

# Subiaco Redevelopment Authority



Annual Report 2004 - 2005





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This is the 11th Annual Report of the  
Subiaco Redevelopment Authority.

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## STATEMENT OF COMPLIANCE



The Hon.A 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 Subiaco Redevelopment Authority for the year ended 30 June 2005, prepared in accordance with the provisions of the Financial Administration and Audit Act 1985.

Yours sincerely

A handwritten signature in black ink, appearing to read "Bill Griffiths".

**Bill Griffiths**  
Chairman

A handwritten signature in black ink, appearing to read "Mike Day".

**Mike Day**  
Deputy Chairman

A handwritten signature in black ink, appearing to read "Tony Morgan".

**Tony Morgan**  
Chief Executive Officer

25 August 2005



We are pleased to present the 11th Annual Report for the Subiaco Redevelopment Authority (SRA). Activities during the year continued to consolidate the SRA's position in its statutorily defined project area in Subiaco.

The Subiaco Redevelopment is now well advanced and will soon be in the first stage of the normalisation process, which will see planning authority for the project area transferred to the City of Subiaco. Accordingly, the financial results reflect the significant progress made in the Redevelopment Area.

Highlights for the year included:

- Achieved a successful \$16.1million sales program.
- Second dividend of \$2million provided to the State Government.
- Significant progress was made towards the first phase of normalisation, expected to occur in September 2005.
- Approved approximately \$28million worth of Development Applications during the year.
- Successful purchase of the Australian Fine China site for \$7.8million.
- Construction commenced on the first social and special needs housing in Subi Centro.
- His Royal Highness Prince Charles' visit to Subi Centro as part of his visit to Western Australia in March 2005.
- Commendation for Subi Centro in the Disability Services Commission's December 2004 Accessible Communities Awards.
- Review and update of corporate website including new design and content.
- Completion of Post Occupancy Survey of Subi Centro residents.

### Financial Results

The SRA achieved its financial objectives in 2004-2005 by making a surplus of \$6.5million and increasing its net asset value by \$4.5million, after a \$2million dividend to State Government.

The sales program was successful with actual sales of \$16.1million. A further \$2.2million was under contract at the 2004-2005 financial year-end.

The SRA continued to offer its residential and mixed-use product to the market at public auction, to ensure that market prices were accurately reflected in sales results. Commercial sales were released to the market by public tender.

In 2004-2005, \$17million was invested in the project by the private sector. Private investment in the project area continues to reflect confidence in, and expectations of, the Subi Centro redevelopment.

### Project Dividend

During 2004-2005 the SRA paid its second dividend of \$2million to the State Government. The total dividend paid to the Government to date is \$4million.

At the project's conclusion, the total amount to be returned to the State is expected to be in the order of \$35million, illustrating the sound economic benefits that can be achieved as a result of a successful urban redevelopment project.



### **Normalisation**

The SRA's relationships with Local Government have remained constructive during the year. The City of Subiaco is a significant stakeholder in the SRA's operations and under the enabling legislation has two members on the Board.

Since July 2004, the SRA has been working towards achieving consensus with the City of Subiaco on the staging of normalisation and on the details of the regulations to effect normalisation. The first stage in the normalisation process is now nearing completion, and it is expected that this will occur in September 2005.

Normalisation will see planning control for the Redevelopment Area gradually transferred to the City of Subiaco.

### **Project Completion**

Following a functional review, the Expenditure Review Committee endorsed a recommendation for the SRA to cease operation in 2005-2006. Another State Government entity may deliver the remainder of the Subiaco Redevelopment project after that time.

The relocation of Australian Fine China (AFC) and subsequent redevelopment of the site will form one of the final stages of the Subiaco redevelopment project.

The four-hectare AFC site, adjacent to the Subiaco Rise subdivision and fronting Hay Street, will be subdivided and redeveloped for residential housing, retail and commercial development following AFC's relocation. The redevelopment of the site is expected to begin in 2006.

The SRA is continuing planning for the proposed redevelopment of the TAFE site on the corner of Station Street and Salvado Road and is undertaking a review of the Indicative Development Plan, working with key stakeholders including St Joseph's Church and the City of Subiaco.

### **Affordable Housing**

The 2004-2005 financial year has seen significant advancements in the provision of social and affordable dwellings, with a total of 33 units across six lots either under construction or before the SRA for development approval as at 30 June 2005.

### **Subi Centro project tours**

His Royal Highness the Prince of Wales visited Subi Centro as part of his visit to Western Australia in March 2005. The Prince met the Mayor of Subiaco, Tony Costa; SRA Chairman, Bill Griffiths; and SRA CEO, Tony Morgan, who provided a tour and briefing on the Subi Centro project.

In addition to this, the SRA conducted Subi Centro project tours for various educational, government, planning and architectural groups throughout the year.

### **Subi Centro Post Occupancy Survey**

A Post Occupancy survey aimed at measuring both the satisfaction of Subi Centro residents and their transportation, working and living behaviours was completed in June 2005. The survey found that the majority of residents are very satisfied with their homes and the facilities offered at Subi Centro.



### Website Review

The SRA reviewed its corporate website in late 2004, in keeping with the Authority's focus on providing the community with the latest information on the Subi Centro project. This included development of a new design and a review of content to ensure media releases, fact sheets, planning papers and other information is accessible online.

### Board Membership

Two new members, Cr Don Humphreys and Cr Lynley Hewett, were appointed in August 2004 as Council representatives of the City of Subiaco. Cr Humphreys resigned from the Board in May 2005 as he did not stand for re-election in the May 2005 Local Government elections. On 8 June 2005, Cr Andrew McTaggart was appointed, and Cr Lynley Hewett re-appointed, for a term to expire on 30 June 2006.

### Service Agreement

The SRA's Service Management Agreement with EPRA continued in 2004-2005, delivering efficiencies through the sharing of staff and resources. The Service Agreement has been renegotiated for 1 July 2005 to 30 June 2006.

We take the opportunity to thank the Minister for having confidence in the SRA and particularly to express our appreciation to members of the Board, staff and consultants for their support, professionalism and commitment to the Authority and the work at hand.



**Bill Griffiths**  
Chairman



**Tony Morgan**  
Chief Executive Officer



The SRA was established under the Subiaco Redevelopment Act 1994 and is responsible to the Minister for Planning and Infrastructure.

The functions of the Authority are to plan, undertake, promote and coordinate the development and redevelopment of 80 hectares of inner city land within a defined area in Subiaco. The Authority is required to prepare and keep under review a Redevelopment Scheme for the area and to control development in the area. The Act gives the Authority power to deal in land and other assets and undertake works in the area.

