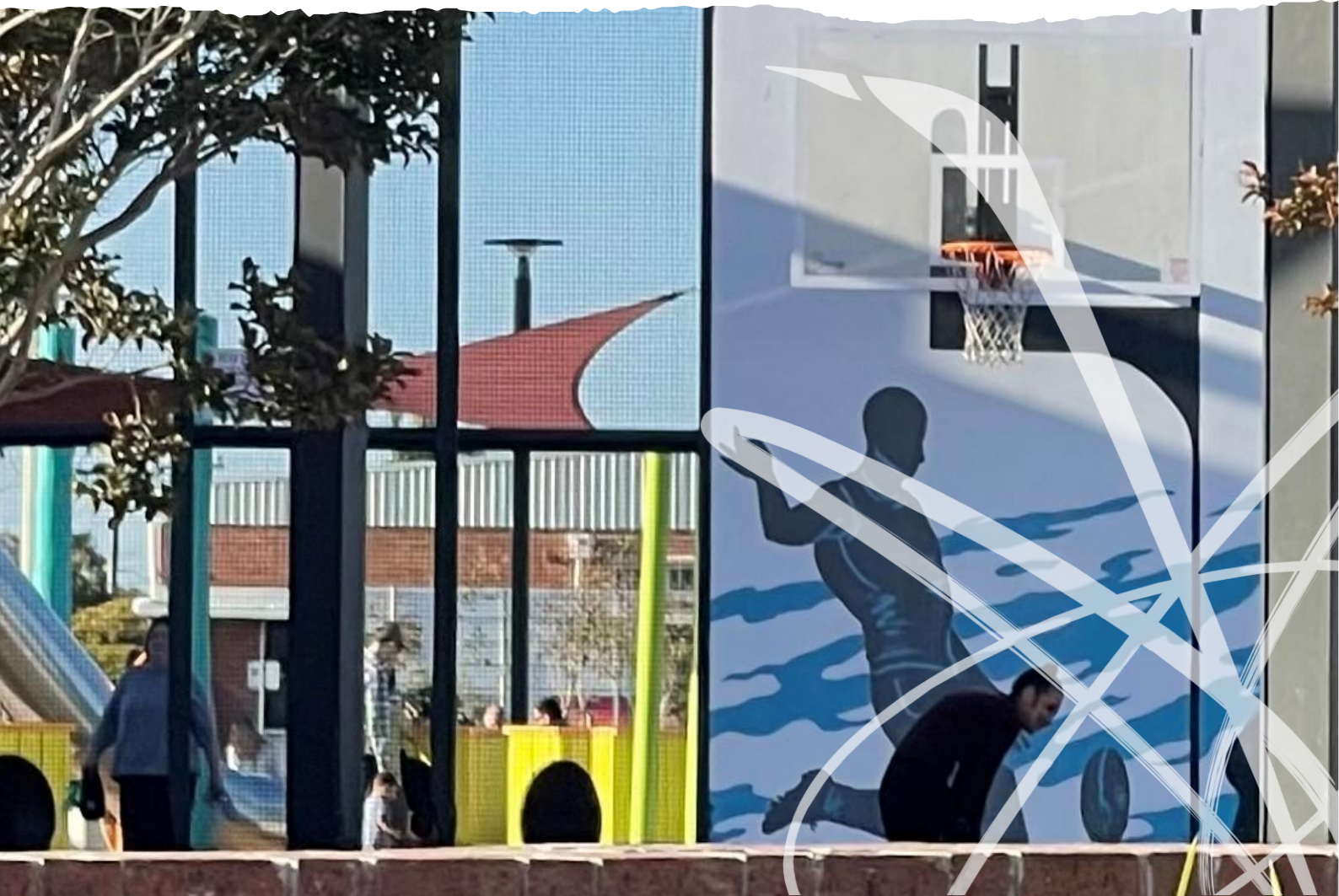




New Junction

Project Report 2011/12 – 2021/22

25/08/2023



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Version control

Version	Date	Prepared by	Issue description	Issued to
##1	2 August 2023	Manager B&TS	First Draft	ED Planning
##2	7 August 2023	Manager B&TS	Second Draft	ED Planning ED Corporate
##3	30 August 2023	Manager B&TS	Third Draft	ED Planning

The City of Swan acknowledges the Traditional Custodians of this region, the Whadjuk people of the Noongar Nation and their continuing connection to the land, waters and community. We pay our respects to Elders past and present, and their descendants.

Executive Summary

The revitalisation of Midland Oval and surrounding land has long been identified as a key opportunity to unify the Midland Town Centre for the benefit of locals and visitors to Midland. Early plans for its redevelopment date back to 1968. Approximately 50 years on, history was made in June 2018, when the first ground was broken in the freshly branded “New Junction” redevelopment project.

With the vision based on the social return to the community, significant work was undertaken to achieve the success already seen within the precinct and to facilitate what is yet to come. In the lead up to development, the City actively worked between 2011-2018, to establish a viable plan. Following significant public consultation and business planning, the precinct Master Plan - known as the Midland Oval Redevelopment Masterplan [MORM] - was endorsed, with a vision set to develop an iconic destination for Midland with high quality public realm, active community spaces, streetscapes and new uses including civic, retail, commercial and residential. The plan sets out to take the best of Midland’s past and restore the heart of Midland. The social return included the creation of jobs, the provision of housing and recreation, and the development of a vibrant local economy, to benefit the entire community.

The plan has been adaptive to the City’s strategic vision to progressively improve the natural environment and protect Midland’s heritage. Ultimately, some key decisions will impact the project’s triple bottom line as some changes to the MORM have reduced the ability to facilitate previously anticipated land sales - and thus the project’s overall economic outcomes.

Today, the 11 hectare precinct is on track to become an iconic, vibrant and diverse destination in Midland. At build-out, it is estimated to represent \$680 million of new construction work, a \$990 million boost to the local economy and a \$2.2 billion boost to the WA economy.

The City of Swan has invested \$18.65m of municipal funds and \$13.84m of City reserve funds towards this project, a total of \$32.5m. \$17.1m has gone directly into the construction of civil and public works through planning, subdivision, demolition and infrastructure works such as the development of Weeip Park, the Stefanelli Playground and Teen Hangout, Junction Parade and associated infrastructure.

With significant planning and consultation now carried out, the City of Swan’s primary role is to oversee the sale of land parcels to private developers and to construct all civil and public infrastructure within the development.

New life has been breathed into the area with 224 new trees planted. Over 400 more trees are due to be planted in coming years. The first public open space, Weeip Park is now complete and has returned this historical space to the community. It has become a welcoming space where locals come to walk their dogs, run, enjoy lunch and play. Events, some of which have attracted more than 2,000 people, along with elements of arts and culture, have brought people together to delight in this new space.

The first mixed-use development opened in 2020. Each of the 71 apartments are now fully occupied and 180 more are planned in Stage 2. This has meant that over 100 new local residents are living in Midland, with more to come. These new residents comprise a mixture of families and professionals. The ground floor commercial spaces offer new business opportunities to strengthen the long-term growth of Midland and bring business back to life within the town’s heart.

The New Junction project has attracted and excited private investors. There are currently two land sale transaction proposals that will see a further 130 apartments built with a range of retail and commercial spaces, directly west of Weeip Park with the second earmarked land sale expected to introduce 80 lifestyle

New Junction



apartments directly across from The Catalyst development. These next stages will include the development of Residential Park as the second open space and a number of new access streets into the precinct.

The presence of more people living and working within New Junction brings passive surveillance and a safer space will be achieved with developments overlooking the open spaces in contrast to the original design of houses backing onto the space. Already, this has made a difference to the space which, over time, had become isolated and prone to antisocial behaviour. The area is regularly used for passive recreation and a range of events.

This report is a special purpose report for the operations and capital outlays for the area defined as the New Junction Precinct (Midland Oval) project. This report outlines the income and expenditure made since the project gained significant momentum in 2012. The information includes the finances up to June 30, 2022.

The report shows that by June 30, 2013, the City had contributed from reserves and municipal funds \$3.7m towards land and building acquisitions and held total assets of \$31.1m. From July 1, 2013 to June 30, 2022 the City contributed a further \$28.7m from reserves and municipal funds and total assets increased over this period by \$53.5m. This represents an appreciation of \$21.7m in net asset value (total assets less loans owed) in addition to the funds contributed by the City to the project over this period.

The financial statements in this report do not purport to be nor should they be interpreted as representing the commercial undertaking of the precinct. It also includes outlays on civic activities such as roads, streetscape, parks, playgrounds and public open space in support of the revitalisation of the area.

New Junction



Total Assets

\$84.6m¹

Includes land \$64.5m, buildings \$6.7m and other infrastructure \$13.4m.



