

East Perth Redevelopment Authority



Annual Report 2004-2005



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This is the 13th Annual Report of the East Perth Redevelopment Authority.
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STATEMENT OF COMPLIANCE

The Hon Alannah MacTiernan MLA
Minister for Planning and Infrastructure
13th Floor Dumas House
2 Havelock Street
WEST PERTH WA 6005

Dear Minister

In accordance with Section 66 of the Financial Administration and Audit Act 1985, we hereby submit for your information and presentation to Parliament, the Annual Report of the East Perth Redevelopment Authority for the year ended 30 June 2005.

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

Yours sincerely



Dr Ken Michael
Chairman



Cr Simon Chester
Deputy Chairman



Mr Tony Morgan
Chief Executive Officer

15 August 2005

REPORT FROM THE CHAIRMAN AND THE CHIEF EXECUTIVE OFFICER

We are pleased to present the 13th Annual Report for the East Perth Redevelopment Authority (EPRA).

The 2004-2005 financial year saw a continuation of EPRA's activities in East Perth and Northbridge. In August 2004 and May 2005, the Minister for Planning and Infrastructure announced the expansion of EPRA's boundary to include the Perth Cultural Centre and Northbridge Link projects respectively. The Authority is now responsible for the redevelopment of approximately 164.5 hectares of under-utilised inner-city land.

Highlights for the 2004-2005 financial year include:

- In May 2005, Cabinet endorsed an extension to EPRA's boundary to include the Northridge Link project. Work commenced on the preparation of a draft Masterplan for the project.
- In August 2004, the Minister for Planning and Infrastructure announced that Cabinet had endorsed an extension of EPRA's boundary to include the Perth Cultural Centre precinct.
- EPRA commenced work on a draft Urban Renewal Strategy for the Perth Cultural Centre. The Strategy will be finalised at the end of 2005 prior to the preparation of a draft Masterplan for the precinct.
- EPRA officially acquired the 8.5 hectare East Perth Power Station site on 24 December 2004 from Western Power.
- The East Perth Power Station draft Masterplan was released for public consultation between November 2004 and February 2005. Over 170 submissions were received. A final Masterplan will be delivered by the end of 2005.
- Stabilisation works valued at \$7.3million commenced on the East Perth Power Station buildings in July 2004.
- The Gateway project was renamed "Riverside" in April 2005, also marking the commencement of the sales program.
- A \$6.3million capital works program commenced at Riverside in January 2005. The first phase of development included subdivision works at the former Metrobus Depot site and Hay Street road and streetscaping works.

- Across all of its projects areas, EPRA approved 48 Development Applications, with a combined value of over \$28million.
- A Sustainability Action Plan was developed and endorsed in May 2005. Work also commenced on the development of a Sustainability Assessment Framework.
- Forward works on the former 'Imago' site in Claisebrook Village received State and National Case Earth Awards for Environmental Excellence.
- The inaugural two day Feast Perth in East Perth food, wine and jazz weekend was held on 19 and 20 March 2005 as part of the Place Activation strategy for Claisebrook Village, East Perth.
- Continued participation in the Place Leader's Association Australia and election of the EPRA CEO as President for 2005-2006.
- EPRA hosted the inaugural Planning and Infrastructure portfolio, Sustainable Communities Professional Development Seminar, 'Fixing the Mix'.
- The corporate website was redeveloped including new design and content features.

Riverside Project

To mark the start of the redevelopment, the Minister for Planning and Infrastructure, Alannah MacTiernan announced that the Gateway project would be renamed Riverside to reflect its prime location on the banks of the Swan River.

The 40-hectare project is set to become home to up to 5,000 new residents, 1,000 new workers and 1,200 students at Trinity College over the coming 10-15 years.

Modifications to traffic flows on the Causeway, Adelaide Terrace and Hay Street and subdivision works on the former Metrobus site commenced in January 2005, in preparation for new residents and workers moving into the area. Works will continue until March 2006.

East Perth Power Station

The East Perth Power Station draft Masterplan was released in November 2004 for a three-month community consultation period. At the conclusion

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

of the consultation process over 170 submissions were received, with the majority in favour of the proposed draft Masterplan. The final Masterplan will be released in early 2006.

Significant works, valued at over \$7million commenced in July 2004. The works are to stabilise and weatherproof the Power Station buildings and conserve the heritage structures while plans are developed for its adaptive reuse.

Perth Cultural Centre

In August 2004, EPRA was charged with the task of developing an Urban Renewal Strategy to revitalise the Perth Cultural Centre precinct. The Urban Renewal Strategy will seek to improve the connection between the Perth Cultural Centre and Northbridge, the City Station and the CBD.

A stakeholder workshop was held in March 2005 to explore the future redevelopment of the Perth Cultural Centre and shape objectives for the draft Urban Renewal Strategy, to be considered by Cabinet in late 2005.

Northbridge Link

The Northbridge Link project will see the Northbridge entertainment district reunited with the CBD through the undergrounding of a portion of the Perth to Fremantle railway line between Lake Street and the Perth Central Station. The ageing Wellington Street bus station will also be replaced with an underground facility to provide improved levels of passenger comfort.

The Premier of Western Australia, the Hon. Geoff Gallop, first announced the project in January 2005. EPRA's formal involvement in the Northbridge Link project commenced in May 2005, following an announcement by the Minister for Planning and Infrastructure, the Hon. Alannah MacTiernan.

EPRA will prepare a draft Masterplan for the area during 2005-2006. The project is expected to take 10 to 15 years to complete.

Financial Results

At the conclusion of 2004-2005 financial year, EPRA had achieved its financial objectives by making a \$4.2million surplus and increasing its net asset value by \$4.8million.

Annual sales were \$4.5million with a further \$11.2million under contract at the end of the financial year. The majority of properties sold were in the New Northbridge project area with continuing sound demand for residential and mixed-use property at auction and for sales by tender.

EPRA's sales practice is to offer its residential and mixed-use product to the market at public auction as this ensures that market prices are accurately reflected in sales results. Landmark commercial and complex sites are advertised for sale by public tender.

Scheme Review

Significant progress was made on the review of the East Perth Redevelopment Scheme, expected to be finalised in the 2005-2006 financial year.

Communications

EPRA reviewed and enhanced its corporate website in late 2004, in keeping with the Authority's focus on providing the latest information on its projects. This included a review of all content to ensure media releases, fact sheets, planning papers and other information is provided online.

EPRA held 'Fixing the Mix' – Interface Management for New Urban Communities, a half-day seminar for professionals in the urban design, development, planning and architecture sectors, in March 2005. The event attracted more than 90 attendees from various Government departments as well as the private sector. The seminar series has been adopted by the Planning and Infrastructure portfolio and will continue in 2005-2006.

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

Sustainability

EPRA has a proven track record in sustainable development. During 2004-2005 a Sustainability Action Plan was developed and endorsed to demonstrate commitment to the principles of sustainable development and assist EPRA in contributing towards the goal of a more sustainable future for Western Australia.

The Sustainability Action Plan will be enhanced by a detailed set of assessment criteria to influence masterplanning outcomes and decisions on Development Applications.

Place Leaders' Association Australia

During 2004-2005 EPRA continued to play an active role in the Place Leaders' Association Australia (PLAA) – a forum of Redevelopment Authorities and land development agencies from around Australia who meet twice a year to share information, experience and ideas.

EPRA's CEO was elected President of the Place Leaders' Association for 2005-2006 at the PLAA national conference held in Melbourne in March 2005. EPRA will host the next conference in October 2005.

Stakeholders

EPRA maintains productive working relationships with its key stakeholders, such as the City of Perth, Town of Vincent, State Government Agencies and the property development industry through close liaison and consultation with each organisation.

Board Membership

There were no changes to Board membership during the year.

EPRA Staff

Six employees were added to the staff complement during the year to fill vacancies and internalise previously outsourced positions. At the end of June 2005, EPRA had 33 staff members comprising 25 full-time permanent staff, five permanent part-time employees and three contract employees.

We would like to take the opportunity to thank the Government for its continuing confidence in EPRA and particularly to express our appreciation to Board members, staff and consultants for their support, professionalism and commitment to EPRA and its projects.



Dr Ken Michael
Chairman



Mr Tony Morgan
Chief Executive Officer

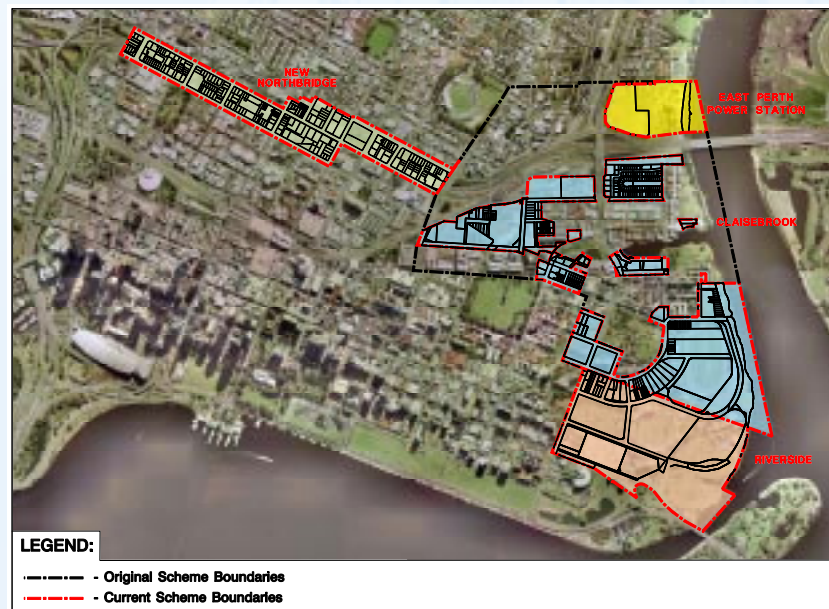
ENABLING LEGISLATION

The East Perth Redevelopment Authority was established by the East Perth Redevelopment Act 1991. EPRA's functions are described in the Act as:

- a) to plan, undertake, promote and coordinate the redevelopment of land in the redevelopment area; and
- b) for that purpose-
 - i) to prepare and keep under review a redevelopment scheme for that area; and
 - ii) to control developments in that area.

