UrbanGrowth NSW Development Corporation

UrbanGrowth NSW Development Corporation

2015 - 2016 Annual Report

To the Minister

The Hon. Rob Stokes, MP
Minister for Planning,
Level 15
52 Martin Place
SYDNEY NSW 2000

Dear Minister Stokes,

I am 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 2016. 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 Corporation) Act 1974*.

Yours sincerely

David Pitchford CBE LVO
Chief Executive
UrbanGrowth NSW Development Corporation

Statement from the Chief Executive

I am pleased to present the UrbanGrowth NSW Development Corporation 2016 Annual Report.

This year the Development Corporation worked with government, the local community and industry to progress future urban transformation, primarily in the Redfern-Waterloo Growth Centre.

In consultation with the Department of Planning and Environment and local councils, our work in the Cooks Cove and Granville Growth Centres is progressing. As the planning pathways for the growth centres emerge, we are likely to see other government agencies take a lead role in future planning work for these growth centres.

In Redfern-Waterloo, the sale of the Australian Technology Park (ATP) marked a significant milestone in the achievement of our objectives. It demonstrates how, over a 20 year period, the Development Corporation, and its predecessors in NSW Government, removed barriers to create new employment opportunities and encourage private sector investment and economic growth.

The sale of ATP and lodgement of a development application by Mirvac for the final three buildings at the Park will deliver more than 100,000sqm of commercial office space. Realisation of this proposal will complete the master plan for ATP and introduce more jobs, services and activity in the heart of Redfern-Waterloo.

The flow on public benefits from the sale will also be significant. Public access to open space and the heritage collection at ATP is preserved, and its focus on innovation and technology alongside strong connections to universities will continue. The decision to allocate sale proceeds towards transport and community infrastructure in the growth centre is a notable achievement that will continue to benefit the area for generations.

In December 2015, the NSW Government also announced a new Metro station at Waterloo. This will improve transport connections and drive new housing and renewal of the Waterloo social housing estate.

In addition to these high profile achievements, we continued a number of fine grain and practical initiatives. Significantly, building works funded by the Development Corporation started on iconic heritage buildings including the Clothing Store and Chief Mechanical Engineers buildings in Eveleigh. For the Clothing Store this is the first step towards finding an active community use and an agreement and licence is expected in the second half of 2016.

This collaborative model and our achievements this year will deliver outstanding results for the State of New South Wales and we look forward to continuing this in the future.

Finally, the District Plans set to emerge from the Greater Sydney Commission in 2016-17 will build on work started by the Development Corporation and the Central to Eveleigh Urban Transformation and Transport Program by UrbanGrowth NSW.

The Development Corporation is working toward strengthening future partnerships with Transport for NSW, Land and Housing Corporation, the City of Sydney, and the community to create opportunities to implement these plans in the coming years.

David Pitchford
Chief Executive
October 2016

Aim and Objectives

The purpose of the UrbanGrowth NSW Development Corporation (Development Corporation) is to promote, coordinate, manage and secure the orderly and economic development of land in the growth centres. As a priority, the Development Corporation's focus in 2015/16 has been on the Redfern-Waterloo Growth Centre.

Role of the Development Corporation

The role of the Development Corporation includes:

- Working with government transport and planning departments to identify precincts for renewal
- Undertaking land use planning investigations and feasibility analyses
- Delivering an overarching precinct plan
- 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

The Minister for Planning is the responsible Minister for both UrbanGrowth NSW (State Owned Corporation) and the Development Corporation.

Under the *Growth Centres (Development Corporations) Act 1974*, the Development Corporation is a Chief Executive controlled agency and the position of Chief Executive is held by the Chief Executive Officer of UrbanGrowth NSW to ensure the direction of the two organisations remains aligned.

Audit and Risk Management Committee

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

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

Committee Members

During 2015-16 four meetings of the ARMC were held. All three members were in attendance.

- Victoria Weekes (Independent Chair)
- Elizabeth Carr (Independent Member)
- Megan Sloane (Non-independent Member)

Major Achievements

The following sections outline the work and achievements of the Development Corporation in the year ending 30 June 2016.

Many of the achievements are accomplished through cooperation between many levels of government, community organisations and the private sector.

Redfern-Waterloo Growth Centre

Under the provisions of the State Environmental Planning Policy (Urban Renewal) 2010, the Redfern-Waterloo area is identified as a Potential Urban Renewal Precinct (the Precinct).

The Precinct 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, 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.

Within the Precinct, there are 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 through world class master planning that builds on the strengths of the area and creates vibrant liveable neighbourhoods.

The boundaries of the Redfern-Waterloo Growth Centre overlap the Central to Eveleigh Urban Transformation and Transport Program area (Central to Eveleigh). The Central to Eveleigh area includes Central and Redfern stations, Australian Technology Park (ATP) and the Eveleigh Railway Workshops.

The Central to Eveleigh area was identified in A Plan for Growing Sydney (2010) as a key driver, looking at how the renewal of under-utilised government land could contribute to keeping Sydney as a globally competitive city and making a significant contribution to meeting the future needs of residents and businesses.

Over the course of this year, UrbanGrowth NSW continued its community consultation on the Urban Transformation Strategy for Central to Eveleigh. The Greater Sydney Commission (GSC) formed in January this year, and was given the responsibility to prepare and exhibit District Plans. UrbanGrowth NSW has worked closely with the GSC to ensure much of the work and investigations done by UrbanGrowth NSW can be fed into the District Plans - including extensive technical analysis and reports on urban design, sustainability, transport, environmental, social, economic and community needs.

There is a strong alignment between UrbanGrowth NSW State Owned Corporation (SOC) and the Development Corporation. This is effected by a Service Level Agreement which enables the Development Corporation to utilise the skills and resources of the SOC.

Through activities of the SOC and Development Corporation, opportunities to create a sustainable mix of social, affordable and private housing in both Redfern and Waterloo can be delivered.

Redfern Waterloo Contribution Plan and Affordable Housing Contributions Plans

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

The Development Corporation is responsible for the administration of these plans and the collection and allocation of contributions to its works priorities.

Australian Technology Park

In November 2015, following a comprehensive public tender process, the Minister for Planning announced the sale of the ATP. The sale completed on 22 April 2016 and the transition to a private consortium led by Mirvac was completed over the course of this year.

The sale marks a significant milestone in the achievement of the Development Corporations objectives. Over a period of 20 years, the Development Corporation, its predecessors in NSW Government and its partners have transformed vacant and disused railway buildings into a leading commercial technology park.

Government investment and its partnerships with the university sector removed barriers to encourage private sector investment and stimulate economic development.

In November 2015, a development application for the final three buildings at ATP was lodged by Mirvac. This development will deliver more than 100,000sqm of commercial office space. Realisation of this proposal will complete the master plan for ATP and introduce more jobs, services and activity.

Significant benefits from the sale include public access to open space and the heritage collection at ATP, the continuation of ATPs original focus on technology outcomes and university engagement. The NSW Government allocation of sale proceeds to transport and community infrastructure in the growth centre is a substantial achievement that will benefit the area for decades to come.

The $263m sale proceeds were invested by UGDC in term deposits. The investment strategy was informed by T-Corp advice and will accommodate future decisions on the specific allocation of the sale proceeds to government infrastructure projects in the Redfern-Waterloo area.

Waterloo Metro station and estate renewal

In December 2015, the NSW Government also announced a new Sydney Metro station at Waterloo. The new 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.

The Development Corporation and UrbanGrowth NSW are working with Land and Housing Corporation, who will lead the renewal of a significant area of the Waterloo Social Housing Estate Precinct. UrbanGrowth NSW will also work closely with Sydney Metro to align planning for the new Metro Station with that of the Waterloo Social Housing Estate.

Transformation of this precinct over 15-20 years will see new and more social housing, integrated with planning for new public parks, community facilities and jobs.

The future renewal will also see additional Affordable Housing alongside social and private housing, and the continued advancement of the Development Corporations objectives.

There is still significant work ahead for Government and this will be undertaken in partnership between transport, housing and planning agencies as more detailed staging and precinct planning is undertaken.

North Eveleigh precinct

North Eveleigh benefits from a 2008 concept plan approval and the first building under this approval was completed in March 2015. During 2015 and 2016, UrbanGrowth NSW investigated the development potential of RailCorp owned land at North Eveleigh licensed to the Development Corporation for the purpose of site investigations and minor construction works.

A revised concept plan to allow more homes, alongside public open space and community facilities, was 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.

In order 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 will be completed in 2016/17, in line with completion of negotiations to agree terms with the current landowner RailCorp.

Adaptive reuse of heritage buildings

During this year, the Development Corporation has supported and funded a number of local initiatives.

In November 2015, repair works started on the historic Clothing Store building in preparation for its future role as a new community hub.

In June 2016, work commenced on a significant heritage project to stabilise and maintain the exterior of the Chief Mechanical Engineers building on Wilson Street. Specialist heritage project manager, Otto Cserhalmi and Partners was appointed to oversee and document this work.

Cooks Cove Growth Centre

In October 2013, Kogarah Golf Club submitted an unsolicited proposal within the Cooks Cove Growth Centre. Following the unsuccessful determination of the proposal in October 2014, the Department of Premier and Cabinet requested that the Development Corporation facilitate discussions with various stakeholders to determine an appropriate planning pathway for the Cooks Cove land.

Throughout 2015/16 the Development Corporation supported Rockdale Council and the Department of Planning and Environment in seeking declaration of a further Priority Precinct in Rockdale Local Government Area, coincident with the boundaries of the Cooks Cove Growth Centre.

If a priority precinct is declared for Cooks Cove, the Development Corporation will review its ongoing role, considering the continuing need for a growth centre at Cooks Cove.

The Development Corporation will support Rockdale Council and Department of Planning and Environment in finding an appropriate planning pathway for the Cooks Cove Growth Centre.

Granville Growth Centre

The Granville Growth Centre in western Sydney, is well serviced by public transport and is identified as having a high potential for social and economic growth within the Parramatta and Holroyd Local Government Areas.

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

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

The draft Parramatta Road Urban Transformation Strategy was launched on 17 September 2015 and was on public consultation until 18 December 2015. The draft Strategy identifies Granville as one of eight growth Precincts. Part of the Auto Alley site is captured within the Precinct, as is Granville Town Centre north of the Granville Train Station.

UrbanGrowth NSW has reviewed and analysed feedback received during the consultation period and is currently finalising the Strategy which is expected to be released by the Planning Minister by the end of the year.

Once the strategy is released the need to retain the Granville Growth Centre will be reconsidered.

Appendices

Charter

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

Chief and Senior Executive Officer

Mr David Pitchford is the Chief Executive Officer of both the UrbanGrowth NSW Development Corporation and UrbanGrowth NSW (State Owned Corporation).

Consultants over $50,000

The following consultants have provided services to the Development Corporation in the 2015/2016 Financial Year.

Organisation	Contract Value ($ ex GST)	Description
UrbanGrowth NSW	$3,113,000	Project management services for Central to Eveleigh project. Including staffing costs and consultant reports and projects
Nace Civil Engineering	$83,000	Civil Engineering
Deloitte Touche Tohmatsu	$55,000	Internal Audit

Access

The Development Corporation Offices are at:

Suite 3220 Locomotive Workshop
2 Locomotive Street
EVELEIGH NSW 2015
Telephone: (02) 9209-9100
Website: www.ugdc.nsw.gov.au

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

Legislative Changes

Nil to report

Payment of Accounts

All agreed accounts were settled in a timely manner.

Human Resources

There is one employee of the Development Corporation, being the Chief Executive. All other staff providing services to the Development Corporation are seconded from UrbanGrowth NSW under a Service Level Agreement.

