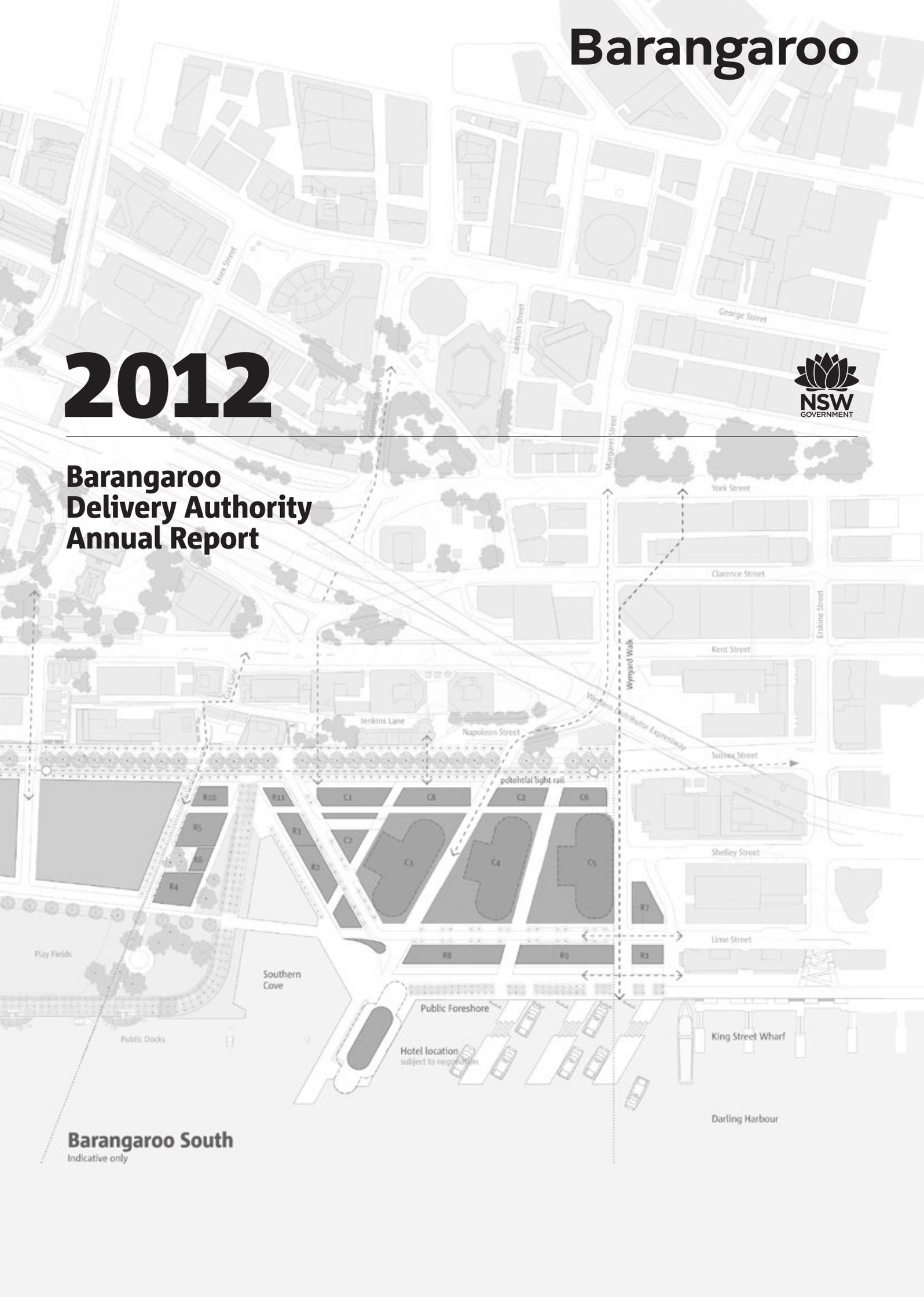


# 2012



## Barangaroo Delivery Authority Annual Report



**Barangaroo South**  
Indicative only



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Aerial of Barangaroo (in the centre)  
taken from the north with the CBD,  
eastern and southern suburbs.



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# Section 1

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## Moving ahead

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## Letter to the Premier

The Honourable Barry O'Farrell MP  
Premier of NSW  
Level 40 Governor Macquarie Tower  
1 Farrer Place  
SYDNEY NSW 2000

Dear Premier

We have pleasure in submitting the Barangaroo Delivery Authority's Annual Report for the year ended 30 June 2012.

This report has been prepared in accordance with the Annual Reports (*Statutory Bodies*) Act 1984, the *Public Finance and Audit Act 1983* and the regulations under those Acts.

Yours sincerely



**Terry Moran**  
Chairman  
Barangaroo Delivery Authority



**John Tabart**  
Chief Executive Officer  
Barangaroo Delivery Authority

**\$2 billion**

secured investment

**Westpac KPMG  
Lend Lease**

committed tenancies

**7,650**

off site jobs in construction and  
manufacturing at Barangaroo South  
for C4 and C5



**Terry Moran**  
Chairman

## Chairman's Foreword

Barangaroo will unlock immense potential for Sydney and NSW. It is delivering investment, jobs and career opportunities as well as a new Headland Park for today and for future generations.

The year ended 30 June 2012 was very significant for Barangaroo. On 22 June 2012, the NSW Premier and Lend Lease announced the foundation tenants for the International Towers at Barangaroo as Westpac, KPMG and Lend Lease itself, once again establishing the western CBD as the international financial headquarters of our nation.

Although technically outside the reporting period of this annual report, on 8 July 2012 Lend Lease announced \$2 billion in investment for Barangaroo. The equity investment included \$1 billion from the Canadian Pension Plan Investment Board and \$1 billion from Australian superannuation institutions and Lend Lease.

Beyond these highly publicised and celebrated milestones, there has been a raft of other achievements for Barangaroo.

The Premier endorsed the 11 recommendations in the Authority's response to the Sussex/Penn Barangaroo Review, including a set of publicly available key performance indicators that allow progressive measurement of the achievements of major milestones.

Lend Lease agreed to investigate and negotiate with the Barangaroo Delivery Authority in good faith, the relocation on-shore of the approved hotel situated on a pier in Darling Harbour. The objective of an iconic precinct will be retained in the relocation. Construction work has commenced with excavation and piling work for the common basement and carpark for the three towers well underway.

