URBANGROWTH NSW DEVELOPMENT CORPORATION

Annual Report **2012-13**

NSW GOVERNMENT

UrbanGrowth NSW Development Corporation

UrbanGrowth NSW
Development Corporation

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UrbanGrowth NSW
Development Corporation

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To the Minister

Sydney Metropolitan Development Authority

The Hon. Brad Hazzard MP
Minister for Planning and Infrastructure,
Minister Assisting the Premier on Infrastructure NSW
Governor Macquarie Tower
Farrer Place
Sydney

Dear Minister Hazzard

It is with pleasure that I forward you the fourth annual report of the UrbanGrowth NSW Development Corporation (formerly Sydney Metropolitan Development Authority) for year ending 30 June 2013.

This report has been prepared in accordance with the NSW Annual Report (Statutory Bodies) Act 1984 No. 87, the Annual Report (Statutory Bodies) Regulation 2000 and the Growth Centres (Development Corporation) Act 1974.

Yours sincerely

S O'Toole

Sean O'Toole
Chief Executive Officer

Office of the UrbanGrowth NSW
Development Corporation
(formerly Office of the Sydney
Metropolitan Development Authority)

Statement from the Chief Executive Officer

In June 2012 the Minister for Planning and Infrastructure announced the creation of UrbanGrowth NSW, a government initiative to drive investment in key locations in NSW and help underpin the future prosperity of urban and regional centres.

On 1 January 2013 UrbanGrowth NSW became the new trading name for Landcom and the Sydney Metropolitan Development Authority (SMDA) became the UrbanGrowth NSW Development Corporation (UGDC).

Together, these two entities are the Government's key driver of housing delivery in New South Wales; unlocking private sector investment by coordinating and delivering lead-in infrastructure and services in development areas and by planning and fast tracking urban renewal projects.

Looking forward, the UrbanGrowth Development Corporation will enable the government to take a state significant view of metropolitan and regional precincts and projects and build on the work of predecessor agencies, the Sydney Metropolitan Development and Redfern Waterloo Authorities, which focussed on specific metropolitan areas.

During the 2012-13 transition year, work at the UGDC has continued on key projects, including the urban renewal of North Eveleigh, with commencement of infrastructure works to support affordable housing in the area.

Finally, I would like to welcome David Pitchford CBE LVO to UrbanGrowth NSW Development Corporation as the new Chief Executive Officer. David comes with a wealth of experience in the public and private sector, working across Australia and internationally, delivering complex projects of a major scale.

Sean O'Toole
Chief Executive Officer

> "with commencement of infrastructure works to support affordable housing in the area."

Aims & Objectives

The role of the UrbanGrowth NSW Development Corporation is to:

- Identify measures to address market failure or regulatory barriers to otherwise viable development;
- Undertake local analysis of economic, social, urban design, transport and infrastructure context and issues;
- Develop appropriate planning controls for surplus or underutilised land to achieve sound development and urban renewal outcomes;
- Encourage practical approaches to excellence in design and adoption of sustainability principles; and
- Maximise opportunities for development in proximity to public transport infrastructure.

Corporate Governance

The Minister for Planning and Infrastructure is the responsible Minister for both UrbanGrowth NSW and the Development Corporation.

The former SMDA was governed by a Board of Directors. Under changes made by the *Growth Centres (Development Corporations) Amendment (UrbanGrowth NSW Development) Order 2012* the new UGDC became Chief Executive controlled from 1 January 2013. The position of Chief Executive Officer is held by the Managing Director of UrbanGrowth NSW to ensure the direction of the two organisations remains aligned.

Audit and Risk Management Committee

The Audit Committee originally established by the SMDA Board was retained by UGDC to ensure continuity of governance arrangements and the appropriate management of risks during transition.

The UGDC Audit and Risk Management Committee is a focal point of communication between UrbanGrowth NSW and UGDC management, external and internal auditors for matters relating to financial accounting, reporting and compliance.

The Committee assists the Chief Executive Officer in fulfilling his responsibilities as to accounting policies and reporting practices of the UGDC. It is the principal agent in assuring the independence of UGDC auditors, the integrity of management and the adequacy of disclosures to the public.

Committee Members

SMDA Audit Committee (1 July to 31 December 2012)

Bonnie Boezman AO (Chair)

Victoria Weekes (Independent Member)

UGDC Audit Committee (1 January to 30 June 2013)

Bonnie Boezman AO (Chair)

Victoria Weekes (Independent Member)

Julie Dodd (Non-independent Member)

Former SMDA Board

The Board of the former SMDA was dissolved with effect from close of business 31 December 2012. Members from 1 July to 31 December 2012 were as follows:

- Dr Col Gellatly AO (Chair)
- Les Wielinga
- Mike Mrdak
- Matt Roberts
- Lucy Turnball AO
- Roy Wakelin-King AM
- Dianne Leeson
- Giovanni Cirillo
- Shane Phillips

Board meeting attendance 1 July to 31 December 2012	Board Meetings	
	No. of meetings to attend	No. of meetings attended
Dr Col Gellatly, AO	5	5
Roy Wakelin-King, AM	5	5
Lucy Turnball, AO	5	3
Les Wielinga	5	1
Mike Mrdak	5	3
Matt Roberts	5	3
Dianne Leeson	5	3
Giovanni Cirillo	5	5
Shane Phillips	5	3

Redfern-Waterloo

Major Achievements

In January 2012 the Urban Growth NSW Development Corporation assumed the urban renewal and planning functions of the former Sydney Metropolitan Development Authority, with a focus on Redfern-Waterloo and Granville.

The following sections outline the work and achievements in planning and urban renewal by UGDC.

Coverage Map

Planning

Redfern Waterloo is in a prime location near Sydney's Central Business District with excellent links to public transport and the opportunity to align urban renewal with positive social development outcomes.

UGDC has been planning for appropriate growth of the area through detailed analysis of opportunities to enhance the availability of affordable housing and renewal of existing social housing stock in both Redfern and Waterloo.

The UGDC planning analysis builds upon the outcomes of the SMDA's draft Built Environment Plan 2 (BEP 2) that was the subject of a non-statutory public exhibition in 2011.

UGDC is undertaking this work in consultation with the Land and Housing Corporation (L&HC, formerly Housing NSW).

The L&HC has also undertaken detailed research and community consultation on options for the revitalisation of existing social housing stock in Redfern and Waterloo as part of a Preliminary Masterplanning Process. UGDC assumed the lead for this work in 2012-13 and has been progressing this study and financial/deliverability analysis throughout the year.

The UGDC planning analysis will form part of an Urban Renewal Study that will form part of an Urban Renewal Study that will investigate the outcomes of

the previous consultation processes, and involve the preparation of transport, traffic and infrastructure studies as well as economic and social impact analyses that will inform new draft planning controls.

Urban renewal

The draft planning controls, currently in preparation, are intended to apply to land owned by L&HC in Redfern, Waterloo and South Eveleigh to enable the redevelopment of social housing sites into a more dynamic and sustainable community with a mix of private, affordable and social housing dwellings. The Urban Renewal Study and draft planning controls will be publicly exhibited in 2013-14 with all feedback considered prior to finalising any new controls.

The primary focus of the planning controls will be to ensure that the area reaches its full economic, social and creative potential through the:

- Revitalisation of existing social housing stock;
- Improvement of the associated public domain;

- Reduced concentration of public housing;
- Provision of appropriate new development that will facilitate an increase in the local population;
- Provision of affordable housing; and
- Related provision of retail and mixed use development, appropriate community facilities, infrastructure and open spaces.

An *Urban Renewal Study* will accompany the draft planning controls to address:

- The built form;
- Public domain and open space;
- Traffic, transport and accessibility;
- The social sustainability analysis including the need for additional community facilities;
- Economic analysis of the development;
- Infrastructure/utilities;
- Other issues raised by the community; and
- Associated Developer Contribution Plan(s).

North Eveleigh affordable housing

The Australian Government's Housing Affordability Fund provided a grant of $7.2 million to UGDC for infrastructure works to support the development of at least 61 affordable housing dwellings in North Eveleigh. This Commonwealth funding will augment affordable housing levies collected by UGDC from developers to be used to provide more affordable housing in the Redfern-Waterloo area.

The infrastructure and remediation works commenced in January 2013 and include:

- Construction of a two way vehicle site entry in the location of the existing entry;
- Construction of a two way road parallel to Wilson Street, between the site entry and the Carriage Workshop building;
- Associated car parking, footpaths and landscaping;
- Telecommunications, electricity distribution, sewage works, stormwater management and gas and water reticulation works;
- Demolition of the Timber Shed extension to allow road and water construction; and
- Land remediation (as required) in the path of infrastructure works and development land for affordable housing.

City West Housing Ltd (City West), a registered community housing provider, was awarded the contract to design, construct, own and operate an affordable housing development on the North Eveleigh site, adjoining Carriageworks, in December 2012. City West lodged a development application for 88 affordable housing dwellings in April 2013, which was exhibited by the Department of Planning and Infrastructure in May 2013. If approved, construction is expected to commence prior to the end of 2013.

In addition, UGDC lodged a development application with the City of Sydney for a pocket park and a local park in the vicinity of the affordable housing development site. This open space is intended to contribute to enhanced amenity for future residents on the site and existing residents in the area, with construction and final design of the parks linked to development of the remainder of the western portion of the North Eveleigh Site.

Redfern Lane upgrade

During the latter part of 2012, an upgrade of Redfern Lane occurred, including new paving, lighting and improved street furniture between Gibbon Street and Regent Street, directly opposite busy Redfern Station. This was achieved through a collaborative effort and Planning Agreement between UDGC, City of Sydney Council and Deicorp Construction Pty Ltd (the developer of the adjoining Redfern RSL site), and was funded primarily from developer contributions from the adjoining redevelopment site. The Lane upgrade provides a much improved pedestrian link between Redfern Station and Redfern Town Centre, at a total cost of approximately $770,000.

Chief Mechanical Engineers & Scientific Services Buildings conservation works

The Chief Mechanical Engineers Office and the Scientific Services Building are significant heritage-listed buildings located on Wilson Street at the eastern end of the North Eveleigh site, closer to Redfern Station.

The Government Architect's Office and the Department of Public Works and Services (Heritage Services Branch) were engaged by UGDC to document and supervise conservation maintenance works on these two significant buildings, in accordance with the Heritage Act 1977.

The work was intended to reveal the full condition of the buildings and their associated services, and included removal of intrusive elements such as false ceilings, and external site sheds which were demolished. Essential services including fire and security alarms were reinstated and activated to help keep the buildings safe.

As part of the essential maintenance works, seven London Plane trees were removed from within the site and the front of the building to enable long term conservation of these buildings by allowing reinstated air flow to low level sub-floor vents, together with the installation of new stormwater drainage.

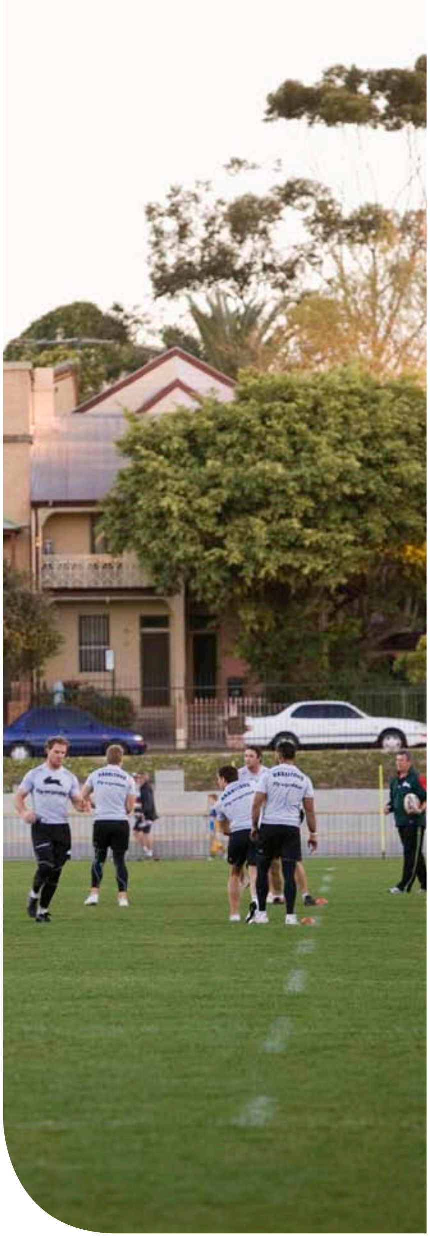
All street trees were retained and are expected to benefit from reduced competition for light and water. UGDC consulted with the community and obtained the approval of the City of Sydney Council and the Heritage Office prior to removing the trees.

The building conservation works and minimum essential safety works will help maintain the buildings, which require significantly more work. While the buildings are still owned by RailCorp, UGDC intends to seek to engage with the market in 2013-14 to ultimately see the buildings conserved and used, to the benefit of the buildings and wider area.

The Avenue of Hope

During 2012-2013, UGDC continued to work with the South Sydney Business Chamber and the City of Sydney to progress establishing the 'Avenue of Hope' which aims to:

- Celebrate and acknowledge the role that Redfern has played as the birthplace of Indigenous civil and human rights movements in Australia;
- Recognise the first Aboriginal organisations such as the Aboriginal Medical Service and Aboriginal Legal Service, which originated in Redfern;
- Recognise that important Aboriginal events such as the Koori Knockout originated out of community meetings held in Redfern;
- Recognise Aboriginal heroes like Chicka Dixon;
- Acknowledge contributions made by non-indigenous Australians, (Fred Hollows, Jim Spiegelman and others) working alongside indigenous Australians; and
- Recognise the significant place that Redfern plays in contemporary Australian history.



UGDC is liaising with the City of Sydney, which has made a significant commitment to indigenous identity and culture, through initiatives such as the 'Eora Journey' and its $5 million commitment to a public art and economic development programs, and is best placed to oversee and implement a Redfern-based Avenue of Hope pilot project integrated with the wider Eora Journey programs.

Rachel Forster Hospital

Due to ongoing delays and the poor state of this privately owned site, UGDC made representations to the site owner and liaised with the Department of Planning and Infrastructure, which assisted in finally seeing the lodgement of a Project Application for the site, which is expected to be determined by the Department of Planning and Infrastructure in 2013.

Granville

Auto Alley Sub-Precinct

The Granville urban renewal precinct occupies a strategic location in greater western Sydney, is well serviced by public transport and is identified as having a high potential for social and economic growth within the Parramatta Local Government Area boundary.