Equity

\$44.2m



Capital Expenditure

\$47.4m

Includes acquisitions of land and buildings \$34.0m and construction of infrastructure \$13.4m



Grants and Donations

\$2.2m



Gross Rental Income²

\$9.1m



Rate Revenue

\$2.4m



Land Sale Revenue

\$2.5m



Outstanding Debt

\$7.9m

¹ Source: *Statement of Financial Position 30.06.2022* 'New Junction Project Report 2011/12-2021/22'

² Includes rent and variable outgoings

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Project Performance

Each year, the City reports on the project activities in accordance with the requirements of section 3.59 of the *Local Government Act 1995*.

An assessment against the project performance indicators identified within the *Midland Oval Redevelopment Precinct (MORP) Business Plan 2018*, is shown below.

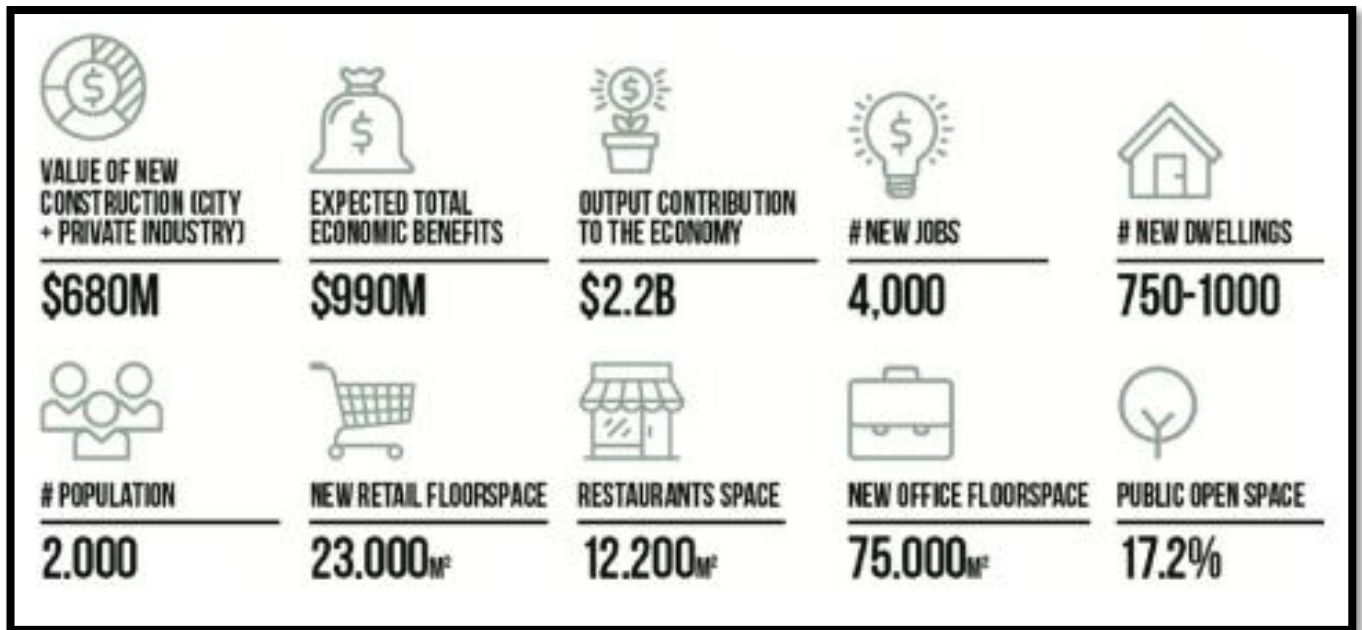
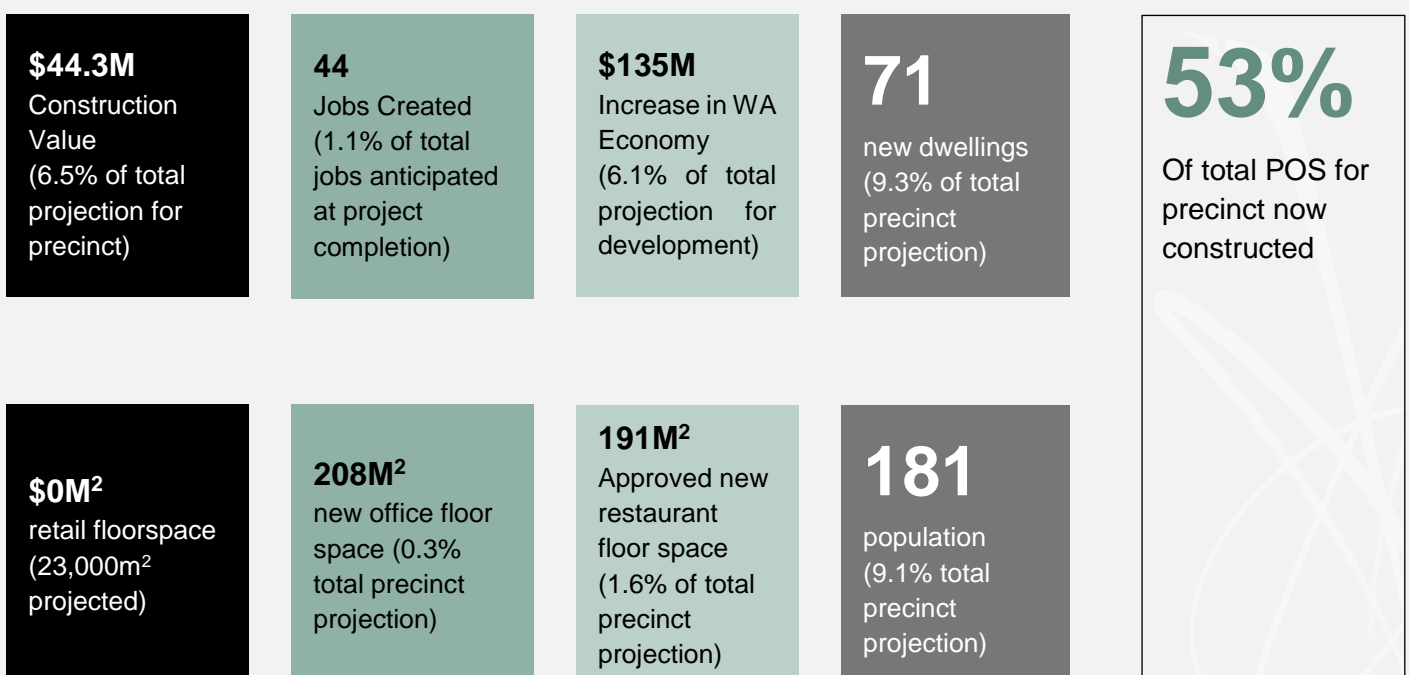


Image 1 Project Performance Indicators

At June 30, 2022, the project is progressing against these performance indicators as follows:



Introduction

The New Junction project represents the redevelopment of Midland Oval and surrounding land, located adjacent to the original town centre and Midland Gate Shopping Centre. Opening in 1901, Midland Oval was the original sporting precinct of the town, and over the years it was home to various recreational activities – from lawn bowls to trotting, cricket, tennis, football, soccer and lacrosse.