Similarly, 2012 saw the appointment of Baulderstone for the main works construction contract for the new Headland Park. In just three years we will see families, visitors and workers enjoying six new hectares of waterfront green space on Sydney Harbour.

On the transport front, preliminary work has commenced on Wynyard Walk, the major pedestrian thoroughfare connecting Barangaroo with the new spacious transport hub of Wynyard Station and the rest of the CBD. Similarly, construction is well underway on the permanent cruise passenger terminal at White Bay, which is scheduled to open by mid 2013.

Finally, a Cultural Study has been completed that sets out a number of recommendations for cultural development at Barangaroo. A development plan establishing partnership, funding and delivery strategies for the major recommendations will occur in the 2012–2013 financial year.

We see Barangaroo as playing a leading role in this decade's revitalisation of our city and our state. We aim to engage, inform and inspire the community as Barangaroo delivers on its promise. Regular communication and consultation with wide Sydney and the local community is a key part of our operation.

Barangaroo is not just about this precinct but about Sydney, and its role in our nation. Every aspect of Barangaroo creates opportunities that extend far beyond the development itself.

These are generational initiatives with generational legacies and benefits. These are the opportunities that great cities convert into great public, environmental and economic outcomes.



**John Tabart**  
Chief Executive Officer  
Barangaroo Delivery Authority

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## Chief Executive Officer's Report

There can be no doubt that the Authority's response to the Sussex/Penn review into Barangaroo, released and endorsed by the Premier in January 2012, has revitalised the direction and focus of the Barangaroo Delivery Authority and the wider talented team of people involved in the creation of Sydney's newest precinct.

Taking the time to pause and take stock of Barangaroo, how it got there and, more importantly, why such an ambitious project is so important to Sydney, was a highly invigorating and maturing process.

Walking around the office of the Authority, you cannot help but become aware of the energy that the Authority's management, staff, advisors and consultants have imparted into the actions outlined in the Review: to ensure Barangaroo is successfully delivered, meets the objectives of the Government, the Act, and the aspirations of the people of NSW and the nation.

The Review represented a step-change for the Authority. From receiving the Review report in August 2011, all of the staff of the Authority contributed in some way to the 52-page response complete with action plans and KPIs.

By the time our response was delivered to the Premier, of the 29 recommendations contained in the Sussex/Penn report, six had already been implemented. The remainder were addressed in 11 key points put to and now endorsed by the Premier. Many of these have now been implemented as well.

For the Premier, the key message was that now is the time for action. And this is something we have very much taken to heart at the Authority.

Take the recently completed tender process for the main works construction of Headland Park as an example. With the official tendering processing beginning on 26 September 2011, five major construction companies were invited to bid for the construction of Sydney's newest harbour-side parkland as designed by world renowned landscape architect Peter Walker and Partners.

This important process drew on a wide team of staff and consultants to assess the tender submissions, and after some eight months of work, Baulderstone was announced as the successful contractor of the \$163 million contract. Already, work is underway.

Lend Lease must be given accolades for the way it pursued and successfully completed the tenant agreements and equity investment commitments for the future two commercial towers and the \$3 billion construction funding for Barangaroo South Stage 1.

The Barangaroo Delivery Authority financial statements show a net deficit of \$37.5 million for the year which results from total expenses of \$39.3 million (which included a contribution of \$18.5 million for the Wynyard Walk as progress payment) and no recognition yet of revenues from the Project Development Agreement with Lend Lease. Although \$154.7 million has been received as revenue in advance from Lend Lease, it cannot be recognised as revenue in the financial statements until the land for buildings has been disposed by way of finance lease. Revenues including contributions and works in-kind related to development access, development rights and 99 year leases for individual works areas will be recognised when the works have been substantially commenced and a current market land valuation determined for the works portion.

The budget included a gain on disposal, by way of a 99 year finance lease, of land for buildings that was expected to occur before 30 June 2012 based on initial construction timetable and representations by Lend Lease to the Authority. This is now likely to occur in the financial year ended 30 June 2013.

There are so many people interested in Barangaroo because it is a project for all of Sydney, NSW, Australia and the world; something we never forget. We consult and communicate regularly with the public, interest groups and stakeholders to ensure they are well informed about Barangaroo. I am proud of what we are achieving at Barangaroo and I remember the Premier's urging that the time for getting on with the job.

# The vision

Barangaroo will instil pride and inspire innovation for generations. It will be a global reference point of design excellence and sustainability. Barangaroo will raise Sydney's international acclaim; it will be a globally celebrated destination. We are creating the best place in the best place in the world, adding a brilliant new dimension to brilliant Sydney.

March 2012

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## Barangaroo Delivery Authority

### The Act

The Barangaroo Delivery Authority was established on 30 March 2009 under the *Barangaroo Delivery Authority Act 2009*.

The objects of the Act are:

- > to encourage the development of Barangaroo as an active, vibrant and sustainable community and as a location for national and global business
- > to create a high quality commercial and mixed use precinct connected to, and supporting, the economic development of Sydney
- > to facilitate the establishment of Barangaroo Headland Park and public domain land
- > to promote the orderly and sustainable development of Barangaroo, balancing social, economic and environmental outcomes; and
- > to create in Barangaroo an opportunity for design excellence outcomes in architecture and public domain design.

The Authority has the following functions under the Act:

- > to promote, procure, facilitate and manage the orderly and economic development and use of Barangaroo, including the provision and management of infrastructure
- > to promote, procure, organise, manage, undertake, secure, provide and conduct cultural, educational, residential, commercial, transport, tourist and recreational activities and facilities at Barangaroo
- > to develop and manage the Barangaroo Headland Park and public domain so as to encourage its use by the public, and to regulate the use of those areas
- > to facilitate and provide for appropriate commercial activities within the Barangaroo Headland Park and public domain that are consistent with the provision of cultural, educational and recreational activities, and the use and enjoyment of those areas by the public

- > to promote development within Barangaroo that accords with best practice environmental and town planning standards, is environmentally sustainable and applies innovative environmental building and public domain design
- > to liaise with Government agencies with respect to the coordination and provision of infrastructure associated with Barangaroo; and
- > to undertake the delivery of infrastructure associated with Barangaroo or that relates to the principal functions of the Authority.

