

East Perth Redevelopment Authority

Annual Report 2003-2004



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This is the 12th Annual Report of the East Perth Redevelopment Authority.
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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 2004.

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

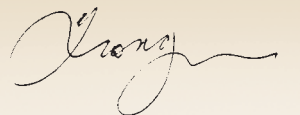
Yours sincerely



Dr Ken Michael
Chairman



Cr Simon Chester
Deputy Chairman



Mr Tony Morgan
Chief Executive Officer

31 August 2004

REPORT FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

We are pleased to present the 12th annual report for the East Perth Redevelopment Authority (EPRA).

Over the past 12 months EPRA has continued its urban redevelopment work in existing project areas – Claisebrook Village East Perth, The Village Northbridge and the Gateway East Perth – as well as commenced work on a new project: the East Perth Power Station.

The EPRA Board and Management established its strategic directions for the year at a workshop during April 2003. Its associated business plan was adopted in June 2003. The Strategic Directions and Business Plan saw a notable change in the way EPRA undertakes to do its business – from a traditional project management model to a place-making model.

This saw the creation of three directorates within the organisation – Place Creation, Place Delivery and Business Services. This structure enables the strategic creation and delivery of new places against the backdrop of sound corporate support and identifies the need for ongoing management of key places within EPRA's project areas.

Highlights for the 2003-2004 Financial Year include:

- Board approval of the Gateway Masterplan in September 2003
- Commencement of work on the East Perth Power Station Project
- Continuation of a solid sales program. Although results were below budget, the balance will be picked up in 2004-2005
- Adoption of a comprehensive Heritage Policy for EPRA project areas
- Commencement of a Transit Oriented Development study for East Perth
- Continued participation in the Place Leader's Association Australia.

Gateway Masterplan

The EPRA Board approved the final Gateway Masterplan in September 2003. The compilation of the final document followed a three-month community consultation period following the release of a draft Masterplan in July 2002.

Following the consultation period, certain aspects of the document were amended to accommodate consultation outcomes.

The boundary of the Gateway redevelopment was extended over the 'Causeway Common' area to enable the proposed improvements detailed in the Masterplan.

Concept planning for the 4A Carpark, the Chemlabs site, the former Metrobus site and part of the WA Police Service Headquarters site is currently underway. Negotiations for the acquisition of the Police Headquarters and Chemistry Laboratory sites continue.

East Perth Power Station

EPRA commenced work on the East Perth Power Station Project in November 2003, following a State Government commitment to allocate funds to stabilise its heritage buildings and secure the site. EPRA's responsibilities also include masterplanning and assisting in the identification of a suitable end user for the facility.

The masterplanning process will include the release of a draft masterplan which will be the subject of a three month community consultation period, followed by the release of a final masterplan during 2005.

Site works will include building stabilisation and site clean up, roof removal and replacement, demolition of some buildings with no heritage significance as well as securing the site.

EPRA Sales Program

At the end of the 2003-2004 financial year, EPRA had achieved sales worth \$12.1 million with an additional \$2.1 million worth of sales under contract. The majority of properties sold were in The Village Northbridge project area with continuing sound demand for residential and mixed-use property at auction and for sales by tender.

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

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 impact of this sales program is reflected in EPRA's net asset value which continued to climb, ending the year at \$72.3m, up from \$68.8m at the start.

Heritage Policy

To mark its commitment to retaining and enhancing the important heritage features of its project areas, and to encourage the ongoing interpretation of these buildings and places, EPRA formulated and adopted a comprehensive Heritage Planning Policy during 2003.

The Policy has received commendation from the Heritage Council for its innovative approach to Heritage Conservation. It has also created interest within some Local Governments that have obtained a copy due to its comprehensive approach and practicality.

The Policy itself was created in consultation with the Heritage Council of WA and Palassis Architects and was developed with particular regard to the unique built environment of Northbridge, which, unlike the East Perth and Subiaco redevelopment areas, contains a significant number of unique older buildings with cultural heritage significance.

Transit Oriented Development Study

EPRA has recognised that there are opportunities to capitalise on Claisebrook Village's unique position in relation to proximity to key transport routes. During 2003-2004 a Transit Oriented Development study was commissioned to look at how concept planning for key sites – particularly those around McIver, Claisebrook and the East Perth railway stations – should accommodate this unique position and assist in bringing about sustainability outcomes.

Place Leader's Association

During 2003-2004 EPRA continued to play an active role in the Place Leader's Association Australia (PLAA) – a forum of redevelopment authorities from around Australia who meet quarterly to share information, experience and ideas.

EPRA is a founding member of the organisation and in September 2003, the national conference was held in Perth. In March 2004 EPRA representatives attended a PLAA forum in Adelaide. The Association exists to raise the profile of redevelopment activities around the country and to allow experiences to be shared quickly and easily.

Key Performance Indicators

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

A market research program is being developed for implementation during the 2004-2005 financial year to allow EPRA to have a more developed understanding of its stakeholder groups and community's needs and expectations.

Stakeholders

EPRA's working relationships with Local Government remain productive and close liaison and consultation is maintained on a number of levels within each organisation.

The City of Perth continues to be a significant stakeholder in EPRA's operations, particularly in relation to the 'normalisation' process and in relation to masterplanning for key sites. The relationship is strengthened by two of EPRA's Board members being City of Perth Councillors and one member being a Councillor in the Town of Vincent.

