



Subiaco
Redevelopment
Authority

ANNUAL REPORT / 09/10



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STATEMENT OF COMPLIANCE

The Hon John Day MLA
Minister for Planning
Level 13 East, Dumas House
2 Havelock Street
WEST PERTH WA 6005

Dear Minister,

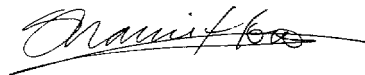
In accordance with section 63 of the *Financial Management Act 2006*, we hereby submit for your information and presentation to Parliament the Annual Report of the Subiaco Redevelopment Authority for the year ended 30 June 2010.

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

Yours sincerely,



Don Humphreys
Chairman



Sharni Howe
Member of Accountable Authority



Tony Morgan
Chief Executive Officer

EXECUTIVE SUMMARY

This is the 16th Annual Report for the Subiaco Redevelopment Authority (SRA).

The SRA is responsible for the delivery of the 80ha Subi Centro regeneration project. Subi Centro has added to Subiaco's rich history and cosmopolitan atmosphere by transforming former industrial land into a vibrant and sustainable mix of high quality townhouses, apartments, parkland, commercial and retail space.

To date, 86 per cent of the Subiaco Redevelopment Area has been completed and returned to the City of Subiaco for ongoing management. During the 2009/10 financial year, the SRA completed subdivision works at the Centro North precinct and also commenced work at the Australian Fine China (AFC) precinct. These are some of the final parcels of land remaining in the redevelopment area.

The Subi Centro project achieved significant milestones during the 2009/10 reporting year. Highlights include:

- The three sites that make up the Centro North precinct were released to the market in August 2009 with a strong response resulting in all sites under contract.
- The Minister for Planning approved Scheme Amendment No. 4 for the AFC site in December 2009.

- The SRA amended its suite of planning policies and the new policy set was adopted in April 2010.
- The AFC subdivision plan was approved by the Minister for Planning on 3 May 2010 and works commenced in June 2010.
- Subdivision works at the Centro North precinct were substantially completed in June 2010.

Subi Centro is nationally recognised as demonstrating best practice in urban renewal. During the financial year two significant tours were provided to visiting delegates:

- Department of Infrastructure, Transport, Regional Development and Local Government – Nation Building Program; and
- Craig Allchin – renowned architect, urban designer and strategic planner.

The SRA achieved total comprehensive income of \$3.9 million for the 2009-10 financial year. This was primarily achieved through the Authority achieving \$8.6 million in land sales. Net assets increased to \$37.4 million at 30 June 2010.

Three development applications were approved by the SRA during the past financial year, attracting \$75 million of investment.

The SRA appreciates the ongoing support and commitment of the Board members and dedicated team of staff and consultants who have all had a role in reaching this year's significant milestones.

Councillors Lynley Hewitt and Andrew McTaggart retired from the Board on 21 July 2009. The SRA wishes to record its appreciation of the contribution and support both members made to the SRA during their terms as Board Members.



Don Humphreys
Chairman



Tony Morgan
Chief Executive Officer

OVERVIEW OF AGENCY

Operational Structure

The Subiaco Redevelopment Authority (SRA) was formed by an Act of Parliament to revitalise 80 hectares of under utilised land in Subiaco, resulting in what is now known as Subi Centro – recognised nationally and internationally as demonstrating best practice in urban renewal.

Under the Act, the SRA has the ability to resume land, rehabilitate environments and coordinate urban regeneration in the Subiaco area. The Act also provides the SRA with the necessary powers to deal in land and other assets and undertake works in the area as an agent to the Crown. The SRA is responsible for all aspects of revitalisation, from master planning, to development, investment attraction and community development.

The Minister for Planning is responsible for the *Subiaco Redevelopment Act 1994*.

SRA Redevelopment Area



OVERVIEW OF AGENCY

SRA Purpose

To revitalise the redevelopment area.

SRA Vision

To transform the Subi Centro area into an accessible, liveable and vibrant community.

SRA Strategic Objectives

As determined by the Board, the following were the strategic objectives to June 2010:

- Deliver SRA's vision through planning and development of the (remaining) redevelopment areas;
- Ensure the services of a suitably qualified management team;
- Effective financial and risk management;
- Deliver effective stakeholder relationships; and
- Continue to be innovative and show leadership in all aspects of Place Making.

Membership of the SRA Board

The Board plays an important role in setting the strategic direction of the organisation and monitoring the organisation's performance.

The key functions of the Board can be described as:

- Business Strategy
- Performance Monitoring and Communication
- Policy and Delegation
- Internal Audit and Risk Management

The Board consists of five members appointed by the Minister for Planning, representing a broad spectrum of knowledge and experience in fields appropriate to the activities of the Authority.

Section 8 of the *Subiaco Redevelopment Act 1994* details the following regarding the appointment of the Chairperson and Deputy Chairperson:

- 1) The member appointed under section 7(1)(a) is to be the Chairperson of the authority.
- 2) The Minister is to appoint another member to be the Deputy Chairperson of the Authority.

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.

SRA Board Members

Mr Don Humphreys (Chair)	Term expires 31 December, 2011
Mr Mike Day (Deputy Chair)*	Term expires 31 December, 2011
Ms Sharni Howe	Term expires 30 June, 2011
Cr Loren White**	Term expires 31 October, 2011
Cr Stan Lauder**	Term expires 31 October, 2011

* *Mike Day resigned from the SRA Board on 20th August 2010.*

***Members nominated by the City of Subiaco.*

Sub Committees to the Board

Audit Committee – The SRA has a committee with delegated authority to deal with internal audit matters. Members of the committee are Mr Mike Day (Chair), Mr Don Humphreys and Cr Stan Lauder.

Board Members' Attendance

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

OVERVIEW OF AGENCY



Member	Board Meetings	Audit Committee
	Total = 10	Total = 2
Don Humphreys	9	2
Mike Day*	10	2
Sharni Howe	10	n/a
Cr Loren White**	10	n/a
Cr Stan Lauder**	7	2

* Mike Day resigned from the SRA Board on 20th August 2010.

**The Minister appointed Councillor Loren White and Councillor Stan Lauder as members to the Board on 21 July 2009.

Management

Under its Act, the SRA is restricted to employing only a Chief Executive Officer. Other staff, resources and services are provided by EPRA through a Service Agreement. The Service Agreement provides the following services:

- Human resources and management systems;
- Information technology;
- Information management;
- Financial management, including internal audit services;
- Asset management;
- Policies and procedures;
- Sales contract administration;
- Strategic business planning; and
- Corporate governance support.