### Objectives of the Authority

Barangaroo will be:

- 1 A proud addition to Sydney, acclaimed globally for its innovative and inspiring architecture, public spaces and iconic cultural attractions.
- 2 A dynamic and connected world class CBD precinct giving the waterfront back to Sydneysiders to work, live and play, alive with 100,000 people every day of the week.
- 3 Carbon neutral, water positive and zero waste: defining Sydney, NSW and Australia as a world leader in environmental and social sustainability.
- 4 A \$6 billion financial services headquarters and public domain built by the private sector. A long-term revenue producer for the State generating more than \$1.5 billion annually to the economy and a cultural investment for NSW.
- 5 A major catalyst for Greater Sydney's physical and functional transformation to reaffirm its position as Australia's number one city.

Barangaroo as approved in  
concept plan, December 2011.  
Note: approved hotel location  
subject to negotiations to  
relocate on shore



**“Barangaroo represents an extraordinary opportunity for Sydney and NSW to lift its standing internationally, at an economic and cultural level.”**

NSW Premier, Barry O’Farrell



> L-R John Tabart, Terry Moran,  
Gabrielle Trainor, Kerry Clare,  
John Fitzgerald, Brendan Crotty

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## Barangaroo Delivery Authority Board

### **Terry Moran AC – Chairman**

Terry Moran has had a diverse public service career working with successive Australian Federal and State Governments in public policy and public sector management. His early career as a CEO focussed on building Australia's education and technical skills capacity.

In 2000, he was appointed Secretary of the Department of Premier and Cabinet in Victoria.

Terry was Secretary of the Department of Prime Minister and Cabinet from March 2008 to September 2011, overseeing further development and implementation of the national reform agenda, particularly through social policy. He was also responsible for overseeing work on national security and international policy, environment, industry and economic policy, and coordination of government administration, including Cabinet support. He also played a lead role in driving reforms to the Australian Public Service.

Appointed in September 2011 for a period of three years.

### **John Tabart - CEO**

John Tabart is CEO of the Barangaroo Delivery Authority. He has an extensive international commercial and residential property development and investment background as a CEO including 10 years at the helm of VicUrban, which also delivered the public/private Melbourne Docklands development. He is also a Fellow of the Australian Institute of Company Directors; Institute of Engineers Australia; and Australian Institute of Public Administration. John holds a Bachelor of Engineering (University of Tasmania).

Appointed in March 2009.

### **Kerry Clare**

Kerry Clare is the Board nominee of the City of Sydney. She is a founding director of Clare Design (1979-present), and is a member of the City of Sydney Design Advisory Panel, providing advice on public and private developments to maintain high standards of urban design. She also serves on the Design Review Panel (SEPP 65) for Randwick and Waverley Councils. Career highlights include: RAI A Gold Medal 2010; 33 State + National RAI A awards for Architecture, RAI A National Councillor (2000-2002); Design Director NSW Government Architects Office (1998-2000); founding director of Architectus Sydney (2000-2010); Northern Territory Government Urban Design Advisory Panel (2009-2010); Adjunct Professor University of Sydney (1998-2005); and Professor University of Newcastle (2011-present).

Appointed in September 2011 for a period of three years.

### **Brendan Crotty**

Brendan Crotty is Chairman of the Western Sydney Parklands Trust. He has formal qualifications in surveying, town planning and business administration. He is a fellow of the Australian Property Institute; the Australian Institute of Company Directors; and the Royal Institute of Chartered Surveyors. He is also a director of Brickworks Ltd; Australand Funds; GPT Group; Denhold Pty Ltd; and Chairman of RPS AAP Pty Ltd. Brendan is the former Managing Director of Australand Property Group and formerly a director of Trafalgar Corporate Ltd (2006-2009).

Appointed in March 2009 for a period of three years, and reappointed for a further term expiring November 2014.



**John Fitzgerald**

John Fitzgerald is a Specialist Advisor on the infrastructure and government sectors at KPMG.

Formerly, John was Deputy Secretary at the Victorian Department of Treasury and Finance, responsible for commercial, financial and risk management advice to the Government, including a focus on infrastructure, PPPs and the State’s balance sheet.

Prior to this he held senior management positions with PricewaterhouseCoopers, AIDC, Deutsche Bank and the Commonwealth Bank. John has 30 years of commercial and financial experience in infrastructure, project finance, property finance, securitisation and debt capital markets. He has a Master of Public Infrastructure (Research) degree from the University of Melbourne.

Appointed in July 2011 for a period of five years.

**Gabrielle Trainor**

Gabrielle Trainor is a non-executive director and a former lawyer, journalist, consultant and public sector executive. She has had 20 years’ experience as a chair and director of a number of public, government, private and not-for-profit entities including VicUrban, Best Western Australia and Cape York Partnerships. She is on the board of the GWS Giants Australian Football Club and the Whitlam Institute. She is an Hon. Associate of the Graduate School of Government, Sydney University.

Appointed in March 2009 for a period of three years, and reappointed for a further term expiring November 2014.

**Board Meetings held 2011-12**

Board member	held	attended
Michael Collins <sup>1</sup>	1	1
Terry Moran <sup>2</sup>	10	10
Kerry Clare <sup>3</sup>	10	9
Brendan Crotty	12	12
John Fitzgerald <sup>4</sup>	12	10
John Tabart	12	12
Gabrielle Trainor	12	12
Richard Timbs <sup>5</sup>	12	3

- 1. Resigned as Chairman and Member 8 August 2011
- 2. Appointed as Chairman and member 1 September 2011
- 3. Appointed as the Sydney City Council’s nominee 1 September 2011
- 4. Appointed 4 July 2011
- 5. The position representing the Treasury was deleted at the request of the Treasurer by the Statute Law (Miscellaneous Provisions) Act on 6 July 2012.

- √ This image shows Millers Point with the two windmills, the area where Barangaroo stands today. Part of the harbour of Port Jackson and the country between Sydney and the Blue Mountains, NSW; drawn by Major Taylor, 48 Regiment, engraved by R Havell & Son, Circa 1820, National Library of Australia.



## Who was Barangaroo?

### An account by Aunty Millie Ingram

*Aunty Millie Ingram gave this account of Barangaroo as part of a 'cleansing ceremony' on 19 October 2011.*

"Barangaroo was a very special Aboriginal woman. She was one of the wives of Bennelong. She had high skills in fishing among other things. In today's world Barangaroo would have been seen as a woman with a PHD in marine life. In other words, she knew her craft of how to fish, knew weather conditions, knew seasons of fish, reading of the waters and winds, climate conditions for fishing, meteorology, she watched the migration of whales. She could craft her own canoe from bark, which meant in today's world, a high level of maths and algebra.