The Granville precinct has three distinct and unique geographical communities comprising:

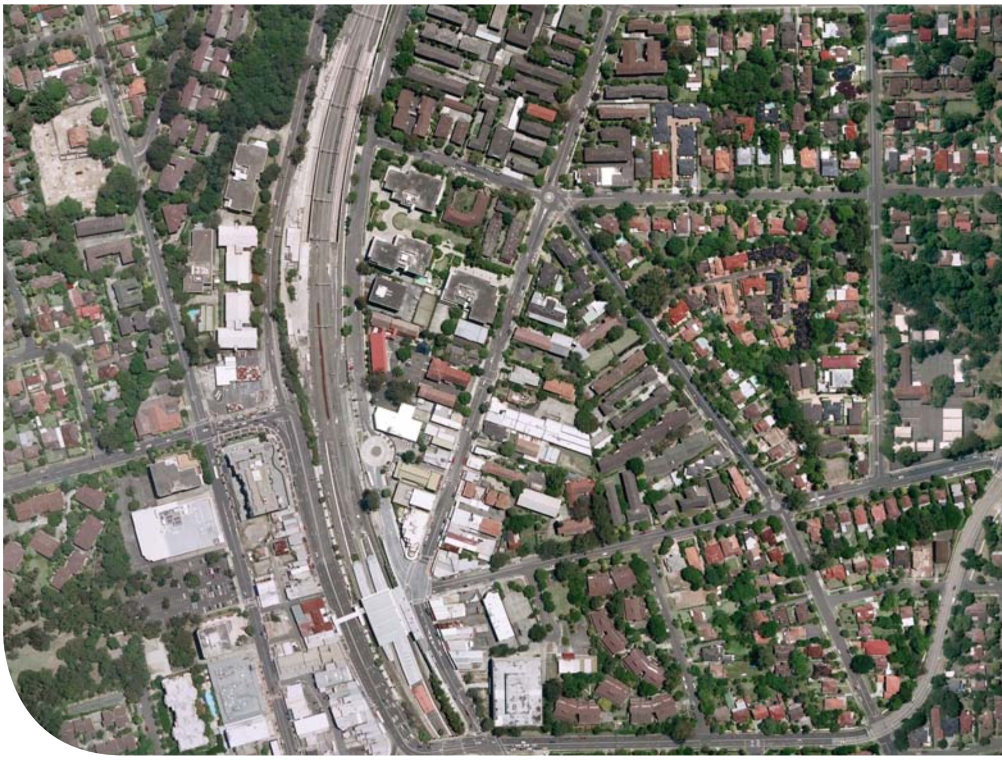
- Granville Town Centre;
- Church St, 'Auto Alley' Precinct; and
- Harris Park Precinct

An Urban Design Study was prepared concentrating on Auto Alley as it provided the key urban renewal opportunity in the precinct. The Study was placed on non-statutory public exhibition in July 2012, after consultation and collaboration with both Parramatta and Holroyd Councils.

The work undertaken by UGDC has been provided to both Parramatta and Holroyd Councils and the Department of Planning & Infrastructure and will continue to assist in ongoing strategic planning for the wider precinct. For example a Planning Proposal for the significant Heartland Holden site in Auto Alley has recently been prepared and lodged with the Department of Planning and Infrastructure, assisted by the collaborative prior analysis undertaken in Auto Alley.

Urban Renewal SEPP boundary

Church St, 'Auto Alley'



Statement by Chief Executive Officer

UrbanGrowth NSW Development Corporation

Statement by Chief Executive Officer on the adoption of the financial statements for the year ended 30 June 2013.

Pursuant to Section 41C (1B) of the Public Finance and Audit Act 1983 I declare that in my opinion:

1. The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position and financial performance of UrbanGrowth Development Corporation (formerly Sydney Metropolitan Development Authority) as at 30 June 2013.
2. The financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations and the provisions of the Public Finance and Audit Act 1983, the Public Finance and Audit Regulation 2010 and the Treasurer's Directions; and
3. I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

S O'Toole

Sean O'Toole
Chief Executive Officer

UrbanGrowth NSW Development Corporation
(formerly Sydney Metropolitan
Development Authority)

Dated 23 September 2013

Independent Auditors Report

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

UrbanGrowth NSW Development Corporation
(formerly Sydney Metropolitan Development Corporation)

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of UrbanGrowth NSW Development Corporation (formerly Sydney Metropolitan Development Corporation) (the Corporation), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Corporation and the consolidated entity. The consolidated entity comprises the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation and the consolidated entity as at 30 June 2013, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

My opinion should be read in conjunction with the rest of this report.

The Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of the financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Corporation or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.

Maria Spriggins

M T Spriggins
Director, Financial Audit Services

23 September 2013
SYDNEY

Financials - UrbanGrowth NSW Development Corporation
(formerly Sydney Metropolitan Development Authority)

Statement of Comprehensive Income for the year ended 30 June 2013

		Consolidated			UGDC	
		30 June 2013	Budget 30 June 2013	30 June 2012*	30 June 2013	30 June 2012*
	Notes	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Expenses excluding losses						
Operating expenses						
Employee related	*2(a)*	4,564	8,659	3,480		--
Other operating expenses	*2(b)*	15,047	12,906	13,383	3,411	6,355
Personnel services	*2(c)*	-	-		1,682	2,009
Depreciation and amortisation	*2(d)*	2,918	1,476	1,618	44	28
Grants and subsidies	*2(e)*			626	600	626
Finance costs	*2(f)*	1,846	1,910	1,471	1,846	783
TOTAL EXPENSES EXCLUDING LOSSES		**24,375**	**24,951**	**20,579**	**7,583**	**9,801**
Revenue						
Sale of goods and services	*3(a)*	24,383	14,136	9,647	-	
Investment revenue	*3(b)*	3,054	2,321	1,706	3,821	1,761
Grants and contributions	*3(c)*	15,504	17,160	21,888	15,504	21,888
Other revenue	*3(d)*	409	114	1,175	526	320
Other gains/(losses)	*4*	1,319	-	4,203	(1,537)	200
Total Revenue		**44,669**	**33,731**	**38,619**	**18,315**	**24,169**
Net result		**20,294**	**8,780**	**18,041**	**10,733**	**14,368**
Other comprehensive income						
Items that will not be reclassified to net result						
Net increase/(decrease) in fair value of property, plant & equipment	*9(a)*	6,039	-	2,246	1,150	100
Total other comprehensive income		6,039	-	2,246	1,150	100
TOTAL COMPREHENSIVE INCOME		**26,333**	**8,780**	**20,287**	**11,883**	**14,468**

**Restated refer to Note 15 for details of restatement of balances*
The accompanying notes form part of these financial statements.

Financials - UrbanGrowth NSW Development Corporation
(formerly Sydney Metropolitan Development Authority)

Statement of Financial Position
for the year ended 30 June 2013

		Consolidated			UGDC	
		30 June 2013	Budget 30 June 2013	30 June 2012*	30 June 2013	30 June 2012*
	Notes	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
ASSETS						
Current assets						
Cash and cash equivalents	*6*	85,932	75,132	79,816	58,574	52,252
Receivables	*7*	1,881	1,262	769	632	94
Other financial assets	*8*	894	1,485	813	5,505	470
Total current assets		**88,707**	**77,879**	**81,397**	**64,711**	**52,815**
Non-current assets						
Other financial assets	*8*	3,774	2,101	4,336	46,624	55,789
Property, plant and equipment	*9*					
- Land and buildings		60,350	9,463	53,050	2,700	1,550
- Plant, furniture, art and vehicles		2,430	1,296	1,572	2	9
- Leasehold improvements		--	7,875	134	--	134
- Work in progress		4,652	2,627	1,764	3,791	--
Total property, plant & equipment	*9*	67,432	21,261	56,520	6,493	1,693
Investment property	*10*	125,493	169,150	124,087	35,395	37,843
Intangible assets	*11*	149	9	117	--	
Total non-current assets		**196,847**	**192,521**	**185,060**	**88,513**	**95,325**
Total Assets		**285,555**	**270,400**	**266,457**	**153,224**	**148,140**
LIABILITIES						
Current liabilities						
Payables	*12*	6,534	3,975	8,018	1,422	3,029
Borrowings	*13*	5,505	436	5,470	5,505	5,470
Provisions	*14*	2,099	2,436	2,158	1,533	1,265
Total current liabilities		**14,138**	**6,847**	**15,646**	**8,459**	**9,764**
Non current liabilities						
Borrowings	*13*	22,375	26,470	27,869	22,375	27,869
Provisions	*14*	69	9,945	301	--	--
Total non current liabilities		22,444	36,415	28,170	22,375	27,869
Total liabilities		**36,581**	**43,262**	**43,817**	**30,834**	**37,634**
Net assets		**248,973**	**227,138**	**222,640**	**122,390**	**110,507**
EQUITY						
Reserves		8,285	--	2,246	1,250	100
Accumulated funds		240,689	227,138	220,394	121,140	110,407
Total equity		**248,973**	**227,138**	**222,640**	**122,390**	**110,507**

* Restated refer to note 15 for details of restatement of balances

The accompanying notes form part of these financial statements.

Financials - UrbanGrowth NSW Development Corporation
(formerly Sydney Metropolitan Development Authority)

Statement of Changes in Equity
for the year ended 30 June 2013

		Consolidated			UGDC		
	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2012		220,395	2,246	222,641	110,407	100	110,507
Net Result for the year		20,294	--	20,294	10,733	--	10,733
Other Comprehensive Income		--	6,039	6,039	--	1,150	1,150
Total Comprehensive Income for the year		**20,294**	**6,039**	**26,333**	**10,733**	**1,150**	**11,883**
Balance at 30 June 2013		**240,689**	**8,285**	**248,973**	**121,140**	**1,250**	**122,390**
Balance at 1 July 2011		497	--	497	497	--	497
Increase in net assets from equity transfers		213,384	--	213,384	117,008	--	117,008
Correction of prior period error*		(11,527)		(11,527)	(21,465)		(21,465)
Restated net assets from equity transfer		201,857	--	201,857	95,543	--	95,543
Net Result for the year		18,041	--	18,041	14,368	--	14,368
Other Comprehensive Income		--	2,246	2,246	--	100	100
Balance at 30 June 2012		**220,395**	**2,246**	**222,641**	**110,407**	**100**	**110,507**

The accompanying notes form part of these financial statements.

* Refer to Note 15 for details of restatement of balances.

Financials - UrbanGrowth NSW Development Corporation
(formerly Sydney Metropolitan Development Authority)

Statement of Cash Flows
for the year ended 30 June 2013

		Consolidated			UGDC	
		30 June 2013	Budget 30 June 2013	30 June 2012*	30 June 2013	30 June 2012*
	Notes	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related	*2(a)*	(5,213)	(9,787)	(3,307)	(2,322)	(1,968)
Grants and subsidies	*2(e)*	(600)		(626)	(600)	(626)
Finance costs	*2(f)*	(1,846)	(1,906)	(1,483)	(1,846)	(783)
Other	*2(b)*	(19,063)	(27,442)	(9,211)	(4,464)	(3,032)
Total Payments		**(26,722)**	**(39,135)**	**(14,627)**	**(9,231)**	**(6,408)**
Receipts						
Sale of goods and services	*3(a)*	27,039	23,861	12,353		
Interest received	*3(b)*	2,724	2,321	1,706	3,821	1,761
Grants and contributions	*3(c)*	16,105	11,160	21,888	15,504	21,888
Other	*3(d)*	9	8,090	1,126	9	296
Total Receipts		**45,876**	**45,432**	**37,073**	**19,334**	**23,945**
NET CASH FLOWS FROM OPERATING ACTIVITIES		**19,154**	**6,297**	**22,446**	**10,102**	**17,536**
CASH FLOWS FROM INVESTING ACTIVITES						
Purchases of property, plant and equipment		(7,910)	(3,962)	(3,387)	(3,781)	(126)
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(7,910)**	**(3,962)**	**(3,387)**	**(3,781)**	**(126)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of loan to NSW Treasury Corporation		(5,128)	(5,923)	(222)	-	(222)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(5,128)**	**(5,923)**	**(222)**	**-**	**(222)**
NET INCREASE/(DECREASE) IN CASH		6,116	(3,588)	18,838	6,322	17,189
Opening cash and cash in equivalents		79,816	78,720	690	52,252	690
Cash transferred in as a result of administrative restructure				60,288		34,373
CLOSING CASH AND CASH EQUIVALENTS	6	**85,932**	**75,132**	**79,816**	**58,574**	**52,252**

The accompanying notes form part of these financial statements.

Financials - UrbanGrowth NSW Development Corporation
(formerly Sydney Metropolitan Development Authority)

Notes to the Financial Statements for the year ended 30 June 2013

1. Summary of Significant Accounting Policies

(a) Reporting entity

The UrbanGrowth NSW Development Corporation (the Corporation) is a Statutory Body constituted by the *Growth Centres (Development Corporations) Act 1974* (the Growth Centres Act) on 17 December 2010 to promote the development of land identified as potential urban renewal precincts. The Corporation is a not-for-profit entity and has an important role in boosting the amount, mix and choice of housing and commercial development within walking distance of key public transport hubs. The reporting entity is consolidated as part of the NSW Total State Sector Accounts. Formerly known as the Sydney Metropolitan Development Authority under a *Growth Centres (Development Corporations) Amendment (UrbanGrowth NSW Development Corporation) Order 2012* dated 27 November 2012, the Corporation became UrbanGrowth NSW Development Corporation from 1 January 2013 and changed the nature of its governance from board governed to chief executive governed. Looking forward, the Corporation will enable the government to take a state significant view of metropolitan and regional precincts and projects and build on the work of predecessor agencies, the Sydney Metropolitan Development and Redfern Waterloo Authorities, which focussed on specific metropolitan areas

Following introduction of the Redfern-Waterloo Corporation Repeal Act 2011 (the RWA Repeal Act), the Redfern-Waterloo Authority (RWA) was abolished on 1 January 2012 and all assets, rights, liabilities and the operations of the former Redfern-Waterloo Authority and the Office of the Redfern-Waterloo Authority were transferred to the Corporation and the Office of the UrbanGrowth NSW Development Corporation. The Office provides personnel services to the Corporation. The RWA Repeal Act has also entrusted the Corporation with functions as are necessary for the purposes of managing the affairs of the Australian Technology Park Sydney Limited (formally Australian Technology Park Precinct Management Limited) (ATPSL). ATPSL is a not-for-profit public company limited by guarantee.

As per TPP 09-03 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*, the transfer of net assets of RWA was recognised as an equity transfer. The changes in equity as a result of this transfer on 1 January 2012 are fully explained in Note 15.

The Corporation, as a reporting entity, comprises all the entities under its control including the commercial activities of ATPSL and the Office. ATPSL is a wholly-controlled subsidiary of the Corporation and it operates a scientific and technological research and development business park. The Corporation, through its subsidiary, manages the commercial operations of the park which included property management and development and the provision of markets, Aboriginal Employment Program, convention and exhibition facilities in accordance with the constitution of ATPSL. The Office provides personnel services to the Corporation.

The consolidated entity is consolidated as part of the NSW Total State Sector Accounts. The accounting policy notes relate to the parent entity and its controlled entities unless stated otherwise.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

These financial statements for the year ended 30 June 2013 have been authorised for issue by the CEO on 23 September 2013.

(b) Basis of preparation

The Corporation's consolidated financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and Regulations; and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment and investment properties are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention. Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of UrbanGrowth NSW Development Corporation (the Corporation) as at 30 June 2013 and the results of all subsidiaries for the year then ended. The Corporation and its subsidiaries together are referred to in this financial report as the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. The acquisition method of accounting is used to account for business combinations by the consolidated entity.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Administered activities

The consolidated entity does not administer activities on behalf of the Crown.

(e) Borrowing costs

Borrowing costs are recognised as expenses in the period in which they are incurred, in accordance with NSW Treasury's mandate to not-for-profit general government sector entities.

(f) Insurance

The consolidated entity insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claim experience.

