET CASH PROVIDED BY OPERATING ACTIVITIES	23	20,612	14,699
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital works in progress		(9,951)	(14,671)
Payments for land acquisitions		(2,750)	(3,196)
Payments for property, plant and equipment		(129)	(59)
NET CASH USED IN INVESTING ACTIVITIES		(12,830)	(17,927)
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>7,782</b>	<b>(3,227)</b>
CASH ASSETS AT BEGINNING OF THE FINANCIAL YEAR		20,324	23,551
<b>CASH ASSETS AT THE END OF THE FINANCIAL YEAR</b>	9	<b>28,106</b>	<b>20,324</b>

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



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003

### 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 Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Standards Board, and Urgent Issues Group 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 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 Urgent Issues Group Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

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

##### a) Revenue Recognition

Proceeds from the sale of land are recognised as revenue when the transfer of land is effected. Revenue from the disposal of other assets and the rendering of services is recognised when the Authority has passed control of the other assets or delivery of the service to the customer.

##### b) Income Tax-Effect Accounting

The Authority entered into the National Tax Equivalent Regime (NTER) on 1 July 2001 having previously operated under the State Tax Equivalent Regime from 1 July 1996. From 8 January 2003 the Authority was no longer subject to the NTER. Up until this time the Authority accounted for income tax in accordance with the following policy.

While tax equivalent payments are remitted to State Treasury, the Authority's tax is subject to Australian Taxation Office administration. The calculation of the liability in respect of these taxes is governed by the Income Tax Administration Act and the NTER guidelines as agreed by the State Government.

The Authority adopted the liability method of tax effect accounting whereby the income tax expense shown in the Statement of Financial Performance is based on the accounting profit before income tax adjusted for any permanent differences.

Timing differences, arising due to the different accounting periods in which items of revenue and expense are included in the determination of accounting profit before income tax and taxable income, are brought to account either as a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period to which the benefits will be received or the liability will become payable.





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

The amount of benefits brought to account, or which may be realised in the future, are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the Authority will derive sufficient future assessable income to enable the benefits to be realised and comply with the conditions of deductibility imposed by the law.

### c) Acquisitions of Assets

#### Land Assets

Land acquired in a commercial manner is recognised at cost from the date of settlement. Land that has been resumed is recognised at cost from the time of effective control, whether or not compensation has settled. Land acquired under Governor's Order for nominal consideration is initially recognised at fair value from the date of transfer of title.

#### Property, Plant and Equipment

Office furniture and equipment, computer equipment and buildings purchased by the Authority are recorded at their purchase price in accordance with the cost method of accounting.

### 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 straight line basis, using rates which are reviewed annually. The depreciation rates for each class of depreciable asset are:

Office furniture and equipment	13%
Computer equipment	24%
Buildings	2.5%

### e) Leases

The Authority has entered into an operating lease arrangement for motor vehicles where the lessor effectively retains all of the risks and benefits incident to ownership of the motor vehicles held under the operating leases. Equal installments 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 motor vehicles.

The Authority receives rental income in relation to certain buildings leased within the redevelopment area. Rental income is due to the Authority on the first day of each month and all amounts are settled within seven days. Revenues are recognised for rental income when it becomes due and payable to the Authority.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

### f) Cash

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

### g) 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.

### h) Inventories

Inventories consist of developed land, capital works and undeveloped land stated at the lower of cost or net realisable value.

### i) Payables

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

### j) 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 Authority considers the carrying amount approximates net fair value.

### k) 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

Leave benefits are calculated at remuneration rates expected to be paid when the liabilities are settled. A liability for long service leave is recognised after an employee has completed four years of service.

#### Superannuation

Staff may contribute to the Gold State Superannuation Scheme, a defined benefit lump sum scheme, also 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 complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

The liability for superannuation charges under the Gold State Superannuation Scheme and the West State Superannuation Scheme are extinguished by payment of employer contributions to 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 Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements and thus any benefits thereof would be exceeded by the cost of obtaining the information.

### l) Segment Information

The Authority has only one reportable business segment in line with its single output of redeveloped land, therefore segment information has not been disclosed.

### m) Comparative Figures

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

### n) Rounding of Amounts

Amounts in the financial statements have been rounded to the nearest thousand dollars.

## 2. Land Sales

	2002/03		2001/02	
	Lots	\$'000	Lots	\$'000
Haig Park	0	0	2	378
Belvidere West	2	521	18	3,532
Eastbrook	4	2,336	0	0
Saunders Street	1	365	15	2,357
Primary School	0	0	1	620
Foundry	1	1	9	2,283
North Cove	0	0	1	150
Quadrant	0	0	1	284
Lake Street Precinct	22	7,251	3	2,375
Russell Square Precinct	20	10,176	2	2,005
Parry Street Precinct	15	4,415	0	0
Total	65	25,065	52	13,984



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont.)