The Act was amended by Parliament to reflect the enactment of the State Administrative Tribunal (Conferral of Jurisdiction) Amendment and Repeal Act 2004.

Regulations were approved to formally enable the inclusion of the 'Causeway Common' area (south of Trinity College) within EPRA's boundary, as part of the Riverside project. The approval of regulations to formalise the inclusion of the Perth Cultural Centre Precinct and Northbridge Link project have been prepared and will come into effect in the 2005-2006 financial year.



The redevelopment area.

The Minister

The Minister for Planning and Infrastructure, Alannah MacTiernan MLA, is responsible for the East Perth Redevelopment Act 1991. This Act gives the Minister the right to make written directions to the Board. There were no Ministerial directions during the 2004-2005 financial year.

CORPORATE GOVERNANCE

Membership of the Board

EPRA's Board consists of seven members appointed by the Minister, with two required to be City of Perth Councillors. Board meetings are held monthly (with the exception of January) or more frequently if required. The Chief Executive Officer, the Executive Management team and the Secretary to the Board attend each meeting.

Board Members are remunerated according to guidelines set by the Public Sector Management Office. Board members who are public servants do not receive remuneration.

Member	Expiry of Term
Dr Ken Michael	31 December 2005
Cr Simon Chester	10 February 2006
Ms Chris Costa	10 February 2006
Mr Mike Day	31 December 2006
Ms Carol Hofmeister	31 December 2006
*Cr Janet Davidson	31 May 2005
*Cr Rob Butler	31 May 2005

*Members nominated by the City of Perth.

There were no changes to Board membership during the year. Members whose terms have expired remain in office under clause 1(2) of schedule 2 to the East Perth Redevelopment Act 1991 until a successor is appointed.

Sub-Committees to the Board

Three sub-committees to the Board, with delegated powers to make determinations on behalf of the Board or informed recommendations to the Board, met to deal with issues particular to the roles and responsibilities assigned to each committee.

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

Internal Audit Committee – In February 2005 the Board reviewed the composition of the Internal Audit Committee as follows:

Ms Carol Hofmeister replaced Dr Ken Michael as Chair, and Cr Rob Butler was appointed a member of the Committee. Mr Mike Day (continuing), Mr Tony Morgan became an ex-officio member.

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

CORPORATE GOVERNANCE (Cont.)

Board Members' Attendance

Board Member	BOARD 14 meetings	PLANNING 10 meetings	INTERNAL AUDIT 2 meetings	LAND, WORKS & SERVICES 5 meetings
Dr Ken Michael (Chair)	13		1 (1)	5
Cr Simon Chester (Deputy Chair)	14	10		
Mr Mike Day	9	4	1 (2)	
Ms Chris Costa	10	9		5
Ms Carol Hofmeister	14		2 (2)	
Cr Janet Davidson*	13	8		
Cr Rob Butler*	14	1 (1)	1 (1)	4

*Members nominated by the City of Perth.

Figures in brackets indicate the number of Board / Committee meetings each member was eligible to attend.

Corporate Governance Workshop

In November 2004 Board members attended a workshop titled 'Board & Business', for the East Perth, Subiaco, Midland and Armadale Redevelopment Authorities. The workshop was specifically designed to address governance and risk management issues relevant to Boards of Statutory Government Authorities.

Strategic Planning Workshop

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

MANAGEMENT

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

David Beattie – Executive Director, Business Services
 Mark Hedges – Executive Director, Planning and Development
 Dale Page – Senior Manager, Planning and Urban Design
 Filipe Vieira – Senior Manager, Land Development
 Lisa Smith – Senior Manager, Marketing and Communications
 Hazel Rutgrink – Senior Manager, Finance and Administration

The Chief Executive Officer and 25 members of staff are permanent full-time employees and five other staff members are permanent part-time employees. EPRA also employed two contract full-time employees and one contract part-time employee during 2004-2005.

Six employees were added to the staff complement during the year to fill vacancies and to internalise previously outsourced functions.

The Chief Executive Officer is remunerated according to the Salaries and Allowances Tribunal. Staff are employed under the Government Officers Salaries, Allowances and Conditions award.

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

OPERATIONS

The management team is supplemented by various external consultants including: internal audit, project management, legal, taxation, human resource, communications, information technology, urban planning, engineering, settlement agents and real estate agents.

OPERATIONS

Statement of Purpose

To utilise the powers conferred by the East Perth Redevelopment Act 1991 to coordinate and undertake the urban redevelopment of specified land on behalf of the Western Australian Government.

Vision

Vibrant people, dynamic places.

Strategic Objectives

Each year, EPRA's Board and senior management prepare Strategic Directions and a Business Plan. This includes a review and update of corporate objectives to reflect the organisation's current operating environment:

Strategic objectives for 2004-2005 were:

- Consider Minister's request for single metropolitan redevelopment authority.
- Develop and maintain a sound, independent research database that enables EPRA to stay ahead of project development trends and ensure market responsiveness in relation to learning, product differentiation, product competition, product enhancement.
- Establish a sustainable process for community engagement and input into projects.
- Develop sustainability principles/benchmarks and fully deliver Triple Bottom Line outcomes in demonstration development, water and energy management, housing diversity, transit oriented development, social infrastructure, and investment attraction/ economic vibrancy.

- Build operational skills and capability through human resources, knowledge management and retention, systems and policies, and financial management.
- Continue to build and maintain strategic relationships with groups including PLAA, RDAs, LGAs, State Government, Community, Industry and NGOs.
- Communicate EPRA objectives and successes.
- Achieve Place Activation.

Financial Results

	<u>Actual</u>	<u>Budget</u>	<u>Actual 2003</u>
Sales revenue	\$4.5m	\$27.8m	\$12.1m
Operating surplus	\$4.2m	\$12.6m	\$0.4m
Net Asset Value	\$77.0m	\$82.1m	\$72.3m

Projects

EPRA had six projects under its management during 2004-2005.



Claisebrook Cove

Claisebrook Village, East Perth Project Overview

One of Australia's largest inner-city urban renewal projects, Claisebrook Village, East Perth, continues to develop as a sustainable community, attractive to residents, businesses, investors and employees, where lifestyle and amenity exist in balance with commercial development.

OPERATIONS (Cont)

Objectives

- Promotion of the Transit Oriented Development benefits of Claisebrook Village to residents and workers in the area to increase the use of public transport, such as the Claisebrook train station, and extension of the Central Area Transit bus routes which link commuters to the CBD and network bus services.
- Conservation of both the natural environment and cultural and built heritage. Land in the area previously used for light industry, warehousing and manufacturing has undergone environmental remediation, transforming it into a vibrant and sustainable inner-city community. The area's cultural heritage has been preserved through the restoration of heritage buildings, such as the Boans Warehouse and East Perth Primary School, and through the creation of an award winning public art collection.
- Creation of vibrant and activated public open spaces. The project encompasses more than 22 hectares of public open space, pathways, parklands and foreshore recreation areas and, with EPRA's help, the City Farm project has been sustained and given security of tenure for the coming 40 years.
- Attraction of key businesses and investment in the project area.

Deliverables

- The project has created land for approximately 930 new dwellings, housing a new community of 1,300 residents.
- On completion, the project will provide retail and commercial space of up to 130,000m².
- At full completion, EPRA's investment, including land acquisition costs, will be in the order of \$127million. The sale of land commenced in 1994 and is expected to conclude in 2006-2007, generating approximately \$224million

over that time. In turn it is estimated the private sector expenditure on new residential and other buildings will be in the order of \$685million.

- Most of the new land releases in Claisebrook Village had been contracted for sale prior to EPRA adopting its Housing Diversity Policy in 2002 (which states that 10-15% of new dwellings released in the project area are to be allocated for social, affordable rental or affordable owner-occupier housing). Consequently, EPRA's future targets for Claisebrook Village will be set by a review of the 1991 East Perth Indicative Development Plan and upcoming 2005-2006 planning for the Royal Street West precinct. The only exception relates to the release of the former Imago site lots, where 6 (14%) affordable units have been contracted.

Claisebrook Village already contained 93 social and affordable dwellings pre-policy. Many of these arose from EPRA's subsidy of not for profit community housing providers, such as the Perth Inner City Housing Authority.

- The inaugural "Feast Perth in East Perth" festival was held on 19 & 20 March 2005 and combined gourmet food, fine wines and jazz at Claisebrook Cove and Victoria Gardens. The event attracted more than 5,500 people and will again be held in 2006 as part of EPRA's Place Activation Strategy.

Current Status

- Subdivision works were completed at the former Imago site, bordered by Fielder, Kensington and Brown Streets, to ready the lots for sale.
- The sales team placed seven properties on the market including four prime mixed-use development lots on the former Imago site behind the ABC Studios and Lots 168 and 169 Tully Road, the last two multi-unit residential lots available in Claisebrook Village. At the end of the financial year, Lot 169 Tully Road and Lot 202 at the former Imago site were under contract, due to settle in July 2005, and offers were being considered for Imago Lots 201 and 204. The two other lots remained on the market.

OPERATIONS (Cont.)

- Activity continued in East Perth with 17 Development Applications approved during 2004-2005, representing a total investment in the area of over \$9million.
- Construction expenditure of approximately \$121million resulted in the further improvement of streetscape, provision of public art and development of new subdivisions and land stock.

Project Expectations

Project area	146 hectares (including areas that have been normalised)
No of dwellings	1,450 new residences
Housing a population of	2,200-2,500 new residents
Non-residential floor space	130,000m ²
Working population of	up to 6,000 new employees
EPRA's investment	\$127million
Investment attraction	approximately \$685million
Normalisation	75 percent

East Perth Power Station Project Overview

Standing on the banks of the Swan River, the East Perth Power Station is one of the State's most significant industrial heritage buildings. After more than 23 years of dormancy, the area is to be rejuvenated and brought back to life for all Western Australians to enjoy.

