

Metropolitan
Redevelopment
Authority

Operational Plan

2019/2020



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CHIEF EXECUTIVE OFFICER'S FOREWORD

The Metropolitan Redevelopment Authority (MRA, or the Authority) is entering a new chapter in its business operations as the MRA prepares to implement the Government approved land agency reform actions. This will see the consolidation of government land development activities for land development across Western Australia and will continue the work of the MRA to complete delivery of its projects; seeing through the execution of private development agreements, guiding and facilitating delivery with effective planning frameworks and identifying future development options for State Government land and assets.

With responsibility for 12 strategically important urban renewal projects, the MRA's portfolio encompasses more than 2,635 hectares of land with Government funding for public infrastructure; catalysing more than \$16 billion in private sector investment over the life of its projects into Western Australia. The MRA's planning powers provide a valuable mechanism for achieving transit oriented development outcomes across the State Government's METRONET network.

This Operational Plan summarises the key focus areas and priority activities that the MRA will address over the 2019/20 financial year as it progresses the operational consolidation of land development activities with Landcorp. Specifically, the Operational Plan:

- outlines the MRA's specific project and corporate objectives for the year, including achievement against economic, financial and social objectives;
- outlines the MRA's key milestones for each redevelopment area; and
- sets business and service performance targets regarding statutory determination timeframes.

This Operational Plan details the strategies and measures by which the MRA evaluates the delivery of these objectives and sets performance targets for each redevelopment area.

LEGISLATION

The *Metropolitan Redevelopment Authority Act 2011* (the Act) is an act to:

- provide for the planning and redevelopment of, and the control of development in, certain land in the metropolitan region; and
- establish a State agency with planning, development control, land acquisition and disposal and other functions in respect of that land; and
- provide for related matters, including the repeal or amendment of certain Acts.

The functions of the MRA under section 7 of the Act are:

- a. to plan, undertake, promote and coordinate the development of land in redevelopment areas in the metropolitan region; and
- b. for that purpose:
 - to prepare and keep under review strategic and policy documents in relation to the development of land in redevelopment areas; and
 - under Part 5, to prepare and keep under review a redevelopment scheme for each redevelopment area; and
 - under Part 6, to control development in each redevelopment area.

The Act is supported by the *Metropolitan Redevelopment Authority Regulations 2011* (the Regulations). As per section 30 of the Act, the Regulations may declare redevelopment areas and provide for related matters.

OVERVIEW

This Operational Plan for the 2019/20 financial year is submitted by the MRA for approval of the Minister for Lands subject to the Minister having obtained the Treasurer's prior approval, in compliance with the provisions of section 113 of the Act.

In accordance with regulation 27 of the Regulations, the MRA's Operational Plan specifies the following:

- an outline of the Authority's specific objectives for the year, including economic, financial and social objectives;
- an outline of the Authority's major planned achievements for the year; and
- the business and service performance targets, and any other measures or indicators, by which the Authority's performance in relation to its objectives and achievements may be measured.

WHAT MRA DOES

As prescribed in the Act, the MRA facilitates the delivery of strategic planning and development outcomes across metropolitan Perth. The MRA is allocated projects of strategic significance that aim to transform underutilised areas, unlock development potential and catalyse private sector development. The MRA declares redevelopment areas to undertake projects and once a project no longer requires MRA involvement, the redevelopment area is removed and the area is transitioned back to the relevant Local Government Authority. A key objective of the MRA's work is to deliver benefits for the community and help achieve the objectives of the State's planning strategy.

Working collaboratively with local government, private landowners and the community, the MRA delivers residential, retail, commercial, industrial and hotel accommodation to support the needs of our growing population. New urban precincts are created to seamlessly integrate with the adjacent areas and deliver key public infrastructure for Perth that can be handed back to the local authority. The MRA operates in a commercial manner, partnering with developers and the local government to achieve this vision.

The MRA considers it a great privilege to work on Whadjuk Boodjar (Whadjuk Country), and remains committed to fostering a long term relationship with the Noongar people. A unique agreement with the Whadjuk people has provided opportunities to create authentic places and provides unparalleled opportunities for Western Australians and tourists to engage with and experience the Aboriginal culture.