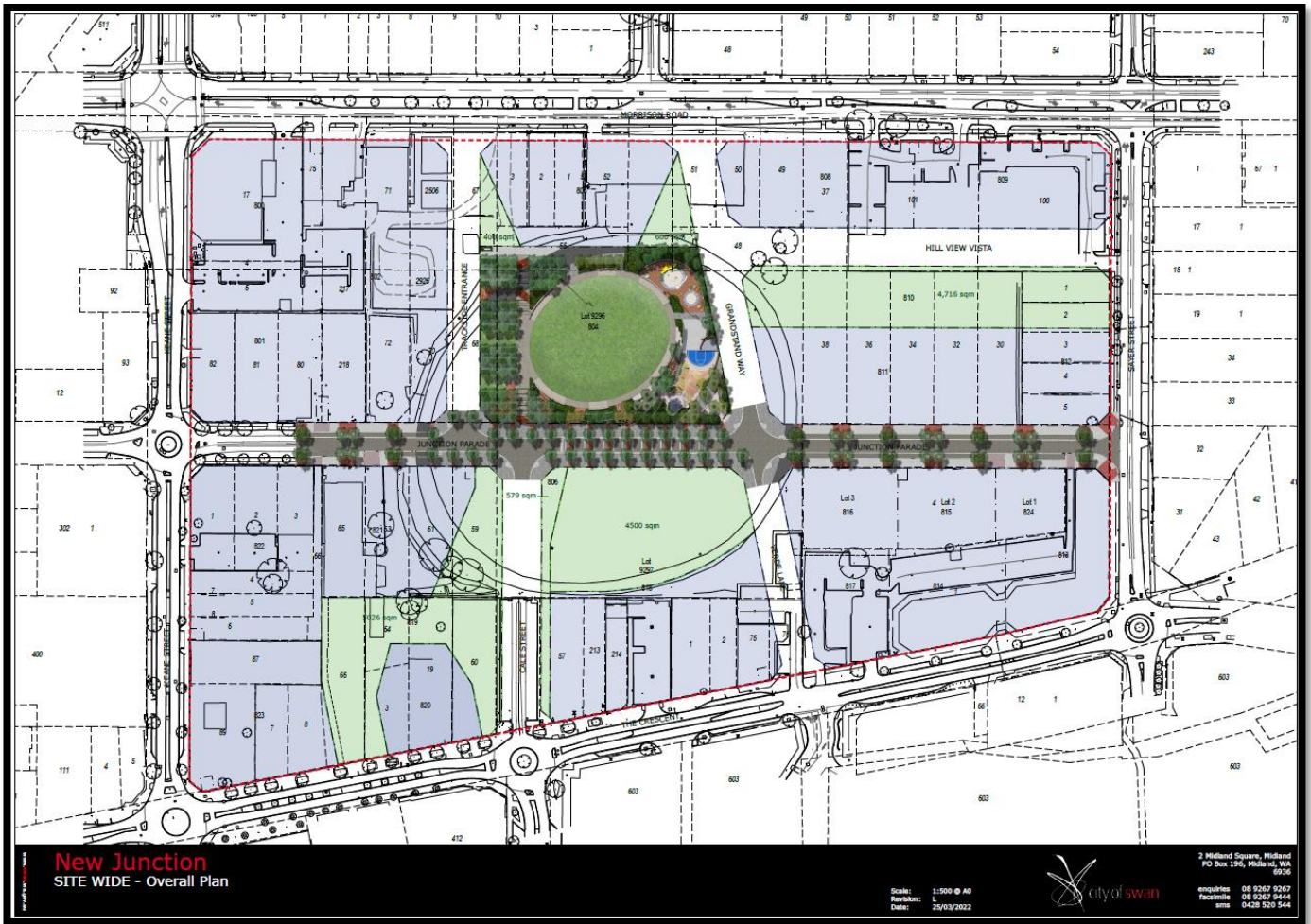


Figure 1 Midland Oval and surrounding land – with public amenities provided to date highlighted

This report is a special purpose report for the operational and capital outlays for the area defined as the New Junction Precinct (Midland Oval) project. This report outlines the income and expenditure made since the project gained significant momentum in 2012. The information includes the finances up to June 30, 2022.

The financial statements in this report do not purport to be nor should they be interpreted as representing the commercial undertaking of the precinct. It also includes outlays on civic activities such as roads, streetscape, parks, playgrounds and public open space in support of the revitalisation of the area.

Precinct Vision

Midland Oval Precinct will be an iconic destination with high quality public realm, active community spaces with high quality streetscapes and built form. The 11 hectare New Junction precinct is on track to become an iconic, vibrant and diverse destination in Midland.

The vision is to develop an iconic destination for Midland with high quality public realm, active community spaces, streetscapes and new uses including civic, retail, commercial and residential. It is intended to create a precinct on Council controlled land that offers diversity and functions as a regional destination and attraction.

The vision for New Junction is focussed on the social return to the community. The social return also includes the creation of jobs, the provision of housing and recreation, and the development of a vibrant local economy. The expectation is that the new development will benefit the entire community, not just those who live in the immediate vicinity.

Strategic Direction

As Midland town grew, so did the need for larger and improved recreational facilities, with adequate space for parking. Plans for the redevelopment date back to 1968. In this time, before any significant work for the precinct itself took place, Council focused on the provision of facilities and services. Planning commenced in the 1970s and by the 1980s new sporting facilities to replace what was historically played on and around the oval, were relocated to Lilac Hill, North Swan Park, Swan Park, Ron Jose Oval, Midland Velodrome and other key sites. In excess of \$100m was spent on these facilities to ensure adequate services and facilities were retained for the community.

The project aligned to the wider strategic direction set out by the State Government and the City of Swan's Strategic Planning Framework. This alignment has seen strategic actions and development, made by the City over the many years of planning, for the relocation of sports to purpose built facilities.

The City has been involved in a range of studies and exercises which relate to the revitalisation of the Midland CBD, including the New Junction precinct. Over time, through such activities, the precinct was increasingly recognised as a catalyst for the reinvigoration of the entire Midland CBD. Many proposals received, over 50 years, were either not supported or did not have the impetus to become successful.

The Council identified that while the precinct had such a fragmented ownership it would be difficult to progress any development. Recognising the social and economic benefits for the wider area of Midland, it was resolved to actively seek to acquire land within the precinct to commence the reinvigoration.



The vision is to develop an iconic destination for Midland with high quality public realm, active community spaces, streetscapes and new uses including civic, retail, commercial and residential.



Project History

Sequence of Key Events

The following timeline shows key dates related to the approval and implementation of the New Junction Program.

Date	Event
August 2011	Council draft Vision and Objectives established
July 2015	Draft Masterplan released for public consultation
August 2014 to Sept 2015	Community Consultation
November 2015	draft Midland Oval Redevelopment Masterplan endorsed
November 2016	Public Meetings
January 2017	Revised Masterplan Adopted
October 2017	WA Treasury Corporation Report
March 2018	Public Meetings
April 2018	Business Plan advertised for public consultation Endorsed Masterplan
June 2018	Public Meetings
June – August 2018	Community Engagement
October 2018	Business Plan Endorsed
December 2021	Decision to retain Heritage Properties on Junction Parade, Midland

Table 1 New Junction Project History – Sequence of Key Events

Project Timeline (2011 –2022)

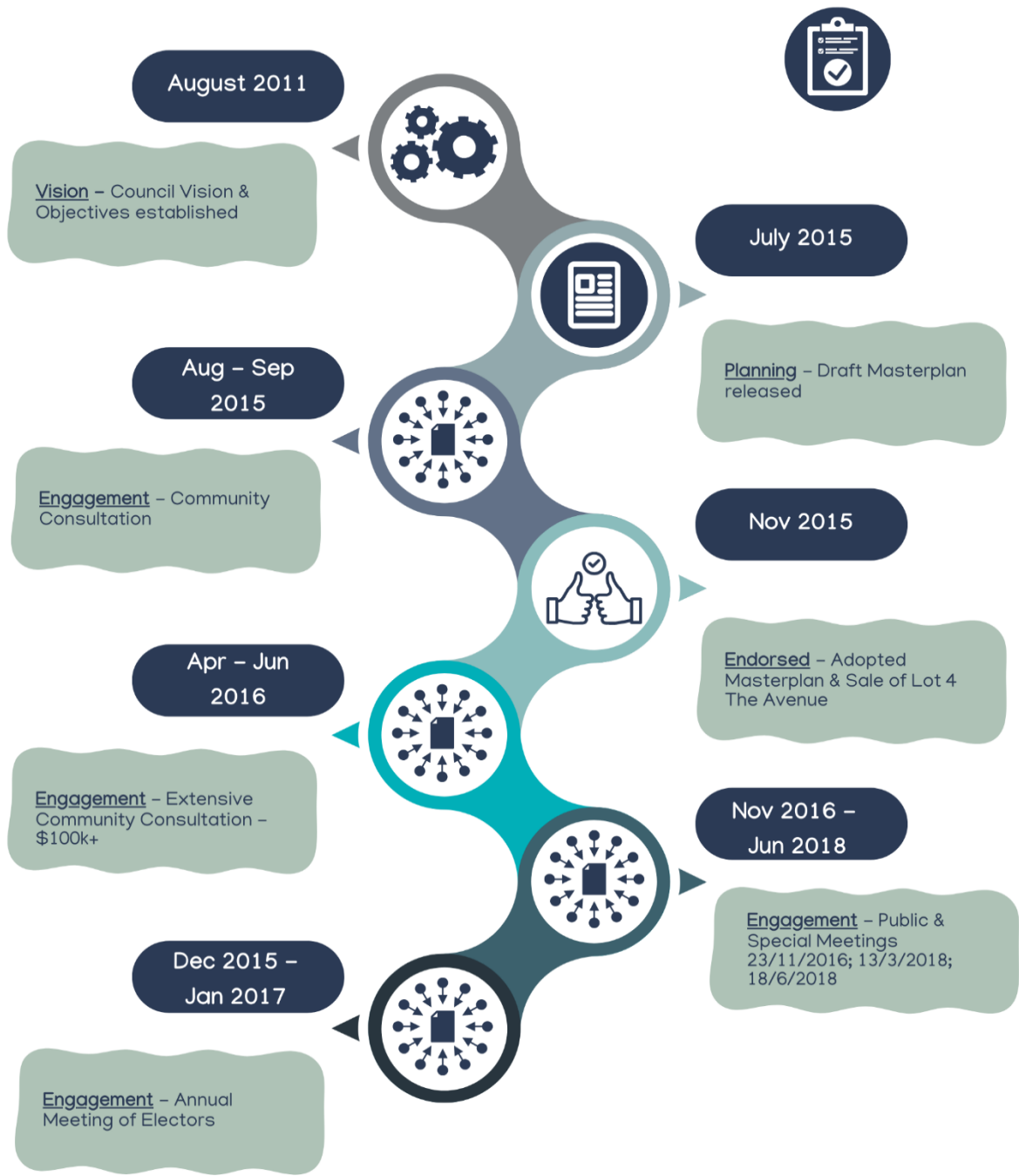
The following is a summary outlining key actions taken each year since 2012, which can be matched with annual expenditures reported in the financials.

