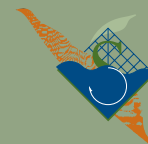




SUBIACO REDEVELOPMENT AUTHORITY

Annual Report 2006-2007



Subiaco
Redevelopment
Authority

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This is the 13th Annual Report of the Subiaco 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 the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament the Annual Report of the Subiaco Redevelopment Authority for the year ended 30 June 2007.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.

Yours sincerely

Mr Bill Griffiths
Chairman

Mr Don Humphreys
Deputy Chairman

Mr Tony Morgan
Chief Executive Officer

3 September 2007

Executive Summary



We are pleased to present the 13th Annual Report for the Subiaco Redevelopment Authority (SRA).

Redevelopment activities for the 2006-2007 financial year were focused on the Authority's defined project area within Subiaco. The Subi Centro project is now well advanced, with planning underway for the Australian Fine China and TAFE Station Street sites.

Highlights for the 2006-2007 financial year included:

- A further 19 percent of the Subiaco Redevelopment Area was normalised on 31 January 2007, with planning authority returned to the City of Subiaco. This second stage of normalisation has brought the total normalised area within Subi Centro to 86 percent.
- Lot 489 Tighe Street, the last remaining lot within Subi Rise and the only lot for sale in the financial year, was auctioned in September 2006, achieving a record price of \$2,920 per square metre for the Subi Centro project.
- Precinct Planning continued for the Australian Fine China (AFC) site in consultation with key stakeholders.
- The Authority acquired the TAFE site on the corner of Salvado Road and Station Street. The TAFE will relocate in the next financial year, allowing the Authority to redevelop the site as a mixed-use precinct.
- The Authority paid a \$6.1 million dividend to the Department of Treasury and Finance during the year. In turn, the Department of Treasury and Finance paid \$6.1 million to the City of Subiaco for the city's contribution to the success of the Subi Centro project, which was an agreed 20 percent of the cash surplus from stages 1 and 2 of the project.



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Financial Results

During the 2006-2007 financial year, the Authority achieved a surplus of \$2.21 million. Total land sales for the financial year reached \$3 million, which was mainly due to the settlement of Lot 419 Railway Road for \$2.19 million.

Normalisation

Normalisation refers to the return of planning authority from the SRA to the City of Subiaco and the re-establishment of the Metropolitan Region Scheme, which is administrated by the Western Australian Planning Commission. On 18 September 2005, 67 percent of the original Redevelopment Area was returned as part of a staged normalisation program. This stage included Subiaco Gardens, Subiaco Common, St Ives, Lords Sports Club, Homebase, Subiaco Square, Market Square Park, St Joseph's Church and Subiaco Village.

On 31 January 2007, the second stage of normalisation saw an additional 19 percent of the Redevelopment Area returned, bringing total normalised areas to 86 percent. Sites selected for normalisation were considered to have either been successfully redeveloped or no longer required to be part of the Redevelopment Area and included the Council Depot, Self Lock Storage, Subiaco Rise and several mixed-use sites along Roberts Road. The final stage of normalisation will follow in future years on completion of the full urban redevelopment project.

Executive Summary



Sustainability

The Authority has introduced the Sustainability Assessment Tool (SAT) into masterplanning, as a means of better integrating Triple Bottom Line (TBL) considerations into its redevelopment projects. The SAT has been applied to the Precinct Plan for the AFC site and is accompanied by a sustainability implementation plan to ensure all sustainability objectives are met over the life of the project and beyond.

Development Investment

The Authority received 11 Development Applications in the financial year in comparison to the 27 Applications received in the 2005-2006 financial year. This reflects the near-completion status of the Subi Centro project, including an increase in normalised areas.

The estimated construction value of Development Applications lodged was \$25.8 million. Private investment in Subi Centro continues to reflect strong investor and community confidence in regeneration outcomes brought about by the Authority.

Affordable Housing

The Authority adopted a Housing Diversity Policy in 2002, which states that 10 to 15 percent of new dwellings on land released by the Authority is delivered for social and affordable housing. The Authority is on track to deliver its 10 to 15 percent target for affordable, special needs and social housing. A total of 27 affordable housing dwellings were completed in Subiaco Rise this financial year which included 20 social housing and seven special needs units delivered through the Department of Housing and Works. A further six owner occupier units were under construction as at 30 June 2007.

Subi Centro Project Tours

Eleven Subi Centro project tours for various Government, planning and architectural groups were conducted throughout the year, including:

- British Urban Regeneration Association
- Western Bay of Plenty District Council – New Zealand
- Australian Council of New Urbanism
- North Shore City Council – New Zealand
- Land Management Corporation – South Australia
- Urban Development Institute of Australia – National Congress 2007 Study Tour
- Gold Coast City Council
- Brisbane City Council
- Planning Institute of Australia – National Congress 2007 Study Tour

Board Membership

SRA's Board consists of five members appointed by the Minister for Planning and Infrastructure. There were no changes to the Board's membership during the year.

Service Agreement

The Authority's Service Agreement with the East Perth Redevelopment Authority (EPRA) continued in 2006-2007, providing access to a wide range of management skills and operational expertise, support services, systems and procedures, and the provision of IT systems and security. This arrangement will continue into 2007-2008.



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Executive Summary



Continuity of Term

The Authority's term was due to end on 30 June 2007. However, to ensure continuity of ongoing project commitments, a submission has been made to the Minister for Planning and Infrastructure seeking Expenditure Review Committee approval to extend the tenure by a further 12 months. A decision is expected early in the 2007-2008 financial year.

We take the opportunity to thank the Minister for Planning and Infrastructure, the Hon Alannah MacTiernan MLA, and to express our appreciation to members of the Board and consultants for their support, professionalism and commitment to the Authority and its redevelopment objectives.

Mr Bill Griffiths
Chairman

Mr Tony Morgan
Chief Executive Officer



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Enabling Legislation



The Authority was established under the Subiaco Redevelopment Act 1994 and is responsible to the Minister for Planning and Infrastructure, the Hon Alannah MacTiernan MLA.

The functions of the Authority are to plan, undertake, promote and coordinate the development and redevelopment of land in the Redevelopment Area. The Authority is required to prepare and keep under review a Redevelopment Scheme for the area and to control development. The Act gives the Authority powers 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.