Section 21(2)(b) of the Subiaco Redevelopment Act 1994 requires Ministerial approval for the Authority to subdivide and amalgamate land. No subdivision applications were submitted to the Minister in the 2004-2005 financial year.

The redevelopment area.



### The Minister

The SRA is responsible to the Minister for Planning and Infrastructure, Alannah MacTiernan MLA.

### Ministerial Directions

The SRA's enabling legislation gives the Minister the right to make written directions to the Board. There were no directions during the year.



## Membership of the Board

The Authority consists of five members appointed by the Minister for Planning and Infrastructure, representing a broad spectrum of knowledge and experience in fields appropriate to the activities of the Authority. Criteria for the appointment of members in accordance with Section 7 of the Subiaco Redevelopment Act 1994 are:

- (a) Two persons who in the opinion of the Minister, have a relevant qualification (one person is also the Chairman);
- (b) Two persons nominated by the City of Subiaco; and
- (c) One person nominated by the Minister responsible for the Transport Coordination Act 1966.

Member	Expiry of Term
Mr Bill Griffiths	30 June 2006
Mr Michael Day	30 June 2006
Dr Susan Cutler	30 June 2006
*Cr Don Humphreys	7 May 2005
*Dr Lynley Hewett	30 June 2006
*Andrew McTaggart	30 June 2006

\*Members nominated by the City of Subiaco.

Cr Don Humphreys and Cr Lynley Hewett were appointed in August 2004 for a period to expire on 31 May 2005. Cr Humphreys resigned from the SRA Board in May 2005 as he did not stand for re-election in the Local Government elections held on 7 May 2005. On 8 June 2005, Cr Andrew McTaggart was appointed, and Cr Lynley Hewett re-appointed, for a term to expire on 30 June 2006.

Section 1(2) to Schedule 2 of the Subiaco Redevelopment Act 1994 provides for members to continue in office, despite the expiry of their term, until a successor is appointed.

## Sub-Committees to the Board

The Authority has two committees with delegated powers to deal with planning and internal audit.

- **Planning Committee** – Mr Michael Day (Chairman), Dr Susan Cutler, Cr Don Humphreys\* (to May 2005) and Mr Tony Morgan;
- **Internal Audit Committee** – Dr Lynley Hewett\*, Mr Bill Griffiths and Mr Michael Day.

## Board Members' Attendance

	Board 13 meetings	Planning Committee 1 meeting	Internal Audit Committee 2 meetings
Mr Bill Griffiths (Chairman)	13	1	2
Mr Michael Day (Deputy chair)	9	0	0
Dr Susan Cutler	12	1	N/A
Cr Don Humphreys*	11 (11)	1	N/A
Dr Lynley Hewett*	10 (11)	N/A	2 (2)

\*Members nominated by the City of Subiaco.

Figures in brackets indicate the eligible number of meetings for those members who were on the Board for less than the full year.



### Corporate Governance Training

In November 2004, Board members attended a workshop titled *Board & Business*, for 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

The Board attended a strategic planning workshop in April 2005 with management to establish the Strategic Directions and the Business Plan for SRA for 2005-2006.



The SRA has a service agreement in place with the East Perth Redevelopment Authority (EPRA) to provide an integrated suite of management services.

The management structure consists of two Executive Directors each reporting to the Chief Executive Officer and four Senior Managers who report to the relevant Executive Director:

David Beattie – Executive Director, Business Services

Mark Hedges – Executive Director, Planning and Development

Dale Page – Senior Manager, Planning and Urban Design

Filipe Vieira – Senior Manager, Land Development

Lisa Smith – Senior Manager, Marketing and Communications

Hazel Rutgrink – Senior Manager, Finance and Administration

The Chief Executive Officer, Executive Directors and Senior Managers 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, communications, information technology, urban planning, engineering, settlement agents and real estate agents.



## Statement of Purpose

To revitalise run down former industrial sites within the redevelopment area.

## Vision

Dynamic people, vibrant places.

## Strategic Objectives

Each year, the 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. Strategic objectives for 2004-2005 were:

1. Establish and implement transition and exit plan for handover to successor entity/ies, to incorporate: normalisation, housing diversity, place management, recording history.
2. Review and complete master planning over remaining land areas.
3. Deliver better built and living environment through understanding market shifts, along with community, industry and shareholder needs.
4. Continue to build and maintain successful stakeholder relationships with Community, State Government and Minister, City of Subiaco, Industry.
5. Ensure delivery of Triple Bottom Line – Economic, Environmental and Social objectives through: Project Delivery, Place Activation, Sustainable Village, Housing Diversity.
6. Continue to effectively manage the business: Human resources management, Financial management.
7. Communicate SRA's objectives and successes.

## Financial Highlights

	Actual 2004/05	Budget 2004/05	Actual 2003/04
Sales revenue	\$16.1m	\$16.5m	\$21.3m
Operating surplus	\$6.5m	\$2.7m	\$3.8m
Net Asset Value	\$34.5m	\$30.6m	\$30.0m
Capital Works Expenditure	\$1.0m	\$2.5m	\$1.0m

## Subiaco Project Overview

### Objectives

- To transform under-utilised, derelict land into a vibrant and sustainable inner-city community that seamlessly blends the rich heritage and unique character of Subiaco with contemporary development.
- To create a cosmopolitan community of residential housing, shopping and entertainment areas and mixed-use office precincts, linked internally and to surrounding suburbs by a recreational green spine.
- Sustainability and Triple Bottom Line objectives guide all development planned and undertaken – taking into account social, economic and environmental considerations – and are applied intelligently and in balance to create a community that is self-supporting in areas such as employment, waste reduction, delivery of services, social support, cultural identity and transit oriented development.



### Deliverables

- Upon completion, the project will have created new land for up to 900 dwellings, housed a community of 2,000 residents, provided new retail and commercial space of 80,000m<sup>2</sup> and accommodated a new working population of 3,000 employees.
- Over the life of the Subiaco Redevelopment project, the SRA is expected to spend \$135million on land assembly, environmental remediation, creation of parklands and subdivision servicing.
- The flow-on private sector investment and economic multiplier effect is estimated at more than \$500million.
- The SRA has delivered the highest quality land for residential, commercial and recreational uses as a result of extensive environmental remediation, undertaken to the requirements of the Department of Environment.
- The creation of a 'green spine' that forms an east-west recreational greenway through the project area.
- Good access to public transport, shops, parks, entertainment, education and medical services and other community facilities contribute to the area's amenity and safety.
- Delivery of the Housing Diversity Policy, which requires that 10-15% of dwellings on all new land releases assigned for either social, affordable rental or affordable owner-occupied housing. On project completion there will be 40 – 60 social and affordable dwellings in the project area.