Matters relating to recruitment, staff development and industrial relations are contained in the EPRA 2009/10 Annual Report.

OVERVIEW OF AGENCY

SRA Organisation Chart



OVERVIEW OF AGENCY

Performance Management Framework

Treasurer's Instruction 903 requires a description of links between agency level desired outcomes and services and how they relate to the goals of the State Government. The State Government goals are:

State Building – Major Projects – Building strategic infrastructure that will create jobs and underpin Western Australia's long term economic development.

Financial and Economic Responsibility – Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.

Outcomes Based Service Delivery – Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.

Stronger Focus on Regions – Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.

Social and Environmental Responsibility – Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long term benefit of the State.

The SRA's Key Performance Indicators (KPIs) align with the State Government goals in the following ways:

Government Goal	SRA KPI Number	SRA's Statement of Purpose is "to revitalise run down former industrial sites within the redevelopment area" measured by the following KPIs:
State Building – Major Projects	1	Expand residential, retail, commercial and recreational opportunities in the redevelopment area.
	2	Balance and complement the existing community fabric.
	3	Promote medium density mixed use development and diversity of housing stock.
	4	Increase the use of public and alternative transport in the area.
Financial and Economic Responsibility	1	Expand residential, retail, commercial and recreational opportunities in the redevelopment area.
	3	Promote medium density mixed use development and diversity of housing stock.
Social and Environmental Responsibility	1	Expand residential, retail, commercial and recreational opportunities in the redevelopment area.
	2	Balance and complement the existing community fabric.
	3	Promote medium density mixed use development and diversity of housing stock.
	4	Increase the use of public and alternative transport in the area.

AGENCY PERFORMANCE

Subi Centro

Vision

The SRA is transforming 80 hectares of former industrial land in the heart of Subiaco into a vibrant and sustainable inner city community.

Acknowledged as one of Australia's best urban renewal projects, Subi Centro is a cosmopolitan mix of townhouses, apartments, parkland and commercial and retail space.

86 per cent of the redevelopment area is now complete and has been returned to the City of Subiaco for ongoing management. Work is progressing on the remaining areas including AFC and the Centro North sites.

Objectives

- Expand residential, retail, commercial and recreational opportunities in the redevelopment area
- Balance and complement the existing community fabric
- Promote medium density mixed use development and diversity of housing stock
- Increase the use of public and alternative transport in the area



AGENCY PERFORMANCE

Highlights of 2009/10

The SRA amended its suite of planning policies and the new policy set was adopted in April 2010.

Australian Fine China (AFC)

The AFC site is one of the key remaining pieces of the Subi Centro redevelopment.

The 4.4 hectare site is bordered by Hay Street to the south, Price Street to the north, City of Subiaco land to the west and Darbon Crescent to the east. The development offers a mixture of commercial, residential and recreational opportunities and responds to demographic research and market demand for inner urban dwellings and office space close to the city, with public transport and a range of activities nearby.

Water and energy initiatives and heritage conservation are key goals of the redevelopment.

Highlights of 2009/10

In December 2009, the Minister for Planning approved the AFC Scheme Amendment for the development, making way for the redevelopment of the site.

Approval of the subdivision plan for the site was obtained by the Minister for Planning in May 2010, with subdivision works commencing at the AFC site in June 2010. Subdivision works will run for approximately 12 months. The AFC site will be released to the market in the 2010/11 financial year.



Artist Impression - Australian Fine China Central Plaza

AGENCY PERFORMANCE

Centro North

Centro North is located approximately 200 metres north of the Subiaco train station, between St John of God Hospital and the Subiaco Square shopping village.

The one hectare site at the corner of Salvado Road and Station Street was formally occupied by TAFE, prior to that a school operated on the site.

The new development will create three mixed use lots and two high quality public open space areas, with a new direct pedestrian connection from Subi Centro's retail area and train station, to the St John of God hospital and medical facilities. Once complete, Centro North will incorporate 130 dwellings for up to 230 residents and up to 3,300sqm of commercial space.

Highlights of 2009/10

The SRA released the three Centro North sites to the market in August 2009 through an Expression of Interest (EOI) process. Development contracts are expected to be finalised in 2010, with buildings targeted for completion in 2013/2014.

The SRA substantially completed subdivision works at the Centro North site in June 2010.

Subi Centro Project Expectations

Project area: 84.5 hectares

Number of dwellings: 1,975 new residences

Housing a population of: 3,600 new residents

Commercial/retail space: 287, 100m²

Retail space: 18,000 m²

Commercial and retail activity: 6,800 jobs

SRA's investment: \$200 million

Investment attraction: approx \$964 million

Significant Issues and Trends

Perth's population is growing rapidly and will increase by 550,000 to 2.04 million people by 2031¹. The Western Australian economy is also growing strongly at 4.5% in 2010/11, with an expectation to peak at 4.75% in 2011/2012 and then coming back to approximately 3% in 2013/14².

There is an opportunity to plan for the future growth of the Perth metropolitan area and surrounding suburbs by creating a unique sense of place and a distinctive Perth character. This will be achieved by carefully planned developments which complement our natural landscape and reconnect our city.

The State Government through the SRA is committed to delivering new commercial and residential space to accommodate for the growing population; developing attractive and vibrant public spaces people want to visit; and attracting investment for sustained economic growth.

The SRA's developments, including AFC and Centro North, are well placed to deliver world class sustainable living and meet this demand for accommodation.

1 Department of Planning, Directions 2031 Spatial Framework for Perth and Peel, June 2009

2 Department of Treasury and Finance, 2010/11 State Budget Papers

DISCLOSURES AND LEGAL COMPLIANCE

Ministerial Directives

The SRA's enabling legislation requires that if the Minister gives a direction to the Authority, it shall be in writing and tabled in Parliament. There were no Ministerial directions during the 2009/10 financial year.

Enabling Legislation

Section 22(3) of the *Subiaco Redevelopment Act 1994* (the Act) requires all approvals given by the Minister under subsection 21 of the Act to be included in the Annual Report.

Section 21(2)(b) allows the Authority to subdivide, amalgamate, improve, develop and alter land. In December 2009, the Minister approved the subdivision of Lots 200, 9006, 9007, 14685 Hay Street and Roberts Road Subiaco. In November 2009, the Minister approved the subdivision of Lot 9008 Harborne Street and amalgamation of a subdividing portion with Lot 200 Price Street, Subiaco.

