UrbanGrowth NSW Development Corporation

UrbanGrowth NSW Development Corporation

Annual Report FY17

31 October 2017

Issued and authorised by:
UrbanGrowth NSW Development Corporation

To the Premier

The Hon. Gladys Berejiklian
Premier of New South Wales
52 Martin Place
SYDNEY NSW 2000

Dear Premier,

We are pleased to submit to you, for presentation to the Parliament of New South Wales, the Annual Report for the UrbanGrowth NSW Development Corporation for the year ended 30 June 2017. It incorporates financial statements for its controlled entity Australian Technology Park Sydney Limited.

This report has been prepared in accordance with the *NSW Annual Report (Statutory Bodies) Act 1984*, the *Annual Report (Statutory Bodies) Regulation 2000* and the *Growth Centres (Development Corporations) Act 1974*.

Yours sincerely,

Barry Mann
Chief Executive Officer
Appointed 25 September 2017

Stephen Driscoll
Interim Chief Executive Officer
26 June to 24 September 2017

Contents

List of Figures

List of Tables

Attachments

Statement from the Chief Executive Officer

We are pleased to present the FY17 Annual Report for the UrbanGrowth NSW Development Corporation (UGDC).

A strategic review by the NSW Government during the 2017 financial year has set the next phase of our organisation and our projects on a new path that will enable even better outcomes for people and businesses across NSW. It increases our scope as a government agency and results in us reporting directly to the Premier.

This year, we have worked with Government, the local community and industry to continue urban renewal across the growth centres we administer. In particular:

- The Central to Eveleigh Urban Transformation Strategy will deliver ten key moves throughout the Redfern Waterloo growth centre.
- The Waterloo Metro Quarter and Waterloo Housing Estate projects have commenced with the preparation of studies, plans and designs for the development of the area.
- A planning pathway for the future development of Cooks Cove has been identified in consultation with the Department of Planning and Environment and Bayside Council. It is included under the Bayside West Land Use and Infrastructure Plan, which also sets out the future development framework for the adjoining Banksia and Arncliffe areas.
- The Parramatta Road Urban Transformation Strategy included land in the Granville growth centre in the Section 117 Direction, providing opportunities for new jobs and housing in Granville.

In addition to these larger milestones, a number of fine grain and practical initiatives were continued. Significantly, works occurred at iconic heritage buildings including the Clothing Store and Chief Mechanical Engineer's Office in Eveleigh, supported by our funding. This is the first step towards finding an active community use for the Clothing Store into the future.

The District Plans coming out of the Greater Sydney Commission will build on work started by UGDC and Landcom, including the Central to Eveleigh Urban Transformation and Transport Program. This particularly includes the Collaboration Area centered on Sydney University, the Royal Prince Alfred Hospital, and the Australian Technology Park.

Strengthening partnerships with Transport for NSW, Land and Housing Corporation, the City of Sydney, Sydney University and the wider community will enable us to create opportunities to implement these plans in the coming years.

Next year will bring further organisational, project and leadership changes. The recent creation of new growth centres under our administration at the Bays and Paramatta North expands the scope of our work.

Finally, we acknowledge and commend the management and staff who have served us this year for their hard work and the resilience they have demonstrated during a time of significant change.

Barry Mann
Chief Executive Officer
Appointed 25 September 2017

Stephen Driscoll
Interim Chief Executive Officer
26 June to 24 September 2017

UrbanGrowth NSW Development Corporation

UrbanGrowth NSW Development Corporation and UrbanGrowth NSW

The UrbanGrowth NSW Development Corporation (UGDC) is established under the *Growth Centres (Development Corporations) Act 1974* and until 2013 was the Sydney Metropolitan Delivery Authority. Australian Technology Park Sydney is wholly owned by UGDC and is included in this report.

Landcom is a state owned corporation established under the *Landcom Corporation Act 2001*. Between 2013 and 2017, Landcom traded as UrbanGrowth NSW. In 2017, it reverted to the name of Landcom, by which is it is referred to in this report. Landcom's separate FY17 annual report details the new direction for its business.

Aim and Objectives

The responsibilities of UGDC are to promote, coordinate, manage and secure the orderly and economic development of land in the growth centres. As a priority, our focus in FY17 has been on the Redfern Waterloo growth centre.

Role and Responsibilities

Our role includes:

- working with government, transport and planning departments to identify precincts for renewal
- undertaking land use planning investigations and feasibility analyses
- delivering an overarching plan for the growth centres we administer
- coordinating transport and infrastructure planning
- planning for open space and community facilities in identified precincts
- levying infrastructure contributions and entering into planning agreements
- identifying opportunities for Affordable Housing in line with government policy
- dealing with land where appropriate
- borrowing and managing funds, and
- partnering with public agencies and private entities when necessary.

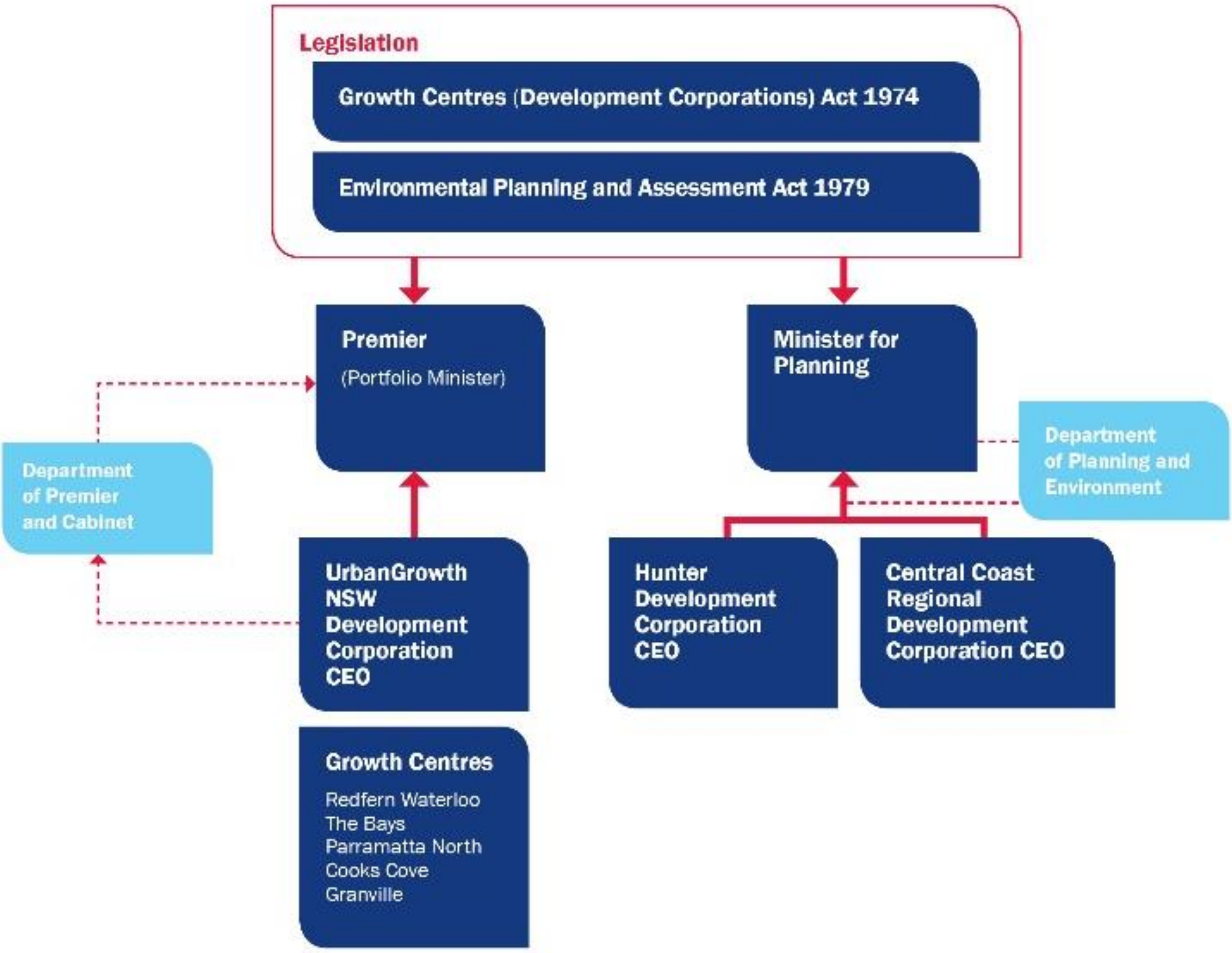
Corporate Governance

Until 1 April 2017, the Minister for Planning was the responsible Minister for both Landcom and UGDC. The NSW Premier became the reponsible Minister for UGDC under Administrative Orders handed down on 1 April 2017. The Minister for Planning remains the responsible Minister for Landcom.

Under the *Growth Centres (Development Corporations) Act 1974*, UGDC is a Chief Executive Officer controlled agency. Until 25 June 2017, the position of Chief Executive Officer was held by the Chief Executive Officer of Landcom to ensure alignment between the direction of the two organisations. From 26 June 2017, separate Interim Chief Executive Officers were appointed for each organisation.

The following figure illustrates the new governance and legislation arrangements for development corporations, including the new growth centres declared from 1 July 2017.

Figure 1 | Legislation and Governance



Audit and Risk Management Committee

The Audit and Risk Management Committee (the Committee) is an essential component of monitoring and reviewing financial accounting, reporting and compliance matters and overseeing external and internal auditors.

The Committee assists the Chief Executive Officer to fulfil responsibilities for our accounting policies and reporting practices. This includes evaluating auditor independence, management integrity, and the adequacy of public disclosures.

Committee Members

During FY17, the Committee held four meetings. A change in membership occurred due to the integration of the committees for UGDC and the Australian Technology Park, and the resignation of one member.

The Committee members during the year have been:

- Victoria Weekes (Independent Chair)
- Elizabeth Carr (Independent Member)
- Megan Sloane (Non-independent Member) July to December 2016, and
- Sarah Glennan (Non-independent Member) December 2016 to June 2017.

Internal Audit and Risk Management Attestation Statement for the 2016-2017 Financial Year

We are of the opinion that the UrbanGrowth NSW Development Corporation has internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in the *Internal Audit and Risk Management Policy for the NSW Public Sector*, specifically:

Core Requirements

Risk Management Framework

1.1	The agency head is ultimately responsible and accountable for risk management in the agency	Compliant
1.2	A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009	Compliant

Internal Audit Function

2.1	An internal audit function has been established and maintained	Compliant
2.2	The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing	Compliant
2.3	The agency has an Internal Audit Charter that is consistent with the content of the 'model charter'	Compliant

Audit and Risk Committee

3.1	An independent and Audit and Risk Committee with appropriate expertise has been established	In transition. The non-independent member resigned on 30 June 2017 and has been replaced by independent member Ian Breedon.
3.2	The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations	Compliant
3.3	The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter'	Compliant

Signed ....

Barry Mann
Chief Executive Officer (appointed 25 September 2017)
UrbanGrowth NSW Development Corporation

Signed ....

Stephen Driscoll
Interim Chief Executive Officer (26 June to 24 September 2017)
UrbanGrowth NSW Development Corporation

Date 31 October 2017

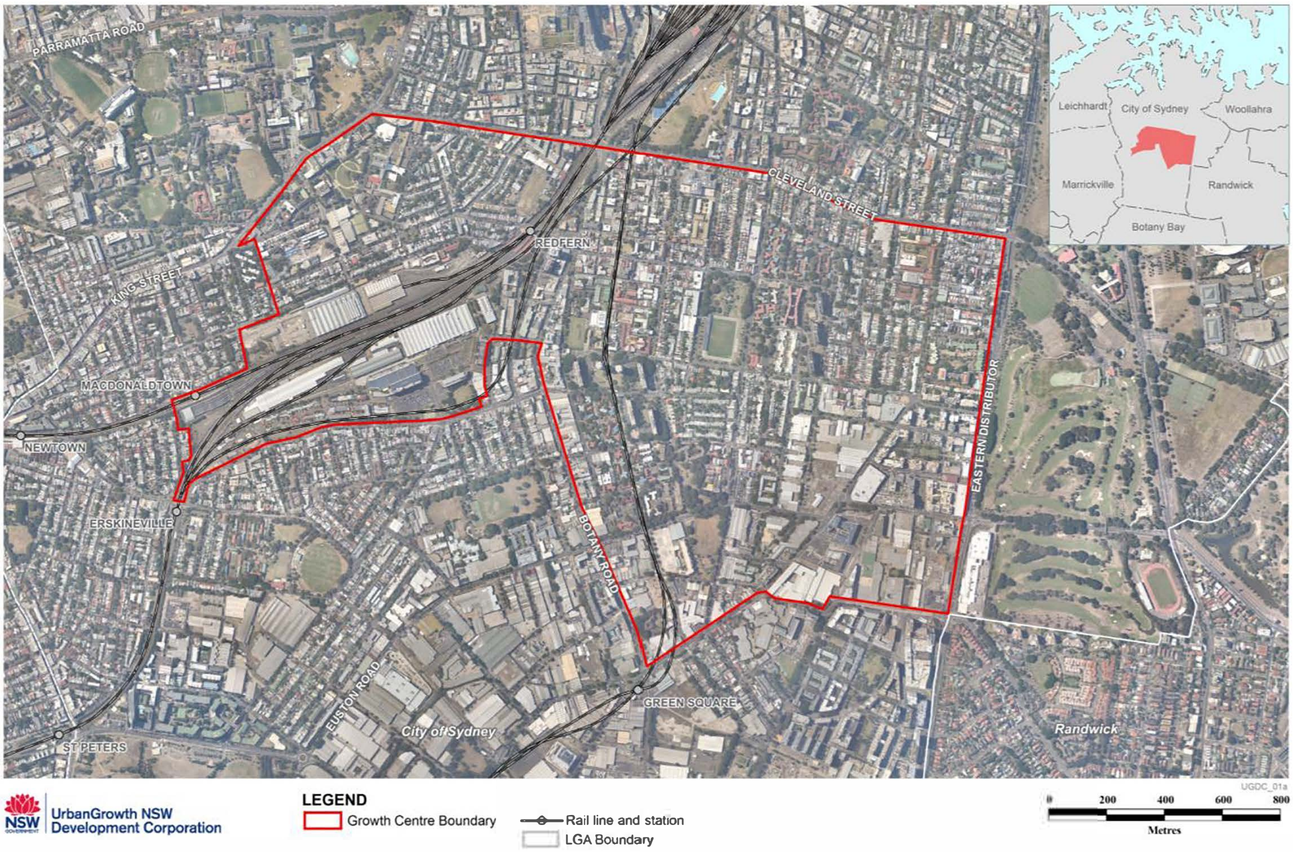
Redfern Waterloo Growth Centre

The Redfern Waterloo growth centre is a unique inner city area located on the southern edge of the City of Sydney. It is characterised by a high level of accessibility, strong transport links to the airport, and proximity to major employment, education, open space and health institutions. It continues to develop as a major technology, cultural and creative hub with a diverse community.