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

Board Membership

Three new Board members were appointed in August 2003.

Ms Carol Hofmeester was appointed to replace Mr Steven Yovich, who retired after eleven years' service on the Board. Ms Hofmeester is a management consultant who brings a wealth of experience in strategic planning, policy, financial statements, audit and compliance.

Following the Local Government elections held in May 2003, Cr Janet Davidson and Cr Rob Butler were nominated as the City of Perth representatives on the Board, in place of Dr Peter Nattrass and Cr Judy McEvoy who had served eight and seven years respectively.

In accordance with Part 2, Division 1, Section 8 of the Act, the Minister appointed Mr Simon Chester to the position of Deputy Chair of the Authority in November 2003.

EPRA Staff

EPRA's staff complement increased during the 2003-2004 financial year from 16 full time equivalents to 25 full time equivalents. This increase in staff is a combination of some new positions and also internalising previously outsourced contract positions.

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



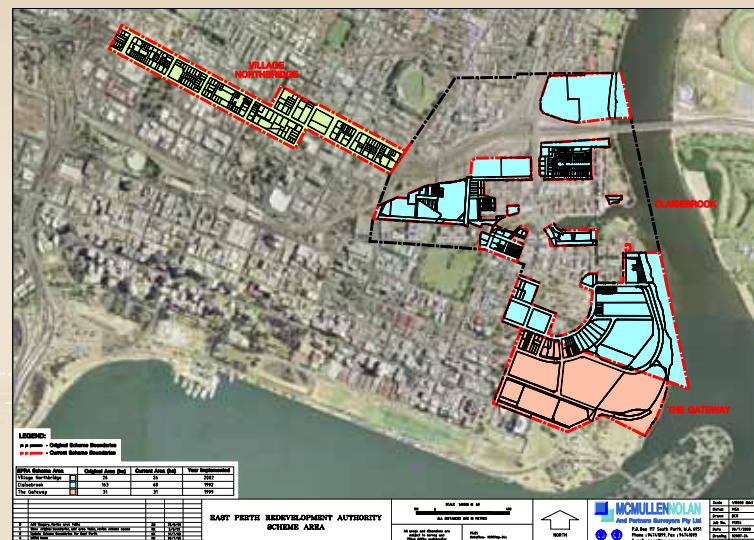
Mr Tony Morgan
Chief Executive Officer

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. Regulations will, however, soon be drafted to formally enable the inclusion of the 'Causeway Common' area (south of Trinity College) within EPRA's boundaries as part of the Gateway project.



The redevelopment area.

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 2003-2004 Financial Year.

Membership of the Board

EPRA's Board consists of seven members appointed by the Minister, with two required to be City of Perth Councillors. Board meetings are held monthly or more frequently if required. The Chief Executive Officer, the Executive 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.

Member	Expiry of Term
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Dr Ken Michael	10 February 2005
Cr Simon Chester	10 February 2006
Ms Chris Costa	10 February 2006

Mr Mike Day	31 December 2006
Ms Carol Hofmeester	31 December 2004
Cr Janet Davidson	31 May 2005
Cr Rob Butler	31 May 2005

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 (Chair), Ms Chris Costa, Mr Mike Day, Cr Janet Davidson and Mr Tony Morgan (Deputy Member – Cr Rob Butler)

Internal Audit Committee – Dr Ken Michael (Chair), Mr Mike Day, Ms Carol Hofmeester, Mr Tony Morgan (Deputy Member – Cr Janet Davidson)

Land, Works and Services Committee – Dr Ken Michael (Chair), Ms Chris Costa, Cr Rob Butler, Mr Tony Morgan (Deputy Member – Ms Carol Hofmeester)

CORPORATE GOVERNANCE (Cont.)

Board Members' Attendance

	BOARD	PLANNING	INTERNAL AUDIT	LAND, WORKS & SERVICES
	11 meetings	13 meetings	3 meetings	3 meetings
	Attended	Attended	Attended	Attended
Board Member				
Dr Ken Michael (Chair)	10		3	3
Cr Simon Chester (Deputy Chair)	9	13		
Mr Mike Day	9	8	2	
Ms Chris Costa	9	11		1
Ms Carol Hofmeester	8		2	
Cr Janet Davidson*	8	10		
Cr Rob Butler*	7			2
Cr Judy McEvoy*	2	2		
The Rt Hon Peter Nattrass*	2			
Mr Steven Yovich	1		1	
*Members nominated by the City of Perth.				

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.

Corporate Governance Workshop

In November 2003, Board members attended a workshop presented by Trish Ridsdale of Board & Business, which was prepared for members of the East Perth, Subiaco, Midland and Armadale Redevelopment Authorities. The Workshop was specifically designed to address governance and risk management issues relevant to Boards of Statutory Government Authorities.

Strategic Planning Workshop

In April 2004, Board members attended a strategic planning workshop with EPRA management to establish the strategic directions for EPRA for the next five years and the business plan for 2004-2005.

MANAGEMENT

During 2003 - 2004, management was organised into four teams, 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 23 members of staff are full-time employees. Four other staff members are part time employees.