Objectives

- The vision for the East Perth Power Station is to achieve a "waterfront culture and arts precinct with a mix of living and working opportunities, to create a place of character and enjoyment for Perth's citizens and tourists".
- Optimise Transit Oriented Development benefits presented by the site's proximity to road, rail and potential future water facilities.

- Conservation and stabilisation of significant buildings and structures. In addition, significant pieces from the range of machinery and equipment on site will also be retained. This collection is believed to be unique in the world as it contains five different stages of power generation technology that occurred in the 20th Century.

Deliverables

- The draft Masterplan for the redevelopment of the former East Perth Power Station was released in November 2004 and illustrates the opportunity to deliver a world-class mixed-use facility for Western Australia, while preserving and enhancing the early industrial architecture of the building façade.
- Central to the proposed redevelopment of the site is the creation of a cultural facility to optimise and accentuate the status of the former Power Station buildings, the history of the site and its proximity to the river.



East Perth Power Station

OPERATIONS (Cont.)

- A mixed-use outcome would afford additional opportunities for employment and recreation, and eventually house up to 1,270 new residents in 635 new dwellings, and provide 7,400m² of commercial and retail space. EPRA's expenditure is estimated to be in the order of \$31million.
- Development of the East Perth Power Station precinct will be staged over 10 to 15 years.

Current Status

- In July 2004, approximately \$7million of works to stabilise and weatherproof the East Perth Power Station buildings commenced. The works will conserve the shell and structure of the buildings and prevent further deterioration while plans are developed for its adaptive reuse. Works are due for completion in October 2005.
- The draft Masterplan for the 8.5-hectare Power Station precinct was released for public comment in November 2004, closing at the end of February 2005. A range of communications and a series of community open days supported the consultation period. Approximately 170 responses were received. These responses will be used in development of the final Masterplan to be released early 2006.
- The transfer of the East Perth Power Station site from Western Power to EPRA was finalised on 24 December 2004.

Project Expectations

Project area	8.5 hectares
No of dwellings	up to 635 new residences
Housing a population of	up to 1,270 new residents
Non-residential floor space	7,400m ²
Working population of	650 new employees
EPRA's investment	estimated \$31million
Investment Attraction	up to \$213million



Proposed new intersection at Hay and Hale Streets, Riverside.

Riverside, East Perth Project Overview

The Riverside redevelopment (formerly known as the Gateway project) will see the creation of a diverse, high-density urban community on the doorstep of Perth's CBD. The project will optimise the benefits of extensive Swan River frontage, high quality landscape environments, heritage buildings and the unique sporting and recreation opportunities that exist in the area. Riverside covers 40 hectares at the eastern end of the City, bounded by Plain Street, Adelaide Terrace, the Swan River foreshore and Claisebrook Village, East Perth.

Objectives

- To become one of the most urbanised redevelopment projects in Australia – a vibrant, high-density community supported by mixed-use land principles, encouraging development proportional to its position as the eastern entrance to Perth and which embraces sporting and educational icons – the WACA and Trinity College.

OPERATIONS (Cont.)

- To create an attractive eastern entry to the City and revitalise an area that has traditionally been dominated by traffic.
- Redevelop Swan River frontages to create a unique entry to Perth, and a new waterfront entertainment precinct that will include a river inlet with jetties and boardwalks, as well as 25-storey buildings, complemented by mixed-use development including cafés and restaurants.
- Attraction of new businesses and private sector investment in the project area.

Deliverables

- The Riverside project will deliver some 2,750 new residences to house a new population of around 5,000 new residents (this figure includes an allowance for 1,400 dwellings in the Gloucester Park precinct, which is under the Western Australian Trotting Association's (WATA) control). It will also accommodate a working population of up to 1,000 new employees through the provision of 28,000m² of office, retail, commercial and showroom floor space.
- The project is expected to be complete in 10 to 15 years and will be undertaken with clear environmental, social and economic objectives to create a sustainable urban quarter for all people.
- Adelaide Terrace will be reinstated as the main entry to the City, creating a sense of arrival for people entering from the Causeway.
- Redevelopment will require some environmental remediation and geotechnical stabilisation of land in the redevelopment area.
- EPRA's Housing Diversity Policy will see the delivery of up to 139 - 209 housing units, which equates to 10 - 15% of the expected total dwelling yield excluding the Gloucester Park precinct, which is under the control of WATA. The Policy provides for 10-15% of new dwellings in the project area to be allocated for social, affordable rental or affordable owner-occupied housing, to assist in the development of community diversity.

- Buildings and places of heritage significance will be incorporated into the redeveloped environment, in particular the Western Australian Police Headquarters, which is included on the State Register of Heritage Places, and the Gloucester Park entrance gates and Totaliser building.
- EPRA's investment, including land acquisition costs will be in the order of \$103million. Sale of land through redevelopment could be expected to generate in the order of \$129million over that time. In turn it is estimated the private sector expenditure on new residential and other buildings will be in the order of \$750million.

Current Status

- The Riverside (Gateway) Masterplan was officially launched in July 2004 and Design Guidelines for the first phase of development at the Queens Precinct have been finalised, with preparation of Guidelines for the remaining precincts to follow.
- Stage one site works, valued at over \$6million, commenced in January 2005. Work involves changes to the Causeway intersection to direct traffic onto Adelaide Terrace and the subdivision of land in the Queens Precinct on the former Metrobus Depot site, between Adelaide Terrace and Hay Street, east of Plain Street.
- The first three of six lots on the former Metrobus site were released in April 2005 and will be developed into mixed-use residential and commercial buildings containing up to 156 apartments.
- Road and streetscaping works along Hay Street commenced in June 2005 and will transform the street into a pedestrian and cyclist friendly boulevard as part of EPRA's first phase of redevelopment works at Riverside. Works will continue until March 2006
- During 2004-2005, EPRA approved one Development Application valued at \$25,000.

OPERATIONS (Cont.)

Project Expectations

Project area	40 hectares
No of dwellings	2,750 dwellings *
Housing population of	5,000 new residents **
Non-residential floorspace	28,000m ²
Working population of	1,000 new employees
EPRA's investment	estimated \$103million
Investment attraction	Approximately \$750million

* Includes 1,400 dwellings in the Gloucester Park precinct, which is under WATA control.

** Includes 2,500 proposed residents for the Gloucester Park precinct, which is under WATA control.

New Northbridge Project Overview

The 27-hectare New Northbridge urban renewal project, formerly called The Village Northbridge, comprises land above and adjacent to the Graham Farmer Freeway tunnel, bounded by Newcastle, Aberdeen, Fitzgerald, Parry and Lord Streets.



Plateia Hellas, New Northbridge

Objectives

- To deliver lifestyle, amenity and community-minded neighbourhoods that involve people from all walks of life and income levels. The New Northbridge is located in the heart of one of Perth's most established neighbourhoods and less than 500 metres from the Perth CBD.
- The enhancement and protection of the area's heritage and cultural values, while optimising returns and providing land and property redevelopment opportunities.
- The underlying focus of EPRA's planning for the New Northbridge project is to create an area that is safe, secure, friendly and enjoyable for the Northbridge community to live, work and play in.

Deliverables

- Newcastle street has undergone road and streetscaping works including new paving, landscaping, the undergrounding of power, new street furniture, road surfaces and the installation of public artworks.
- EPRA's total expenditure on new streetscapes, public open space, public art and upgrading roads and parks, including land acquisition costs, will be in the order of \$60million.
- The sale of land commenced in 2001-2002 and is expected to conclude in 2006-2007, generating approximately \$70million over that time. In turn it is estimated that private sector expenditure on new residential and other buildings will be in the order of \$300million.
- Transit Oriented Planning has reduced the reliance on the motor vehicle with emphasis on Perth's free CAT bus services, cycleways and pedestrian-friendly streetscaping.
- As part of the New Northbridge project, EPRA has retained 70 significant heritage buildings, including the prominent Wallpaper World building on the

OPERATIONS (Cont.)

corner of Newcastle and Palmerston Street. All of the 56 heritage buildings offered for sale to date have sold, and many have already been restored and adaptively reused.

- The creation of a landscaped, pedestrian friendly environment and the numerous cafés, restaurants and parks within the New Northbridge encourages an interactive, sustainable community. The landmark civic space Plateia Hellas, on Lake Street between Aberdeen and Newcastle Streets is envisaged to provide an area for business, residential and recreational activity, as well as a venue for public events.
- Streets are well lit with new light poles installed and 550-560 new off-street parking bays are being created in the project area. In addition, the development of a more permeable north/south road matrix has re-defined how residents in nearby northern suburbs relate to the Perth CBD and Northbridge.
- EPRA's Housing Diversity Policy encourages a mix of housing types and prices to meet the needs of a diverse residential community and will ensure the area maintains its vibrancy. Already 87 dwellings are allocated for social housing or affordable rental and currently provision has been made for an additional 37 units.
- When complete the New Northbridge will house 1,000 - 1,250 residents in 460 new residences, create 70,000m² of retail and commercial floor space for up to 3,000 - 3,500 new employees and provide for the 10,000 students who attend the Northbridge Central TAFE campus.

Current Status

- The project was renamed the New Northbridge in 2004 to refresh the branding and assist in shifting the market perception of the redevelopment area to reflect the renewed vibrancy and cosmopolitan character.