Section 21(3) requires Ministerial Approval for the Authority to enter into contracts in excess of \$1 million. The Minister granted approval to award a contract to Ertech Pty Ltd for the Civil and Landscaping subdivision works at the AFC site for the sum of \$15,596,797 in May, 2010.

Governance Disclosures

There have been no disclosures of any conflict of interest with senior officers of the agency, relating to factors such as shares, contracts, benefits, or any other matter. The SRA operates a contract administration system that requires senior officers to declare confidentiality and interest in respect to any existing or proposed conflict. There are no known cases of any conflict of interest in the 2009/10 reporting period.

The SRA maintains a standing agenda item on all Board and Committee meetings which seeks declarations of any conflict of interest to ensure compliance with Section 13(2) of the *Subiaco Redevelopment Act 1994 – Particular functions of members*.

The SRA paid \$26,543.00 for insurance to indemnify its directors as defined in Part 3 of the *Statutory Corporations (Liability of Directors) Act 1996* against liability incurred under sections 13 or 14 of the *Statutory Corporations (Liability of Directors) Act 1996*.

Marketing and Advertising

Electoral Act 1907, S175ZE

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

Market Research	Amount \$ (exc GST)
– Synovate	8,300.00
Media Advertising (including multimedia)	
– AdCorp	1,584.45
– Optimum Media Decisions WA	42,004.78
Marketing and Public Relations	
– Purple Communications	74,596.45
– Linkletters Graphic Design	3,357.00
– Rare Creative Thinking	79,299.06

DISCLOSURES AND LEGAL COMPLIANCE

Publications

Publications by the SRA are available at its office at 12 Lindsay Street, Perth WA 6000, and online at www.sra.wa.gov.au.

No information of a personal nature concerning members of the public is kept by the SRA. A copy of the *Subiaco Redevelopment Act 1994* is available from the State Law Publisher.

The principal publications kept by the SRA are:

- Subiaco Redevelopment Scheme, Planning Policies and documents;
- Design Guidelines;
- Annual reports for the years ending 1993-2009; and
- *Urbano* Magazines.

Disability Access and Inclusion Plan Outcomes 2007-2012

The SRA has a Disability Access and Inclusion Plan (DAIP) which is available on the SRA website. The following points are a brief outline of the SRA's current initiatives to address each of the six DAIP outcomes:

Outcome 1: Individuals with disabilities have the same opportunities as individuals without disability to access the services of, and events organised by, a public authority.

- Use of Accessible Events checklists and Access Resource Kit checklists to ensure that public events are held in accessible venues and formats.

Outcome 2: Individuals with disabilities have the same opportunities as individuals without disability to access the buildings and other facilities of a public authority.

- Access and inclusion components are incorporated into contracts, letters of engagement and links on the SRA website to ensure consultants, agents and contractors are aware of the relevant requirements for providing access in accordance with the Australian Standard and Building Code of Australia.

Outcome 3: Individuals with disabilities receive information from a public authority in a format that will enable them to access the information as readily as individuals without disability are able to access it.

- The SRA's website meets the requirements of W3C Web Content Accessibility Guidelines. All project information is available in various formats.

Outcome 4: Individuals with disabilities receive the same level and quality of service from the staff of a public authority as individuals without disability receive from the staff of that public authority.

- The SRA maintains staff awareness on disability access information through the intranet portal; this includes the Disability Services Act, the Disability Discrimination Act and the Occupational Health and Safety Act.



DISCLOSURES AND LEGAL COMPLIANCE



Outcome 5: Individuals with disabilities have the same opportunities as individuals without disability to make complaints to a public authority.

- The SRA is prepared to provide a grievance mechanism process and outcome satisfaction survey forms in alternative formats. The SRA has a dedicated Access Disability email account that is maintained by the DAIP coordinator.

Outcome 6: Individuals with disabilities have the same opportunities as individuals without disability to participate in any public consultation by a public authority.

- The SRA is committed to improving community awareness about consultation processes and monitoring the DAIP to ensure implementation and satisfactory outcomes.

Legislation Affecting Activities

The SRA complied with the following written laws during the 2009/10 financial year:

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

Taxation Administration Act 2003

Trade Practices Act 1985

Transfer of Land Act 1893

Workers Compensation and Injury Management Act 1981

DISCLOSURES AND LEGAL COMPLIANCE

Compliance with Public Sector Standards and Ethical Codes

In accordance with the requirement of section 31(1) of the *Public Sector Management Act 1994*, the SRA reports that there were no compliance issues that arose during the financial year regarding public sector standards, the WA Code of Ethics or the Code of Conduct relevant to the SRA.

Record Keeping Plan

The SRA has complied with the *State Records Act 2000*. The SRA Record Keeping Policy holds all staff, contractors and organisation performing outsourcing services on behalf of the SRA, responsible for their involvement with records. This policy incorporates all legislative, business, administrative, financial, evidential and historical requirements.

Substantive Equality

All departments represented on the Strategic Management Council are required to set out in their annual report the progress achieved in implementing the *Policy Framework for Substantive Equality*.

While the SRA is not represented on the Strategic Management Council, it is committed to substantive equality and has developed a number of initiatives aimed at increasing social inclusion and diversity. Examples of these include the preparation of planning policies facilitating the development of affordable, diverse, universally accessible and adaptable housing.

However, as a redevelopment authority, the focus of the SRA is on land redevelopment, and therefore it does not directly provide services to the community. This therefore limits the extent of its ability to report on substantive equality.

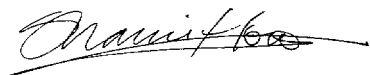


CERTIFICATION OF PERFORMANCE INDICATORS

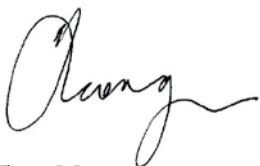
We hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Subiaco Redevelopment Authority's performance, and fairly represent the performance of the Subiaco Redevelopment Authority for the financial year ended 30 June 2010.



Don Humphreys
Chairman



Sharni Howe
Member of Accountable Authority



Tony Morgan
Chief Executive Officer

Date: 26 August 2010.

CERTIFICATION OF PERFORMANCE INDICATORS

Subi Centro

Statement of Purpose

To revitalise run down former 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 of motor vehicles.