Ministerial Direction

The SRA's enabling legislation requires that if the Minister gives the Authority a direction it shall be in writing and tabled in Parliament. There were no directions during the 2006-2007 financial year.

Redevelopment Area Map

Legend

- Existing Lot Boundary
- Original Redevelopment Area Boundary
- Current Redevelopment Area Boundary
- Normalised Area



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Corporate Governance



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Statement of Purpose

To revitalise run down former industrial sites within the Redevelopment Area.

Vision

Subi Centro – accessible, liveable, vibrant.

Values

Leadership, respect, professionalism, equity.

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 2006-2007 were:

- Deliver the vision through completion of all planning and development in the Redevelopment Area
- Retain a suitably qualified management team
- Continue to be innovative and show leadership in all aspects of Place Making
- Effective financial and risk management
- Deliver effective stakeholder relationships
- Plan and deliver an effective transition to the successor agency.

Financial Results

	Actual 2006-2007
Sales revenue	\$3.004m
Operating surplus	\$2.208m
Net Asset Value	\$35.917m

The Authority achieved a surplus of \$2.208 million during the 2006-2007 financial year, which was a result of land sales reaching \$3.004 million.

Membership of the Board

The Board 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 the Chairman)
- (b) Two persons nominated by the City of Subiaco
- (c) One person nominated by the Minister responsible for the Transport Coordination Act 1966.

Board Remuneration

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
Mr Bill Griffiths (Chair)	30 June 2007
Mr Don Humphreys (Deputy Chair)	30 June 2007
Dr Susan Cutler	30 June 2007
*Cr Lynley Hewett	30 June 2007
*Cr Andrew McTaggart	30 June 2007

* Members nominated by the City of Subiaco.

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.

Corporate Governance



Internal Audit Committee

The Authority has a committee with delegated authority to deal with internal audit matters. Members of the committee are Cr Lynley Hewett (Chair), Mr Bill Griffiths and Mr Don Humphreys.

Board Members' Attendance

The Board met 10 times in the financial year with two Internal Audit meetings also taking place.

Board Member	Board 10 meetings	Internal Audit 2 meetings
Mr Bill Griffiths (Chair)	10	2
Mr Don Humphreys (Deputy Chair)	9	2
Dr Susan Cutler	8	NA
*Cr Lynley Hewett	10	2
*Cr Andrew McTaggart	8	NA

* Members nominated by the City of Subiaco.

Management *

Under its Act, the Authority employs a Chief Executive Officer with other staff, resources and services provided by EPRA.

As of 30 June 2007, the management structure consisted of two Executive Directors, each reporting to the Chief Executive Officer, and five Senior Managers.

Mark Hedges – Executive Director, Planning and Development

Lisa Smith – Executive Director, Business Services and Place Management

Anne Edmonds – Senior Manager, Planning

Steve Gilligan – Senior Manager, Development

Chris Porter – Senior Manager, Business Services

Zanda Cameron – Senior Manager, Place Management

Stuart McKnight – Senior Manager, Evaluations and Acquisitions

** Change to management structure occurred late in the financial year, including the appointment of Sean Henriques as Chief Financial Officer.*

The Chief Executive Officer, Executive Directors and Senior Managers meet regularly to consider management issues. Quarterly Business Plan reports are presented to the Board.

The team is supplemented by various consultants including internal audit, project direction and management, legal, taxation, human resources, communications, advertising, information technology, urban planning, architecture, heritage, engineering, settlement agents and real estate agents.

Compliance



Compliance with Other Legislation

In the performance of its functions, the Authority complies with the following written laws:

Aboriginal Heritage Act 1972
Contaminated Sites Act 2003
Corruption and Crime Commission Act 2003
Disabilities Services Act 1993
Disability Discrimination Act 1992
Electoral Act 1907
Environmental Protection Act 1986
Equal Opportunity Act 1984
Financial Management Act 2006 *
Freedom of Information Act 1992
Fringe Benefit Tax Assessment Act 1986
Heritage of Western Australia Act 1990
Income Tax Assessment Act 1997
Industrial Relations Act 1979
Land Administration Act 1997
Occupational Health and Safety Act 1984
Planning and Development Act 2005
Public Interest Disclosure Act 2003
Public Sector Management Act 1994

Salaries and Allowances Act 1975
State Administrative Tribunal Act 2004
State Records Act 2000
State Superannuation Act 2000
State Supply Commission Act 1991
Statutory Corporations (Liability of Directors) Act 1996
Strata Titles Act 1985
Subiaco Redevelopment Act 1994
Swan and Canning Rivers Management Act 2006
Taxation Administration Act 2003
Trade Practices Act 1985
Transfer of Land Act 1893
Workers Compensation and Injury Management Act 1981

In 2006-2007, the Authority worked with its internal auditor Ernst and Young and lawyer Minter Ellison in a comprehensive review of compliance with its regulatory framework. Appropriate systems have been developed to ensure the Authority's compliance with this regulatory framework in the current financial year.

** This legislation was the subject of external audit examination during the year and there was no evidence of non-compliance.*



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Compliance



Marketing and Advertising

Electoral Act 1907

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

	\$,000
Market Research	
TNS	26
Media Advertising	
(including Multimedia)	
303	27
Last Pixel	20
Marketing and Public Relations	
Purple Communications	21
Total	94

Equal Employment Opportunity Outcomes

In accordance with Section 146 of the Equal Opportunity Act 1984, the Authority complied with the Act and procedures were in place to ensure such compliance.

Public Sector Standards and Ethical Codes

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, with procedures in place to ensure such compliance. There were no breaches of Public Sector Standards in 2006-2007.

Record Keeping

In accordance with the State Records Commission Standard 2, the Authority has complied with the State Records Act 2000. In 2006-2007, all record keeping training and evaluation requirements were in place to ensure such compliance.

Disability Service Outcomes

In accordance with Section 29 (1) of the Disabilities Services Act 1993, the Authority has completed a draft Disability Access and Inclusion Plan 2007-2012. A comprehensive plan will be in place to ensure its implementation and it will be available to the general public through the Authority's website.

Corruption Prevention

Further to the annual update of its risk register, the Authority has initiated a number of risk management activities during the year to reduce the likelihood of corruption and misconduct. Policies and procedures with regard to ethics, values, computer access, procurement, gifts and benefits have been developed and communicated to staff.