All Human Resource policies and support are provided by UrbanGrowth NSW.

Risk Management

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

Overseas Travel

Nil to report

Corporate Credit Cards

Nil to report

Consumer Response

Nil complaints to report

Funds granted to non-government community organisations

Nil to report

Detailed Statement for Each Controlled Entity

1) Australian Technology Park Sydney Limited (ATPSL)

Objectives

a) 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;

b) protect items of heritage significance in the facility;

c) 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;

d) conduct activities of an educational or cultural nature in accordance with the Objects;

e) manage any facility established and trading and income generating activities carried on within the facility;

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

g) co-operate with individuals or organisations whether governmental (Commonwealth, State and Local), institutional, corporate or professional;

h) 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.

i) Promote high quality environmentally sustainable urban renewal and design outcomes in the facility;

j) Facilitate technology transfer between research institutions and industry;

k) Encourage synergy among researchers, designers, entrepreneurs and manufacturers.

Operating Activities

The primary activities of ATPSL were reviewed in 2016 recognising the material change resulting from the sale. The agreed activities are:

- to ensure a smooth transition of the site to the consortium led by Mirvac; and
- to continue the conference business to lease expiry.

Performance Targets and Measures

FY 2014/15	Target	Result
Net Result*	($11.3m) deficit	$2.3m
Return on Net Revenue	(48.2%)	13.2%
Return on Opening Equity	(4.35%)	31.9%
Total Equity	$244m	$344m
Capital Investment	$4.1m	$2.67m

*Net result excludes a gain of $80.6m from discontinued operations. ATP was sold in April 2016 for $263m, $71.5m above valuation. Return on Opening Equity includes the discontinued operations.

2) UrbanGrowth NSW Development Corporation Staff Agency

Objectives

To provide and pay staff for the UrbanGrowth NSW Development Corporation

Operating Activities

Staff management and payment.

Performance Targets

The Staff Agency has remained dormant since 1 July 2013 so no performance targets were set or achieved for 2015/2016.

Land Disposal

In November 2015, following a comprehensive public tender process, the Minister for Planning announced the sale of the Australian Technology Park to a consortium led by Mirvac.

The site was sold for $263m and the sale completed on 22 April 2016. The transition into private ownership was completed smoothly over the course of this year.

Plans, Policies and Procedures

Code of Conduct

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

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

Equal Employment Opportunity Policy (EEO)

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

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

Disability Access Policy

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

Multicultural Policies and Services Program

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

NSW Government Action Plan for Women

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

Work, Health and Safety Policy

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

The Development Corporation had zero injuries or claims under the *WHS Act 2011* in 2015/2016.

Fraud and Corruption Prevention Strategy

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

Privacy and Personal Information

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

Waste Reduction and Purchasing Policy

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

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

Government Information Public Access (GIPA) Act 2009

During 2015-16 no requests were made to The Development Corporation under the *GIPA Act*, nor were any investigations or applications for review submitted.

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

Application for formal access to The Development Corporation information under the GIPA Act can be made by lodging a formal Access Application Form, along with a $30 application fee. Processing charges cost $30 per hour after the first hour. An internal review of a reviewable decision costs $40. Applicants should be precise about the information they want to access so as to enable the correct information to be identified.

Applications should be directed to:
Right for Information Officer
UrbanGrowth NSW Development Corporation
Suite 3220 Locomotive Workshop
2 Locomotive Street
EVELEIGH NSW 2015

2016 Financial Statements

UrbanGrowth NSW Development Corporation,

UrbanGrowth Development Corporation Staff Agency

and

Australian Technology Park Sydney Limited (controlled entity)

UrbanGrowth NSW Development Corporation

Financial Statements for the year ended 30 June 2016

AUDITOR-GENERAL
NEW SOUTH WALES

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 statements of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Corporation and the consolidated entity. The consolidated entity comprises the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation and the consolidated entity as at 30 June 2016, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Corporation and the consolidated entity in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

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

In preparing the financial statements, the Chief Executive Officer must assess the ability of the Corporation and the consolidated entity to continue as a going concern unless operations will be dissolved by an Act of Parliament or otherwise cease. The assessment must include, disclosing, as applicable, matters related to going concern and 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, and
- 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 further 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/Home.aspx. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Corporation or the consolidated entity carried out their 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.

Weini Liao
Director, Financial Audit Services

19 September 2016
SYDNEY

Statement by Chief Executive Officer

Statement by Chief Executive Officer on the adoption of the financial statements for the year ended 30 June 2016.

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 2016.

(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 David Pitchford
Chief Executive Officer

UrbanGrowth NSW Development Corporation

Sydney , dated 19 September 2016

	Notes	Consolidated Actual 30 June 2016 $'000	Consolidated Budget 30 June 2016 $'000	Consolidated Actual 30 June 2015 $'000	UGDC Actual 30 June 2016 $'000	UGDC Actual 30 June 2015 $'000
Expenses excluding losses						
Operating expenses						
- Employee related	2(a)	2,605	6,335	1,644	-	-
- Other operating expenses	2(b)	10,185	19,981	10,236	4,383	4,632
- Personnel services	2(c)	1,798	-	1,049	1,798	1,049
Depreciation and amortisation	2(d)	356	2,962	273	28	28
Grants and subsidies	2(e)	-	9,770	4,748	-	4,748
Finance costs	2(f)	-	-	462	-	462
Total expenses excluding losses		**14,944**	**39,048**	**18,412**	**6,209**	**10,919**
Revenue						
Sale of services	3(a)	7,942	21,189	7,414	-	-
Investment revenue	3(b)	3,751	1,806	2,504	3,059	2,261
Grants and contributions	3(c)	5,506	4,700	5,571	5,506	5,571
Other revenue	3(d)	21	-	22	22	1,223
Total Revenue		**17,220**	**27,695**	**15,511**	**8,587**	**9,055**
Net result from continuing operations		**2,276**	**(11,353)**	**(2,901)**	**2,378**	**(1,864)**
Net result from discontinued operation	23(b)	80,579	-	16,334	80,477	111,722
Net result		**82,855**	**(11,353)**	**13,433**	**82,855**	**109,858**
Other comprehensive income						
Items that will not be reclassified to net result						
Net increase/(decrease) in property,plant and equipment revaluation surplus	8(a)	363	-	143	363	143
Total other comprehensive income		**363**	**-**	**143**	**363**	**143**
Total comprehensive income		**83,218**	**(11,353)**	**13,576**	**83,218**	**110,001**
Total comprehensive income for the year attributable to owners of UrbanGrowth NSW Development Corporation arises from:						
Continuing operations		2,639	(11,353)	(2,758)	2,741	(1,721)
Discontinued operations		80,579	-	16,334	80,477	111,722
		83,218	**(11,353)**	**13,576**	**83,218**	**110,001**

The accompanying notes form part of these financial statements.

	Notes	Consolidated Actual 30 June 2016 $'000	Consolidated Budget 30 June 2016 $'000	Consolidated Actual 30 June 2015 $'000	UGDC Actual 30 June 2016 $'000	UGDC Actual 30 June 2015 $'000
ASSETS						
Current assets						
Cash and cash equivalents	5	49,013	54,712	73,358	17,408	56,051
Receivables	6	2,464	1,172	1,363	27,006	8,411
Other financial assets	7	193,178	1,000	1,051	183,645	-
Non-current assets held for sale	11	1,730	-	186,349	1,730	186,349
Total current assets		**246,385**	**56,884**	**262,121**	**229,789**	**250,811**
Non-current assets						
Other financial assets	7	100,000	2,600	-	100,000	-
Property,plant and equipment						
- Land and buildings		3,350	41,692	3,015	3,350	3,015
- Plant,furniture,art and vehicles		614	3,676	438	-	-
- Work in progress		-	4,293	1,836	-	-
Total property,plant and equipment	8	3,964	49,661	5,289	3,350	3,015
Investment property	9	-	141,537	-	-	-
Intangible assets	10	4	82	6	-	-
Total non-current assets		**103,968**	**193,880**	**5,295**	**103,350**	**3,015**
Total assets		**350,353**	**250,764**	**267,416**	**333,139**	**253,826**
LIABILITIES						
Current liabilities						
Payables	14	2,904	3,727	4,185	1,723	6,123
Provisions	15	3,457	2,674	2,457	2,758	2,263
Total current liabilities		**6,361**	**6,401**	**6,642**	**4,481**	**8,386**
Non-current liabilities						
Provisions	15	-	176	-	-	-
Total non-current liabilities		-	**176**	-	-	-
Total liabilities		**6,361**	**6,577**	**6,642**	**4,481**	**8,386**
Net assets		**343,992**	**244,187**	**260,774**	**328,658**	**245,440**
EQUITY						
Reserves		506	2,433	143	506	143
Accumulated funds		343,486	241,754	260,631	328,152	245,297
Total equity		**343,992**	**244,187**	**260,774**	**328,658**	**245,440**

The accompanying notes form part of these financial statements.

Consolidated entity	Accumulated funds $'000	Asset revaluation surplus $'000	Total $'000
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**
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2016	**343,486**	**506**	**343,992**
Balance at 1 July 2014	**247,198**	**-**	**247,198**
Net Result for the year	13,433	-	13,433
Other comprehensive income			
Net increase/(decrease) in asset revaluation surplus	-	143	143
Total other comprehensive income	-	143	143
Total comprehensive income for the year	**13,433**	**143**	**13,576**
Balance at 30 June 2015	**260,631**	**143**	**260,774**

UGDC	Accumulated funds $'000	Asset revaluation surplus $'000	Total $'000
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**
Transactions with owners in their capacity as owners	-	-	-
Balance at 30 June 2016	**328,152**	**506**	**328,658**
Balance at 1 July 2014	**135,439**	**-**	**135,439**
Net Result for the year	109,858	-	109,858
Other comprehensive income			
Net increase/(decrease) in asset revaluation surplus	-	143	143
Total other comprehensive income	-	143	143
Total comprehensive income for the year	**109,858**	**143**	**110,001**
Balance at 30 June 2015	**245,297**	**143**	**245,440**

The accompanying notes form part of these financial statements.

UrbanGrowth NSW Development Corporation
Statement of Cash Flows
For the year ended 30 June 2016

	Notes	Consolidated Actual 30 June 2016 $'000	Consolidated Budget 30 June 2016 $'000	Consolidated Actual 30 June 2015 $'000	UGDC Actual 30 June 2016 $'000	UGDC Actual 30 June 2015 $'000
Cash flows from operating activities						
Payments						
Suppliers		(18,800)	-	(18,909)	(6,600)	(5,204)
Employee related		(4,403)	(6,241)	(3,813)	(1,798)	(1,049)
Grants and subsidies		-	(9,770)	(4,748)	-	(4,748)
Finance costs		-	(135)	(462)	-	(462)
Other		(228)	(25,383)	(458)	-	-
Total payments		**(23,431)**	**(41,529)**	**(28,390)**	**(8,398)**	**(11,463)**
Receipts						
Sale of services		27,309	24,393	29,942	-	-
Interest received		2,412	1,806	2,711	1,826	2,244
Grants and contributions		5,506	4,700	5,571	5,506	5,571
Other		-	2,023	-	1,865	490
Total receipts		**35,227**	**32,922**	**38,224**	**9,197**	**8,305**
Net cash flows from operating activities	**19**	**11,796**	**(8,607)**	**9,834**	**799**	**(3,158)**
Cash flows from investing activities						
Purchase of property, plant and equipment		(2,667)	(5,585)	(3,177)	-	-
Payments for property, plant and equipment from related parties	8	-	-	-	(4,001)	-
Purchase of investments		(293,178)	-	-	(283,645)	-
Net proceeds from sale of discontinued operation	23(b)	259,704	-	-	259,704	-
Proceeds from sale of investments		-	-	25,906	-	15,421
Proceeds from loan repayments		-	-	-	-	22,371
Net cash flows from investing activities		**(36,141)**	**(5,585)**	**22,729**	**(27,942)**	**37,792**
Cash flows from financing activities						
Non-trade advance to controlled entity		-	-	-	(11,500)	-
Repayment of TCorp loans		-	-	(22,411)	-	(22,371)
Net cash flows from financing activities		**-**	**-**	**(22,411)**	**(11,500)**	**(22,371)**
Net increase/(decrease) in cash		(24,345)	(14,192)	10,152	(38,643)	12,263
Opening cash and cash in equivalents		73,358	68,904	63,206	56,051	43,788
Closing cash and cash equivalents	5	**49,013**	**54,712**	**73,358**	**17,408**	**56,051**

Refer to Note 23(b) for cash flows from discontinued operations.