Ten full time staff 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 management team is supplemented by various external 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

Each year, EPRA's Board and senior management prepare strategic directions and a business plan. This includes a review and update of corporate objectives to reflect the organisation's current operating environment. The 2003-2004 business plan was based on strategic objectives slightly amended from the previous year:

- Develop a strategy and communicate the long-term future vision of EPRA
- Build commitment of Board performance focusing at strategic level
- Demonstrate that EPRA is at the leading edge of urban renewal on a world scale
- Form an alliance with the Sydney Harbour Foreshore Authority and establish international and identity benchmarks
- Have a more positive, productive and collaborative relationship with local authorities directly and through representative agencies, resulting in greater support for redevelopment projects
- Remain flexible and responsive to the Government context
- Complete the Gateway masterplan and demonstrate triple bottom line objectives to Government and other stakeholders

- Develop and retain appropriate knowledge, skills base and resource levels
- Review the existing planning framework and masterplans to ensure that they reflect contemporary practice and will deliver sustainable development outcomes
- Complete current and future redevelopment projects.

Financial Highlights

	2004 Actual	2004 Budget	2003 Actual
Sales revenue	\$12.1m	\$19.0m	\$25.1m
Operating surplus	\$0.4m	\$0.0m	\$7.9m
Net Asset Value	\$72.3m	\$64.1m	\$68.8m

Significant Achievements

- Financial results exceeded budget
- Majority of business plan targets achieved
- Draft Sustainability Policy developed
- Housing Diversity Policy being implemented
- Heritage Policy adopted
- Organisation restructured on a functional basis
- Work commenced on East Perth Power Station site works and masterplanning

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 percent 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.

A Transit-Oriented Development study has been conducted, looking at the East Perth area around the Mclver, Claisebrook and East Perth railway stations. The findings of this study are going to be incorporated into all remaining concept planning in the East Perth area and the study is going to provide the framework for development which will be modelled on triple bottom line outcomes.

The stunning waterfront landscape of the Claisebrook Inlet, created as part of the redevelopment project, has provided a drawcard setting for the newly opened Sebel Residence, Ba Ba Black Café and the Royal Bar and Brasserie at South Cove.

The gradual activation of the Cove and foreshore has started to highlight the qualities that were part of the original vision for the development of 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. Place Activation is the subject of the development of a strategic events strategy, business attraction strategy and community development planning.

At full completion, 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. Although EPRA is in the process of masterplanning for the East Perth Power Station Precinct, it is thought that the area could accommodate around 520 new housing units and that a mixed-use outcome would afford additional opportunities for employment and recreation.

Deliverables

At the conclusion of the East Perth project, 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 approximately \$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.

Another dimension to the East Perth project is the East Perth Power Station. The State Government has approved the transfer of ownership of the former East Perth Power Station to EPRA and this site, plus its adjacent land, will bring about the following outcomes:

1. The preparation of a Masterplan for the site in the context of transit oriented development opportunities, Claisebrook Village and the Swan River
2. The stabilisation of the heritage-listed East Perth Power Station and associated buildings
3. The subdivision of EPRA - owned land; and
4. Acquiring end-user/s for the Power Station complex.

The redevelopment of the East Perth project area as a whole will be achieved with the environmental remediation of all development land in the project area. Land in the area was previously used for light industry, warehousing and manufacturing, particularly at the former gas-works site, which is now Mardalup Park.

OPERATIONS (Cont.)

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.

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 continues to tell the story of past lives and future values of the East Perth community.

East Perth has also seen the delivery of a number of social 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 percent of its new dwellings for either social housing, affordable rental housing or affordable owner-occupied housing consistent with the adopted Housing Diversity Policy.

Current Status

As at the end of June 2004, almost all of the available properties in the East Perth project area have been sold, with only two commercial lots remaining and two developed multi-unit residential lots yet to be put on the market.

The afore-mentioned Transit Orientated Development study has been undertaken to steer long-term development opportunities for the Royal Street West Precinct. Plans for the yet-to-be developed Imago site will be reviewed in the context of study outcomes.

At the same time, construction expenditure of approximately \$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. It is also about lifestyle, amenity and community-minded neighbourhoods that involve people from all walks of life and income levels.

This is being achieved through the creation of a landscaped, pedestrian-friendly environment, which encourages life outside of the home and into the area's cafes, parks and streets.

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 70,000m² of office, retail, commercial and showroom floor space.

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 approximately \$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.

OPERATIONS (Cont.)

EPRA's planning protocols focus on providing the highest quality land to 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 meet these objectives. 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.

EPRA's Housing Diversity Policy will see the delivery of 10-15 percent of new dwellings for social housing, affordable rental housing or affordable owner-occupied housing. This represents about 70 out of the proposed 460 new dwellings and will see a diverse population emerging.

Current Status

At the end of June 2004, approximately \$37.2m worth of properties had been sold, representing just under half of the total sales program.

At the same time, construction expenditure of approximately \$25.4m has been incurred in improving the streetscape, development of new subdivisions and land stock in the project area.

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 ²
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

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 into the cafés, parks, and streets of the Gateway.

The project will deliver some 2,500 new residences to house a new population of around 5,000 new residents. It will also accommodate a working population of up to 1,000 new employees through the provision of 20,000m² of office, retail, commercial and showroom floorspace.

OPERATIONS (Cont.)

Deliverables

EPRA's investment, including land acquisition costs will be in the order of \$80m. 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 to 15 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 or \$500m.