Compliance



Publications

Publications by the Authority are available at its office at 12 Lindsay Street, Perth WA 6000 and online at 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.
- Site Design Guidelines, which prescribe the standards and recommendations to ensure that each development within Subi Centro will be of a high quality and appropriately integrated into the community.
- Information pamphlets and sheets on the overall redevelopment and for specific initiatives.
- Annual Reports for the years ending 1993-2007.
- Urbano magazines.
- Affordable Owner Occupier Housing brochure.

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

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



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Sustainability



Policy Context

The Authority has played a leading role in delivering sustainable development, through its award-winning Subi Centro project, and has continued to deliver against its originally established economic, social and environmental targets.

Government policy initiatives on sustainability include the State Sustainability Strategy, the Greenhouse Strategy, the Sustainability Bill and the Sustainability Code of Conduct.

The Sustainability Code of Conduct requires all Government agencies to implement a number of commitments relating to the incorporation of sustainability principles and practice into decision making, including:

- Commitment 1.1: Incorporate sustainability principles and actions (consistent with 'Better Planning: Better Futures – A Framework for the Strategic Management of the Western Australian Public Sector') into strategic and business planning and budgeting
- Commitment 1.3: Utilise sustainability assessment in planning and decision making
- Commitment 1.3(a): Integrate sustainability into project delivery.

The Authority's progress against those commitments is addressed in its Sustainability Action Plan and also includes the application of the Sustainability Assessment Tool (SAT) to its projects in 2006-2007.

Sustainability Assessment Tool

The SAT outlines a set of sustainability priorities, which reflect the Authority's desired urban outcomes. The sustainability priorities have been grouped under five broad categories:

- Community Development
- Economic Benefits
- Environment
- Urban Design
- Infrastructure.

Use of the SAT will enhance regular Triple Bottom Line reporting to become a mechanism for reporting on the overall performance of preferred Masterplan options against the Authority's sustainability priorities.

The following are key data collection points for measurement of Performance Indicators:

- Masterplanning/Triple Bottom Line reporting
- Development control
- Post occupancy surveys.



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Operations



Subi Centro

Vision

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.

The Subi Centro project is in its final phases, with 86 percent of the Redevelopment Area normalised. The AFC, Greenspine and TAFE Station Street sites will complete the project.

Objectives

- 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 Greenspine.
- Sustainability objectives guide all development planned and undertaken – taking into account social, economic and environmental considerations.
- Accessibility to public transport, shops, parks, entertainment, education and medical services and other community facilities contributing to the area's amenity and safety.
- Delivery of the Housing Diversity Policy, which requires that 10 to 15 percent of dwellings on all new land releases be assigned for affordable, special needs and social housing.

Current Status

- On 31 January 2007, 19 percent of the Redevelopment Area was returned to the City of Subiaco in the completion of the second stage of normalisation. The stage included the Council Depot, Self Lock Storage, Subiaco Rise and several mixed-use sites along Roberts Road.
- During this financial year, the Authority received 11 Development Applications with a combined value of \$25.8 million.

Australian Fine China

- In 2006-2007, Precinct Planning continued for the AFC site in close consultation with key stakeholders. The Precinct Plan and Scheme Amendment, to enable delivery of the redevelopment, will be released for a period of community consultation next financial year.
- The AFC site will be redeveloped as a model precinct that sets a new level of environmentally sustainable development including improving economic, social and environmental outcomes; defining performance requirements for residential and office buildings; and monitoring and evaluating sustainability targets.
- Forward works to prepare the AFC site for redevelopment will commence in the next financial year.



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Operations



TAFE Station Street

- During 2006-2007 the Authority acquired the TAFE Station Street site from the Department of Education and Training, who will maintain education activities on the site until December 2007.
- The Authority will redevelop the site as a mixed-use, medium density precinct, which is appropriate to its proximity to the Subi Centro train station and St John of God Hospital.
- The Authority advertised Amendment No.3 to the Subiaco Redevelopment Scheme which proposes the creation of a public reserve to be provided on redevelopment of the TAFE Station Street site, to ensure a key linkage from the Subiaco train station to St John of God Hospital on Salvado Road. The Scheme Amendment is awaiting Ministerial approval.
- During the 2007-2008 financial year, the Authority will progress planning approval to subdivide the TAFE Station Street site and commence development activities.

Subi Centro Project Expectations

Project area	80 hectares
No of dwellings	800-900 new residences
Housing a population of	1,700-2,000 new residents
Commercial space	80,000m ²
Retail space	10,000m ²
Commercial and retail activity	3,000-4,000 jobs
Authority's investment	\$135 million
Investment attraction	approximately \$500 million



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Certification of Performance Indicators



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

Mr Bill Griffiths
Chairman

Mr Don Humphreys
Deputy Chairman

Mr Tony Morgan
Chief Executive Officer

9 August 2007

Key Performance Indicators



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Statement of Purpose

To revitalise run down former industrial sites within the Redevelopment Area.

The Authority 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.

Normalisation

On 18 September 2005, 67 percent of the original Redevelopment Area was returned to the City of Subiaco as part of a staged normalisation program. On 31 January 2007 an additional 19 percent was returned to the City of Subiaco in the completion of a second stage of normalisation bringing a total of 86 percent of land returned to the City of Subiaco. The sites selected for normalisation were considered to have either been successfully redeveloped or no longer required to be part of the Redevelopment Area. For consistency the statistics for the normalised areas have been taken from the 2005-2006 Annual Report and incorporated into this report on the basis that they have remained static.

Key Performance Indicators

In order to quantify progress over the life of the project, Key Performance Indicators were developed under four headings for effectiveness measures and a fifth for efficiency.

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 original 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):

96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
Nil (Base Year)	5	23	110	305	421	448	801	917	981	1005

Key Finding

The actual number of units shows an increasing trend with a 2.5 percent increase from 2005-2006. This is greater than that envisaged in the original Concept Plan due to the number of apartments that have been built.

Key Performance Indicators



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

The Concept Plan envisaged the creation of sites suitable for up to 50,000m² of office, showroom and general commercial accommodation. There were approximately 147,400m² of commercial and other non-residential and non-retail floor space in the Redevelopment Area as of 30 June 1997. Business occupying this accommodation employed approximately 1,067 staff.²

Commercial and other non-residential and non-retail floor space completed (cumulative) in m²:

96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
147,400 (Base year)	148,204	148,204	151,091	153,087	162,470	165,288	180,594	183,868	194,978	200,589

Key Finding

During 2006-2007 an additional 5,611m² of space was provided. The total increase in commercial and other non-residential floor space from 1996-1997 to 2006-2007 is 53,189m² which has exceeded the original Concept Plan target of 50,000m².