The growth centre contains substantial areas of social housing on land owned by the Land and Housing Corporation. There is the opportunity to renew and replace existing social housing, and provide new Affordable Housing and private housing, building on the strengths of the area.

The Central to Eveleigh Urban Transformation Strategy identifies ten key moves in the growth centre which focus on improving transport, access, housing, jobs, community infrastructure and the environment.

Figure 2 | Redfern Waterloo Growth Centre



Redfern Waterloo Contribution Plan and Affordable Housing Contributions Plan

The Redfern-Waterloo Authority Contributions Plan 2006 and the Affordable Housing Contributions Plan 2006 both continue to apply to development on State Significant Development sites in the growth centre.

UGDC is responsible for administering these plans and collecting and allocating contributions to its works priorities. A substantial contribution to both funds was received from the approval of Mirvac's development at the Australian Technology Park.

Australian Technology Park

The State Significant Development Application for the Australian Technology Park was approved by the Minister for Planning in December 2016 and Mirvac commenced construction in January 2017.

Engagement with Mirvac has continued on a range of projects and works to continue to ensure connectivity throughout the broader area. Mirvac submitted its first Technology Ecosystem Annual Report in March 2017 providing an update on the status of technology tenants within the park.

Waterloo Metro station and estate renewal

The Waterloo Metro station will improve transport connections for local residents, and be a catalyst for growth in private housing, additional Affordable Housing and the renewal of ageing social housing in Waterloo.

Work with Land and Housing Corporation, which will lead the renewal of a significant area of the Waterloo Social Housing Estate Precinct, has continued throughout the year. Close collaboration is also taking place with Sydney Metro to align planning for the new Metro station with the Waterloo Social Housing Estate.

Transformation of this precinct over 15-20 years will see new social housing integrated with planning for new public parks, community facilities and jobs. The renewal will also see additional Affordable Housing created alongside social and private housing.

There is still significant work ahead in planning for the orderly and economic development of this area and this will be undertaken in partnership between transport, housing and planning agencies as more detailed staging and precinct planning occurs. The City of Sydney will also continue to be an important partner in this next phase of work.

North Eveleigh precinct

Development in North Eveleigh is guided by the concept plan approved in 2008, with the first building under this approval completed in March 2015. Further development potential of RailCorp owned land at North Eveleigh has also been investigated.

A revised concept plan to allow more homes, alongside public open space and community facilities, has been the subject of extensive consultation with the local community, government and private stakeholders, and planning authorities including the City of Sydney, the Office of Environment and Heritage and the Department of Planning and Environment.

To obtain planning approval, the revised concept plan requires an amendment to State Environmental Planning Policy (State Significant Precincts) 2005. Documentation for the SEPP amendment and a development application for initial work is planned to be completed in FY18.

Adaptive reuse of heritage buildings and community initiatives

A range of local initiatives has been supported and funded during FY17, including:

External restoration of Chief Mechanical Engineer's Office

External restoration of the Chief Mechanical Engineer's Office on Wilson Street, Eveleigh was completed in mid-2017. It was marked as part of a community open day in August 2017 commemorating the 100 year anniversary of The Great Strike of 1917.

Restoration of "40,000 Years" mural on Lawson Street

The 40,000 Years mural on Lawson Street, Redfern is being restored and maintained by the Redfern Station Community Group with the help of our grant funding .

Activation of the Clothing Store

The historic Clothing Store in Eveleigh was activated in partnership with Carriageworks to provide artists' studios as well as a location for free and low cost community workshops.

Activation of Yaama Dhiyaan

The Yaama Dhiyaan building on Wilson Street, Eveleigh was activated in partnership with TAFE NSW to become the Community Education and Arts Development (CEAD) Centre. It now provides local certified training in construction, hospitality and creative industries and supports social enterprises including Two Good Co., Weave Youth & Community Services and The Bower Reuse & Repair Centre.

Collaborative research

A research project examining how local food production can be integrated into the urban transition of the inner city to address key environmental and social sustainability goals has been undertaken through partnership with three universities.

Emerge kickstarter events in partnership with Cicada Innovations

Events to support careers in innovation and promote Redfern as a centre for digital, technology and creative industries as part of a larger cluster from White Bay through Chippendale to Redfern and Eveleigh were sponsored with Cicada Innovations.

Cooks Cove Growth Centre

Throughout FY17, we have supported the Department of Planning and Environment and Bayside Council with preparing studies associated with preparing the Draft Bayside West Land Use and Infrastructure Plan. UGDC has contributed $500,000 to the Department of Planning and Environment for these studies.

A planning pathway and development scheme has now been identified for Cooks Cove, and we will review the continuing need for this growth centre.

Figure 3 | Cooks Cove Growth Centre

Granville Growth Centre

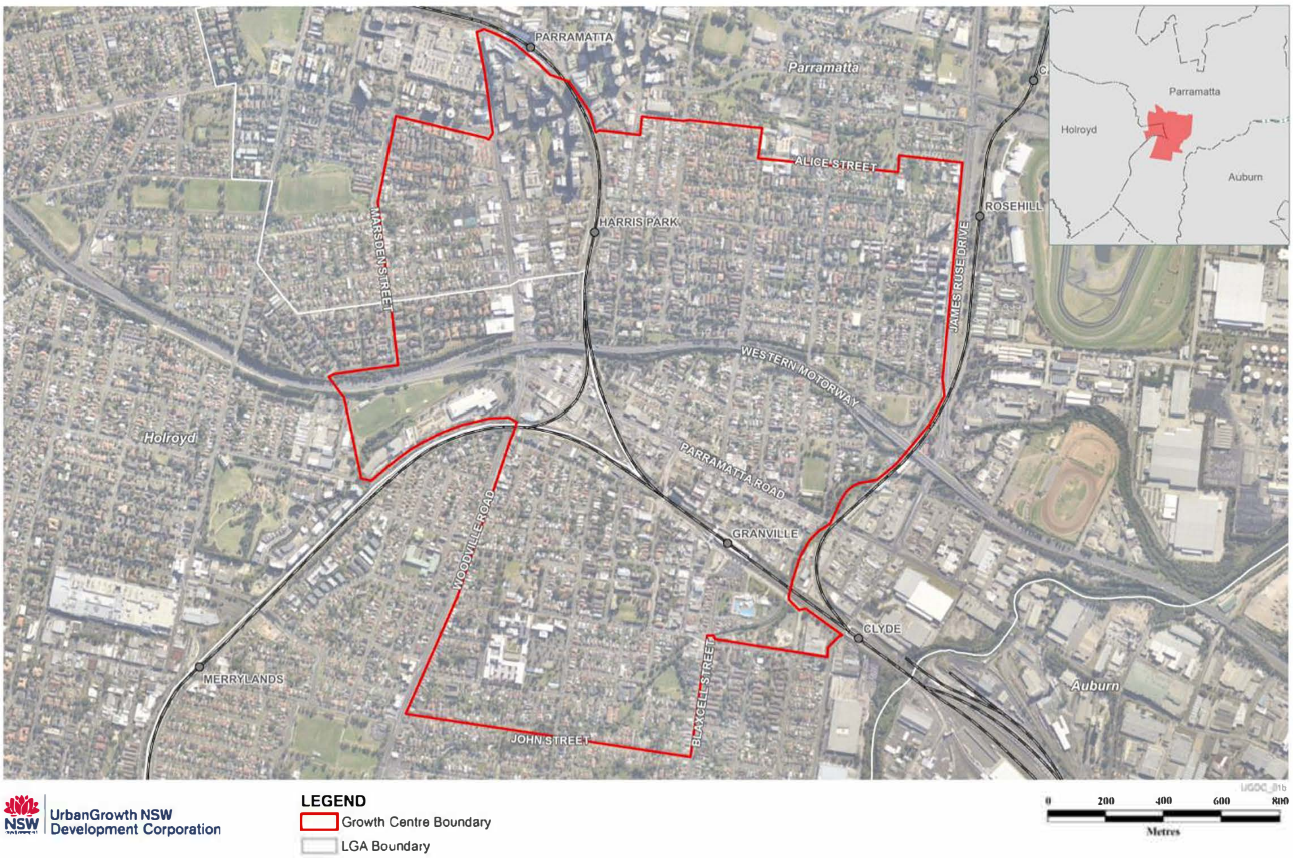
The Granville Growth Centre is located within the City of Parramatta and Cumberland local government areas. The growth centre is in a strategic location with good access to public transport and has high potential for social and economic growth.

Landcom (as UrbanGrowth NSW) led the Parramatta Road Urban Transformation Program from 2012 and, in November 2016, the former Minister for Planning released the final Parramatta Road Urban Transformation Strategy (the Strategy).

The release of the Strategy concluded Landcom's involvement in Granville growth centre. Local councils, the Department of Planning and Environment and other State agencies all have a role in implementing the Strategy and the accompanying Implementation Tool Kit.

We are now considering the need to retain the Granville Growth Centre and exploring the process to abolish it.

Figure 4 | Granville Growth Centre



The Strategy identifies eight growth precincts along the Parramatta Road Corridor. Granville is one of the eight precincts and covers the majority of the growth centre. The Strategy does not rezone land but is given statutory weight through a Ministerial Direction in accordance with Section 117 of the *Environmental Planning and Assessment Act 1979*.

The Strategy integrates land use and transport planning and is supported by an Implementation Tool Kit. The Tool Kit is a suite of four documents used by councils and other stakeholders when making land use planning decisions. It guides where and when rezoning should occur and identifies the infrastructure required to support land use change in the Corridor.

Development of the strategy was led by Landcom with staff seconded from other key Government agencies in its initial stages, including the Department of Planning and Environment, Transport for NSW, Roads and Maritime Services and Sydney Motorway Corporation. The Department of Education and the Department of Housing were also closely involved.

Landcom entered into Memoranda of Understanding (MOU) with nine of the 10 former councils along the Parramatta Road corridor – including the former Parramatta, Holroyd and Auburn Councils. The MOU agreed to working and governance arrangements for the preparation of the Strategy. Staff from seven councils were seconded to Landcom and involved in preparating the draft Strategy. In addition, workshops were held with councillors from each council to agree to the boundary of each of the precincts identified in the Strategy.

The views and responses of organisations and community members were received through a variety of channels at critical stages in the development of the Strategy. The Strategy went through two intense periods of consultation with Government, the community and other stakeholders at each draft iteration. Feedback from consultation was used to inform, update and ultimately finalise the Strategy. Outcomes of each consultation period were prepared and published online to report on feedback.

Additional Growth Centres

As a result of the Administrative Orders, discussions have occurred with affected local councils regarding the creation of new growth centres at Parramatta North and The Bays.

These new growth centres were declared and assigned to UGDC with effect from 1 July 2017 as part of changes to the *Growth Centres (Development Corporations) Act 1974*.

Corporate Information

Charter

UGDC is constituted under the *Growth Centres (Development Corporations) Act 1974* and until 1 April 2017 reported to the Minister for Planning. From that time, the Premier became the responsible Minister. The Chief Executive Officer reports directly to the Premier.

Chief Executive Officer

During FY17 and the period to date there have been a number of leadership changes:

- David Pitchford – Chief Executive Officer from July to December 2016
- Michael Brodie – Acting Chief Executive Officer from January to June 2017
- Stephen Driscoll – Interim Chief Executive Officer from 26 June to 24 September 2017
- Barry Mann – Chief Executive Officer from 25 September to date.

Consultants and contracts over $50,000

The following consultants provided services over $50,000 to UGDC in FY17:

Table 1 | Consultants over $50,000

Organisation	Contract value ($ ex GST)	Description
Landcom	$5,416,661	Project management services for Central to Eveleigh. Including staffing costs, consultant reports and building works. Including, but not limited to: - Restoration of Chief Mechanical Engineer's Office - Documentation to support Central to Eveleigh Urban Transformation Strategy.
Department of Planning and Environment	$454,546	Payment for studies related to Cooks Cove for the preparation of the Land Use and Infrastructure Plan.
ARUP	$103,625	Options investigation for the Carriageworks to Australian Technology Park Bridge.

Access

Our offices are located at Level 12, 19 Martin Place, Sydney, NSW 2000.

Telephone (02) 9841 8600

Website www.ugdc.nsw.gov.au

Hours of operation 9am – 5pm, Monday to Friday

Payment of Accounts

All agreed accounts were settled in a timely manner.

Legislative Changes

On 15 March 2017, the Administrative Arrangements (Administration of Acts—Amendment No 1) Order 2017 reallocated UGDC to the administration of the Premier. This has resulted in the separation of UGDC and Landcom.

The separation is designed to refocus and better align each organisation so they can deliver on their core businesses on behalf of the NSW Government. The separation of UrbanGrowth NSW into Landcom, which will continue to function as a state owned corporation, and UrbanGrowth NSW Development Corporation, is expected to be finalised in FY18.

The UGDC Staff Agency was abolished in the Administrative Orders issued on 1 April 2017. The Staff Agency has been dormant since 2013 and has no assets, liabilities, income or expense for the current and prior financial year. UrbanGrowth NSW Development Corporation has been granted an exemption by Treasury from its obligation to prepare financial statements for the Staff Agency. Following the end of FY2017, the Staff Agency has been reinstated to accommodate the employment of staff by UGDC.

Human Resources

In FY17, the sole employee was the Chief Executive Officer. All other staff who provide services to UGDC are engaged from Landcom under a Service Level Agreement.

During the absence of a Staff Agency, the Interim Chief Executive Officer was employed by the Department of Premier and Cabinet and seconded to UGDC.

All Human Resource policies and support are provided by Landcom.

Risk Management

The business risk map of UGDC's operations is used to coordinate risk management activities to ensure they focused on areas of greatest risk. It 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. Our staff 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 during FY17.

Overseas Travel

No overseas travel has been undertaken during FY17.

Corporate Credit Cards

No corporate credit cards are held by UGDC.

Consumer Response

Nil complaints to report.

Funds granted to non-government community organisations

The following community and non-government organisations received support from UGDC in FY17. The table below indicates the total value of the agreements and the costs expensed up to the end of the year.

Table 2 | Grants to Non-government Community Organisations

Organisation	Agreement cost	Type	Invoices to date
Cicada Innovations	$120,000	Sponsorship	$100,000
Indigenous Digital Excellence (IDX)	$30,000	Sponsorship	$0
Redfern Station Community Group and Counterpoint Community Services	$28,000 for restoration of 40,000 Years mural and up to $10,000 for project management assistance.	Grant	$4,000

Land Disposal

Nil to report.

Plans, Policies and Procedures

Code of Conduct

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

The Code applies to staff and other people engaged to work for us.

Equal Employment Opportunity Policy (EEO)

We support and are dedicated to EEO principles EEO, including:

- fair workplace practices
- unbiased management decisions
- recognising and respecting 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

We comply with the NSW Government Disability Framework through our Disability Access Policy. This provides a process for us to better meet the needs of staff and the community in relation to people with a disability. UGDC is committed to ensuring all people have reasonable access to the resources and spaces under our governance.

Multicultural Policies and Services Program

We recognise and value the different linguistic, religious, racial and ethnic backgrounds of all the people of NSW and endorse the four principles of multiculturalism as set out in the Community Relations Commission and principles of the *Multicultural NSW Act 2000*.