Planning provisions and processes for the precinct are currently being developed and will reflect the innovation, vision and 'sense of place' inherent in the draft Masterplan that was released in July 2002, and in the final Masterplan approved by the EPRA Board in September 2003.

This will be achieved by the environmental remediation of contaminated land in the redevelopment 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.

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.

EPRA's Housing Diversity Policy will see the delivery of 10-15 percent of new dwellings being for social housing, affordable rental housing or affordable owner-occupied housing. This will assist in the development of community diversity.

Current Status

As at the end of June 2004, forward works had been completed for remediation and demolition works at the former Metrobus depot site. Work is currently underway to integrate the Metrobus concept plan with the concept plan for the Chemlabs site to the west and the Police Services site to the east.

Work regarding the acquisition of the Western Australian Police Headquarters site has been ongoing in accordance with the Governor's Order that directs the transfer of the land to EPRA.

Statistics

Project area	40 hectares
Released land for approx	2,500 new residences
Housing a population of	5, 000 new residents
Non-residential floorspace	20,000 m ²
Working population of	1,000 new employees
Housing diversity	10-15% of all new housing will be for social or affordable purposes

OPERATIONS (Cont.)

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 – 2004; and
- Design Guidelines.

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 available on EPRA's website www.epra.wa.gov.au

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
Media Advertising:	
Marketforce Productions	18
Media Decisions WA	203
Marketing & Public Relations:	
JDA	289
Newscomm	331

CERTIFICATION OF PERFORMANCE INDICATORS

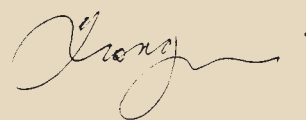
We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the East Perth Redevelopment Authority's performance, and fairly represent the performance of the East Perth Redevelopment Authority for the financial year ended 30 June 2004.



Dr Ken Michael
Chairman



Cr Simon Chester
Deputy Chairman



Mr Tony Morgan
Chief Executive Officer

31 August 2004



AUDITOR GENERAL

To the Parliament of Western Australia

EAST PERTH REDEVELOPMENT AUTHORITY

PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

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, 2004.

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
October 18, 2004

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

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.

	East Perth Project 1992	East Perth Project 1996	East Perth Project 2003	East Perth Project 2004
Living in the area:				
No of residents *	100	231	1,314	1,314
Residential dwellings	50	135	926	926
Studying in the area:				
Educational institutions**	0	1	1	1
No. of students	0	1,100	2,289	2,742
Working in the area				
Businesses < 50 staff	103	99	283	401
Businesses > 50 staff	3	5	4	3
Playing in the area:				
Visitors to public facilities	n/a	n/a	1,969,520	2,572,440

EFFICIENCY INDICATORS

	The Village Northbridge 2002	The Village Northbridge 2003	The Village Northbridge 2004	The Gateway 2002	The Gateway 2003	The Gateway 2004
Living in the area:						
No of residents *	1,199	1,256	1,477	266	266	266
Residential dwellings	739	774	910	182	182	182
Studying in the area:						
Educational institutions**	0	0	0	1	1	1
No. of students	0	0	0	1,126	1,148	1,179
Working in the area						
Businesses < 50 staff	115	112	116	27	25	29
Businesses > 50 staff	1	1	1	6	5	5
Playing in the area:						
Visitors to public facilities	n/a	n/a	n/a	1,691,172	1,217,886	1,567,584

*From ABS census data.

No of Students:

East Perth: E-Central TAFE, opened in 1994
 Gateway: Trinity College
 Northbridge: Central TAFE is outside the redevelopment area

Whilst EPRA was influential in attracting the E Central Campus of TAFE to locate in East Perth, the increasing number of students is attributable to the attraction of the general area as a place to study. Similarly, although Trinity college was located in the Gateway area prior to EPRA's involvement, students will be attracted by the improvement in facilities in the locality.

EFFICIENCY INDICATORS

METHODOLOGY NOTES

Living in the Area:

In census years the census data is used. In intervening years an approximation is derived by multiplying the total number of residential dwellings (from EPRA data) times the average number of residents per dwelling (based on 2001 ABS census data).

Studying in the Area:

Institutions identified through 2004 Marketing Pro Database, followed by a telephone census with educational institutions, conducted by Market Equity. Includes full-time and part-time students.

Working in the Area:

Number of businesses identified through 2004 Marketing Pro Database, followed by a telephone census with large organizations, conducted by Market Equity.

Playing in the Area:

Market Equity conducted a telephone survey of 200 adults (aged 18 years and over) in the Perth metropolitan area. 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. A sample of 200 provides results with a maximum sampling accuracy of + 7% at the 95% confidence level. Interviewing commenced on 3 June 2004 and was completed on 4 June 2004.

EFFICIENCY INDICATORS

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

	2003-04	2002-03	2001-02	2000-01	1999-00
\$ per \$ of:					
Land sales	0.196	0.105	0.160	0.194	0.284
Capital works	0.252	0.191	0.166	0.285	0.294

In 2003-04 it is evident that the efficiency of delivering land sales has decreased reflecting the deferral of \$7 million of sales to 2004-05. The efficiency for delivering capital works has decreased slightly which, to a large extent, is a function of having a \$7.7m of works deferred to 2004-05. It is worth noting that the 2003-04 result is better than for two of the four prior years.