Indicator 1C – Increase in retail space in the Redevelopment Area

The Concept Plan envisaged up to 10,000–12,000m² of new retail space. There was approximately 7,900m² of retail floor space in the Redevelopment Area at 30 June 1997 with businesses occupying this accommodation employing approximately 20 staff.²

Retail space in the Redevelopment Area¹, in m²:

97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
7,900 (base year)	7,900	14,028	14,346	14,874	14,874	15,623	15,983	16,103	16,103

Key Finding

The Subi Centro project's main retail hub, the Station Square Precinct, was completed in 1999-2000 leading to continued annual growth in retail space to fill the available space resulting in a total retail area of 16,103m² by 2005-2006, an overall growth of 8,203m² from 1997-1998 (104 percent increase). Available retail space is now filled, and no additional retail floor space was created during 2006-2007. Further retail space will be delivered in the future through the redevelopment of the TAFE Station Street and Australian Fine China sites.

Key Performance Indicators



Indicator 1D – Increase in area of public parks and gardens

At 30 June 1997 there was 2.18 hectares of public open space in the Redevelopment Area. Public parks and gardens (fully landscaped and developed)¹ in hectares:

96-97	97-98	98-99	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07
2.18 (Base year)	2.346	2.346	5.52	5.58	5.58	5.699	5.699	5.699	5.727	5.727

Key Finding

Market Square Park, the Greenway and various other small areas of public open space have been provided in the additional 3.55 hectares created since 1996-1997. No additional public open space was created during 2006-2007 which is reflective of the current stage of the Subiaco project. Further public open space will be created as part of the future development of the Australian Fine China and TAFE Station Street precincts.

2. Balance and complement the existing community fabric

Many of the percentages quoted in the following indicators do not sum to 100 percent in every case. This is a statistical aberration due to the method of collection and reporting adopted by the Australian Bureau of Statistics (ABS). The percentages accurately reflect those quoted by the ABS in data collected from the 2001 and 2006 censuses.

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 with this number increasing to 1,479 for the 2006 Census, a 311 percent increase over the five year period. This reflects the build-out cycle of the project, with the majority of residences in the area now complete. The Subiaco Redevelopment Area household structure compared to the Subiaco community at 2006 was as follows:³

Key Performance Indicators



	One Parent Families	Couples, No Children	Two Parent Families	Families of other Related Individual	Group Households	Lone Person Households
2001						
Authority	6%	33%	41%	1%	2%	10%
Subiaco	8%	20%	32%	2%	10%	20%
2006						
Authority	4%	39%	15%	1%	3%	38%
Subiaco	6%	28%	18%	1%	6%	35%

Key Finding

Compared to the wider Subiaco area, the Redevelopment Area has a higher percentage of households comprising couples with no children and lone person households. The Redevelopment Area has fewer one or two parent families and group households than the wider Subiaco area.

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

In June 2006, the Authority undertook a detailed employment count for the Redevelopment Area which reflected an increase of 671 workers from the previous employee count of 2,492 undertaken by The Planning Group in 2004. At June 2006, there were 3,163 workers in the Redevelopment Area. This figure remains unchanged from 2005-2006 and will be updated when relevant 2006 Census data is available from the ABS. The target for the project is 5,000 workers.

Key Finding

Businesses occupying commercial floor space as at July 1997 employed 1,416 people. To June 2006, an additional 1,747 new workers were employed in the Redevelopment Area bringing the total worker number to 3,163. Additional employment will be created as commercial space continues to be developed in the remaining part of the Redevelopment Area.



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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:³

Note: the number of dwellings is in brackets.

		Separate House	Terrace/Row/ Townhouse	Apartment	Attached To Shop Or Office
1991	Authority	0%	0%	0%	0%
	City of Subiaco	57%	15%	28%	0%
	Perth Metro Area	78%	14%	8%	0%
1996	Authority	0%	0%	0%	0%
	City of Subiaco	54%	16%	30%	1%
	Perth Metro Area	77%	15%	8%	0%
2001	Authority	28% (76)	30% (84)	22% (62)	1% (3)
	City of Subiaco	43%	15%	29%	3%
	Perth Metro Area	72%	11%	8%	0%
2006	Authority	31% (255)	19% (151)	50% (401)	0 (3)
	City of Subiaco	47%	20%	34%	0
	Perth Metro Area	78%	12%	9%	1%

The Authority's Housing Diversity Policy requires 10-15 percent of dwellings to be for social and affordable purposes. This will deliver approximately 80 dwellings in these sectors.

Key Finding

The table shows that the Subiaco Redevelopment Area has a lower percentage of separate houses and a higher percentage of apartments compared to the Subiaco and Perth average, thereby reflecting diversity of housing stock. It also shows that the Redevelopment Area has a more even spread of dwelling types than that of wider Subiaco and Perth.

Key Performance Indicators



4. Increased use of public and alternative transport in the area

Indicator 4A – Measures of public transport use. Train Passenger Counts

	1996	1998	2002	2006	2007
Subiaco Train Station Week Total	9,017	8,126	15,426	19,173	19,838

Figures have been provided by the Public Transport Authority. Passenger numbers decreased during 1998 when the train station was under construction.

Key Finding

Train passenger counts indicate the number of train passengers has more than doubled since the opening of the new train station. The 2007 figures continue the trend to increased train passenger counts with a 3.5 percent increase compared to 2006.

Indicator 4Bi – Measures of public transport use. Car Ownership³

	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 4Bii – Measures of alternative transport use. Method of Travel to Work³

		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%

Key Finding

ABS data for the 2006 Census was not available at the time of preparing these indicators and therefore findings have not changed from 2005-2006. The tables above show that in 2001 people in the Redevelopment Area owned a greater number of vehicles per household and had a higher incident of private motor vehicle use for journeys to work than wider Subiaco or the Perth average.

5. Output Indicator – Efficiency

The following indicator shows the total operating expenses as a percentage of land inventories and sales.