Normalisation

On 18 September 2005, 67 per cent 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 per cent was returned to the City of Subiaco on the completion of a second stage of normalisation bringing a total of 86 per cent 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 incorporated into this report on the basis that they have remained static.

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

1. Expand residential, retail, commercial and recreational opportunities in the redevelopment area³

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 number of residential units in the area increases.

Number of residential units complete (cumulative):

1997	2002	2003	2004	2005	2006	2007	2008	2009	2010
Nil (base year)	421	448	801	917	981	1005	1034	1037	1037

Key Finding:

Following the initial rapid increase in residential development early in the project, the number of residential units completed in the redevelopment area has gradually increased from 2006 onwards. This reflects the near completion of the SRA's redevelopment activities in Subiaco where 86 per cent of land has been normalised.

These numbers will significantly increase with the delivery of new residential developments in the Centro North and Australian Fine China sites as well as the redevelopment of large private land holdings such as the former Arcus refrigeration factory.

³ – Data for indicators 1A-1D is based on completed developments throughout each financial year.

KEY PERFORMANCE INDICATORS

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

The increase in commercial floor space in the redevelopment area is an important factor that increases economic stimulation to the area, attracting both workers and consumers.

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

1997	2002	2003	2004	2005	2006	2007	2008	2009	2010
147,400 (base year)	162,470	165,288	180,594	183,868	197,978	200,589	205,629	205,629	215,388

Key Finding:

There has been an increase in economic activity during the 2009/10 financial year as two new office developments were completed resulting in an increase in commercial floor space since the 2008/09 financial year. This reflects the growing interest in inner suburban town centres as an alternative to CBD locations.

The Centro North and AFC developments will increase these numbers in the coming years.

Indicator 1C – Increase in retail space in the redevelopment area

Increases in retail floor space, like commercial floor space, are a measure of increasing economic stimulation in the redevelopment area.

Retail space in the redevelopment area, in m²:

1998	2002	2003	2004	2005	2006	2007	2008	2009	2010
7,900 (base year)	14,874	14,874	15,623	15,983	16,103	16,103	16,103	16,202	16,202

Key Finding:

The amount of retail floor space has more than doubled since the base year with significant investment, workers and consumers attracted to the redevelopment area.

There has been minimal increase in the amount of retail floor space since 2006 following the completion of Station Square as the main hub of Subi Centro. Limited retail development has occurred outside of Station Square, consistent with the Authority's policy of reinforcing the town centre focus on Rokeby Road.

The amount of retail space in the redevelopment area is expected to rise following the delivery of the Centro North and AFC developments.

KEY PERFORMANCE INDICATORS

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

Public parks and gardens create a public realm for the enjoyment of residents and visitors.

Public parks and gardens (fully landscaped and developed) in hectares:

1997	2002	2003	2004	2005	2006	2007	2008	2009	2010
2.18 (base year)	5.58	5.699	5.699	5.699	5.727	5.727	5.727	5.727	5.727

Key Finding:

The amount of public parks and gardens has more than doubled since the base year. There has not been an increase in the amount of public space since the 2005/06 financial year as all development stages of public space have been completed.

The construction of public parks and gardens has commenced in the Centro North precinct and will be completed in the 2010/11 financial year. New public parks and gardens will also be substantially completed at the AFC site in the new reporting year.

KEY PERFORMANCE INDICATORS

2. Balance and complement the existing community fabric

The following measures are based on Census data provided by the Australian Bureau of Statistics, which means that new data only becomes available for each Census year, the last Census being held in 2006. Due to the collecting and reporting methods used in pre 2006 data, some of the percentages quoted do not sum up to 100 per cent in every case. This is a statistical aberration due to the method of collection and reporting adopted by the Australian Bureau of Statistics.

Indicator 2A – The change in size and composition of the residential population of the Subiaco redevelopment area⁴

It is difficult to define exactly what brings vibrancy and activation to an area. However, it is frequently reflective of the different mix of people who live there.

Household composition:

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

Key Finding:

The SRA's redevelopment area has a higher percentage of households comprising couples with no children in comparison to the wider Subiaco area. In addition, the SRA redevelopment area has experienced an increase in lone person households increasing by 28 per cent from 2001 to 2006.

These results are consistent with other Census data that confirms the trend towards smaller household structures in the Perth Area⁵. Overall results from 2001 to 2006 demonstrate that the SRA has been successful in providing a range of accommodation to meet the changing demographics of society. The delivery of the Centro North and AFC precincts will further accommodate this change in household composition.

⁴ – Data derived from ABS Censuses 2001 and 2006.

⁵ – Between 2001 and 2006 the average household occupancy in Inner City Perth decreased from 2.08 to 2.05 persons per dwelling, according to a report by KPMG, 2007:21.

KEY PERFORMANCE INDICATORS

Indicator 2B – The change in size and composition of the working population in the redevelopment area

In 2010, the total number of workers* in the original redevelopment area employed in businesses occupying commercial floor space is 4,120*. This figure has significantly increased from the base year (1997) when the total amount of workers in the redevelopment area amounted to 1,416 workers.

Key Finding:

Since the base year (1997) 2,704 new workers have been attracted to the redevelopment area. This includes an increase of 198 workers in the 2009/10 financial year in comparison to the employment count conducted in 2008/09.

Additional working space will be created with the delivery of the Centro North and AFC sites. The change in size and composition of the working population in the redevelopment area will continue to increase when these sites are developed.

* – Figure derived from a detailed employment count undertaken by the SRA in 2010.

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 areas⁶

This measure is important because the SRA seeks to provide a range of diversity in its redevelopment areas.

Comparisons of housing stock:

	Separate House	Terrace/Row/Townhouse	Apartment	Other House
2006				
SRA	31%	19%	50%	0
City of Subiaco	47%	20%	34%	0
Perth Metro	78%	12%	9%	1%
2001				
SRA	28%	30%	22%	1%
City of Subiaco	43%	15%	29%	3%
Perth Metro	72%	11%	8%	0
1996				
SRA	0	0	0	0
City of Subiaco	54%	16%	30%	1%
Perth Metro	77%	15%	8%	0

Key Finding:

Compared to the Subiaco and Perth average, the SRA's redevelopment area has a lower percentage of separate houses and a higher percentage of apartments. The redevelopment area also represents a greater mix of housing types than what is available in the Perth Metro area as a whole.

The larger proportion of compact housing in the SRA's redevelopment area is consistent with the SRA's commitment to delivering accommodation nodes close to public transport and other amenities.