NSW Government Action Plan for Women

We support the NSW Government Action Plan for Women and promote workplaces that are equitable, safe and responsive to all aspects of women's lives. The Plan 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

We are committed to the work health and safety of our staff, contractors and visitors. This includes regular consultation with staff and their representatives and, where necessary, with contractors and suppliers to ensure that work health and safety management is of the highest standard. Zero injuries occurred in FY17 and no claims were made under the *Work Health and Safety Act 2011*.

Fraud and Corruption Prevention Strategy

We have a community obligation to ensure our operations are efficient, effective and free from corruption. All staff are responsible for preventing corruption. Our Fraud and Corruption Prevention Strategy provides a guide for staff to identify, report, assess and deal with conduct that could constitute corruption.

Privacy and Personal Information

We are committed to complying with the requirements of the *Privacy and Personal Information Act 1998* in our operations.

Waste Reduction and Purchasing Policy

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

Paper and cardboard are recycled by an environmental management company engaged through a Government contract. We also recycle toner and ink cartridges and purchase recycled paper for printing.

Government Information Public Access (GIPA) Act 2009

During FY17 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 us and ask for information, known as an informal request. We may respond to informal requests by releasing information, subject to any reasonable conditions. Copy charges apply of $1.10 per A4 sheet.

Application for formal access to information under the *GIPA Act* can be made by lodging a formal Access Application Form, along with a $30 application fee. Processing charges are $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 that the correct information can be identified.

Applications should be directed to:

Right to Information Officer
UrbanGrowth NSW Development Corporation
Level 12, 19 Martin Place
Sydney, NSW 2000

Detailed Statement for Each Controlled Entity

1.1 Australian Technology Park Sydney Limited (ATPSL)

Objectives

- Establish, maintain and operate a facility of an international standard, for the operation of businesses and organisations in various fields including without limitation science and technology.
- Protect items of heritage significance in the facility.
- Acknowledge the original focus on sciences and technologies, and encourage a range of activities that create jobs and support economic growth and innovation within the facility.
- Conduct activities of an educational or cultural nature in accordance with the Objects.
- Manage any facility established and trading and income generating activities carried on within the facility.
- Raise funds for the purposes of the ATPSL and conduct business on its own account.
- Co-operate with individuals or organisations whether governmental (Commonwealth, State and Local), institutional, corporate or professional.
- 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.
- Promote high quality environmentally sustainable urban renewal and design outcomes in the facility.
- Facilitate technology transfer between research institutions and industry.
- Encourage synergy among researchers, designers, entrepreneurs and manufacturers.

Operating Activities

The primary activities of ATPSL were reviewed in FY17 recognising the material change resulting from the sale of the facility. The agreed activities are:

- Continue operation of the Conference Centre business into the new calendar year. The Conference Centre business ceased in March 2017.
- Administration of the business has continued throughout the year.

Financial Position and Performance

ATPSL achieved net income of $622,000 for FY17, which was close to $1 million above budget. This was driven by first half event revenue that was 44% higher than budget and 32% over equivalent 2016 levels, which were the highest revenue in Conference Centre's history.

Net assets (principally deposits at T Corp) are just under $16 million. The intercompany debt to UGDC has been paid off by ATPSL during FY17.

ATPSL will continue to trade at close to break-even levels, due to its investment income, until it is wound up during FY18.

1.2 UrbanGrowth NSW Development Corporation Staff Agency

Objectives

To provide and pay staff from the UrbanGrowth NSW Development Corporation.

Operating Activities

Staff management and payment.

Performance Targets

The Staff Aagency of UGDC was abolished under Administrative Orders issued by the Department of Premier and Cabinet in April 2017. The Staff Agency has been dormant since 2013 and has no assets, liabilities, income or expense for the current and prior financial year.

UGDC has been granted an exemption by Treasury from its obligation to prepare financial statements for the Staff Agency.

Subsequent to the end of FY17, the Staff Agency has been reinstated.

2017 Financial Statements

UrbanGrowth NSW Development Corporation,

and

Australian Technology Park Sydney Limited (controlled entity)

Attachment 1

UrbanGrowth NSW Development Corporation

Financial Statements
for the year ended 30 June 2017

INDEPENDENT AUDITOR'S REPORT

UrbanGrowth NSW Development Corporation

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of UrbanGrowth NSW Development Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2017, 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.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2017, 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* (PF&A Act) and the Public Finance and Audit Regulation 2015.

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Corporation in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

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

The Chief Executive Officer's Responsibility for the Financial Statements

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

In preparing the financial statements, the Chief Executive Officer must assess the Corporation's ability to continue as a going concern except where the Corporation will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description for the Corporation part of my auditor's report.

My opinion does *not* provide assurance:

- that the Corporation carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- 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 which may have been hyperlinked to/from the financial statements.

Weini Liao
Director, Financial Audit Services

22 September 2017
SYDNEY

Statement by
Chief Executive Officer

Statement by Chief Executive Officer on the adoption of the financial statements for the year ended 30 June 2017.

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 NSW Development Corporation* as at 30 June 2017.

(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 2015* 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.

Mr Stephen Driscoll
Chief Executive Officer

UrbanGrowth NSW Development Corporation

Sydney , dated 22 September 2017

		Consolidated			UGDC	
	Notes	**Actual 30 June 2017 $'000**	**Budget 30 June 2017 $'000**	**Actual 30 June 2016 $'000**	**Actual 30 June 2017 $'000**	**Actual 30 June 2016 $'000**
Continuing operations						
Expenses excluding losses						
Operating expenses						
- Employee related	2(a)	-	3,728	-	-	-
- Other operating expenses	2(b)	4,438	11,432	3,165	4,438	4,383
- Personnel services	2(c)	2,966	-	1,798	2,966	1,798
Depreciation and amortisation	2(d)	30	279	28	30	28
Grants and subsidies	2(e)	91	3,636	-	91	-
Total expenses excluding losses		**7,525**	**19,075**	**4,991**	**7,525**	**6,209**
Revenue						
Sale of services	3(a)	-	3,927	-	-	-
Investment revenue	3(b)	8,694	8,392	3,059	8,694	3,059
Grants and contributions	3(c)	9,689	-	5,506	9,689	5,506
Other revenue	3(d)	-	-	21	-	22
Total Revenue		**18,383**	**12,319**	**8,586**	**18,383**	**8,587**
Other gains/(losses)		(1,460)	-	-	(1,460)	-
Net result from continuing operations		**9,398**	**(6,756)**	**3,595**	**9,398**	**2,378**
Net result from discontinued operation		621	-	79,260	-	80,477
Net result		**10,019**	**(6,756)**	**82,855**	**9,398**	**82,855**
Other comprehensive income						
Items that will not be reclassified to net result						
Net increase/(decrease) in property,plant and equipment revaluation surplus	8(a)	250	-	363	250	363
Total other comprehensive income		**250**	**-**	**363**	**250**	**363**
Total comprehensive income		**10,269**	**(6,756)**	**83,218**	**9,648**	**83,218**
Total comprehensive income for the year attributable to owners of UrbanGrowth NSW Development Corporation arises from:						
Continuing operations		9,648	-	3,958	9,648	2,741
Discontinued operations		621	-	79,260	-	80,477
		10,269	**-**	**83,218**	**9,648**	**83,218**

The accompanying notes form part of these financial statements.

UrbanGrowth NSW Development Corporation
Statement of Financial Position
As at 30 June 2017

		Consolidated			UGDC	
	Notes	Actual 30 June 2017 $'000	Budget 30 June 2017 $'000	Actual 30 June 2016 $'000	Actual 30 June 2017 $'000	Actual 30 June 2016 $'000
ASSETS						
Current assets						
Cash and cash equivalents	5	18,284	329,295	49,013	2,271	17,408
Receivables	6	4,152	1,015	2,464	4,138	27,006
Other financial assets	7	330,100	-	193,178	330,100	183,645
Non-current assets held for sale	10	270	-	1,730	270	1,730
Total current assets		**352,806**	**330,310**	**246,385**	**336,779**	**229,789**
Non-current assets						
Other financial assets	7	-	-	100,000	-	100,000
Property,plant and equipment						
- Land and buildings		3,570	3,346	3,350	3,570	3,350
- Plant,furniture,art and vehicles		-	3,369	614	-	-
Total property,plant and equipment	8	3,570	6,715	3,964	3,570	3,350
Intangible assets	9	-	277	4	-	-
Total non-current assets		**3,570**	**6,992**	**103,968**	**3,570**	**103,350**
Total assets		**356,376**	**337,302**	**350,353**	**340,349**	**333,139**
LIABILITIES						
Current liabilities						
Payables	13	1,367	2,926	2,904	1,316	1,723
Provisions	14	748	729	3,457	727	2,758
Other current liabilities		-	1,207	-	-	-
Total current liabilities		**2,115**	**4,862**	**6,361**	**2,043**	**4,481**
Total liabilities		**2,115**	**4,862**	**6,361**	**2,043**	**4,481**
Net assets		**354,261**	**332,440**	**343,992**	**338,306**	**328,658**
EQUITY						
Reserves		756	499	506	756	506
Accumulated funds		353,505	331,941	343,486	337,550	328,152
Total equity		**354,261**	**332,440**	**343,992**	**338,306**	**328,658**

The accompanying notes form part of these financial statements.

Consolidated entity	Accumulated funds $'000	Asset revaluation surplus $'000	Total $'000
Balance at 1 July 2016	**343,486**	**506**	**343,992**
Net Result for the year	10,019	-	10,019
Other comprehensive income			
Net increase/(decrease) in asset revaluation surplus	-	250	250
Total other comprehensive income	-	250	250
Total comprehensive income for the year	**10,019**	**250**	**10,269**
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2017	**353,505**	**756**	**354,261**
Balance at 1 July 2015	**260,631**	**143**	**260,774**
Net Result for the year	82,855	-	82,855
Other comprehensive income			
Net increase/(decrease) in asset revaluation surplus	-	363	363
Total other comprehensive income	-	363	363
Total comprehensive income for the year	**82,855**	**363**	**83,218**
Balance at 30 June 2016	**343,486**	**506**	**343,992**

UGDC	**Accumulated funds $'000**	**Asset revaluation surplus $'000**	**Total $'000**
Balance at 1 July 2016	**328,152**	**506**	**328,658**
Net Result for the year	9,398	-	9,398
Other comprehensive income			
Net increase/(decrease) in asset revaluation surplus	-	250	250
Total other comprehensive income	-	250	250
Total comprehensive income for the year	**9,398**	**250**	**9,648**
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2017	**337,550**	**756**	**338,306**
Balance at 1 July 2015	**245,297**	**143**	**245,440**
Net Result for the year	82,855	-	82,855
Other comprehensive income			
Net increase/(decrease) in asset revaluation surplus	-	363	363
Total other comprehensive income	-	363	363
Total comprehensive income for the year	**82,855**	**363**	**83,218**
Balance at 30 June 2016	**328,152**	**506**	**328,658**

The accompanying notes form part of these financial statements.

		Consolidated			UGDC	
		Actual 30 June 2017 $'000	**Budget 30 June 2017 $'000**	**Actual 30 June 2016 $'000**	**Actual 30 June 2017 $'000**	**Actual 30 June 2016 $'000**
	Notes					
Cash flows from operating activities						
Payments						
Suppliers		(12,641)	-	(18,800)	(7,122)	(6,600)
Personnel related		(4,849)	(3,728)	(4,403)	(2,966)	(1,798)
Grants and subsidies		(91)	(3,636)	-	(91)	-
Other		-	(17,759)	(228)	-	-
Total payments		**(17,581)**	**(25,123)**	**(23,431)**	**(10,179)**	**(8,398)**
Receipts						
Sale of services		5,593	7,156	27,309	-	-
Interest received		8,316	8,392	2,412	6,279	1,826
Grants and contributions		9,689	-	5,506	9,689	5,506
Other		-	1,621	-	14,005	1,865
Total receipts		**23,598**	**17,169**	**35,227**	**29,973**	**9,197**
Net cash flows from operating activities	**18**	**6,017**	**(7,954)**	**11,796**	**19,794**	**799**
Cash flows from investing activities						
Purchase of property, plant and equipment		177	(2,845)	(2,667)	-	-
Payments for property, plant and equipment from related parties	8	-	-	-	-	(4,001)
Purchase of investments		(36,923)	(141)	(293,178)	(46,431)	(283,645)
Net proceeds from sale of discontinued operation		-	-	259,704	-	259,704
(Payments)/Receipts from controlled entity		-	-	-	11,500	(11,500)
Net cash flows from investing activities		**(36,746)**	**(2,986)**	**(36,141)**	**(34,931)**	**(39,442)**
Net cash flows from financing activities		**-**	**-**	**-**	**-**	**-**
Net increase/(decrease) in cash		(30,729)	(10,940)	(24,345)	(15,137)	(38,643)
Opening cash and cash in equivalents		49,013	340,235	73,358	17,408	56,051
Closing cash and cash equivalents	5	**18,284**	**329,295**	**49,013**	**2,271**	**17,408**

The accompanying notes form part of these financial statements.

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 Corporation enables 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 Authority and the Redfern Waterloo Authority, which focussed on specific metropolitan areas.

The Corporation, as a reporting entity, comprises all the entities under its control including the commercial activities of Australian Technology Park Sydney Limited (ATPSL). The dormant UrbanGrowth NSW Development Corporation Staff Agency (Agency) was abolished in April 2017.

On 22 April 2016 UGDC sold the land and buildings, collectively known as the Australian Technology Park to a Mirvac/Centuria consortium.

From the sale date, responsibility for the management of the park passed to the new owners with no leasing or car parking revenue collected by ATP since. The ATP Property Management Unit ceased operations and staff were made redundant. Refer to Note 21 Discontinued Operation.

The reporting 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 2017 have been authorised for issue by the CEO on 22 September 2017 .

(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 Public Finance and Audit Regulation 2015*; and the Financial Reporting Directions published in the Financial Reporting Code for NSW general government sector entities issued by the Treasurer.

UGDC Staff Agency

The staff agency of UGDC was abolished under administrative orders issued by the Department of Premier and Cabinet in April 2017. The staff agency has been dormant since 2013 and has no assets, liabilities, income or expense for the current and prior financial year. UGDC has been granted an exemption by Treasury from its obligation to prepare Financial Statements for the staff agency.

1 Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

ATPSL

On 16 December 2016 the Board of ATPSL endorsed its dissolution as a company. The dissolution is expected to be completed by December 2017. Due to the intention to de-register ATPSL, the Board has determined that the going concern basis of preparation (as applied in previous years) is no longer appropriate. Accordingly the ATPSL's financial statements have been prepared on a liquidated accounts basis. On consolidation this decision has no impact on the carrying values of the assets or liabilities of UGDC. The residual assets of ATPSL consist of cash and short term payables and are carried at their net realisable value. Disclosure of the impact of the discontinued operations is set out in note 21.