- The EPRA Board approved sponsorship funding for a Northbridge Precinct Manager, to be appointed during 2005-2006. The creation of a Northbridge Precinct Manager position was proposed by the Business Improvement Group Northbridge (Big N) and is supported by EPRA, the City of Perth and the Department of Premier and Cabinet.
- EPRA is developing a business attraction strategy aimed at bringing large commercial enterprises into the area to further stimulate the local economy and underpin the emerging new community.
- EPRA is demonstrating its commitment to adaptive reuse in undertaking an upgrade and refurbishment of the old Lindsay Street bakery to transform the heritage building ready for use as EPRA's new office. It is expected staff will move into the new office in October 2005.
- The 2004-2005 financial year saw the release of a number of noteworthy Northbridge properties for sale including three properties of heritage significance, and the only multi-storey car park site within Northbridge to be released in the past five years.
- To date, Northbridge land valued at more than \$37million has been sold as part of the renewal.
- At the end of June 2005, 30 Development Applications had been approved, valued at more than \$19million. Construction expenditure of approximately \$52million has been incurred improving the streetscape, in the development of new subdivisions and in acquiring land stock in the project area.

OPERATIONS (Cont.)

Project Expectations

Project area	27 hectares
No of dwellings	460 new residences
Housing a population of	1,000-1,250 new residents
Non-residential floorspace	70,000m ²
Working population of	3,000-3,500 new employees
EPRA's Investment	Approximately \$60million
Investment attraction	Approximately \$300million



Northbridge Link view looking south west

Northbridge Link Project Overview

First announced in January 2005 by the Premier of Western Australia, the Hon. Geoff Gallop, Northbridge Link will see the Perth CBD reunited with the Northbridge entertainment district by undergrounding a portion of the Perth to Fremantle railway line between Lake Street and the Perth City train station. In May 2005, the Minister for Planning and Infrastructure, the Hon. Alannah MacTiernan announced Cabinet had requested EPRA's involvement in the project.

The project area is bordered by the Mitchell Freeway, Roe Street, Wellington Street and Pier Street and covers the land around the Perth City train station and the Wellington Street bus station.

Objectives

- Redevelopment will see the Perth to Fremantle line sunk to Lake Street, where the new Mandurah to Clarkson line will also emerge.
- The creation of a King Street – Lake Street connection.
- Replacing the ageing Wellington Street bus station with an underground facility to provide improved levels of passenger comfort.
- Benefits to the community through better public safety, environmental remediation of prime inner-city land and creation of new public spaces, as well as residential and mixed-use development opportunities.

Deliverables

- EPRA will coordinate development and implementation of the Northbridge Link project and prepare a draft Masterplan for the area. The project is expected to commence in 2006 and take 10 to 15 years to complete.
- Northbridge Link is estimated to have a potential economic impact of up to \$800million, providing 500 jobs during construction and between 1,500-2,000 direct and indirect long-term jobs.
- Mixed-use development will promote activity at the street level and include the creation of new public spaces. This in turn promotes passive surveillance, which creates a safer, better-utilised pedestrian environment.
- An improved connection and integration between the social environment of Northbridge and the CBD, City Station Complex and the City's retail core will assist in attracting many more visitors to the area and deliver positive economic and community outcomes.
- Environmental benefits will include increased public transport patronage, the remediation of derelict and under-utilised land, better efficiency from new infrastructure and new sustainable built-form performance standards.

OPERATIONS (Cont.)

- The project will strengthen and revitalise the economic base of the Northbridge area, and has the potential to offer a major boost to small business in the CBD through the introduction of 4,500 new residents. The vision for the redevelopment includes approximately 100,000m² of commercial and retail space and 2,500 new residences, including 240-360 affordable housing units.

Current Status

- Public consultation regarding the extension of EPRA's Redevelopment Area to include Northbridge Link has been completed. It is anticipated that the Redevelopment Area will be extended by regulation following approval by the Governor and Parliament by the end of 2005.
- EPRA has commenced work on a draft Masterplan for the Northbridge Link project.
- Phase one site works will commence in 2006 and it is anticipated that the rail and bus undergrounding will begin in 2008.

Project Expectations

Project area	10 hectares
No of dwellings	Approximately 2,500 new residences
Housing a population of	4,500 new residents
Non-residential floor space	100,000m ²
Working population of	1,500 – 2,000 jobs
EPRA's Investment	Approximately \$195million
Investment Attraction	Approximately \$800million



Public Art within the Perth Cultural Centre Precinct

Perth Cultural Centre Precinct Overview

The Perth Cultural Centre contains some of the State's most significant cultural facilities including the Art Gallery, Library and Museum. It is a key part of Northbridge and is on the doorstep of the Perth CBD.

In August 2004, EPRA was charged with the task of developing an Urban Renewal Strategy to revitalise the precinct, attract people back into the area and facilitate the integrated planning and redevelopment of this culturally important area. The project is bordered by Aberdeen, William, Roe and Beaufort Streets and includes the Central College of TAFE.

OPERATIONS (Cont.)

Objectives

- To connect cultural and arts events and activities with the wider Northbridge area, the adjacent Central TAFE Campus, and also to introduce new activities that will draw visitors to the area. This will create a more vibrant Centre with the potential to expand the social and demographic profile of visitors and encourage increased use of its facilities.
- Enhance and conserve the architecturally and historically significant buildings in the area, including some structures that date back to the Victorian and Federation eras.
- Increase safety and security in the precinct through urban design, which will enable the area to act as a catalyst for social and cultural interaction.
- A stakeholder workshop was held in May 2005 to discuss the future redevelopment of the Perth Cultural Centre precinct and gather ideas for the development of a draft Urban Renewal Strategy.
- Once prepared, the draft Urban Renewal Strategy will be presented to Cabinet for endorsement, before a draft Masterplan for the precinct is prepared.

Project Expectations

Project area 11 hectares

Waste Paper Recycling

EPRA has a weekly waste paper recycling program in place.

Publications

Publications by EPRA are available at its office and on its website at www.epra.wa.gov.au. The principal publications are:

- East Perth Redevelopment Scheme, Scheme Text and Planning Policies (Hard copy \$50);
- Annual Reports for the years ending 1993 – 2005;
- Riverside Masterplan (Hard copy \$25);
- East Perth Power Station draft Masterplan (Hard copy \$50);
- Design Guidelines;
- Corporate Brochure;
- 'Urbano' magazines, issues 1 & 2;
- Sustainability Action Plan; and
- Project marketing information.

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

A copy of the East Perth Redevelopment Act 1991 is available from the State Law Publisher.

Deliverables

- Redevelopment of the Perth Cultural Centre will introduce a mixture of new land uses into the precinct including residential and commercial premises.
- The relocation of high quality, pedestrian friendly streetscapes and a full review of passive surveillance opportunities.
- Ease of physical access would also be incorporated into any redevelopment scenarios, by adherence to universal access provisions and ensuring proper access to public transport.
- An increase in visitors to the area will improve the income-earning potential of Cultural Centre tenants and neighbouring businesses.

Current Status

- In August 2004, Cabinet approved an extension to EPRA's boundary to include the Perth Cultural Centre and Central TAFE, to allow EPRA to develop an Urban Renewal Strategy for the area.

OPERATIONS (Cont.)

Compliance With Other Legislation

EPRA is required to comply with the following legislation:

Disability Discrimination Act 1992
 Disability Services Act 1993
 Environmental Protection Act 1986
 Equal Opportunity Act 1984
 *Financial Administration and Audit Act 1985
 Freedom of Information Act 1992
 Government Employees Superannuation Act 1987
 Industrial Relations Act 1979
 Land Administration Act 1997
 Occupational Health, Safety and Welfare Act 1984
 Official Corruption Commission Act 1988
 Public Sector Management Act 1994
 State Supply Commission Act 1991
 Workers Compensation and Rehabilitation Act 1981

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

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

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

Advertising and Sponsorship

Electoral Act 1907

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

	<u>\$,000</u>
Market Research:	
Market Equity	159
Media Advertising:	
Marketforce Productions	67
Media Decisions WA	136
Marketing & Public Relations:	
Purple Communications	116
Newscomm	21
303 Advertising	552

Equal Employment Opportunity Outcomes

In accordance with section 146 of the Equal Opportunity Act 1984 EPRA has made significant progress towards the creation of an Equal Employment Opportunity Management Plan, to be finalised in the 2005-2006 financial year.

Public Sector Standards and Ethical Codes

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

Record Keeping

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

OPERATIONS (Cont.)

Disability Service Outcomes

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

Corruption Prevention

EPRA has developed a number of risk management activities throughout the 2005-2006 financial year to reduce the likelihood of corruption and misconduct. EPRA has appointed a Senior Integrity Manager to review Policies such as Computer Access, Staff induction and Gifts and Benefits. EPRA has made significant progress in the preparation of a Corruption Prevention Manual, to be finalised in the 2005-2006 financial year.

Public Interest Disclosure

In accordance with section 23 of the Public Interest Disclosure Act 2003, EPRA has appointed a Public Interest Disclosure Officer. No public interest disclosures were received during 2004-2005.

CERTIFICATION OF PERFORMANCE INDICATORS



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

A handwritten signature in blue ink, reading "Ken Michael".

Dr Ken Michael
Chairman

A handwritten signature in blue ink, reading "Simon Chester".

Cr Simon Chester
Deputy Chairman

A handwritten signature in blue ink, reading "Tony Morgan".

Mr Tony Morgan
Chief Executive Officer

30 August 2005

OPINION OF THE AUDITOR GENERAL



AUDITOR GENERAL INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

EAST PERTH REDEVELOPMENT AUTHORITY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

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

Scope

The Board's Role

The Board is responsible for developing and maintaining proper records and systems for preparing performance indicators.

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

Summary of my Role

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

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



D D R PEARSON
AUDITOR GENERAL
19 October 2005

KEY PERFORMANCE INDICATORS

OUTCOME STATEMENT

EPRA aims to attract thousands of Western Australians back into the city to live, study, work and play.