CERTIFICATION OF FINANCIAL STATEMENTS For the year ended 30 June 2004

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 2004 and the financial position as at 30 June 2004.

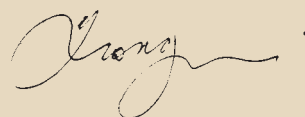
At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



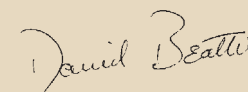
Dr Ken Michael
Chairman



Simon Chester
Member



Tony Morgan
Chief Executive Officer



David Beattie
Principal Accounting Officer

27 August 2004

INDEPENDENT AUDIT OPINION



AUDITOR GENERAL
To the Parliament of Western Australia
EAST PERTH REDEVELOPMENT AUTHORITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

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, 2004 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
October 18, 2004

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

STATEMENT OF FINANCIAL PERFORMANCE For the year ended 30 June 2004

	Note	2003/04 \$' 000	2002/03 \$' 000
REVENUE			
Revenue from ordinary activities			
Revenue from operating activities			
Sales	2	12,055	25,065
Less: Cost of sales	3	8,981	18,196
Trading profit		3,074	6,869
Contribution income	4	301	3,385
		3,375	10,254
Revenue from non-operating activities			
Interest revenue		1,252	1,045
Rental revenue		692	890
Other revenue from ordinary activities		509	150
Total revenues from ordinary activities		5,828	12,339
EXPENSES			
Expenses from ordinary activities			
Depreciation	5	78	85
Administrative expenses		3,173	2,161
Sales and marketing		620	949
Property and project management		643	681
Economic and community development		52	0
Communications		874	553
Total expenses from ordinary activities		5,440	4,429
Profit/(Loss) from ordinary activities before income tax equivalents		388	7,910
Income tax equivalent expense / (benefit)	6	0	(1,254)
NET PROFIT/(LOSS)		388	9,164

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

STATEMENT OF FINANCIAL POSITION As at 30 june 2004

	Note	2003/04 \$' 000	2002/03 \$' 000
CURRENT ASSETS			
Cash assets	7	29,683	28,106
Receivables	8	655	516
Developed land	10	4,442	5,142
Other assets	9	53	0
TOTAL CURRENT ASSETS		34,833	33,764
NON-CURRENT ASSETS			
Capital works in progress	11	21,863	15,290
Undeveloped land	12	16,461	19,846
Property, furniture and equipment	13	389	405
TOTAL NON-CURRENT ASSETS		38,713	35,541
TOTAL ASSETS		73,546	69,305
CURRENT LIABILITIES			
Payables	14	770	122
Income in advance	15	79	0
Provisions	16	165	111
Other liabilities	17	138	146
TOTAL CURRENT LIABILITIES		1,152	379
NON-CURRENT LIABILITIES			
Provisions	16	138	78
Parking contribution fund	18	13	13
TOTAL NON-CURRENT LIABILITIES		151	91
TOTAL LIABILITIES		1,303	470
NET ASSETS		72,243	68,835
EQUITY			
Capital reserve	19	10,338	10,338
Contributed Equity	20	3,020	0
Retained profits	21	58,885	58,497
TOTAL EQUITY		72,243	68,835

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

STATEMENT OF CASH FLOWS For the year ended 30 June 2004

	Note	2003/04 \$' 000	2002/03 \$' 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers		13,456	23,828
Interest received		1,236	1,041
GST receipts on sales		130	371
GST receipts from Taxation Office		1,236	1,287
Payments			
Supplies and services		(3,010)	(3,448)
Employee costs		(1,601)	(1,224)
GST payments on purchases		(1,347)	(1,218)
GST paid to Taxation Office		(13)	(25)
NET CASH PROVIDED BY OPERATING ACTIVITIES	22	10,088	20,612
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital works in progress		(10,936)	(9,951)
Payments for land acquisitions		(533)	(2,750)
Payments for property, furniture and equipment		(62)	(129)
NET CASH USED IN INVESTING ACTIVITIES		(11,531)	(12,830)
CASH FLOWS FROM STATE GOVERNMENT			
Equity contributions by owners		3,020	0
NET CASH PROVIDED BY STATE GOVERNMENT		3,020	0
NET INCREASE/(DECREASE) IN CASH		1,577	7,782
CASH ASSETS AT BEGINNING OF THE FINANCIAL YEAR		28,106	20,324
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	7	29,683	28,106

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004

I. 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 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 fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

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

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.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

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.

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, Furniture 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.

Assets costing less than \$1,000 are expensed in the year of acquisition.

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 expected useful lives and depreciation rates for each class of depreciable asset are:

Office furniture and equipment	7 to 8 years	13%
Computer equipment	4 years	24%
Buildings	40 years	2.5%

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

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.

f) Cash

For the purpose of the Statement of Cash Flows, cash includes short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value. Interest revenues are recognised as they are accrued.

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.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

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

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. An actuarial assessment of long service leave was undertaken by PriceWaterhouseCoopers in 2004.