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) and the UrbanGrowth NSW Development Corporation Staff Agency (Agency) which is a dormant entity.

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, which gave rise to a gain on disposal of $71.5m.

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 by ATP since. The ATP Property Management Unit ceased operations and staff were made redundant. Refer to Note 23 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 2016 have been authorised for issue by the CEO on 19 September 2016 .

(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.

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 2016 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.

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

1 Summary of significant accounting policies (continued)

(b) Basis of preparation (continued)

The impact of 2013-8 *Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities- Control and Structured Entities* on AASB 10 *Consolidated Financial Statements* and its broader definition of control has been assessed. Both ATPSL and the Agency meet the definition of controlled entities under the new standards.

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

Intercompany transactions, balances and unrealised gains on transactions between consolidated entities are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of 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) Borrowing costs

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

(f) Insurance

The consolidated entity'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.

(g) 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.

(h) Income tax

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

(i) 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.

1 Summary of significant accounting policies (continued)

(i) Revenue recognition (continued)

(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. Where the future rental income is at the discretion of the lessor (the Corporation), the straight line income recognition is calculated assuming a future rental income of 7.5% of the market value of the relevant land and buildings.

(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.

(j) 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.

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 15.

Personnel services

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

(k) 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.

1 Summary of significant accounting policies (continued)

(k) Assets (continued)

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) Capitalised 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 Measurement*, AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*. Information on investment property is separately discussed at Note 1(k)(xi).

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. Refer to note 1(k)(xi)

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

Fair value of property, plant and equipment is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost. Also refer to note 8 and note 12 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. These assets are not subject to depreciation.

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.

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.

1 Summary of significant accounting policies (continued)

(k) Assets (continued)

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 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 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.

The following depreciation rates have been applied during the 2015-16 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.

1 Summary of significant accounting policies (continued)

(k) Assets (continued)

(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.

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) Investment properties

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

1 Summary of significant accounting policies (continued)

(k) Assets (continued)

(xii) 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.

(xiii) 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.

(xiv) 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.

(xv) 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.

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.

1 Summary of significant accounting policies (continued)

(k) Assets (continued)

(xvi)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.

(xvii)Other assets

Other assets are recognised on a cost basis.

(l) 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.

(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.

1 Summary of significant accounting policies (continued)

(l) Liabilities (continued)

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 15.

(m) 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(k)(iii).

*(ii) **Accumulated funds***

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

(n) Comparative information

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

(o) 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 12 for further disclosures regarding fair value measurements of non-financial and financial assets.

(p) 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 2015-16:

1 Summary of significant accounting policies (continued)

(p) Application of new and revised Australian Accounting Standards (continued)

Accounting Standards	Application
AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 127 Separate Financial Statements, AASB 128 Investments in Associates (for not-for-profit entities) arising from 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities- Control and Structured Entities.	These accounting standards have no impact on the Company.
AASB 1031 Materiality arising from 2013-5 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.	
AASB 1055 Budgetary Reporting and AASB 1049 – Relocation of Budgetary Reporting Requirements arising from 2013-1.	

(q) 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	The impact of these standards is still being considered and are not known at the date of 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

1 Summary of significant accounting policies (continued)

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

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
AASB 2015-2 Disclosure initiative: Amendments to AASB 101. The amendments clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users.	1 January 2016	"	30 June 2017
AASB 2014-3 Accounting for acquisitions of interest in joint operations. The amendment to AASB 11 clarifies the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business.	1 January 2016	"	30 June 2017
AASB 2014-4 Clarification of acceptable methods of depreciation and amortisation.The amendments clarify that a revenue-based method of depreciation or amortisation is generally not appropriate.	1 January 2016	"	30 June 2017
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities Amendments	1 July 2016	"	30 June 2017
AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities Amendments	1 July 2016	"	30 June 2017

1 Summary of significant accounting policies (continued)

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

AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements	1 January 2016	"	30 June 2017
AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an investor and its Associate or Joint Venture	1 January 2016	"	30 June 2017
AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	"	30 June 2017
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

(r) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period, (e.g. adjustment for transfer of functions between entities as a result of Administrative Arrangement Orders) are not reflected in the budgeted amounts. Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 18.

2 Expenses Excluding Losses

(a) Employee related expenses

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
Salaries and wages (including annual leave)	1,901	1,215	-	-
Superannuation - defined contribution plans	102	97	-	-
Payroll tax and fringe benefit tax	20	18	-	-
Other employee expenses*	582	314	-	-
	2,605	1,644	-	-

(b) Other operating expenses include the following:

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
Auditor's remuneration				
- audit of the financial statements	119	123	45	49
Conference centre cost of sales	3,786	3,395	-	-
Consultants	3,375	2,677	3,309	2,578
Contractors	394	1,183	252	717
Property expenses	123	116	35	25
Repairs and maintenance*	451	980	451	980
Legal	28	175	-	116
Advertising	505	448	162	72
IT	443	423	6	32
Other	678	716	123	63
Rent expense	283	-	-	-
	10,185	10,236	4,383	4,632

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

(c) Personnel services

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
Personnel services	1,798	1,049	1,798	1,049
	1,798	1,049	1,798	1,049

2 Expenses Excluding Losses (continued)

(d) Depreciation and amortisation expense

	Consolidated 2016 $'000	Consolidated 2015 $'000	UGDC 2016 $'000	UGDC 2015 $'000
Depreciation				
Buildings	28	28	28	28
Furniture and fittings	94	176	-	-
Plant and equipment	232	46	-	-
	354	**250**	**28**	**28**
Amortisation				
Software	2	23	-	-
	356	**273**	**28**	**28**

(e) Grants and subsidies

	Consolidated 2016 $'000	Consolidated 2015 $'000	UGDC 2016 $'000	UGDC 2015 $'000
Community grants	-	4,148	-	4,148
Grants to various agencies	-	600	-	600
	-	**4,748**	**-**	**4,748**

(f) Finance costs

	Consolidated 2016 $'000	Consolidated 2015 $'000	UGDC 2016 $'000	UGDC 2015 $'000
Interest expense from financial liabilities not at fair value through profit or loss	-	379	-	379
Debt Guarantee levies	-	83	-	83
	-	**462**	**-**	**462**

3 Revenue

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
(a) Sale of services				
Conference centre and other income	7,942	7,414	-	-
	7,942	**7,414**	**-**	**-**

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
(b) Investment revenue				
Interest revenue from financial assets not at fair value through profit or loss	687	516	-	305
TCorp Hour-Glass facilities and term deposits designated at fair value through profit or loss	3,064	1,988	3,059	1,956
	3,751	**2,504**	**3,059**	**2,261**

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
(c) Grants and contributions				
Treasury and Commonwealth Grants	4,700	4,571	4,700	4,571
Developer and Affordable Housing Contributions	806	1,000	806	1,000
	5,506	**5,571**	**5,506**	**5,571**

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
(d) Other revenue				
Inter company Income*	-	-	-	1,201
Sundry revenue	21	22	22	22
	21	**22**	**22**	**1,223**

* Inter company income includes income from finance and operating lease.

4 Service Group of the Entity

UrbanGrowth NSW Development Corporation is a Statutory Body constituted by the *Growth Centres (Development Corporations) Act 1974* on 17 December 2010 to promote development of land identified as potential urban renewal precincts, including Redfern-Waterloo and Granville and other precincts to be identified in the future. Following introduction of the *Redfern-Waterloo Authority Repeal Act 2011*, the Redfern-Waterloo Authority (RWA) was abolished on 1 January 2012 and all assets,rights, liabilities and the urban renewal and planning functions of RWA were transferred to the Corporation.

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

5 Current Assets - Cash and Cash Equivalents

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
Cash at bank and on hand	1,620	241	1	101
TCorp Hour-Glass facility and term deposits*	47,393	72,746	17,407	55,950
Tenant deposits**	-	371	-	-
	49,013	73,358	17,408	56,051

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

** Further details regarding tenant deposits and restricted assets are disclosed in Note 13.

Refer to note 20 Financial Instruments for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6 Current Assets - Receivables

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
Trade receivables	63	60	-	-
Allowance for impairment on receivables	(12)	(5)	-	-
Other receivables	1,670	233	1,501	169
Goods and Services tax recoverable	709	698	-	1,007
Prepayments	34	377	-	-
Receivable from subsidiary*	-	-	25,505	7,235
	2,464	1,363	27,006	8,411

* Includes the payable to subsidiary entity of $3.325m (2015:$4.682m was disclosed separately as a payable in Note 14).

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
Movement in allowance for the impairment of receivables				
Balance at the beginning of the financial year	5	5	-	-
(Decrease)/increase in allowance recognised in profit or loss	8	-	-	-
Amount written off during the year	(1)	-	-	-
Balance at the end of the year	12	5	-	-

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are disclosed in Note 20(a).

7 Current/Non-current Assets - Other Financial Assets

	Consolidated					
	2016			2015		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Lease incentive asset	-	-	-	468	-	468
Term deposits**	193,178	100,000	293,178	-	-	-
Dept of Defence loan receivable	-	-	-	583	-	583
	193,178	100,000	293,178	1,051	-	1,051

	UGDC					
	2016			2015		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Lease incentive asset	-	-	-	-	-	-
Term deposits**	183,645	100,000	283,645	-	-	-
Dept of Defence loan receivable	-	-	-	-	-	-
	183,645	100,000	283,645	-	-	-

** Further details regarding term deposits and restricted assets are disclosed in Note 13.

Refer to Note 20 Financial Instruments for further information regarding credit risk, liquidity risk and market risk arising from financial instruments.