Property, plant and equipment, investment property, assets (or disposal groups) held for sale and financial assets at fair value through profit and loss are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention. Judgements, key assumptions and estimations that 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 controlled entities of the Corporation as at 30 June 2017 and the results of all controlled entities for the year then ended. The Corporation and its controlled entities together are referred to in this financial report as 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 controlled entities have been changed where necessary to ensure consistency with the policies adopted by the group.

(c) Statement of compliance

The financial statement 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) Insurance

The consolidated entity's 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.

(f) Accounting for Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated 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 Flows on a gross basis. However, the GST components of cash flows arising from investing or financing activities which is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

1 Summary of significant accounting policies (continued)

(g) 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 by the Australian Tax Office in a private ruling advice.

(h) Revenue recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable. Amounts disclosed as revenue 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 revenue is discussed below.

(i) ***Sale of services***

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

(ii) ***Rendering of services***

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

(iii) ***Grants and contributions***

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.

(v) ***Investment revenue***

Investment revenue comprises interest revenue on funds invested with financial institutions and any changes in fair value of financial assets held with the NSW Treasury Corporation's Hour-Glass facilities represented by a number of units of a management investment pool at fair value through profit and loss. Interest revenue is recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

(vi) ***Other revenue***

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

(i) Expenditure

All expenses incurred on an accrual basis are recognised as expenditure for the year to the extent that the consolidated entity has benefited by receiving goods or services and the expenditure can be reliably measured.

1 Summary of significant accounting policies (continued)

(i) Expenditure (continued)

Employee benefits expenses

Employee benefits expenses include salaries and wages for the period, workers compensation insurance premium for the period and 9.5% superannuation contribution incurred for employees. Annual leave and long service leave expenses are charged as stated in Note 14.

Personnel services
The personnel services for the parent UGDC relate to management fees paid to UrbanGrowth NSW for services provided.

(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 corporation. 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 Australian Accounting Standards.

Assets acquired at no cost, or for nominal consideration, are initially recognised at fair value at the date of acquisition. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

(ii) ***Capitalisation threshold***

The Corporation’s policy is to capitalise all costs incurred in property development when assets are completed and ready for service, the costs are capitalised at the relevant property, plant and equipment account, either directly or from capital work in progress when relevant. 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 NSW Treasury’s Accounting Policy TPP 14-01: Valuation of Physical Non-Current Assets at Fair Value. This policy mandates fair value in accordance with AASB 13 *Fair Value Measuremen*t, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*.

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 and classified 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 current replacement cost. Also refer to note 8 and note 11 for further information regarding fair value.

Arts and artefacts are measured at historical cost, including any costs directly attributable to the asset and any restoration costs associated with the asset.

1 Summary of significant accounting policies (continued)

(j) Assets (continued)

Land and buildings are reported at fair value in accordance with AASB 13 *Fair Value Measurement*, based on annual fair value assessments prepared by professional real estate valuers. The last independent assessment was conducted on 31 March 2016 to be effective as at 30 June 2016, by Knight Frank, independent valuers not related to the consolidated entity. Knight Frank are members of the Australian Institute of Valuers and they have the appropriate qualifications and recent experience in the valuation of properties in the Redfern-Waterloo area. The valuation, which conforms to Australian Valuation Standards, was arrived at with regard to market evidence of transaction prices for similar properties.An interim valuation was performed at 30 June 2017.

Land and buildings, including open spaces and roads, are revalued at least every three years or with sufficient regularity to ensure that the carrying value of each asset does not differ materially from its fair value at reporting date. 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***

We have reviewed property, plant and equipment for impairment. As a not-for-profit entity with no cash generating units, *AASB 136 Impairment of Assets* is unlikely to arise. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and current 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 consolidated 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.

1 Summary of significant accounting policies (continued)

(j) Assets (continued)

The following depreciation rates have been applied during the 2016-17 financial year, consistent with previous years:

- Furniture and fittings: 4-5 years
- Plant and equipment: 3-4 years
- Motor vehicles: 3 years
- Buildings: 40 years

(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 costs***

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 cost 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 is 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.

1 Summary of significant accounting policies (continued)

(j) Assets (continued)

With effect from 1 July 2015 the inter entity rentals with ATPSL are in the nature of contingent rent since the ongoing rentals are variable and determined with reference to market value of the park land and buildings. The straight line income model has not been used and the full amount of contingent rent will be recognised in the income statement in each year as these are earned. Investment Property and Property, Plant and Equipment are revalued to fair value on the inception of a new lease.

(x) ***Non-current assets (or disposal groups) held for sale***

The consolidated entity has certain non-current assets (or disposal groups) classified as held for sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets (or disposal groups) held for sale are recognised at the lower of carrying amount and fair value less costs to sell. These assets are not depreciated while they are classified as held for sale.

(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 two and a half 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 with original maturities of three months or less and other short-term, highly liquid investments with the NSW Treasury Corporation's Hour-Glass facilities. These are readily convertible to cash and classified as cash and cash equivalent.

For Statement of Cash Flows presentation purposes, cash and cash equivalents consist of cash and cash equivalents as defined above.

*(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 consolidated entity will not be able to collect all amounts due.

1 Summary of significant accounting policies (continued)

(j) Assets (continued)

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 net result for the year.

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 net result for the year, 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) ***Derecognition 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 substantially all the risks and rewards nor transferred control of the financial asset, the asset is recognised by the consolidated entity to the extent of its continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged, 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. 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. Loans 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.

1 Summary of significant accounting policies (continued)

(k) Liabilities (continued)

(iii) Employee benefits and other provisions

(a) Salaries and wages, annual leave, sick leave and on-costs

Liabilities for salaries and wages (including non-monetary benefits), annual leave and paid sick leave that are expected to be settled wholly within twelve months after the end of the reporting date in which the employees rendered their services are recognised and measured in respect of employees' services 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 wholly settled 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

The consolidated entity'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 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 15/09) 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.

(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 and it is probable that the consolidated entity will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Other 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. For details of the provision for maintenance expenses please refer to note 14.

(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.

1 Summary of significant accounting policies (continued)

(m) 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.

(n) Fair value hierarchy

A number of the consolidated entity's accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. When measuring fair value the valuation techniques used maximise the use of relevant observable inputs and minimise the use of unobservable inputs. Under *AASB 13 Fair Value Measurement*, the entity categorises for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices in active markets for identical assets/liabilities that the entity can access at the measurement date.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly, or indirectly.
- Level 3 - inputs that are not based on observable market data (unobservable inputs)

The consolidated entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Notes 8 and 11 for further disclosures regarding fair value measurements of non-financial and financial assets.

1 Summary of significant accounting policies (continued)

(o) Application of new and revised Australian Accounting Standards

The following table outlines the way the consolidated entity has applied the new and revised Accounting Standards applicable to the consolidated entity for the first time in 2016-17:

Accounting Standards	Application
AASB 14 Regulatory Deferral Accounts It is considered that this standard will not impact on the financial statements	It is considered that this standard will not impact on the financial statements
AASB 1057 Application of Australian Accounting Standards	The impact of this standard is still being considered and is not known at the time of the financial statements
AASB 2014-1 Amendments to Australian Accounting Standards [Part D Regulatory Deferral Accounts]	It is considered that this standard will not impact on the financial statements
AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations	It is considered that this standard will not impact on the financial statements
AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation	It is considered that this standard will not impact on the financial statements
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	It is considered that this standard will not impact on the financial statements
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle It is considered that this standard will not impact on the financial statements	It is considered that this standard will not impact on the financial statements
AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	It is considered that this standard will not impact on the financial statements
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	UGDC will fully comply with TC16-12 however given the scale of the organisation the disclosure impact is considered to be limited
AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities	It is considered that this standard will not impact on the financial statements
AASB 2015-9 Amendments to Australian Accounting Standards – Scope and Application Paragraphs	It is considered that this standard will not impact on the financial statements
AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 It is considered that this standard will not impact on the financial statements	It is considered that this standard will not impact on the financial statements

1 Summary of significant accounting policies (continued)

(p) New Australian Accounting Standards issued but not yet effective

Accounting Standards/Interpretations	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 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)	1 January 2018	It is considered that this standard will not impact on the financial statements	30 June 2019
AASB 2012-6 Amendments to Australian Accounting Standards –Mandatory Effective Date of AASB 9 and Transition Disclosures	1 January 2018	"	30 June 2019
AASB 2013-9 Amendments to Australian Accounting Standards –Conceptual Framework, Materiality and Financial Instruments	1 January 2018	"	30 June 2019
AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)	1 January 2018	"	30 June 2019
AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)-Application of AASB 9 (December 2009) and AASB 9 (December 2010)	1 January 2018	"	30 June 2019
AASB 15 Revenue from contracts with customers. The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118, which covers contracts for goods and services,and AASB 111, which covers construction contracts. AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	1 January 2017	"	30 June 2018

1 Summary of significant accounting policies (continued)

(p) New Australian Accounting Standards issued but not yet effective (continued)

AASB 16 Leases. This will primarily affect the accounting by lessees and will result in the recognition of almost all leases on the balance sheet.	1 January 2019	"	30 June 2020

(q) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period.

Subsequent amendments to the original budget (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budget.

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 17.

2 Expenses Excluding Losses

(a) Employee related expenses

	Consolidated		UGDC	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
Salaries and wages (including annual leave)	-	-	-	-
Superannuation - defined contribution plans	-	-	-	-
Payroll tax and fringe benefit tax	-	-	-	-
Other employee expenses*	-	-	-	-
	-	**-**	**-**	**-**

(b) Other operating expenses include the following:

Auditor's remuneration				
- audit of the financial statements	42	45	42	45
Consultants	4,050	3,309	4,050	3,309
Contractors	159	252	159	252
Property expenses	30	34	30	35
Repairs and maintenance*	-	451	-	451
Legal	6	-	6	-
Advertising	-	162	-	162
IT	42	6	42	6
Other	101	123	101	123
Rent expense	8	(1,217)	8	-
	4,438	**3,165**	**4,438**	**4,383**

* there is no employee related maintenance included in Note 2(a)

(c) Personnel services

Personnel services	2,966	1,798	2,966	1,798
	2,966	**1,798**	**2,966**	**1,798**

2 Expenses Excluding Losses (continued)

(d) Depreciation and amortisation expense

	Consolidated		UGDC	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Depreciation				
Buildings	30	28	30	28
	30	**28**	**30**	**28**
Amortisation				
Amortisation expense	**-**	**-**	**-**	**-**
	30	**28**	**30**	**28**

(e) Grants and subsidies

Community grants	91	-	91	-
	91	**-**	**91**	**-**

3 Revenue

	Consolidated		UGDC	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
(a) Sale of services				
	-	**-**	**-**	**-**

	Consolidated		UGDC	
(b) Investment revenue				
TCorp Hour-Glass facilities and term deposits designated at fair value through profit or loss	8,694	3,059	8,694	3,059
	8,694	**3,059**	**8,694**	**3,059**
(c) Grants and contributions				
Treasury and Commonwealth Grants	-	4,700	-	4,700
Developer and Affordable Housing Contributions	9,689	806	9,689	806
	9,689	**5,506**	**9,689**	**5,506**
(d) Other revenue				
Sundry revenue	-	21	-	22
	-	**21**	**-**	**22**

4 Service Group of the Entity

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.

5 Current Assets - Cash and Cash Equivalents

	Consolidated		UGDC	
	2017	**2016**	**2017**	**2016**
	$'000	**$'000**	**$'000**	**$'000**
Cash at bank and on hand	3,896	1,620	2,271	1
TCorp Hour-Glass facility and term deposits*	14,388	47,393	-	17,407
	18,284	**49,013**	**2,271**	**17,408**

5 Current Assets - Cash and Cash Equivalents (continued)

* The Corporation has investment funds held within TCorp's Hour-Glass facilities and term deposits.

Refer to note 19 Financial Instruments for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6 Current Assets - Receivables

	Consolidated		UGDC	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Trade receivables	8	63	-	-
Allowance for impairment on receivables	-	(12)	-	-
Other receivables	3,916	1,670	3,916	1,501
Goods and Services tax recoverable	228	709	222	-
Prepayments	-	34	-	-
Receivable from subsidiary	-	-	-	25,505
	4,152	**2,464**	**4,138**	**27,006**

	Consolidated		UGDC	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Movement in allowance for the impairment of receivables				
Balance at the beginning of the financial year	12	5	-	-
(Decrease)/increase in allowance recognised in profit or loss	(12)	8	-	-
Amount written off during the year	-	(1)	-	-
Balance at the end of the year	**-**	**12**	**-**	**-**

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

7 Current/Non-current Assets - Other Financial Assets

	Consolidated					
	2017			2016		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Term deposits*	330,100	-	330,100	193,178	100,000	293,178
	330,100	**-**	**330,100**	**193,178**	**100,000**	**293,178**

7 Current/Non-current Assets - Other Financial Assets (continued)

	UGDC					
	2017			2016		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Term deposits*	330,100	-	330,100	183,645	100,000	283,645
	330,100	**-**	**330,100**	**183,645**	**100,000**	**283,645**

* Further details regarding term deposits and restricted assets are disclosed in Note 12.