	99-00	00-01	01-02	02-03	03-04	04-05	05-06	06-07	Target (06-07 budget)
Inventory	5.0%	4.9%	4.3%	4.9%	16.8%	24.82%	8.0%	4.4%	4.5%
Sales	10.8%	10.3%	18.8%	7.8%	7.6%	9.08%	18.5%	37.3%	214.6%

Key Performance Indicators



Key Finding

Inventory

At the end of 2006-2007, operating costs represented 4.4 percent of inventories. In 2005-2006 the percentage was 8 percent. The decrease is due to the inventory balance increasing by \$8.969 million mainly as a result of the acquisition of the TAFE Station Street site. A higher inventory balance and relatively constant operating expenses resulted in a lower percentage.

The percentage for 2006-2007 is only slightly less than the target as the amounts spent on capital works during the year was less than budget, which results in a lower inventory balance. Capital works were less than budget as the Authority did not commence work on the TAFE Station Street site.

Sales

There was a significant reduction in sales during 2006-2007 which influenced the higher percentage of operating expenses to sales. The reduction in sales is representative of the current life stage of the project, with development in most precincts either complete or underway and planning for remaining precincts such as Australian Fine China and TAFE Station Street in progress.

The sales percentage was better than target due to 2006-2007 sales exceeding budget. The sales target was \$0.588 million, however a carryover sale from 2005-2006 increased sales to \$3.004 million.

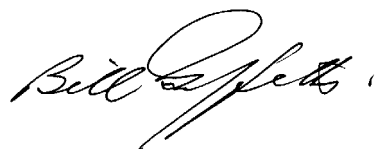
Footnotes

1. Information and data collection provided by The Planning Group WA Pty Ltd.
2. Field work and survey data provided by the Boshe Group company to 2004-2005, by the Authority 2005-2006 and 2006-2007.
3. Australian Bureau of Statistics, 1991, 1996, 2001 and 2006 Census.

Certification of Financial Statements For the Year Ended 30 June 2007

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

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



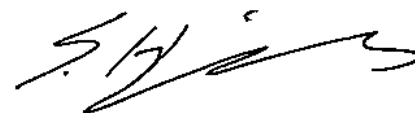
Mr Bill Griffiths
Chairman



Mr Don Humphreys
Deputy Chairman



Mr Tony Morgan
Chief Executive Officer



Mr Sean Henriques
Chief Finance Officer

Date: 9 August 2007

Income Statement For the Year Ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
INCOME			
Sales	4	3,004	7,200
Interest revenue	5	1,139	1,468
Rental revenue		–	260
Other revenue	6	104	150
Total Income		4,247	9,078
EXPENSES			
Cost of sales	4	920	2,392
Depreciation	7	2	12
Administration		728	886
Sales and marketing		72	241
Property and estate management		198	45
Communication		30	55
Economic and community development		10	20
Development control		38	57
Loss on disposal on assets		41	19
Total expenses		2,039	3,727
PROFIT/(LOSS) FOR THE PERIOD		2,208	5,351

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

Balance Sheet As At 30 June 2007

	Note	2007 \$'000	2006 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	10,341	23,188
Inventories	9	0	1,018
Receivables	10	10	14
Other current assets	11	128	116
Total Current Assets		10,479	24,336
Non-Current Assets			
Inventories	9	25,568	15,581
Property, furniture and equipment	12	4	47
Total Non-Current Assets		25,572	15,628
TOTAL ASSETS		36,051	39,964
LIABILITIES			
Current Liabilities			
Payables	13	112	49
Provisions	14	–	8
Other current liabilities	15	22	98
Total Current Liabilities		134	155
TOTAL LIABILITIES		134	155
NET ASSETS		35,917	39,809
EQUITY			
Retained profits	16	35,917	39,809
TOTAL EQUITY		35,917	39,809

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

Statement of Changes in Equity For the Year Ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
RETAINED PROFITS			
Balance at start of period		39,809	34,473
Restated balance at start of period		39,809	34,473
Surplus/(deficit) or profit/(loss) for the period		2,208	5,351
Dividend paid		(6,100)	–
Change in Accounting Policy		–	(15)
Balance of equity at end of period	16	35,917	39,809

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

Cash Flow Statement For the Year Ended 30 June 2007

	Note	2007 \$'000	2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		3,004	7,200
Interest received		1,129	1,468
GST receipts on sales		265	491
GST receipts from taxation authority		178	601
Other receipts		107	424
Payments			
Supplies and services		(1,098)	(1,410)
GST payments on purchases		(225)	(928)
GST payments to taxation authority		(218)	(165)
Net cash provided by operating activities	17	3,142	7,681
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of capital works in progress		(9,889)	(13,110)
Net cash provided by/(used in) investing activities		(9,889)	(13,110)
CASH FLOWS FROM STATE GOVERNMENT			
Dividends Paid		(6,100)	(2,000)
Net cash provided by/(paid to) State Government		(6,100)	(2,000)
Net increase/(decrease) in cash and cash equivalents		(12,847)	(7,429)
Cash and cash equivalents at the beginning of period		23,188	30,617
CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD	17	10,341	23,188

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

Notes to the Financial Statements For the Year Ended 30 June 2007

1. Australian equivalents to International Financial Reporting Standards

General

The Authority's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Authority has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early adoption of standards

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

2. Summary of significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's instructions. Several of these are modified by the

Treasurer's instructions to vary application, disclosure, format and wording.

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

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000).

(c) Reporting Entity

The reporting entity comprises the Authority. The Authority has no related bodies.

(d) Income

Revenue Recognition

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



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Notes to the Financial Statements For the Year Ended 30 June 2007

- Sale of Land

It is the Authority's practice to recognise the sale of land held for sale only when settlement of the full purchase consideration has been received and the transfer of land has been completed.

- Provision of services or goods

Revenue is recognised on delivery of the service or goods to the customer.

- Reciprocal and Non-reciprocal contributions

Revenues:

Non-reciprocal contributions are recognised as revenue upon receipt by the Authority.

Reciprocal contributions are recognised as revenue once the conditions limiting the contributions are discharged.

- Interest

Revenue is recognised as the interest accrues.

- Rental Revenue

The Authority receives rental income in relation to certain buildings leased within the redevelopment area. Rental income is due 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.

- Gains

Gains may be realised or unrealised and are usually recognised on a net basis. These include gains arising on the disposal of non-current assets.