Barangaroo held key roles within her clan/family – in teaching boys and girls up to the age of 14. She was a teacher with authority over younger women. Cockatoo and Goat Islands were the ceremonial places for the boys becoming men, a critical place in the harbour waters for ceremonies. The girls would go up the Lane Cove and Parramatta Rivers and to Centennial Park for their ceremonies.

In 1790 Barangaroo was approximately 40 years old. She was mature, wise and strong. She had two children, but her first husband died from smallpox, as so many Eora ancestors did. Barangaroo knew that when the invasion occurred, two years before, the Eora world was changed forever.

When she married Bennelong, she was very strong-willed, and was not happy with some of the things that Bennelong was doing. She was sceptical of the whites who were influencing Bennelong and other Aboriginal men. Barangaroo was unhappy with Bennelong being an interpreter for the white men. Interpreting skills came from his marriage to Barangaroo who knew all of the dialects of the local clans. She was the influence on the dialects and taught Bennelong – and she was not happy about him giving information to Governor Phillip and naval officers. When Bennelong showed he was being more and more influenced by the Governor and the naval officers, Barangaroo rebelled.

It is written in archives that naval officers tried to entice Barangaroo with gifts and clothes, which she rejected. When Phillip and others, including Bennelong, tried to give her modern clothes, petticoats and other things to cover her body, she flatly refused.

When she was pregnant and ready to deliver, they wanted her to go to a colony hospital and she refused, wanting to keep her independence, and maybe not trusting white folks at the time.

Today, I believe, we can show Barangaroo is remembered well. We can honour her name and ensure that her culture that she fought hard to preserve, will be acknowledged by ensuring an ever presence of our culture today, here on this site, in the beautiful harbour, and in all of the magnificent historical sites around the river systems in the spaces and places in the city of Sydney.

This site and the natural art around our city will acknowledge the cultural importance of the practice, customs and traditions of the Aboriginal people of Australia, which is still alive and thriving today."

*Aunty Millie Ingram: respected elder, Redfern Aboriginal community and member of the Wiradjuri Nation of Aboriginal people.*

# The Headland Park will be a spectacular and nationally significant place for everyone to enjoy

✓ View of the Northern Cove from the west, capturing the Sydney Harbour Bridge and Sydney Opera House

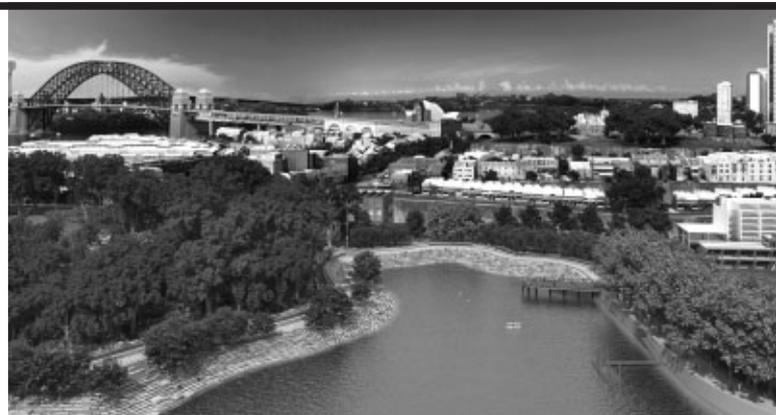
## Iconic Public Waterfront and Cultural Address

A fitting companion for Bennelong Point, Barangaroo's picturesque sweep of natural parkland and careful, quality enhancements will complement its important role as an economic development and financial services hub.

The Headland Park will be a spectacular and nationally significant place for everyone to enjoy. Inspired by the original natural headland and shoreline, the Headland Park will include picnic areas, walking paths, water access, tidal rock pools, trees and flora consistent with the pre-European settlement era. The form of the park provides a 15,000 square metre internal space that is reserved for a future cultural use pending further research and consultation.

Barangaroo Central will become a vibrant, active and publicly accessible precinct within Barangaroo, incorporating large public spaces, cultural and civic components alongside commercial development. A new civic meeting place enlivened by active events embracing the cultural ribbon that ties the Sydney Opera House to Darling Harbour will also be a feature. World class cultural development alongside well-designed public domain will create a unique civic address on the city's western foreshore. Ongoing masterplanning, cultural planning and consultation will continue to determine the best and most relevant use of this area for Sydney.

This special new harbourside place will complete the grand waterfront of Sydney that links the Royal Botanic Gardens with the public amenity of Darling Harbour. However, the area's proposed transformation into a global cultural address through the delivery of iconic, relevant institutions will elevate it from another city address to an internationally recognised attraction. Barangaroo provides an outstanding canvas upon which Sydney can project its image on the international stage for the 21<sup>st</sup> Century and beyond.



**5,000**  
potential daily visitors

✓ Grassy areas at the top of the Headland Park towards the north. Pedestrian and cycle paths at the bottom of the park, towards the Sydney Harbour Bridge



View of the Northern Cove towards the west, between the Headland Park and Barangaroo Central, designed to bring the water back towards Hickson Road and provide a focal point to interact with Sydney Harbour



**“Barangaroo is a unique setting  
in Sydney and an unprecedented  
opportunity to reclaim the  
industrial waterfront.”**

Peter Walker, PWP Landscape Architecture



**23,000**

workers and residents

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**33,000**

visitors a day

---

**12 million**

visitors a year

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### **Global Financial Hub and catalyst for CBD renewal**

Barangaroo, as Sydney's new global financial headquarters will be home to international financial and professional services companies, with Westpac and KPMG confirming their tenancy commitments in this financial year.

The Barangaroo economic model is based on the large demand for new commercial space by the financial services sector, which is the backbone of every major global CBD economy whether it be New York's Wall Street or London's Canary Wharf. The strategy for Sydney's CBD growth is therefore clear: as Barangaroo attracts the top-tier financial services firms, it will become a 21<sup>st</sup> Century business hub for Sydney.

This, in turn, and with continuing demand and government facilitation, will promote further organic private sector investment in adjoining areas, with the redevelopment of older buildings and reinvigorating the CBD. Such investment growth will then allow the Government to play its part in delivering necessary amenity, new pedestrian tunnels and transport options, with the private sector.

Major finance and insurance companies are seeking prime office space with large, and preferably square or rectangular floor plates, high levels of amenity, 'green' operating features, good transport links and proximity to others in the sector. As these buildings become the norm in the other global capitals, the pressure on Sydney to deliver to these expectations will become intense.