Superannuation

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

The liabilities for superannuation charges under the Gold State Superannuation Scheme and the 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

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.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

2. Land Sales

Belvidere West
Eastbrook
Saunders Street
Foundry
Lake Street Precinct
Russell Square Precinct
Parry Street Precinct
Total

2003/04		2002/03	
Lots	\$'000	Lots	\$'000
3	1,030	2	521
0	0	4	2,336
0	0	1	365
0	0	1	1
2	784	22	7,251
13	3,750	20	10,176
21	6,491	15	4,415
39	12,055	65	25,065

3. Cost of Sales

The developed land inventory represents completed subdivisions released for sale. See Note 10. When lots are sold, costs are transferred to cost of sales:

Opening inventory developed land at 1 July
Transferred from undeveloped land
Transferred from capital works in progress
Lots repurchased
Closing inventory developed land at 30 June
Cost of Sales

2003/04	2002/03
\$'000	\$'000
5,142	7,656
3,402	6,640
4,363	9,042
516	0
(4,442)	(5,142)
8,981	18,196

4. Contribution Income

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

Other contributions from local government for the Northbridge Project

0	3,032
301	353
301	3,385

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

5. Depreciation

Office furniture and equipment
Computer equipment
Buildings

2003/04 \$'000	2002/03 \$'000
19	37
54	43
5	5
<u>78</u>	<u>85</u>

6. Income Tax Equivalent

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) (2003:30%)	0	2,314
Tax effect of permanent and other differences:		
Non assessable profit from date of exit of NTER	0	(1,930)
Reversal of net deferred tax liability on exit from NTER	0	(1,638)
Non deductible land costs	0	0
Timing differences not previously brought to account	0	0
Income tax (benefit) / expense	<u>0</u>	<u>(1,254)</u>

7. Cash Assets

Bank accounts
Short term bank bills / deposits
Cash on hand

4,581	4,782
25,101	23,323
1	1
<u>29,683</u>	<u>28,106</u>

The term deposits mature on a three monthly basis and are bearing fixed interest rates between 4.74% and 5.31% (2003: 4.78% and 4.93%) and the at call funds are bearing floating interest rates between 4.75% and 5.40% (2003: 4.65% and 4.80%).

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

8. Receivables

Accounts Receivable
Accrued Interest
GST refundable from Australian Taxation Office

2003/04 \$'000	2002/03 \$'000
647	438
0	64
8	14
<u>655</u>	<u>516</u>

9. Other Assets

Prepayments
Refundable Deposits

2003/04 \$'000	2002/03 \$'000
48	0
5	0
<u>53</u>	<u>0</u>

10. 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
Transferred from undeveloped land
Transferred from capital works in progress
Transferred to cost of sales
Lots repurchased
Balance at 30 June (at cost)

2003/04 \$'000	2002/03 \$'000
5,142	7,656
3,402	6,640
4,363	9,042
(8,981)	(18,196)
516	0
<u>4,442</u>	<u>5,142</u>

11. Capital Works In Progress

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

Balance at 1 July
Additional works
Less transfers to developed land
Balance at 30 June (at cost)

2003/04 \$'000	2002/03 \$'000
15,290	14,383
10,936	9,949
(4,363)	(9,042)
<u>21,863</u>	<u>15,290</u>

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

12. Undeveloped Land

The Authority acquired land for redevelopment as follows:

	2003/04 \$'000	2002/03 \$'000
Balance at 1 July	19,846	23,736
Cost of land acquired commercially	17	2,750
Less transfers to developed land	(3,402)	(6,640)
Balance at 30 June (at cost)	<u>16,461</u>	<u>19,846</u>

Included in inventories, Undeveloped Land, is land leased to external parties, pending redevelopment. The gross amount of leased land at 30 June 2004 is \$ 3,287,663 (2003: \$3,050,778).

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 2004, amounted to \$44,304,508 (2003: \$44,091,327). The internal valuations have been determined taking into account advice from external valuers, and both internal and external property advisors.

13. Property, Furniture and Equipment

Office furniture and equipment at cost	451	429
Accumulated depreciation	<u>(374)</u>	<u>(356)</u>
	77	73
Computer equipment at cost	384	342
Accumulated depreciation	<u>(270)</u>	<u>(213)</u>
	114	129
Buildings (184 Bennett Street) at cost	203	204
Accumulated depreciation	<u>(41)</u>	<u>(37)</u>
	162	167
Land (184 Bennett Street) at cost	<u>36</u>	<u>36</u>
Total of property, furniture and equipment	<u>389</u>	<u>405</u>

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

Reconciliations

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

For the year ended 30 June 2004

	Office Furniture and Equipment \$'000	Computer Equipment \$'000	Buildings \$'000	Land \$'000	Total \$'000
Carrying amount at the start of the year	73	129	167	36	405
Additions	23	42	-	-	65
Disposals	-	(3)	-	-	(3)
Depreciation	(19)	(54)	(5)	-	(78)
Carrying amount at the end of the year	77	114	162	36	389

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	73	129	167	36	405

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.

14. Payables

Trade Payables

	2003/04 \$'000	2002/03 \$'000
Trade Payables	770	122

15. Income in advance

SRA Corporate Service Fee
Rental Revenue

	2003/04 \$'000	2002/03 \$'000
SRA Corporate Service Fee	29	0
Rental Revenue	50	0
	79	0

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

	2003/04 \$'000	2002/03 \$'000
16. Provisions		
Employee Benefits		
<u>Current</u>		
Annual leave	82	48
Long service leave	46	63
Other (I)	37	0
	<u>165</u>	<u>111</u>
<u>Non-Current</u>		
Long service leave	116	58
Superannuation	2	20
Other (I)	20	0
	<u>138</u>	<u>78</u>
Total Employee Benefits	<u>303</u>	<u>189</u>

(I) 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 administrative expenses.