### Current Status

- A Post Occupancy Survey was completed in June 2005 and was aimed at measuring both satisfaction with Subi Centro living while also understanding behaviours in relation to transport, living and working amongst residents. Results indicate that Subi Centro is made up predominantly of mature families, empty nesters and seniors, with an average two adults and no children per household. The majority of residents are very satisfied with their homes and the facilities offered at Subi Centro.
- SRA purchased one of two landholdings that make up the Australian Fine China (AFC) site from the City of Subiaco in January 2005 for \$7.8million. This site will be amalgamated with another site already owned by the SRA.
  - The four-hectare site will be subdivided and redeveloped following the relocation of AFC. It will be one of the last industrial relocations for the Subi Centro project, making way for residential housing, retail and commercial development.
  - As part of the land sale agreement with the City of Subiaco, 56 sustainability objectives have been agreed and will form the core of the redevelopment.
  - Planning for the site commenced in May 2005, with a draft Precinct Plan to be released for community consultation in early 2006. The redevelopment of the site is expected to begin in mid 2006 with the first lots ready for sale in early 2008.
- The SRA is continuing work on the proposed redevelopment of the TAFE site on the corner of Station Street and Salvado Road and undertaking a review of the Indicative Development Plan, working with key stakeholders including St Joseph's Church and the City of Subiaco.
- The 2004-2005 sales program was predominantly comprised of the balance of the Subiaco Rise properties, with \$16.1million in settlements achieved at the end of the financial year. This reflects the advanced stage of the project and limited new stock.



- Land sales since the project commenced total more than \$138million. The SRA's total expenditure to June 2005 is approximately \$131million.
- Significant progress was made in the 2004-2005 financial year on the delivery of the SRA's Housing Diversity Policy, with a total of 33 units across six lots either under construction or before the SRA for development approval as at 30 June 2005.

### Project expectations:

Project area	80 hectares
No of dwellings:	800 - 900 new dwellings*
Housing population of:	1,700 - 2,000 new residents **
New commercial space will total approximately:	80,000m <sup>2</sup> ***
New retail space will total approximately:	10,000m <sup>2</sup>
New commercial and retail activity will accommodate:	3,000 - 4,000 permanent jobs
SRA's investment:	\$135million
Investment Attraction:	\$500million
* Exceeds the Subi Centro Concept Plan projection of 750 - 800 residential units	
** Exceeds the Subi Centro Concept Plan projection of 1,500 - 1,700 new residents	
*** Exceeds the Subi Centro Concept Plan projection of 50,000m <sup>2</sup> new commercial space	

### Waste Paper Recycling

The SRA has a weekly waste paper recycling program in place.

### Publications

Publications by the SRA are available at its office at 420 Roberts Road, Subiaco and on its website at [www.sra.wa.gov.au](http://www.sra.wa.gov.au). The principal publications are:

- Subiaco Redevelopment Scheme, Planning Policies and Residential Design Manual, November 1996. This is the gazetted planning scheme and explanatory policies for the Subiaco Redevelopment Area (hard copy \$55).
- Site Design Guidelines, which prescribe the standards and recommendations to ensure that each development within the Subi Centro development will be part

of the community and to a high quality.

- Information pamphlets and sheets, indicative redevelopment plans, information on the overall redevelopment and specific initiatives.
- Annual Reports for the years ending 1993 – 2005.
- 'Urbano' magazines, issues 1,2 and 3.

No information of a personal nature concerning members of the public is kept by SRA.

A copy of the Subiaco Redevelopment Act 1994 is available from the State Law Publisher.

### Compliance With Other Legislation

The SRA is required to comply with the following legislation:

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

\* This legislation has been the subject of internal audit examination during the year and there was no evidence of non-compliance.



With respect to the other legislation, SRA has no reason to believe there has been any non-compliance during the year.

The internal audit program will be expanded in future years to examine compliance with all the above legislation.

### **Electoral Act 1907**

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

	<u>\$,000</u>
Market Research:	
Market Equity	16
Media Advertising:	
Marketforce Productions	3
Media Decisions WA	150
Marketing & Public Relations:	
Purple Communications	3
Newscomm	8
303 Advertising	127

### **Public Sector Standards and Ethical Codes**

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

### **Record Keeping**

We confirm that in accordance with the State Records Commission Standard 2 SRA has complied with the State Records Act 2000 and all Record Keeping training and evaluation requirements are in place to ensure such compliance.

### **Disability Service Outcomes**

In accordance with section 29 of the Disability Services Act 1993, SRA currently has a Disability Services Plan which is being revised and will be finalised in the 2005-2006 financial year.

### **Corruption Prevention**

The SRA has developed a number of risk management activities throughout the 2005-2005 financial year to reduce the likelihood of corruption and misconduct. The SRA has made significant progress in the preparation of a Corruption Prevention Manual, to be finalised in the 2005-2006 financial year.

### **Public Interest Disclosure**

In accordance with section 23 of the Public Interest Disclosure Act 2003, the SRA has appointed a Public Interest Disclosure Officer (through its service management agreement with the East Perth Redevelopment Authority). No public interest disclosures were received during 2004-2005.



## CERTIFICATION OF PERFORMANCE INDICATORS



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

A handwritten signature in black ink, appearing to read "Bill Griffiths".

**Bill Griffiths**  
Chairman

A handwritten signature in black ink, appearing to read "Mike Day".

**Mike Day**  
Deputy Chairman

A handwritten signature in black ink, appearing to read "Tony Morgan".

**Tony Morgan**  
Chief Executive Officer

25 August 2005





AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### SUBIACO REDEVELOPMENT AUTHORITY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

#### Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Subiaco Redevelopment Authority are relevant and appropriate to help users assess the Authority's performance and fairly represent the indicated performance for the year ended 30 June 2005.

#### Scope

##### *The Board's Role*

The Board is responsible for developing and maintaining proper records and systems for preparing performance indicators. The performance indicators consist of key indicators of effectiveness and efficiency.

##### *Summary of my Role*

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

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



D D R PEARSON  
AUDITOR GENERAL  
19 October 2005



## KEY PERFORMANCE INDICATORS

### Statement of Purpose

To revitalise former run down industrial sites within the redevelopment area.