Refer to Note 19 Financial Instruments for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

8 Non-Current Assets - Property, Plant and Equipment

	Consolidated 2017 $'000	Consolidated 2016 $'000	UGDC 2017 $'000	UGDC 2016 $'000
Land and Buildings				
At fair value	3,570	3,350	3,570	3,350
Accumulated depreciation and impairment	-	-	-	-
Carrying amount at fair value	**3,570**	**3,350**	**3,570**	**3,350**
Plant and equipment				
At cost	-	3,927	-	-
Accumulated depreciation and impairment	-	(3,362)	-	-
Carrying amount at cost	**-**	**565**	**-**	**-**
Furniture and Fittings				
At cost	-	1,817	-	-
Accumulated depreciation and impairment	-	(1,773)	-	-
Carrying amount at cost	**-**	**44**	**-**	**-**
Art and artefacts				
At cost	-	5	-	-
Accumulated depreciation and impairment	-	-	-	-
Carrying amount at cost	**-**	**5**	**-**	**-**
Work in progress	**-**	**-**	**-**	**-**
Total Property,Plant and Equipment				
At fair value or at cost	3,570	9,099	3,570	3,350
Accumulated depreciation and impairment	-	(5,135)	-	-
Carrying amount at fair value or at cost	**3,570**	**3,964**	**3,570**	**3,350**

8 Non-Current Assets - Property, Plant and Equipment (continued)

(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 entity	Land and Buildings $'000	Plant and Equipment $'000	Furniture and fittings $'000	Art and artefacts $'000	Work in progress $'000	Total $'000
Year ended 30 June 2017						
Net carrying amount at the start of the year	3,350	565	44	5	-	3,964
Revaluation surplus	-	-	-	-	-	-
Asset revaluation surplus	250	-	-	-	-	250
Depreciation	(30)	(418)	(38)	-	-	(486)
Assets held for sale	-	-	-	-	-	-
Disposal	-	(147)	(6)	(5)	-	(158)
Net carrying amount as at 30 June 2017	**3,570**	**-**	**-**	**-**	**-**	**3,570**

8 Non-Current Assets - Property, Plant and Equipment (continued)

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

Consolidated entity	Land and Buildings $'000	Plant and Equipment $'000	Furniture and fittings $'000	Art and artefacts $'000	Work in progress $'000	Total $'000
Year ended 30 June 2016						
Net carrying amount at the start of the year	3,015	295	138	5	1,836	5,289
Transfer in/out	-	502	-	-	(502)	-
Additions	-	-	-	-	2,667	2,667
Asset revaluation surplus	363	-	-	-	-	363
Depreciation	(28)	(232)	(94)	-	-	(354)
Assets held for sale	-	-	-	-	(4,001)	(4,001)
Net carrying amount as at 30 June 2016	**3,350**	**565**	**44**	**5**	**-**	**3,964**

8 Non-Current Assets - Property, Plant and Equipment (continued)

(b) Reconciliation of movements in Property Plant and Equipment

UGDC	Land and Buildings $'000	Plant and Equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Art and artefacts $'000	Total $'000
Year ended 30 June 2017						
Net carrying amount at the start of the year	3,350	-	-	-	-	3,350
Asset revaluation surplus	250	-	-	-	-	250
Depreciation	(30)	-	-	-	-	(30)
Net Carrying amount as at 30 June 2017	**3,570**	**-**	**-**	**-**	**-**	**3,570**

UGDC	Land and Buildings $'000	Plant and Equipment $'000	Furniture and fittings $'000	Motor vehicles $'000	Art and artefacts $'000	Total $'000
Year ended 30 June 2016						
Net carrying amount at the start of the year	3,015	-	-	-	-	3,015
Asset revaluation surplus	363	-	-	-	-	363
Depreciation	(28)	-	-	-	-	(28)
Net carrying amount as at 30 June 2016	**3,350**	**-**	**-**	**-**	**-**	**3,350**

9 Intangible Assets

	Consolidated 2017 $'000	Consolidated 2016 $'000	UGDC 2017 $'000	UGDC 2016 $'000
Software				
Cost (gross carrying amount)	-	535	-	-
Accumulated amortisation and impairment	-	(531)	-	-
Net carrying amount	**-**	**4**	**-**	**-**

	Consolidated 2017 $'000	Consolidated 2016 $'000	UGDC 2017 $'000	UGDC 2016 $'000
Net carrying amount at start of year	4	6	-	-
Amortisation (recognised in depreciation and amortisation)	(4)	(2)	-	-
Net carrying amount	**-**	**4**	**-**	**-**

10 Assets held for sale

	Consolidated 2017 $'000	Consolidated 2016 $'000	UGDC 2017 $'000	UGDC 2016 $'000
Assets held for sale				
Investment property	270	1,730	270	1,730
	270	**1,730**	**270**	**1,730**

The assets are two buildings occupied by Ambulance NSW and RMS under long term leases held until 2094. PropertyNSW agreed to acquire the land at the market value and the transaction is likely to be completed by December 2017.

11 Fair Value Measurement of Non-Financial Assets

(a) Fair value hierarchy

Consolidated entity Year ended 30 June 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total fair value $'000**
Property, plant and equipment				
Land and buildings	-	3,300	270	3,570
	-	**3,300**	**270**	**3,570**

11 Fair Value Measurement of Non-Financial Assets (continued)

(a) Fair value hierarchy (continued)

Consolidated entity Year Ended 30 June 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment				
Land and buildings	-	3,100	250	3,350
	-	**3,100**	**250**	**3,350**

UGDC Year ended 30 June 2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment				
Land and buildings	-	3,300	270	3,570
	-	**3,300**	**270**	**3,570**

UGDC Year ended 30 June 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment				
Land and buildings	-	3,100	250	3,350
	-	**3,100**	**250**	**3,350**

(b) Valuation techniques, inputs and processes

The external valuers follow income and market approaches, using the discounted cashflow and income capitalisation methods coupled with market comparisons to assess the fair value. These methods comprise observable inputs within an active market for similar assets with appropriate adjustments specific to the UGDC's assets. The following table summarises the level 2 assets.

Description	Fair value at 30 June 2017 $'000	Observable inputs	Range of inputs - (probability - weighted average)	Relationship of observable inputs to fair value
Land and Buildings	$3,300	Rental Income P.A. (net of outgoings)	$229k	The higher the rental growth, the higher the fair value
		Discount rate	n/a	The higher the discount rate, the lower the fair value
		Capitalisation rate	6.25% for Little Eveleigh Street	The higher the capitalisation rate, the lower the fair value

11 Fair Value Measurement of Non-Financial Assets (continued)

(b) Valuation techniques, inputs and processes (continued)

Level 3 Assets

At 30 June 2017 UGDC held land under roads at North Eveleigh that was acquired to facilitate the construction of affordable housing units. It is intended that this land will be dedicated to the City of Sydney but the dedication had not been effected by year end.

Land valuations are likely to be assessed at level 2 or level 3 of the fair value hierarchy, depending on the market conditions and whether similar types of land are actively traded. Assessment at a lower level of the fair value hierarchy may be more likely in circumstances where the asset's use and disposal are restricted, as there may be less market evidence available. In these circumstances, fair value may be derived by adjusting an observable market input using an unobservable input. Where this significantly impacts on the fair value measurement, the resulting measurement would be categorised within level 3 of the fair value hierarchy (AASB 13, para 75). The land at North Eveleigh is land to which this valuation methodology concept may be applied. In adopting a rate, the valuer, Knight Frank had regard to the value of the value of Open Space land and then applied a discount reflecting the nature of the road network.

Consideration was given to the fact the Open Space sales contain passive/active use that may enjoy open space permissible commercial benefits whilst the subject road network is irregular in shape and very much limited to this one use. The discount applied was 90% of the value of Open Space value. From the sales evidence it is considered an Open Space site rate, unaffected by the road use, to be $600/m^2. The rate applied to the land was therefore $57/m2.

11 Fair Value Measurement of Non-Financial Assets (continued)

(c) Reconciliation of recurring level 3 fair value measurement

Consolidated **Year ended 30 June 2017**	**Land and Buildings** **$'000**	**Total Recurring Level 3 Fair Value** **$'000**
Fair value as at 1 July 2016		
Opening balance at the start of year	250	250
Net revaluation increment/decrement	20	20
Fair value as at 30 June 2017	**270**	**270**

UGDC **Year ended 30 June 2017**	**Land and Buildings** **$'000**	**Total Recurring Level 3 Fair Value** **$'000**
Fair value as at 1 July 2016		
Opening balance at the start of year	250	250
Net revaluation increment/decrement	20	20
Fair Value as at 30 June 2017	**270**	**270**

12 Restricted Assets

	Consolidated		**UGDC**	
	2017 **$'000**	**2016** **$'000**	**2017** **$'000**	**2016** **$'000**
TCorp Hour Glass facility and term deposits*	63,154	342,190	47,190	301,052
	63,154	**342,190**	**47,190**	**301,052**

For restricted assets classified in cash and cash equivalents please refer to Note 5.

*The Corporation under the Waterloo Affordable Housing and Developer Contribution Plans receives contributions for all major developments within the Redfern Waterloo area. These contributions are held in separate deposit facilities and can only be expensed on projects directly related to the specific purposes for which the funds were granted. All interest earned is reinvested in these accounts. UGDC's controlled entity, ATPSL as a "not for profit entity" is prohibited from making distributions. The definition of restricted cash is in accordance with Treasury Guidelines.

13 Current Liabilities - Payables

	Consolidated		UGDC	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Accrued salaries, wages and on-costs	10	162	-	-
Creditors	1,357	2,127	1,291	1,481
Unearned revenue	-	614	-	-
Other payables	-	1	-	1
Goods and Services Tax payable	-	-	-	241
Payable to subsidiary	-	-	25	-
	1,367	**2,904**	**1,316**	**1,723**

14 Current/Non- current Liabilities - Provisions

	Consolidated					
	2017			2016		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Employee benefits and related on-costs						
Annual leave	4	-	4	74	-	74
Long service leave	-	-	-	104	-	104
Restructuring costs	17	-	17	521	-	521
	21	**-**	**21**	**699**	**-**	**699**
Provision for maintenance expenses	727	-	727	2,758	-	2,758
Total Provision	**748**	-	**748**	**3,457**	**-**	**3,457**
Aggregate employee benefits and related on-costs						
Provisions	21	-	21	699	-	699
Accrued salaries, wages and on-costs	10	-	10	162	-	162
	31	**-**	**31**	**861**	**-**	**861**

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

	UGDC			
	2017		**2016**	
	Current $'000	**Total $'000**	**Current $'000**	**Total $'000**
Employee benefits and related on-costs				
Annual leave	-	-	-	-
Long service leave	-	-	-	-
Restructuring costs	-	-	-	-
	-	**-**	**-**	**-**
Provision for maintenance expenses	727	727	2,758	2,758
Total Provision	**727**	**727**	**2,758**	**2,758**
Aggregate employee benefits and related on-costs				
Provisions	-	-	-	-
Accrued salaries, wages and on-costs	-	-	-	-
	-	**-**	**-**	**-**

	Consolidated		UGDC	
	2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Movement in provision for maintenance expenses				
Carrying amount at the start of the year	2,758	2,263	2,758	2,263
Addition/(reduction) to provision	(2,031)	495	(2,031)	495
Carrying amount at the end of the year	**727**	**2,758**	**727**	**2,758**

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.

15 Commitments for Expenditure

(a) Capital commitments

There were no capital commitments in the current and prior year.

15 Commitments for Expenditure (continued)

(b) Disclosures as a lessor

	Consolidated		UGDC	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Non-cancellable operating lease receipts				
Not later than one year	-	1,650	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total including GST	**-**	**1,650**	**-**	**-**

The 2016 payable includes GST of $150k and was recovered from the Australian Taxation Office in 2017.

Operating leases relate to the ATPSL's Conference Centre rent with Mirvac at $1.5m (excluding GST) annually with lease term from 22 April 2016 to 30 June 2017. ATPSL does not have an option to purchase the leased asset at the expiry of the lease period.

UGDC received operating lease rental receipts from its controlled entity ATPSL from 1 July 2015 to the sale of the park on 22 April 2016. The rent is market driven but capped at the net income of ATPSL.

16 Contingent Assets and Liabilities

UGDC has no known contingent assets or contingent liabilities as at reporting date 30 June 2017 (2016: $Nil).

17 Budget review

Revenue

Investment Income was largely in line with budget, $289k (3%) higher. This improvement was driven by better than anticipated net income and hence investment holdings and investment income. Revenue from the ATP Conference Centre is disclosed as a discontinuing operation in the Income Statement which explains the full budget shortfall. Conference Centre Revenue for the year was in line with budget.

The majority of the positive revenue variance against budget ($8,841k) are Affordable Housing Contributions for the development of the ATP site. These were not budgeted as the timing of the receipt of third party contributions are outside of the control of UGDC and were difficult to predict.

17 Budget review (continued)

Expenses

The costs of the UrbanGrowth NSW team working on the UGDC projects were budgeted as employee costs but were accounted for as personal services. When the ATP employment costs of $897k (disclosed as discontinuing operation) are added back, the cost for the year is $3,863 and within $135k, or 4%, of budget.

If ATP other operating expenses of $4,442k are added back, the positive variance against budget is reduced to $2,464k. This improvement is driven by the closure of the Conference Centre three months earlier than planned and the transfer of a Central to Eveleigh Project to another government agency.

Assets and Liabilities

Following the sale of land at ATP by UGDC and the closure of the Conference Centre the Statement of Financial Position has become highly liquid with assets now consisting principally of cash and term deposits. Hence the better than anticipated net income result (excluding other losses of $1,460k) of $18,221k has flowed directly to cash and investment holdings with the overall value of assets rising by $19,134k.

Current Liabilities are lower than budget following the closure of the Conference Centre business. ATP currently has only $98k in total liabilities down from $1,424k in 2016 when intercompany liabilities are excluded.

18 Reconciliation of net cashflows from operating activities to net result

	Consolidated		UGDC	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Net cashflows from operating activities	6,017	11,796	19,794	799
Depreciation and amortisation*	(489)	(356)	(30)	(28)
Decrease/(increase) in provisions	2,709	(1,000)	2,031	(495)
Increase/(decrease) in prepayments and other assets	1,701	71	(11,238)	11,798
Decrease/(increase) in creditors	1,541	1,259	301	(304)
Net gains/(losses) from sale of discontinued operation	-	71,490	-	71,490
Other gains/(lossess)	(1,460)	(405)	(1,460)	(405)
Net result	**10,019**	**82,855**	**9,398**	**82,855**

* includes depreciation and amortisation disclosed separately in the net result from discontinued operations (2017: $Nil, 2016: $Nil).

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 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 the 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.

(a) ***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.

19 Financial Instruments (continued)

(a) **Operational risk (continued)**

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 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.

(b) ***Financial instrument categories***

			Consolidated		UGDC	
Financial assets	**Note**	**Category**	**Carrying amount^**	**Carrying amount^**	**Carrying amount^**	**Carrying amount^**
			2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Cash and cash equivalents	5	N/A	18,284	48,408	2,271	17,408
Receivables *	6	Loans and receivables (at amortised cost)	3,924	1,721	3,916	27,006
Other financial assets	7	Loans and receivables (at amortised cost)	330,100	293,178	330,100	283,645
Total financial assets			**352,308**	**343,308**	**336,287**	**328,059**

			Consolidated		UGDC	
Financial liabilities	**Note**	**Category**	**Carrying amount^**	**Carrying amount^**	**Carrying amount^**	**Carrying amount^**
			2017 $'000	**2016 $'000**	**2017 $'000**	**2016 $'000**
Trade and other payables**	14	Financial liabilities measured at amortised cost	1,367	2,904	1,316	1,482
Total financial liabilities			**1,367**	**2,904**	**1,316**	**1,482**

* Excludes statutory receivables and prepayments

** Excludes statutory payables and unearned revenue

19 Financial Instruments (continued)

(b) Financial instrument categories (continued)

^ Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass cash facilities, which are measured at fair value. 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.

(c) ***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 consolidated 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 cash facilities represent the investor's share of the net asset value of the facilities and therefore credit risk is not applicable because the counterparty will not default on the contractual obligation.

(i) ***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 5. The NSW Treasury Corporation Hour Glass cash facility is discussed in paragraph (g) below.

(ii) ***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.

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 with a carrying amount of ($Nil ; 2016: $51k) which are past due at the reporting date for which the consolidated entity has not provided as there has not been significant change in credit quality and the amounts are still recoverable. 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.

19 Financial Instruments (continued)

(c) **Credit risk (continued)**
(ii) Receivables - trade debtors (continued)

	Total $'000	Past due but not impaired $'000	Considered impaired $'000
Consolidated entity			
2017			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

	Total $'000	Past due but not impaired $'000	Considered impaired $'000
Consolidated entity			
2016			
< 3 months overdue	63	51	12
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

	Total $'000	Past due but not impaired $'000	Considered impaired $'000
UGDC			
2017			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

	Total $'000	Past due but not impaired $'000	Considered impaired $'000
UGDC			
2016			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

• Each column in the table reports 'gross receivables'.
• The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are not past due and not impaired. Therefore, the 'total' will not reconcile to the receivables total recognised in the statement of financial position.