Barangaroo will spearhead Sydney's quest to maintain its position as a global city and win its share of new financial services business in our region.

**“When completed, Barangaroo will be an expression of confidence in Sydney’s vision and its position alongside other truly great cities of the world.”**

Lord Rogers

Commercial Towers at Barangaroo South



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# Section 2

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## The year in review

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- > Paul Keating inspects the sandstone prototype at the Headland Park
- ✓ L-R NSW Premier Barry O'Farrell, Managing Director and CEO Lend Lease Group, Steve McCann and CEO of Westpac, Gail Kelly at the announcement of tenants for Barangaroo



## Largest tenancy deal in Australian real estate history

# A Year of Significant Milestones

✓ Construction at Barangaroo South



✓ KPMG Australia CEO, Geoff Wilson at the tenant announcement



The year ended 30 June 2012 was a year of delivery, with Barangaroo achieving its most significant milestones to date, as it moves towards the creation of a vibrant new waterfront CBD precinct.

## Barangaroo Review

On 8 August 2011 the NSW Government confirmed its commitment to Barangaroo following the independent Barangaroo review, conducted by Meredith Sussex, AM and Shelley Penn. At the time, NSW Premier Barry O'Farrell said Barangaroo would reinvigorate Sydney's position as a financial hub of the Asia Pacific.

## Response to the Review

The Barangaroo Delivery Authority's response to the Premier on the Barangaroo review, was endorsed by the NSW Government in January 2012, and contained 11 comprehensive recommendations to ensure the restoration of public confidence in the creation of Barangaroo in collaboration with stakeholders.

The implementation of recommendations from the Review has been the focus of the Authority during the first half of 2012. See page 28 for further detail on the review and the Authority's response on page 30.

## Construction underway

Barangaroo is now in a very solid position, with major construction getting underway on the Barangaroo South commercial precinct in October 2011.

## Equity Committed

Barangaroo South is backed by \$2 billion in international and Australian institutional equity investment, announced by Lend Lease in August 2012.

## Tenant Commitments

The largest tenancy deal in Australian real estate history was also struck this financial year, with Australia's first bank, Westpac, Australia's leading professional services firm KPMG and Lend Lease signing on as tenants in Barangaroo's commercial office towers, now known as International Towers Sydney.

## Headland Park construction starts

The iconic harbourfront Headland Park is also under construction, with the tender process undertaken during the reporting period, leading to the appointment of Baulderstone as the main works contractor.

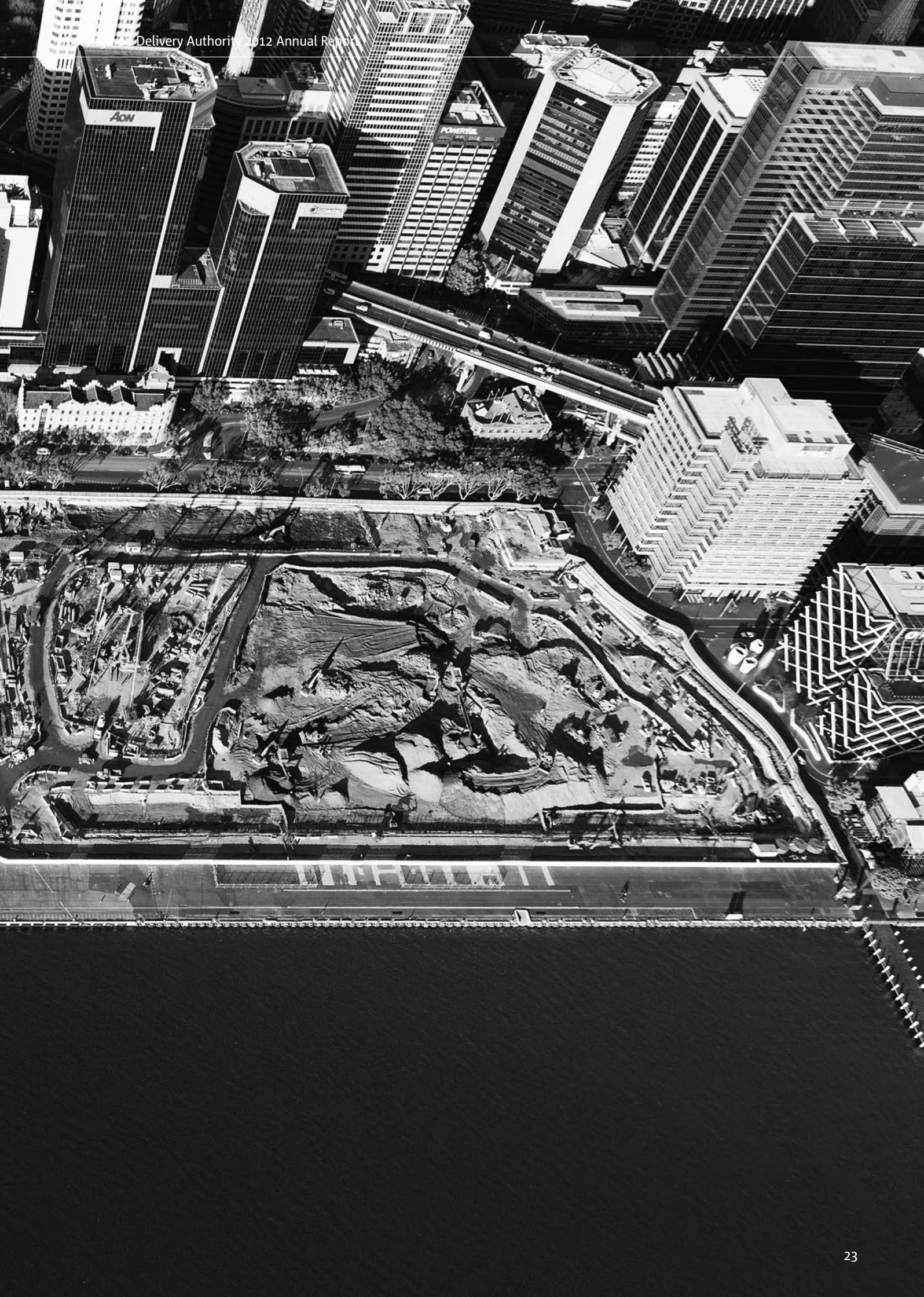
## First opening 2015

The first office tower (building C4) and associated public domain, along with the Headland Park, are scheduled to open in mid 2015, followed by the second tower (building C5) in end 2015. Along with the 2,550 onsite jobs and 7,650 off site jobs in construction and manufacturing secured by these two towers at Barangaroo South, the Headland Park will add 380 on site jobs and 353 off site jobs in construction and manufacturing.