17. Other Liabilities

Accrued Expenses	32	113
Accrued Salaries	106	33
	<u>138</u>	<u>146</u>

18. Parking Contribution Fund

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	13	16
Received during the year	0	0
Paid during the year	0	(3)
Balance at 30 June	<u>13</u>	<u>13</u>

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

19. Capital Reserve

	2003/04 \$'000	2002/03 \$'000
Opening balance at 1 July	10,338	10,338
Movements during the year	0	0
Closing balance at 30 June	10,338	10,338

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	10,338	10,338

20. Contributed Equity

The Authority is undertaking stabilisation of the East Perth Power Station building with contributions from the Government of Western Australia in 2003-04 and Western Power in 2004-05. The Government's contribution of \$3.02m was in the form of a non-repayable capital appropriation and in accordance with Treasurer's Instruction 955, has been designated as contributions by owners.

Opening balance at 1 July	0	0
Contribution from Government of WA for the East Perth Power Station 2004	3,020	0
Closing balance at 30 June	3,020	0

21. Retained profits

Opening balance at 1 July	58,497	49,333
Net profit/(loss) for the year	388	9,164
Closing balance at 30 June	58,885	58,497

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

	2003/04 \$'000	2002/03 \$'000
22. Reconciliation of Profit/(Loss) from Ordinary Activities before Income Tax Equivalents to Net Cash Flows Provided by Operating Activities		
Profit / (loss) from ordinary activities before income tax equivalents	388	7,910
Non-cash items:		
Depreciation	78	85
(Increase) / decrease in assets:		
Receivables *	(199)	1,166
Inventory charged to cost of sales	8,981	18,196
Increase / (decrease) in liabilities:		
Payables	649	(389)
Capital Works Creditors	0	(3,032)
Other Liabilities	(8)	86
Provisions	114	(25)
Income in advance	79	(3,800)
Change in GST in receivables *	6	415
Net Cash Provided By Operating Activities	10,088	20,612

* 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.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

23. Commitments for Expenditure

Capital Commitments

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

	2003/04 \$'000	2002/03 \$'000
Within 1 year	3,214	5,361
Total	<u>3,214</u>	<u>5,361</u>

Lease Commitments

Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:

Within 1 year	38	31
Later than 1 year and not later than 5 years	16	16
Total	<u>54</u>	<u>47</u>

Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as assets, are receivable as follows:

Within 1 year	4	65
Total	<u>4</u>	<u>65</u>

24. Contingent Liabilities

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

a) Land Acquisitions

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 \$2.952 million, which is contingent upon the outcome of the settlement negotiation.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

25. Explanatory Statement

a) 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 \$1,000,000.

	2004 Actual \$'000	2004 Estimates \$'000	Variance \$'000
Sales Revenue	12,055	19,025	(6,970)
Cost of Sales	8,981	15,598	(6,617)

Sales Revenue

The variance is due to land sales in the East Perth and Northbridge project areas that were deferred due to ongoing negotiations or the review of land uses, or were expected to have occurred during the year for which settlements will occur in 2004/2005.

Cost of Sales

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

b) 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 \$1,000,000.

	2004 \$'000	2003 \$'000	Variance \$'000
Sales Revenue	12,055	25,065	(13,010)
Cost of Sales	8,981	18,196	(9,215)
Contribution Income	301	3,385	(3,084)
Administrative Expenses	3,173	2,161	1,012
Income Tax Equivalent Benefit	0	1,254	(1,254)
Net Profit	388	9,164	(8,776)

Sales Revenue

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

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

Cost of Sales

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

Contribution Income

The variance is mainly due to a contribution from Main Roads Western Australia in 2002/2003, for the Authority to complete work commenced by MRWA at the Northbridge project.

Administrative Expenses

The variance is mainly due to an increase in staffing from 16 to 25 full time equivalents over the course of the year resulting from an increase in project work with the Gateway project in full swing, the Power Station project coming on board and the provision of staff to work on the Subiaco project under a Service Level Agreement with the Subiaco Redevelopment Authority.

Income Tax Equivalent Benefit

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

Net Profit

The variance is mainly due to the lower sales turnover and lower contribution income as explained above.

NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

26. Financial Instruments

a) Interest rate risk exposure

The following table details the Authority's exposure to interest rate risk as at the reporting date. 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	Fixed Interest Rate \$,000	Variable Interest Rate \$,000	Non Interest Bearing \$,000	Total \$,000
2004						
Financial assets:						
Cash assets	7	5.098% 3.677%	25,101 -	- 4,581	- -	25,101 4,581
Receivables	8		-	-	655	655
Other assets	9		-	-	53	53
Total financial assets			25,101	4,581	709	30,391
Financial liabilities:						
Payables	14		-	-	770	770
Accruals	17		-	-	138	138
Income in advance	15		-	-	79	79
Employee benefits	16		-	-	303	303
Parking contribution fund	18		-	-	13	13
Total financial liabilities			-	-	1,303	1,303
			25,101	4,581	(594)	29,088
2003						
Financial assets		4.840% 3.450%	23,323 -	- 4,782	- -	23,323 4,782
Financial liabilities			-	-	517 470	517 470
			23,323	4,782	47	28,152

b) Credit risk exposure

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

c) Net fair values

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 THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

27. 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:

	2003/04 \$'000	2002/03 \$'000
\$1 - \$10,000	7	6
\$10,001 - \$20,000	1	-
\$20,001 - \$30,000	1	1

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

81	78
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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:

\$100,001 - \$110,000	1	1
\$110,001 - \$120,000	1	2
\$120,001 - \$130,000	-	-
\$150,001 - \$160,000	-	-
\$170,001 - \$180,000	-	-
\$190,001 - \$200,000	-	1

The total remuneration of senior officers is:

680	530
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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.