The SRA was established to plan, remediate and redevelop the land in the redevelopment area into a mixed-use neighbourhood within the wider Subiaco urban area. Mixed-use includes a variety of residential, retail, commercial and community uses rather than a predominance of single use development. The proximity of uses enables a reduction in the dependence on motor vehicles.

### Key Performance Indicators

In order to quantify progress over the life of the project, Key Performance Indicators were developed under four headings.

#### 1. Expand residential, retail, commercial and recreational opportunities in the Redevelopment Area

##### Indicator 1A - Increase in the total number of residential units in the Redevelopment Area

An important measure of the success of the redevelopment is the amount by which the population of the area increases. The Concept Plan for the area envisaged the building of approximately 750 - 800 new residential units housing approximately 1,500 -1,700 people.

Number of Residential Units complete (cumulative)<sup>1</sup>

1996-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
Nil (Base Year)	5	23	110	305	421	448	801	917

The actual number of units is greater than that envisaged by the Concept Plan due to the number of apartments that have been built.

##### Indicator 1B - Increase in commercial and other non-residential and non-retail floor space in the Redevelopment Area

The Concept Plan envisages the creation of sites suitable for up to 50,000m<sup>2</sup> of office, showroom and general commercial accommodation. There was approximately 147,400m<sup>2</sup> of commercial and other non-residential and non-retail floor space (excluding retail floor space) in the Redevelopment Area at 30 June 1997. Businesses occupying this accommodation employed approximately 1,067 staff.<sup>2</sup>

Commercial and other non-residential and non-retail floor space completed (cumulative)m<sup>2</sup>.

96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
147,400 (Base year)	148,204	148,204	151,091	153,087	162,470	165,288	180,594	183,868

Footnote:

- Information and data collection provided by The Planning Group WA Pty Ltd.
- Field work and survey data provided by the Boshe Group company.



## Indicator 1C - Increase in retail space in the Redevelopment Area

The Concept Plan envisages up to 10,000 - 12,000m<sup>2</sup> of new retail accommodation. There was approximately 7,900m<sup>2</sup> of retail floor space in the Redevelopment Area at 30 June 1997 with businesses occupying this accommodation employing approximately 20 staff.<sup>2</sup>

There was no additional retail floor space created during 2004-2005.

Retail space in the Redevelopment Area<sup>1</sup>, in m<sup>2</sup>.

97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
7,900 (base year)	7,900	14,028	14,346	14,874	14,874	15,623	15,983

## Indicator 1D - Increase in area of public parks and gardens

At 30 June 1997 there was 2.18ha. of public open space in the Redevelopment Area.

Public Parks & Gardens (fully landscaped and developed)<sup>1</sup> in hectares.

96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05
2.18 (Base year)	2.346	2.346	5.52	5.58	5.58	5.699	5.699	5.699

## 2. Balance and complement the existing community fabric

Indicator 2A - The change in size and composition of the residential population of the Subiaco Redevelopment Area

The Subiaco Redevelopment Area did not have a residential population in the 1991 or the 1996 Census. There were 475 persons residing in the Redevelopment Area at the time of the 2001 Census. The Subiaco Redevelopment Area household structure compared to the Subiaco community at 2001 was as follows:<sup>3</sup>

	One Parent Families	Couples, No Children	Two Parent Families	Families of other Related Individual	Group Households	Lone Person Households
Authority	6%	33%	41%	1%	2%	10%
Subiaco	8%	20%	32%	2%	10%	20%

The Authority's housing diversity policy requires 10-15% of dwellings to be for social and affordable purposes. This will deliver approximately 56 dwellings in these sectors.

## Indicator 2B - Change in the size of the working population in the Redevelopment Area

A complete employment count within the Redevelopment Area was undertaken by The Planning Group in June 2004. This indicated that there were 2,492 workers. The eventual target is 5,000 workers.

The businesses occupying the commercial floor space created since July 1997 employed 1,076 people.<sup>4</sup> Additional employment will be created as commercial space continues to be developed.

### Footnote:

1. Information and data collection provided by The Planning Group WA Pty Ltd.
3. Australian Bureau of Statistics, 1991, 1996 and 2001 Census.
4. Field work and survey data provided by The Planning Group WA Pty Ltd.



## KEY PERFORMANCE INDICATORS

### 3. Promote medium density mixed-use development and a diversity of housing stock

*Indicator 3A - The diversity and density of housing stock in the Redevelopment Area compared with other areas*

The housing stock in the Subiaco Redevelopment Area has the following characteristics compared with the wider Subiaco area and the metropolitan average:<sup>3</sup>

Note: the number of dwellings is in brackets.

		Separate House	Terrace/Row/ Townhouse		Apartment			Attached To Shop Or Office
			1 Storey	2+ Storeys	In 1-2 Storey Block	In 3 Storey Block	In 4+ Storey Block	
1991	Authority	0%	0%	0%	0%	0%	0%	0%
	City of Subiaco	57%	8%	7%	12%	9%	7%	0%
	Perth Metro Area	78%	12%	2%	3%	3%	2%	0%
1996	Authority	0%	0%	0%	0%	0%	0%	0%
	City of Subiaco	54%	8%	8%	14%	9%	7%	1%
	Perth Metro Area	77%	12%	3%	4%	2%	2%	0%
2001	Authority	28% (76)	2% (6)	28% (78)	7% (20)	10% (28)	5% (14)	1% (3)
	City of Subiaco	43%	3%	12%	14%	11%	4%	0%
	Perth Metro Area	72%	9%	2%	4%	2%	2%	0%

Footnote:

3. Australian Bureau of Statistics, 1991, 1996 and 2001 Census

The table shows that the Subiaco Redevelopment Area has a lower percentage of separate houses and a higher percentage of two storey townhouses than the Subiaco and Perth average. The table also shows that the Subiaco Redevelopment Area has a more even spread of dwelling types than that of Subiaco and Perth.

### 4. Increase utilisation of public and alternative transport in the area

Train passenger counts indicate the number of train passengers has doubled since the opening of the new train station.

*Indicator – Measures of public transport use. Train Passenger Counts*

	1996	1998	2002
Subiaco Train Station Week Total	9,017	8,126	15,426

Figures from the Public Transport Authority.

Passenger numbers decreased during 1998 when the train station was under construction.