(e) Property, Furniture and Equipment

Capitalisation/Expensing of assets:

Items of property, furniture and equipment costing over \$5,000 are recognised as assets and the cost of utilising assets are depreciated over their estimated useful lives. Items of property, furniture and equipment costing less than \$5,000 are expensed directly to the Income Statement.

Recognition and measurement:

All items of property, furniture and equipment are recognised at cost.

For items of property, furniture and equipment acquired at no cost or for nominal cost, cost is their fair value at the date of acquisition.

Depreciation:

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

Depreciation on assets is calculated using the straight line method, using rates which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

Office furniture and equipment	10 years
Computer equipment	4 years

(f) Impairment of Assets

Property, furniture and equipment are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised.

Notes to the Financial Statements For the Year Ended 30 June 2007

As the Authority is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

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

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

(g) Leases

During 2005-06, the Authority entered into an operating lease arrangement for office space where the lessor effectively retained all of the risk and benefits incident to ownership of the office space held under the operating lease. Equal instalments of the lease payments were 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 lease arrangement ceased in July 2006.

(h) Financial Instruments

The Authority has three categories of financial instruments:

- Loans and receivables (includes cash and cash equivalents, receivables, term deposits);
- Held-to-maturity investments (includes short term deposits); and
- Non-trading financial liabilities (payables)

Initial recognition and measurement is at fair value. The transaction cost or face value is equivalent to the fair value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(i) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash and cash equivalents includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(j) Inventories

All land and buildings held for development and subsequent sale is regarded as inventory and is classified as such in the balance sheet.

Notes to the Financial Statements For the Year Ended 30 June 2007

Land held for development and subsequent sale is classified as a current asset when development is completed and sales are expected to result in realisation of settled sales within twelve months based on management's sales forecasts.

Inventories are valued at the lower of cost and net realisable value.

(k) Receivables

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off. The allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Authority will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement within 30 days. See note 2(h) 'Financial Instruments' and note 10 'Receivables'.

(l) Payables

Payables are recognised when the Authority becomes obliged to make future payments as a result of a purchase of assets or services at the amounts payable. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 2(h) 'Financial Instruments' and note 13 'Payables'.

(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.

(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 at the end of the financial year. See note 16.

(o) Comparative Figures

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

3. Disclosure of changes in accounting policy

(a) Voluntary changes in Accounting Policy

In accordance with Treasurer's Instruction 410 "Records of Assets", the Authority has increased its threshold for the capitalisation of property, furniture and equipment items from \$1000 to \$5000. This constitutes a change in accounting policy.

The effect of this change in policy has been reflected in the financial statements as follows:

Prior year expenses have been increased by \$15,313 being the written down value at 30 June 2006 of assets having an original cost of between \$5000 and \$1,001. This increase has been reflected in the closing balance of retained profits for 2005-06.

Current year expenses have increased by \$1,196 being the value of assets acquired during the 2007 financial year with an original cost of between \$5000 and \$1001.



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Notes to the Financial Statements For the Year Ended 30 June 2007

(b) Future impact of Australian Accounting Standards not yet operative

The Authority cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Authority has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued but are not yet effective.

These will be applied from their application date:

1. AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments. The Standard is considered to result in increased disclosures, both quantitative and qualitative of the Authority's exposure to risks, enhanced disclosure regarding components of the Authority's financial position and performance, and possible changes to the way of presenting certain items in the financial statements. The Authority does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

2. AASB 2005-10 'Amendments to Australian Accounting Standards (AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023, & AASB 1038)'. The amendments are as a result of the issue of AASB 7 'Financial Instruments: Disclosures', which amends the financial instrument disclosure requirements in these standards. The Authority does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

3. AASB 101 'Presentation of Financial Statements'. This Standard was revised and issued in October 2006 so that AASB 101 has the same requirements as IAS 1 'Presentation of Financial Statements' (as issued by the IASB) in respect of for-profit entities. The Authority is a not-for-profit entity and consequently does not expect any financial impact when the Standard is first applied. The Standard is required to be applied to annual reporting periods beginning on or after 1 January 2007.

4. AASB 2007-4 'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)'. This Standard introduces policy options and modifies disclosures. These amendments arise as a result of the AASB decision that, in principle, all options that currently exist under IFRSs should be included in the Australian equivalents to IFRSs and additional Australian disclosures should be eliminated, other than those now considered particularly relevant in the Australian reporting environment. The Department of Treasury and Finance has indicated that it will mandate to remove the policy options added by this amending Standard. This will result in no impact as a consequence of application of the Standard. The Standard is required to be applied to annual reporting periods beginning on or after 1 July 2007.

5. AASB Interpretation 4 'Determining whether an Arrangement Contains a Lease [revised]'. This Interpretation was revised and issued in February 2007 to specify that if a public-to-private service concession arrangement meets the scope requirements of AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007, it would not be within the scope of Interpretation 4. At balance sheet date, the Authority has not entered into any arrangements as specified in the Interpretation or



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Notes to the Financial Statements For the Year Ended 30 June 2007

within the scope of Interpretation 12, resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

6. AASB Interpretation 12 'Service Concession Arrangements'. This Interpretation was issued in February 2007 and gives guidance on the accounting by operators (usually a private sector entity) for public-to-private service concession arrangements. It does not address the accounting by grantors (usually a public sector entity). It is currently unclear as to the application of the Interpretation to the Authority if and when public-to-private service concession arrangements are entered into in the future. At balance sheet date, the Authority has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods.

7. AASB Interpretation 129 'Service Concession Arrangements: Disclosures [revised]'. This Interpretation was revised and issued in February 2007 to be consistent with the requirements in AASB Interpretation 12 'Service Concession Arrangements' as issued in February 2007. Specific disclosures about service concession arrangements entered into are required in the notes accompanying the financial statements, whether as a grantor or an operator. At balance sheet date, the Authority has not entered into any public-to-private service concession arrangements resulting in no impact when the Interpretation is first applied. The Interpretation is required to be applied to annual reporting periods beginning on or after 1 January 2008.