At the November 25, 2015 Ordinary Council Meeting it was resolved to adopt the [Midland Oval Redevelopment Masterplan](#) (MORM), commit to further public consultation for the public open space once detailed designs have been prepared; and undertake further investigation into the parking in lieu contributions rate for the multi-deck car parking.

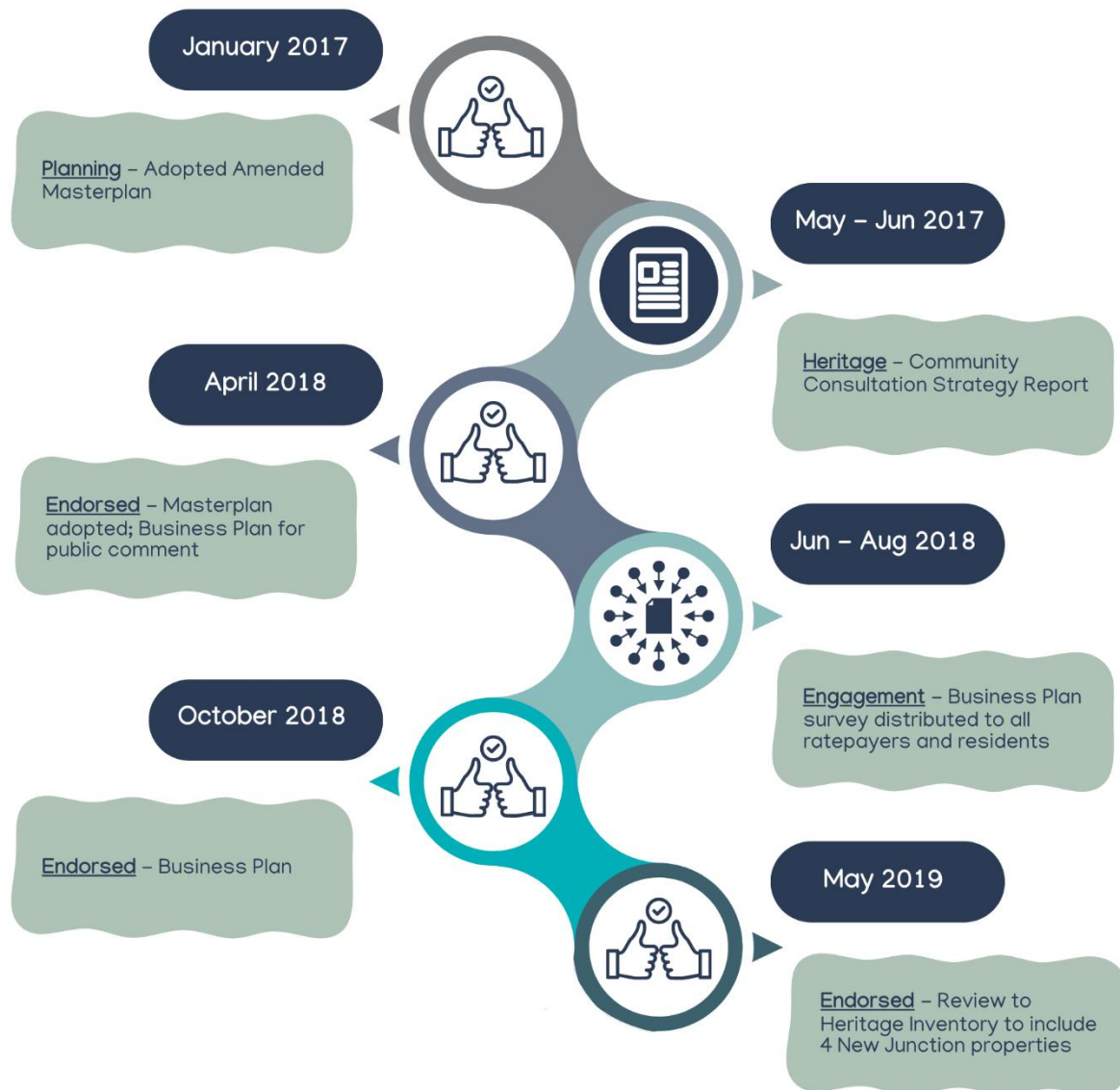
At the Ordinary Meeting of Council on April 11, 2018 the draft Business Plan was approved for advertising and public comment. The consultation period closed at the end of August 2018 and at its Ordinary Meeting of October 24, 2018 Council approved the [Midland Oval Redevelopment Precinct \(MORP\) Business Plan](#).

The New Junction Precinct project includes both civic (community benefit) and commercial development activities. Prior to the 2018 endorsed business plan, the City acquired several properties in the precinct because of their strategic importance to progressing the MORM.

PROJECT TIMELINE



New Junction



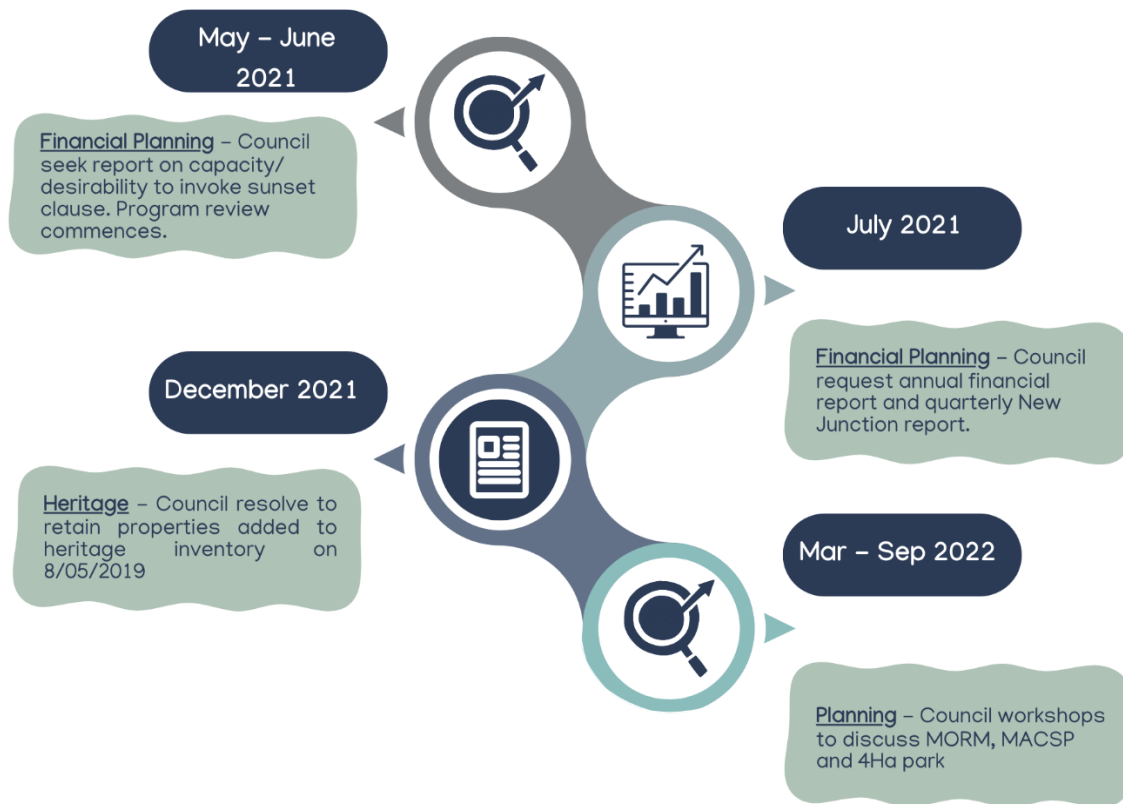


Figure 2 Project Timeline 2011 - 2022



Project Activity

The project required substantial investment in infrastructure before the sale of land to the private sector for development purposes could progress. This report documents the financial history of the project to date which focussed on the City's role to facilitate the redevelopment of the precinct by constructing civic infrastructure and creating developable land parcels that can be sold to the private sector.

The major project activities from **2011/2012 to 2017/18** focused on the preparation of the Midland Oval Master Plan and the acquisition of strategic properties for \$32.3m in the precinct. During this period \$7.2m was raised in loans for 31 The Crescent, 39 The Crescent, 18 Keane and 19 The Crescent.