(g) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by the Corporation as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash Flow on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(h) Income tax

The Corporation is a not for profit entity and is not a listed entity in the National Tax Equivalent Regime Entity Register. Hence it is not liable for income tax under the National Tax Equivalent Regime. On 16 February 2005, a private ruling was made in favour of ATPSL, where it was deemed that Section 24AM of *Income Tax Assessment Act 1936* applies to exempt ATPSL's income from the imposition of income tax. The ruling has been reconfirmed since 2005, with a further extension to 30 June 2015 approved by the Australian Tax Office in a private ruling advice dated 29 June 2011.

(i) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Amounts disclosed as income are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Additional comments regarding the accounting policies for the recognition of income is discussed below.

(i) Sale of goods and services

Revenue from the sale of goods is recognised when the consolidated entity transfers the significant risks and rewards of ownership of the assets and obtains control of the assets that result from sales.

(ii) Rendering of services

Revenue is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

(iii) Grants and contributions

An unconditional contribution and grants received are recognised as income when the consolidated entity obtains control over the assets comprising the contribution. Control over contributions is normally obtained upon the receipt of cash. Where any unspent contributions at period end are repayable to the funding bodies in the following financial period, the unspent contributions are accounted for as liabilities rather than income.

(iv) Lease income

Rental revenue from operating leases is recognised in accordance with AASB 117 Leases on straight-line basis over the lease term. The lease payments received in advance are recorded as a liability and recognised as income over the lease term. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Where the future rental income is at the discretion of the lessor (the Corporation), the straight line income recognition is calculated assuming a future rental income of 5% of the market value of the relevant land.

(v) Investment revenue

Investment revenue comprises interest income on funds invested with financial institutions. In addition, any changes in fair value of financial assets held with the NSW Treasury Corporation's Hour-Glass facilities. Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(vi) Other income

Other income is recognised when the right to receive the income has been established.

(j) Assets

(i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the entity. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at fair value at the date of acquisition (refer also to assets transferred as a result of an equity transfer – Note 1 (m). Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalents, i.e. deferred payment amounts are effectively discounted at an asset-specific rate.

(ii) Capitalisation thresholds

The Corporation's policy is to capitalise all costs incurred in property development. Property, plant and equipment and intangible assets costing $5,000 and above, individually or forming part of a network costing more than $5,000, are capitalised.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the *Valuation of Physical Non-Current Assets at Fair Value Policy and Guidelines Paper (TPP 07-1).* This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment and AASB 140 Investment Property. Information on investment property is separately discussed at Note 1(j)(x),

Land under a prepaid long-term lease, irrespective of whether upfront lease income was received, that continues to receive a rental stream is measured at fair value as investment property.

Property, comprising land and buildings, is measured on an existing use basis, where there are no feasible alternative uses in the existing natural, legal, financial and socio-political environment. However, in the limited circumstances where there are feasible alternative uses, assets are valued at their highest and best use.

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

Land and buildings, including open spaces and roads, are revalued at least every three years or with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date. The last revaluation was completed on 30 June 2013 and was based on an independent assessment.

Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

When revaluing non-current assets by reference to current prices for assets newer than those being revalued (adjusted to reflect the present condition of the assets), the gross amount and the related accumulated depreciation are separately restated.

For other assets, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation surplus in respect of that asset is transferred to accumulated funds.

(iv) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, AASB 136 *Impairment of Assets effectively* is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

(v) Depreciation of property, plant and equipment

Except for certain heritage assets, depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to the consolidated entity. Heritage assets that have been improved to provide rental income will be depreciated in accordance with NSW Treasury guidance, as commercial buildings over 40 years. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items. All material separately identifiable components of assets are depreciated over their useful lives.

Land is not a depreciable asset. Certain heritage assets including original artworks and artefacts may not have a limited useful life because appropriate curatorial and preservation policies are adopted. Such assets are not subject to depreciation. The decision not to recognise depreciation for these assets is reviewed annually.

The following depreciation rates were applied during 2012-13 financial year and in the previous year:

- Furniture and fittings 4-5 years
- Plant and equipment 3-4 years
- Motor vehicles 3 years
- Buildings 40 years
- Leasehold improvements Shorter of the lease period, or useful life.

(vi) Major inspection costs

When each major inspection is performed, the labour cost of performing inspections for faults is recognised in the carrying amount of an asset as a replacement of a part, if the recognition criteria are satisfied.

(vii) Restoration costs

The estimated cost of dismantling and removing an asset and restoring the site is included in the cost of an asset, to the extent it is recognised as a liability.

(viii) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(ix) Leased assets

A distinction is made between finance leases and operating leases. Leases of property, plant and equipment, where the consolidated entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases.

Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability (principal component) and interest expense. The interest expense is charged to the Statement of Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Corporation as lessee are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

Lease incentives include upfront cash payments to the lessee or the reimbursement or assumption by the Corporation, as the lessor, of costs of the lessee (such as relocation costs, leasehold improvements, fit-out contributions and costs associated with a pre-existing lease commitment). Alternatively, the initial period of the lease term may be agreed to be rent-free or at a reduced rent, and shall be recognised, in accordance with the Australian Accounting Interpretations.

Operating lease incentives represent a reduction of rental income over the lease term on a straight-line basis.

(x) Investment properties

Investment properties, principally comprise office buildings that are held for long-term rental yields and not occupied by the Corporation. Investment properties are carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Corporation uses alternative valuation methods such as recent prices in less active market or discounted cash flow projections. These valuations are reviewed annually by a member of the Australian Property Institute. Gains or losses arising from changes in fair value are included in the net result for the year in the period in which they arise. No depreciation is charged on investment properties.

Notes to the Financial Statements for the year ended 30 June 2013

(xi) Intangible assets

The consolidated entity recognises intangible assets only if it is probable that future economic benefits will flow to the consolidated entity and the cost of the asset can be measured reliably. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. IT development and software costs incurred in developing products or systems, and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction, are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over a period of three years.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(xii) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with the NSW Treasury Consolidated entity's Hour-Glass facilities. These are readily convertible to cash and classified as cash and cash equivalent.

(xiii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Receivables include trade and other receivables, and statutory debts. These financial assets are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method, less an allowance for any impairment of receivables.

Short term receivables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(xiv) Impairment of financial assets

All financial assets, except those measured at fair value through Profit or Loss, are subject to a periodic review for impairment. An allowance for impairment is established when there is objective evidence that the entity will not be able to collect all amounts due.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the Statement of Comprehensive Income.

When an available for sale financial asset is impaired, the amount of the cumulative loss is removed from equity and recognised in the Statement of Comprehensive Income, based on the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss previously recognised in the Statement of Comprehensive Income.

Any reversals of impairment losses are reversed through the Statement of Comprehensive Income, where there is objective evidence, the only exception being reversals of impairment losses on an investment in an equity instrument classified as 'available for sale', which must be made through the reserve. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(xv) De-recognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if the consolidated entity transfers the financial asset:

- where substantially all the risks and rewards have been transferred; or
- where the consolidated entity has not transferred substantially all the risks and rewards, if the entity has not retained control.

Where the consolidated entity has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the consolidated entity's continuing involvement in the asset. A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(xvi) Other Assets

Other assets are recognised on a cost basis.

(k) Liabilities

(i) Payables

These amounts represent liabilities for goods and services provided to the consolidated entity and other amounts. Payables are recognised initially at fair value, usually based on the transaction cost or face value. Subsequent measurement is at amortised cost using the effective interest method. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(ii) Borrowings

Loans are not held for trading or designated at fair value through profit or loss and are recognised at amortised cost using the effective interest rate method. Gains or losses are recognised in the net result for the year on derecognition.

(iii) Employee benefits and other provisions

a. Salaries and wages, annual leave and sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits) and annual leave and paid sick leave that are due to be settled within twelve months after the end of the reporting date in which the employees render the service are recognised and measured in respect of employees' service up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation, insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

b. Long service leave and superannuation

The consolidated entity's liability for long service leave and defined benefit superannuation are recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the discount method. Consideration is given to expected future wage and salary levels, 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.

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. For NSW Government employees, this is based on application of certain factors (specified in NSW TC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value. The provisions of the *Long Service Leave Act 1955* apply to ATPSL.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

c. Other provisions

Other provisions are recognised when the consolidated entity has a present legal or constructive obligation as a result of a past event, it is probable that the consolidated entity will be required to settle the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(l) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the consolidated entity 's policy on the revaluation of property, plant and equipment as discussed in Note 1 (j) (iii).

(ii) Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

(m) Equity transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities and 'equity appropriations' (refer to Note 15) are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving non-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure. Subject to below, in most instances, this will approximate fair value.

All other equity transfers are recognised at fair value, except for intangibles. Where an intangible has been recognised at (amortised) cost by the transferor because there is no active market, the entity recognises the asset at the transferor's carrying amount. Where the transferor is prohibited from recognising internally generated intangibles, the entity does not recognise that asset.

(n) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. Comparative amounts for some expense and revenue items are reclassified to align with the presentation for the current year. The presentation for the current year is modified to comply with the requirements of the *Financial Reporting Code* (Code). The Treasurer under the delegation from *The Public Finance and Audit Act* issued the Code to apply for all general government sector entities for year ending on or after 30 June 2012

(o) New Australian Accounting Standards issued but not effective

The following new Accounting Standards have not been applied as mandated by NSW Treasury Circular TC 13/02 *Mandates of Options and Major Policy Decisions under Australian Accounting Standards*:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Impact of standards issued but not yet effective.	Expected to be initially applied in the financial year Ending ^
AASB 9 Financial Instruments, AASB 2009- 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010). AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory effective date of AASB 9 and transition disclosures	1 January 2015	No material impact	30 June 2016
AASB 1053 Applications of Tiers of Accounting Standards	1 July 2013	Reduces the level of disclosure.	30 June 2014
AASB 2010-2 regarding differential reporting	1 July 2013	No material impact	30 June 2014
AASB 2011-2 regarding Trans-Tasman Convergence – RDR	1 July 2013	No material impact	30 June 2014
AASB 2011-4 removing individual KMP disclosure requirements	1 July 2013	Reduces the level of disclosure	30 June 2014
AASB 2011-6 regarding RDR and relief from consolidation	1 July 2013	No material impact	30 June 2014
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	1 January 2014	No material impact	30 June 2014

(p) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, as adjusted for section 24 of the Public finance and Audit Act, 1983 FAA where there has been a transfer of functions between departments.

		Consolidated		UGDC	
		30 June 2013 $'000	30 June 2012 $'000	30 June 2013 $'000	30 June 2012 $'000
2	**Expenses Excluding Losses**				
(a)	**Employee related expenses**				
	Salaries and wages (including recreation leave)	4,177	3,104	-	-
	Superannuation - defined contribution plans	296	234	-	-
	Long service leave	(186)	53	-	-
	Workers' compensation insurance	52	-	-	-
	Payroll tax and fringe benefit tax	82	53	-	-
	Other employee expenses	145	37	-	-
		4,564	**3,480**	**-**	**-**
(b)	**Other operating expenses include the following:**				
	Auditor's remuneration				
	- audit of the financial statements	127	140	54	91
	Conference centre cost of sales	3,268	1,574	-	-
	Operating lease rental expenses				
	- minimum lease payments	147	373	147	249
	Consultants	1,219	2,091	433	1,647
	Contractors	2,959	3,041	1,961	2,359
	Property expenses	2,742	2,099	36	101
	Repairs & maintenance	1,130	1,574	682	1,195
	Legal	187	392	(71)	277
	Advertising	275	196	3	32
	Cleaning	432	248	-	-
	Security	992	449	-	-
	IT	549	676	124	172
	Other	1,021	530	43	233
		15,047	**13,383**	**3,411**	**6,355**
	Reconciliation - Total maintenance				
	Maintenance expense - contracted labour and other (non-employee related), as above	1,130	1,574	682	1,195
	Employee related maintenance expense included in Note 2(a)	-	-	-	-
	Total maintenance expenses included in Note 2(a) + 2(b)	**1,130**	**1,574**	**682**	**1,195**
(c)	**Personnel services**	**-**	**-**	**1,682**	**2,009**
(d)	**Depreciation and amortisation expense**				
	Buildings	-	1,206	-	-
	Leasehold improvements	1,979	49	40	26
	Furniture and fittings	189	105	-	-
	Plant and equipment	658	219	4	2
	Motor vehicles	6	3	-	-
		2,832	**1,581**	**44**	**28**
	Amortisation expense	**86**	**37**	**-**	**-**
	Depreciation and amortisation expense	**2,918**	**1,618**	**44**	**28**
(e)	**Grants and subsidies**		**626**	**600**	**626**
(f)	**Finance costs**				
	Interest expense	1,147	771	1,147	776
	Debt Guarantee levies	699	700	699	7
		1,846	**1,471**	**1,846**	**783**

Notes to the Financial Statements for the year ended 30 June 2013

		Consolidated		UGDC	
		30 June 2013 $'000	30 June 2012 $'000	30 June 2013 $'000	30 June 2012 $'000
3	**Revenue**				
(a)	**Property rental and related services income**	16,922	7,115	-	-
	Conference centre and other income	7,460	2,532	-	-
		24,383	**9,647**	**-**	**-**
(b)	**Investment revenue**				
	Interest revenue from financial assets not at fair value through profit or loss	339	776	1,147	1,703
	TCorp Hour-Glass Investment Facilities designated at fair value through profit or loss	2,715	985	2,674	58
		3,054	**1,706**	**3,821**	**1,761**
(c)	**Grants and contributions**				
	Treasury and Commonwealth Grants	8,916	15,220	8,916	15,220
	Developer and Affordable Housing Contributions	6,589	6,668	6,589	6,668
		15,504	**21,888**	**15,504**	**21,888**
(d)	**Other revenue**				
	Inter company Income			490	320
	Sundry revenue including markets and KJR	409	1,175	37	
		409	**1,175**	**526**	**320**
4	**Other Gains/(Losses)**				
	Net gain from fair value adjustment of investment property	1,406	4,203	(1,450)	200
	Net gain/loss on the disposal of property plant and equipment	(87)		(87)	
		1,319	4,203	(1,537)	200

Investment properties were revalued in May 2013 and as per AASB 140 *Investment Property*, a gain or loss arising from a change in fair value must be recognised in the Statement of Comprehensive Income for the period in which it arises.

5 Service Group of the Entity

UrbanGrowth NSW Development Corporation is a Statutory Body constituted by the *Growth Centres (Development Corporations) Act 1974* on 17 December 2010 to promote development of land identified as potential urban renewal precincts, including Redfern-Waterloo and Granville and other precincts to be identified in the future.

Following introduction of the *Redfern-Waterloo Authority Repeal Act 2011*, the Redfern-Waterloo Authority (RWA) was abolished on 1 January 2012 and all assets, rights, liabilities and the urban renewal and planning functions of RWA were transferred to the Corporation.

The Corporation has only one service group in relation to the work under the *State Environment Planning Policy (Urban Renewal)* 2010 (Urban Renewal SEPP). The primary financial statements relate to this single service group and accordingly no separate supplementary financial statements are disclosed.

		Consolidated		UGDC	
		30 June 2013 $'000	30 June 2012 $'000	30 June 2013 $'000	30 June 2012 $'000
6	**Current Asset - Cash and Cash Equivalents**				
	Cash at bank and on hand	14,885	5,837	6,291	1,537
	Tenant demand deposit (i)	485	726	-	-
	NSW Treasury Corp 'Hour-glass' cash facility deposits (ii)	26,395	26,884	8,117	4,346
	Cash held as restricted assets (iii)	44,167	46,368	44,167	46,368
		85,932	**79,816**	**58,574**	**52,252**

(i) Demand deposits held with the Commonwealth Bank of Australia represent money received as bond for the rental space at the Australian Technology Park. This amount will be refunded back to the tenant on termination of the lease subject to tenant complying with its obligations under the tenancy agreement.