	Consolidated 2016 $'000	Consolidated 2015 $'000	UGDC 2016 $'000	UGDC 2015 $'000
Non-cancellable operating lease receivables				
Not longer than 1 Year	-	16,952	-	-
Longer than 1 year and not longer than 5 years	-	-	-	-
Longer than 5 years	-	-	-	-
	-	16,952	-	-

8 Non-Current Assets - Property, Plant and Equipment

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
Land and Buildings				
At fair value	3,350	3,015	3,350	3,015
Accumulated depreciation and impairment	-	-	-	-
Carrying amount at fair value	**3,350**	**3,015**	**3,350**	**3,015**
Plant and equipment				
At cost	3,927	3,605	-	-
Accumulated depreciation and impairment	(3,362)	(3,310)	-	-
Carrying amount at cost	**565**	**295**	**-**	**-**
Furniture and Fittings				
At cost	1,817	1,637	-	-
Accumulated depreciation and impairment	(1,773)	(1,499)	-	-
Carrying amount at cost	**44**	**138**	**-**	**-**
Art and artefacts				
At cost	5	5	-	-
Accumulated depreciation and impairment	-	-	-	-
Carrying amount at cost	**5**	**5**	**-**	**-**
Work in progress	**-**	**1,836**	**-**	**-**
Total Property,Plant and Equipment				
At fair value or at cost	9,099	10,098	3,350	3,015
Accumulated depreciation and impairment	(5,135)	(4,809)	-	-
Carrying amount at fair value or at cost	**3,964**	**5,289**	**3,350**	**3,015**

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 2016						
Net carrying amount at the start of the year	3,015	295	138	5	1,836	5,289
Additions	-	-	-	-	2,667	2,667
Disposal	-	-	-	-	-	-
Transfer in/out	-	502	-	-	(502)	-
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)

(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 2015						
Net carrying amount at the start of the year	41,993	2,028	525	5	238	44,789
Additions	-	-	-	-	3,177	3,177
Transfer in/out	810	760	1	-	(1,579)	(8)
Asset revaluation surplus	143	-	-	-	-	143
Net revaluation increment/decrement	1,888	-	-	-	-	1,888
Assets held for sale	(40,269)	(1,657)	(183)	-	-	(42,109)
Depreciation	(1,550)	(836)	(205)	-	-	(2,591)
Net carrying amount as at 30 June 2015	**3,015**	**295**	**138**	**5**	**1,836**	**5,289**

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 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**

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 2015						
Net carrying amount at the start of the year	2,900	-	-	-	-	2,900
Asset revaluation surplus	143	-	-	-	-	143
Transfer from subsidiary	40,269	1,657	183	-	-	42,109
Assets held for sale	(40,269)	(1,657)	(183)	-	-	(42,109)
Depreciation	(28)	-	-	-	-	(28)
Net carrying amount as at 30 June 2014	**3,015**	**-**	**-**	**-**	**-**	**3,015**

9 Investment Property

		Consolidated		UGDC	
		2016	2015	2016	2015
	Notes	$'000	$'000	$'000	$'000
Opening balance as at 1 July - fair value excluding operating lease		-	136,851	-	50,588
Classified as held for sale or disposals		-	(141,824)	-	(141,824)
Less operating lease receivable/write off*		-	-	-	19,783
Net gain/(loss) from fair value adjustments		-	4,973	-	71,453
Closing balance as at 30 June 2016 - fair value		-	-	-	-

* Operating leases relate to investment property owned by the Corporation referred to in Note 7 Other Financial Assets and Note 16 Commitments. Accrued lease incentive receivable is presented as a reduction of the investment property to prevent duplication as required under *AASB 140 Investment Property.*

	Consolidated		UGDC	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
The following amounts have been recognised in the net result of the year: (2016:Nil, 2015: ten months period ended 29th April 2015)				
Rental income	-	7,831	-	-
Direct operating expenses arising from investment properties that generated rental income	-	(1,131)	-	-
	-	6,700	-	-

For further details regarding the fair value measurement of investment property refer to Note 12(a)

10 Intangible Assets

	Consolidated		UGDC	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Software				
Cost (gross carrying amount)	535	535	-	-
Accumulated amortisation and impairment	(531)	(529)	-	-
Net carrying amount	**4**	**6**	**-**	**-**

Net carrying amount at start of year	6	98	-	-
Transfer in/out	-	7	-	-
Transfer from subsidiary	-	-	-	47
Assets held for sale	-	(47)	-	(47)
Amortisation (recognised in depreciation and amortisation)	(2)	(52)	-	-
Net carrying amount	**4**	**6**	**-**	**-**

11 Assets held for sale

Sale of Australian Technology Park

On 25 May 2015, UGDC announced its intention to sell the land collectively known as the Australian Technology Park. An Invitation to Tender process concluded on 12 August 2015 with a Mirvac/Centuria consortium the winning bidders. Contracts were exchanged on 12 November 2015 and settlement completed on 22 April 2016.

The sale of the park land achieved a gross sale value of $263m, which give rise to a gain on disposal of $71.5m. Two properties under long term lease to NSW Government agencies were excluded from the sale to Mirvac/Centuria consortium and will instead be transferred to PropertyNSW at the market value at the time of the sale of $1.73m.

	Consolidated		UGDC	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Assets held for sale				
Land and buildings	-	40,269	-	40,269
Plant and equipment	-	1,657	-	1,657
Furniture and fittings	-	183	-	183
Software	-	47	-	47
Investment property*	1,730	141,824	1,730	141,824
Lease incentive asset	-	1,126	-	1,126
Department of defence asset	-	1,243	-	1,243
	1,730	**186,349**	**1,730**	**186,349**

11 Assets held for sale (continued)

Australian Technology Park was sold on 22 April 2016 and the gain on disposal is reflected in profit/(loss) from discontinued operation.

*The sale of the park excluded 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 at the time of the sale in April 2016. The transaction is likely to be completed in September 2016.

12 Fair Value Measurement of Non-Financial Assets

(a) Fair value hierarchy

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

Consolidated entity Year Ended 30 June 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment				
Land and buildings	-	2,800	215	3,015
	-	2,800	215	3,015

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

UGDC Year ended 30 June 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total fair value $'000
Property, plant and equipment				
Land and buildings	-	2,800	215	3,015
	-	2,800	215	3,015

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

(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 2016 $'000	Observable inputs	Range of inputs - (probability - weighted average)	Relationship of observable inputs to fair value
Land and Buildings	$3,100	Rental Income P.A. (net of outgoings)	$226k	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	6.5% for Little Eveleigh Street	The higher the capitalisation rate, the lower the fair value

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

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

Level 3 Assets

At 30 June 2016 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 $525/m². The rate applied to the land was therefore $53/m2.

(c) Reconciliation of recurring level 3 fair value measurement

Consolidated **Year ended 30 June 2016**	**Land and Buildings $'000**	**Total Recurring Level 3 Fair Value $'000**
Fair value as at 1 July 2015		
Opening balance at the start of year	215	215
Net revaluation increment/decrement	35	35
Fair value as at 30 June 2016	**250**	**250**

UGDC **Year ended 30 June 2016**	**Land and Buildings $'000**	**Total Recurring Level 3 Fair Value $'000**
Fair value as at 1 July 2015		
Opening balance at the start of year	215	215
Net revaluation increment/decrement	35	35
Fair Value as at 30 June 2016	**250**	**250**

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

(c) Reconciliation of recurring level 3 fair value measurement (continued)

Sensitivity Analysis				
Description	**Fair value at 30 June 2016 $'000**	**Unobservable inputs**	**Range of inputs**	**Relationship of unobservable inputs to the fair value**
Land under roads at North Eveleigh	$250	Discount rate	0% - 100%	The higher the discount rate the lower the value. The lowest fair value would be $0 and the highest $2.7 million

13 Restricted Assets

	Consolidated 2016 $'000	Consolidated 2015 $'000	UGDC 2016 $'000	UGDC 2015 $'000
Tenant deposits*	-	371	-	-
TCorp Hour Glass facility and term deposits**	342,190	67,239	301,052	50,303
	342,190	**67,610**	**301,052**	**50,303**

* Tenant deposits are restricted assets under the lease agreements. This amount will be refunded to the tenant on termination of the lease subject to the tenant complying with obligations under a tenancy agreement.This is recorded as unearned revenue as a liability in Note 14.

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 also holds funds dedicated to infrastructure works in the Redfern Waterloo area. 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.

14 Current Liabilities - Payables

	Consolidated 2016 $'000	Consolidated 2015 $'000	UGDC 2016 $'000	UGDC 2015 $'000
Accrued salaries, wages and on-costs	162	270	-	-
Creditors	2,127	2,828	1,481	1,410
Unearned revenue	614	1,060	-	-
Other payables	1	7	1	11
Goods and Services Tax payable	-	20	241	20
Payable to subsidiary*	-	-	-	4,682
	2,904	**4,185**	**1,723**	**6,123**

* The payable to subsidiary entity of $3.325m has been netted against the receivable from subsidiary in Note 6 (2015: $4.682m was disclosed separately as a payable).

15 Current/Non- current Liabilities - Provisions

	Consolidated					
	2016			2015		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Employee benefits and related on-costs						
Annual leave	74	-	74	84	-	84
Long service leave	104	-	104	110	-	110
Restructuring costs	521	-	521	-	-	-
	699	**-**	**699**	**194**	**-**	**194**
Provision for maintenance expenses	2,758	-	2,758	2,263	-	2,263
Total Provision	**3,457**	**-**	**3,457**	**2,457**	**-**	**2,457**
Aggregate employee benefits and related on-costs						
Provisions	699	-	699	194	-	194
Accrued salaries, wages and on-costs	162	-	162	270	-	270
	861	**-**	**861**	**464**	**-**	**464**

	UGDC			
	2016		2015	
	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	2,758	2,758	2,263	2,263
Total Provision	**2,758**	**2,758**	**2,263**	**2,263**
Aggregate employee benefits and related on-costs				
Provisions	-	-	-	-
Accrued salaries, wages and on-costs	-	-	-	-
	-	**-**	**-**	**-**

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

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
Movement in provision for maintenance expenses				
Carrying amount at the start of the year	2,263	1,585	2,263	1,585
Addition/(reduction) to provision	495	678	495	678
Carrying amount at the end of the year	**2,758**	**2,263**	**2,758**	**2,263**

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.

16 Commitments for Expenditure

(a) Capital commitments

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at balance date and not provided for:				
Not later than one year	-	1,744	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	**-**	**1,744**	**-**	**-**

GST of $Nil (2015:$0.17m) may be recoverable from the Australian Taxation Office when the payments are made.

(b) Disclosures as a lessor

	Consolidated 2016 $'000	2015 $'000	UGDC 2016 $'000	2015 $'000
Non-cancellable operating lease receipts				
Not later than one year	1,650	16,952	1,650	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total including GST	**1,650**	**16,952**	**1,650**	**-**

The above includes GST of $0.15m that is expected to be payable to the Australian Taxation Office.

16 Commitments for Expenditure (continued)

(b) Disclosures as a lessor (continued)

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. The cap was applied this year and UGDC has no retrospective rights to rent in excess of the cap.

(2015: Operating leases relate to investment property held by the controlled entity ATPSL. Tenancy lease terms vary with terms ranging up to 99 years, however the majority fall within 2-10 year range. Depending on the commercial arrangements, many leases also provide for renewal options. Lessees do not have an option to purchase the property at the expiry of the lease period).

17 Contingent Assets and Liabilities

UrbanGrowth NSW Development Corporation has no known contingent assets or contingent liabilities as at reporting date (2015: estimated $955,300).

18 Budget review

On 22 April 2016 the sale of land at the ATP was confirmed at a gross value of $263m. Property leasing activities by ATP ceased as of that date and the process to make staff at the Property Unit redundant was enacted. As a consequence the operations of the Property Unit have been classified as "discontinued" and disclosed as such in the Financial Statements. The Conference Centre operated as normal for the full year but is expected to close by 30 June 2017.

At the time that the budget for 2015-16 was approved no decision on the sale of the park had been confirmed and no sale date had been set. Accordingly the budget was prepared on a business as usual basis. It is therefore not practical to make meaningful comparisons between budget and actual results for 2015-16 with the exception of a few line items.

The sale of land resulted in a net gain on disposal of the land of $71.5m. Post sale UGDC now holds $293m in long and short term deposit investments, $289m higher than budgeted. This increase was driven by a combination of the disposal of "assets held for sale" and the higher than anticipated gain on sale. The final transfer of the residual park land to Property NSW for a $1.7m is scheduled for August 2016. Current liabilities are in line with budget.