28. Remuneration of Auditors

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

Auditing the accounts, financial statements
and performance indicators

35	33
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NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2004 (Cont)

29. The Impact of Adopting International Accounting Standards

The Authority is adopting international accounting standards in compliance with AASB I 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards'(IFRS).

AASB I requires an opening balance sheet as at 1 July 2004 and the restatement of the financial statements for the reporting period to 30 June 2005 on the IFRS basis. These financial statements will be presented as comparatives in the first annual financial report prepared on an IFRS basis for the period ending 30 June 2006

AASB 1047 'Disclosing the Impacts of Adopting Australian Equivalents to International Financial Reporting Standards' (IFRS) requires financial reports to disclose information about the impacts of any changes in accounting policies in the transition period leading up to the adoption date and will apply for June 2004 reporting.

The Authority has been reviewing and assessing the impact of adopting IFRS. Internal resources have been allocated to staff training and developing a strategy to ensure a smooth transition for adoption and reporting purposes. External expert consultants will also be engaged to assist the Authority implement its strategy in these areas:

Identifying differences between Australian GAAP and IFRS and consequential impacts and risks, preparing an opening balance sheet as at 1 July 2004 on an IFRS basis, assessing the changes to the financial management information systems and processes, and preparing a plan to implement appropriate accounting policies, financial management systems and procedures that account and report on an IFRS basis.

The Authority is designated as a not-for-profit entity. A preliminary internal assessment of key differences in accounting policies that are expected to arise from adopting Australian equivalents to IFRS, has concluded that with the exception of the following and presentation and disclosure changes, it is expected that any impacts will be minor:

AASB 116 Property, Plant and Equipment (Land and Buildings)

The Authority currently measures land and buildings which form part of the property, furniture and equipment assets, at cost. (Note: The Authority also holds land and buildings in the redevelopment area, which form part of inventories and are measured in accordance with the Inventories standard).

The first IFRS balance sheet at 30 June 2006, will require that land and buildings be measured at fair value. AASB I requires consistent accounting policies to be applied through all periods presented in the first IFRS financial reports and a change from cost to fair value represents a change in accounting policy.

In order to comply with IFRS, the Authority will have to change its accounting policy for land and buildings which form part of the property, furniture and equipment assets, from cost to fair value at the date of transition.

Quantitative information relating to the impacts of any changes in accounting policies in the transition period leading up to the adoption date was not known or reliably estimable at the time these financial statements were prepared.

BUDGET STATEMENT OF FINANCIAL PERFORMANCE For the year 2004 - 05

	2004-05 Budget \$'000
REVENUE	
Sales Revenue	27,811
Less cost of sales	20,205
Trading profit	<u>7,606</u>
Interest on investments	1,018
Other revenue	12,128
	<u>20,752</u>
EXPENSES	
Salaries and staffing	2,408
Property management and maintenance	1,015
Sales and marketing	1,702
Communications	840
Economic and Community Development	460
Development Control	433
Planning Studies	105
Administration	1,176
	<u>8,139</u>
Operating profit	<u>12,614</u>
Retained earnings brought forward	59,104
Retained earnings	<u>71,718</u>

BUDGET STATEMENT OF FINANCIAL POSITION For the year 2004 - 05

CURRENT ASSETS

Developed land
Receivables
Cash Assets

2004-05
Budget
\$'000

7,359

50

21,730

29,139

NON CURRENT ASSETS

Undeveloped land
Capital works in progress
Furniture and equipment

25,700

27,068

563

53,331

TOTAL ASSETS

82,471

CURRENT LIABILITIES

Trade creditors
Provision for annual leave

50

75

125

NON CURRENT LIABILITIES

Provision for long service leave
Provision for superannuation
Parking Contribution Fund
Property and maintenance bonds

130

50

30

80

290

TOTAL LIABILITIES

415

NET ASSETS

82,056

EQUITY

Capital reserve
Retained earnings

10,338

71,718

TOTAL EQUITY

82,056

BUDGET STATEMENT OF CASH FLOWS For the year 2004 - 05

	2004-05 Budget \$'000
CASH FLOWS FROM OPERATIONS	
Payments to suppliers	-5,641
Payments to employees	-2,408
Interest received	1,018
Other operating receipts	39,939
NET CASH FROM OPERATIONS	32,908
CASH FLOWS FROM INVESTING	
Payments for capital works	-21,119
Land acquisitions	-14,400
Payments for assets	-195
NET CASH INVESTED	-35,714
NET DECREASE/INCREASE IN CASH	-2,806
OPENING CASH BALANCE	24,536
CLOSING CASH BALANCE	21,730