19 Financial Instruments (continued)

(c) **Credit risk (continued)**

(iii) ***Consolidated entity deposits***

The consolidated entity has placed funds on deposit with the NSW Treasury Corporation which has a Standard and Poor's rating of 'AAA' and with the National Australia Bank which has a Standard and Poor's rating of 'AA'. 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 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 2.71% (2016: 2.91%) while over the year the weighted average interest rate was 2.8% (2016: 2.92%) on a weighted average balance during the year of $309.655m (2016: $120.19m). None of these assets are past due or impaired.

(d) ***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 limit of $28m with the 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 has been fully 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 TC 11/12. 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. A credit card facility of $5k is held at UGDC and $35k is held at ATPSL.

The table below summarises the maturity profile of the consolidated entity's financial liabilities, together with the interest rate exposure.

19 Financial Instruments (continued)

(d) **Liquidity risk (continued)**
Maturities of financial liabilities (continued)

Maturity analysis and interest rate exposure of financial liabilities	Weighted average effective interest rate %	Nominal amount $'000	Interest rate exposure $'000	Less than 1 year $'000	Between 1 and 5 years $'000	Over 5 years $'000	Total $'000
Consolidated entity - at 30 June 2017							
Non-interest bearing - payables		1,367	-	1,367	-	-	1,367
		1,367	**-**	**1,367**	**-**	**-**	**1,367**
Consolidated entity - at 30 June 2016							
Non-interest bearing - payables		2,904	-	2,904	-	-	2,904
		2,904	**-**	**2,904**	**-**	**-**	**2,904**

19 Financial Instruments (continued)

(d) **Liquidity risk (continued)**
Maturities of financial liabilities (continued)

Maturity analysis and interest rate exposure of financial liabilities	**Weighted average effective interest rate %**	**Nominal amount $'000**	**Interest rate exposure $'000**	**Less than 1 year $'000**	**Between 1 and 5 years $'000**	**Over 5 years $'000**	**Total $'000**
UGDC at 30 June 2017							
Non-interest bearing - payables		1,316	-	1,316	-	-	1,316
		1,316	**-**	**1,316**	**-**	**-**	**1,316**
UGDC - at 30 June 2016							
Non-interest bearing - payables		1,482	-	1,482	-	-	1,482
		1,482	**-**	**1,482**	**-**	**-**	**1,482**

19 Financial Instruments (continued)

(e) 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.

(f) Currency risk

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

(g) Interest rate risk

The consolidated entity is exposed to interest rate risk as the consolidated entity borrows at floating interest rates from the NSW Treasury Corporation and holds its surplus cash in the NSW Treasury Corporation's 'Hour-Glass' cash facilities. The 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 out in the next table:

Consolidated entity - at 30 June 2017	**Carrying amount $'000**	**Profit -1% $'000**	**Equity-1% $'000**	**Profit +1% $'000**	**Equity +1% $'000**
Financial assets					
Cash and cash equivalents	18,284	(183)	(183)	183	183
Receivables*	3,924	(39)	(39)	39	39
Other financial assets	330,100	(3,301)	(3,301)	3,301	3,301
Financial liabilities					
Payables**	1,367	14	14	(14)	(14)

19 Financial Instruments (continued)

(g) Interest rate risk (continued)

Consolidated entity - at 30 June 2016	Carrying amount $'000	Profit -1% $'000	Equity -1% $'000	Profit +1% $'000	Equity +1% $'000
Financial assets					
Cash and cash equivalents	48,408	(484)	(484)	484	484
Receivables*	1,721	(17)	(17)	17	17
Other financial assets	293,178	(2,932)	(2,932)	2,932	2,932
Financial liabilities					
Payables**	2,904	29	29	(29)	(29)

UGDC - at 30 June 2017	Carrying amount $'000	Profit -1% $'000	Equity-1% $'000	Profit +1% $'000	Equity +1% $'000
Financial assets					
Cash and cash equivalents	2,271	(23)	(23)	23	23
Receivables*	3,916	(39)	(39)	39	39
Other financial assets	330,100	(3,301)	(3,301)	3,301	3,301
Financial liabilities					
Payables**	1,316	13	13	(13)	(13)

UGDC - at 30 June 2016	Carrying amount $'000	Profit -1% $'000	Equity -1% $'000	Profit +1% $'000	Equity +1% $'000
Financial assets					
Cash and cash equivalents	17,408	(174)	(174)	174	174
Receivables*	27,006	(270)	(270)	270	270
Other financial assets	283,645	(2,836)	(2,836)	2,836	2,836
Financial liabilities					
Payables**	1,482	15	15	(15)	(15)

* Excludes statutory receivables and prepayments

** Excludes statutory payables and unearned revenue

19 Financial Instruments (continued)

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

Exposure to 'other price risk' primarily arises through investments with NSW Treasury Corporation's Hour-Glass cash facilities and NAB term deposits, 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 investment trusts.

Facility	Investment sectors	Investment Horizon	2017 $'000	2016 $'000
Consolidated				
Cash facility	Cash, money market instrument	Up to 1.5 years	14,388	605
UGDC				
Cash facility	Cash, money market instrument	Up to 1.5 years	-	

Impact on Profit / loss:

	Change in unit price	2017 $'000	2016 $'000
Consolidated			
Hour-Glass - Cash Facility	+/- 1%	144	6
UGDC			
Hour-Glass - Cash Facility	+/- 1%	-	

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

(i) *Fair Value Measurement*

(i) *Fair value compared to carrying amount*

Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass Strategic Cash, Medium Term and Long Term facilities, which are measured at fair value. The value of the Hour-Glass cash facilities 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.

19 Financial Instruments (continued)

(i) **Fair Value Measurement (continued)**

(i) Fair value compared to carrying amount (continued)

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.

(ii) ***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 entity - at 30 June 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
TCorp Hour-Glass facility	-	14,388	-	14,388

Consolidated entity - at 30 June 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
TCorp Hour-Glass facility	-	605	-	605

UGDC - at 30 June 2017	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
TCorp Hour-Glass facility	-	-	-	-

UGDC - at 30 June 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
TCorp Hour-Glass facility	-	-	-	-

The table above includes only financial assets, as no financial liabilities 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 2017. The only investments in hierarchy level two are the TCorp Hourglass cash facilities and the NAB term deposits.

20 Related party disclosures

(a) Key Management Personnel

We have determined that the General Manager and Chief Executive meet the criteria of key management personable. Neither position was directly remunerated by UGDC in the current financial year. Both were paid by UrbanGrowth NSW, their home entity.

During the year, the entity entered into no transactions with key management personnel.

(b) Transactions with government related entities during the financial year

During the year, UGDC entered into the following normal course of business and collectively significant transactions with other NSW Government agencies which are controlled/jointly controlled/significantly influenced by NSW Government:

• Landcom (trading as UrbanGrowth NSW) for the reimbursement of project related personnel services of $2,695,574 and project expenses of $4,049,952
• The Department of Planning and Environment $500,780 for project expenses
• Investment in Tcorp Hour Glass facility and term deposits of $330 million
• Interest revenue earned from Treasury Banking System of $8,681,208

(c) Transactions with Australian Technology Park (wholly owned entity)

The individually significant transactions between ATP and UGDC are as follows:

• ATP was reimbursed by UGDC for payments made on its behalf of $102,444.
• Received from ATP $14,005,000 in rental payments and $11,500,000 park sale proceeds due to UGDC.

21 Discontinued operation

(a) Description

On 16 December 2016 the Board of ATPSL endorsed the dissolution of the entity following the planned closure of its conference centre business and the completion of the 2016/17 audit. A decision approved by sole member UGDC. The decision to close the Conference Centre follows the sale the ATP site to a Mirvac-led consortium on 22 April 2016. The sale was part of a strategic move by the NSW Government to help catalyse innovation in the inner city, with proceeds helping to finance the upgrade of rail stations within the Redfern Waterloo area.

On 31 March 2017, the ATP Conference Centre hosted its final event, making all but one staff member redundant and commenced a process to liquidate its assets and liabilities prior to the final wind up process. The wind up of ATPSL will follow the formal approval of the NSW Premier and is expected to be completed by 31 December 2017. Prior to wind-up the remaining cash reserves of ATPSL will be distributed to UGDC. Following a final board meeting and resolution to dissolve, ATPSL will be de-registered as a not for profit company limited by guarantee with no remaining assets, liabilities, obligations or commitments at that date..

The wind down of the residual conference centre business in financial year 2017 has had a more limited impact than the sale of land and the closure of the property unit in financial 2016.

21 Discontinued operation (continued)

(b) Financial performance and cash flow information

	Consolidated		UGDC	
	30 June 2017 $'000	30 June 2016 $'000	30 June 2017 $'000	30 June 2016 $'000
Revenue	6,486	14,707	-	9,392
Expenses	(5,882)	(5,213)	-	-
Gain/(loss) on disposal	18	71,085	-	71,085
Net result from discontinued operation	**622**	**80,579**	**-**	**80,477**
Net cash flow from operational activities	(13,783)	9,201	-	-
Net cash flow from investing activities	9,691	257,037	-	255,703
Net cash flow from financing activities	(11,500)	-	-	-
Net Increase in cash generated by the unit	**(15,592)**	**266,238**	**-**	**255,703**

(c) Assets and liabilities of the unit to be discontinued

The net assets of ATPSL as at 30 June 2017 were $15,954k, of this $16,013 was cash with the balance being net short term liabilities of $98k.

22 Events after reporting period

The Expenditure Review Committee of Cabinet approved the transfer of functions from Landcom to UGDC in April 2017.

The 2017-18 NSW Budget papers, which described the transfer of functions, were tabled in parliament on 20 June 2017.

The State Revenue and Other legislative Amendment (Budget Measures) Act 2017 were assented on 27 June 2017. Provisions within this legislation related to the transfer of functions from Landcom to the UGDC commenced on 1 July 2017.

The transfer of functions is expected to occur on 5 October 2017, pursuant to vesting orders written by relevant Ministers through an equity transfer.

Attachment 2

Australian Technology Park Sydney Limited

Financial Statements
for the year ended 30 June 2017

INDEPENDENT AUDITOR'S REPORT

Australian Technology Park Sydney Limited

To Members of the New South Wales Parliament and Members of Australian Technology Park Sydney Limited

Opinion

I have audited the accompanying financial statements of Australian Technology Park Sydney Limited (the Company), which comprise the statement of financial position as at 30 June 2017, 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, and the directors' declaration.

In my opinion the financial statements:

- are in accordance with the *Corporations Act 2001*, including:
  - giving a true and fair view of the Company's financial position as at 30 June 2017 and its performance for the year ended on that date
  - complying with Australian Accounting Standards and the Corporations Regulations 2001
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015

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

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Company in accordance with the requirements of the:

- Australian Auditing Standards
- Corporations Act 2001
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles 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
- precluding the Auditor-General from providing non-audit services.

I confirm the independence declaration, required by the *Corporations Act 2001*, provided to the directors of the Company on 21 September 2017, would be in the same terms if provided to the directors as at the time of this Independent Auditor's Report.

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

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the PF&A Act and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors must assess the Company's ability to continue as a going concern except where they intend to liquidate the Company or cease operations. The assessment must disclose, as applicable, matters related to going concern and the appropriateness of using the going concern basis of accounting.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf.The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Company carried out its activities effectively, efficiently and economically
- 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 which may have been hyperlinked to/from the financial statements.

Weini Liao
Director, Financial Audit Services

22 September 2017
SYDNEY

Directors' Declaration

In accordance with a resolution of the Board of Directors of Australian Technology Park Sydney Limited ('ATPSL') made pursuant to section 295(5) of the *Corporations Act 2001* and section 41C of the *Public Finance and Audit Act 1983*, we hereby declare that:

1. The financial statements and notes as set out on the pages that follow:

   (a) comply with Accounting Standards, the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015*, the *Corporations Act 2001* and other mandatory NSW Treasury accounting policies as they apply on a liquidation basis; and

   (b) give a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date.

2. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Col Gellatly

Dr Colin Gellatly AO
Chairman
ATPSL

Michael Brodie
Managing Director
ATPSL

Sydney , dated 22 September 2017

Australian Technology Park Sydney Limited
Statement of Comprehensive Income
For the year ended 30 June 2017

	Notes	2017 $'000	2016 $'000
Expenses excluding losses			
Operating expenses			
- Employee related	2(a)	897	2,606
- Other operating expenses	2(b)	4,526	7,019
Depreciation and amortisation	2(c)	459	328
Total expenses excluding losses		**5,882**	**9,953**
Revenue			
Sale of services	3(a)	5,593	7,942
Investment revenue	3(b)	893	692
Total revenue		**6,486**	**8,634**
Gain/(loss) on disposal	4	18	-
Net result from discontinued operations in property management unit		-	1,319
Net result in discontinued operations in the conference centre		**622**	**-**
Other comprehensive income			
Total other comprehensive income		**-**	**-**
Total comprehensive income		**622**	**-**

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

	Notes	2017 $'000	2016 $'000
ASSETS			
Current assets			
Cash and cash equivalents	5	16,013	31,605
Receivables	6	39	1,204
Other financial assets	7	-	9,533
Total current assets		**16,052**	**42,342**
Non-current assets			
Property, plant and equipment			
- *Plant and equipment*		-	565
- *Furniture and fittings*		-	44
- *Art and artefacts*		-	5
Total property, plant and equipment	8	-	614
Intangible assets	9	-	4
Total non-current assets		-	**618**
Total assets		**16,052**	**42,960**
LIABILITIES			
Current liabilities			
Payables	10	77	26,929
Provisions	11	21	699
Total current liabilities		**98**	**27,628**
Total non-current liabilities		-	-
Total liabilities		**98**	**27,628**
Net assets		**15,954**	**15,332**
EQUITY			
Accumulated funds		15,954	15,332
Total equity		15,954	15,332

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

Australian Technology Park Sydney Limited
Statement of Changes in Equity
For the year ended 30 June 2017

	Accumulated funds $'000	Asset revaluation surplus $'000	Total $'000
Balance at 1 July 2016	15,332	-	15,332
Net result for the year	622	-	622
Other comprehensive income			
Net increase/(decrease) in asset revaluation surplus	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income for the year	622	-	622
Transactions with owners	-	-	-
Balance at 30 June 2017	15,954	-	15,954

	Accumulated funds $'000	Asset revaluation surplus $'000	Total $'000
Balance at 1 July 2015	15,332	-	15,332
Net result for the year	-	-	-
Other comprehensive income			
Net increase/(decrease) in asset revaluation surplus	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income for the year	-	-	-
Transactions with owners	-	-	-
Balance at 30 June 2016	15,332	-	15,332

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

	Notes	2017 $'000	2016 $'000
Cash flows from operating activities			
Payments			
Payments to Parent		(14,005)	-
Suppliers for goods and services		(5,873)	(12,942)
Employee related		(1,575)	(2,245)
Other		-	(1,854)
Total payments		**(21,453)**	**(17,041)**
Receipts			
Sale of services		6,777	27,451
Interest received		893	587
Total receipts		**7,670**	**28,038**
Net cash flows from operating activities	14	**(13,783)**	**10,997**
Cash flows from investing activities			
Purchases of property, plant and equipment		-	(2,667)
Purchases of investments		-	(9,533)
Proceeds from sale of plant and equipment		158	-
Proceeds from sale of investments		9,533	-
Proceed for property, plant and equipment from related parties		-	4,001
Net cash flows from investing activities		**9,691**	**(8,199)**
Cash flows from financing activities			
Non-trading advances from parent entity		(11,500)	11,500
Net cash flows from financing activities		**(11,500)**	**11,500**
Net increase/(decrease) in cash		(15,592)	14,298
Opening cash and cash equivalents	5	31,605	17,307
Closing cash and cash equivalents	5	**16,013**	**31,605**

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

1 Summary of significant accounting policies

(a) Reporting entity

Australian Technology Park Sydney Limited (the Company) is a not for profit Company limited by guarantee which is a wholly owned controlled entity of UrbanGrowth NSW Development Corporation ("UGDC") which is a Statutory Body constituted by the *Growth Centres (Development Corporations) Act 1974* on 17 December 2010. The reporting entity is consolidated as part of the UGDC's financial statements, which in turn are consolidated as part of the NSW Total State Sector Accounts.