The period **after 2017/18** shows further property acquisitions, subdivision and demolition costs and the development of civic infrastructure. Loans of \$8.0m were raised during this period.

In summary, for the period **2011/12 to 2020/21** the City raised \$15.2m (\$7.2m and \$8.0m) in new debt to fund property acquisitions and civil works. This resulted in debt servicing costs of \$8.7m (Principal \$7.3m and Interest \$1.4m over the same period).

Financial data is shown in the 'Financial Reports' section of this report.

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Land Holdings 2011/12

Of the 11.6 hectares at New Junction, the City owned 6.7 hectares in 2012, or 57% of the precinct.

Figure 3 shows the properties, in yellow, forming the basis of the project, which were owned by the City at the closing of FY 2011/2012.

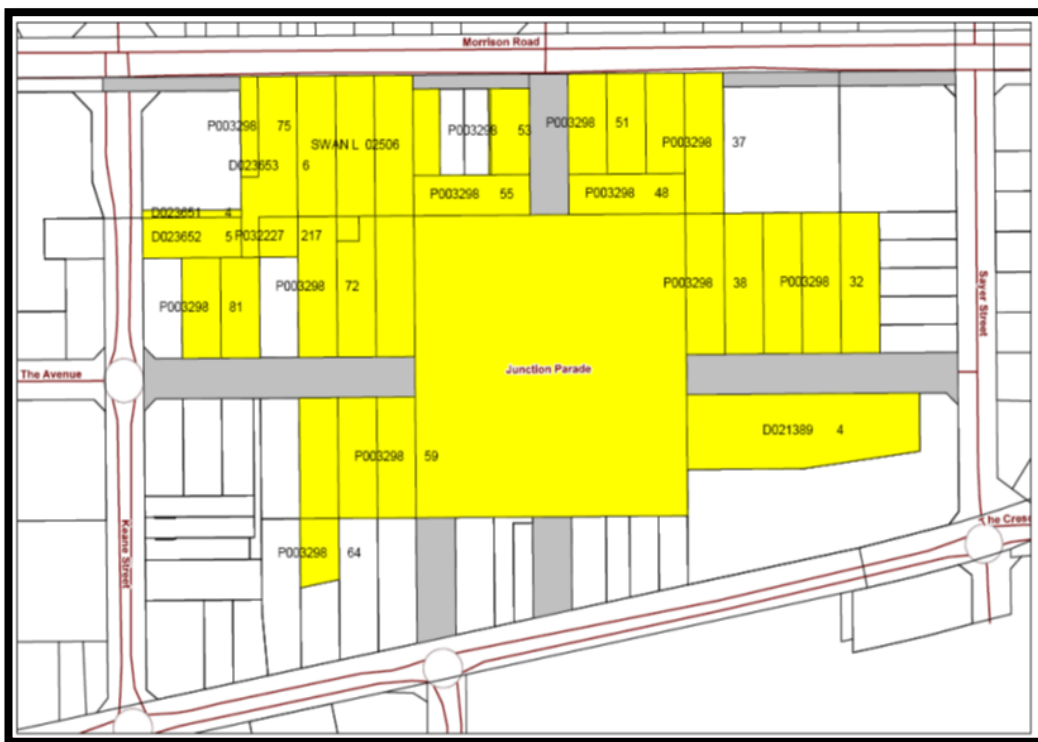


Figure 3 City freehold land 2011/12

Land Assembly

Part of the City's commitment to the New Junction development is to reduce fragmented ownership in the Precinct to ensure that the redevelopment is coordinated and delivers a quality-built environment and social return for the community.

To this end, a number of property acquisitions have been successfully negotiated, as outlined in Table 2 New Junction Acquisitions 2012-2022. Likewise, sites have and will continue to be divested, subdivided and/or amalgamated as required to facilitate private investment within the precinct, in accordance with the endorsed Masterplan.

New Junction



Property Address	Acquisition Price (\$)	Settlement Date	Purpose	Rental Revenue p/a (excl VO's) at acquisition
2011/12				
Lot 213 (37) The Crescent	\$712,500	Apr-12	FDS	LoCale Site
2012/13				
Lot 214 (39) The Crescent	\$3,100,000	Aug-12	FDS	\$98,345.43
Lot 57 (35) The Crescent	\$1,650,000	Sep-12	FDS	LoCale Site
Lot 87 (18) Keane St & Lot 89 (19) The Crescent	\$2,000,000	Dec-12	FDS	Vacant site
Lot 82 (28) Keane St	\$1,100,000	Mar-13	FDS	Vacant
2013/14				
Lot 100 (47-51) Sayer St	\$3,350,000	Nov-13	FDS / road reserve	\$181,420.20
2014/15				
Lot 3 (3) The Avenue 23 Junction Parade	\$1,650,000	Jul-14	FDS	\$111,400.20
Lot 800 (43-45) The Crescent	\$4,550,000	Feb-15	POS	\$251,550.05
Lot 218 (2) The Avenue 22 Junction Parade	\$1,800,000	Jan-15	FDS	\$76,915.25
Lot 66 (25) The Crescent	\$1,965,000	May-15	POS	Vacant
2015/16				
Lot 2 25 Junction Parade & Lot 1 27 Junction Parade	\$2,600,000	Oct-15	FDS	\$83,521.67
Lot 65 (1) The Avenue 21 Junction Parade	\$1,760,000	Jan-16	FDS	\$35,000.00
2016/17				
Lot 60 (31) The Crescent	\$2,100,000	Dec-16	POS / civic use	\$20,800.00
Lot 101 (98) Morrison Road	\$3,200,000	Jun-17	FDS / road reserve	\$92,700.00
2017/18				
Lot 2 (43) Sayer St	\$725,000	2017	POS	Vacant
2021/22				
Lot 1 (45) Sayer Street	\$600,000	2021	POS	Vacant
Lot 64 Junction Parade	\$256,000	2021	POS	Vacant
New Bond Street (off Morrison Road)	\$2,718	2021	POS / civic	Vacant
New Bond Street (off The Crescent)	\$2,718	2021	FDS	Vacant

Table 2 New Junction Acquisitions 2012-2022

FDS = future development site

New Junction

Not shown within Table 2 is a pending acquisition of part lot 53 The Crescent, which has an acquisition price of \$137,000. This acquisition is required for a road reserve and will be shown in future years financials.

Land Ownership

In addition to the properties acquired, the City will continue to purchase property to deliver the outcomes of the redevelopment. If necessary, the City may look to compulsorily acquire property required for public open space or new road reserves under the powers of the *Land Administration Act 1997* (Land Administration Act).

The properties within the New Junction precinct, shown in blue on the map below, are currently under private ownership. In the future, the City may resolve to acquire some of those properties in order to facilitate the MORM.