Barangaroo South  
boundary

Aerial of Barangaroo taken from the west, showing major construction at Barangaroo South



# Sussex/Penn Barangaroo Review



< Meredith Sussex,  
Shelley Penn

A review of Barangaroo was announced by the Minister for Planning and Infrastructure, Brad Hazzard, on 12 May 2011. Jointly chaired by two of Victoria's most experienced strategic design and project governance experts, Meredith Sussex and Shelley Penn, the review looked into compliance with the planning approval processes (and decision making in relation to such processes) relevant to:

- 1 the Concept Plan approval MP06\_0162 (Modification 4) including in relation to land use mix, scale/density and relationship to the Sydney Central Business District;
- 2 the adequacy of planned transport arrangements to meet the demand generated by the site at full development;
- 3 the proposed Headland Park; and
- 4 the relocation of the Cruise Passenger Terminal to White Bay.

After taking a total of 224 public and 10 government submissions, the review was completed and publicly released by the Premier on 8 August 2011. The key findings are summarised in this section.

The review helped to clarify Barangaroo's importance and the process by which it is being delivered on behalf of the people of NSW.

In particular, it concluded *"...many of the fundamentals of the plans for the site are well founded... The major issue for Lend Lease at present is the urgent need to proceed with the planning and development of the three commercial towers in order to confirm investor confidence in the project and to provide assurance to future tenants. In this, Lend Lease's interests coincide with the interests of the Government, which wants to assure the world community that Sydney is open for business, and more importantly, with the interests of the people of Sydney, since the city will receive a significant economic fillip from the largest investment in the CBD for years. The conclusion of this Review is that, subject to the recommendations of the Review, and proper planning process, there is no reason why the planning and development of the commercial towers should not proceed, consistent with market expectations."*

## Early Planning

The review examined early planning for Barangaroo, including the Design Competition, and found that the specification of the requirements of the Design Competition for Barangaroo and the competition itself were soundly managed and the current plans a recognisable interpretation of the Government's requirements and the jury recommendations.

It also concluded that the Department of Planning and Infrastructure assessments of the Barangaroo Concept Plan and its modifications appear to have been adequate, and formal community comment was sought and considered on four occasions during the process.

## Appointment of Lend Lease and Modification 4

Following an examination of the process that led to the appointment of Lend Lease, the review found the procurement approach adopted by the Government was consistent with generally accepted practice, and had more emphasis on good design as a selection criterion than is usual in other jurisdictions.

It also endorsed the basis of the financial modelling for the development which had been affirmed by the NSW Auditor General in his review, published in June 2011.

It noted Lend Lease engaged in a thorough consultation process in advance of its formal submission with the aim of refining its scheme and reducing its planning risk by seeking and responding to the issues raised through pre-lodgement consultation.

In most respects, the reviewers were satisfied that the Department of Planning appeared to have given the assessment of Modification 4 of the Concept Plan due consideration and to have made informed and reasonable judgements about what it considered acceptable.

While the processes that approved the hotel over the harbour were apparently consistent with planning law, the Review found that the use of these processes in this case was not good public policy, and, as a result, recommended that the decision to locate the hotel over the harbour should be reviewed by negotiation with Lend Lease.

It noted the interrelationship between the statutory planning process and the commercial procurement process was not well understood in the community, and the changes in the design that came out of the commercial process were seen by some as an arbitrary overturning of an earlier agreed outcome.

### **Land Use Mix, Scale/Density, CBD**

The reviewers also looked into concerns related to the appropriateness of land use mix at Barangaroo. It found the land use mix proposed at Barangaroo was consistent with the strategic directions of the then NSW Government and the City of Sydney. It was responsive to the direct requirements laid down in the competition brief and the jury outcomes and focused on delivering on two of the most pressing needs in the Sydney CBD – commercial office space for the critical and growing finance and insurance sector, and new hotel accommodation.

### **Design Excellence**

The review assessed a perceived lack of independent expert ‘good design’ advice. Given the importance of design excellence as a mechanism to support the planning process, the complexity and enormous potential offered by the site and the team of world class people working on Barangaroo, the review recommended the establishment of a design leadership role within the Authority reporting directly to the CEO and Board.

It noted the existing Design Excellence Review Panel (DERP) had contributed to the positive directions in the design outcomes at Barangaroo. However the review recommended that the DERP needed to be reconstituted with a clearer governance structure, new terms of reference, clear protocols and procedures, and better management of conflicts of duty. These changes would strengthen its role in providing expert, independent advice to the planning and design process.

### **Transport**

Transport was a key term of reference for the review. It noted the Sydney CBD and its surrounds are significantly constrained in relation to access by all modes of transport. Traffic congestion, public transport overcrowding and safe transit for cyclists and walkers have all been the subject of public concern. In addition, it noted access to and from the Barangaroo site itself is limited by topography, existing road infrastructure and by traffic management measures that address existing CBD congestion. For these reasons, transport planning for the Barangaroo development has been a major issue from the very outset of planning for the site.

The change of government and the subsequent review of the commitments in the Metropolitan Transport Plan have had significant implications for transport planning at Barangaroo. The review supported the recommendations in relation to transport in the Auditor General’s report which was delivered in June 2011:

- > Coordinated action is required to ensure that transport plans are put in place in time to meet the needs of Barangaroo commuters. The Department of Transport (now Transport for NSW) needs to provide full and frank advice on the implications of any delay or change of plan;
- > The Department of Transport’s advice on how changing transport priorities may affect Barangaroo should include an assessment of options in terms of risks and consequences, including potential financial and economic impacts of decisions.

### **Headland Park**

In relation to the Headland Park, the review acknowledged that the jury recommendations represented a fundamental shift in the philosophical design approach to the site from that proposed in the design competition. The review acknowledged the difference between the two approaches was not a question of absolutes – neither is right or wrong. It noted the two approaches were both valid, but the current design resulted from the competition outcome and had gone through what appears to have been a properly and competently considered planning process.

The review team also sought to understand the philosophy behind the naturalistic Headland Park and noted the creation of a nationally significant, exemplary park and symbolic ‘bush’ landscape as recognition of Australia’s indigenous history, and a ‘symbol of Country’.