On 22 April 2016 UGDC sold the land and buildings, collectively known as the Australian Technology Park to a Mirvac/Centuria consortium for $263 million.The sale was part of a strategic move by the NSW Government to help catalyse innovation in the inner city, with proceeds helping to finance the upgrade of rail stations within the Redfern Waterloo area. From the sale date responsibility for the management of the park passed to the new owner's with no leasing or car parking revenue collected since. The ATP Property Management Unit ceased operations and staff were made redundant. The property management business has been accounted for as a discontinued operation in the financial statements.

On 16 December 2016 the Board endorsed the dissolution of ATPSL following the closure of the conference centre and the completion of the 2016/17 audit. The ATP Conference Centre hosted its final event on 31 March 2017 following the early surrender of its lease at the park which was due to expire on 30 June 2017. It is intended ATPSL will wind up on 31 December 2017 following the redundancy of its last remaining employee. The net assets of ATP will by that time have been transferred to UGDC and no outstanding liabilities or obligations will exist at this date. Prior to wind-up the remaining cash reserves of ATPSL will be distributed to sole member UGDC. Following a final board meeting and resolution to dissolve, ATPSL will be de-registered as a not for profit company limited by guarantee with no remaining assets, liabilities, obligations or commitments at that date.

The financial statements for the year ended 30 June 2017 were authorised for issue by the Board on 22 September 2017.

(b) Basis of preparation

The Company's financial statements are general purpose financial statements which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations) and the requirements of the *Public Finance and Audit Act 1983*, *Corporations Act 2001* and the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Due to the intention to de-register ATPSL, the Board has determined that the going concern basis of preparation (as applied in previous years) is no longer appropriate. Accordingly the financial statements are not prepared on a going concern basis.

Consistent with the Board's decision, management have applied the requirements of paragraph 25 of AASB 101 Presentation of Financial Statements which states that "*When the financial report is not prepared on a going concern basis, that fact shall be disclosed, together with the basis on which the financial report is prepared and the reason why the entity is not regarded as a going concern.*"

Accounts Reported on a Liquidation Basis

These accounts have therefore been prepared on a liquidation basis.

1 Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

Impact of adopting the liquidation basis of preparation on measurement, classification of assets and liabilities, and disclosures in the financial report:

Under the liquidation basis of preparation, assets and liabilities are measured at their liquidation value. The liquidation value of assets is their net realisable value. Net realisable value is based on the proceeds receivable on disposal less restructure and liquidation costs as detailed in the accounting policies noted below. The liquidation value of liabilities is their expected settlement amount as detailed in the accounting policies noted below. Any gains or losses resulting from measuring assets and liabilities to the liquidation value are recognised in profit or loss.

Under the liquidation basis of accounting, all assets and liabilities are classified as current. In adopting the liquidation basis, management at the Boards direction have continued to apply the disclosure requirements of Australian Accounting Standards, to the extent they are relevant to the liquidation basis, and have modified them where this is considered appropriate. In particular, the financial report does not include all of the disclosures required by the following standards on the basis that the disclosures are not considered relevant for decision-making by users as described below:

• *AASB 5 Non-current Assets Held for Sale and Discontinued Operations*
Given that all ATPSL commercial operations are considered discontinued, the disclosures under AASB 5 that separate between continuing and discontinuing operations are not considered relevant to users.

• *AASB 7 Financial Instruments: Disclosures*
The information on exposures to financial risks are not considered relevant to users given that the financial risk exposures are not representative of the risks that will exist going forward.

• *AASB 101 Presentation of Financial Statements*
Information on capital management is not considered relevant for users to understand what is managed as capital given the disclosures around the basis of preparation change from "going concern" to "liquidation".

The accounting policies adopted are consistent with those of the previous financial year except for changes specified related to the adoption of the liquidation basis of preparation.
Comparative information has not been restated, and is measured and presented on a going concern basis.

In the application of the Company's accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

All 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) Insurance

The Company's 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.

1 Summary of significant accounting policies (continued)

(e) Taxes

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

Revenues, expenses and assets are recognised net of the amount of GST except when the GST incurred on a purchase of goods and services is not recoverable from the Australian Taxation Office, is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

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

(ii) Income tax

On 16 February 2005, a private ruling was made in favour of the Company, where it was deemed that Section 24AM of *Income Tax Assessment Act 1936* applies to exempt the Company's income from the imposition of income tax. The ruling has been reconfirmed several times since 2005 and most recently on 29 June 2011.

(f) Revenue recognition

Revenue is measured at the fair value of the consideration or contribution received or receivable. Amounts disclosed as revenue are net of allowances, rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below.

Revenue is recognised for the major business activities as follows:

(i) Sales of services

Revenue from a contract to provide services is recognised by reference to the stage of the completion (based on hours incurred to date) of the contract.

(ii) Investment revenue

Interest revenue is recognised using the effective interest method as set out in *AASB 139 Financial Instruments: Recognition and Measurement*. Investment revenue comprises interest revenue 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 represented by a number of units of a management investment pool at fair value through profit or loss.

Rental revenue from operating leases is recognised in accordance with *AASB 117 Leases* on a straight line basis over the lease term. The lease payments received in advance are recorded as a liability and recognised as revenue over the lease term.

(iii) Other revenue

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

(g) Expenditure

All expenses incurred on an accrual basis are recognised as expenditure for the year to the extent that the Company has benefited by receiving goods or services and the expenditure can be reliably measured.

1 Summary of significant accounting policies (continued)

(g) Expenditure (continued)

• Employee benefits expenses

Employee benefits expenses include salaries and wages for the period, workers compensation insurance premium for the period and 9.5% superannuation contribution incurred for employees. Annual leave and long service leave expenses are charged as stated in Note 11 and Note 2.

(h) Assets

(i) Acquisition of assets

The cost method of accounting is used for the initial recording of all acquisitions of assets controlled by the Company. 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 measurements requirements of other Australian Accounting Standards.

Assets acquired at no cost or for nominal consideration are initially recognised at their fair value at the date of acquisition.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

(ii) Capitalisation thresholds

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.

When assets are completed and ready for service, the costs are capitalised to the relevant property, plant and equipment account, either directly or from the capital work in progress when relevant.

The remaining capital expenditure is carried forward as construction in progress and included in property, plant and equipment in the Statement of Financial Position.

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with NSW Treasury's Accounting Policy TPP 14-01: Valuation of Physical Non-Current Assets at Fair Value. This policy adopts the fair value in accordance with *AASB 13 Fair Value Measurement and AASB 116 Property, Plant & Equipment.*

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 based on a market participants' perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 8 for further information regarding fair value.

Arts and artefacts are measured at historical cost, including any costs directly attributable to the asset and any restoration costs associated with the asset.

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.

1 Summary of significant accounting policies (continued)

(h) Assets (continued)

***(iii)* Revaluation of property, plant and equipment (continued)**
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.

Land and buildings are reported at fair value, based on annual fair value assessments prepared by independent, professional real estate valuers. The last independent assessment was conducted on 30 June 2015 by Knight Frank, independent valuers not related to the Company. Knight Frank are members of the Australian Institute of Valuers and they have the appropriate qualifications and recent experience in the valuation of properties in the Redfern-Waterloo area. The valuation, which conforms to Australian Valuation Standards, was arrived at by reference to market evidence of transactions prices for similar properties.

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.

Leasehold improvements are included as part of land and buildings and are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Company will obtain ownership by the end of the lease term.

(iv) Impairment of Property, plant and equipment

We have reviewed property, plant and equipment for impairment. As a not-for-profit entity *AASB 136 Impairment of Assets* is unlikely to arise. 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

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 Company.

All material identifiable components of assets are depreciated separately over their useful lives.

Heritage assets that have been improved to provide rental income will be depreciated over 40 years and therefore valued under the income approach.

Land is not a depreciable asset. Certain heritage assets including original artworks and collections may not have a limited useful life because appropriate and 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 estimated useful lives for the current and comparative periods are as follows:

1 Summary of significant accounting policies (continued)

(h) Assets (continued)

(v) Depreciation of Property, plant and equipment (continued)

• Furniture and fittings 4-5 years
• Plant and equipment 3-4 years
• Motor vehicles 5 years
• Buildings 40 years

(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 costs

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 which effectively transfer from the lessor to ATPSL as the lessee, substantially all the risks and benefits incidental to the ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and benefits.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense.

Operating lease payments are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease.

(x) Intangible assets

The Company recognises intangible assets only if it is probable that the future economic benefits will flow to the Company and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition.

All research costs are expensed. Development costs are only capitalised when certain criteria are met. These include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Company has an intention and ability to use the asset.

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.

Intangible assets are subsequently measured at fair value only if there is an active market. As there is not an active market for the Company's intangible assets, the assets are carried at cost, less any accumulated amortisation, and impairment losses.

1 Summary of significant accounting policies (continued)

(h) Assets (continued)

(x) Intangible assets (continued)

The Company's intangible assets are amortised on a straight line method over a period of two and a half 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 the recoverable amount and the reduction is recognised as an impairment loss.

(xi) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, short term deposits with original maturities of three months or less, and short term Hourglass facility held with NSW Treasury Corporation (T-Corp). These are readily convertible to cash and classified as cash and cash equivalents.

(xii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. 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. Any changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

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

(xiii) Impairment of financial assets

All financial assets, except those measured at fair value through profit or loss, are subject to an annual review for impairment. An allowance for impairment is used when there is objective evidence that the Company will not be able to collect all amounts due.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired.

For financial assets carried at amortised cost, the amount of the impairment allowance is the difference between the asset's 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 net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. 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.

(xiv) Derecognition 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 Company transfers the financial asset:

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

Where the Company has neither transferred substantially all the risks and rewards nor transferred control of the financial asset, the asset is recognised by the Company to the extent of its continuing involvement in the asset.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

1 Summary of significant accounting policies (continued)

(h) Assets (continued)

*(xv) **Other assets-lease incentives***

Other assets are recognised on a cost basis. The Company's lease incentives include upfront cash payments to the lessee or the reimbursement or assumption by the Company, 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.

(i) Liabilities

*(i) **Payables***

These amounts represent liabilities for goods and services provided to the Company 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) **Employee benefits***

• Wages and salaries, annual leave, sick leave and on-costs

ATPSL staff are employed under conditions in accordance with the *Fair Work Act 2009*.

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured in respect of employees' services 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 wholly settled within twelve months is measured at present value in accordance with *AASB 119 Employee Benefits*. Markets yields on Commonwealth government bonds 1.8% (2016: 1.6%) are used to discount long-term leave.

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 workers' compensation, insurance premiums and fringe benefits tax, which are consequential to employment, are recognised as liabilities and expenses when the employee benefits to which they relate have been recognised.

• Long service leave

The 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 projected unit credit 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 Commonwealth government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured at the present value of the estimated future cash outflows to be made by the Company in respect of services provided by employees up to reporting date. The Commonwealth government bond rate of 1.8% (2016: 1.6%) was applied for discounting purposes.

1 Summary of significant accounting policies (continued)

(i) Liabilities (continued)

(ii) Employee benefits (continued)

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on the application of certain factors (specified in NSWTC 15/09) 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.

• Termination benefits

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense and provision if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iii) Other provisions

Other provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event. The obligation can be measured reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. 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 passage of time is recognised as interest expense.

(j) 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 Company's policy on the revaluation of property, plant and equipment as discussed in Note 1(h)(iii).

(ii) Accumulated funds

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

(k) 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.

(l) Budgeted amounts

Budget comparisons and service group statements are not included in the ATPSL Financial Statements as the Company is not part of the General Government Sector.

(m) Fair value hierarchy

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the entity categorises, for disclosure purposes, the valuation techniques based on the inputs used in the valuation techniques as follows:

1 Summary of significant accounting policies (continued)

(m) Fair value hierarchy (continued)

• Level 1 - quoted prices in active markets for identical assets / liabilities that the entity can access at the measurement date.

• Level 2 - inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.

• Level 3 - inputs that are not based on observable market data (unobservable inputs).

The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Note 16 for further disclosures regarding fair value measurements of financial and non-financial assets.

(n) Application of new and revised Australian Accounting Standards

The company has assessed the impact of the amendments to AASB124- Related Party Disclosures and extended their disclosure to include material transactions and outstanding balances with related parties as well as KMP compensation.
The company has also assessed new accounting standards and interpretations to have minimal impact as the accounts are prepared on a liquidation basis.