The tables below show, however, that in 2001, despite increasing access to and promoting alternative means of transport, people in the Redevelopment Area still owned a greater number of vehicles per household and had a higher incidence of private motor vehicle use for journeys to work than the Subiaco or the Perth average.<sup>3</sup>

*Indicator - Measures of public transport use. Car Ownership*

	Motor Vehicles in Household	None	One	Two	Three or More
1991	Authority	24%	44%	23%	6%
	Subiaco	20%	45%	27%	8%
	Perth Metro Area	10%	40%	36%	14%
1996	Authority	21%	45%	25%	4%
	Subiaco	19%	44%	28%	7%
	Perth Metro Area	10%	39%	37%	13%
2001	Authority	0%	38%	39%	13%
	Subiaco	15%	43%	25%	7%
	Perth Metro Area	7%	35%	35%	14%



## KEY PERFORMANCE INDICATORS

Indicator - Measures of alternative transport use. Method of Travel to Work <sup>3</sup>

		Public Transport	Taxi	Private Vehicle	Bicycle	Walk	Work at Home
1991	Authority	10%	1%	59%	1%	10%	3%
	Subiaco	13%	1%	72%	3%	7%	4%
	Perth Metro Area	9%	0%	82%	1%	2%	4%
1996	Authority	12%	2%	54%	2%	7%	4%
	Subiaco	14%	1%	71%	3%	6%	5%
	Perth Metro Area	9%	0%	83%	1%	2%	5%
2001	Authority	6%	0%	79%	0%	6%	9%
	Subiaco	10%	0%	55%	3%	8%	5%
	Perth Metro Area	4%	0%	68%	1%	2%	4%

Many of the percentages quoted in the above indicators do not sum to 100% in every case. This is a statistical aberration due to the method of collection and reporting adopted by the Australian Bureau of Statistics. The percentages accurately reflect those quoted by the ABS.

Footnote:

3. Australian Bureau of Statistics, 1991, 1996 and 2001 Census

### 5. Output Indicator - Efficiency

Total operating expenses as a percentage of land inventories and as a percentage of sales – from SRA accounting records:

	99-00	00-01	01-02	02-03	03-04	04-05	Target
Inventory	5.0%	4.9%	4.3%	4.9%	16.8%	24.82%	9.6%
Sales	10.8%	10.3%	18.8%	7.8%	7.6%	9.08%	11.1%

The inventory percentage for 04-05 reflects the historically low levels of land inventories as the project has sold out of most of its stock and land acquisitions of \$16.5million have been deferred to 05-06.

The sales percentages reflect the relatively high levels of sales in the last three years.

The actual levels of operating expenses have remained relatively constant over the years.

The actual figures for 2004-05 compared to the target, which is based on the budget for 2004-05, are better for sales and poorer for inventory. The sales result is due to reduced levels of expenses. The inventory result is due to the deferral of \$16.5million of land acquisitions.

	2004-05 Actual \$'000	2004-05 Budget \$'000
Inventory	5,881	19,020
Sales	16,073	16,476
Expenses	1,460	1,823



## CERTIFICATION OF FINANCIAL STATEMENTS For the year ended 30 June 2005



The accompanying financial statements of the Subiaco 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 2005 and the financial position as at 30 June 2005.

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.

A handwritten signature in black ink, appearing to read "W Griffiths".

**William Griffiths**  
Chairman

A handwritten signature in black ink, appearing to read "Michael Day".

**Michael Day**  
Deputy Chairman

A handwritten signature in black ink, appearing to read "Tony Morgan".

**Tony Morgan**  
Chief Executive Officer

A handwritten signature in black ink, appearing to read "David Beattie".

**David Beattie**  
Principal Accounting Officer

25 August 2005





AUDITOR GENERAL

## INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### SUBIACO REDEVELOPMENT AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

#### Audit Opinion

In my opinion,

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

#### Scope

##### *The Board's Role*

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

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

##### *Summary of my Role*

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

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



D D R PEARSON  
AUDITOR GENERAL  
19 October 2005



# STATEMENT OF FINANCIAL PERFORMANCE For the year ended 30 June 2005



	Note	2004/05 \$'000	2003/04 \$'000
<b>REVENUE</b>			
<b>Revenue from ordinary activities</b>			
<i>Revenue from operating activities</i>			
Sales		16,073	21,255
Less: Cost of sales		9,840	16,586
Trading profit	2	6,233	4,669
<i>Revenue from non-operating activities</i>			
Interest revenue		1,487	468
Rental revenue		145	142
Other revenue from ordinary activities	3	97	114
Total revenues from ordinary activities		7,962	5,393
<b>EXPENSES</b>			
<b>Expenses from ordinary activities</b>			
Depreciation	4	14	13
Borrowing costs expense		0	12
Administrative expenses		693	935
Sales and marketing		501	559
Property and estate management		65	29
Economic and community development		34	0
Communications		81	95
Development control		72	1
Total expenses from ordinary activities		1,460	1,644
<b>Profit/(Loss) from ordinary activities before income tax equivalents</b>		<b>6,502</b>	<b>3,749</b>
Income tax equivalent expense / (benefit)	5	0	(1)
<b>NET PROFIT/(LOSS)</b>		<b>6,502</b>	<b>3,750</b>

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



# STATEMENT OF FINANCIAL POSITION As at 30 June 2005



	Note	2004/05 \$'000	2003/04 \$'000
<b>CURRENT ASSETS</b>			
Cash assets	6	30,617	19,606
Receivables	7	46	33
Inventories	8	2,227	10,496
Other assets	9	110	25
<b>TOTAL CURRENT ASSETS</b>		<b>33,000</b>	<b>30,160</b>
<b>NON-CURRENT ASSETS</b>			
Inventories	8	3,654	1,101
Furniture and equipment	10	92	91
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,746</b>	<b>1,192</b>
<b>TOTAL ASSETS</b>		<b>36,746</b>	<b>31,352</b>
<b>CURRENT LIABILITIES</b>			
Payables	11	184	1,317
Income in advance	12	12	12
Provisions	13	2,008	8
Other liabilities	14	69	44
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,273</b>	<b>1,381</b>
<b>TOTAL LIABILITIES</b>		<b>2,273</b>	<b>1,381</b>
<b>NET ASSETS</b>		<b>34,473</b>	<b>29,971</b>
<b>EQUITY</b>			
Retained profits	15	34,473	29,971
<b>TOTAL EQUITY</b>		<b>34,473</b>	<b>29,971</b>