### **Cruise Terminal and White Bay**

The review considered the planning approval processes and the decision making in relation to these processes relevant to the relocation of the cruise terminal to White Bay. It concluded that, a cruise terminal was not a compatible use with the mixed use development planned for Barangaroo.

The review agreed that Barangaroo was not a good location for a home port cruise terminal. However it agreed that the deep water berthing adjacent to Barangaroo Central should be retained so as not to close off options for future alternative uses.

### **Contamination**

The review was convinced that those responsible for the development of the site intended to remediate the site safely and in accordance with best practice, but that community confidence in the process needed to be restored. The review therefore recommended that the Authority be required to fund a peer review of the site remediation plans by another independent accredited Contaminated Sites Auditor selected by and reporting to a panel chaired by the Environment Protection Authority, and including a nominee of the City of Sydney, a nominee of Australians for Sustainable Development, the Barangaroo Delivery Authority and Lend Lease.

### **Governance**

The review also identified a number of improvements to be made around governance. It recommended that the Authority and Lend Lease needed to upgrade their approach to consultation, communication and transparency.

Secondly, it recommended a joint planning committee between the Authority and the City of Sydney to advise the Board and the Council on the future planning for the site as an option to work more closely with the city.

It also recommended a rethink about the balance of membership of the Board and its public face.

### **Release of Review by the NSW Premier**

In releasing the review on 8 August 2012, the NSW Premier immediately transferred responsibility of the Barangaroo Delivery Authority from the Department of Planning and Infrastructure to the Premier, and appointed a new Chair (Terry Moran) to the Board.

The Premier also directed the Barangaroo Delivery Authority Board to prepare a detailed response to the review’s recommendations.

# Authority's response to the Barangaroo Review



In response to the recommendations of the Barangaroo Review (Sussex/Penn August 2011), the Board of the Barangaroo Delivery Authority proposed that the Premier consider 11 key recommendations for endorsement and agreement. This response was formally endorsed by the Premier in January 2012.

The recommendations represented the key components of a comprehensive plan to successfully develop the Barangaroo precinct to meet community expectations and the clear economic, cultural and strategic objectives the Government set for Barangaroo. The recommendations were as follows:

## Engagement with all of Sydney and NSW

- 1 > Implement a Barangaroo Public Engagement and Communications Plan to consult, seek broad opinions, ideas, and drive strong awareness in Sydney and throughout regional NSW. This will incorporate digital, online and social media initiatives as well as traditional communication.
  - > Initiate a regular, independent public research program across Sydney and throughout regional NSW to monitor and improve the effectiveness of the Barangaroo Public Engagement and Communications Plan.
- 2 > Establish a Joint Strategic Planning Committee with the City of Sydney as a forum to consider strategic planning at an early stage. The Terms of Reference (already established in October 2011) include use concepts, strategic planning and design, public consultation, integration of adjacent precincts and transport planning.

## Leadership and Governance

- 3 > The Board takes a strong role in leading communications and engagement with the community to ensure the public, economic, cultural and design benefits of Barangaroo are realised.
  - > Acknowledges the necessary complex public, private and community stakeholder involvement associated with Barangaroo and endorses the Board taking a leading role to manage these relationships.
  - > The Board oversees the Authority's management of a strong interactive relationship with Lend Lease and the delivery of the Project Development Agreement obligations.
  - > The Board champions transparency by ensuring high standards of provision of information to the public including future Board minutes.
  - > The Board is responsible for ensuring the Authority's focus on high standards of design excellence.
  - > The Premier approves the Authority's Key Performance Indicators and requires that the Authority reports the progressive achievement against these measures on a quarterly basis.

## Transport and Infrastructure

- 4 > The Authority and Transport for NSW, keep the Premier advised of the progress in completing the Barangaroo Transport Plan and communicate the outcomes as part of the Barangaroo Public Engagement and Communications Plan.

## Sustainability and Remediation

- 5 > Agree with the findings and adopt the recommendations of the Barangaroo Independent Peer Review of the remediation plans for Barangaroo and launch a communications program to keep the public well informed with the progress of remediation at Barangaroo.
- 6 > Investigate the potential to deliver increased housing for key workers through the development of Barangaroo.

## A comprehensive plan to successfully develop the Barangaroo precinct to meet community expectations and clear economic, cultural and strategic objectives.



### Sydney's Public Waterfront

- 7 > Once a new onshore hotel location is proposed, it is to be reviewed by the Authority, with its eminent design advisers and discussed with key stakeholders prior to consultation with the community and preparation of any planning applications.
- 8 > As a priority, recommend options to Government for a range of cultural and civic uses for Barangaroo that lift Sydney's standing as an international city. Appoint an independent specialised consultancy to assist in determination of these cultural options.
- 9 > Include a specific communications strategy for the Headland Park within the Barangaroo Public Engagement and Communications Plan. The strategy will focus on the Headland Park vision as a Symbol of Country and the design detail.
  - > The Symbol of Country for Headland Park be considered to be nationally significant and to be championed at a national level.
- 10 > Plan for the provision of deep water berthing at Barangaroo.

### Design Excellence

The Sussex Penn Review recommended clarity be provided regarding design excellence input to Barangaroo. The following is a five-part recommendation designed to separate the role of the Authority in design excellence and that required under the planning provisions via the Department of Planning and Infrastructure.

- 11 > The Authority to engage an experienced design practitioner as the Design Director for Barangaroo.
  - > Design excellence advice to the Board to be provided by suitably experienced eminent design practitioners.
  - > Constitute a Design Review Panel, under the State planning provisions, to provide independent design excellence advice, if required, at the time of significant planning applications.
  - > Prepare a design specific strategy within the regular review of the Design Excellence Strategy by the Authority, the Design Director and the Authority's design advisers

### Implementation of the Review Recommendations and Response to the Review

The Barangaroo Review made what the Authority noted as 29 recommendations. For the year end 30 June 2012, the Authority had made significant progress in the implementation of these recommendations. These include:

- > The separation of ministerial powers
- > The Premier's appointment of a new Chairman and two new Board members
- > The establishment of a Joint Strategic Planning Committee with the Authority and the City of Sydney
- > The Snapshot Design Review completed
- > Remediation Peer Review completed
- > Commencement of negotiations regarding the relocation of the hotel
- > Barangaroo Transport Taskforce set up for the development of the Barangaroo Integrated Transport Plan (led by Transport for NSW)
- > Developed and commenced implementing a Barangaroo Public Engagement and Communications Plan
- > Board minutes published monthly
- > Key Performance Indicators presented to the Premier quarterly
- > Commencement of a Cultural Study
- > Appointment of a Design Director for Barangaroo.