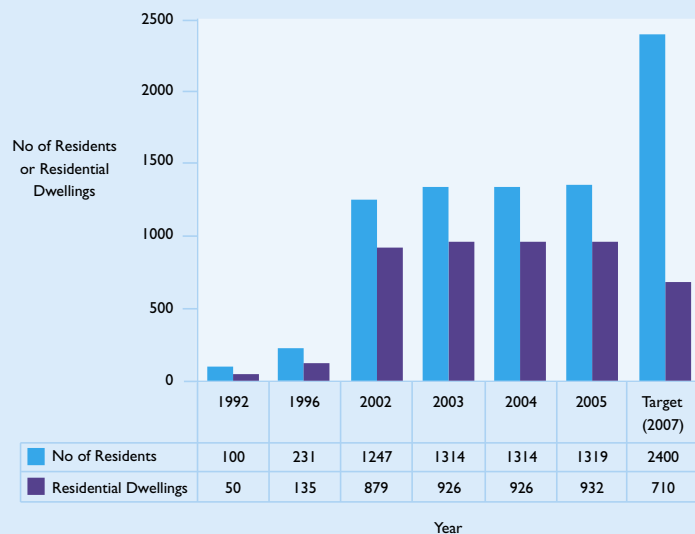
EFFECTIVENESS INDICATORS

These indicators quantify how well EPRA is achieving its outcomes.

EAST PERTH (CLAISEBROOK VILLAGE) PROJECT

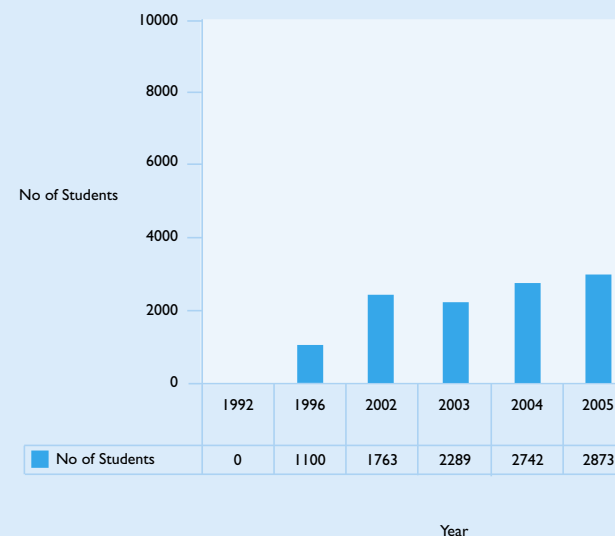
Targets are taken from 'East Perth Project Economic Feasibility Study, July 1990'.

Effectiveness Indicators - Living in the Area



Dwelling numbers have exceeded target but the number of residents in each dwelling reflects a trend of decreasing household size. The redevelopment of the former 'Imago' site will bring an additional 120 residents in the next three years.

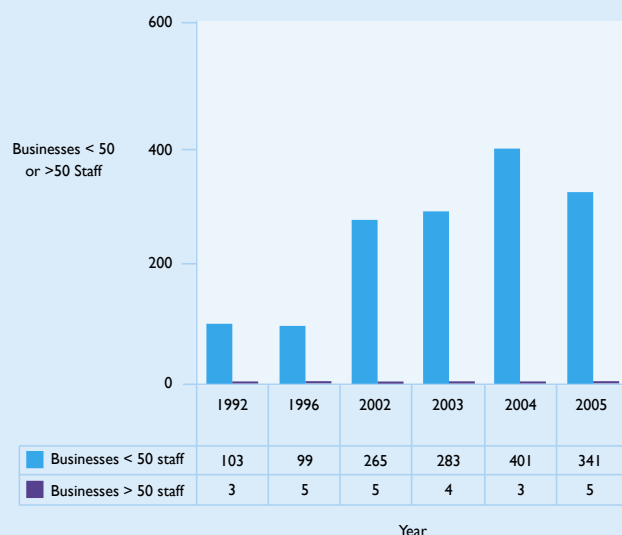
Effectiveness Indicator - Studying in the Area



The only educational institution in the area is the East Perth TAFE. The original Feasibility Study envisaged the East Perth TAFE growing its student population faster than it has. This is not directly influenced by EPRA's activities.

KEY PERFORMANCE INDICATORS

Effectiveness Indicators - Working in the Area



An appropriate target was not established in the original Feasibility Study but a reasonable expectation would be a growth trend. Clearly this is the case albeit with minor annual variations.

Visitor behaviour results

With a growing Perth population, the total number of people visiting East Perth has grown each year from the first year of measurement in 2001/2002. In 2004/2005 the figure stabilised, with 31% of Perth's adult population visiting East Perth during the year.

In 2004/05, the number of visits per person to East Perth decreased to an average of five times per year. This frequency of visits is influenced by the variety and type of activities held in the area.

EPRA's event strategy will contribute to increased visitor numbers in future years by attracting people to the area, and local entertainment venues will continue to attract visitors from outside of East Perth.

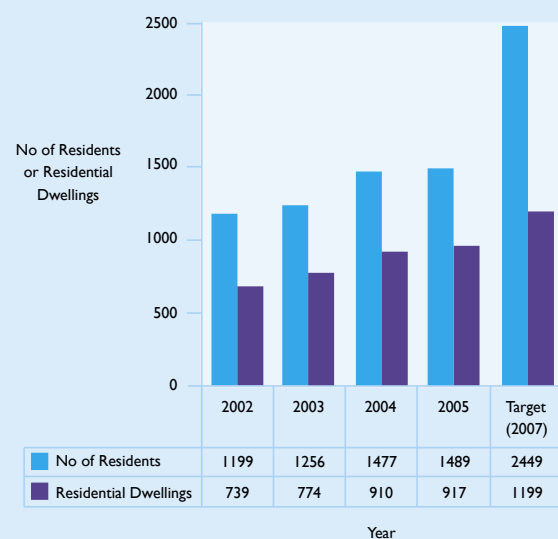
	01/02	02/03	03/04	04/05
Incidence of visiting	25.7%	28.0%	32.0%	31.0%
Estimated number of visitors	258,249	281,360	321,555	331,830
Average number of visits per person	8	7	8	5
Estimated total number of recreational visits	2,065,992	1,969,520	2,572,440	1,659,150

Four years of results show wide variation in annual figures but an overall trend will not be established until 6 - 8 years of results are available.

KEY PERFORMANCE INDICATORS

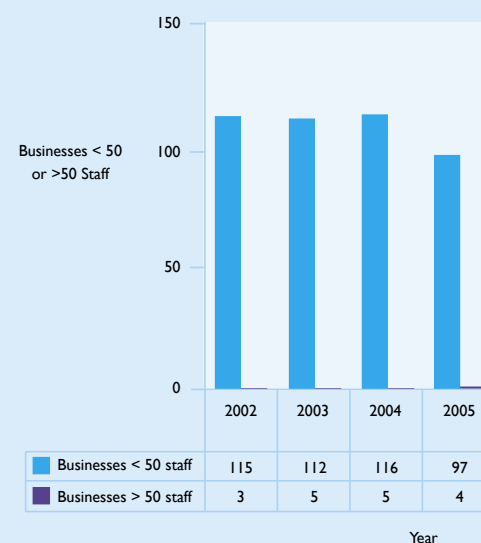
NEW NORTHBRIDGE PROJECT

Effectiveness Indicators - Living in the Area



The targets were established by the 'Northbridge Project Masterplan, October 2002'. Progress towards the number of dwellings is good but the trend towards smaller households has limited the growth in the total number of residents, which does, however indicate a general growth trend.

Effectiveness Indicators - Working in the Area



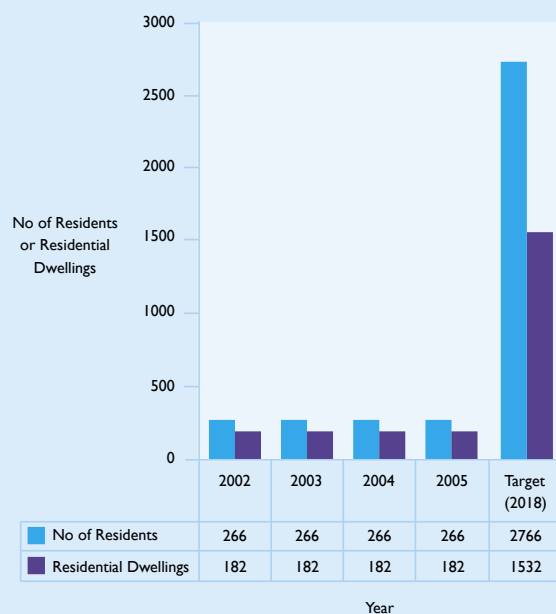
An appropriate target was not established in the original feasibility study but a reasonable expectation would be a growth trend. It is evident that employment is static but growth may be expected as additional residences are developed.

Calculations for visits to public facilities are not applicable for the New Northbridge due to the inability for respondents to separate frequency of visiting this area from frequency of visiting the whole Northbridge area.

KEY PERFORMANCE INDICATORS

RIVERSIDE (GATEWAY) PROJECT

Effectiveness Indicators - Living in the Area



The targets are drawn from the 'Project Masterplan 2002'. Although EPRA has had control of the project area since 1998, the first sales of land are not expected until the 2005 – 2006 financial year. Thus, EPRA's success will not be able to be measured with any meaning until sales and developments are more advanced.

Visitor behaviour results

The proportion of Perth people visiting the Riverside area peaked in 2003/04 at 26% of Perth adults, and has dropped back in 2004/05 to more traditional levels (19%). 2003/04 saw a number of additional events held at the WACA

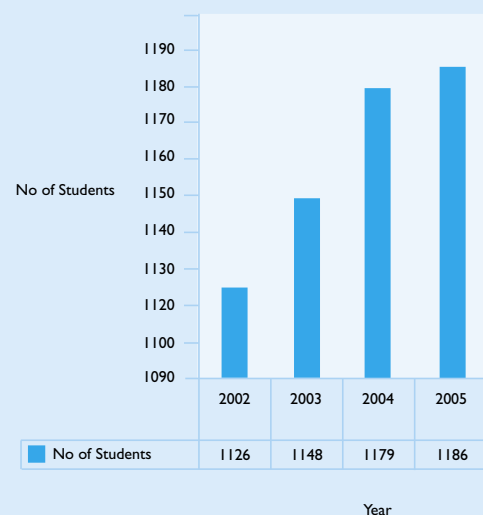
and Gloucester Park, which are likely to have attracted more people to the Riverside area. In 2004/05, the number of visits per person decreased to an average of four times per year. As for East Perth, this frequency of visiting is influenced by the variety and type of activities held in the area.