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



# STATEMENT OF CASH FLOWS For the year ended 30 June 2005



	Note	2004/05 \$'000	2003/04 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Receipts from customers		16,321	21,493
Interest received		1,402	449
GST receipts on sales		958	1,739
GST receipts from Taxation Office		371	121
<b>Payments</b>			
Supplies and services		(6,172)	(4,560)
Interest paid		0	(12)
GST payments on purchases		(477)	(316)
GST paid to Taxation Office		(1,377)	(1,457)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	16	<u>11,026</u>	<u>17,457</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, furniture and equipment		(15)	(1)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<u>(15)</u>	<u>(1)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		0	0
Repayment of borrowings		0	(979)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>		<u>0</u>	<u>(979)</u>
<b>CASH FLOWS FROM STATE GOVERNMENT</b>			
Tax equivalents paid		0	(52)
Dividends paid		0	(2,000)
<b>NET CASH PROVIDED TO STATE GOVERNMENT</b>		<u>0</u>	<u>(2,052)</u>
<b>NET INCREASE/(DECREASE) IN CASH</b>		<b>11,011</b>	<b>14,425</b>
<b>CASH ASSETS AT BEGINNING OF THE FINANCIAL YEAR</b>		<u>19,606</u>	<u>5,181</u>
<b>CASH ASSETS AT THE END OF THE FINANCIAL YEAR</b>	6	<u><b>30,617</b></u>	<u><b>19,606</b></u>

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



## 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 the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to 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 and the disposal of other assets and the rendering of services, is recognised when the Authority has passed control of the goods or 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 will continue to be 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 has 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, which arise 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.



## I. Significant Accounting Policies (cont)

### c) Acquisitions of Assets

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

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

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

### 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 using the diminishing value method, using rates, which are reviewed annually. The depreciation rates for each class of depreciable asset are:

Furniture and equipment	10%
Computer equipment	25%

### e) Leases

The Authority has entered into an operating lease arrangement for office space where the lessor effectively retains all of the risks and benefits incident to ownership of the office space held under the operating lease. 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 office space.

The Authority receives lease income in relation to certain buildings leased within the redevelopment area. Lease income is due to the Authority on the first day of each month and all amounts are settled within seven days. Receivables are recognised for lease 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. Short term bank bills are purchased from time to time by the Authority with a maturity period of generally 30 days from purchase. Interest on the bills is fixed at the time of purchasing and is payable on maturity or cancellation.

### g) Inventories

Inventories consist of land held for resale and are stated at the lower of cost or net realisable value. The cost of inventories includes the cost of planning, design, project management, demolition, lease purchases, environmental studies and land purchases in relation to the project development. These costs will be recovered from the development and sale of freehold land ceded to the Authority by the City of Subiaco and the Government of Western Australia.



## I. Significant Accounting Policies (cont)

### h) Receivables

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

Collectibility of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

### 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

From 1 July 2003, the Authority ceased operating as an employer. All employee services are now provided by the East Perth Redevelopment Authority under a service agreement arrangement. Until this date, the Authority accounted for accrued salaries in accordance with the following policy.

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 this financial year coincides with the end of the financial year there are no accrued salaries as at 30 June 2005. The Authority considers the carrying amount approximates net fair value.

### k) Income in advance

Income in advance represents deposits which have been received on the sale of redeveloped land. These amounts are not recognised as income until the sale of the redeveloped land has been settled.

### l) Interest-Bearing Liabilities

The W.A. Treasury Corporation loaned the Authority funds to acquire and redevelop land for the purposes of resale in Subiaco. This loan was repayable at the completion of project via quarterly instalments, commencing July 2001. This loan was fully repaid by October 2003. Interest on the loan was fixed and the Authority was required to make quarterly payments of interest and principal. Borrowing costs expense was recognised on an accrual basis.

### m) Employee Benefits

From 1 July 2003, the Authority ceased operating as an employer. All employee services are now provided by the East Perth Redevelopment Authority under a service agreement arrangement. Until this date, the Authority accounted for employee benefits in accordance with the following policy.

#### 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, now closed to new members. All staff who do not contribute to this scheme become non-contributory members of the West State Superannuation Scheme, an accumulation fund. The Authority



contributes to this accumulation fund in compliance with the Commonwealth

## I. Significant Accounting Policies (cont)

Government's Superannuation Guarantee (Administration) Act 1992. Both of these schemes are administered by the Government Employees Superannuation Board (GESB).

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 market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The Government Employees Superannuation Board'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.

### n) Dividends

In accordance with the Subiaco Redevelopment Act 1994, the Treasurer may direct the payment of surplus, in part or whole, at the end of any financial year, to the Consolidated Fund. The amount of the surplus/dividend payment is determined by the Treasurer in conjunction with the Authority. The dividend is paid or a provision for dividend is raised at the end of the financial year.

### o) Segment Information

The Authority operates in one reportable output segment being urban development and in one geographical segment, therefore segment information has not been disclosed.

### p) Comparatives

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

### q) Rounding of Amounts

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

### r) Revision of Accounting Estimate

Cost of sales during the year is an estimate based on the ratio of total estimated sales proceeds to cost of sales over the life of the redevelopment project. Each year this estimate is adjusted to reflect actual sales proceeds and cost of sales to date. In the current year this adjustment reduced the project lifetime cost of sales estimate by \$1.323million (2004: \$3.582million).



## NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2005 (Cont)



	2004/05 \$'000	2003/04 \$'000
<b>2. Trading Profit</b>		
Sales	16,073	21,255
Less: Cost of sales		
Opening Inventory	(11,597)	(24,596)
Development Expenses Capitalised	(4,124)	(3,587)
	(15,721)	(28,183)
Closing Inventory	5,881	11,597
Cost of Sales	(9,840)	(16,586)
Trading profit	6,233	4,669
<b>3. Other Revenues from Ordinary Activities</b>		
Development Application Fees	88	85
Other	9	29
	97	114
<b>4. Depreciation</b>		
Furniture and equipment	8	9
Computer equipment	6	4
	14	13
<b>5. Income Tax Equivalent</b>		

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

Profit/(Loss) from ordinary activities before income tax, on exit from NTER, as at 8 January 2003.	0	0
Prima facie income tax expense/(benefit) (2003:30%)	0	0
Write down of deferred income tax liability on exit of NTER	0	0
Write down of current income tax liability after final payment of tax equivalents on exit from NTER	0	(1)
Income tax expense/(benefit)	0	(1)



## NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2005 (Cont)



	2004/05 \$'000	2003/04 \$'000
<b>6. Cash Assets</b>		
Bank accounts	5,827	1,110
Short term bank bills / deposits	24,790	18,496
	<u>30,617</u>	<u>19,606</u>
The cash deposits are at call with a variable interest rate of 4.63% (2004: 5.00%). The bank bills are 30 days with a fixed interest rate of 5.09% (2004: 5.35%).		
<b>7. Receivables</b>		
Trade debtors	24	33
Receivable from Uniting Subiaco	24	24
Less: Provision for non-recoverability	(24)	(24)
Goods and Services Tax	22	0
	<u>46</u>	<u>33</u>
<b>8. Inventories</b>		
Current	2,227	10,496
Non Current	3,654	1,101
Total (at cost)	<u>5,881</u>	<u>11,597</u>
Consisting of:		
Land held for resale		
Cost of acquisition	35,301	35,301
Development expenses capitalised	95,844	91,721
	<u>131,145</u>	<u>127,022</u>
Less cost of goods sold		
Development expenses allocated	<u>(125,264)</u>	<u>(115,425)</u>
Total	<u>5,881</u>	<u>11,597</u>

Included in inventories, land held for resale, is land leased to external parties, pending redevelopment. The gross amount of leased land at 30 June 2005 is \$3,653,567 (2004: \$946,149).

Land inventories are recognised in the financial statements at cost, in accordance with the policy set out in Note 1g. Internal valuation of these inventories at current value, as at 30 June 2005, amounted to \$8.729million (2004: \$16.477million). The internal valuations have been determined taking into account advice from both internal and external property advisors.



# NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2005 (Cont)



	2004/05 \$'000	2003/04 \$'000
<b>9. Other Assets</b>		
Prepayments	30	0
Accrued Income	80	25
	<u>110</u>	<u>25</u>
<b>10. Furniture and Equipment</b>		
Furniture and equipment - at cost	118	116
Accumulated depreciation	(46)	(38)
	<u>72</u>	<u>78</u>
Computer equipment - at cost	62	48
Accumulated depreciation	(42)	(35)
	<u>20</u>	<u>13</u>
Net balance at 30 June	<u>92</u>	<u>91</u>

## Reconciliations

Reconciliations of the carrying amounts of furniture and equipment at the beginning and end of the current and previous financial year are set out below.

### For the year ended 30 June 2005

	Furniture and Equipment \$'000	Computer Equipment \$'000	Total \$'000
Carrying amount at the start of the year	78	13	91
Additions	2	13	15
Disposals	-	-	-
Depreciation	(8)	(6)	(14)
Carrying amount at the end of the year	<u>72</u>	<u>20</u>	<u>92</u>

### For the year ended 30 June 2004

	Furniture and Equipment \$'000	Computer Equipment \$'000	Total \$'000
Carrying amount at the start of the year	89	14	103
Additions	-	5	5
Disposals	(2)	(2)	(4)
Depreciation	(9)	(4)	(13)
Carrying amount at the end of the year	<u>78</u>	<u>13</u>	<u>91</u>



# NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2005 (Cont)



	2004/05 \$'000	2003/04 \$'000
<b>11. Payables</b>		
Trade Payables	24	469
GST Payable	0	506
Refundable Development Bonds	160	342
	<u>184</u>	<u>1,317</u>
<b>12. Income In Advance</b>		
Rental income in advance	12	12
	<u>12</u>	<u>12</u>
<b>13. Provisions</b>		
<u>Current</u>		
Provision for compensation on resumption of land	8	8
Provision for dividend	2,000	0
Total Provisions	<u>2,008</u>	<u>8</u>
<u>Movements in Provisions</u>		
Movements in each class of provisions during the financial year, other than employee benefits, are set out below.		
Provision for compensation on resumption of land:		
Carrying amount at the start of the year	8	56
Payments	0	48
Carrying amount at the end of the year	<u>8</u>	<u>8</u>
Provision for dividend:		
Carrying amount at the start of the year	0	0
Provision	2,000	0
Carrying amount at the end of the year	<u>2,000</u>	<u>0</u>
<b>14. Other Liabilities</b>		
Accrued expenses	69	44
	<u>69</u>	<u>44</u>



	2004/05 \$'000	2003/04 \$'000
<b>15. Retained Profits</b>		
Opening balance at 1 July	29,971	28,221
Net profit for the year	6,502	3,750
Dividend paid to WA State Government	(2,000)	(2,000)
Closing balance at 30 June	<u>34,473</u>	<u>29,971</u>
<b>16. Reconciliation of Profit from Ordinary Activities before Income Tax Equivalents to Net Cash Flows Provided by Operating Activities</b>		
Profit from ordinary activities before income tax	6,502	3,749
Non-Cash Items:		
Depreciation expense	13	13
(Increase) / Decrease in assets:		
Receivables *	(27)	(31)
Inventories	5,716	12,999
Other assets	(85)	(6)
Increase / (Decrease) in liabilities:		
Payables *	(627)	761
Other liabilities	25	(45)
Provisions	0	(81)
Income in advance	0	12
Change in GST in receivables / payables *	(532)	86
Net Cash Provided by Operating Activities	<u>11,026</u>	<u>17,457</u>

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



	2004/05 \$'000	2003/04 \$'000
<b>17. Commitments for Expenditure</b>		
<b>Capital Commitments</b>		
<i>Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:</i>		
Within 1 year	788	1,341
Total	788	1,341
<b>Lease Commitments</b>		
<i>Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as liabilities, are payable as follows:</i>		
Within 1 year	58	51
Later than 1 year and not later than 5 years	0	0
Total	58	51
<i>Commitments in relation to non-cancellable operating leases contracted for at the reporting date but not recognised as assets, are receivable as follows:</i>		
Within 1 year	0	84
Later than 1 year and not later than 5 years	0	0
Total	0	84

**18. Contingent Liabilities**

In addition to the liabilities incorporated in the financial statements, the Authority has the following claim for losses and damages outstanding at 30 June 2005.

Following the sale of the Station Square lots by public tender a claim for losses and damages was lodged against the Authority by an unsuccessful tenderer. Legal advice indicates that the Authority is in a strong position to defend the claim and the Authority's insurers, RiskCover, have accepted conduct of the claim. It is the Authority's intention to defend the claim strenuously.



## 19. 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% or \$1,000,000.

	2005 Actual \$'000	2005 Estimates \$'000	Variance \$'000
Cost of Sales	9,840	12,858	-3,018

#### Cost of Sales

The estimated cost of sale is based on the ratio of total estimated sales proceeds to cost of sales over the life of the redevelopment project. Each year this estimate is adjusted to reflect actual sales proceeds and cost of sales to date.