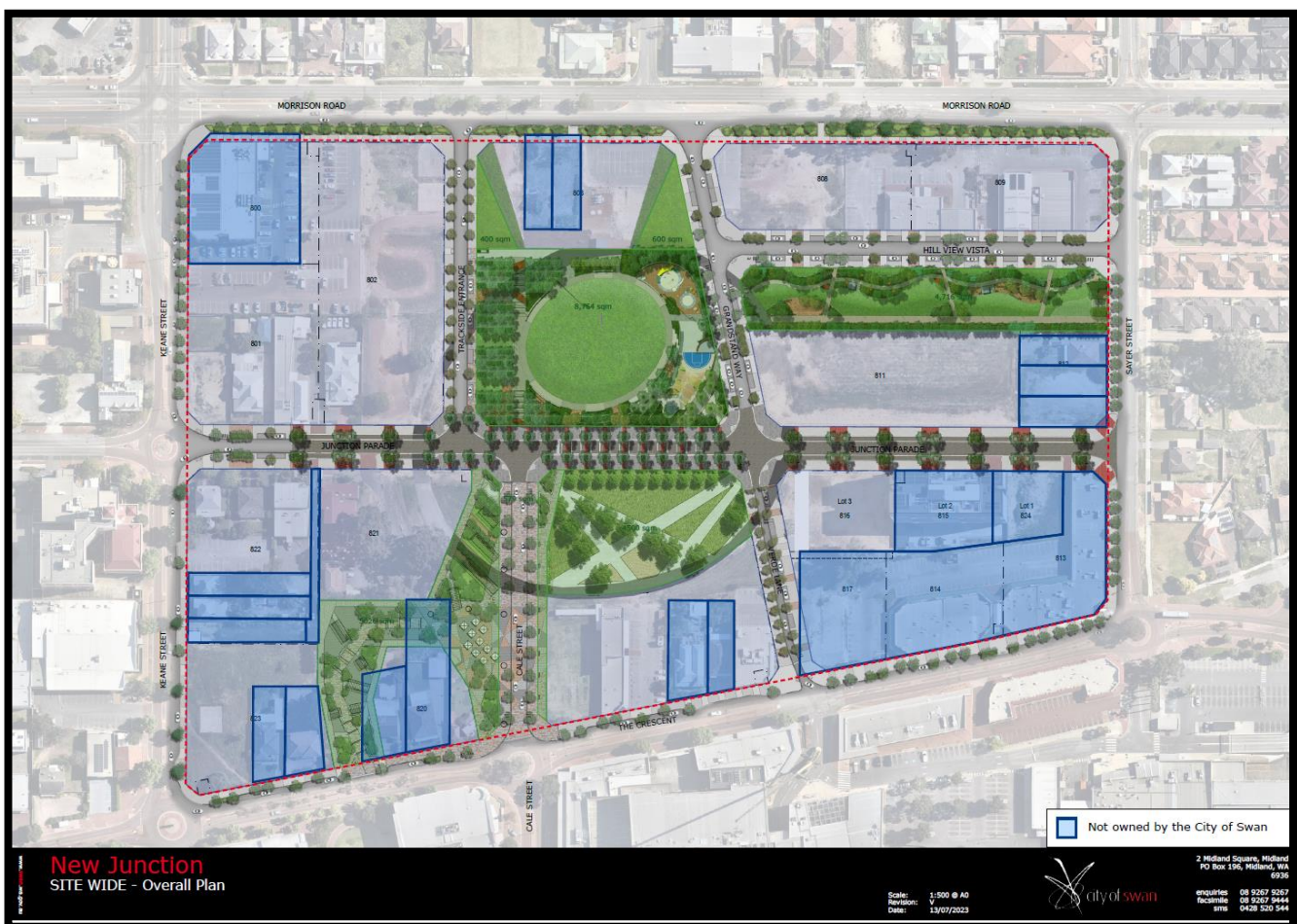


Figure 4 New Junction Precinct Land Ownership

Capital Outlays

Land and building acquisitions, for the period 2011/12 to 2021/22, **total \$33.1m** (excluding \$0.9m for capitalised subdivision, demolition and sales expenses). Of this amount \$24.5m relates to land purchases and \$8.6m for building improvements on those properties.

Not all of the land acquired will be available for resale. The following table, Table 3, shows the proposed end use, based on the endorsed 2018 Masterplan, of the land acquired for the period.

By changing the Masterplan, the potential end use will be altered resulting in changing the dollar amount allocated to those end uses.

Outlays on other **infrastructure** was **\$13.4m** during the period with the major works being the construction of a new road including streetscape (Junction Parade formally The Avenue) and Weeip Park.

Potential end use*(based on the 2018 concept)	Purchase Price
Future development site - Resale	\$25,557,650
Civic Buildings	817,171
Road Reserve	1,748,258
Public Open Space	5,008,750
	\$33,131,779

Table 3 Capital Outlay Apportioned to Potential End Use

Heritage

The impact of the resolution of Council to retain four category 3 heritage buildings within the precinct is not included in Table 3 above. These buildings had a total acquisition cost of \$4.6m with an impact on future potential sales. These properties are shown below with their respective gross revenue.

Property	Gross rental income 2011-2022
22 Junction Parade	\$548k
25 Junction Parade	\$278k
27 Junction Parade	\$590k
26 Junction Parade	\$10

Table 4 Retained Heritage Properties of New Junction

In addition to the table above, 24 and 26 Junction Parade form part of historical leases whereby they are leased for nominal amounts to community groups, and are not reported as part of commercial leasing.

It was resolved by Council that the buildings on 43 and 45 Sayer Street be integrated with Residential Park construction. Licensing of these properties to Museum of Perth was negotiated during the reporting period.

New Junction

Source of Funding

Loans

Three of the properties acquired within the Precinct were purchased through loan funding from WA Treasury Corporation. There is currently one property loan remaining, which will expire in 2027, and four loans remaining for infrastructure. These are outlined in Table 5:

Property	Loan Amt	Purchase Date	Funding Source	Term Of Loan (Years)	Loan Expiry	Balance at 30/06/2022
39 The Crescent	\$3.1m	08/2012	Loan	10	08/2022	\$62,524
18 Keane Street & 19 The Crescent	\$2m	12/2012	Loan	4	12/2016	Nil
31 The Crescent	\$2.1m	12/2016	Loan	10	01/2027	\$1,079,704
New Junction POS	\$3,550,000	06/2021	Loan	10	06/2030	\$2,873,794
The Avenue	\$3,000,000	09/2021	Loan	10	06/2030	\$2,428,558
Stage 1: POS Midland Park	\$1,170,480	08/2021	Loan	10	05/2031	\$1,060,728
Modular Toilet Block	\$300,000	08/2021	Loan	10	05/2031	\$271,870

Table 5 New Junction Loans

Grants and Donations

Grant and Donation funds were secured and applied in the construction of public infrastructure. To date, the grants received from Lotterywest and donations from the Stefanelli family was \$2.2m and have been used for the construction of Weeip Park.

Alternate Revenue

As a result of acquiring land and buildings and divesting key development sites, a range of operating revenue sources have been established through the life of the project.

Property Rental

From 2012, since actively acquiring property required for executing the New Junction redevelopment, a supplementary revenue stream has been returned to the City through rental income. Rental income contributed to paying down annual loan repayments over the period.

Over the period, 2011-2022, total gross rental income, plus additional revenue (\$163k), was \$9.1m.

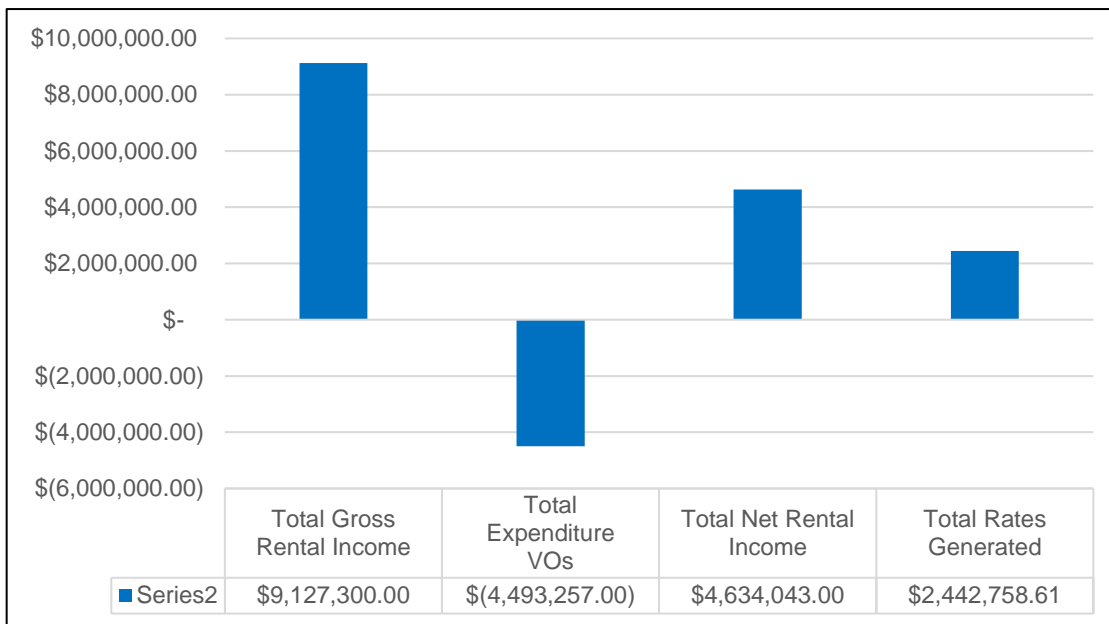


Table 6 Commercial Leasing and Rate Revenue 2011-2022

Property Divestment

Sales Revenue

The first property sales occurred in 2018/19 which yielded \$2.5m, and will introduce a further \$1.8m at Stage 3 of this development. This sale facilitated the development of *The Catalyst* project, the first private development within the precinct.

Additional General Rates Outcome

The vacant land site, now known as *The Catalyst* development, previously generated nil rate revenue for the City. In 2019/2020, the Catalyst building began to return rate revenue which has since increased by 1800%.



Image 2 The Catalyst Stage 1

Sales in Progress

With a further \$1.8m due for Stage 3 of this development, in coming financial years, the City is also expecting a further \$4.9m and \$6.9m from already approved land sales transactions which are currently in progress.

Public Realm and Infrastructure

In 2014/2015, Locale, the Cale Street temporary event space was created. This was established in order to provide a 'test space' where a variety of events could be catered for and assist in the purposeful design of future public event spaces within the precinct.

In June 2018, the first of the civil works began with the commencement of construction of Junction Parade. Since then, Weep Park has been established in two stages.



Image 3 Weep Park

Financial Reports



Financial Reports

The following financial statements are included in this report.