Total Comprehensive Income for the year was $83.2m, $94.6m better than budget. The most significant items in the improvement include:

- a gain on disposal of land of $71.5m
- the roll forward into future years of a grant for affordable housing of $9.8m
- lower operating and employment expenses related to the closure of the property unit and the roll forward of C2E expenses into future years.
- lower depreciation on assets held for sale of $2.6m
- higher investment income due to the sale of $1.9m

19 Reconciliation of net cashflows from operating activities to net result

	Consolidated		UGDC	
	2016	2015	2016	2015
	$'000	$'000	$'000	$'000
Net cashflows from operating activities	11,796	9,834	799	(3,158)
Depreciation and amortisation*	(356)	(2,642)	(28)	(28)
(Decrease)/increase in provisions	(1,000)	(692)	(495)	(678)
Increase/(decrease) in prepayments and other assets	71	(1,048)	11,798	773
(Decrease)/increase in creditors	1,259	1,120	(304)	1,227
Net other gains/(losses) from fair value adjustment of property,plant and equipment	-	1,888	-	40,269
Net other gains/(losses) from fair value adjustment of investment property	-	4,973	-	71,453
Net gains/(losses) from sale of discontinued operation	71,490	-	71,490	-
Other gains/(lossess)	(405)	-	(405)	-
Net result	**82,855**	**13,433**	**82,855**	**109,858**

* includes depreciation and amortisation disclosed separately in the net result from discontinued operations (2016: $Nil, 2015: $2.369m).

20 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.

20 Financial Instruments (continued)

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.

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.

20 Financial Instruments (continued)

(b) Financial instrument categories

Financial assets	Note	Category	Consolidated Carrying amount^ 2016 $'000	Consolidated Carrying amount^ 2015 $'000	UGDC Carrying amount^ 2016 $'000	UGDC Carrying amount^ 2015 $'000
Cash and cash equivalents	5	N/A	48,408	73,358	17,408	56,051
Receivables *	6	Loans and receivables (at amortised cost)	1,721	288	27,006	7,404
Other financial assets	7	Loans and receivables (at amortised cost)	293,178	583	283,645	
Total financial assets			343,308	74,229	328,059	63,455

Financial liabilities	Note	Category	Consolidated Carrying amount^ 2016 $'000	Consolidated Carrying amount^ 2015 $'000	UGDC Carrying amount^ 2016 $'000	UGDC Carrying amount^ 2015 $'000
Trade and other payables**	14	Financial liabilities measured at amortised cost	2,904	3,820	1,482	6,102
Total financial liabilities			2,904	3,820	1,482	6,102

* 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.

(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.

20 Financial Instruments (continued)

***(c)* Credit risk (continued)**
(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 ($51k ; 2015: $60k) 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.

20 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			
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
Consolidated entity			
2015			
< 3 months overdue	49	49	-
3 months - 6 months overdue	11	11	-
> 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	-	-	-

	Total $'000	Past due but not impaired $'000	Considered impaired $'000
UGDC			
2015			
< 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.

(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 2.91% (2015: 2.84%) while over the year the weighted average interest rate was 2.92% (2015: 3.23%) on a weighted average balance during the year of $120.19m (2015: $57.4m). None of these assets are past due or impaired.

20 Financial Instruments (continued)

(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.

20 Financial Instruments (continued)

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

Maturity analysis and interest rate exposure of financial liabilities

Consolidated entity - at 30 June 2016	**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**
Non-interest bearing - payables		2,904	-	2,904	-	-	2,904
Fixed rate loan from the TCorp		-	-	-	-	-	-
Variable rate loan from the TCorp*		-	-	-	-	-	-
Finance lease liabilities		-	-	-	-	-	-
		2,904	**-**	**2,904**	**-**	**-**	**2,904**

Consolidated entity - at 30 June 2015							
Non-interest bearing - payables		3,820	-	3,820	-	-	3,820
Fixed rate loan from the TCorp	7.24	-	-	-	-	-	-
Variable rate loan from the TCorp*	2.74	-	-	-	-	-	-
Finance lease liabilities		-	-	-	-	-	-
		3,820	**-**	**3,820**	**-**	**-**	**3,820**

20 Financial Instruments (continued)

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

Maturity analysis and interest rate exposure of financial liabilities

UGDC at 30 June 2016	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
Non-interest bearing - payables		1,482	-	1,482	-	-	1,482
Fixed rate loan from the TCorp		-	-	-	-	-	-
Variable rate loan from the TCorp*		-	-	-	-	-	-
Finance lease liabilities		-	-	-	-	-	-
		1,482	**-**	**1,482**	**-**	**-**	**1,482**

UGDC - at 30 June 2015	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
Non-interest bearing - payables		6,102	-	6,102	-	-	6,102
Fixed rate loan from the TCorp	7.24	-	-	-	-	-	-
Variable rate loan from the TCorp*	2.74	-	-	-	-	-	-
Finance lease liabilities		-	-	-	-	-	-
		6,102	**-**	**6,102**	**-**	**-**	**6,102**

* • 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.

20 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 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)
Borrowings	-	-	-	-	-

20 Financial Instruments (continued)

(g) **Interest rate risk (continued)**

Consolidated entity - at 30 June 2015	Carrying amount $'000	Profit -1% $'000	Equity -1% $'000	Profit +1% $'000	Equity +1% $'000
Financial assets					
Cash and cash equivalents	73,358	(734)	(734)	734	734
Receivables*	288	(3)	(3)	3	3
Other financial assets	583	(6)	(6)	6	6
Financial liabilities					
Payables**	3,820	38	38	(38)	(38)

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)
Borrowings	-	-	-	-	-

UGDC - at 30 June 2015	Carrying amount $'000	Profit -1% $'000	Equity -1% $'000	Profit +1% $'000	Equity +1% $'000
Financial assets					
Cash and cash equivalents	56,051	(561)	(561)	561	561
Receivables*	7,404	(74)	(74)	74	74
Financial liabilities					
Payables**	6,102	61	61	(61)	(61)

* Excludes statutory receivables and prepayments

** Excludes statutory payables and unearned revenue

20 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	2016 $'000	2015 $'000
Consolidated				
Cash facility	Cash, money market instrument	Up to 1.5 years	605	553
UGDC				
Cash facility	Cash, money market instrument	Up to 1.5 years	-	

Impact on Profit / loss:

	Change in unit price	2016 $'000	2015 $'000
Consolidated			
Hour-Glass - Cash Facility	+/- 1%	6	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.

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.

20 Financial Instruments (continued)

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

(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 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
TCorp Hour-Glass facility	-	605	-	605

Consolidated entity - at 30 June 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
TCorp Hour-Glass facility	-	553	-	553

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

UGDC - at 30 June 2015	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 2016. The only investments in hierarchy level two are the TCorp Hourglass cash facilities and the NAB term deposits.

21 Related party transactions

Key management personnel of UrbanGrowth NSW Development Corporation for the 2015-16 financial year were (whole year unless otherwise stated):

Directors

Victoria Weekes	Chair of the ARMC (appointed on 29 July 2015)
Elizabeth Carr	Independent Member (appointed on 29 July 2015)
Megan Sloane	Non Independent Member (staff representative)

UGDC has no board and is a chief executive governed organisation.

(a) Specific executives

David Pitchford	Chief Executive
Michael Brodie	Chief Audit Executive
Steve Driscoll	General Manager

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

	2016 $	2015 $
Audit and Risk Management Committee*		
Short-term employee benefits	17,572	24,006
Post-employment benefits	-	1,100
	17,572	**25,106**

	2016 $	2015 $
Executives**		
Short-term employee benefits	-	-
Post-employment benefits	-	-
	-	-

* Staff representative, did not receive a separate remuneration as a committee member.

** These positions are unpaid and all have senior executive roles in UrbanGrowth NSW.

The remuneration of the UGDC Audit Committee Chair and independent Member is determined based on the fee structure listed in the NSW Treasury and the NSW Department of Finance and Services Innovation's document "*Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members - Guidelines for Agencies and Members*".

22 Controlled entities

The consolidated financial statements incorporate the assets, liabilities and results of the following controlled entities in accordance with Note 1(b):

- Australian Technology Park Sydney Limited
- UrbanGrowth NSW Development Corporation Staff Agency (dormant entity)

23 Discontinued operation

(a) Description

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, which gave rise to a gain on disposal of $71.5m.

The assets comprising the park were classified as held for sale at 30 June 2015. From 1 July 2015, UGDC parent was as landlord entitled to a rent from ATP based on the market value of the park. This rent was capped at the net income of ATP and also ceased on 22 April 2016. No costs were incurred in the collection of this rent.

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 by ATP since. The ATP Property Management Unit ceased operations and staff were made redundant. With effect from 23 April 2016 the unit is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 22 April 2016 (2016 column) and the year ended 30 June 2015.

	Consolidated		UGDC	
	30 June 2016 $'000	30 June 2015 $'000	30 June 2016 $'000	30 June 2015 $'000
Revenue	14,707	18,121	9,392	-
Expenses	(5,213)	(8,647)	-	-
Gain/(loss) on disposal	71,490	-	71,490	-
Other gains/(losses)	(405)	6,860	(405)	111,722
Net result from discontinued operation	**80,579**	**16,334**	**80,477**	**111,722**

23 Discontinued operation (continued)

(b) Financial performance and cash flow information (continued)

	Consolidated		UGDC	
	30 June 2016 $'000	30 June 2015 $'000	30 June 2016 $'000	30 June 2015 $'000
Profit attributable to owners of the parent entity relates to:				
Profit from discontinued operation	**80,579**	16,334	**80,477**	111,722
Net cash inflow from operating activities	9,201	6,899	-	-
Net cash inflow (outflow) from investing activities (includes inflow of $259.704m from the sale of discontinued operation)	257,037	(3,177)	255,703	-
Net increase in cash generated by the unit	**266,238**	**3,722**	**255,703**	**-**

(c) Details of the sale of the unit

The carrying amounts of assets and liabilities as at the date of sale 22 April 2016 were:

	Consolidated 22 April 2016 $'000
Cash	646
Inter-unit cash receivables	59
Restricted assets - tenant deposits	372
Trade receivables	153
GST receivable	110
Loans receivable - Department of Defence	100
Lease incentive asset	74
Total assets	**1,514**
Trade creditors	(177)
Creditors and accruals	(723)
Tenant deposits	(372)
Provision for restructuring	(194)
Provision for employee benefits	(48)
Total liabilities	**(1,514)**
Net assets	**-**

23 Discontinued operation (continued)

(c) Details of the sale of the unit (continued)

	UGDC 22 April 2016 $'000
Rent receivable from subsidiary	8,993
Total assets	**8,993**
Net assets	**8,993**

(d) Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities were reclassified as held for sale in relation to the discontinued operation as at 30 June 2016:

	Consolidated		UGDC	
	2016 $'000	2015 $'000	2016 $'000	2015 $'000
Assets held for sale				
Land and buildings	-	40,269	-	40,269
Plant and equipment	-	1,657	-	1,657
Furniture and fittings	-	183	-	183
Software	-	47	-	47
Investment property*	1,730	141,824	1,730	141,824
Lease incentive asset	-	1,126	-	1,126
Department of defence asset	-	1,243	-	1,243
	1,730	**186,349**	**1,730**	**186,349**

* The sale of the park excluded 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 at the time of the sale in April 2016. The transaction is likely to be completed in September 2016.