	01/02	02/03	03/04	04/05
Incidence of visiting	18.7%	20.2%	26.0%	19.0%
Estimated number of visitors	187,908	202,981	261,264	203,379
Average number of visits per person	9	6	6	4
Estimated total number of recreational visits	1,691,172	1,217,886	1,567,584	813,516

Four years of results show wide variation in annual figures but an overall trend will not be established until 6 – 8 years of results are available.

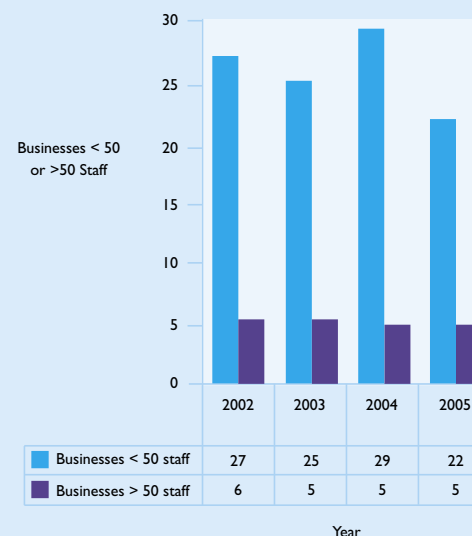
KEY PERFORMANCE INDICATORS

Effectiveness Indicator - Studying in the Area



Trinity College is the only educational institution in the Riverside area. Student numbers show a small growth trend but are not directly affected by EPRA's activities.

Effectiveness Indicators - Working in the Area



METHODOLOGY NOTES

Living in the Area:

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

KEY PERFORMANCE INDICATORS

EFFICIENCY INDICATORS

Studying in the Area:

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

Working in the Area:

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

Playing in the Area:

Market Equity conducted a telephone survey of 436 adults (aged 18 years and over) in the Perth metropolitan area. ABS population projections for Perth metropolitan area adults estimate a sample of 1,070,418 adults living in the Perth metropolitan area in 2005. Telephone numbers were randomly generated from Australia on Disc, which generates household numbers by street name in geographic areas. A sample of 436 people achieved a response rate of 95.4% and a sampling error rate of + 4.69% at the 95% confidence level. Interviewing commenced on 16 June 2005 and was completed on 22 June 2005.

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

	2	2	2002-03	2003-04	2004-05	Target
\$ per \$ of:						
Land sales	0.194	0.160	0.105	0.196	0.275	0.176
Capital works	0.285	0.166	0.191	0.252	0.271	0.153

In 2004-05 it is evident that the efficiency of delivering land sales has decreased compared with previous years reflecting the deferral of \$15.5million of sales to 2005-06. The efficiency for delivering capital works has decreased slightly compared with previous years, which, to a large extent, is a function of having \$8.9million of works deferred to 2005-06 whilst input levels are, to a large extent, fixed in the short term.

The actual results for 2004-05 fall short of the target, which is based on the 2004-05 budget. This is due to the budget figures for land sales and capital works not being achieved as a result of works deferrals and difficulties in obtaining titles for sales settlements. These results will be recovered in the 2005 – 06 financial year.

	2004-05 Actual \$'000	2004-05 Budget \$'000
Land sales	4,453	27,811
Capital works	12,217	21,119

CERTIFICATION OF FINANCIAL STATEMENTS For the year ended 30 June 2005

The accompanying financial statements of the East Perth Redevelopment Authority have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2005 and the financial position as at 30 June 2005.

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



Dr Ken Michael
Chairman



Cr Simon Chester
Deputy Chairman



Mr Tony Morgan
Chief Executive Officer



Mr David Beattie
Principal Accounting Officer

15 August 2005

OPINION OF THE AUDITOR GENERAL



AUDITOR GENERAL INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

EAST PERTH REDEVELOPMENT AUTHORITY FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion,

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

Scope

The Board's Role

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

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

Summary of my Role

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

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



D D R PEARSON
AUDITOR GENERAL
19 October 2005

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

STATEMENT OF FINANCIAL PERFORMANCE For the year ended 30 June 2005

	Note	2004/05 \$'000	2003/04 \$'000
REVENUE			
Revenue from ordinary activities			
<i>Revenue from operating activities</i>			
Sales	2	4,453	12,055
Less: Cost of sales	3	3,585	8,981
Trading profit		868	3,074
Contribution income	4	8,109	301
		8,977	3,375
<i>Revenue from non-operating activities</i>			
Interest revenue		1,587	1,252
Rental revenue		787	692
Other revenue from ordinary activities		469	509
Total revenues from ordinary activities		11,820	5,828
EXPENSES			
Expenses from ordinary activities			
Depreciation	5	82	78
Amortisation	6	3	0
Administrative expenses		4,133	3,157
Sales and marketing		979	620
Property and estate management		1,020	643
Communications		826	874
Economic and community development		324	52
Development control		254	16
Total expenses from ordinary activities		7,621	5,440
NET PROFIT/(LOSS)		4,199	388
Net increase/(decrease) in asset revaluation reserve		604	0
Total changes in Equity other than those resulting from transactions with WA State Government as Owners		4,803	388

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

STATEMENT OF FINANCIAL POSITION As at 30 June 2005

	Note	2004/05 \$'000	2003/04 \$'000
CURRENT ASSETS			
Cash assets	7	23,733	29,683
Receivables	8	640	655
Inventories	10	16,354	4,442
Other assets	9	155	53
TOTAL CURRENT ASSETS		40,882	34,833
NON-CURRENT ASSETS			
Inventories	10	36,245	38,324
Property, furniture and equipment	11	961	389
Intangible assets	12	49	0
TOTAL NON-CURRENT ASSETS		37,255	38,713
TOTAL ASSETS		78,137	73,546
CURRENT LIABILITIES			
Payables	13	274	770
Income in advance	14	55	79
Provisions	15	255	165
Other liabilities	16	285	138
TOTAL CURRENT LIABILITIES		869	1,152
NON-CURRENT LIABILITIES			
Provisions	15	194	138
Parking contribution fund	17	28	13
TOTAL NON-CURRENT LIABILITIES		222	151
TOTAL LIABILITIES		1,091	1,303
NET ASSETS		77,046	72,243
EQUITY			
Capital reserve	18	10,338	10,338
Asset revaluation reserve	19	604	0
Contributed equity	20	3,020	3,020
Retained profits	21	63,084	58,885
TOTAL EQUITY		77,046	72,243

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

STATEMENT OF CASH FLOWS For the year ended 30 June 2005

	Note	2004/05 \$'000	2003/04 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Receipts from customers		14,140	13,456
Interest received		1,505	1,236
GST receipts on sales		943	130
GST receipts from Taxation Office		1,206	1,236
Payments			
Supplies and services		(5,501)	(3,010)
Employee costs		(2,267)	(1,601)
GST payments on purchases		(1,585)	(1,347)
GST paid to Taxation Office		(814)	(13)
NET CASH PROVIDED BY OPERATING ACTIVITIES	22	7,627	10,088
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital works in progress		(12,217)	(10,936)
Payments for land acquisitions		(1,195)	(533)
Payments for property, furniture and equipment		(116)	(62)
Payments for intangible assets		(49)	0
NET CASH USED IN INVESTING ACTIVITIES		(13,577)	(11,531)
CASH FLOWS FROM STATE GOVERNMENT			
Equity contributions by owners		0	3,020
NET CASH PROVIDED BY STATE GOVERNMENT		0	3,020
NET INCREASE/(DECREASE) IN CASH		(5,950)	1,577
CASH ASSETS AT BEGINNING OF THE FINANCIAL YEAR		29,683	28,106
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	7	23,733	29,683

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 2005

I. Significant Accounting Policies

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

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

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities which, as noted, are measured at fair value.

a) Revenue Recognition

Proceeds from the sale of land are recognised as revenue when the transfer of land is effected. Revenue from the disposal of other assets and the rendering of services is recognised when the Authority has passed control of the other assets or delivery of the service to the customer.

b) Contribution Revenue

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.

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

I. Significant Accounting Policies (Cont)

c) Acquisitions of Assets

Land Assets

Land acquired in a commercial manner is recognised at cost from the date of settlement. Land that has been resumed is recognised at cost from the time of effective control, whether or not compensation has settled. Land acquired under Governor's Order for nominal consideration is initially recognised at fair value from the date of transfer of title.

Furniture and Equipment

Office furniture and equipment, and computer equipment purchased by the Authority are recorded at their purchase price in accordance with the cost method of accounting. Cost is measured as the fair value of the assets given up or the liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets costing less than \$1,000 are expensed in the year of acquisition, other than where they form part of a group of similar items, which are significant in total.

d) Depreciation of Non-Current Assets

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

Depreciation is calculated on the straight line basis, using rates which are reviewed annually. The expected useful lives and depreciation rates for each class of depreciable asset are:

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

e) Revaluation of Land and Buildings

In accordance with Treasurer's Instruction 954, Revaluation of Non-Current Physical Assets, the Authority has amended its policy of valuing land and buildings from, at cost, to valuation at fair value, for the reporting period ending 30 June 2005. The revaluations of the Authority's land and buildings undertaken by the Department of Land Information (Valuation Services/ Valuer General's Office) are recognised in the financial statements. (See note 11).