2 Expenses excluding losses

	2017 $'000	2016 $'000
(a) Employee related expenses		
Salaries and wages (including annual leave)	627	1,901
Superannuation - defined contribution plans	76	102
Workers' compensation insurance	(2)	6
Fringe benefit tax	12	15
Other employee expenses*	9	93
Contractors & Consultants	175	489
	897	**2,606**

(b) Other operating expenses include the following:		
Auditor's remuneration		
-audit of the financial statements	38	55
Conference centre cost of sales	2,492	3,786
Consultants	62	66
Contractors	87	142
Insurance	5	89
Legal	35	28
Advertising and public relations	26	343
Administration	69	246
Cleaning	29	6
IT expenses	252	437
Rent expense	1,125	1,500
Other	306	321
	4,526	**7,019**

* there is no employee related maintenance included in Note 2(a)

	2017 $'000	2016 $'000
(c) Depreciation and amortisation expense		
Depreciation		
- Plant and equipment	419	232
- Furniture and fittings	37	94
	456	326
Amortisation		
Software	3	2
	459	**328**

3 Revenue

	2017 $'000	2016 $'000
(a) Sales of Services		
Conference centre and other revenue	5,593	7,942
	5,593	**7,942**

	2017 $'000	2016 $'000
(b) Investment revenue		
Bank deposits	848	687
TCorp Hour-Glass Cash Facility	45	5
	893	**692**

4 Gain/(loss) on disposal

	2017 $'000	2016 $'000
Net gain/(loss) on disposal of property, plant and equipment	18	-
	18	**-**

5 Current assets - Cash and cash equivalents

	2017 $'000	2016 $'000
Cash at bank and on hand	1,625	1,619
Short-term deposits	-	29,381
NSW Treasury Corporation Hour- Glass Cash Facility	14,388	605
	16,013	**31,605**
Total cash and cash equivalents	**16,013**	**31,605**

For the purposes of the Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand, investment in NSW Treasury Corporation Hour-Glass cash facility, short-term deposits and NAB term deposits (three months or less). Cash and cash equivalent assets recognised in the statement of financial position are reconciled at the end of the financial year to the statement of cash flows as follows:

5 Current assets - Cash and cash equivalents (continued)

Cash and cash equivalents (per Statement of Financial Position)	16,013	31,605
Cash and cash equivalents (per Statement of Cash Flows)	**16,013**	**31,605**

Refer Note 16 Financial Instruments for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6 Current assets - Receivables

	2017 $'000	2016 $'000
Sale of services	8	63
Less: Allowance for impairment	-	(12)
	8	51
Receivable from parent entity	25	-
Prepayments	-	34
Other receivables	-	169
GST receivable	6	950
	39	1,204

	2017 $'000	2016 $'000
Movement in the allowance for impairment		
Balance at 1 July	12	5
(Decrease) in allowance recognised in profit or loss.	(12)	8
Amounts written off during the year	-	(1)
Balance at 30 June	-	12

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired, are disclosed in Note 16 Financial Instruments.

7 Current/non-current assets - Other Financial assets

	2017			2016		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Deposits (i)	-	-	-	9,533	-	9,533
	-	-	-	9,533	-	9,533

7 Current/non-current assets - Other Financial assets (continued)

(i) The deposits represent NSW Treasury Corporation term deposits greater than three months.

Refer to Note 16 Financial Instruments for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

8 Non-current assets - Property, plant and equipment

	2017 $'000	2016 $'000
Plant and equipment		
Gross carrying amount	-	3,927
Accumulated depreciation and impairment	-	(3,362)
Net carrying amount	**-**	**565**
Furniture and fittings		
Gross carrying amount	-	1,817
Accumulated depreciation and impairment	-	(1,773)
Net carrying amount	**-**	**44**
Art and artefacts		
Gross carrying amount	-	5
Accumulated depreciation and impairment	-	-
Net carrying amount	**-**	**5**
Total property,plant and equipment		
At gross value	-	5,749
Accumulated depreciation and impairment	-	(5,135)
Net carrying amount	**-**	**614**

8 Non-current assets - Property, plant and equipment (continued)

(a) Reconciliation of 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:

	Land and buildings $'000	Plant and equipment $'000	Furniture and fittings $'000	Arts and artefacts $'000	Work in progress $'000	Total $'000
Year ended 30 June 2017						
Net carrying amount at the start of year	-	565	44	5	-	614
Depreciation expense	-	(418)	(38)	-	-	(456)
Disposals	-	(147)	(6)	(5)	-	(158)
Net carrying amount at end of year	-	-	-	-	-	-
Year ended 30 June 2016						
Net carrying amount at the start of year	-	295	138	5	1,836	2,274
Additions	-	-	-	-	2,667	2,667
Transfer in/out	-	502	-	-	(502)	-
Transfer to parent entity	-	-	-	-	(4,001)	(4,001)
Depreciation expense	-	(232)	(94)	-	-	(326)
Net carrying amount at end of year	-	**565**	**44**	**5**	-	**614**

9 Intangible assets

	2017 $'000	2016 $'000
Software		
Cost (gross carrying amount)	-	535
Accumulation amortisation and impairment	-	(531)
Net carrying amount	-	4

Net carrying amount at start of year	4	6
Amortisation (recognised in depreciation and amortisation)	(4)	(2)
Net carrying amount at end of year	-	4

10 Current Liabilities - Payables

	2017 $'000	2016 $'000
Accrued salaries, wages and on-costs	10	162
Creditors and accruals (i)	67	648
Event and tenant deposits	-	614
Payables to parent entity	-	25,505
	77	26,929

(i) The average credit period on purchase of services is 30 days. The Company has financial risk management policies in place to ensure that all payables are paid within the credit time frame.

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings, are disclosed in Note 16 Financial Instruments.

11 Current/non-current liabilities - Provisions

	2017			2016		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Employee benefits and related on-costs						
Annual leave	4	-	4	74	-	74
Long service leave	-	-	-	104	-	104
	4	-	4	178	-	178
Restructuring costs	17	-	17	521	-	521
Total Provisions	21	-	21	699	-	699

11 Current/non-current liabilities - Provisions (continued)

	2017			2016		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Aggregate employee benefits and related on-costs						
Provisions	21	-	21	699	-	699
Accrued salaries, wages and on-costs (note 10)	10	-	10	162	-	162
	31	-	31	861	-	861

12 Commitments for expenditure

(a) Capital commitments

There were no capital commitments in the current and prior year.

(b) Operating lease commitments

(i) Disclosures for the Company as lessee

An operating lease with Mirvac for the Conference Centre was surrendered on 31 March 2017.

	2017 $'000	2016 $'000
Future non-cancellable operating lease rentals not provided for and payable		
Not later than one year	-	1,650
Later than one and not later than five years	-	-
Later than five years	-	-
Total including GST	-	**1,650**

The 2016 payable includes GST of $150k and was recovered from the Australian Taxation Office in 2017.

13 Contingent assets and contingent liabilities

There was no known contingent assets or contingent liabilities as at 30 June 2017 (2016: Nil).

14 Reconciliation of net cash flows from operating activities to net result

	2017 $'000	2016 $'000
Net cash used on operating activities	(13,783)	10,997
Depreciation and amortisation*	(459)	(328)
Recognition of operating lease incentive in accordance with : Interpretation of AASB 115	-	(468)
Increase/(decrease) in prepayments and other assets	(1,165)	125
(Increase)/decrease in creditors	15,351	(9,821)
(Increase)/decrease in provisions	678	(505)
Net result	**622**	-

* includes depreciation and amortisation relating to discontinued operation disclosed separately in the Statement of Comprehensive Income.

15 Related party disclosures

The Company's related parties include its key management personnel, and related entities. The Company is a wholly owned controlled entity of UrbanGrowth NSW Development Corporation (UGDC).

(a) Key management personnel

We have determined the Managing Director, Board Members and General Manager to meet the definition of Key Management Personnel. The Managing Director is not remunerated by ATPSL.
During the year, the entity entered into transactions at arm's length terms and conditions with key management personnel. Key Management Personnel remuneration includes the following:

	2017 $
Summary of remuneration paid	
Short-term benefits:	395
Post-employment benefits	3
Other long-term benefits	-
Termination benefits	-
Share-based payment	-
	398

15 Related party disclosures (continued)

(b) Transactions with government related entities during the financial year

During the year, ATP entered into the following normal course of business and collectively significant transactions with other NSW Government agencies which are controlled/jointly controlled/significantly influenced by NSW Government:

• Investment in Tcorp Hour Glass facility and term deposits $14,387,658
• Interest revenue earned on T Corp deposits $44,806

(c) Transactions with UrbanGrowth Development Corporation (parent company)

The individually significant transactions between ATP and UGDC are as follows:

• ATP was reimbursed by UGDC for payments made on its behalf of $102,444.
• Paid to UGDC $14,005,000 in rental payments for the park
Reimbursed UGDC for settlment funds received on its behalf of $11,500,000

16 Financial instruments

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

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

The Board has overall responsibility for the establishment and oversight of risk management and reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by the Company, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Management Committee on a continuous basis.

16 Financial instruments (continued)

(a) Financial instrument categories

Asset class	note	Category	Carrying amount^ 2017 $'000	Carrying amount^ 2016 $'000
Financial assets				
Cash and cash equivalents	5	N/A	16,013	31,605
Receivables*	6	Loans and receivables (at amortised cost)	33	220
Other financial assets	7	Loans and receivables (at amortised cost)	-	9,533
			16,046	**41,358**
Financial liabilities				
Payables**	10	Financial liabilities measured at amortised cost	77	26,929
			77	**26,929**

* Excludes statutory receivables and prepayments.

** Excludes statutory payables and unearned revenue.

^ Financial instruments are generally recognised at cost, with the exception of the TCorp Hour-Glass cash facilities, which are measured at fair value. 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.

(b) Credit risk

Credit risk arises when there is the possibility of the Company's debtors defaulting on their contractual obligations, resulting in a financial loss to the Company. 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 Company, including cash, receivables, and authority deposits. No collateral is held by the Company. The Company has not granted any financial guarantees.

Credit risk associated with the Company's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Company deposits held with NSW Treasury Corporation (TCorp) are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System and NAB term deposits. Interest is earned on daily bank balances at the monthly average NSW TCorp 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorp Hour Glass cash facility is discussed in paragraph (d) below.

Receivables - trade debtors

16 Financial instruments (continued)

(b) Credit risk (continued)

All trade debtors are recognised as amounts receivable at balance date. In determining the recoverability of a trade receivable, the Company considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base for the conference centre making an upfront payment of monies due before the event is held. It should be noted that the receipt of monies before the event occurs does not apply to government agencies. While the property part of the business collects rental monies for up to 3-6 months before the commencement of the lease.

Collectability of trade debtors is reviewed on an ongoing basis. The Company is certain that all of that debt will be recovered during the year. The Company meets with these debtors on a regular basis to make sure that the debt is paid on time. Where necessary, debtors are placed on a payment plan, and/or prompt formal recovery action is initiated by the Company. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that the Company will not be able to collect all amounts due.

When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are reversed in net result.

Included in the Company's trade receivable balances are debtors with a carrying amount of $Nil (2016 $51k) which are past due at the reporting date for which the Company has not provided as there has not been significant change in credit quality and the amounts are still considered recoverable.

	Total $'000	Past due but not impaired $'000	Considered Impaired $'000
2017			
< 3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2016			
< 3 months overdue	63	51	12

16 Financial instruments (continued)

(b) Credit risk (continued)

Company Deposits

The Company has placed funds on deposit with TCorp, 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' or for a fixed term. The deposits at balance date were earning an average interest rate of 2.31% (2016: 2.95%), while over the year the weighted average interest rate was 2.8% (2016: 2.94%) on a weighted average balance during the year of $31.45m (2016: $23.173m). None of these assets are past due or impaired.

(c) Liquidity risk

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

During the current and prior year, there were no defaults of loans payable. No assets have been pledged as collateral. The Company has a $35k business credit card facility which is not utilised at balance date. The Company's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, the Head of the company (or a person appointed by the Head of the company) may automatically pay the supplier simple interest. The rate of interest applied during the year was 3% (2016: 3%).

The table below summarises the maturity profile of the Company's financial liabilities, together with the interest rate exposure.

Maturity analysis and interest rate exposure of financial liabilities

At 30 June 2017	Weighted average effective interest rate %	< 1 year $'000	1-5 years $'000	> 5 years $'000	Total $'000
Non - interest bearing payables		77	-	-	77
		77	-	-	77

16 Financial instruments (continued)

(c) Liquidity risk (continued)

At 30 June 2016				
Non - interest bearing payables	26,929	-	-	26,929
	26,929	-	-	**26,929**

Notes:
1. The amounts disclosed are the contractual undiscounted cash flows of each class of financial liabilities based on the earliest date on which the entity can be required to pay. The tables include both interest and principal cash flows and therefore will not reconcile to the statement of financial position.

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's exposures to market risk are primarily through interest rate risk on the Company's borrowings and other price risks associated with the movement in the unit price of the Hour Glass Investment Facilities. The Company has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which the Company operates and the time frame for the assessment (i.e. until the end of the next annual reporting period). The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as for 2015. The analysis assumes that all other variables remain constant.

Interest rate risk

Exposure to interest rate risk arises primarily through the Company's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp via the parent entity. A +/-1% is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates. The Company's exposure to interest rate is set out below.

16 Financial instruments (continued)

(d) Market risk (continued)

	Carrying Amount $'000	-1% Profit $'000	-1% Equity $'000	1% Profit $'000	1% Equity $'000
2017					
Financial assets					
Cash and cash equivalents	16,013	(160)	(160)	160	160
Receivables	33	-	-	-	-
Financial liabilities					
Payables	77	1	1	(1)	(1)

	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	1% Profit $'000	1% Equity $'000
2016					
Financial Assets					
Cash and cash equivalents	31,000	(310)	(310)	310	310
Receivables	220	(2)	(2)	2	2
Other financial assets	9,533	(95)	(95)	95	95
Financial Liabilities					
Payables	26,929	269	269	(269)	(269)

Other price risk - TCorp Hour-Glass facilities

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

Facility	Investor sectors	Investment horizon	2017 $'000	2016 $'000
Cash facility	Cash, money market instruments	Up to 1.5 years	14,388	605

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.

16 Financial instruments (continued)

(d) Market risk (continued)

NSW TCorp is trustee for the above facility and is required to act in the best interest of the unit holders and to administer the trust in accordance with the trust deed. As trustee, TCorp has appointed external managers to manage the performance and risks of the facility in accordance with a mandate agreed by the parties.TCorp has also leveraged off internal expertise to manage certain fixed income assets for the Hour-Glass facilities. A significant portion of the administration of the facilities is outsourced to an external custodian.

Investment in the Hour-Glass facilities limits the Company'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 its Investment facilities, using historically based volatility information collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). A reasonably possible change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for cash facility (balance from Hour-Glass statement).

		Impact on profit/loss	
	Change in unit price	**2017 $'000**	**2016 $'000**
Hour Glass Investment - Cash facility	+/- 1%	144	6

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

(e) Fair value measurement

(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 Company's share of the value of the underlying assets of the facility, based on the market value. All of the Hour Glass facilities are valued using 'redemption' pricing.

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.

(ii) Fair value recognised in the Statement of Financial Position

The Company 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 or 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 or liability not based on observable market data (unobservable inputs).

16 Financial instruments (continued)

(e) Fair value measurement (continued)

(ii) Fair value recognised in the Statement of Financial Position (continued)

2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value				
Short term cash facility - TCorp	-	14,388	-	14,388

2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value				
Short term cash facility - TCorp	-	605	-	605

The table above includes only financial assets, as no financial liabilities 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 2017.

17 Events after reporting period

The Company has not identified any events or transactions after the reporting period that are material which require adjustments or disclosure in the financial statements other than the deregistration of ATPSL. On 16 December 2016 the Board endorsed the dissolution of ATPSL following the planned closure of the conference centre and the completion of the 2016/17 audit. The wind up of ATPSL will follow the formal approval of the NSW Premier and is expected to be completed by 31 December 2017.

18 Members' guarantee

Australian Technology Park Sydney Limited is limited by guarantee and has one member (2016: one). If the Company is wound up, the Company's constitution states that each member is required to contribute $20 towards meeting any outstanding liability of the Company.