24 Events after reporting period

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

UrbanGrowth NSW Development Corporation Staff Agency

Annual report for the year ended 30 June 2016

INDEPENDENT AUDITOR'S REPORT

UrbanGrowth NSW Development Corporation Staff Agency

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of UrbanGrowth NSW Development Corporation Staff Agency (the Agency), which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows, for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Agency as at 30 June 2016, 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 those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report.

I am independent of the Agency in accordance with the auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

Level 15, 1 Margaret Street, Sydney NSW 2000 | GPO Box 12, Sydney NSW 2001 | t 02 9275 7101 | f 02 9275 7179 | e mail@audit.nsw.gov.au | audit.nsw.gov.au

The Chief Executive Officer's Responsibility for the Financial Statements

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

In preparing the financial statements, the Chief Executive Officer must assess the Agency's ability to continue as a going concern unless the Agency will be dissolved by an Act of Parliament or otherwise cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and 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 further 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/Home.aspx. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that the Agency 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.

Weini Liao
Director, Financial Audit Services

19 September 2016
SYDNEY

Statement by
Chief Executive Officer

Statement by Chief Executive Officer on the adoption of the financial statements for the year ended 30 June 2016.

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 the UrbanGrowth NSW Development Corporation Staff Agency as at 30 June 2016.

(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 David Pitchford
Chief Executive Officer

UrbanGrowth NSW Development Corporation Staff Agency

Date: 19 September 2016

UrbanGrowth NSW Development Corporation Staff Agency
Statement of Comprehensive Income
For the year ended 30 June 2016

	Notes	30 June 2016 $'000	30 June 2015 $'000
Total expenses excluding losses	2	-	-
Total revenue	3	-	-
Net result		-	-
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive income		-	-

The accompanying notes form part of these financial statements

UrbanGrowth NSW Development Corporation Staff Agency
Statement of Financial Position
As at 30 June 2016

	Notes	30 June 2016 $'000	30 June 2015 $'000
ASSETS			
Current assets			
Receivables	4	-	-
Total current assets		-	-
Total assets		-	-
LIABILITIES			
Current liabilities			
Provisions	5	-	-
Total current liabilities		-	-
Total liabilities		-	-
Net assets		-	-
EQUITY			
Total equity		-	-

The accompanying notes form part of these financial statements

UrbanGrowth NSW Development Corporation Staff Agency
Statement of changes in Equity
For the year ended 30 June 2016

	Accumulated Funds $'000	Total $'000
Balance at 1 July 2015	-	-
Net result for the year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2016	-	-
Balance at 1 July 2014	-	-
Net result for the year	-	-
Total comprehensive income for the year	-	-
Balance at 30 June 2015	-	-

The accompanying notes form part of these financial statements

UrbanGrowth NSW Development Corporation Staff Agency
Statement of Cash Flows
For the year ended 30 June 2016

	Notes	30 June 2016 $'000	30 June 2015 $'000
Cash flows from operating activities			
Total payments		-	-
Total receipts		-	-
Net cash flow from operating activities		-	-
Net increase (decrease) in cash		-	-
Opening cash and cash equivalents		-	-
Closing cash and cash equivalents		-	-

The accompanying notes form part of these financial statements

1 Summary of significant accounting policies

(a) Reporting entity

The UrbanGrowth NSW Development Corporation Staff Agency (the Agency) is a Division of the Government Service, established pursuant to Part 2 of Schedule 1 to the *Public Sector Employment and Managements Act 2010*. It is a not-for-profit entity as profit is not its principal objective. The reporting entity is consolidated as part of the NSW Total State Sector Accounts. The Agency is domiciled in Australia and its principal office is at Suite 3220, Locomotive Workshop, 2 Locomotive Street, Eveleigh, NSW 2015.

The Agency's objective is to provide personnel services to the UrbanGrowth NSW Development Corporation (the Corporation). The Agency is currently dormant and has not provided personnel services to the Corporation from 1 July 2013. The Corporation (and therefore the Agency) is currently funded by the NSW Government through to 30 June 2016. These financial statements for the year ended 30 June 2016 have been authorised for issue by the CEO on 19 September 2016.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulations 2015*; and
- the Financial Reporting Directions published in the Financial Reporting Code for NSW General Government Sector Entities issued by the Treasurer.

The financial statements have been prepared in accordance with the historical cost convention. Judgments, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

The presentation for the current year is modified to comply with the requirements of NSW Treasury's Accounting Policy *TPP 15-04: Financial Reporting Code for NSW General Government Sector Entities*. TPP 15-04 is applicable for financial years ending on or after 30 June 2016.

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

(c) Statement of compliance

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

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

Income, expenses and assets are recognised net of the amount of associated GST, unless:

- the GST incurred is not recoverable from the Australian Taxation Office. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.
- receivables and payables are stated 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 is recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

1 Summary of significant accounting policies (continued)

(e) Income recognition

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

(f) Assets

(i) Receivables

A receivable is recognised when it is probable that the future cash inflows associated with it will be realised and it has a value that can be measured reliably. A receivable is measured initially at fair value and subsequently at amortised cost using the effective interest rate method, less any allowance for doubtful debts. A short term receivable with no stated interest rate is measured at the original invoice amount where the effect of discounting is immaterial.

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

(g) Liabilities

(i) Payables

Payables include accrued wages, salaries, and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance premiums) where there is certainty as to the amount and timing of settlement. A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. A short term payable with no stated interest rate is measured at historical cost if the effect of discontinuing is immaterial.

(ii) Employee benefits and other provisions

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

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

Long-term annual leave that is not expected to be wholly settled within twelve months is measured at present value in accordance with *AASB 119 Employee Benefits*. For NSW Government employees, this is based on certain factors (specified in NSW TC15/09) 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.

1 Summary of significant accounting policies (continued)

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

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

b. Long service leave and superannuation

The Agency's liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the discount method. Consideration is given to expected future wage and salary levels, experience of employee departures and years of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Long service leave is measured at present value in accordance with *AASB 119 Employee Benefits.* This is based on application of certain factors (specified in 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 superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions.

(h) Equity transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities and 'equity appropriations' are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with *AASB 1004 Contributions* and Australian Interpretation *1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.* Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure.

(i) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous year for all amounts reported in the financial statements. Comparative amounts for some items may be restated as required to align with the presentation of the current year.

(j) Budgeted amounts

Budget comparisons are not included in these financial statements as the Agency is not an appropriated entity.

(k) Application of new and revised Australian Accounting Standards

As the Agency has no financial activity in the financial years ending 30 June 2015 and 2016 new and revised accounting standards have had no impact on the Agency's financial statements.

The following table outlines the way the entity has applied the new and revised Accounting Standards applicable to the entity for the first time in 2015-16:

Accounting Standards	Application
AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, AASB 127 Separate Financial Statements, AASB 128 Investments in Associates (for not-for-profit entities) arising from 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities- Control and Structured Entities	These accounting standards have no impact on the Company
AASB 1031 Materiality arising from 2013-5 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	
AASB 1055 Budgetary Reporting and AASB 1049 – Relocation of Budgetary Reporting Requirements arising from 2013-1	

(l) 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	The impact of these standards is still being considered and are not known at the date of 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

(continued)

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
AASB 2015-2 Disclosure initiative. Amendments to AASB 101. The amendments clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users.	1 January 2016	"	30 June 2017
AASB 2014-3 Accounting for acquisitions of interest in joint operations. The amendment to AASB 11 clarifies the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business.	1 January 2016	"	30 June 2017
AASB 2014-4 Clarification of acceptable methods of depreciation and amortization. The amendments clarify that a revenue based method of depreciation or amortisation is generally not appropriate.	1 January 2016	"	30 June 2017
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not for Profit Public Sector Entities Amendments	1 July 2016	"	30 June 2017
AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not for Profit Public Sector Entities Amendments	1 July 2016	"	30 June 2017
AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements	1 January 2016	"	30 June 2017

AASB 2014-10 Amendments to Australian Accounting Standards Sale or Contribution of Assets between an investor and its Associate or Joint Venture	1 January 2016	"	30 June 2017
AASB 2015-1 Amendments to Australian Accounting Standards Annual Improvements to Australian Accounting Standards 2012-2014 Cycle	1 January 2016	"	30 June 2017

	30 June 2016 $'000	30 June 2015 $'000
2 Expenses excluding losses	-	-
3 Revenue	-	-
4 Current receivables	-	-
5 Current/non-current provisions	-	-

6 Service group statements

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

7 Budgeted amounts

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

8 Commitments for expenditure and contingent assets and liabilities

At reporting date there were no significant commitments/contingent assets or liabilities (2015: nil).

9 Events after the reporting date

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

End of financial statements

Australian Technology Park Sydney Limited

Financial Statements
for the year ended 30 June 2016

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; and

   (b) give a true and fair view of the Company's financial position as at 30 June 2016 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

David Pitchford
Managing Director
ATPSL

Sydney , dated 19 September 2016

AUDITOR-GENERAL
NEW SOUTH WALES

To the Directors
Australian Technology Park Sydney Limited

Auditor's Independence Declaration

As auditor for the audit of the financial statements of Australian Technology Park Sydney Limited for the year ended 30 June 2016, I declare, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

Weini Liao
Director, Financial Audit Services

19 September 2016
SYDNEY

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 2016, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 2016 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 those standards are further 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 auditor independence requirements of:

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

I have also fulfilled my other ethical responsibilities in accordance with the Code.

The PF&A Act further 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, but precluding the provision of non-audit services.

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

The Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for preparing financial statements that give a true and fair view 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 of financial statements that give a true and fair view and 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 unless they intend to liquidate the Company or cease operations. The assessment must include, disclosing, as applicable, matters related to going concern and 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 further 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/Home.aspx. 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.

Weini Liao
Director, Financial Audit Services

19 September 2016
SYDNEY

	Notes	2016 $'000	2015 $'000
Expenses excluding losses			
Operating expenses			
- Employee related	2(a)	2,606	1,844
- Other operating expenses	2(b)	7,019	5,400
Depreciation and amortisation	2(c)	328	245
Total expenses excluding losses		**9,953**	**7,489**
Revenue			
Sale of services	3(a)	7,942	7,414
Investment revenue	3(b)	692	548
Total revenue		**8,634**	**7,962**
Net result from continuing operations		**(1,319)**	**473**
Net result from discontinued operation	20	1,319	(77,950)
Net result		-	(77,477)
Other comprehensive income			
Total other comprehensive income		-	-
Total comprehensive income		-	(77,477)
Total comprehensive income for the year attributable to owners of Australian Technology Park Sydney Limited arises from:			
Continuing operations		(1,319)	473
Discontinued operations		1,319	(77,950)
		-	(77,477)

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

	Notes	2016 $'000	2015 $'000
ASSETS			
Current assets			
Cash and cash equivalents	4	31,605	17,307
Receivables	5	1,204	5,178
Other financial assets	6	9,533	583
Other - lease incentive asset	10	-	468
Total current assets		**42,342**	**23,536**
Non-current assets			
Property, plant and equipment			
- *Plant and equipment*		565	295
- *Furniture and fittings*		44	138
- *Art and artefacts*		5	5
- *Work in progress*		-	1,836
Total property, plant and equipment	7	614	2,274
Intangible assets	9	4	6
Total non-current assets		**618**	**2,280**
Total assets		**42,960**	**25,816**
LIABILITIES			
Current liabilities			
Payables	12	26,929	10,290
Provisions	13	699	194
Total current liabilities		**27,628**	**10,484**
Total non-current liabilities		**-**	**-**
Total liabilities		**27,628**	**10,484**
Net assets		**15,332**	**15,332**
EQUITY			
Accumulated funds		15,332	15,332
Total equity		**15,332**	**15,332**