(ii) The Corporation has investments with the NSW Treasury Corporation's Hour-Glass facilities. The weighted average rate of return on these investments during the period was 3.69% (2012: 4.68%).

(iii) The Corporation received specific purpose grants from the Commonwealth and NSW Government through developer contributions for the provision of affordable housing in accordance with the Housing Affordability Agreement, the Redfern Waterloo Affordable Housing and Developer Contributions Plans. These grants and contributions are held in separate Tcorp Hour Glass cash deposit facilities and can only be expensed on projects directly related to the specific purposes for which the funds were granted.

		Consolidated 30 June 2013 $'000	Consolidated 30 June 2012 $'000	UGDC 30 June 2013 $'000	UGDC 30 June 2012 $'000
7	**Current/Non-current Assets - Receivables**				
	Current				
	Trade receivables	929	193	120	54
	Allowance for impairment on receivables	(5)	(18)	-	(13)
	Other debtors	19	390	-	24
	Goods & Services tax recoverable	457	129	513	-
	Prepayments	481	75		29
		1,881	**769**	**632**	**94**
	Movement in allowance for impairment of receivables				
	Balance at the beginning of the financial year	18	-	13	-
	Provision for impairment transferred in	-	30	-	25
	Amounts recovered during the year	(5)		(5)	
	Amounts written off during the course of the year	(8)	(12)	(8)	(12)
	Balance at the end of the year	**5**	**18**	**-**	**13**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 19.

Notes to the Financial Statements for the year ended 30 June 2013

		Consolidated		UGDC	
		30 June 2013 *$'000*	30 June 2012 *$'000*	30 June 2013 *$'000*	30 June 2012 *$'000*
8	**Current/Non-current Assets - Other Financial Assets**				
	Current				
	Lease incentive asset	389	-	-	-
	Floating rate interest-bearing loan advanced to subsidiary	-	343	5,000	-
	10 year fixed interest loan advanced to subsidiary	505	470	505	470
		894	**813**	**5,505**	**470**
	Non-current				
	Finance lease receivables	-	-	6,295	5,963
	Lease Incentive Asset	1,406	1,463	-	-
	Dept of Defence loan receivable	2,368	2,873	-	
	Operating lease receivable(i)	-	-	17,955	16,957
	Floating rate interest-bearing loan advanced to subsidiary	-	-	20,006	29,996
	10 year fixed interest loan advanced to subsidiary	-	-	2,368	2,872
		3,774	**4,336**	**46,624**	**55,789**

(i) Operating lease relates to the investment property owned by the Corporation referred to in Note 10 Investment Property and Note 16(b) Commitment.

Non-cancellable operating lease receivables				
Not longer than 1 year	15,037	13,909	-	-
Longer than 1 year and not longer than 5 years	46,784	38,780	-	-
Longer than 5 years	14,101	18,266	98,750	98,750
	75,922	**70,955**	**98,750**	**98,750**

Finance lease receivables				
Minimum lease receivables, later than 5 years*	-	-	30,525	30,525
Less future finance charge	-	-	(24,230)	(24,562)
Present value of minimum lease receivables	**-**	**-**	**6,295**	**5,963**

* Minimum future lease receivables includes the aggregate of all lease payments and any guaranteed residual.

		Consolidated		UGDC	
		30 June 2013 $'000	30 June 2012 $'000	30 June 2013 $'000	30 June 2012 $'000
9	**Non-Current Assets - Property, Plant and Equipment**				
	Land and Buildings				
	At fair value	60,350	54,200	2,700	2,700
	Accumulated depreciation		(1,150)		(1,150)
	Carrying amount at fair value	**60,350**	**53,050**	**2,700**	**1,550**
	Plant and equipment				
	At cost	4,892	3,225	5	11
	Accumulated depreciation	(2,998)	(2,336)	(3)	(2)
	Carrying amount at cost	**1,893**	**889**	**2**	**9**
	Leasehold improvements				
	At fair value	-	160	-	160
	Accumulated depreciation	-	(26)	-	(26)
	Carrying amount at fair value	**-**	**134**	**-**	**134**
	Furniture and Fittings				
	At cost	1,912	1,872	-	-
	Accumulated depreciation	(1,395)	(1,214)	-	-
	Carrying amount at cost	**517**	**658**	**-**	**-**
	Motor vehicles				
	At cost	32	32	-	-
	Accumulated depreciation	(19)	(12)	-	-
	Carrying amount at cost	**14**	**20**	**-**	**-**
	Art and artefacts				
	At cost	5	5	-	-
	Accumulated depreciation	-	-	-	-
	Carrying amount at cost	**5**	**5**	**-**	**-**
	Work in progress	**4,652**	**1,764**	**3,791**	**-**
	Total Property, Plant and Equipment				
	At fair value or at cost	71,844	61,258	6,496	2,871
	Accumulated depreciation	(4,412)	(4,738)	(3)	(1,178)
	Carrying amount at fair value or at cost	**67,432**	**56,520**	**6,493**	**1,693**

Financials - UrbanGrowth NSW Development Corporation
(formerly Sydney Metropolitan Development Authority)

Notes to the Financial Statements
for the year ended 30 June 2013

9 (a) Reconciliation of movements in Property Plant and Equipment

A reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current reporting period is set out below:

	CONSOLIDATED							
Consolidated	Land & Buildings *$'000*	Plant & Equipment *$'000*	Leasehold Improvements *$'000*	Furniture & fittings *$'000*	Motor vehicles *$'000*	Art and artefacts *$'000*	Work in progress *$'000*	Total *$'000*
Year ended 30 June 2013								
Net carrying amount at 1 July 2012	53,050	889	134	658	20	5	1,764	56,520
Additions/(disposals)	1,725	1,477	(94)	48			4,652	7,808
Transfers in/out	1,475	186	-	-	-	-	(1,661)	-
Transfers in/out intangibles (Note 11)	-		-	-	-	-	(103)	(103)
Net revaluation increment/decrement	6,039							6,039
Depreciation	(1,938)	(659)	(40)	(189)	(6)	-	-	(2,832)
Write back lease incentives		-	-	-	-	-	-	-
Net carrying amount as at 30 June 2013	**60,351**	**1,893**		**517**	**14**	**5**	**4,652**	**67,432**
Year ended 30 June 2012								
Net carrying amount at 1 July 2011								
Additions/(disposals)		142	1,547	245				1,934
Acquisitions -administrative restructure	50,317	957	11,226	505	23	5	1,764	64,797
Transfers in/out								
Transfers in/out intangibles (Note 11)								
Correction prior period error	1,063	9	(12,611)	13	-	-	-	(11,526)
Net revaluation increment/decrement	2,246	-	-	-	-	-	-	2,246
Depreciation	(1,264)	(219)	(28)	(105)	(3)	-	-	(1,618)
Write back lease incentives	687							687
Net carrying amount as at 30 June 2012	**53,050**	**889**	**134**	**658**	**20**	**5**	**1,764**	**56,520**

(b) Reconciliation of movements in Property Plant and Equipment

	UGDC							
	Land & Buildings	Plant & Equipment	Leasehold Improvements	Furniture & fittings	Motor vehicles	Art and artefacts	Work in progress	Total
Year ended 30 June 2013	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Net carrying amount at 1 July 2012	1,550	9	134	-	-	-	-	1,693
Additions/(disposals)	-	(3)	(94)	-	-	-	3,791	3,694
Acquisitions -administrative restructure	-	-	-	-	-	-	-	-
Net revaluation increment/decrement	1,150	-		-	-	-	-	1,150
Depreciation	-	(4)	(40)	-	-	-	-	(44)
Net carrying amount as at 30 June 2013	**2,700**	**2**	**()**	**-**	**-**	**-**	**3,791**	**6,493**
Year ended 30 June 2012								
Net carrying amount at 1 July 2011	-	-	-	-	-	-	-	-
Additions/(disposals)	-	-	126	-	-	-	-	126
Acquisitions -administrative restructure	1,450	11	34	-	-	-	-	1,495
Transfers in/out	-	-	-	-	-	-	-	-
Net revaluation increment/decrement	100	-	-	-	-	-	-	100
Depreciation	-	(2)	(26)	-	-	-	-	(28)
Net carrying amount as at 30 June 2012	**1,550**	**9**	**134**	**-**	**-**	**-**	**-**	**1,693**

		Consolidated		UGDC	
		30 June 2013 *$'000*	30 June 2012 *$'000*	30 June 2013 *$'000*	30 June 2012 *$'000*
10	**Investment Property**				
	Opening balance as at 1 July - fair value	120,648	119,884	53,350	54,600
	Acquisition through administrative restructure				
	less operating lease receivable (i)	-	-	(17,955)	(16,957)
	Net gain/(loss) from fair value adjustment	4,845	4,203		200
	Closing balance as at 30 June 2013	**125,493**	**124,087**	**35,395**	**37,843**

(i) Operating leases relate to investment property owned by the Corporation referred to in Note 8 financial assets and Note 16 (b) Commitments. Accrued lease incentive receivable is disclosed as a reduction of the investment property to comply with AASB 117 Leases. Investment properties are valued annually at fair value by an independent valuer. Preston, Rowe, Patterson NSW Pty Ltd are members of the Australian Institute of Valuers with appropriate qualifications and recent experience in the valuation of properties in the Redfern-Waterloo area. The valuation was undertaken as at 31 May 2013 and complies with relevant Australian accounting standards and Treasury's guidelines.

The following amounts have been recognised in the net result of the year:

Rental income	16,922	7,463	-	-
Direct operating expenses arising from investment				
Properties that generated rental income	(2,706)	(1,218)	-	-
	14,216	**6,245**	**-**	**-**

11	**Intangible Assets**				
	Software				
	Cost (gross carrying amount)	633	515	-	-
	Accumulated amortisation and impairment	(484)	(398)	-	-
	Net carrying amount	**149**	**117**	**-**	**-**
	Net carrying amount at start of year	117	66	-	-
	Additions	15	98	-	-
	Disposals	103	15	-	-
	Amortisation	(86)	(62)	-	-
	Net carrying amount	**149**	**117**	**-**	**-**

Notes to the Financial Statements for the year ended 30 June 2013

		Consolidated		UGDC	
		30 June 2013 $'000	30 June 2012 $'000	30 June 2013 $'000	30 June 2012 $'000
12	**Current/Non-current Liabilities - Payables**				
	Current				
	Accrued salaries, wages and on-costs	64	96	()	39
	Creditors	4,719	5,803	1,126	1,819
	Intercompany and inter-agency balances			280	880
	Unearned revenue	1,734	1,713	-	-
	Other payables	17	176	7	162
	Good & Services Tax payable		229	8	127
		6,534	**8,018**	**1,422**	**3,029**
13	**Current/Non-current Liabilities - Borrowings**				
	Current				
	TCorp Borrowings - 10 year fixed interest	505	470	505	470
	TCorp Borrowings - variable rate (i)	5,000	5,000	5,000	5,000
		5,505	**5,470**	**5,505**	**5,470**
	Non-current				
	TCorp Borrowings - 10 year fixed interest	2,368	2,873	2,368	2,873
	TCorp Borrowings - variable rate (i)	20,006	24,996	20,006	24,996
		22,375	**27,869**	**22,375**	**27,869**

(i) The Corporation has a long term borrowing facility of $40m with TCorp that is due for repayment in 2030. It is the intention of the Corporation to repay $5m of the outstanding balance in 2013-14. Accordingly, $5m of the total $25.01m variable rate borrowings has been classified as current. Borrowings are rolled over on a monthly basis and disclosed as such in Note 19 Financial Instruments. At the discretion of the Corporation, the term of the loan may be extended beyond one year. Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 19.

		Consolidated		UGDC	
14	**Current/Non-current Liabilities - Provisions**				
	Employee benefits and related on-costs				
	Current				
	Recreation leave	231	372	-	-
	Long service leave	335	521	-	-
		566	**893**	**-**	**-**
	Non-current				
	Long service leave	69	106	-	-
	Defined superannuation benefits plan (i)	-	195	-	-
		69	**301**	**-**	**-**
	Aggregate employee benefits and related on-costs				
	Provisions - current	272	620	-	-
	Provisions - non-current	69	301	-	-
	Accrued salaries, wages and on costs	294	273	-	-
		635	**1,194**	**-**	**-**
	Other provisions				
	Provision for maintenance expenses	**1,533**	**1,265**	**1,533**	**1,265**
	Movement in provisions (other than employee benefit expense)				
	Carrying amount at the start of the year	1,265	-	1,265	-
	Additional provisions recognised	744	1,265	744	1,265
	Amount used	(476)	-	(476)	-
		1,533	**1,265**	**1,533**	**1,265**

The Corporation and Rail Corporation entered into a Heads of Agreement, at the end of 2011, for the acquisition of land owned by Rail Corporation, but under licence to the Corporation for the North Eveleigh site. The Corporation is implementing an approved concept plan for the site in line with its urban renewal charter.

There are two buildings within this site which will be modified and improved, as part of the concept plan, for commercial, residential and community use. The buildings are unoccupied and heritage listed and are currently in a state of disrepair. The Corporation is obligated, under the terms and conditions of the licence and in accordance with the Heritage Act 1977, to carry out necessary repairs and maintenance to address any damage or defect within the area under licence. The provision for maintenance is based on an estimate provided by an independent quantity surveyor.

14 Current/Non-current Liabilities – Provisions (continued)

(l) Accounting policy for defined benefit superannuation funds

As at June 30 2013 one consolidated entity employee was a member of a defined benefit funds and no liability exists in respect of former employees. AASB 119 – paragraph 120A (a) has been adopted with actuarial gains and losses immediately recognised in other comprehensive income in the year in which they occur.

Fund information

- The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:
- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

These schemes are all defined benefit schemes – at least a component of the final benefit is derived from a multiple of member salary and years of membership. All the Schemes are closed to new members.

(i)(a) Superannuation position as at 30 June 2013(AASB 119 Employee Benefits)

	SASS	SANCS	SSS	TOTAL
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
Member Numbers				
Contributors				
Deferred benefits	-	-	-	-
Pensioners	-	-	-	-
Pensions fully commuted	-	-	-	-
Superannuation Position for AASB 119 purposes	*$'000*	*$'000*	*$'000*	*$'000*
Accrued liability				
Estimated reserve account balance	(102)	70	-	(32)
	(102)	70	-	(32)
Future Service Liability (Note 1)	-	-	-	-
Surplus in excess of recovery available from schemes	32	-	-	32
Net (asset) to be recognised in statement of financial position	(70)	70	-	-

	SASS	SANCS	SSS	TOTAL
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
Member Numbers				
Contributors	1	1	-	2
Deferred benefits	-	-	-	-
Pensioners	-	-	-	-
Pensions fully commuted	-	-	-	-
Superannuation Position for AASB 119 purposes	*$'000*	*$'000*	*$'000*	*$'000*
Accrued liability	93	170	-	263
Estimated reserve account balance	(30)	(38)	-	(68)
	63	132	-	195
Future Service Liability (Note 1)	(12)	(42)	-	(53)
Surplus in excess of recovery available from schemes	-	-	-	-
Net liability to be recognised in statement of financial position	63	132	-	195

Note 1:

The Future Service Liability (FSL) does not have to be recognised by an employer. It is only used to determine if an asset ceiling limit should be imposed (AASB 119, para 58). Under AASB 119, any prepaid superannuation asset recognised cannot exceed the total of any unrecognised past service cost and the present value of any economic benefits that may be available in the form of refunds from the plan or reductions in future contributions to the plan. Where the 'surplus in excess of recovery' is zero, no asset ceiling limit is imposed.