The variance is due to an increase in the expected total sales revenue for the project lifetime by \$4.671million flowing from higher sales prices, which reduces the cost of sales ratio from 0.7803 estimated to 0.6122 actual, consequently the actual cost of sales is \$3.018million less than was estimated.

### 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% or \$1,000,000.

	2005 \$'000	2004 \$'000	Variance \$'000
Sales Revenue	16,073	21,255	-5,182
Cost of Sales	9,840	16,586	-6,746

#### Sales Revenue

The variance is due to lower sales turnover due to a decreased sales program which reflects the depletion of the finished land stock inventory for the Subi Centro project.

#### Cost of Sales

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



## 20. Financial Instruments

### (a) Interest rate risk exposure

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

Exposures arise predominantly from assets and liabilities bearing variable interest rates.

	Notes	Weighted Average Interest Rate	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
<b>2005</b>						
<b>Financial assets:</b>						
Cash Assets	6	5.09%	29,450	-	-	29,450
		4.63%	-	1,167	-	1,167
Receivables	7		-	-	79	79
Other Assets	9		-	-	110	110
Total financial assets			29,450	1,167	189	30,806
<b>Financial liabilities:</b>						
Payables	11		-	-	184	184
Income In Advance	12		-	-	12	12
Provisions	13		-	-	2,008	2,008
Other Liabilities	14		-	-	69	69
Total financial liabilities			-	-	2,273	2,273
			<b>29,450</b>	<b>1,167</b>	<b>(2,084)</b>	<b>28,533</b>
<b>2004</b>						
<b>Financial assets</b>		5.25%	18,496	-	-	18,496
		4.50%	-	1,110	-	1,110
					58	58
<b>Financial liabilities</b>			-	-	<b>1,381</b>	<b>1,381</b>
			<b>18,496</b>	<b>1,110</b>	<b>(1,323)</b>	<b>18,283</b>



(b) Credit risk exposures

The credit risk of financial assets of the Authority which have been recognised on the statement of financial position, is generally the carrying amount, net of any provisions for doubtful debts.

(c) Net Fair Value of Financial Assets and Liabilities

The net fair value of financial assets and financial liabilities of the Authority approximates their carrying value.

**21. Remuneration of Members of the Board of the Authority**

Remuneration of the Members of the Board of the Authority

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

	2004/05 \$'000	2003/04 \$'000
\$1 - \$10,000	4	3
\$10,001 - \$20,000	1	1
\$20,001 - \$30,000	-	1
\$30,001 - \$40,000	1	-
	<u>75</u>	<u>61</u>

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

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

**22. Remuneration of Auditor**

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

Auditing the accounts, financial statements and performance indicators	<u>23</u>	<u>21</u>
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## 23. The Impact of Adopting International Accounting Standards

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

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

	30 June 2005 \$'000	1 July 2004 \$'000
Total Equity under previous AGAAP	34,473	29,971
Total Equity under AIFRS	<u>34,473</u>	<u>29,971</u>

There are no adjustments to equity required resulting from our review of the impact of AIFRS.

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

	30 June 2005 \$'000
Net profit for the period under previous AGAAP	6,502
Net profit for the period under AIFRS	<u>6,502</u>

There are no adjustments to net profit required resulting from our review of the impact of AIFRS.

There is no impact on the cash flow statement of the Authority.



# BUDGET STATEMENT OF FINANCIAL PERFORMANCE For the year 2005 – 2006



	2005-06 Budget \$'000	2004-05 Budget \$'000
<b>REVENUE</b>		
Gross Sales	5,075	16,476
Less Cost of Sales	3,193	12,857
Trading profit	1,883	3,619
Other Revenue	1,018	888
	<b>2,901</b>	<b>4,507</b>
<b>EXPENSES</b>		
Consultants	127	135
Building Occupancy	85	91
General Office Expenses	40	150
Depreciation	15	15
Board Members Fees and expenses	60	60
CEO Remuneration	58	54
Service Agreement	417	300
Sales and Marketing	114	634
Property Management	0	65
Estate Management	30	0
Communications	280	115
Development Control	22	109
Community and Economic Development	95	95
	<b>1,343</b>	<b>1,823</b>
<b>Operating profit / (loss)</b>	<b>1,558</b>	<b>2,684</b>
Retained profit brought forward	36,967	31,871
<b>Retained profit</b>	<b>38,525</b>	<b>34,555</b>



# BUDGET OF STATEMENT OF FINANCIAL POSITION For the year 2005 – 2006



## CURRENT ASSETS

Cash Assets  
Debtors  
Prepayments

2005-06  
Budget  
\$'000

2004-05  
Budget  
\$'000

10,598	11,626
50	50
30	30
<u>10,678</u>	<u>11,706</u>

## NON CURRENT ASSETS

Fixed Assets  
Inventories

111	88
18,995	19,020
<u>19,106</u>	<u>19,108</u>

## TOTAL ASSETS

<u>29,784</u>	<u>30,814</u>
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## CURRENT LIABILITIES

Creditors  
Provision for compensation on resumption of land

251	251
8	8
<u>259</u>	<u>259</u>

## TOTAL LIABILITIES

<u>259</u>	<u>259</u>
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## NET ASSETS

<u>29,525</u>	<u>30,555</u>
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## EQUITY

Retained earnings  
Dividend paid to State Government

38,525	34,555
9,000	4,000

## TOTAL EQUITY

<u>29,525</u>	<u>30,555</u>
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## BUDGET STATEMENT OF CASH FLOWS For the year 2005 - 2006



### CASH FLOWS FROM OPERATIONS

Payments to suppliers and employees

Other operating receipts

### NET CASH FROM OPERATIONS

### CASH FLOWS FROM INVESTING

Payments for property, plant and equip.

Payments for capital works

Payments for land acquisitions

### NET CASH INVESTED

### CASHFLOWS FROM STATE GOVERNMENT

Dividends paid

### NET CASH TO STATE GOVERNMENT

### NET DECREASE/INCREASE IN CASH

OPENING CASH BALANCE

CLOSING CASH BALANCE

2005-06  
Budget  
\$'000

2004-05  
Budget  
\$'000

-1,328

-1,853

6,094

17,366

4,766

15,034

-38

0

-6,185

-2,477

-11,570

-19,670

-17,793

-22,147

-5,000

-2,000

-5,000

-2,000

-18,027

- 8,634

28,625

20,260

10,598

11,626