1. Statement of Comprehensive Income by Nature/Type
2. Statement of Financial Activity (Source and Application of Funds)
3. Statement of Financial Position (Balance Sheet)

Basis of Accounting

This report represents special purpose statements for internal management purposes. The basic accounting treatments are generally consistent with the processes applied by the City over the reporting period.

The City's accounting records do not readily segregate outlays at property level over the review period. The information presented was sourced from a variety of records and financial reports from the two computer systems. Because the reports are constructed it is important to consider them in the light of following treatments.

- The operating revenues/expenses have been extracted from the two financial systems used by the City. These costs have been aligned to the properties included the New Junction Precinct,
- The reported amounts do not include any allocation for governance costs,
- Outlays on planning/design/investigations have been expensed and shown separately in the Statement of Comprehensive Income,
- The maintenance costs of the streets and road reserve that border the precinct are not included in the information presented,
- Allocations for infrastructure maintenance are not available. Up to 2020/21 the only road infrastructure was The Avenue (Junction Parade) west of the original Midland Oval. These maintenance costs are not considered material. For 2021/22 no costings are available for infrastructure as separate costings are not maintained,
- The City does not maintain individual maintenance costs for Parks and Reserves. These statements do not include the maintenance costs for WEEIP Park and surrounding public open space,
- Information for revenues/costs of carparks in the precinct could not be sourced and therefore are not included in the reports,
- Disposal of assets are shown as the proceeds of sale less the book value of the asset. The revaluation of assets in 2012/13, 2016/17 and 2021/22 has had a material impact on the reported outcomes,
- Asset values have been initially recognised at cost from the City's asset records. Following the revaluation of assets in 2012/13 the values are included at fair value,
- Upon demolition of buildings the write back of book values are disclosed in the Statement of Comprehensive Income. The cost of the demolition is added to the value of the land,
- Reserve accounts are shown in the negative for transactions funded from those reserves. This represents two level of outlays funded either from existing Reserves or other Municipal Funds. These amounts are disclosed the Statement of Financial Position (Balance Sheet),
- The net outcome of the project is reflected in the liability arising from the use of Municipal and Reserve funds under current liabilities and shown separately (Statement of Financial Position).

This report is a special purpose report for the operations and capital outlays for the area defined as the New Junction Precinct (Midland Oval) project. This report outlines the income and expenditure made since the project gained significant momentum in 2012. The information includes the finances up to June 30, 2022.

The financial statements in this report do not purport to be nor should they be interpreted as representing the commercial undertaking of the precinct. It also includes outlays on civic activities such as roads, streetscape, parks, playgrounds and public open space in support of the revitalisation of the area.

Presentation of Financial Information

There have been a number of changes in accounting treatments over the last decade which impact on the presentation of traditional financial reports. Notably, the requirement for Local Governments to frequently revalue their assets and the presentation of grant revenue to match the expenditure outlays.

Up until 2012 assets were recorded at cost. Since 2012 the City has been required to record assets at fair value (revaluation), with the first revaluation of land and buildings undertaken in 2012/13.

Revaluations are required within three to five-year intervals, subject to market changes. The last revaluation was undertaken in 2021/22.

Statement of Comprehensive Income

Identifies the inputs by the nature of the revenue or expense. Descriptions are defined by Regulation under the Local Government Act WA 1995.

The Statement of Comprehensive Income is prepared on an accrual basis. This process recognises income as it is earned and expenses as they are incurred. This method provides a more accurate reflection of the transactions which occurred during the accounting period and is a better reflection of the actual business activities undertaken by the project. Depreciation, which is an expense charged in the Statement of Comprehensive Income, reflects the value of capital assets consumed during the accounting period.

Apart from the years when substantial costs were incurred for the Midland Oval Master Plan and Business Plan the operating results are generally positive.

The Statement discloses \$2.2m received from grants/contributions towards the development of Weep park in 2020/21 and 2021/22.

New Junction



	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2011/12 to 2021/22
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenue												
Fees - Property Rental	8	208	375	701	1,024	1,007	835	798	961	973	1,031	7,920
Additional general rates	0	0	0	0	0	0	0	0	8	68	87	163
Other Revenue	0	6	0	0	95	167	139	144	206	122	163	1,045
Operating Revenue	9	214	375	701	1,119	1,174	974	942	1,175	1,164	1,280	9,127
Operating Expenses												
Employee costs	(0)	(1)	0	(5)	(0)	(1)	(6)	(1)	0	0	(42)	(57)
Material and Contracts	(2)	(17)	(21)	(80)	(156)	(73)	(119)	(104)	(104)	(276)	(182)	(1,134)
Utilities (gas elect water)	(2)	(10)	(16)	(58)	(116)	(160)	(148)	(127)	(169)	(143)	(157)	(1,104)
Depreciation	(0)	(92)	(60)	(56)	(294)	(403)	(300)	(299)	(299)	(299)	(310)	(2,412)
Insurance	(2)	(9)	(7)	(12)	(38)	(31)	(39)	(33)	(33)	(19)	(20)	(241)
Interest	0	(135)	(160)	(127)	(94)	(112)	(139)	(119)	(104)	(202)	(194)	(1,384)
Other expenses	(0)	(4)	(1)	(1)	(0)	(16)	(12)	(10)	(9)	(5)	(2)	(59)
Consultants	0	0	0	0	0	0	0	(56)	(41)	(28)	(19)	(145)
Projects Studies & Surveys	0	0	0	0	0	0	0	(30)	(2)	(6)	(27)	(65)
Collection Charges	0	0	0	0	0	0	0	0	0	0	(1)	(1)
Other Planning/Promotion expenses												
Planning Expenses	0	0	0	0	0	0	(79)	(76)	(92)	(114)	(7)	(369)
Midland Oval Master Plan	0	0	0	(1,171)	(95)	(808)	(731)	0	0	0	0	(2,805)
Operating Expenses	(8)	(267)	(264)	(1,509)	(793)	(1,602)	(1,574)	(856)	(853)	(1,092)	(960)	(9,776)
	1	(52)	111	(808)	327	(428)	(600)	87	322	71	321	(649)
Grants/Contributions for the Construction of Infrastructure												
Grants and Contributions	0	0	0	0	0	0	0	0	0	1,680	550	2,230
P/L on disposal of assets												
Profit(Loss) on property sales	0	0	0	0	0	0	0	(251)	0	0	0	(251)
Write down assets on demolition	0	0	(243)	0	0	0	(93)	0	0	(8)	0	(344)
P/L on disposal of assets	0	0	(243)	0	0	0	(93)	(251)	0	(8)	0	(595)
Net operating before revaluations	1	(52)	(132)	(808)	327	(428)	(693)	(165)	322	1,744	871	986
Revaluation of Assets												
Land	0	19,522	0	0	0	25,291	0	0	0	0	(2,815)	41,999
Buildings	0	2,618	0	0	0	81	0	0	0	0	(1,935)	763
Revaluation of Assets	0	22,140	0	0	0	25,372	0	0	0	0	(4,750)	42,762
Profit/(Loss) from Comprehensive Income	1	22,087	(132)	(808)	327	24,944	(693)	(165)	322	1,744	(3,879)	43,747

Table 7 Statement of Comprehensive Income – **CONFIDENTIAL**

Statement of Financial Activity

This statement summarises the operating, capital, debt and reserves transactions. It utilises the same reporting procedures required to formulate the City's Annual Budget under the Local Government Act WA 1995. The report identifies the funds necessary to balance the budget in each financial year through the collection of rates. This report identifies the source and application of financial resources in each reporting period. The net funding sources have been itemised for debt, reserves and general revenue or Municipal funds.

This statement summarises the operating, capital, debt and reserves transactions. It utilises the same reporting procedures required to formulate the City's Annual Budget under the *Local Government Act WA 1995*.

The operating portion of this Statement is drawn from the Statement of Comprehensive Income. The capital section discloses the acquisitions of properties and the construction/development of civic infrastructure.

Acquisitions total \$33.1m (see Table 2 for details). Of this amount \$24.5m relates to land value and \$8.6m for improvements on those properties. Outlays on infrastructure was \$13.4m – excluding subdivision, demolition and sales expenses - with the major works being the construction of a new road and streetscape (Junction Parade formally The Avenue) and Weeip Park.

Property Acquisitions	\$
Properties	33,131,779
Funding Source	0
Reserve Accounts	10,620,344
Loan Funds	7,200,000
General Revenues	15,311,435
	33,131,779

Table 8 Property Acquisitions and Funding Source

Most of the general revenues arises from year end surpluses (post audit) and not as a direct charge on rates at budget setting.

Debt service costs for the period amounted to \$8.7m.