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

	Accumulated funds $'000	Asset revaluation surplus $'000	Total $'000
Balance at 1 July 2015	**15,332**	**-**	**15,332**
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

	Accumulated funds $'000	Asset revaluation surplus $'000	Total $'000
Balance at 1 July 2014	**92,809**	**-**	**92,809**
Net result for the year	(77,477)	-	(77,477)
Other comprehensive income			
Net increase/(decrease) in asset revaluation surplus	-	-	-
Total other comprehensive income	-	-	-
Total comprehensive income for the year	(77,477)	-	(77,477)
Transactions with owners	-	-	-
Balance at 30 June 2015	15,332	-	15,332

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

	Notes	2016 $'000	2015 $'000
Cash flows from operating activities			
Payments			
Suppliers		(12,942)	(11,636)
Employee related		(2,245)	(2,702)
Finance costs		-	(674)
Other		(1,854)	(1,312)
Total payments		**(17,041)**	**(16,324)**
Receipts			
Sale of services		27,451	28,140
Interest received		587	763
Total receipts		**28,038**	**28,903**
Net cash flows from operating activities	16	**10,997**	**12,579**
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,667)	(3,176)
Purchases of investments		(9,533)	-
Proceeds from sale of investments		-	10,485
Proceed for property, plant and equipment from related parties		4,001	-
Net cash flows from investing activities		**(8,199)**	**7,309**
Cash flows from financing activities			
Repayment of borrowings to parent entity		-	(22,000)
Non-trading advances from parent entity		11,500	-
Net cash flows from financing activities		**11,500**	**(22,000)**
Net increase/(decrease) in cash		14,298	(2,112)
Opening cash and cash equivalents	4	17,307	19,419
Closing cash and cash equivalents	4	**31,605**	**17,307**

Refer to Note 20(b) for cash flows from discontinued operations.

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") a Statutory Body constituted by the *Growth Centres (Development Corporations) Act 1974* on 17 December 2010 to promote the development of land identified as potential urban renewal precincts including Redfern-Waterloo and Granville and other precincts to be identified in the future. The reporting entity is consolidated as part of the UrbanGrowth NSW Development Corporation'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. 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 Note 20 of the financial statements.

The ATP Conference Centre continues as a tenant of the park but will cease operations on 30 June 2017 when its lease expires. The future direction of residual ATPSL entity is currently under review but will continue post June 2017. Operations will be funded from investment income.

The financial statements for the year ended 30 June 2016 were authorised for issue by the Board on 19 September 2016.

(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*, Public Finance and Audit Regulation 2015, *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.

The financial statements have been prepared under the historical cost convention and on an accrual accounting basis, except for:

- non-current physical assets measured at fair value;
- investment properties measured at fair value
- financial assets at fair value through profit or loss

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) Finance costs

Finance costs are expensed in the period in which they are incurred in accordance with the Treasurer's Mandate to not-for-profit general government sector agencies.

1 Summary of significant accounting policies (continued)

(e) 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.

(f) 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, with a further extension to 30 June 2015 approved by the Australian Taxation Office in a private ruling advice dated 2 March 2010 and 29 June 2011.

(g) 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.

1 Summary of significant accounting policies (continued)

(h) 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.

• 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 13.

(i) 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*, *AASB 116 Property, Plant & Equipment* and *AASB 140 Investment Property*. Information on investment property is separately discussed at note 1(i)(x).

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 7 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. These assets are not subject to depreciation.

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)

(i) 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:

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

1 Summary of significant accounting policies (continued)

(i) Assets (continued)

(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 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 in the periods in which they are incurred.

(x) Investment properties

The Company owns properties held to earn and/or for capital appreciation. Investment properties are stated at fair value supported by market evidence at the statement of financial position date. These valuations are reviewed annually by Knight Frank. The last independent assessment was conducted on 30 June 2015 by Knight Frank, independent valuers not related to the Company.

Gains or losses arising from changes in fair values are included in the net result for the year in the period in which they arise. No depreciation is charged on investment properties.

(xi) 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)

(i) Assets (continued)

(xi) 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.

(xii) 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.

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. 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.

(xiv) 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.

(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 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)

(i) Assets (continued)

*(xvi)**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.

(j) 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) ***Borrowings***

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

The finance lease liability is determined in accordance with *AASB 117 Leases.*

(iii) ***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 1.62% (2015: 2.25%) 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.

1 Summary of significant accounting policies (continued)

(j) Liabilities (continued)

(iii) Employee benefits (continued)

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 1.62% (2015: 2.25%) was applied for discounting purposes.

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.

(iv) 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.

(k) 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(i)(iii).

(ii) Accumulated funds

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

(l) 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.

(m) Budgeted amounts

Budget comparisons and service group statements are not included in the Australian Technology Park Sydney Limited (ATPSL) Financial Statements as the Company is not part of the General Government Sector.

(n) 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)

(n) 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 19 for further disclosures regarding fair value measurements of financial and non-financial assets.

(o) New Australian Accounting standards and interpretations issued but not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2016 reporting period.The following new Accounting Standards and Interpretations have not been applied and are not yet effective. This is due to NSW public sector companies not being permitted to early adopt new Australian Accounting Standards, unless Treasury determines otherwise.

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	The impact of these standards is still being considered and are not known at the date of 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

1 Summary of significant accounting policies (continued)

(o) New Australian Accounting standards and interpretations issued but not yet effective (continued)

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.	1 January 2017	"	30 June 2018
AASB 2015-2 Disclosure initiative: Amendments to AASB 101. The amendments clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users.	1 January 2016	"	30 June 2017
AASB 2015-6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities	1 July 2016	"	30 June 2017
AASB 2015-7 Amendments to Australian Accounting Standards – Fair Value Disclosures of Not-for-Profit Public Sector Entities	1 July 2016	"	30 June 2017
AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements	1 January 2016	"	30 June 2017
AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016	"	30 June 2017
AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle	1 January 2016	"	30 June 2017

1 Summary of significant accounting policies (continued)

(o) New Australian Accounting standards and interpretations 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

(p) Application of new and revised Australian Accounting Standards

The following table outlines the way the Company has applied the new and revised Accounting Standards applicable to the Company for the first time in 2015-16:

Accounting Standards	**Application**
AASB 127 Separate Financial Statements, AASB 128 Investments in Associates (for not-for-profit entities) arising from 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent.	These Accounting Standards have no impact on the Company.
AASB 1031 Materiality arising from 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality.	

2 Expenses excluding losses

	2016 $'000	2015 $'000
(a) Employee related expenses		
Salaries and wages (including annual leave)	1,901	1,215
Superannuation - defined contribution plans	102	97
Workers' compensation insurance	6	6
Fringe benefit tax	15	12
Other employee expenses*	93	65
Contractors & Consultants	489	449
	2,606	**1,844**
(b) Other operating expenses include the following:		
Auditor's remuneration		
-audit of the financial statements	74	74
Conference centre cost of sales	3,786	3,395
Consultants	66	99
Contractors	142	266
Insurance	89	87
Legal	28	59
Advertising and public relations	343	376
Administration	246	245
Cleaning	6	-
IT expenses	437	391
Rent expense	1,500	-
Other	302	408
	7,019	**5,400**

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

	2016 $'000	2015 $'000
(c) Depreciation and amortisation expense		
Depreciation		
- Plant and equipment	232	46
- Furniture and fittings	94	176
	326	222
Amortisation		
Software	2	23
	328	**245**

3 Revenue

	2016 $'000	2015 $'000
(a) Sales of Services		
Conference centre and other revenue	7,942	7,414
	7,942	**7,414**

	2016 $'000	2015 $'000
(b) Investment revenue		
Bank deposits	687	516
TCorp Hour-Glass Cash Facility	5	32
	692	**548**

4 Current assets - Cash and cash equivalents

	2016 $'000	2015 $'000
Cash at bank and on hand	1,619	140
Short-term deposits	29,381	16,243
NSW Treasury Corporation Hour- Glass Cash Facility	605	553
	31,605	**16,936**
Tenant deposits*	-	**371**
Total cash and cash equivalents	**31,605**	**17,307**

* Further details regarding tenant deposits are disclosed in Note 11.

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:

Cash and cash equivalents (per statement of financial position)	31,605	17,307
Closing cash and cash equivalents (per statement of cash flows)	**31,605**	**17,307**

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

5 Current assets - Receivables

	2016 $'000	2015 $'000
Sale of services	63	60
Less: Allowance for impairment	(12)	(5)
	51	55
Receivable from parent entity*	-	4,682
Prepayments	34	377
Other receivables	169	64
GST receivable	950	-
	1,204	5,178

*The receivable from parent entity of $3.325m has been netted against the payables to parent entity in Note 12 (2015: $4.682m was disclosed separately as a receivable).

	2016 $'000	2015 $'000
Movement in the allowance for impairment		
Balance at 1 July	5	5
(Decrease) in allowance recognised in profit or loss	8	-
Amounts written off during the year	(1)	-
Balance at 30 June	12	5

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

6 Current/non-current assets - Other Financial assets

	2016			2015		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Loans receivable-Dept of Defence (i)	-	-	-	583	-	583
Deposits (ii)	9,533	-	9,533	-	-	-
	9,533	-	9,533	583	-	583

(i) The loan receivable from the Department of Defence in respect of their fit our costs was fully acquitted as part of the park sale process

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

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

7 Non-current assets - Property, plant and equipment

	2016 $'000	2015 $'000
Plant and equipment		
Gross carrying amount	3,927	3,605
Accumulated depreciation and impairment	(3,362)	(3,310)
Net carrying amount	**565**	**295**
Furniture and fittings		
Gross carrying amount	1,817	1,637
Accumulated depreciation and impairment	(1,773)	(1,499)
Net carrying amount	**44**	**138**
Art and artefacts		
Gross carrying amount	5	5
Accumulated depreciation and impairment	-	-
Net carrying amount	**5**	**5**
Work in progress	**-**	**1,836**
Total property,plant and equipment		
At gross value	5,749	7,083
Accumulated depreciation and impairment	(5,135)	(4,809)
Net carrying amount	**614**	**2,274**

7 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 2016						
Net carrying amount at 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**
Year ended 30 June 2015						
Net carrying amount at start of year	39,092	2,028	525	5	238	41,888
Additions	-	-	-	-	3,176	3,176
Transfer in/out	810	760	1	-	(1,578)	(7)
Transfer to parent due to changes in head lease	(40,269)	-	-	-	-	(40,269)
Net revaluation increment less revaluation decrements	1,888	-	-	-	-	1,888
Transfer to parent entity	-	(1,657)	(183)	-	-	(1,840)
Depreciation expense	(1,521)	(836)	(205)	-	-	(2,562)
Net carrying amount at end of year	**-**	**295**	**138**	**5**	**1,836**	**2,274**

8 Investment property

	2016 $'000	2015 $'000
Opening balance as at 1 July - fair value	-	67,312
Transfer to parent entity due to changes in head lease	-	(69,354)
Net gain/(loss) from fair value adjustments	-	2,042
Closing balance as at 30 June - fair value	**-**	**-**

Investment properties are valued annually at fair value by an independent valuer. Investment property consists of the International Business Centre, NICTA and Biomedical buildings

	2016 $'000	2015 $'000
The following amounts have been recognised in the net result for the year (2016: Nil, 2015: ten months period ended 29 April 2015):		
Rental income	-	7,831
Direct operating expenses arising from investment properties that generated rental income	-	(1,131)
	-	6,700

9 Intangible assets

	2016 $'000	2015 $'000
Software		
Cost (gross carrying amount)	535	535
Accumulation amortisation and impairment	(531)	(529)
Net carrying amount	**4**	**6**

Net carrying amount at start of year	6	98
Transfer in/out	-	7
Transfer to parent entity	-	(47)
Amortisation (recognised in depreciation and amortisation)	(2)	(52)
Net carrying amount at end of year	**4**	**6**

10 Current/non-current assets - Other

	2016			2015		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Lease incentive asset	-	-	-	468	-	468
	-	**-**	**-**	**468**	**-**	**468**

11 Restricted Assets

	2016 $'000	2015 $'000
Tenant deposits	-	371
	-	**371**

Tenant deposits are restricted assets under the lease agreements. This amount will be refunded to the tenant on termination of the lease subject to the tenant complying with obligations under a tenancy agreement (refer note 12).