	2002/03 \$' 000	2001/02 \$' 000
<b>3. Cost of Sales</b>		
The developed land inventory represents completed subdivisions released for sale. See Note 6. When lots are sold, costs are transferred to cost of sales:		
Opening inventory developed land at 1 July	7,656	7,117
Transferred from undeveloped land	6,640	2,729
Transferred from capital works in progress	9,042	3,972
Lots repurchased	0	2,571
Closing inventory developed land at 30 June	(5,142)	(7,656)
Cost of Sales	<u>18,196</u>	<u>8,733</u>

### 4. Contribution Income

Contribution from Main Roads Western Australia, for the Authority to continue work commenced by MRWA at the Northbridge project\*

3,032	0
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Other contributions from local and state government agencies for the Northbridge Project

353	0
<u>3,385</u>	<u>0</u>

\* Contribution previously recognised as capital works creditor refer note 16.

### 5. Depreciation

Office furniture and equipment	37	32
Computer equipment	43	26
Buildings	5	5
	<u>85</u>	<u>63</u>

### 6. Normalisation of public infrastructure

The amount of \$19.1 million in 2001/02 represents the book value of public assets (reserves, parks, gardens, public access ways, road reserves, thoroughfares and waterways), vested in the City of Perth resulting from the formal normalisation of control over these public assets in February 2002.

There was no consideration and, as they are vested, these public assets are non-saleable by the City of Perth. The book value comprises land at \$5.7 million and capitalised costs of \$13.4 million



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

### 7. Westrail land purchase

Westrail land in East Perth was transferred to the Authority under a Governor's Order dated 23 July 1993 and was recognised in the Authority's accounts at that time as a Government land grant.

The terms of the Governor's Order provided that the payment was to be made to Westrail once funds had been received from the redevelopment and on-sale of the subject land. Those funds were realised in 2001/02, and the payment to Westrail has been expensed in the Statement of Financial Performance of 2001/02 as the acquisition was previously recognised as revenue.

### 8. Income Tax Equivalent

2002/03 \$' 000	2001/02 \$' 000
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The Authority accounts for income tax in accordance with the policy set out in Note 1b. From 8 January 2003 the Authority was no longer subject to the National Tax Equivalent Regime ("NTER").

#### a) Reconciliation

The income tax expense attributable to the profit from ordinary activities is reconciled to the prima facie income tax equivalent expense on that profit as follows:

Prima facie income tax expense/(benefit) at 30 per cent (2002:30%)	2,314	(4,924)
Tax effect of permanent and other differences:		
Non assessable profit from date of exit of NTER	(1,930)	0
Reversal of net deferred tax liability on exit from NTER	(1,638)	0
Non deductible land costs	0	118
Timing differences not previously brought to account	0	4,473
Income tax (benefit) / expense	(1,254)	(333)

#### b) Offsetting of Future Income Tax Benefit attributable to Tax Losses against Provision for Deferred Income Tax.

Deferred tax liability attributable to timing differences	0	1,873
Future income tax benefit attributable to carried forward tax losses	0	(619)
Net deferred tax liability	0	1,254

### 9. Cash Assets

Bank accounts	28,105	20,323
Cash on hand	1	1
	28,106	20,324



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

	2002/03 \$' 000	2001/02 \$' 000
<b>10. Receivables</b>		
Accounts Receivable	438	1,609
Accrued Interest	64	59
GST refundable from Australian Taxation Office	14	429
	<u>516</u>	<u>2,097</u>

**11. Developed Land**

The following represents the undeveloped land and capital works in progress components transferred to completed subdivisions. When lots are sold, costs are transferred to cost of sales:

Balance at 1 July	7,656	7,117
Transferred from undeveloped land	6,640	2,729
Transferred from capital works in progress	9,042	3,972
Transferred to cost of sales	(18,196)	(8,733)
Lots repurchased	0	2,571
Balance at 30 June (at cost)	<u>5,142</u>	<u>7,656</u>

**12. Capital Works In Progress**

These works represent items of public infrastructure and direct subdivision development:

Balance at 1 July	14,383	19,819
Additional works	9,949	11,978
Less transfer of capital works for public assets	0	(13,442)
Less transfers to developed land	(9,042)	(3,972)
Balance at 30 June (at cost)	<u>15,290</u>	<u>14,383</u>

**13. Undeveloped Land**

The Authority acquired land for redevelopment as follows:

Balance at 1 July	23,736	32,284
Cost of land acquired commercially	2,750	0
Adjustment to acquisition costs pursuant to resumption claims	0	(70)
Less transfers to developed land	(6,640)	(2,729)
Less transfer of public asset land	0	(5,749)
Balance at 30 June (at cost)	<u>19,846</u>	<u>23,736</u>





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

Included in inventories, Undeveloped Land, is land leased to external parties, pending redevelopment. The gross amount of leased land at 30 June 2003 is \$3,050,778 (2002: \$2,357,838).