14 Current/Non-current Liabilities – Provisions (continued)

Reconciliation of the present value of the defined benefit obligation {AASB 119 – paragraph 120A(c)}

	SASS 30-Jun-13 $'000	SANCS 30-Jun-13 $'000	SSS 30-Jun-13 $'000	TOTAL 30-Jun-13 $'000
Present value of partly funded defined benefit obligation at beginning of the year	93	170	--	263
Current service cost	20	7	--	27
Interest cost	2	5	--	7
Contributions by Fund participants	2	--	--	2
Actuarial (gains)	(41)	(7)	--	(48)
Benefits paid	(76)	(175)	--	(251)
Past service cost	--	--	--	--
Curtailments	--	--	--	--
Settlements	--	--	--	--
Business Combinations	--	--	--	--
Exchange rate changes	--	--	--	--
Present value of partly funded defined benefit obligation at end of the year	**--**	**--**	**--**	**--**

	SASS 30-Jun-12 $'000	SANCS 30-Jun-12 $'000	SSS 30-Jun-12 $'000	TOTAL 30-Jun-12 $'000
Present value of partly funded defined benefit obligation at beginning of the year	83	146	--	229
Current service cost	10	6	--	16
Interest cost	4	7	--	11
Contributions by Fund participants	2	--	--	2
Actuarial (gains)/losses	(2)	11	--	9
Benefits paid	(4)	--	--	(4)
Past service cost	--	--	--	--
Curtailments	--	--	--	--
Settlements	--	--	--	--
Business Combinations	--	--	--	--
Exchange rate changes	--	--	--	--
Present value of partly funded defined benefit obligation at end of the year	**93**	**170**	**--**	**263**

(i) (c) Reconciliation of the fair value of Fund assets {AASB 119 – paragraph 120A(e)}

	SASS 30-Jun-13 $'000	SANCS 30-Jun-13 $'000	SSS 30-Jun-13 $'000	TOTAL 30-Jun-13 $'000
Fair value of Fund assets at beginning of the year	30	38	--	68
Expected return on Fund assets	8	5	--	13
Actuarial gains/(losses)	(31)	1	--	(30)
Employer contributions	168	62	--	230
Contributions by Fund participants	2	--	--	2
Benefits paid	(76)	(175)	--	(251)
Settlements	--	--	--	--
Business combinations	--	--	--	--
Exchange rate changes	--	--	--	--
Fair value of Fund assets at end of the year	**102**	**(70)**	**--**	**32**

14 Current/Non-current Liabilities – Provisions (continued)

(i) (c) Reconciliation of the fair value of Fund assets {AASB 119 – paragraph 120A(e)}

	SASS	SANCS	SSS	TOTAL
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	$'000	*$'000*	*$'000*	*$'000*
Fair value of Fund assets at beginning of the year	24	35	--	59
Expected return on Fund assets	2	3	--	4
Actuarial gains/(losses)	2	(3)	--	(1)
Employer contributions	5	3	--	8
Contributions by Fund participants	2	--	--	2
Benefits paid	(4)	--	--	(4)
Settlements	--	--	--	--
Business combinations	--	--	--	--
Exchange rate changes	--	--	--	--
Fair value of Fund assets at end of the year	**31**	**38**	**--**	**69**

'The above includes GST output tax of $6.90m (2012: $6.45m) that is expected to be paid to the Australian Taxation Office. The income commitments relate to rent leases. All receivable leases are entered into at commercial rates and terms. Regular market valuations and tendering processes are carried our to ensure commercial arrangements are maintained.'

(i) (d) Reconciliation of the assets and liabilities recognised in statement of financial position {AASB 119 – paragraphs 120A(d) and (f)}

	SASS	SANCS	SSS	TOTAL
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	$'000	*$'000*	*$'000*	*$'000*
Present value of partly funded defined benefit obligation at end of year	--	--	--	--
Fair value of Fund assets at end of year	(102)	70	--	(32)
Subtotal	(102)	70	--	(32)
Unrecognised past service cost	--	--	--	--
Unrecognised gain/(loss)	--	--	--	--
Adjustment for limitation on net asset	32	--	--	32
Net Liability recognised in statement of financial position at end of year	**(70)**	**70**	**--**	**--**

	SASS	SANCS	SSS	TOTAL
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	$'000	*$'000*	*$'000*	*$'000*
Present value of partly funded defined benefit obligation at end of year	93	170	--	263
Fair value of Fund assets at end of year	(30)	(38)	--	(68)
Subtotal	63	132	--	194
Unrecognised past service cost	--	--	--	--
Unrecognised gain/(loss)	--	--	--	--
Adjustment for limitation on net asset	--	--	--	--
Net Liability recognised in statement of financial position at end of year	**63**	**132**	**--**	**194**

14 Current/Non-current Liabilities – Provisions (continued)

(i) (e) Expense recognised in income statement {AASB 119 – paragraph 46 & 120A(g)}

	SASS	SANCS	SSS	TOTAL
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
Components Recognised in Income Statement	*$'000*	*$'000*	*$'000*	*$'000*
Current service cost	20	7	--	27
Interest cost	2	5	--	7
Expected return on Fund assets (net of expenses)	(8)	(5)	--	(13)
Actuarial losses/(gains) recognised in year	--	--	--	--
Past service cost	--	--	--	--
Movement in adjustment for limitation on net asset	--	--	--	--
Curtailment or settlement (gain)/loss	--	--	--	--
Expense recognised	14	7	--	21

	SASS	SANCS	SSS	TOTAL
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
Components Recognised in Income Statement	*$'000*	*$'000*	*$'000*	*$'000*
Current service cost	10	6	--	16
Interest cost	4	7	--	11
Expected return on Fund assets (net of expenses)	(2)	(3)	--	(4)
Actuarial losses/(gains) recognised in year	--	--	--	--
Past service cost	--	--	--	--
Movement in adjustment for limitation on net asset	--	--	--	--
Curtailment or settlement (gain)/loss	--	--	--	--
Expense recognised	12	10	--	22

(i) (f) Expense recognised in other comprehensive income {AASB 119 – paragraph 46 & 120A(h)}

	SASS	SANCS	SSS	TOTAL
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	$'000	*$'000*	*$'000*	*$'000*
Actuarial (gains)/losses	(10)	(8)	--	(18)
Adjustment for limit on net asset	32	--	--	32

	SASS	SANCS	SSS	TOTAL
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	$'000	*$'000*	*$'000*	*$'000*
Actuarial losses	(4)	14	--	10
Adjustment for limit on net asset	--	--	--	--

(i) (g) Fund assets {AASB 119 – paragraph 120A(j)}

The percentage invested in each asset class at the balance sheet date:

	30-Jun-13	30-Jun-12
Australian equities	30.4%	28.0%
Overseas equities	26.1%	23.7%
Australian fixed interest securities	6.9%	4.9%
Overseas fixed interest securities	2.2%	2.4%
Property	8.3%	8.6%
Cash	13.1%	19.5%
Other	13.0%	12.9%

14 Current/Non-current Liabilities – Provisions (continued)

(i) (h) Fair value of Fund assets {AASB 119 – paragraph 120A(k)}

All Fund assets are invested by STC at arm's length through independent fund managers.

(i) (i) Expected rate of return on assets {AASB119 – paragraph 120A(l)}

The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class. The returns used for each class are net of investment tax and investment fees.

(i) (j)Actual Return on Fund Assets {AASB 119 – paragraph 120A(m)}

	SASS	SANCS	SSS	TOTAL
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	$'000	*$'000*	*$'000*	*$'000*
Actual return on Fund assets	5	6	--	11

	SASS	SANCS	SSS	TOTAL
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	$'000	*$'000*	*$'000*	*$'000*
Actual return on Fund assets	--	--	--	--

(i) (k) Valuation method and principal actuarial assumptions at the balance sheet date {AASB 119 – paragraph 120A(n)}

i) Valuation Method

The Projected Unit Credit (PUC) valuation method was used to determine the present value of the defined benefit obligations and the related current service costs. This method sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

ii) Economic Assumptions

	30-Jun-13	30-Jun-12
Salary increase rate (excluding promotional increases)	2.25% pa	2.5% pa
Rate of CPI Increase	2.5% pa	2.5% pa
Expected rate of return on assets	8.60%	8.60%
Discount rate	3.80% pa	3.06% pa

iii) Demographic Assumptions

The demographic assumptions at 30 June 2013 are those that were used in the 2012 triennial actuarial valuation. The triennial review report is available from the NSW Treasury website.

Financials - UrbanGrowth NSW Development Corporation
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Notes to the Financial Statements
for the year ended 30 June 2013

14 Current/Non-current Liabilities – Provisions (continued)

(i) (I) Historical information {AASB119 – paragraph 120A(p)}

NB. AASB 119 requires an entity to disclose this information for the current and previous four annual reporting periods.

	SASS	SANCS	SSS	TOTAL
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	--	--	--	--
Fair value of Fund assets	(102)	70	--	(32)
(Surplus)/Deficit in Fund	(102)	70	--	(32)
Experience adjustments – Fund liabilities	(41)	(7)	--	(48)
Experience adjustments – Fund assets	31	(1)	--	30

	SASS	SANCS	SSS	TOTAL
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	93	170	--	263
Fair value of Fund assets	(30)	(38)	--	(68)
(Surplus)/Deficit in Fund	63	133	--	196
Experience adjustments – Fund liabilities	(2)	11	--	9
Experience adjustments – Fund assets	(2)	3	--	1

	SASS	SANCS	SSS	TOTAL
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	83	146	--	229
Fair value of Fund assets	(24)	(35)	--	(59)
(Surplus)/Deficit in Fund	59	111	--	170
Experience adjustments – Fund liabilities	(18)	4	--	(14)
Experience adjustments – Fund assets	68	6	--	74

	SASS	SANCS	SSS	TOTAL
	30-Jun-10	30-Jun-10	30-Jun-10	30-Jun-10
	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	293	248	--	541
Fair value of Fund assets	(238)	(146)	--	(384)
(Surplus)/Deficit in Fund	54	101	--	155
Experience adjustments – Fund liabilities	62	18	--	80
Experience adjustments – Fund assets	(51)	4	--	(47)

	SASS	SANCS	SSS	TOTAL
	30-Jun-09	30-Jun-09	30-Jun-09	30-Jun-09
	$'000	$'000	$'000	$'000
Present value of defined benefit obligation	64	110	--	174
Fair value of Fund assets	(26)	(31)	--	(57)
(Surplus)/Deficit in Fund	38	79	--	117
Experience adjustments – Fund liabilities	(79)	30	--	(49)
Experience adjustments – Fund assets	231	22	--	253

14 Current/Non-current Liabilities – Provisions (continued)

(i) (m) Expected contributions {AASB119 – paragraph 120A(q)}

	SASS	SANCS	SSS	TOTAL
	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	$'000	*$'000*	*$'000*	*$'000*
Expected employer contributions to be paid in the next reporting period	3	4	--	7

	SASS	SANCS	SSS	TOTAL
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	$'000	*$'000*	*$'000*	*$'000*
Expected employer contributions to be paid in the next reporting period	3	4	--	7

(i) (n) Funding Arrangements for Employer Contributions

(a) Surplus/deficit

The following is a summary of the 30 June 2013 financial position of the Fund calculated in accordance with AAS 25 Financial Reporting by Superannuation Plans:

	30-Jun-13	30-Jun-13	30-Jun-13	30-Jun-13
	$'000	*$'000*	*$'000*	*$'000*
Accrued benefits	--	--	--	--
Net market value of Fund assets	(102)	70	--	(32)
Net (surplus)/deficit	(102)	70	--	(32)

	SASS	SANCS	SSS	TOTAL
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	$'000	*$'000*	*$'000*	*$'000*
Accrued benefits	86	152	--	238
Net market value of Fund assets	(30)	(38)	--	(68)
Net (surplus)/deficit	56	114	--	170

(b) Contribution recommendations

Recommended contribution rates for the entity are:

2012-13	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.90	2.50	0.00

2011-12	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.90	2.50	0.00

Financials - UrbanGrowth NSW Development Corporation
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Notes to the Financial Statements for the year ended 30 June 2013

15 Prior Period Error

Consolidated Entity

The consolidated entity has identified the following prior period errors in relation to its subsidiary, Australian Technology Park Sydney Limited. Necessary corrections have been made as required by AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, as listed below:

- The amount of the correction for the line affected.
- The amount of the correction at the beginning of the earliest prior period presented.

The valuation of Australian Technology Park Sydney Limited's included infrastructure. The Company accounted for these assets in its Leasehold Improvements. As a result the Company's assets were overstated in prior years. The impact of the prior period error resulted in a decrease in the total Non-Current Assets of $12.263m.

Restatement of Statement of Comprehensive Income, Statement of Financial position and Statement to Changes in Equity for the year ended 30 June 2012 financial statement line items impacted by the prior error are presented below.

Statement of Comprehensive Income (Extract)

	Notes	Consolidation 30 June 2012 $'000	Correction of error adjustment $'000	Restated consolidation 30 June 2012 $'000
Expenses excluding losses				
Depreciation and amortisation	*2(d)*	1,923	(305)	1,618
Total expenses excluding losses		20,883	(305)	20,579
Revenue				
Fair value gains/losses on investment property	*4*	4,269	(66)	4,203
Total revenue		**38,685**	(66)	**38,619**
Net result		**17,802**	(239)	**18,041**
Other comprehensive income				
Net increase/(decrease) in fair value of property, plant & equipment	*9(a)*	3,243	(997)	2,246
Total other comprehensive income		**3,243**	997	**2,246**
Total comprehensive income		**21,045**	(758)	**20,287**

Statement of Financial Position (Extract)

	Notes	Consolidation 30 June 2012 $'000	Correction of error adjustment $'000	Restated consolidation 30 June 2012 $'000
Non current assets				
Property, plant and equipment				
Land and Buildings		53,050	0	53,050
Plant and equipment		880	9	889
Furniture and fittings		645	13	658
Leasehold improvements		12,419	(12,285)	134
Total property, plant and equipment		**68,783**	(12,263)	**56,520**
Total non-current assets		**197,324**	(12,263)	**185,060**
Total assets		**278,722**	(12,263)	**266,459**
Net assets		**234,903**	(12,263)	**222,641**
Equity				
Reserves		3,243	(997)	2,246
Accumulated funds		231,661	(11,266)	220,395
Total equity		**234,904**	(12,263)	**222,641**

Statement of Changes in Equity (Extract)

	Notes	Consolidation 30 June 2012 $'000	Correction of error adjustment $'000	Restated consolidation 30 June 2012 $'000
Opening Balance		497	-	497
Increase in net assets from equity transfers		213,384	(11,527)	201,857
Net result for the year		17,802	(239)	18,041
Other comprehensive income		3,243	(997)	2,246
Balance at 30 June 2012		**234,926**	**(12,284)**	222,641

Parent Entity

On 1 April 2005, the Redfern Waterloo Authority (RWA) booked a financial asset, "investment in subsidiary", when it took control of ATP. The assets and liabilities of RWA were subsumed by UGDC (former SMDA) under ministerial order on 1 January 2012. As a result UGDC gained control of ATP. The status of the investment was reviewed during the current year when it was determined that the investment should not have been recognised inception.