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

I. Significant Accounting Policies (Cont)

f) Intangible Assets

Computer Software

Significant costs associated with the acquisition or development of computer software are capitalised and amortised on a straight line basis over the period of the expected benefit, which is three years or 33%.

g) Leases

The Authority has entered into an operating lease arrangement for motor vehicles where the lessor effectively retains all of the risks and benefits incident to ownership of the motor vehicles held under the operating leases. Equal installments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased motor vehicles.

The Authority receives rental income in relation to certain buildings leased within the redevelopment area. Rental income is due to the Authority on the first day of each month and all amounts are settled within seven days. Revenues are recognised for rental income when it becomes due and payable to the Authority.

h) Cash

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

i) Receivables

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

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

j) Inventories

Inventories consist of developed land, capital works and undeveloped land stated at the lower of cost or net realisable value.

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

I. Significant Accounting Policies (Cont)

k) Payables

Payables, including accruals not yet billed, are recognised when the Authority becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

l) Accrued Salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year. The Authority considers the carrying amount approximates net fair value. As the end of the last pay period for this financial year coincides with the end of the financial year there are no accrued salaries as at 30 June 2005.

m) Employee Benefits

Annual Leave

This benefit is recognised at the reporting date in respect of employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long Service Leave

The liability for long service leave expected to be settled within 12 months of the reporting date is recognised in the provisions for employee benefits, and is measured at the nominal amounts expected to be paid when the liability is settled. The liability for long service leave expected to be settled more than 12 months from the reporting date is recognised in the provisions for employee benefits and is measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. An actuarial assessment of long service leave was undertaken by PriceWaterhouseCoopers in 2005.

Superannuation

Staff may contribute to the Gold State Superannuation Scheme, a defined benefit lump sum scheme, now closed to new members. All staff who do not contribute to this scheme become non-contributory members of the West State Superannuation Scheme, an accumulation fund. The Authority contributes to this accumulation fund in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. Both of these schemes are administered by the Government Employees Superannuation Board (GESB).

The liabilities for superannuation charges under the Gold State Superannuation Scheme and the West State Superannuation Scheme are largely extinguished by payment of employer contributions to the GESB.

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

I. Significant Accounting Policies (Cont)

The note disclosure required by paragraph 6.10 of AASB 1028 (being the employer's share of the difference between employees' accrued superannuation benefits and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the State in its whole of government reporting. The GESB's records are not structured to provide the information for the Authority. Accordingly, deriving the information for the Authority is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.

Employee Benefit On-costs

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses. See note 15.

n) Segment Information

The Authority has only one reportable business segment in line with its single output of redeveloped land, therefore segment information has not been disclosed.

o) Comparative Figures

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

p) Rounding of Amounts

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

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

2. Land Sales

	2004/05		2003/04	
	Lots	\$'000	Lots	\$'000
Belvidere West	0	0	3	1,030
Foundry	1	294	0	0
Lake Street Precinct	3	1,870	2	784
Russell Square Precinct	4	1,491	13	3,750
Parry Street Precinct	2	798	21	6,491
Total	10	4,453	39	12,055

3. Cost of Sales

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

	2004/05 \$'000	2003/04 \$'000
Opening inventory developed land at 1 July	4,442	5,142
Transferred from undeveloped land	5,195	3,402
Transferred from capital works in progress	9,409	4,363
Lots repurchased	893	516
Closing inventory developed land at 30 June	(16,354)	(4,442)
Cost of Sales	3,585	8,981

4. Contribution Income

Contributions from local government for the Northbridge Project
Contribution from Western Power for the Power Station Project

229	301
7,880	0
8,109	301

5. Depreciation

Office furniture and equipment
Computer equipment
Buildings

17	19
60	54
5	5
82	78

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

6. Amortisation

Software

2004/05 \$'000	2003/04 \$'000
3	0
<u>3</u>	<u>0</u>

7. Cash Assets

Bank accounts

Short term deposits/at call funds

Cash on hand

1,122	4,581
22,610	25,101
1	1
<u>23,733</u>	<u>29,683</u>

The term deposits mature on a three monthly basis and are bearing fixed interest rates between 5.25% and 5.49% (2004 4.74% and 5.31%) and the at call funds are bearing floating interest rates between 5.30% and 5.64% (2004 4.75% and 5.40%).

8. Receivables

Accounts Receivable

Accrued Interest

GST refundable from Australian Taxation Office

300	547
81	79
259	9
<u>640</u>	<u>655</u>

9. Other Assets

Prepayments

Refundable Deposits

0	48
155	5
<u>155</u>	<u>53</u>

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

	2004/05 \$'000	2003/04 \$'000
10. Inventories		
<u>Current</u>		
Developed Land	16,354	4,442
The following represents the undeveloped land and capital works in progress components transferred to developed land inventories. When lots are sold, costs are transferred to cost of sales:		
Balance at 1 July	4,442	5,142
Transferred from undeveloped land	5,195	3,402
Transferred from capital works in progress	9,409	4,363
Transferred to cost of sales	(3,585)	(8,981)
Lots repurchased	893	516
Balance at 30 June (at cost)	16,354	4,442
<u>Non-Current</u>		
Capital Works	24,669	21,863
Undeveloped Land	11,576	16,461
	36,245	38,324
The following represents capital works undertaken, offset by components transferred to developed land inventories:		
Balance at 1 July	21,863	15,290
Additional works	12,215	10,936
Less transfers to developed land	(9,409)	(4,363)
Balance at 30 June (at cost)	24,669	21,863
The following represents acquisitions of undeveloped land, offset by transfers to developed land inventories:		
Balance at 1 July	16,461	19,846
Cost of land acquired commercially	310	17
Less transfers to developed land	(5,195)	(3,402)
Balance at 30 June (at cost)	11,576	16,461
The aggregate carrying amount of inventories recognised and included in the financial statements is as follows:		
Current	16,354	4,442
Non-current	36,245	38,324
	52,599	42,766

Included in inventories, Undeveloped Land, is land leased to external parties, pending redevelopment. The gross amount of leased land at 30 June 2005 is \$887,939 (2004: \$3,287,663).

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

Land inventories comprise Developed Land, Capital Works in Progress and Undeveloped Land, which are recognised in the financial statements at cost. Internal valuation of Developed Land at market value and Capital Works in Progress and Undeveloped Land at current use value, as at 30 June 2005, amounted to \$54,426,858 (2004: \$44,304,508). The internal valuations have been determined taking into account advice from external valuers, and both internal and external property advisors.

	2004/05 \$'000	2003/04 \$'000
11. Property, Furniture and Equipment		
Office furniture and equipment at cost	466	451
Accumulated depreciation	(391)	(374)
	<u>75</u>	<u>77</u>
Computer equipment at cost	476	384
Accumulated depreciation	(330)	(270)
	<u>146</u>	<u>114</u>
Buildings (184 Bennett Street) at fair value (1)	100	-
Buildings (184 Bennett Street) at cost	-	203
Accumulated depreciation	-	(41)
	<u>100</u>	<u>162</u>
Land (184 Bennett Street) at fair value (1)	640	-
Land (184 Bennett Street) at cost	-	36
	<u>640</u>	<u>36</u>
Total of property, furniture and equipment	<u>961</u>	<u>389</u>

(1) A current valuation has been obtained from the Valuer General's Office for the land and building at 184 Bennett Street. On an 'as is' basis, being a commercial building with an approved use for 'office', the fair market value of the property is considered to be \$740,000 as at 23rd August 2002. This is apportioned as Land of \$640,000 and Building of \$100,000.

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

Reconciliations

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

For the year ended 30 June 2005

	Office Furniture and Equipment \$'000	Computer Equipment \$'000	Buildings \$'000	Land \$'000	Total \$'000
Carrying amount at the start of the year	77	114	162	36	389
Additions	15	92	-	-	107
Disposals	-	-	-	-	-
Depreciation	(17)	(60)	(5)	-	(82)
Valuation Increments	-	-	-	604	604
Valuation Decrements	-	-	(57)	-	(57)
Carrying amount at the end of the year	75	146	100	640	961

For the year ended 30 June 2004

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

12. Intangible Assets

	2004/05 \$'000	2003/04 \$'000
Software at cost	52	0
Accumulated depreciation	(3)	0
	49	0

13. Payables

Trade Payables	274	770
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14. Income in advance

SRA Corporate Service Fee	29	29
Rental Revenue	26	50
	55	79

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

15. Provisions

Employee Benefits

Current

Annual leave	123	82
Long service leave	77	46
Other (I)	55	37
	<u>255</u>	<u>165</u>

Non-Current

Long service leave	168	116
Superannuation	4	2
Other (I)	22	20
	<u>194</u>	<u>138</u>

Total Employee Benefits

	<u>449</u>	<u>303</u>
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(I) The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation, payroll tax and workers compensation premiums. The liability for such on-costs is included here. The associated expense is included under administrative expenses.

16. Other Liabilities

Accrued Expenses	285	32
Accrued Salaries	0	106
	<u>285</u>	<u>138</u>

17. Parking Contribution Fund

This represents cash in lieu of parking spaces as required under the East Perth Redevelopment Scheme. The funds have been used to provide public car parking facilities

Balance at 1 July	13	13
Received during the year	15	0
Paid during the year	0	0
Balance at 30 June	<u>28</u>	<u>13</u>

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

18. Capital Reserve

Opening balance at 1 July
Movements during the year
Closing balance at 30 June

2004/05 \$'000	2003/04 \$'000
10,338	10,338
0	0
<u>10,338</u>	<u>10,338</u>

In February 1996, Treasurer's Instruction 1102 was issued requiring certain items previously treated as capital injections to be reclassified as revenue. These items were recognised in 1997-98 as a capital reserve constituting receipts and returns of capital in relation to the following items:

Commonwealth grant under the Building Better Cities program	32,078	32,078
Government land grants – adj for Westrail land purchase in 2002	17,748	17,748
Government cash injections	12,500	12,500
State Energy Commission – environmental decontamination	15,000	15,000
Book value of public assets vested in City of Perth 1996-97	(47,797)	(47,797)
Book value of public assets vested in City of Perth 2001-02	(19,191)	(19,191)
Capital Reserve	<u>10,338</u>	<u>10,338</u>

19. Asset Revaluation Reserve

Opening balance at 1 July
Movements during the year
Closing balance at 30 June

0	0
604	0
<u>604</u>	<u>0</u>

The Asset Revaluation Reserve is used to record increments and decrements on the revaluation of non-current assets, as described in accounting policy note 1(e). In accordance with Treasurer's Instruction 954, the Authority revalued land and buildings on a fair value basis for the reporting period ending 30 June 2005.