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

AASB Standards and Interpretations

AASB 8	'Operating Segments'
AASB 1049	'Financial Reporting of General Government Sectors by Governments'
AASB 2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
AASB 2007-2	'Amendments to Australian Accounting Standards arising from AASB Interpretation 12 [AASB 1, AASB 117, AASB 118, AASB 120, AASB 121, AASB 127, AASB 131 & AASB 139]' – paragraphs 1 to 8
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]'
Interpretation 10	'Financial Reporting and Impairment'
Interpretation 11	'AASB 2 – Group and Treasury Share Transactions'

Notes to the Financial Statements For the Year Ended 30 June 2007

	2007 \$'000	2006 \$'000
4. Trading profit		
Sales	3,004	7,200
Cost of Sales:		
Opening inventory	(16,599)	(5,881)
Purchases	(9,889)	(13,110)
	(26,488)	(18,991)
Closing inventory	25,568	16,599
Cost of Goods Sold	(920)	(2,392)
Trading Profit	2,084	4,808

See note 2(j) 'Inventories' and note 9 'Inventories'

5. Interest revenue

Interest Revenue	1,139	1,468
	1,139	1,468

Cash and cash equivalents are held at the bank, at call and short term deposit accounts.

6. Other revenue

Development Application Fees	56	58
Others	48	92
	104	150

7. Depreciation

Depreciation

Furniture and equipment	–	7
Computer Equipment	2	5
Total depreciation	2	12

Notes to the Financial Statements For the Year Ended 30 June 2007

	2007 \$'000	2006 \$'000
8. Cash and cash equivalents		
Bank account	3,079	5,139
Short term at call funds	7,262	18,049
	10,341	23,188
The bank account has a variable interest rate of 4.13% (2006:3.64%). The at call deposits are 30 days terms with a fixed interest rate of 6.58% (2006: 5.05%)		
9. Inventories		
The aggregate carrying amount of inventories recognised and included in the financial statements is as follows:		
Current	–	1,018
Non-current	25,568	15,581
	25,568	16,599
Current		
Developed Land	–	1,018
	–	1,018
The following represents the transfers to and from developed land inventories:		
Balance at 1 July	1,018	2,227
Transferred to cost of sales	(920)	(2,392)
Transfers (to)/from non-current inventories	(98)	1,183
Balance at 30 June (at cost)	–	1,018
Non-Current		
Capital Works and Undeveloped Land	25,568	15,581
	25,568	15,581

Notes to the Financial Statements For the Year Ended 30 June 2007

	2007 \$'000	2006 \$'000
9. Inventories (continued)		
The following represents capital works and undeveloped land, offset by components transferred to or from developed land inventories.		
Balance at 1 July	15,581	3,654
Additional capital works and land	9,889	13,110
Transfers (to)/from current inventories	98	(1,183)
Balance at 30 June (at cost)	25,568	15,581
Inventories are recorded at the lower of cost and net realisable value. Internal and external valuation of current inventories at market value and non-current inventories at current use value amounted to \$25.568 million. The internal valuations have been determined taking into account advice from external valuers, and both internal and external property advisors.		
10. Receivables		
Accounts receivable	2	14
Receivable from Uniting Subiaco	24	24
Less: Provision for non-recoverability	(24)	(24)
GST Receivable from ATO	8	–
	10	14
11. Other current assets		
Prepayments	50	49
Accrued Revenue	78	67
	128	116

Notes to the Financial Statements For the Year Ended 30 June 2007

	2007 \$'000	2006 \$'000
12. Property, furniture and equipment		
Furniture and equipment		
At cost	–	60
Accumulated depreciation	–	(19)
	–	41
Computer equipment		
At cost	10	10
Accumulated depreciation	(6)	(4)
	4	6
Total Property, Furniture and Equipment	4	47

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

For the year ended 30 June 2007	Furniture and Equipment \$'000	Computer Equipment \$'000	Total \$'000
Carrying amount at the start of the year	41	6	47
Disposals	(41)	–	(41)
Change in Accounting Policy	–	–	–
Depreciation	–	(2)	(2)
Carrying amount at the end of the year	0	4	4

Notes to the Financial Statements For the Year Ended 30 June 2007

For the year ended
30 June 2006

12. Property, furniture and equipment (continued)

	Furniture and Equipment \$'000	Computer Equipment \$'000	Total \$'000
Carrying amount at the start of the year	72	20	92
Disposals	–	–	–
Write – Offs	(14)	(5)	(19)
Change in Accounting Policy	(11)	(4)	(15)
Depreciation	(7)	(5)	(12)
Carrying amount at the end of the year	41	6	47

13. Payables

	2007 \$'000	2006 \$'000
Trade payables	19	9
GST payable to the Australian Taxation Office	–	39
Refundable Deposit Bonds	93	1
	112	49

See also note 2(l) 'Payables' and note 21 'Financial Instruments'.

Notes to the Financial Statements For the Year Ended 30 June 2007

	2007 \$'000	2006 \$'000
14. Provisions		
Current		
Provision for compensation on resumption of land	–	8
Total provisions	–	8
Movements in Provisions		
Movements in each class of provisions during the financial year, are set out below.		
Provision for compensation on resumption of land:		
Carrying amount at the start of the year	8	8
Write-Off	(8)	–
Carrying amount at the end of the year	–	8
Provision for dividend:		
Carrying amount at the start of the year	–	2,000
Payments	–	(2,000)
Carrying amount at the end of the year	–	–
15. Other Current Liabilities		
Accrued expenses	22	98
	22	98

Notes to the Financial Statements For the Year Ended 30 June 2007

	2007 \$'000	2006 \$'000
16. Equity		
Retained Profits		
Opening balance at 1 July	39,809	34,473
Net profit for the year	2,208	5,351
Dividend paid to WA State Government	(6,100)	–
Change in Accounting Policy	–	(15)
Closing balance at 30 June	35,917	39,809

See Note 2 (n) Dividends.