This treatment has now been reflected in the parent but will have no impact on consolidated entity. In prior years the value of the "Investment in Subsidiary" was offset against the reserves of the controlled entity on consolidation, an entry that will no longer be required. The revision is affected through a change in the net assets transferred from RWA to the parent entity as outlined below. This error was made in the prior reporting period; comparative period balances as at 30 June 2012 were restated as follows:

Financials - UrbanGrowth NSW Development Corporation
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Notes to the Financial Statements for the year ended 30 June 2013

Balance Sheet (Extract)

	Notes	UGDC 30 June 2012 $'000	Correction of error adjustment $'000	Restated UGDC 30 June 2012 $'000
Non current assets				
Other financial assets	8	77,254	(21,465)	55,789
Total non-current assets		**116,790**	**(21,465)**	**95,325**
Total assets		**169,605**	**(21,465)**	**148,140**
Net assets		**131,973**	**(21,465)**	**110,507**
Equity				
Accumulated funds		131,873	(21,465)	110,407
Total equity		**131,973**	**(21,465)**	**110,507**

Statement of Changes in Equity (Extract)

	Notes	UGDC 30 June 2012 $'000	Correction of error adjustment $'000	Restated UGDC 30 June 2012 $'000
Accumulated Funds				
Increase in net assets from equity transfer		117,008	(21,465)	95,543
Balance at 30 June 2012		**131,973**	**(21,465)**	**110,507**

Current/Non-current Assets - Other Financial Assets

	Notes	UGDC 30 June 2012 $'000	Correction of error adjustment $'000	Restated UGDC 30 June 2012 $'000
Non-current				
Finance lease receivables		5,963	-	5,963
Lease Incentive Asset		-	-	-
Dept of Defence loan receivable		-	-	-
Operating lease receivable		16,957	-	16,957
Investment in subsidiary		21,465	(21,465)	-
Floating rate interest-bearing loan advanced to subsidiary		29,996	-	29,996
10 year fixed interest loan advanced to subsidiary		2,872	-	2,872
		77,254	**(21,465)**	**55,789**

16 Commitments for Expenditure

	Consolidated		UGDC	
	30 June 2013 $'000	30 June 2012 $'000	30 June 2013 $'000	30 June 2012 $'000
(a) Capital Commitments				
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at balance date and not provided for:				
Not later than one year	5,852	1,678	5,763	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	**5,852**	**1,678**	**5,763**	**-**

GST of $0.5m may be recoverable from the Australian Taxation Office when the payments are made.

	Consolidated		UGDC	
	30 June 2013 $'000	30 June 2012 $'000	30 June 2013 $'000	30 June 2012 $'000
(b) Operating Lease Commitments (i)				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	-	354	-	354
Later than one year and not later than five years	-	751	-	751
Later than five years	-	-	-	-
Total (including GST)	**-**	**1,105**	**-**	**1,105**

(i) The lease for Level 4 219-241 Cleveland Street was assumed by the Department of Family and Community Services with effect from 1 July 2013.

(c) Disclosures as a Lessor

Operating leases relate to investment property held by the controlled entity ATPSL. Tenancy lease terms vary with terms ranging up to 99 years, however the majority fall within the 2-10 year range. Depending on the commercial arrangements, many leases also provide for renewal options. Lessees do not have an option to purchase the property at the expiry of the lease period

	Consolidated		UGDC	
	30 June 2013 $'000	30 June 2012 $'000	30 June 2013 $'000	30 June 2012 $'000
Non-cancellable operating lease receipts				
Not later than one year	15,023	13,909	-	-
Later than one and not later than five years	46,321	38,780	-	-
Later than five years	13,957	18,266	-	-
Total including GST	**75,301**	**70,955**	**-**	**-**

17 Contingent Assets and Liabilities

At reporting date, there were no significant contingent assets or liabilities. (2012: nil).

18 Budget Review

Comprehensive Income for the year was higher than budget by $17.55.million. The most significant contribution was an increase in the value of Australian Technology Park of $7.45 million following a valuation in April 2013. This gain was however offset by a downward revision to the value of net assets transferred to UGDC on 1 January 2012 on the wind up of the Redfern Waterloo Authority of $12.3m. The write down has been treated as a prior period error in Note 15 and therefore is not reflected in the Statement of Comprehensive Income. Taking this adjustment into account the net budget position for the year was still $1.5 m better than budget and would have been positive $3.7 m if the last quarter recurring funding Treasury grant of $2.2 m had been drawn down.

The second major contributor, to the better than budgeted result, was savings of in excess of $3 million in employee related expenses. This saving is derived principally from the UGDC parent and reflects a combination of permanent costs savings due to a revised operational model and cyclical timing issues related to the number of active precincts under management.

Total current asset are higher than budget by $11.5m which reflects improved cash flow arising from a better than budgeted result, the asset write down being a non cash item. Non- current assets are in line with budget. Current liabilities are higher than budget but this principally reflects the reclass of a $5m non-current loan to current. Total liabilities are lower than budgeted by $6m. ATPSL repaid $5 m of its long term borrowings during the year.

The balance of the variance reflects normal timing issues associated with predicting payables and cash balances accurately more than a year in advance.

19 Financial Instruments

The consolidated entity's principal financial instruments are outlined below. These financial instruments arise directly from the consolidated entity's operations or are required to finance the consolidated entity's operations. The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The consolidated entity's main risks arising from financial instruments are outlined below, together with the entity's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive Officer has the overall responsibility for the establishment and oversight of the risk management framework, including developing and monitoring the overall risk management strategy and policies. The Chief Executive Officer reports to the Audit and Risk Management Committee with respect to risk management matters.

Risk Management framework

Risk management policies are established to identify and analyse the risks faced by the consolidated entity in setting appropriate risk limits and controls, and to monitor risk and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and consolidated entity activities. The Consolidated entity, through training and the implementation of policies and procedures, has developed a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Audit and Risk Management Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the consolidated entity. The Chief Executive Officer, in the capacity of Chief Audit Executive, manages the internal audit function

by conducting scheduled and ad hoc reviews of risk management control procedures, the results of which are reported to the Audit and Risk Management Committee.

The consolidated entity's principal financial instruments comprise finance leases, cash and short term deposits. The main purpose of these financial instruments is to fund consolidated entity's operations. The consolidated entity has various other financial instruments such as debtors and trade creditors, which arise directly from its operations. It is, and has been throughout the period under review, the consolidated entity's policy that no trading in financial instruments shall be undertaken. The main risks arising from the consolidated entity's financial instruments are credit risk, liquidity risk, interest rate risk and operational risks. The executive reviews and approves policies for managing each of these risks and they are summarised below.

This note presents information about the consolidated entity's exposure to each of the above risks, their objectives, policies, and processes for measuring and managing risk, and their management of capital. Further quantitative disclosures are included through these consolidated financial statements.

19 Financial Instruments

(a) Financial instruments categories

Financial assets	*Note*	Category	Carrying Amount		Carrying amount	
			Consolidated	Consolidated	UGDC	UGDC
			30 June 2013 *$'000*	30 June 2012 *$'000*	30 June 2013 *$'000*	30 June 2012 *$'000*
Cash and cash equivalents	6	N/A	41,765	33,447	14,408	5,883
Receivables (i)	7	Loans and receivables (at amortised cost)	948	583	120	77
Other financial assets	8	Loans and receivables (at amortised cost)	3,262	3,686	46,624	56,259
Restricted cash assets		N/A	44,167	46,368	44,167	46,368
Total financial assets			90,142	84,084	105,318	108,588

Financial assets	*Note*	Category	Carrying Amount		Carrying amount	
			Consolidated	Consolidated	UGDC	UGDC
			30 June 2013 $'000	30 June 2012 $'000	30 June 2013 $'000	30 June 2012 $'000
Trade and other payables (ii)	12		4,800	6,076	1,414	2,902
Financial liabilities measured at amortised cost						
Borrowings	13		27,879	33,339	27,879	33,339
Financial liabilities measured at amortised cost						
Total financial liabilities			32,679	39,415	29,293	36,241

(i) Excludes statutory receivables and payables

(ii) Excludes statutory payables and unearned revenue

19 Financial Instruments (continued)

(b) Credit Risk

Credit risk arises when there is the possibility of the consolidated entity's debtors defaulting on their contractual obligations, resulting in a financial loss to the entity. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of the entity, including cash, receivables, and consolidated entity deposits. No collateral is held by the consolidated entity. The Consolidated entity has not granted any financial guarantees.

Credit risk associated with the entity's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit risk standards. Consolidated entity deposits held with NSW TCorp are guaranteed by the State and are AAA-rated by Standard and Poor's. The units held in Hour-Glass investment facilities represent the investor's share of the net asset value of the facility and therefore credit risk is not applicable because the counterparty will not default on the contractual obligation.

a. Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation 11am unofficial cash rate, adjusted for a management fee to NSW

Treasury. Interest earned on deposits held for the Developer Contributions and Affordable Housing Contributions are included in those funds for purposes outlined in Note 6. The NSW Treasury Corporation Hour Glass cash facility is discussed in paragraph (g) below.

b. Receivables – trade debtors

All trade debtors are recognised as amounts receivable at balance date. Collectability of trade debtors is reviewed on an ongoing basis using the monthly aged analysis report. Procedures as established in the Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. The Director of Finance and Corporate Services is responsible for the credit control functions of all outstanding trade debts. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the entity will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings. The average credit period extended by ATPSL on rental payments and on conference activity services is 7 days and by the consolidated entity on conference activity services is 30 days. Generally, no interest is earned on trade debtors.

19 Financial Instruments (continued)

Consolidated	Total	$'000 Past due but not impaired	Considered impaired
2013			
<3 months overdue	398	398	-
3 months - 6 months overdue		-	
> 6 months overdue			
2012			
<3 months overdue	128	128	-
3 months - 6 months overdue	3	-	3
> 6 months overdue	39	24	15

UGDC	Total	$'000 Past due but not impaired	Considered impaired
2013			
<3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue		-	
2012			
<3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	13	-	13

The Consolidated entity is not materially exposed to concentrations of credit risk to a single trade debtor or groups of debtors. Based on past experience, debtors that not past due (2013: nil; 2012: $22k) and less than 12 months past due (2013: $0.5k; 2012: $170k) are not considered impaired. The only financial assets that are past due or impaired are 'property rental and related services income' in the receivables category of the statement of financial position

c. Consolidated entity's deposits

The Consolidated entity has placed funds on deposit with NSW Treasury Corporation entity, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' for a fixed term. For fixed term deposits, the interest rate payable by NSW Treasury Corporation entity is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 3.69% (2012: 4.88%) while over the year the weighted interest rate was 3.01% (2012: 4.68%) on a weighted average balance during the year of $52.8m (2012: $67.3m). None of these assets are past due or impaired.

19 Financial Instruments (continued)

(c) Liquidity Risk

Liquidity risk is the risk that the consolidated entity will be unable to meet its payment obligations when they fall due. The consolidated entity continuously manages risk through monitoring future cash flows and maturities so as to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through use of appropriate investment strategies.

During current and prior years, there were no defaults or breaches on any amounts payable to creditors. No assets have been pledged as collateral. The Consolidated entity's exposure to liquidity risk is deemed insignificant based on prior period data and a current assessment of risk.

The Consolidated entity currently has a loan facility of $45m from NSW Treasury Corporation. The loan is unsecured with a floating interest rate. In May 2010, the consolidated entity's former Board approved commencement of a debt reduction strategy for the floating rate loan facility. This strategy is being implemented. Liabilities are recognised for amounts due to be paid in the future for goods or services rendered. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC11/12. If trade terms are not specified, payment is made no later than the end of the month in which an Invoice is received. No interest was paid during the year.

Maturity analysis and interest rate exposure of financial liabilities

				Maturity Dates			
Consolidated	Weighted average effective interest rate %	Nominal Amount $'000	Interest Rate Exposure $'000	less than 1 year $'000	1-5 Years $'000	5+ years $'000	Total $'000
2013							
Non-interest bearing -payables	-	4,800	nil	4,800	-	-	4,800
Borrowings:							
Fixed rate loan from the TCorp	7.24%	2,873	nil	505	2,368	-	2,873
Variable rate loan from the Tcorp (i)	2.92%	25,006	300	5,000	20,006	-	25,006
				10,305	**22,375**	**-**	**32,679**
2012							
Non-interest bearing -payables	-	6,076	nil	6,076	-	-	6,076
Borrowings:						-	
Fixed rate loan from the TCorp	7.24%	3,343	nil	470	2,873	-	3,343
Variable rate loan from the Tcorp (i)	4.60%	29,996	300	5,000	24,996	-	29,996
				11,546	**27,869**	**-**	**39,415**

Maturity analysis and interest rate exposure of financial liabilities

UGDC	Weighted average effective interest rate %	Nominal Amount $'000	Interest Rate Exposure $'000	less than 1 year $'000	1-5 Years $'000	5+ years $'000	Total $'000
2013							
Non-interest bearing -payables	-	1,415	nil	1,415	-	-	1,415
Borrowings:						-	
Fixed rate loan from the Tcorp	7.24%	2,873	nil	505	2,368	-	2,873
Variable rate loan from the Tcorp	2.92%	25,006	300	5,000	20,006	-	25,006
				6,920	**22,375**	**-**	**29,294**
2012							
Non-interest bearing -payables	-	2,902	nil	2,902	-	-	2,902
Borrowings:						-	
Fixed rate loan from the Tcorp	7.24%	3,343		470	2,873	-	3,343
Variable rate loan from the Tcorp	4.60%	29,996	300	5,000	24,996	-	29,996
				8,372	**27,869**	**-**	**36,241**

(i) One percent sensitivity has been determined on the basis of the official RBA interest rate volatility over the last five years.

(d) Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the income or value of the holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within in acceptable parameters, while optimising the return.

The Consolidated entity's exposures to market risk are as follows:

- Growth: the depth and length of the global economic downturn, and its impact on the investments held by the Consolidated entity
- Systematic risk: liquidity and counterparty risks in financial markets
- Lack of Corporate Governance: Universal lack of corporate governance leads to fraud and bankruptcies.

The Consolidated entity manages its market risk exposure by construction of risk framework that quantifies the risks in the investment strategies and the probable outcomes from the portfolio given different events.

(e) Currency risk

The Corporation has indirect exposure to foreign currency risk by investing into funds with NSW Treasury Corporation. NSW Treasury Corporation manages the exposure to such risk.

Notes to the Financial Statements for the year ended 30 June 2013

(f) Interest rate risk

The Consolidated entity is exposed to interest rate risk as the Consolidated entity borrows at floating interest rates from NSW Treasury Corporation and holds its surplus cash in NSW Treasury Corporation's 'Hour-Glass' cash facilities. NSW Treasury Corporation as trustee for the above facility is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, the NSW Treasury Corporation has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties.