Land inventories comprise Developed Land, Capital Works in Progress and Undeveloped Land, which are recognised in the financial statements at cost. Internal valuation of Developed Land at market value and Capital Works in Progress and Undeveloped Land at current use value, as at 30 June 2003, amounted to \$44,091,327. The internal valuations have been determined taking into account advice from external valuers, and both internal and external property advisors.

	2002/03 \$' 000	2001/02 \$' 000
<b>14. Property, Plant and Equipment</b>		
Office furniture and equipment at cost	429	400
Accumulated depreciation	(356)	(320)
	<u>73</u>	<u>80</u>
Computer equipment at cost	342	247
Accumulated depreciation	(213)	(170)
	<u>129</u>	<u>77</u>
Buildings (184 Bennett Street) at cost	204	200
Accumulated depreciation	(37)	(32)
	<u>167</u>	<u>168</u>
Land (184 Bennett Street) at cost	36	36
Total of property, plant and equipment	<u>405</u>	<u>361</u>

### Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment between the beginning and end of the current and previous financial year.

For the year ended  
30 June 2003

	Office Furniture and Equipment \$'000	Computer Equipment \$'000	Buildings \$'000	Land \$'000	Total \$'000
Carrying amount at the start of the year	80	77	168	36	361
Additions	30	95	4	0	129
Disposals	0	0	0	0	0
Depreciation	(37)	(43)	(5)	0	(85)
Carrying amount at the end of the year	<u>73</u>	<u>129</u>	<u>167</u>	<u>36</u>	<u>405</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

For the year ended  
30 June 2002

	Office Furniture and Equipment \$'000	Computer Equipment \$'000	Buildings \$'000	Land \$'000	Total \$'000
Carrying amount at the start of the year	75	81	173	36	365
Additions	39	22	0	0	61
Disposals	(2)	0	0	0	(2)
Depreciation	(32)	(26)	(5)	0	(63)
Carrying amount at the end of the year	80	77	168	36	361

A current valuation has been obtained from the Valuer General's Office for the land and building at 184 Bennett Street. On an 'as is' basis, being a commercial building with an approved use for 'office', the fair market value of the property is considered to be \$740,000 as at 23rd August 2002.

**15. Payables**

Trade Payables

2002/03 \$' 000	2001/02 \$' 000
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122	511
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**16. Capital Works Creditors**

Contribution from Main Roads Western Australia, for the Authority to continue work commenced by MRWA at the Northbridge project

0	3,032
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**17. Income in advance**

Funds received in advance, prior to settlement of sale to HomesWest pending issue of title.

0	3,800
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## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

	2002/03 \$' 000	2001/02 \$' 000
<b>18. Provisions</b>		
Employee Benefits		
Current Liabilities		
Annual leave	48	66
Long service leave	63	79
	<u>111</u>	<u>145</u>
Non-Current Liabilities		
Long service leave	58	57
Superannuation	20	12
	<u>78</u>	<u>69</u>
Total Employee Benefits	<u>189</u>	<u>214</u>
<b>19. Other Liabilities</b>		
Accrued Expenses	113	39
Accrued Salaries	33	21
	<u>146</u>	<u>60</u>
<b>20. Parking Contribution Fund</b>		
This represents cash in lieu of parking spaces as required under the East Perth Redevelopment Scheme. The funds have been used to provide public car parking facilities		
Balance at 1 July	16	0
Received during the year	0	100
Paid during the year	(3)	(84)
Balance at 30 June	<u>13</u>	<u>16</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

	2002/03 \$' 000	2001/02 \$' 000
<b>21. Capital Reserve</b>		
Opening balance at 1 July	10,338	29,923
Public assets vested in City of Perth 2001-02	0	(19,191)
Westrail land purchase	0	(394)
Closing balance at 30 June	<u>10,338</u>	<u>10,338</u>

In February 1996, Treasurer's Instruction 1102 was issued requiring certain items previously treated as capital injections to be reclassified as revenue. These items were recognised in 1997-98 as a capital reserve constituting receipts and returns of capital in relation to the following items:

Commonwealth grant under the Building Better Cities program	32,078	32,078
Government land grants – adj for Westrail land purchase in 2002	17,748	17,748
Government cash injections	12,500	12,500
State Energy Commission – environmental decontamination	15,000	15,000
Book value of public assets vested in City of Perth 1996-97	(47,797)	(47,797)
Book value of public assets vested in City of Perth 2001-02	(19,191)	(19,191)
Capital Reserve	<u>10,338</u>	<u>10,338</u>

**22. Retained profits**

Opening balance at 1 July	49,333	45,828
Net profit/(loss) for the year	9,164	(16,081)
Transfer from capital reserve - Westrail land purchase	0	394
Transfer from capital reserve - Public assets vested in City of Perth	0	19,191
Closing balance at 30 June	<u>58,497</u>	<u>49,333</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

	2002/03 \$' 000	2001/02 \$' 000
<b>23. Reconciliation of Profit/(Loss) from Ordinary Activities before Income Tax Equivalents to Net Cash Flows Provided by Operating Activities</b>		
Profit / (loss) from ordinary activities before income tax equivalents	7,910	(16,414)
Add / (subtract):		
Non-cash items:		
Depreciation	85	63
Westrail land purchase	0	394
Normalisation of public infrastructure for no consideration	0	19,191
(Increase) / Decrease in assets:		
Receivables *	1,166	(1,045)
Inventory charged to cost of sales	18,196	8,733
Increase / (Decrease) in liabilities:		
Payables	(389)	217
Capital Works Creditors	(3,032)	0
Other Liabilities	86	25
Provisions	(25)	(87)
Income in advance	(3,800)	3,800
Change in GST in receivables *	415	(178)
Net Cash Provided By Operating Activities	<u>20,612</u>	<u>14,699</u>

\* Note that the increase/decrease in GST receivables are not included in Receivables above but the net change is shown in Change in GST in Receivables.

**24. Commitments for Expenditure**

## Capital Commitments

Capital expenditure commitments at reporting dates payable:

Within 1 year	5,361	1,520
Total	<u>5,361</u>	<u>1,520</u>

## Lease Commitments

Non-cancellable operating lease commitments at reporting dates payable:

Within 1 year	31	30
Later than 1 year and not later than 5 years	16	16
Total	<u>47</u>	<u>46</u>

Non-cancellable operating lease commitments at reporting dates receivable:

Within 1 year	65	77
Total	<u>65</u>	<u>77</u>



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

### 25. Contingent Liabilities

At the reporting date, the Authority is negotiating the settlement of various land acquisitions relating to its activities. The estimated amount that will become payable within the next twelve months by the Authority for those land acquisitions is \$11.691 million, which is contingent upon the outcome of the settlement negotiation.

### 26. Explanatory Statement

- a) 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 10% and \$1 million.

	2003 \$'000	2002 \$'000	Variance \$'000
Sales Revenue	25,065	13,984	11,081
Cost of Sales	18,196	8,733	9,463
Contribution Income	3,385	0	3,385
Normalisation of Public Infrastructure	0	19,191	19,191

#### Sales Revenue

The variance is due to higher sales turnover in relation to land sales in the Northbridge project area.

#### Cost of Sales

The variance is due to increased sales turnover during the year as above.

#### Contribution Income

The variance is mainly due to a contribution from Main Roads Western Australia, for the Authority to complete work commenced by MRWA at the Northbridge project.

#### Normalisation of Public Infrastructure

The variance is due to the final transfer of public assets to the City of Perth for nil consideration in 2002, comprising land and capital costs relating to land vested in the council on transfer of control or normalisation of the East Perth project area.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

b) 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 \$1 million.

	2003 Actual \$'000	2003 Estimates \$'000	Variance \$'000
Sales Revenue	25,065	26,300	(1,235)
Cost of Sales	18,196	21,151	(2,955)
Other Revenue	4,315	1,032	3,283
Income Tax Expense / (Benefit)	(1,254)	570	(1,824)

### **Sales Revenue**

The variance is due to land sales in the East Perth and Northbridge project areas that were expected to have occurred during the year for which settlements will occur in 2003/2004.

### **Cost of Sales**

The variance is due to lower sales for reasons given above consequently resulting in a lower cost of sales.

### **Other Revenue**

The variance is due to contribution income of \$3.385m received during the year that was not budgeted for. This relates mainly to the contribution from Main Roads Western Australia of \$3.032m, for the Authority to complete work commenced by MRWA at the Northbridge project.

### **Income Tax Expense / (Benefit)**

The variance is due to the Authority becoming exempt for tax under the NTER on 8 January 2003.





## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

### 27. Financial Instruments

#### a) Credit risk exposures

The credit risk of financial assets which have been recognised on the Statement of Financial Position is the carrying amount of the assets.

#### b) Interest rate risk exposures

The Authority has no borrowings so the only exposure to the variable nature of interest rates is on its cash deposits.

	Notes	Weighted Average Interest Rate	Variable Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
<b>2003</b>					
Financial assets:					
Cash assets	9	4.840%	28,105	1	28,106
Receivables	10		-	516	516
Total financial assets			28,105	517	28,622
Financial liabilities:					
Payables	15		-	122	122
Accruals	19		-	146	146
Employee benefits	18		-	189	189
Parking contribution fund	20		-	13	13
Total financial liabilities			-	470	470
			28,105	47	28,152
<b>2002</b>					
Financial assets		4.701%	20,324	2,097	22,421
Financial liabilities			-	8,887	8,887
			20,324	(6,790)	13,534

#### c) Net fair value of financial assets and liabilities

The net fair value of cash and non interest bearing monetary financial assets and financial liabilities of the Authority approximates their carrying value.



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS For the year ended 30 June 2003 (Cont).

	2002/03 \$' 000	2001/02 \$' 000
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### 28. Remuneration of Members of the Board of the Authority and Senior Officers

#### Remuneration of Members of the Board of the Authority

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

\$1 - \$10,000	6	7
\$20,001 - \$30,000	1	1

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

78	60
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The superannuation included here represents the superannuation expense incurred by the Authority in respect of members of the Board of the Authority.

#### Remuneration of Senior Officers

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

\$80,001 - \$90,000	-	1
\$100,001 - \$110,000	1	1
\$110,001 - \$120,000	2	1
\$130,001 - \$140,000	-	1
\$190,001 - \$200,000	1	-

The total remuneration of senior officers is:

530	435
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The superannuation included here represents the superannuation expense incurred by the Authority in respect of Senior Officers other than senior officers reported as members of the Accountable Authority

### 29. Remuneration of Auditors

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

Auditing the accounts, financial statements  
and performance indicators

33	22
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## BUDGET STATEMENT OF FINANCIAL PERFORMANCE For the year 2003 - 04

	Budget 2003-04 \$'000
<b>REVENUE</b>	
Sales	19,025
Less: cost of sales	15,598
Trading profit	<u>3,427</u>
Interest revenue	741
Other revenue	1,050
Total Revenue	<u>5,218</u>
<b>EXPENSES</b>	
Salaries and staffing	1,804
Property management and maintenance	541
Sales and marketing	1,128
Communications	640
Economic Development	105
Administration	961
Total Expenses	<u>5,179</u>
Operating profit	39
Income tax equivalent expense	<u>0</u>
<b>NET PROFIT</b>	<u>39</u>



**BUDGET STATEMENT OF FINANCIAL POSITION For the year 2003 - 04**

	<b>Budget 2003-04 \$'000</b>
<b>CURRENT ASSETS</b>	
Developed land	7,472
Receivables	50
Cash Assets	8,619
	<hr/> 16,141
<b>NON CURRENT ASSETS</b>	
Undeveloped land	24,099
Capital works in progress	25,217
Furniture and equipment	458
	<hr/> 49,773
<b>TOTAL ASSETS</b>	<b>65,915</b>
<b>CURRENT LIABILITIES</b>	
Payables	50
Provision for income tax liability	0
Provision for long service leave	130
Provision for annual leave	75
Provision for superannuation	133
	<hr/> 388
<b>NON CURRENT LIABILITIES</b>	
Capital contribution	0
Parking Contribution Fund	20
Property and maintenance bonds	120
Provision for deferred income tax	1,254
	<hr/> 1,394
<b>TOTAL LIABILITIES</b>	<b>1,782</b>
<b>NET ASSETS</b>	<b>64,133</b>
<b>EQUITY</b>	
Capital reserve	10,338
Retained profit	53,795
<b>TOTAL EQUITY</b>	<b>64,133</b>



## BUDGET STATEMENT OF CASH FLOWS For the year 2003 - 04

	Budget 2003-04 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Payments to suppliers	-3,375
Payments to employees	-1,804
Interest received	741
Other operating receipts	18,284
NET CASH FROM OPERATING ACTIVITIES	13,846
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Payments for capital works	-18,342
Land acquisitions	-11,691
Payments for assets	-20
NET CASH USED IN INVESTING ACTIVITIES	-30,053
<b>NET DECREASE IN CASH</b>	<b>-16,207</b>
OPENING CASH BALANCE	24,826
<b>CLOSING CASH BALANCE</b>	<b>8,619</b>