ORGANISATIONAL STRUCTURE

As a Statutory Authority of the State Government of Western Australia, the MRA is governed by a Board appointed by and answerable to the Minister for Lands. The MRA Board sets the strategic direction of the MRA and monitors its performance. The Board's key functions are setting the strategic direction of the MRA, monitoring key business and operational risk and ensuring a culture of compliance. Whilst the MRA and the LandCorp Boards have common members, each organisation remains a separate legal entity subject to its own legislation.

Land Redevelopment Committees are established for each Redevelopment Area to enable community and local government involvement in the development and delivery of urban renewal projects. The five committees — one each for Armadale, Central Perth, Midland, Scarborough and Subiaco — have planning powers delegated to them by the MRA Board and provide advice on local matters. Membership of the committees represents a cross-section of experience in local government, planning and urban renewal with a strong understanding of the needs of local communities.

As part of the MRA's desire to enhance the transparency, accountability and operational efficiency of its planning outcomes, it reviewed its planning function including legislative obligations of the Authority. Measures that have been implemented include the rationalisation and operation of the five Land Redevelopment Committees whilst maintaining the local government representative for each MRA Redevelopment Area.

The MRA's Chief Executive Officer is primarily responsible for the administration of the day to day operations of the MRA.

REDEVELOPMENT AREA OBJECTIVES AND SUMMARY OF KEY PERFORMANCE INDICATORS

The following table identifies MRA's Redevelopment Area Objectives (as stated under MRA Regulation 14) and their linked effectiveness and efficiency indicators, which are Key Performance Indicators (KPIs). These indicators were approved by the Under Treasurer in June 2013.

REDEVELOPMENT AREA OBJECTIVES (MRA Regulation 14)	APPROVED EFFECTIVENESS INDICATORS
To build a sense of place by supporting high-quality urban design, heritage protection, public art and cultural activities that respond to Perth's environment, climate and lifestyle.	User Satisfaction
To promote economic wellbeing by supporting, where appropriate, development that facilitates investments and provides opportunity for local businesses and emerging industries to satisfy market demand.	Investment Generated
To promote urban efficiency through infrastructure and buildings, the mix of land use and facilitating a critical mass of population and employment.	Land Use Volume and Mix
To enhance connectivity and reduce the need to travel by supporting development aimed at well-designed places that support walking, cycling and public transit.	Public Transit Access
To promote social inclusion by encouraging, where appropriate, a diverse range of housing and by supporting community infrastructure and activities and opportunities for visitors and residents to socialise.	Housing Stock Diversity
To enhance environmental integrity by encouraging ecologically sustainable design, resource efficiency, recycling, renewable energy and protection of the local ecology.	Green Star Rating
SERVICES	
The delivery of major project areas within MRA redevelopment areas.	Overheads to Inventory and Profit
Statutory Planning Control.	Statutory Planning Determination Timeframes

REDEVELOPMENT AREAS

The MRA has the following five redevelopment areas, Armadale, Subiaco, Central Perth, Scarborough and Midland. The MRA's Redevelopment Area maps and their respective project areas, including further details can be viewed on the MRA's website www.mra.wa.gov.au

Redevelopment schemes and project areas

Redevelopment Area	Redevelopment Scheme	Project
Armadale	Armadale Redevelopment Scheme 2	City Centre
		Champion Lakes
		Forrestdale
		Kelmscott
		Wungong Urban Water
Central Perth	Central Perth Redevelopment Scheme	Claisebrook Village
		East Perth Power Station
		Elizabeth Quay
		New Northbridge
		Perth City Link
		Perth Cultural Centre
Midland	Midland Redevelopment Scheme 2	Midland
		Bayswater (upcoming project)
		Forrestfield (upcoming project)
Scarborough	Scarborough Redevelopment Scheme	Scarborough
Subiaco	Subiaco Redevelopment Scheme 2	Subi Centro
		Subi East

MAJOR PLANNED REDEVELOPMENT ACHIEVEMENTS

As stated under section 3 of this Operational Plan, the objectives of the redevelopment area projects are to: build a sense of place; promote economic wellbeing; promote urban efficiency; enhance connectivity; promote social inclusion and enhance environmental integrity. The following table provides a description of the project “milestones to be achieved” in 2019/20 by MRA for each redevelopment area.