The Consolidated entity does not account for any financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change of +/-1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The entity's exposure to interest rate risk is set in the next table:

Interest rate risk

	$'000				
Consolidated		-1%		+1%	
2013	Carrying amount	Profit	Equity	Profit	Equity
Financial assets					
Cash and cash equivalents	85,932	(203)	(203)	203	203
Receivables (i)	948	-	-	-	-
Other financial assets	3,262	-	-	-	-
Financial liabilities					
Payables (ii)	4,800	-	-	-	-
Borrowings	27,879	-	-	-	-

	$'000				
		-1%		+1%	
2012	Carrying amount	Profit	Equity	Profit	Equity
Financial assets					
Cash and cash equivalents	79,816	(178)	(178)	178	178
Receivables (i)	583	-	-	-	-
Other financial assets	3,686	-	-	-	-
Financial liabilities					
Payables (ii)	6,076	-	-	-	-
Borrowings	33,340	-	-	-	-

	$'000				
UGDC		-1%		+1%	
2013	Carrying amount	Profit	Equity	Profit	Equity
Financial assets					
Cash and cash equivalents	58,574	(107)	(107)	107	107
Receivables (i)	120	-	-	-	-
Other financial assets	46,624	-	-	-	-
Financial liabilities					
Payables (ii)	1,414	-	-	-	-
Borrowings	27,879	-	-	-	-

	$'000				
UGDC		-1%		+1%	
2012	Carrying amount	Profit	Equity	Profit	Equity
Financial assets					
Cash and cash equivalents	52,252	(5)	(5)	5	5
Receivables (i)	77	-	-	-	-
Other financial assets	56,259	-	-	-	-
Financial liabilities					
Payables (ii)	2,902	-	-	-	-
Borrowings	33,339				

(i) Excludes statutory receivables and payables

(ii) Excludes statutory payables and unearned revenue

(g) Other price risk - NSW Treasury Corporation (TCorp) Hour-Glass Facilities

Exposure to 'other price risk' primarily arises through investments with NSW Treasury Corporation Hour-Glass Investment Facilities, which are held for strategic rather than trading purposes. The entity has no direct equity investments. The entity holds units in the following Hour-Glass investments trusts.

Other price risk - Tcorp Hour-Glass facilities

Consolidated

Facility	Investment sectors	Investment Horizon	2013 $'000	2012 $'000
Cash facility	Cash, money market instrument	Up to 1.5 years	70,561	75,253

UGDC

Facility	Investment sectors	Investment Horizon	2013 $'000	2012 $'002
Cash facility	Cash, money market instrument	Up to 1.5 years	52,284	50,715

Consolidated

	Impact on profit/loss		
	Change in unit price	2013 $'000	2012 $'000
Hour-Glass Investment - Cash Facility	+/- 1%	+/-706	+/-753

UGDC

	Impact on profit/loss		
	Change in unit price	2013 $'000	2012 $'000
Hour-Glass Investment - Cash Facility	+/- 1%	+/-523	+/-507

The unit price of each facility is equal to the total fair value of the net assets held by the facility divided by the number of units on issue for that facility. Unit prices are calculated and published daily.NSW TCorp is trustee for each of the above facilities and is required to act in the best interest of the unit holders and to administer the trusts in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each facility in accordance with a mandate agreed by the parties. However, TCorp acts as manager for part of the Cash and Strategic Cash Facilities and also manages the Australian Bond portfolio. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the entity's exposure to risk, as it allows diversification across a pool of funds with different investment horizons and a mix of investments.

NSW TCorp provides sensitivity analysis information for each of the Investment facilities, using historical based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability).

ATPSL is also exposed to price risk based on the demand and supply of lettable area at the Australian Technology Park.

(h) Operational Risk

The Consolidated entity manages its operational risk as part of the risk management strategy. Operational risk is the direct and indirect losses arising from a wide variety of causes associated with the consolidated entity's processes, personnel, technology, legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the consolidated entity's operations.

The Consolidated entity's objective is to manage operational risk so as to balance the avoidance of financial losses and damages to the consolidated entity's reputation with overall cost effectiveness and to avoid control procedures that restricts initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each business unit. The responsibility is supported by the development of standards, policies and procedures in the following areas:

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and legal requirements
- Documentation of controls and procedures
- Requirements for the periodic reporting to senior management and relevant committees
- Training and professional development
- Risk mitigation, including insurance where this is effective.

Compliance with established standards, policies and procedures is supported by a programme of periodic review undertaken by Internal Audit. The results of the internal audit reviews are discussed with management of the business unit to which they relate, with reports submitted to Senior Management and the Audit and Risk Management Committee where appropriate.

(i) Fair value compared to carrying amount

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass facilities, which are measured at fair value. The value of the Hour-Glass Investments is based on the entity's share of the value of the underlying assets of the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

Except where specified below, the amortised cost of financial instruments recognised in the statement of financial position approximates the fair value, because of the short-term nature of many of the financial instruments. The Consolidated entity has not identified any financial instruments whose fair value differs materially from the carrying amount.

(j) Fair value recognised in the statement of financial position

The Consolidated entity uses the following hierarchy for disclosing the fair value of financial instruments by valuation technique:

- Level 1 – Derived from quoted prices in active markets for identical assets/liabilities.
- Level 2 – Derived from inputs other than quoted prices that are observable directly or indirectly.
- Level 3 – Derived from valuation techniques that include inputs for the asset/ liability not based on observable market data (unobservable inputs).

Consolidated	Level 1 $'000	Level 2 $'000	Level 3 $'000	2013 Total $'000
Financial assets at fair value				
TCorp Hour-Glass Invt. Facility	-	70,561	-	70,561

UGDC	Level 1 $'000	Level 2 $'000	Level 3 $'000	2013 Total $'000
Financial assets at fair value				
TCorp Hour-Glass Invt. Facility	-	52,284	-	52,284

Consolidated	Level 1 $'000	Level 2 $'000	Level 3 $'000	2012 Total $'000
Financial assets at fair value				
TCorp Hour-Glass Invt. Facility	-	73,253	-	73,253

UGDC	Level 1 $'000	Level 2 $'000	Level 3 $'000	2012 Total $'000
Financial assets at fair value				
TCorp Hour-Glass Invt. Facility	-	50,715	-	50,715

The table above includes only financial assets, as no financial liability were measured at fair value in the statement of financial position.

There were no transfers between level 1 and 2 during the period ended 30 June 2013. The only investment in hierarchy level two is the TCorp Hourglass Investment facility.

Financials - UrbanGrowth NSW Development Corporation
(formerly Sydney Metropolitan Development Authority)

Notes to the Financial Statements for the year ended 30 June 2013

20	Reconciliation of cashflows from operating activities to net result	Consolidated		UGDC	
		30 June 2013 *$'000*	30 June 2012 *$'000*	30 June 2013 *$'000*	30 June 2012 *$'000*
	Net cash used on operating activities	19,154	22,446	10,102	17,536
	Depreciation	(2,875)	(1,618)	(44)	(28)
	Allowance for impairment	406	(19)	406	(13)
	Decrease/(increase) in provisions	(33)	(2,862)	(233)	(1,265)
	Increase/(decrease) in prepayments and other assets	208	3,614	25	47
	Decrease/(increase) in creditors	2,071	(7,723)	1,927	(2,109)
	Net gain/(loss) on fair value adjustment	1,363	4,203	(1,450)	200
	Net result	**20,294**	**18,041**	**10,733**	**14,368**

21 Related Party Transactions

The Directors and other members of key management personnel of UrbanGrowth NSW Development Corporation during the 2012-13 year were:

(i) Specific Directors

The Board of the former SMDA was dissolved with effect from close of business 31 December 2012. Members from 1 July to 31 December 2012 were as follows:

Dr Col Gellatly AO Chairman

- Les Wielinga Director
- Mike Mrdak Director
- Matt Roberts Director
- Lucy Turnball AO Director
- Dianne Leeson Director
- Giovanni Cirillo Director
- Shane Phillips Director

Independent members of the SMDA and UGDC Audit and Risk Management Committee were as follows:

- Bonnie Boezman AO Chair Audit Committee 1 July 2012 to 30 June 2013
- Victoria Weekes Independent Member 1 July 2012 to 30 June 2013
- Julie Dodd Non Independent Member 1 March 2013 to June 2013

(ii) Specific Executives

Sean O'Toole Chief Executive Officer from 1 January to 30 June 2013

Roy Wakelin-King Chief Executive Officer from 1 July to 31 December 2012

21 Related Party Transactions (continued)

(iii) Compensation of key management personnel paid during the financial year

Related Party Transactions	Salary & Fees	Super	Termination benefits	Total
	$'000s	$'000s	$'000s	$'000s
2013				
Directors				
Dr Col Gellatly AO	30	3	-	33
Les Wielinga	-	-	-	-
Mike Mrdak	-	-	-	-
Matt Roberts	-	-	-	-
Lucy Turnball AO	13	1	-	14
Dianne Leeson	-	-	-	-
Giovanni Cirillo	-	-	-	-
Shane Phillips	18	2	-	20
Audit and Risk Management Committee				
Bonnie Boezman AO	12	1	-	13
Victoria Weekes	7	-	-	7
Julie Dodd	37	3		41
Executives				
Sean O'Toole	-	-	-	-
Roy Wakelin-King	159	12	230	401
Total compensation	**277**	**22**	**230**	**529**

These positions are unpaid

Related Party Transactions	Salary & Fees	Super	Termination benefits	Total
	$'000s	$'000s	$'000s	$'000s
2012				
Directors				
Dr Col Gellatly AO	60	5	-	65
Les Wielinga	-	-	-	-
Mike Mrdak	-	-	-	-
Matt Roberts	-	-	-	-
Lucy Turnball AO	26	2	-	28
Dianne Leeson (appointed 28 October 2011)	-	-	-	-
Sam Haddad (resigned 1 April 2012)	-	-	-	-
Peter Duncan (resigned 27 October 2011)	-	-	-	-
Giovanni Cirillo (appointed 2 April 2012)	-	-	-	-
Shane Phillips	37	2	-	39
Audit and Risk Management Committee				
Bonnie Boezman AO	21	2	-	23
Victoria Weekes	10	-	-	10
Executives				-
Roy Wakelin-King	331	16	-	347
Total compensation	**485**	**28**	**-**	**512**

The remuneration of the UGDC Audit Committee Chair and independent Member is determined based on the NSW Treasury and NSW Department of Finance and Services Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members – Guidelines for Agencies and Members (January 2013), which includes remuneration rates for Independent Chairs Members, determined by the Statutory and Other Officers Remuneration Tribunal (SOORT).

Notes to the Financial Statements for the year ended 30 June 2013

22 Subsidiary

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting 1(b).

Australian Technology Park Sydney Limited

Office of the UrbanGrowth NSW Development Corporation (formerly Sydney Metropolitan Development Authority)

23 Events after the Reporting Period

The Corporation has not identified any material events after the reporting period that require adjustments or disclosure in the financial statements.

END OF FINANCIAL STATEMENTS

Statement by Chief Executive Officer

UrbanGrowth NSW Development Corporation

Statement by Chief Executive Officer on the adoption of the financial statements for the year ended 30 June 2013.

Pursuant to Section 41C (1B) of the *Public Finance and Audit Act 1983* I declare that in my opinion:

1. The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position and financial performance of Office of the UrbanGrowth NSW Development Corporation as at 30 June 2013.
2. The financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions; and
3. I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

S O'Toole

Sean O'Toole
Chief Executive Officer

Office of the UrbanGrowth NSW Development Corporation
(formerly Office of the Sydney Metropolitan Development Authority)

Dated 23 September 2013

Independent Auditors Report

AUDITOR-GENERAL
NEW SOUTH WALES

INDEPENDENT AUDITOR'S REPORT

Office of the UrbanGrowth NSW Development Corporation
(formerly the Office of the Sydney Metropolitan Development Corporation)

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Office of the UrbanGrowth NSW Development Corporation (formerly the Office of the Sydney Metropolitan Development Corporation) (the Office), which comprise the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

My opinion should be read in conjunction with the rest of this report.

The Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer is responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the Chief Executive Officer determines is necessary to enable the preparation of financial statements that give a true and fair view and that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Office's preparation of the financial statements that give a true and fair view in order to design audit procedures appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office's internal control. An audit also includes evaluating the appropriateness of

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

My opinion does *not* provide assurance:

- about the future viability of the Office
- that it has carried out its activities effectively, efficiently and economically
- about the effectiveness of its internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about other information which may have been hyperlinked to/from the financial statements

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies, but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by the possibility of losing clients or income.

M T Spriggins
Director, Financial Audit Services

23 September 2013
SYDNEY

Financials - Office of the UrbanGrowth NSW Development Corporation
(formerly Office of the Sydney Metropolitan Development Authority)

Statement of comprehensive income
for the year ended 30 June 2013

	Notes	30 June 2013 $'000	30 June 2012 $'000
Expenses excluding losses			
Employee related	2	1,682	1,268
TOTAL EXPENSES EXCLUDING LOSSES		**1,682**	**1,268**
Revenue			
Personnel services income	3	1,682	1,268
Total Revenue		1,682	1,268
Net result		-	-
Other comprehensive income		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		**-**	**-**

The accompanying notes form part of these financial statements.

Financials - Office of the UrbanGrowth NSW Development Corporation
(formerly Office of the Sydney Metropolitan Development Authority)

Statement of financial position
for the year ended 30 June 2013

	Notes	30 June 2013 *$'000*	30 June 2012 *$'000*
ASSETS			
Current assets			
Receivables	*4*	280	869
Total current assets		**280**	**869**
Total Assets		**280**	**869**
LIABILITIES			
Current liabilities			
Provisions	*5*	280	644
Total current liabilities		280	644
Non current liabilities			
Provisions	*5*	-	225
Total non current liabilities		**-**	**225**
Total liabilities		**280**	**869**
Net assets		**-**	**-**
EQUITY		-	-

The accompanying notes form part of these financial statements.

Financials - Office of the UrbanGrowth NSW Development Corporation
(formerly Office of the Sydney Metropolitan Development Authority)

Statement of Changes in Equity
for the year ended 30 June 2013

	Notes	Accumulated Funds $'000	Total $'000
Balance at 1 July 2012		-	-
Net result for the period		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Transactions with owners in their capacity as owners			
Increase/(decrease) in net assets from equity transfer		-	-
Balance at 30 June 2013		**-**	**-**
Balance at 1 July 2011		-	-
Net result for the period		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Transactions with owners in their capacity as owners			
Increase/(decrease in net assets from equity transfer		-	-
Balance at 30 June 2012		**-**	**-**

The accompanying notes form part of these financial statements.

Financials - Office of the UrbanGrowth NSW Development Corporation
(formerly Office of the Sydney Metropolitan Development Authority)

Statement of Cash Flows
for the year ended 30 June 2013

	Notes	30 June 2013 $'000	30 June 2012 $'000
Cashflows from operating activites			
Payments to employees	2	2,271	1,112
Total payments		**2,271**	**1,112**
Receipts from parent entity	3	2,271	1,112
Total receipts		**2,271**	**1,112**
Net cashflows from operating activities		-	-
Net increase/(decrease) in cash		**-**	**-**
Opening cash balance		-	-
Closing cash balance at 30 June 2013		**-**	**-**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements for the year ended 30 June 2013

1. Summary of Significant Accounting Policies

(a) Reporting entity

The Office of the UrbanGrowth NSW Development Corporation (the "Office") is a Division of the Government Service, established pursuant to Part 2 of Schedule 1 to the *Public Sector Employment and Managements Act 2010*. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total Sector Accounts. It is domiciled in Australia and its principal office is at 219 – 241 Cleveland Street, Strawberry Hills, NSW 2012.