20. Contributed Equity

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

Opening balance at 1 July
Contribution from Government of WA for the East Perth Power Station 2003
Closing balance at 30 June

3,020	0
0	3,020
<u>3,020</u>	<u>3,020</u>

21. Retained profits

Opening balance at 1 July
Net profit/(loss) for the year
Closing balance at 30 June

58,885	58,497
4,199	388
<u>63,084</u>	<u>58,885</u>

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

22. Reconciliation of Net Profit/(Loss) to Net Cash flows provided by Ordinary Activities

	2004/05 \$'000	2003/04 \$'000
Profit / (loss) from ordinary activities before income tax equivalents	4,239	388
Non-cash items:		
Depreciation	82	78
Amortisation	3	0
Revaluation Decrement	57	0
(Increase) / decrease in assets:		
Receivables *	266	(146)
Other Assets	(102)	(53)
Inventory charged to Cost of Sales	3,585	8,981
Increase / (decrease) in liabilities:		
Payables	(496)	649
Income in Advance	(24)	79
Provisions	146	114
Other Liabilities	147	(8)
Parking Contribution Fund	15	0
Change in GST in Receivables / Payables *	(251)	6
Net Cash Provided By Operating Activities	<u>7,627</u>	<u>10,088</u>

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

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

23. Commitments for Expenditure

Capital Commitments

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

	2004/05 \$'000	2003/04 \$'000
Within 1 year	11,945	3,214
Total	<u>11,945</u>	<u>3,214</u>

Lease Commitments

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

Within 1 year	12	38
Later than 1 year and not later than 5 years	28	16
Total	<u>40</u>	<u>54</u>

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

Within 1 year	0	4
Total	<u>0</u>	<u>4</u>

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

24. Contingent Liabilities

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

Contamination Management

The Authority is obligated to manage the contamination of the East Perth Gas-Works site and adjacent areas of the Swan River by direction from the Minister for the Environment. There is a contamination management strategy in place which is working satisfactorily. It is not possible to reliably estimate the potential financial effect of any claims should a contamination event occur in the future.

25. Explanatory Statement

a) Significant variations between estimates and actual results for the financial year.

Details and reasons for significant variations between estimates and actual results are detailed below. Significant variations are considered to be those greater than 10% and \$1,000,000.

	2005 Actual \$'000	2005 Estimates \$'000	Variance \$'000
Sales Revenue	4,453	27,811	(23,358)
Cost of Sales	3,585	20,205	(16,620)
Contribution Income	8,109	11,105	(2,996)

Sales Revenue

The variance is due to land sales in the East Perth, Northbridge and Riverside project areas that were deferred due to ongoing negotiations or the review of land uses, or were expected to have occurred during the year for which settlements will occur in 2005/2006.

Cost of Sales

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

Contribution Income

The variance is due to a contribution of \$3.02m, relating to the Power Station project, being received from the Government of WA during 2003/2004 and recognised as Contribution by Owner.

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

b) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year.

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10% and \$1,000,000.

	2005 \$'000	2004 \$'000	Variance \$'000
Sales Revenue	4,453	12,055	(7,602)
Cost of Sales	3,585	8,981	(5,396)
Contribution Income	8,109	301	7,808

Sales Revenue

The variance is due to lower sales turnover in relation to land sales in the East Perth and Northbridge project areas, mainly due to deferral of sales to 2005-06 and sales contracted late in 2004-05 with settlement carried over to 2005-06.

Cost of Sales

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

Contribution Income

The variance is due to a contribution of \$7.88m, relating to the Power Station project, being received from Western Power during 2004/2005.

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

26. Financial Instruments

a) Interest rate risk exposure

The following table details the Authority's exposure to interest rate risk as at the reporting date. The Authority has no borrowings so the only exposure to the variable nature of interest rates is on its cash deposits.

	Notes	Weighted Average Interest Rate	Fixed Interest Rate Less Than 1 Yr \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000	Total \$'000
2005						
Financial assets:						
Cash assets	7	5.380%	22,610	-	-	22,610
		3.855%	-	1,122	-	1,122
			-	-	1	1
Receivables	8		-	-	640	640
Other assets	9		-	-	155	155
Total financial assets			22,610	1,122	796	24,528
Financial liabilities:						
Payables	13		-	-	274	274
Accruals	16		-	-	285	285
Income in advance	14		-	-	55	55
Employee benefits	15		-	-	449	449
Parking contribution fund	17		-	-	28	28
Total financial liabilities			-	-	1,091	1,091
			22,610	1,122	(295)	23,437
2004						
Financial assets		5.098%	25,101	-	-	25,101
		3.677%	-	4,581	-	4,581
			-	-	709	709
Financial liabilities			-	-	1,303	1,303
			25,101	4,581	(594)	29,088

b) Credit risk exposure

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

c) Net fair values

The net fair value of cash assets and non interest-bearing monetary financial assets and financial liabilities of the Authority approximates their carrying value.

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

27. Remuneration of Members of the Board of the Authority and Senior Officers

Remuneration of Members of the Board of the Authority

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

	2004/05 \$'000	2003/04 \$'000
\$1 - \$10,000	5	7
\$10,001 - \$20,000	1	1
\$20,001 - \$30,000	1	1
	<u>88</u>	<u>81</u>

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

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

Remuneration of Senior Officers

The number of Senior Officers other than senior officers reported as members of the Board of the Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

\$40,001 - \$50,000	1	-
\$100,001 - \$110,000	-	1
\$110,001 - \$120,000	-	1
\$120,001 - \$130,000	-	1
\$140,001 - \$150,000	1	-
\$150,001 - \$160,000	1	1
\$170,001 - \$180,000	-	1
\$200,001 - \$210,000	1	-
	<u>548</u>	<u>680</u>

The total remuneration of senior officers is:

The superannuation included here represents the superannuation expense incurred by the Authority in respect of Senior Officers other than senior officers reported as members of the Accountable Authority.

28. Remuneration of Auditors

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

Auditing the accounts, financial statements
and performance indicators

	<u>35</u>	<u>32</u>
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NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 2005 (Cont)

29. The Impact of Adopting International Accounting Standards

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

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

	30 June 2005 \$'000	1 July 2004 \$'000
Total Equity under previous AGAAP	77,046	72,243
Total Equity under AIFRS	<u>77,046</u>	<u>72,243</u>

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

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

	30 June 2005 \$'000
Net profit for the period under previous AGAAP	4,199
Net profit for the period under AIFRS	<u>4,199</u>

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

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

BUDGET STATEMENT OF FINANCIAL PERFORMANCE For the year ending 2005-2006

	2005-06 Budget \$'000	2004-05 Budget \$'000
REVENUE		
Sales Revenue	29,629	27,811
Less cost of sales	24,013	20,205
Trading profit	5,616	7,606
Contribution Income	0	11,105
Rental revenue	320	638
Interest on investments	1,562	1,018
Other revenue	841	385
	8,339	20,752
EXPENSES		
Salaries and Staffing	3,099	2,598
Sales and Marketing	958	1,702
Property Management	20	1,015
Estate Management	770	0
Communications	1,195	840
Economic and Community Development	380	460
Development Control	128	433
Sustainability/Evaluation	169	105
Administration	991	986
	7,710	8,139
Operating profit	629	12,613
Retained profits brought forward	64,184	59,104
Retained profits	64,813	71,717

BUDGET STATEMENT OF FINANCIAL POSITION - For the year 2005-2006

	2005-06 Budget \$'000	2004-05 Budget \$'000
CURRENT ASSETS		
Cash assets	39,196	21,730
Receivables	110	50
Developed land	15,508	7,359
	<u>54,814</u>	<u>29,139</u>
NON CURRENT ASSETS		
Capital works in progress	22,558	27,068
Undeveloped land	561	25,700
Property, furniture and equipment	713	563
	<u>23,832</u>	<u>53,331</u>
TOTAL ASSETS	78,646	82,470
CURRENT LIABILITIES		
Payables	100	50
Provision for annual leave	100	75
	<u>200</u>	<u>125</u>
NON CURRENT LIABILITIES		
Provision for long service leave	200	130
Provision for superannuation	2	50
Parking contribution fund	13	30
Property and maintenance bonds	60	80
	<u>275</u>	<u>290</u>
TOTAL LIABILITIES	475	415
NET ASSETS	78,171	82,055
EQUITY		
Capital reserve	10,338	10,338
Contributed equity	3,020	3,020
Retained profits	64,813	68,697
TOTAL EQUITY	78,171	82,055

BUDGET STATEMENT OF CASH FLOWS - For the year 2005-2006

	2005-06 Budget \$'000	2004-05 Budget \$'000
CASH FLOWS FROM OPERATIONS		
Payments to suppliers	-4,521	-5,641
Payments to employees	-3,099	-2,408
Interest received	1,562	1,018
Other operating receipts	30,790	39,939
NET CASH FROM OPERATIONS	24,732	32,908
CASH FLOWS FROM INVESTING		
Payments for capital works	-13,165	-21,119
Payments for land acquisitions	-683	-14,400
Payments for assets	-289	-195
NET CASH INVESTED	-14,137	-35,714
NET DECREASE / INCREASE IN CASH	10,595	-2,806
OPENING CASH BALANCE	28,601	24,536
CLOSING CASH BALANCE	39,196	21,730