Redevelopment Area	Project Milestones to be achieved
Armadale	<ul style="list-style-type: none"> • Champion Drive precinct – prepare for exiting the precinct. • West of Rail - Assemble land for public works; and amend the development contribution plan. • Forrestdale Business Park West – Assemble land for public works and adopt the development contribution plan. • Forrestdale Business Park East – prepare for exiting the precinct. • Kelmscott – Assemble land for public works.
Central Perth	<ul style="list-style-type: none"> • Continuation of scheme servicing at Perth City Link. • Execute Project Development Agreements for Lots at Perth City Link and Elizabeth Quay. • Continue works program at Waterbank. • Determine Disposal Strategy for Lot 101 Hay Street in Riverside. • Finalise disposal of remaining William Street properties within Perth Cultural Centre precinct. • Handover management and maintenance of Barrack Square to City of Perth.
Midland	<ul style="list-style-type: none"> • Completion of remaining works packages by the MRA and the City of Swan to facilitate exit. • Finalise sale of planned lots in Midland. • Amendment of the Regulations and Midland Redevelopment Scheme 2 to include upcoming METRONET projects of Bayswater and Forrestdale.
Scarborough	<ul style="list-style-type: none"> • Finalise ground leases for two Beachfront Sites in conjunction with DPLH and City of Stirling.
Subiaco	<ul style="list-style-type: none"> • Finalisation of Detailed Business Case for the Subi East Project Area. • Completion of sale of remaining lots in Subi Centro.

FINANCIAL BUSINESS SUMMARY

Significant accounting policies

The MRA's financial statements are prepared on an accrual basis of accounting using the historical cost convention, except for land and buildings which are measured at fair value. The *Financial Management Act 2006* and the Treasurer's Instructions are legislative provisions governing the preparation of the MRA's financial statements and take precedence over the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Budgeted financial performance for 2019/2020

Income Statement	2019 /20 \$m
Total Sales Revenue	103.8
Total Cost of Sales	69.0
GROSS PROFIT	34.8
Other Revenue	13.1
Development Contribution Income (DCP)	5.5
Recurrent Appropriations	20.9
TOTAL NET REVENUE	74.3
Project Expenses	25.6
Development Expenses (DCP)	12.8
Other Operating Costs	14.1
TOTAL EXPENSES	52.5
SURPLUS / (DEFICIT) BEFORE INTEREST AND DEPRECIATION	21 . 8
Interest Expensed	3.8
Depreciation	12.5
SURPLUS / (DEFICIT)	5 . 5

Asset Investment Program expenditure

The Government's financial commitment to de-constrain the East Perth Power Station site is reflected in the MRA's forecast asset investment expenditure.

Asset Investment Program	2019 /20 \$m
ARMADALE REDEVELOPMENT AREA	0.5
CENTRAL PERTH REDEVELOPMENT AREA	
Perth City Link	13.8
Riverside	23.5
Elizabeth Quay	1.0
East Perth Power Station	2.0
MIDLAND REDEVELOPMENT AREA	3.0
Minor Asset Purchases	0.9
TOTAL ASSET INVESTMENT PROGRAM	44.7

	2019/20 \$m	\$m
Forecast 30 June 2019 WATC Borrowings		248.0
Movement in borrowings for 2019-20 represented by:		
Receipts from Land Sales	(102.2)	
Receipt from Sale of Buildings	(5.8)	
Recurrent Appropriations	(20.9)	
Development Contribution Receipts (DCP)	(5.5)	
Other Receipts	(7.8)	
Equity Contributions & Capital Appropriations	(59.3)	
Movement in Cash at Bank	(3.0)	
		(204.5)
Asset Investment Program	44.7	
Payments to Suppliers and Expenses	34.9	
Repayments to the Consolidated Fund	52.4	
Development Expenses (DCP)	12.5	
Interest Expense	3.4	
		147.9
Forecast 30 June 2020 WATC Borrowings		191.4