⁶ – Data derived from ABS Censuses 1996, 2001 and 2006

KEY PERFORMANCE INDICATORS

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

The SRA seeks to design project areas such that dependence on motor vehicles is reduced.

Indicator 4A – Measures of public transport use. Train Passenger Counts:⁷

Train Passenger Counts:

	1996	1998	2002	2006	2007	2008	2009	2010
Subiaco Train Station Week Total	9,017	8,126	15,426	19,173	19,838	16,491*	18,089	18,148

Key Finding:

Train passenger counts are continuing to rise with a slight increase from the last financial year. These figures are expected to increase with the delivery of the Centro North and AFC sites as more residents, workers and visitors will be attracted to the redevelopment area that is based on connected, Transit Oriented Development principles.

⁷ – Figures supplied by the Public Transport Authority

* – Due to a change in methodology in calculating Train Passenger Counts, the Subiaco Train Station Week Total figure published from 2008 onwards, is not comparable to data published in previous years.

KEY PERFORMANCE INDICATORS

Indicator 4Bi – Measures of public transport use. Car ownership⁸

Car ownership:

	None	One	Two	Three/more
2006				
SRA	4%	48%	39%	9%
City of Subiaco	14%	46%	31%	9%
Perth Metro	7%	36%	39%	18%
2001				
SRA	0%	38%	39%	13%
City of Subiaco	15%	43%	25%	7%
Perth Metro	7%	35%	35%	14%
1996				
SRA	21%	45%	25%	4%
City of Subiaco	19%	44%	28%	7%
Perth Metro	10%	39%	37%	13%

Key Finding:

The average number of cars owned per household increased between 1996 and 2001 in keeping with increases in the City of Subiaco and Perth Metro. While the averages for City of Subiaco and Perth Metro remained largely stable between 2001 and 2006, households in Subi Centro have shown a reduction in average numbers of cars per household. This is reflected in the increase in the number of households owning only one or no cars.

The statistics from the last Census are now over four years old and it is expected that the trend of reduced car ownership will continue in line with SRA's planning policies to set maximums for car bays in all developments.

⁸ – Data derived from ABS Censuses in 1996, 2001 and 2006. Some figures in the above table do not account for 100% of all households due to a proportion of people within each Census not responding to this question.

KEY PERFORMANCE INDICATORS

Indicator 4Bii – Measures of alternative transport use. Method of travel to work⁹

Method of travel to work:

	Public Transport	Taxi	Private Vehicle	Bicycle	Walk	Work at home
2006						
SRA	11%	0%	73%	2%	4%	8%
City of Subiaco	16%	1%	60%	3%	11%	7%
Perth Metro	10%	1%	81%	1%	2%	4%
2001						
SRA	6%	0%	79%	0%	6%	9%
City of Subiaco	10%	0%	55%	3%	8%	5%
Perth Metro	4%	0%	68%	1%	2%	4%
1996						
SRA	12%	2%	54%	2%	7%	4%
City of Subiaco	14%	1%	71%	3%	6%	5%
Perth Metro	9%	0%	83%	1%	2%	5%

Key Finding:

The trends in use of transport to work are similar to the trends in car ownership. The use of the private vehicle increased between 1996 and 2001 but decreased in 2006. Simultaneously the use of public transport or bicycle followed the opposite trend in these periods. The more recent trends of decreasing use of the private vehicle and increasing use of alternative modes to get to work is consistent with the principles of Transit Oriented Development that formed the basis for the Subi Centro project.

The time taken for these trends to develop reflects the time for behaviours to mature and adapt to the available facilities. The increased use of bicycles is also consistent with SRA's promotion of end of trip facilities in non-residential developments.

⁹ – Data derived from ABS Censuses 1996, 2001 and 2006

KEY PERFORMANCE INDICATORS

5. Output Indicator – Efficiency

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	Target (2010 budget)
Inventory	4.3%	4.9%	16.8%	24.8%	8.0%	4.4%	3.30%	5.10%	6.0%	7.0%
Sales	18.8%	7.8%	7.6%	9.08%	18.5%	37.3%	0%	0%	29.0%	9.0%

Key Findings

Inventory

At the end of 2009/10, operating costs represented 6.0 per cent of inventories. In 2008-2009 the percentage was 5.1 per cent. The increase is due to the increase in operating expenses in 2009-2010.

Sales

The reason for the increase from the 2008-09 indicator is that in 2008-09, there was no sales activity. In 2009-10, the Authority had sales, although the budgeted sales for Centro North were deferred into the 2010-11 year, resulting in the variance to budget.

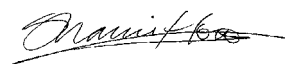
CERTIFICATION OF FINANCIAL STATEMENTS

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 ended 30 June 2010 and the financial position as at 30 June 2010.

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.



Don Humphreys
Chairman



Sharni Howe
Member of Accountable Authority



Tony Morgan
Chief Executive Officer



Mark Reutens
Chief Finance Officer

Date: 26 August 2010

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$' 000	2009 \$' 000
INCOME			
Sales	4	8,600	–
Interest revenue	5	44	44
Other revenue	6	47	67
Total Income		8,691	111
EXPENSES			
Cost of sales	4	2,226	–
Depreciation and Amortisation	7	5	2
Administration		1,856	1,682
Sales and marketing		436	74
Property and estate management		96	141
Communication		15	7
Development control		109	87
Total expenses		4,743	1,993
SURPLUS /(DEFICIT) FOR THE YEAR		3,948	(1,882)
OTHER COMPREHENSIVE INCOME			
Total Other Comprehensive Income		–	–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		3,948	(1,882)

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

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 \$' 000	2009 \$' 000
ASSETS			
Current Assets			
Cash and cash equivalents	8	373	759
Inventories	9	12,591	2,226
Receivables	10	866	405
Other current assets	11	146	20
Total Current Assets		13,976	3,410
Non-Current Assets			
Inventories	9	29,531	37,092
Property, furniture and equipment	12	–	–
Intangible	13	13	–
Total Non-Current Assets		29,544	37,092
TOTAL ASSETS		43,520	40,502
LIABILITIES			
Current Liabilities			
Payables	14	1,477	918
Borrowings	15	4,688	6,176
Total Current Liabilities		6,165	7,094
TOTAL LIABILITIES		6,165	7,094
NET ASSETS		37,356	33,408
EQUITY			
Retained profits	16	37,356	33,408
TOTAL EQUITY		37,356	33,408