The Office's objective is to provide personnel services to the UrbanGrowth NSW Development Corporation (formerly Office of Sydney Metropolitan Development Authority) (the "Corporation").

The Office commenced operations on 17 December 2010, when it assumed responsibilities for the employees and employee-related liabilities of the Corporation who were transferred from other government agencies. The assumed liabilities were recognised on 17 December 2010 together with an offsetting receivable representing the related funding due from other government agencies.

Following introduction of the *Redfern-Waterloo Authority Repeal Act 2011*, the Redfern-Waterloo Authority ("RWA") and the Office of Redfern-Waterloo Authority were abolished on 1 January 2012 and all assets, rights, liabilities and the operations of the former Redfern-Waterloo Authority and the Office of the Redfern-Waterloo Authority were transferred to the Corporation and the Office of the UrbanGrowth NSW Development Corporation (formerly Office of Sydney Metropolitan Development Authority. As per TPP 09-03 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*, the transfer of net assets of RWA was recognised as an equity transfer. The changes in equity as a result of this transfer on 1 January 2012 are fully explained in Note 15 of the reporting entity's financial statements.

The Corporation (and therefore the Office) is currently funded by the NSW Government through to 30 June 2014 The financial statements for the year ended 30 June 2013 has been authorised for issue by the CEO on 23 September 2013.

(b) Basis of preparation

The Office's financial statements are general purpose financial statements which have been prepared in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983 and Regulations*; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer

Financial statement items are prepared in accordance with the historical cost convention. The defined benefit plan obligations are measured as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation. These are disclosed in the reporting entity's financial statements in Note 14.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included with other receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flow on a gross basis. However, the GST components of cash flows arising from investing and financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(e) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Income from the rendering of personnel services is recognised when the services are provided and only to the extent that the associated recoverable expenses are recognised.

(f) Assets

(i) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably.

A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial.

If there is objective evidence at year end that a receivable may not be collectable, its carrying amount is reduced by means of an allowance for doubtful debts and the resulting loss is recognised in the operating statement. Receivables are monitored during the year and bad debts are written off against the allowance when they are determined to be irrecoverable. Any other loss or gain arising when a receivable is derecognised is also recognised in the statement of comprehensive income.

(g) Liabilities

(i) Payables

Payables include accrued wages, salaries, and related on costs (such as payroll tax, tax and workers' Compensation insurance) where there is certainty as to the amount and timing of settlement.

A payable if recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

A short term payable with no stated interest rate is measured at historical cost if the effect of discontinuing is immaterial.

(ii) Employee benefits and other provisions

a. Salaries and wages, annual leave and sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits) and annual leave and paid sick leave that are due to be settled within twelve months after the end of the reporting date in which the employees render the service are recognised and measured in respect of employees' service up to the reporting date at undiscounted amounts based on the amounts expected to be paid when the liabilities are settled.

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. For NSW Government employees, this is based on certain factors (specified in NSW TC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

The outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised.

(g) Liabilities (continued)

b. Long service leave and superannuation

The Office's liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the discount method. Consideration is given to expected future wage and salary levels, experience of employee departures and years 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.

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on application of certain factors (specified in NSWTC 12/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme), the expenses is calculated as a multiple of the employees' superannuation contributions.

(h) Equity transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

Transfers arising from an administrative restructure involving non-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure.

(i) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous year for all amounts reported in the financial statements.

(k) New Australian Accounting Standards issued but not effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting period. The Office did not early adopt any of these accounting standards or interpretations that are listed below which were in issue but not yet effective. This is due to NSW public sector entities not being permitted to early adopt new Australian Accounting standards unless Treasury determines otherwise.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Impact of standards issued but not yet effective.	Expected to be initially applied in the financial year Ending ^
AASB 9 Financial Instruments, AASB 2009- 11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2015	No material impact	30 June 2016
AASB 1053 Applications of Tiers of Accounting Standards	1 July 2013		30 June 2014
AASB 2010-2 regarding differential reporting	1 July 2013		30 June 2014
AASB 2011-2 regarding Trans-Tasman Convergence – RDR	1 July 2013		30 June 2014
AASB 2011-4 removing individual KMP disclosure requirements	1 July 2013		30 June 2014
AASB 2011-6 regarding RDR and relief from consolidation	1 July 2013		30 June 2014
AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities	1 January 2014		30 June 2014

		30 June 2013	30 June 2012
		$'000	*$'000*
2	**Expenses Excluding Losses**		
	Salaries and wages (inc. recreation leave)	1,679	1,099
	Superannuation - defined contribution	92	68
	Superannuation - defined benefit	3	32
	Long service leave	(152)	40
	Payroll tax	59	29
		1,682	**1,268**
3	**Revenue**		
	Personnel service income	**1,682**	**1,268**
4	**Current Receivables**		
	Receivables from the Corporation	**280**	**869**
5	**Current /Non-current Provisions**		
	Current		
	Recreation leave	45	212
	Long service leave	58	433
	Termination Payments	177	-
		280	**644**
	Non-current		
	Long service leave	-	30
	Defined benefit superannuation (i)	-	195
		-	**225**
	Aggregate employee benefits and on costs		
	Provisions - current		644
	Provisions - current	275	208
	Accrued salaries,wages and on costs	5	18
		280	**869**

(i) The last remaining member of the defined benefit scheme left the employment of OUGDC on 25 March 2013.

6 Service Group Statements

The Office operates as a single service group and hence no service group statements are prepared.

7 Budgeted Amounts

Reporting of performance against budget is set out in Note 18 of the reporting entity's financial statements. The Office has no direct budget allocation or responsibility.

8 Commitments for Expenditure and Contingent Assets and Liabilities

At reporting date there were no significant commitments/contingent assets or liabilities. (2012: nil)

9 Events After The Reporting Date

The Office has not identified any material events after the reporting period that require adjustments or disclosure in the financial statements.

End of Financial Statements

Appendices

Charter

The UGDC is constituted under the Growth Centres (Development Corporations) Act 1974 and reports to the Minister for Planning and Infrastructure through the Chief Executive Officer.

Chief and Senior Executive Officer

Mr Sean O'Toole is the Chief Executive Officer of both UGDC and UrbanGrowth NSW

Legislative Changes

The Growth Centres (Development Corporations) Amendment (UrbanGrowth NSW Development) Order 2012 was passed in late 2012, giving effect to the following major changes from 1 January 2013:

- Change of name from SMDA to UGDC; and
- Change in governance from Board governed to CEO controlled

Overseas Travel

Nil to report

Corporate Credit Cards

Nil to report

Consultants under $50,000

11 planning and urban design consultants were engaged costing a total of $91,225

3 organisational review consultants were engaged costing a total of $33,558

Staff Numbers as at 30 June 2013

No staff were employed by UGDC as at 30 June 2013 as remaining staff were

transferred to UrbanGrowth NSW during 2012-13

Consultants Over $50,000

Consultant	Project	Cost
Hill PDA Property Consulting	Strategic organisational advice	$55,113
NSW Department of Public Works	Urban Design and Built Form Review of BEP2	$65,000
SGS Economics & Planning Pty Ltd	Auto Alley Feasibility Analysis	$19,246
Sinclair Knight Merz	Auto Alley Urban Renewal Study	$55,900
KPMG Australia	Redfern Waterloo Plan Review of Outcomes	$21,385

Note consultants listed above with a value of less than $50,000 are included where expenditure is incurred across financial years

Staff Numbers by Employment Basis as at 30 June 2012

	Permanent	Temporary	Full-Time	Part-Time	Casual
Staff	5	4	8	1	-
%	56%	44%	89%	11%	-
Men	-	-	-	-	-
Women	-	-	-	-	-
Aboriginal or Torres Strait Islander	-	-	-	-	-
Person with a Disability	-	-	-	-	-
Person from a Racial, Ethnic or Ethno-Religious Minority Group	-	-	-	-	-
People whose first language is not English	2	-	-	-	-

Staff Number by Level as at 30 June 2012

	Men	Women	Total
$39,670 - $63,781	-	1	1
$63,782 - $86,498	-	1	1
$86,499 - $98,159	-	-	-
$98,160 - $119,149	-	4	4
> $119,120 (non SES)	1	1	2
> $119,120 (SES)	1	-	1

Appendices

Detailed Statement for Each Controlled Entity

1) Australian Technology Park Sydney Limited

Objectives

a) establish, maintain and operate a facility of an international standard for the promotion, development and application of sciences and technologies;

b) link the resources and skills of institutions of advanced learning with the industrial objectives of private companies and government instrumentalities;

c) increase and disseminate knowledge as to sciences and technologies and the importance of them to the socioeconomic development of Australia;

d) encourage innovative technologies to assist the development of novel high-value-added products and new industries;

e) encourage innovative technologies to assist in the development of environmentally sustainable solutions;

f) promote the responsible development and use of sciences and technologies;

g) provide consultancy services to industry and government as to the application of sciences and technologies;

h) arrange for training and education in matters related to the Objects;

i) promote and provide exhibitions, lectures, films, publications and other educational instruction or materials relating to sciences and technologies;

j) conduct activities of an educational nature in accordance with the Objects;

k) manage any facility established and trading and income generating activities carried on with the facility;

l) raise funds for the purposes of the Company and conduct business on its own account;

m) co-operate with individuals, associations or organisations whether governmental (Commonwealth, State and Local), institutional, corporate or professional in relation to the commercial development of sciences and technologies;

n) broaden access to research findings and technological opportunities;

o) facilitate technology transfer between research institutions and industry;

p) provide incubator facilities for the early stages of commercialisation of new technologies;

q) encourage synergy among researchers, designers, entrepreneurs and manufacturers; and

r) contribute to the long term economic and social sustainability interests of the Redfern-Waterloo and wider community in accord with the strategic priorities of Sydney, New South Wales and Australia

Operating Activities

Manage the operations of ATPSL in accordance with its constitution by:

1. Promoting technology and science through the management of leases;
2. Manage a conference and events business and facilities;
3. Operate and manage Eveleigh Markets; and
4. Operate and manage the Aboriginal Employment Program

Performance Targets

1 July 2012 – 30 June 2013

- Net Result of $4.844m
- 8.5% return on sales
- 2.3% return on assets
- 6.1% increase in consolidated revenue
- 10.3% increase revenue from conference centre
- 2.2% vacancy rate
- Improve debt/equity ratio with a repayment of $5m debt
- Capital Investment of $3.97 for 12-13

Actual Performance Measures

for 1 July 2012 – 30 June 2013

- Net Result of $8.6m
- 40.8% return on sales
- 6.5% return on assets
- 8.0% increase in consolidated revenue
- 3.7% increase revenue from conference centre
- 0.8% vacancy rate
- $5m debt repayment in December 2012
- Capital Investment of $3.3m for 12-13

Appendices

Detailed Statement for Each Controlled Entity continued

2) Office of the Sydney Metropolitan Development Authority

Objectives

To provide and pay staff for the UrbanGrowth NSW Development Corporation

Operating Activities

Staff management and payment

Performance Targets 1 July 2012 – 30 June 2013

- Comply with relevant legislation
- Pay UGDC staff correctly and on time

Actual Performance Measures 1 July 2012 – 30 June 2013

- 100% comply with relevant legislation
- 100% pay UGDC staff correctly and on time

Payment of Accounts

All agreed accounts were settled in a timely manner

Risk Management

UGDC has a Business Risk Map of its operations. The primary objective of the Business Risk Map is to coordinate risk management activities within the UGDC to ensure the activity is focused on areas of greatest risk and is also used by Audit to derive its strategic audit plan. UGDC is a member of the Treasury Managed Fund (TMF) which provides insurable risk protection. UGDC employees are covered for their legal liability, workers compensation, motor vehicles, public liability, property loss/ damage and other insurances in accordance with the TMF Contract of Coverage. No work health and safety incidents have arisen.

Fraud and Corruption Prevention Strategy

UGDC has an obligation to the community to ensure its operations are efficient, effective and free from corruption. The responsibility for corruption prevention rests with all UGDC staff and the Fraud and Corruption Prevention Strategy provides a guide for staff to identify report, assess and deal with conduct that could constitute corruption.

Funds granted to non-government community organisations

Nil to report

Land Disposal

Nil to report

Plans, Policies and Procedures Code of Conduct

UGDC has its own Code of Conduct which was developed in accordance with the principles of ethical and responsible decision making and embodies the public sector values of respect for the law, the system of government, the community and its persons, integrity, diligence, economy and efficiency, and accountability.

The Code applies to employees and other persons engaged to do the work of the Corporation.

Equal Employment Opportunity Policy (EEO)

The Corporation supports and is dedicated to the principles of EEO including:

- Fair practices in the workplace;
- Management decisions made without bias;
- Recognition of and respect for the cultural backgrounds of all staff and clients;
- Employment practices which produce staff satisfaction, job commitment and quality client service; and
- Improved productivity.

Disability Access Policy

UGDC complies with the NSW Government Disability Framework through its Disability Access Policy. This provides a process for UGDC to better meet the needs of staff and the community in relation to persons with a disability. UGDC is committed to ensuring all people have reasonable access to the resources and spaces governed by the Corporation.

Multicultural Policies and Services Program

UGDC recognises and values the different linguistic, religious, racial and ethnic backgrounds of all the people of NSW and endorses the four principles of multiculturalism as set out in the Community Relations Commission and principles of the *Multicultural Act 2000*.

NSW Government Action Plan for Women

UGDC supports the NSW Government Action Plan for Women and promotes workplaces that are equitable, safe and responsive to all aspects of women's lives. It also promotes the position of all women in all areas of society as well as access to and successful outcomes for women in all parts of the education and training system.

Work, Health and Safety Policy

UGDC is committed to the work health and safety of its employees, contractors and visitors to the workplace. It is committed to regular consultation with its employees and their representatives and where necessary, with contractors and suppliers of equipment and services to ensure that WHS management is of the highest standard.

UGDC had zero injuries or claims under the *WHS Act 2011*.

Appendices

Privacy and personal information

UGDC is committed to complying with the requirements of the *Privacy and Personal Information Act 1998* in its operations.

Waste Reduction and Purchasing Policy

UGDC is committed to implementing the Government's Waste Reduction and Purchasing Policy (WRAPP).

UGDC engage the services of an environmental management company through the NSW Government contract to manage the recycling of paper and cardboard. UGDC also recycles toner and ink cartridges, and purchases recycled paper for printing purposes.

Government Information Public Access (GIPA) Act 2009

During 2012-13 no requests were made to UGDC under the *GIPA Act*, nor were any investigations or applications for review submitted.

Members of the public may contact the UGDC and ask for information, known as an informal request and which UGDC may respond to by releasing information, subject to any reasonable conditions. Copy charges apply of $1.10 per A4 sheet.

Application for formal access to UGDC information under the GIPA Act can be made by lodging a formal Access Application Form, along with a $30 application fee. Processing charges cost $30 per hour after the first hour. An internal review of a reviewable decision costs $40.

Applicants should be precise about the information they want to access so as to enable the correct information to be identified.

Applications should be directed to:

Right for Information Officer
UrbanGrowth NSW Development Corporation
PO Box 1198
STRAWBERRY HILLS NSW 2012

UrbanGrowth Development Corporation

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Website	www.ugdc.nsw.gov.au

UrbanGrowth NSW Development Corporation