New Junction



New Junction Precinct												2011/12 to 2021/22
Statement of Financial Activity												
	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Operating												
Revenues	9	214	375	701	1,119	1,174	974	942	1,175	1,164	1,280	9,127
Operating Expenses	(8)	(239)	(269)	(343)	(702)	(780)	(767)	(697)	(718)	(944)	(911)	(6,376)
Planning/Promotion	0	0	0	(1,171)	(95)	(808)	(810)	(163)	(134)	(149)	(54)	(3,384)
Write Back Depreciation	0	92	60	56	294	403	300	299	299	299	310	2,412
Operating Activities	2	67	166	(758)	616	(11)	(304)	382	623	370	626	1,779
CAPITAL												
Grants and Contributions	0	0	0	0	0	0	0	0	0	1,680	550	2,230
Land and Buildings												0
Land - Acquisitions	(713)	(5,007)	(3,889)	(6,537)	(2,604)	(2,632)	(2,262)	0	(601)	(261)	0	(24,506)
Buildings - Acquisitions	0	(2,843)	(1,111)	(3,078)	(456)	(193)	(945)	0	0	0	0	(8,626)
- Subdivision costs	0	0	0	0	0	0	0	(146)	(39)	(45)	0	(231)
- Demolition Costs	0	0	(41)	0	0	0	(46)	0	0	(18)	0	(105)
- Sale expenses	0	0	0	0	0	0	0	(551)	0	0	0	(551)
Infrastructure	0	0	0	0	0	(104)	(78)	(722)	(8,320)	(3,717)	(482)	(13,424)
Proceeds from asset disposals	0	0	0	0	0	0	0	2,539	0	0	0	2,539
Write Back sales expenses								551				551
Investing Activities	(713)	(7,850)	(5,041)	(9,615)	(3,060)	(2,929)	(3,331)	1,672	(8,960)	(2,362)	67	(42,122)
Net funding required	(711)	(7,783)	(4,875)	(10,373)	(2,444)	(2,941)	(3,634)	2,053	(8,338)	(1,992)	693	(40,343)
Borrowings												
New loans	0	5,100	0	0	0	2,100	0	0	6,550	1,470	0	15,220
Principal	0	(352)	(916)	(948)	(806)	(342)	(488)	(508)	(528)	(1,149)	(1,316)	(7,355)
Borrowings	0	4,748	(916)	(948)	(806)	1,758	(488)	(508)	6,022	321	(1,316)	7,866
Strategic Development Reserve												
Transfers to	0	0	0	0	0	0	0	(2,539)	0	0	0	(2,539)
Funds Applied	713	2,926	703	213	1,019	104	3,302	998	2,502	100	449	13,028
Funds Applied	0	0	3,350	0	0	0	0	0	0	0	0	3,350
Attributable to Reserves	713	2,926	4,053	213	1,019	104	3,302	(1,542)	2,502	100	449	13,839
Municipal Funds	(2)	108	1,738	11,108	2,231	1,079	821	(4)	(186)	1,571	175	18,639
Total Funds provided	711	7,783	4,875	10,373	2,444	2,941	3,634	(2,053)	8,338	1,992	(693)	40,343

Table 9 Statement of Financial Activity – **CONFIDENTIAL**

Statement of Financial Position (Balance Sheet)

The purpose of the Statement of Financial Position is to provide a “snap-shot” of the overall financial position of the project. This statement is generally constructed according to well defined accounting principles which are embodied in the Australian Accounting Standards. The ratepayer equity in the City can be calculated by deducting total liabilities from total assets.

The Statement discloses transactions as current and non-current assets, and current and non-current liabilities and equity for the project.

Because these are special purpose statements the disclosure of funding sources has been shown under Current Liabilities as “Application of General Revenues” and “Liability arising from use of Reserve Funds”. It should be noted that the loan liability is shown under Current and non-current liabilities.

The **value of the assets** for the precinct are disclosed as **\$84.6m** which includes land, buildings and civic infrastructure such as road, streetscape, parks, playgrounds and public open space. Of the \$84.6m some \$40.3m arises from revaluations in 2012/13, 2017/18 and 2021/22.

As at **2021/22** the amount of **debt outstanding** was **\$7.9m** which for the current borrowings will be extinguished in 2029/30. Subject to payout penalties and the scheduling of properties sale, this debt could be finalised earlier.

New Junction



	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Current Assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash and Cash equivalents	2	0	0	0	0	0	0	0	0	0	0
Reserve Accounts	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	2	0	0	0	0	0	0	0	0	0	0
Current Liabilities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Accrued Interest	0	28	23	18	13	27	24	20	21	21	15
Application of General Revenues	0	107	1,845	12,953	15,184	16,262	17,083	17,080	16,893	18,464	18,639
Liability arising from use of Reserve Fu	713	3,638	7,692	7,904	8,924	9,028	12,330	10,788	13,290	13,390	13,839
Borrowings	0	916	948	806	342	488	508	528	1,149	1,316	1,068
Total Current Liabilities	713	4,689	10,508	21,681	24,463	25,806	29,945	28,416	31,354	33,191	33,561
Net Current Assets	(711)	(4,689)	(10,508)	(21,681)	(24,463)	(25,806)	(29,945)	(28,416)	(31,354)	(33,191)	(33,561)
Non-Current Assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Land @ cost	1,096	6,103	10,033	16,570	19,174	21,806	24,114	23,814	24,455	24,779	24,779
Land revaluation change/disposal	0	19,522	19,522	19,522	19,522	44,813	44,813	42,469	42,469	42,469	39,654
Buildings @ cost	72	2,915	3,854	6,932	7,388	7,581	8,526	8,526	8,526	8,443	8,443
Buildings revaluation change	0	2,618	2,520	2,520	2,520	2,601	2,507	2,507	2,507	2,541	606
Less Accumulated depreciation	(0)	(93)	(126)	(182)	(476)	(879)	(1,178)	(1,477)	(1,776)	(2,033)	(2,344)
Infrastructure Assets	0	0	0	0	0	104	183	905	9,224	12,942	13,424
Non-Current Assets	1,168	31,065	35,803	45,363	48,128	76,027	78,965	76,743	85,404	89,139	84,562
Total Assets	1,169	31,065	35,803	45,363	48,128	76,027	78,965	76,743	85,404	89,139	84,562
Non-Current Liabilities	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Trade and Other Payables	0	0	0	0	0	0	0	0	0	0	0
Borrowings	0	3,832	2,884	2,078	1,735	3,347	2,839	2,311	7,712	7,866	6,798
Total Non-Current Liabilities	0	3,832	2,884	2,078	1,735	3,347	2,839	2,311	7,712	7,866	6,798
Net Assets	457	22,544	22,412	21,604	21,930	46,874	46,181	46,017	46,339	48,082	44,203
Equity	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Retained Surplus/Loss	1,169	4,043	8,062	7,466	8,812	8,488	11,190	11,829	14,653	16,463	17,782
Cash Backed Reserves	(713)	(3,638)	(7,692)	(7,904)	(8,924)	(9,028)	(12,330)	(10,788)	(13,290)	(13,390)	(13,839)
Revaluation Reserves	0	22,140	22,042	22,042	22,042	47,414	47,321	44,976	44,976	45,009	40,259
Total Equity	457	22,544	22,412	21,604	21,930	46,874	46,181	46,017	46,339	48,082	44,203

Table 10 Statement of Financial Position – **CONFIDENTIAL**

Summary and Conclusion

Total assets for New Junction is \$84.6m which includes land and buildings of \$71.2m and infrastructure of \$13.4m. Capital expenditure for the period was \$47.4m which included land and building acquisitions of \$33.1m and infrastructure of \$13.4m.

53% of public open space has been delivered against the target, which includes 224 additional trees to the precinct. Land transactions saw 6.5% of the total projected construction achieved, resulting in an increase of 6.1% of the projection of the economic benefits for the economy. Population for the precinct increased by 9.1% against target which was achieved through the delivery of 71 new dwellings.

This report is a special purposes financial report for the operational and capital outlays for the area defined as the New Junction Precinct. The financial information was constructed from the existing financial systems and records since 2012. The statements include outlays on civil activities such as roads, streetscapes, parks, playgrounds and public open space undertaken to facilitate and support the economic development within the precinct.

The information used in this report extracted those records from the two accounting systems used over the reporting period.

Prior to 2013 local governments recorded assets at acquisition cost. In 2013 changes to the accounting standards and legislation required local government to record assets at fair value (revaluation) in the Statement of Financial Position (Balance Sheet). The revaluation of land and buildings was first undertaken in the 2012/13 financial year and again in 2016/17 and 2021/22, with these values reflected in the report.

On June 30, 2013, the date of the first asset revaluation, the report shows that the City had contributed from reserves and municipal funds \$3.7m towards land and building acquisitions and held total assets of \$31.1m. From July 1, 2013 to June 30, 2022 the City contributed a further \$28.7m from reserves and municipal funds and total assets increased over this period by \$53.5m. This represents an appreciation of \$21.7m in net asset value (total assets less loans owed) in addition to the funds contributed by the City to the project over this period.