12 Current Liabilities - Payables

	2016 $'000	2015 $'000
Accrued salaries, wages and on-costs	162	270
Creditors and accruals (i)	648	1,417
Event and tenant deposits (ii)	614	717
Unearned revenue	-	342
Goods and services tax payable	-	309
Payables to parent entity (iii)	25,505	7,235
	26,929	**10,290**

(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.

(ii) The tenant deposits of $nil (2015:$371k) are also represented as restricted asset in Note 11 Restricted Assets.

(iii) Includes the receivable from parent entity of $3.325m (2015: $4.682m was disclosed separately as a receivable in Note 5).

Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings, are disclosed in Note 19 Financial Instruments.

13 Current/non-current liabilities - Provisions

	2016			2015		
	Current $'000	Non-current $'000	Total $'000	Current $'000	Non-current $'000	Total $'000
Employee benefits and related on-costs						
Annual leave	74	-	74	84	-	84
Long service leave	104	-	104	110	-	110
	178	**-**	**178**	**194**	**-**	**194**
Restructuring costs	521	-	521	-	-	-
Total Provisions	**699**	**-**	**699**	**194**	**-**	**194**
Aggregate employee benefits and related on-costs						
Provisions	699	-	699	194	-	194
Accrued salaries, wages and on-costs (note 12)	162	-	162	270	-	270
	861	**-**	**861**	**464**	**-**	**464**

14 Commitments for expenditure

(a) Capital commitments

	2016 $'000	2015 $'000
Aggregate capital expenditure contracted for at balance date and not provided for (inclusive of GST) :		
Not later than one year	-	1,744
Later than one but not later than five years	-	-
Later than five years	-	-
Total including GST	-	1,744

(b) Operating lease commitments

(i) Disclosures for the Company as lessor

Operating leases relate to the investment property referred to in Note 8 to the financial statements. Tenancy lease terms vary with terms ranging up to 99 years, however the majority fall within the 2-10 year range. Depending on the commercial arrangements, many leases also provide for renewal options. All operating lease contracts contain periodic escalation provisions, as well as market review clauses in the event that the lessee exercises an option to renew. Lessees do not have an option to purchase the property at the expiry of the lease period.

	2016 $'000	2015 $'000
Non-cancellable operating lease receipts		
Not later than one year	-	16,952
Later than one and not later than five years	-	-
Later than five years	-	-
Total including GST	-	16,952

The above includes GST output tax of $nil (2015 $1.54m) that is expected to be paid to the Australian Taxation Office. The income commitments relate to rent leases. All receivable leases are entered into at commercial rates and terms. Regular market valuations and tendering processes are carried out to ensure commercial arrangements are maintained.

ATPSL made operating lease payments to its parent UGDC 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. The cap was applied this year and UGDC has no retrospective rights to rent in excess of the cap.

(ii) Disclosures for the Company as lessee

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

14 Commitments for expenditure (continued)

(b) Operating lease commitments (continued)

(ii) Disclosures for the Company as lessee (continued)

	2016 $'000	2015 $'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 above includes GST of $0.15m that is expected to be recovered from the Australian Taxation Office.

15 Contingent assets and contingent liabilities

There was no known contingent assets or contingent liabilities as at 30 June 2016 (2015: estimated at $955,300).

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

	2016 $'000	2015 $'000
Net cash used on operating activities	10,997	12,579
Depreciation and amortisation*	(328)	(2,614)
Gain/(loss) on revaluation of investment property	-	2,042
Gain/(loss) on revaluation of property,plant and equipment	-	1,888
Derecognition of lease incentive liability	-	19,783
Net gain/(loss) on disposal of property, plant and equipment	-	(40,269)
Net gain/(loss) on disposal of investment property	-	(69,354)
Recognition of operating lease incentive in accordance with : Interpretation of AASB 115	(468)	(957)
Operating lease	-	(831)
Increase/(decrease) in prepayments and other assets	125	630
(Increase)/decrease in creditors	(9,821)	(360)
(Increase)/decrease in provisions	(505)	(14)
Net result	**-**	**(77,477)**

* includes depreciation and amortisation relating to discontinued operation (2015: $2.369m) disclosed separately in the Statement of Comprehensive Income.

17 Directors and executives disclosure

(a) Details of key management personnel

Directors	
Dr Colin Gellatly AO	Chairman
Mr Richard Johnson	
Ms Lucy Hughes Turnbull AO	(resigned 2 December 2015)
Mr John Mulally	
Mr David Pitchford	Managing Director Mr Pitchford is remunerated via UrbanGrowth NSW
Executives	
Mr Duncan Read	General Manager (resigned 28 April 2016)
Mr James Barry	Director Finance & Corporate Services General Manager (appointed 28 April 2016)
Ms Ruby Chronis	Director Sales & Marketing
Mr Graham Izod	Head of Facilities
Ms Mary Chapman	Head of Leasing (resigned 19 February 2016)
Ms Megan Sloane	Executive Officer HR
Ms Melanie Ryan	Communications Manager (appointed 10 September 2015, resigned 20 November 2015)

(b) Compensation of key management personnel

	2016 $	2015 $
Directors' Compensation		
Short-term employee benefits	48,482	57,536
Post-employment benefits	3,382	4,242
	51,864	**61,778**

The Managing Director of the Company is not remunerated by the Company.

Directors did not receive any loans or advances or other forms of compensation during the financial year.

Executives' compensation
The Company's objective is to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the Company as to:

- Reward executives for Company, business unit and individual performance against targets set by appropriate benchmarks;
- Link rewards with the strategic goals and performance of the Company; and
- Ensure total compensation is competitive by market standards.

17 Directors and executives disclosure (continued)

(b) Compensation of key management personnel (continued)

	2016 $	2015 $
Executives' compensation		
Short-term employee benefits	1,124,479	826,879
Post-employment benefits	63,271	60,671
Termination benefits	109,074	-
	1,296,824	887,550

(c) Related party disclosures

Terms and conditions of transactions with related parties
Sales to and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

The Directors or Executives of the Company do not currently hold or have held positions with organisations that the Company had dealings with.

18 Related party transactions and balances

The Company is a wholly owned controlled entity of UGDC. The balances outstanding at the end of the year and the value of the transactions with the related parties during the year are set out in the table below:

	2016 $'000	2015 $'000
Related party balance at year end		
Receivable from parent entity	-	4,682
Payables to parent entity	(25,505)	(7,235)

	2016 $'000	2015 $'000
Related party transactions during the year		
Accounting services provided by the parent entity	(53)	(199)
Rent expense to parent entity	(9,392)	-

Details relating to payables to the parent entity is disclosed in Note 12.

19 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.

19 Financial instruments (continued)

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.

(a) Financial instrument categories

Asset class	note	Category	Carrying amount^ 2016 $'000	Carrying amount^ 2015 $'000
Financial assets				
Cash and cash equivalents	4	N/A	31,605	17,307
Receivables*	5	Loans and receivables (at amortised cost)	220	4,801
Other financial assets	6	Loans and receivables (at amortised cost)	9,533	583
			41,358	**22,691**
Financial liabilities				
Payables**	12	Financial liabilities measured at amortised cost	26,929	9,639
			26,929	**9,639**

* 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.

19 Financial instruments (continued)

(b) Credit risk (continued)

Receivables - trade debtors

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 *$51k (2015 $60k) 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
2016			
< 3 months overdue	63	51	12
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2015			
< 3 months overdue	49	49	-
3 months - 6 months overdue	11	11	-

The ageing analysis excludes statutory receivables and receivables that are not past due and not impaired. Therefore the total will not reconcile to the receivables total in the Statement of Financial Position.

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 2.95% (2015: 1.91%), while over the year the weighted average interest rate was 2.94% (2015: 2.89%) on a weighted average balance during the year of $23.173m (2015: $1.097m). None of these assets are past due or impaired.

19 Financial instruments (continued)

(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% (2015: 5%).

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 2016	Weighted average effective interest rate %	< 1 year $'000	1-5 years $'000	> 5 years $'000	Total $'000
Non - interest bearing payables		26,929	-	-	26,929
		26,929	**-**	**-**	**26,929**
At 30 June 2015					
Non - interest bearing payables		9,639	-	-	9,639
		9,639	**-**	**-**	**9,639**

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.

19 Financial instruments (continued)

(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.

19 Financial instruments (continued)

(d) Market risk (continued)

	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)

	Carrying amount $'000	-1% Profit $'000	-1% Equity $'000	1% Profit $'000	1% Equity $'000
2015					
Financial Assets					
Cash and cash equivalents	16,754	(168)	(168)	168	168
Receivables	4,801	(48)	(48)	48	48
Other financial assets	583	(6)	(6)	6	6
Financial Liabilities					
Payables	9,639	96	96	(96)	(96)

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	2016 $'000	2015 $'000
Cash facility	Cash, money market instruments	Up to 1.5 years	605	553

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 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.

19 Financial instruments (continued)

(d) Market risk (continued)

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	**2016 $'000**	**2015 $'000**
Hour Glass Investment - Cash facility	+/- 1%	6	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).

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

2015	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets at fair value				
Short term cash facility - TCorp	-	553	-	553

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 2016.

20 Discontinued operation

(a) Description

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. 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 Unit has been accounted for as a discontinued operation in Note 23 of the UGDC consolidated accounts.

The ATP Conference Centre continues as a tenant of the park but will cease operations on 30 June 2017 when its lease expires. The future direction of residual ATPSL entity is currently under review but will continue post June 2017. Operations will be funded from investment income.

With effect from 23 April 2016 the unit is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented are for the period ended 22 April 2016 (2016 column) and the year ended 30 June 2015.

	2016 $'000	2015 $'000
Expenses	(13,388)	(10,160)
Revenue	14,707	18,119
Gain/(loss) on disposal	-	(109,623)
Other gains/(losses)	-	23,714
Net result from discontinued operation	**1,319**	**(77,950)**

Profit attributable to owners of the parent entity relates to:		
Net result from discontinued operation	1,319	(77,950)
Net cash inflow from operating activities	9,201	6,899
Net cash inflow (outflow) from investing activities	1,334	(3,177)
Net increase in cash generated by the unit	**10,535**	**3,722**

20 Discontinued operation (continued)

(c) Details of the sale of the division

The carrying amounts of assets and liabilities as at the date of sale 22 April 2016 were:

	22 April 2016 $'000
Cash	646
Inter-unit cash receivable	8,454
Restricted assets - tenant deposits	372
Trade receivables	153
GST receivable	708
Loans receivable - Department of Defence	100
Lease incentive asset	74
Total assets	**10,507**
Trade creditors	(177)
Creditors and accruals	(723)
Provision - restructuring costs	(194)
Tenant deposits	(372)
Rent payable	(8,993)
Provision for employee benefits	(48)
Total liabilities	**(10,507)**
Net assets	-

21 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.

22 Members' guarantee

Australian Technology Park Sydney Limited is limited by guarantee and has one member (2015: 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.