17. Notes to the Cash Flow Statement

Reconciliation of cash

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

Cash and cash equivalents	10,341	23,188
	10,341	23,188

Notes to the Financial Statements For the Year Ended 30 June 2007

	2007 \$'000	2006 \$'000
17. Notes to the Cash Flow Statement (continued)		
Reconciliation of net profit/(loss) to net cash flows provided by/(used in) operating activities		
Profit	2,208	5,351
Non-cash items:		
Depreciation	2	12
(Increase)/decrease in assets:		
Receivables	4	32
Other current assets	(11)	(6)
Inventory charged to Cost of Sales	920	2,392
Increase/(decrease) in liabilities:		
Payables	102	(174)
Other current liabilities	(76)	29
Net GST receipts/(payments)	40	480
Change in GST in receivable/payables	(47)	(434)
Net cash provided by/(used in) operating activities	3,142	7,682

Notes to the Financial Statements For the Year Ended 30 June 2007

	2007 \$'000	2006 \$'000
18. Commitments		
Capital expenditure commitments		
Capital expenditure commitments, being contracted capital expenditure additional to the amounts reported in the financial statements, are payable as follows:		
Within 1 year		
The capital commitments consist of:		
Capital works in progress	1,342	1,393
	1,342	1,393
Lease commitments		
Commitment in relation to non-cancellable operating leases contracted for at the reporting date but not recognised in the financial statements as liabilities are payable as follows:		
Within 1 year	–	1
Later than 1 year and not later than 5 years	–	–
	–	1

19. Contingent liabilities

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

Contamination of site – Pioneer Road Services (PRS)

The Authority's environmental consultants have confirmed that despite remediation performed by PRS, contamination still exists on the former PRS site. This has been confirmed in a report prepared by PRS's own environmental consultant which has been provided to the Authority. The Authority has taken legal action to preserve its rights by virtue of the Statute of Limitations and is currently considering all possible strategies to pursue PRS to undertake the full remediation of the site. Investigations to determine the extent of the remediation required is currently being developed. It is therefore not possible to reliably estimate the potential financial effect or the actual need to remediate the site until final classification is confirmed by the Department of Environment and Conservation.

Notes to the Financial Statements For the Year Ended 30 June 2007

	2007 \$'000	2006 \$'000
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20. Explanatory Statement

This statement provides details of any significant variations between estimates and actual results for 2007 and between the actual results for 2006 and 2007. Significant variations are considered to be those greater than 10% and \$200,000.

Significant variances between estimate and actual results for the financial year

	2007 Actual \$'000	2007 Estimates \$'000	Variance \$'000
Income			
Sales Revenue	3,004	588	2,416
Expense			
Cost of Sales	920	360	560

Sales Revenue

Annual sales revenue exceeds budget by \$2.416 million as a result of the carryover of one lot from the 2005-06 financial year.

Cost of Sales

Cost of Sales exceeds budget by \$0.56 million as a result of the carryover of one lot from the 2005-06 financial year.

Significant variances between actual and prior year actual – revenues and expenditures

	2007 \$'000	2006 \$'000	Variance \$'000
Income			
Sales Revenue	3,004	7,200	(4,196)
Interest Revenue	1,139	1,468	(329)
Rental Revenue	–	260	(260)
Expense			
Cost of Sales	920	2392	(1,472)

Notes to the Financial Statements For the Year Ended 30 June 2007

20. Explanatory Statement (continued)

Sales Revenue

The decreased sales program reflects the depletion of the finished land stock inventory in the redevelopment area.

Interest Revenue

Interest revenue reduced compared to the previous year, as a result of a reduced cash balance.

Rental Revenue

No rental revenue was received during 2006-07, as there were no rental properties available for lease.

Cost of sales

The decreased cost of sales reflects the depletion of the finished land stock inventory in the redevelopment area.

21. Financial Instruments

(a) Financial Risk Management Objectives and Policies

Financial instruments held by the Authority are cash and cash equivalents, at-call/term deposits, receivables and payables. The Authority has limited exposure to financial risks. The Authority's overall risk management program focuses on managing the risks identified below.

Credit risk

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

Liquidity risk

The Authority has appropriate procedures to manage cash flows by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments.

Cash flow interest rate risk

The Authority is not exposed to significant interest rate risks. The Authority has no borrowings so the only exposure to interest rate risk is the variable interest rates of cash deposits and at-call accounts.

Notes to the Financial Statements For the Year Ended 30 June 2007

21. Financial Instruments (continued)

(b) Financial Instrument disclosures

Interest Rate Risk Exposure

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

30 June 2007	Weighted Average Interest Rate	Fixed Interest Rate Less Than 1 Year \$'000	Variable Interest Rate Less Than 1 Year \$'000	Non Interest Bearing \$'000	Total \$'000
Financial assets:					
Cash assets – At Call	6.58%	7,262	–	–	7,262
Cash assets – Bank Account	4.13%	–	3,079	–	3,079
Receivables		–	–	10	10
Other assets		–	–	128	128
Total financial assets		7,262	3,079	138	10,479
Financial liabilities:					
Payables		–	–	112	112
Other Liabilities		–	–	22	22
Total financial liabilities		0	0	134	134
		7,262	3,079	4	10,345

Notes to the Financial Statements For the Year Ended 30 June 2007

21. Financial Instruments (continued)

	Weighted Average Interest Rate	Fixed Interest Rate Less Than 1 Year \$'000	Variable Interest Rate Less Than 1 Year \$'000	Non Interest Bearing \$'000	Total \$'000
30 June 2006					
Financial assets:					
Cash assets	5.05%	18,049	–	–	18,049
	3.64%	–	5,139	–	5,139
Receivables		–	–	14	14
Other assets		–	–	116	116
Total financial assets		18,049	5,139	130	23,318
Financial liabilities:					
Payables		–	–	49	49
Provision		–	–	8	8
Other Liabilities		–	–	98	98
Total financial liabilities		0	0	155	155
		18,049	5,139	(25)	23,163

(c) Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values.

Notes to the Financial Statements For the Year Ended 30 June 2007

22. Remuneration of members of the Accountable Authority and senior officers

Remuneration of Members of the Accountable Authority

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

	2007	2006
\$0 – \$ 10,000	3	5
\$10,001 – \$ 20,000	1	–
\$20,001 – \$ 30,000	1	1
	\$'000	\$'000
Total remuneration of the members of the Board of the Authority is:	58	53
	58	53

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

	2007 \$'000	2006 \$'000
Remuneration payable to the Auditor General for the financial year is as follows:	22	24
Auditing the accounts, financial statements and performance indicators	22	24

24. Supplementary financial information

Write-offs

Public property written-off by the Accountable Authority during the financial year	0	19
	0	19

Opinion of the Auditor General



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION To the Parliament of Western Australia

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

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

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

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

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

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

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key

performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

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

Audit Opinion

In my opinion,

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

COLIN MURPHY
AUDITOR GENERAL
11 September 2007



ANNUAL REPORT 2006-2007



This is the 13th Annual Report of the Subiaco Redevelopment Authority.

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Subiaco
Redevelopment
Authority