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Note	Accumulated Surplus/(deficit) \$' 000	Total Equity \$' 000
Balance at 1 July 2008		35,290	35,290
Changes in accounting policy or correction of prior period errors		–	–
Restated balance at 1 July 2008		35,290	35,290
Total comprehensive income for the year		(1,882)	(1,882)
Balance at 30 June 2009		33,408	33,408
Balance at 1 July 2009		33,408	33,408
Total Comprehensive Income for the year		3,948	3,948
Balance at 30 June 2010	16	37,356	37,356

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$' 000	2009 \$' 000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Sale of goods and services		8,600	–
Interest received		43	60
GST receipts on sales		860	3
GST receipts from taxation authority		662	859
Other receipts		48	256
Payments			
Supplies and services		(2,662)	(1,961)
GST payments on purchases		(720)	(825)
GST Payments to taxation authority		(860)	(22)
Net cash provided by/(used in) operating activities	17	5,972	(1,630)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(18)	–
Purchase of capital works in progress		(4,852)	(6,326)
Net cash provided by/(used in) investing activities		(4,870)	(6,326)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		5,163	6,176
Repayments of borrowings		(6,650)	–
Net cash provided by/(used in) financing activities		(1,488)	6,176
Net increase/(decrease) in cash and cash equivalents		(386)	(1,780)
Cash and cash equivalents at the beginning of period		759	2,539
CASH AND CASH EQUIVALENT ASSETS AT THE END OF PERIOD	8	373	759

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. Australian equivalents to International Financial Reporting Standards

General

The Authority's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Authority has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Authority for the annual reporting period ended 30 June 2010.

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 Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has had 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, modified by the revaluation of land and buildings which have been measured at fair value.

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).

The judgements that have been made in the process of applying the Authority's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 2(p) 'Significant Estimates and Judgements'.

(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:

- 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.

- Interest

Revenue is recognised as the interest accrues.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

(e) Property, Plant and Equipment

Capitalisation/expensing of assets:

Items of property, plant and equipment costing \$5,000 or more are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment costing less than \$5,000 are expensed directly to the Statement of Comprehensive Income (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement:

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

For items of property, plant 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.

Land is not depreciated.

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 equipment	10 years
Computer Equipment	4 years

(f) Impairment of Assets

Property, plant and equipment are tested for any indication of impairment at the end of each reporting period. 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.

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 the end of each reporting period.

(g) Financial Instruments

The Authority has three categories of financial instruments:

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

These have been disaggregated into the following classes:

Financial Assets

- Cash and cash equivalents
- Receivables

Financial Liabilities

- Payables
- WATC Borrowings

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

(g) Financial Instruments (continued)

Initial recognition and measurement of cash, cash equivalents and short term deposits are 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.

(h) Cash and Cash Equivalents

For the purpose of the Statement of Cash flows, cash and cash equivalents assets 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.

(i) Inventories

Inventories are measured at lower of cost and net realisable value. Inventories consist of developed land, capital works and undeveloped land. See note 9 'Inventories'.

(j) Receivables

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

(k) Payables

Payables are recognised at the amounts payable when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value, as they are generally settled within 30 days. See note 2(g) 'Financial Instruments' and note 14 'Payables'.

(l) Borrowings

All borrowing costs for qualifying assets (inventories) are capitalised. The Authority capitalises borrowing costs each month.

(m) Employee Benefits

From 1 July 2003, the Authority ceased operating as an employer. All employee and administrative services are now provided by the East Perth Redevelopment Authority under a service agreement negotiated annually. This includes the services of the Authority's Chief Executive Officer.

(n) Dividends

In accordance with the Subiaco Redevelopment Act 1994, the Treasurer may direct the payment of any 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. There was no dividend paid at the end of this financial year.

(o) Comparative Figures

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

(p) Significant Estimates and Judgements

Fair value of borrowings:

The Authority recognises its borrowings amount as per the accounting policy initially at the fair value before measuring the liability at amortised cost. The Authority has determined that its interest rate on borrowings is equal to its discount rate and that the timing of the cash flows will be consistent with the agreement and therefore the fair value equals the nominal value of the loan at inception.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

3. Disclosure of changes in accounting policy

The Authority has applied the following Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Authority:

- | | |
|---------------------|--|
| <i>AASB 101</i> | <i>Presentation of Financial Statements.</i> This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard. |
| <i>AASB 2007-10</i> | <i>Further Amendments to Australian Accounting Standards</i> arising from AASB 101. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard. |
| <i>AASB 2008-13</i> | <i>Amendments to Australian Accounting Standards</i> arising from AASB Interpretation 17 – Distributions of Non – Cash Assets to owners(AASB 5 & AASB 110). This Standard amends AASB 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Authority where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Authority does not expect any financial impact when the Standard is first applied prospectively. |
| <i>AASB2009-2</i> | <i>Amendments to Australian Accounting Standards –Improving Disclosures about Financial Instruments</i> AASB 4, AASB 7, AASB 1023 & AASB 1038. This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard. |

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

(a) Voluntary changes in Accounting Policy

There has been no voluntary changes in accounting policies.

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

The Authority cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. Consequently, the Authority has not applied early any following Australian Accounting Standards that have been issued that may impact the Authority. Where applicable, the Authority plans to apply these Australian Accounting Standards from their application date.

Title	Operative for reporting periods beginning on/after
AASB 2009-11 <i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]</i> . The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Authority does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$' 000	2009 \$' 000
4. Trading profit		
Sales	8,600	–
Cost of Sales:		
Opening inventory	(39,318)	(33,606)
Purchases	(5,031)	(5,712)
	(44,349)	(39,318)
Closing inventory	42,122	39,318
Cost of Goods Sold	(2,226)	–
Trading Profit	6,374	–
See note 2(i) 'Inventories' and note 9 'Inventories'		
5. Interest revenue		
Interest Revenue	44	44
	44	44
Cash and cash equivalents are held at the bank, at call and short term deposit accounts.		
6. Other revenue		
Development Application Fees	1	67
Others	46	–
	47	67

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$' 000	2009 \$' 000
7. Depreciation and Amortisation		
Depreciation		
Computer Equipment	–	2
Amortisation		
Intangible Assets	5	–
Total depreciation and amortisation	5	2
8. Cash and cash equivalents		
Cash at bank	256	211
Short term at call funds	117	548
	373	759

The at call deposits are 30 days terms with fixed interest rates between 2.9% and 4.4% (2009 – 2.9% and 7.15%).

9. Inventories

The aggregate carrying amount of inventories recognised and included in the financial statements is as follows:

Current	12,591	2,226
Non-current	29,531	37,092
	42,122	39,318
Current		
Developed Land	12,591	2,226
	12,591	2,226

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$' 000	2009 \$' 000
9. Inventories (continued)		
The following represents the transfers to and from developed land inventories:		
Balance at 1 July	2,226	2,226
Transferred to Cost of sales	(2,226)	
Additions	12,591	–
Balance at 30 June (at cost)	12,591	2,226
Non-Current		
Capital Works and Undeveloped Land	29,531	37,092
	29,531	37,092
The following represents capital works and undeveloped land:		
Balance at 1 July	37,092	31,380
Additional capital works and land	5,031	5,712
Less transfers to developed land	(12,591)	–
Balance at 30 June (at cost)	29,531	37,092

Inventories are recorded at the lower of cost and net realisable value. An internal valuation of Developed Land at market value, Capital Works in Progress and Undeveloped Land at net realisable value as at 30 June 2010 amounted to \$42.52million (2009: net realisable amounted to \$55.75 million). The cost of the inventories amounted to \$42.12 million (2009: \$39.32 million). The internal valuations have been determined taking into account advice from external valuers, and both internal and external property advisors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$' 000	2009 \$' 000
10. Receivables		
Trade receivables (note a)	720	317
	720	317
Other receivables (note (b))	146	88
	866	405
Aging of Trade Receivables		
1 to 3 months	–	1
Over 6 months (past due not impaired)	720	316
	720	317
(a) Impaired receivables		
There were no impaired trade receivables as at 30 June 2010 as the authority is continuing to seek recovery of these debts.		
(b) Other receivables		
The amount relates to GST receivable from the Australian Taxation Office as at the 30 June 2010.		
11. Other Current Assets		
Prepayments	146	20
	146	20

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$' 000	2009 \$' 000
12. Property, furniture and equipment		
Computer Equipment at Cost	10	10
Accumulated depreciation	(10)	(10)
	–	–
Total Property, furniture and Equipment	–	–

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

	Furniture & Equipment \$' 000	Computer Equipment \$' 000	Total \$' 000
For the year ended 30 June 2010			
Carrying amount at the start of the year	–	–	–
Depreciation	–	–	–
Carrying amount at the end of the year	–	–	–

	Furniture & Equipment \$' 000	Computer Equipment \$' 000	Total \$' 000
For the year ended 30 June 2009			
Carrying amount at the start of the year	–	2	2
Depreciation	–	(2)	(2)
Carrying amount at the end of the year	–	–	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$'000	2009 \$'000
13. Intangible assets		
Software at cost	18	–
Amortisation	(5)	–
	13	–
Reconciliation:		
Carrying amount at start of year	–	–
Additions	18	–
Amortisation Expense	(5)	–
Carrying amount at end of year	13	–
14. Payables		
Trade payables	257	75
Refundable Deposit Bonds	1	58
Accrued expenses	191	55
Other payables	1,028	730
	1,477	918
See also note 2(k) 'Payables' and note 21 'Financial Instruments'.		
15. Borrowings		
Current		
WA Treasury Corporation Loan	4,688	6,176
	4,688	6,176

The interest charges on borrowings are capitalised to the appropriate projects.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	2010 \$'000	2009 \$'000
16. Equity		
Retained Profits		
Balance at start of year	33,408	35,290
Total Comprehensive Income for the period	3,948	(1,882)
Balance at end of year	37,356	33,408
17. Notes to the Statement of Cash Flows		
Reconciliation of cash		
Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:		
Cash and cash equivalents	373	759
	373	759
Reconciliation of Surplus/(Deficit) to net cash flows provided by/(used in) operating activities		
Surplus/(Deficit)	3,948	(1,882)
Non-cash items:		
Depreciation and Amortisation	5	2
(Increase)/decrease in assets:		
Receivables	(403)	(315)
Other current assets	(127)	56
Inventory charged to Cost of Sales	2,226	–
Increase/(decrease) in liabilities:		
Payables	435	638
Other current liabilities	(54)	(144)
Net Tax receipts/(payments)		
Change in GST in receivable/payables	(58)	15
Net cash provided by/(used in) operating activities	5,972	(1,630)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2010
\$'000

2009
\$'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	2,331	2,297
	2,331	2,297

19. Contingent liabilities and Contingent Assets

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 is currently working together with PRS to determine the allocation of liabilities associated with work required to remediate the former PRS site. Until this matter is resolved, it is not possible to reliably estimate the potential financial liability for SRA.

Contingent Assets

In addition to the assets included in the financial statements, there are no contingent assets.

20. Explanatory Statement

This statement provides details of any significant variations between estimates and actual results for 2010 and between the actual results for 2009 and 2010. Significant variations are considered to be those greater than 10% and \$200,000.

Significant variances between estimates and actual results for the financial year.

	2010 Actual \$' 000	2010 Estimates \$' 000	Variance \$' 000
Income			
Sales Revenue	8,600	34,680	(26,080)
Expense			
Cost of Sales	2,226	17,655	(15,429)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

20. Explanatory Statement (continued)

Sales Revenue & Cost of sales

Sales revenue and cost of sales were lower than estimates due to the deferred sale of sites into the following financial year.

Significant variances between actual and prior year actual for the financial year.

	2010 \$' 000	2009 \$' 000	Variance \$' 000
Income			
Sales revenue	8,600	–	8,600
Expense			
Sales and Marketing	436	74	(361)
Cost of Sales	2,226	–	(2,226)

Sales Revenue

Sales revenue increased in 2009-2010 as a result of a higher number of lots sold in this financial year.

Expenses

Sales and Marketing expenses increased in 2009-2010 as a result of the sale of land.

Cost of sales increased in 2009 -2010 due to the sale of land.

21. Financial Instruments

(a) Financial Risk Management Objectives and Policies

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

Credit risk

Credit risk arises when there is the possibility of the Authority's receivables defaulting on their contractual obligations resulting in financial loss to the Authority.

The maximum exposure to credit risk at end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any provisions for impairment, as shown in the table at Note 21c 'Financial Instruments Disclosures' and Note 10 'Receivables'.

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. At the end of the reporting period, there were no significant concentrations of credit risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

21. Financial Instruments (continued)

Liquidity risk

Liquidity risk arises when the Authority is unable to meet its financial obligations as they fall due. The Authority is exposed to liquidity risk through its trading in the normal course of business.

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.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Authority's income or the value of its holdings of financial instruments. The Authority does not trade in foreign currency and is not materially exposed to other price risks. The Authority's exposure to market risk for changes in interest rates relate primarily to the long-term debt obligations. The Authority's borrowings are all obtained through the Western Australian Treasury Corporation (WATC) and are at fixed rates with varying maturities. The risk is managed by WATC through portfolio diversification and variation in maturity dates. Other than as detailed in the Interest rate sensitivity analysis table at note 21(c), the Authority is not exposed to interest rate risk because apart from minor amounts of restricted cash, all other cash and cash equivalents and restricted cash are non-interest bearing and have no borrowings other than the Treasurer's advance (noninterest bearing), WATC borrowings and finance leases (fixed interest rate).

(b) Categories of Financial Instruments

In addition to cash, the carrying amounts of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2010 \$' 000	2009 \$' 000
Financial Assets		
Cash and cash equivalents	117	211
Restricted cash and cash equivalents	256	548
Receivables (i)	720	317
Other Current Assets	146	20
Financial Liabilities		
Payables	1,477	918
Borrowings	4,688	6,176

(i) The amount of receivables excludes GST recoverable from the ATO (statutory receivable).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

21. Financial Instruments (continued)

(c) Financial Instrument Disclosures

Credit Risk Interest Rate Risk Exposures

The following table details the Authority's maximum exposure to credit risk and the exposure to liquidity risk and interest rate risk as at the end of the reporting period. The table is based on information provided to senior management of the Authority. The contractual maturity amounts in the table are representative of the undiscounted amounts at the end of the reporting period.

The Authority does not hold any collateral as security or other credit enhancements relating to the financial assets it holds.

The Authority does not hold any financial assets that had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

Interest rate exposure and ageing analysis of financial assets (a)

		Interest rate			Past due but not impaired					
	Weighted Average Interest Rate	Fixed Interest Rate \$' 000	Variable Interest Rate \$' 000	Non Interest Bearing \$' 000	Up to 3 months \$' 000	3 – 12 months \$' 000	1 – 2 years \$' 000	2 – 5 years \$' 000	more than 5 years \$' 000	impaired financial assets \$' 000
Financial assets:										
2010										
Cash assets – At Call	3.68%	117	–	–	–	–	–	–	–	–
Cash assets – Bank Account	1.41%	–	256	–	–	–	–	–	–	–
Receivables (a)		–	–	720	–	468	251	–	–	–
Other Current Assets		–	–	146	–	–	–	–	–	–
		117	256	866	–	468	251	–	–	–
2009										
Cash assets – At Call	5.58%	548	–	–	–	–	–	–	–	–
Cash assets – Bank Account	2.86%	–	211	–	–	–	–	–	–	–
Receivables		–	–	337	315	–	1	–	–	–
Other Current Assets		–	–	20	–	–	–	–	–	–
		548	211	357	315	–	1	–	–	–

(a) The amount of receivables excludes the GST recoverable from the ATO (statutory receivable).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

21. Financial Instruments (continued)

	Weighted Average Interest Rate	Interest rate exposure			Maturity Date					
		Fixed Interest Rate \$' 000	Variable Interest Rate \$' 000	Non Interest Bearing \$' 000	Up to 3 months \$' 000	3 – 12 months \$' 000	1 – 2 years \$' 000	2 – 5 years \$' 000	more than 5 years \$' 000	impaired financial assets \$' 000
Financial liabilities:										
2010										
Payables		–	–	1,477	–	–	–	–	–	–
Borrowings	4.79%	–	4,688	–	4,688	–	–	–	–	–
		–	4,688	1,477	4,688	–	–	–	–	–
2009										
Payables		–	–	918	–	–	–	–	–	–
Borrowings	3.16%	–	6,176	–	6,176	–	–	–	–	–
		–	6,176	918	6,176	–	–	–	–	–

The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

21. Financial Instruments (continued)

Interest Rate Sensitivity Analysis

The following table represents a summary of the interest rate sensitivity of the Authority's financial assets and liabilities at the end of the reporting period on the surplus for the period and equity for a 100 basis point change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

		-100 basis points		+100 basis points	
	Carrying Amount \$' 000	Surplus \$' 000	Equity \$' 000	Surplus \$' 000	Equity \$' 000
30-Jun-10					
Financial assets:					
Cash assets – At Call	117	(1)	(1)	1	1
Cash assets – Bank Account	256	(3)	(3)	3	3
Financial liabilities:					
Borrowings	4,688	47	47	(47)	(47)
Total Increase/(Decrease)		43	43	(43)	(43)
		-100 basis points		+100 basis points	
	Carrying Amount \$' 000	Surplus \$' 000	Equity \$' 000	Surplus \$' 000	Equity \$' 000
30-Jun-09					
Financial assets:					
Cash assets – At Call	548	(5)	(5)	5	5
Cash assets – Bank Account	211	(2)	(2)	2	2
Financial liabilities:					
Borrowings	6,176	62	62	(62)	(62)
Total Increase/(Decrease)		54	54	(54)	(54)

(d) Fair Values

All financial assets and liabilities recognised in the statement of financial position, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

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:

	2010 \$' 000	2009 \$' 000
\$ 0 – \$ 10,000	2	1
\$ 10,001 – \$ 20,000	4	4
\$ 20,001 – \$ 30,000	1	–
Total remuneration of the members of the accountable authority is:	81	65

The total remuneration includes the superannuation expense incurred by the Authority in respect of members of the Accountable Authority.

No members of the accountable authority are members of the Pension Scheme.

Remuneration of Senior Officers

The remuneration of the Chief Executive Officer is included under the terms of the Service Agreement rather than being directly remunerated by the Authority itself (see Note 2(m)).

23. Remuneration of Auditors

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

	24	23
Auditing the accounts, financial statements and performance indicators	24	23

24. Events occurring after the end of the reporting period

No matters or occurrences have come to the attention of the Authority up to the present time which would materially affect the financial statements or disclosures therein or which are likely to materially affect the future results or operations of the Authority.

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 2010

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

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 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. This document is available on the OAG website under "How We Audit".

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.

Subiaco Redevelopment Authority

Financial Statements and Key Performance Indicators for the year ended 30 June 2010

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 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards 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 2010.

COLIN MURPHY
AUDITOR GENERAL
31 August 2010