Further details on the implementation of these recommendations are covered in the subsequent parts of this Year in Review section.

Barangaroo is fast gaining a reputation as a running venue, with a raft of Sydney running events using the foreshore. The Sydney Morning Herald Half Marathon held in May, now includes Barangaroo in its route with 10,000 runners participating on 20 May 2012 (below)





**87%**

increase in followers



**5 fold**

increases in likes



# Engagement with all of Sydney and NSW



< Peter Walker presents at a public event  
> New Year's Eve, 2011



The Authority put in place a Barangaroo Public Engagement and Communications Plan to focus on raising awareness and broad public interest in, and input to, Barangaroo across the breadth and depth of Sydney as well as the wider NSW community.

In August 2011, the Authority unveiled a new look website, focussed on providing easy to find information and new content. The site averages around 40,000 visitors a month.

The Authority also increased its presence on social media, particularly on Twitter and Facebook, with an 87% increase in followers on Twitter and a five-fold increase of likes on Facebook.

A focus on new communications media and content also resulted in the development of new computer generated imagery and an animation of the Headland Park, to give Sydneysiders an experience of the park when it's complete.

## An Open and Active Foreshore

The 1.4km Barangaroo foreshore is open every day from sunrise to sunset for families, city workers, cyclists, runners, photographers and event organisers to enjoy. The foreshore averaged 20,000 plus users a month during the reporting period. The Authority has hosted eight events and film shoots during the 2011-2012 financial year.

Barangaroo once again hosted a very successful public New Year's Eve event, and around 14,000 people converged at the northern end of the site. This was an increase in attendance of 6,000 on 2010. The Barangaroo event attracted significant local, national and international media, including live crosses from Channel Seven News and a 15 minute live broadcast into China.

On 13 March 2013, Barangaroo was the prime location for a Reebok media event, featuring Formula 1 driver Lewis Hamilton. The event promoted CrossFit gym equipment and took place on the sandstone prototype and foreshore.

In the first of a five-year event agreement with the Sydney Morning Herald Half Marathon, Barangaroo was included on the official course. Approximately 10,000 people took part in the event on Sunday 20 May 2012.

In the second year of the NSW Cancer Council City Mile Dash, Barangaroo was once again pleased to host this event for charity on 15 June 2012.

## Communication and Consultation

As part of the Authority's commitment to open and transparent information, the Authority established the Barangaroo Construction Community Liaison Group (CCLG). The CCLG helps to ensure the accurate and timely flow of information to the community and identify any local issues in relation to the construction of Barangaroo. After calling for nominations in November 2011, nine community members were selected to represent their communities on the CCLG. The City of Sydney is also represented. The first meeting was held on 6 December 2011, with meetings held monthly.

The Authority also held six community information sessions through 2011-2012, on three topics. Prior to the commencement of major construction at Barangaroo South, on 20 October 2011, two sessions were held to update neighbours on what they could expect from the upcoming construction. Two 'Design Update' community information sessions were held on Wednesday 23 November, where Lend Lease presented the design of the three commercial towers and advised the community how they could put submissions into the Department of Planning and Infrastructure. On 15 May 2012, the Authority and Lend Lease held two sessions to provide information on a proposal to transfer material from Barangaroo to Port Kembla via ship.

## Stakeholder Events and Presentations

The Authority participated in a range of stakeholder events to promote Barangaroo.

An Indigenous smoking ceremony was held at Barangaroo on Wednesday 19 October 2011 prior to the start of major construction on site. The ceremony was performed by respected Aboriginal Elder Uncle Max Eulo.

The Minister for Aboriginal Affairs, The Hon Victor Dominello MP, Indigenous representatives, along with representatives from the Barangaroo Delivery Authority and its partners watched on as this cultural cleansing ritual for the Barangaroo site unfolded.

Aboriginal Elder Aunty Millie Ingram gave the official Welcome to Country and opening speech.

There is no doubt that Barangaroo was an important figure in the period of first contact in Sydney – a woman renowned for her independence and her connection to her country.



Following the inclusion of Barangaroo as a study project for final year UNSW Bachelor of Interior Architecture degree, students showcased their visions for the cultural space within the Headland as part of the Sydney Architecture Festival from 20 to 30 October 2011.

The Authority worked with the City of Sydney to feature Peter Walker at the February ‘City Conversations 2012’ on 21 February 2012. The session was very well received and the Authority’s Chairman participated in a panel discussion at the event.

The Authority and Lend Lease participated in the Green Cities 2012 conference on 7 March 2012, to highlight sustainability at Barangaroo. A self guided tour of the site’s sustainability initiatives was held at the Authority’s public information space for two days from 5- 6 March 2012.

The Authority partnered with Andreasons Green and the Australian Institute of Architects for a presentation on the Headland Park on 22 March 2012, held at the Authority’s public information space. The session was booked out early and well attended by the landscape industry.

**Joint Strategic Planning Committee**

In collaboration with the City of Sydney, the Authority has established a Joint Strategic Planning Committee with a set of agreed strategic principles and policies for the precinct, and to support the delivery of joint objectives. The CEOs of both organisations meet monthly to consider the Barangaroo objectives and the strategic objectives of the City’s 2030 vision to ensure collaborative beneficial outcomes.

Through the Joint Strategic Planning Committee, more extensive consultation and coordinated community information promotes a mutual ambition for the development of the precinct as an integrated part of Sydney.

The Committee held its first meeting on 17 October 2011 and held seven meetings during 2011-2012.



^ Smoking ceremony at Barangaroo  
 < Aboriginal elder Uncle Max Eulo

**“Today, I believe we can show that Barangaroo is remembered well. We can honour her name and ensure that her culture that she fought hard to preserve will be acknowledged by ensuring an ever presence of our culture today, here on this site, in the beautiful harbour, and in all of the magnificent historical sites around the river systems and the spaces and places of the city of Sydney.”**

Aboriginal Elder Aunty Millie Ingram

## Remediation and Peer Review

**“This report will reinforce to the community that Barangaroo will be cleaned up safely and appropriately.”**

NSW Premier Barry O’Farrell

A peer review into site remediation was undertaken in late 2011, following the Barangaroo Review. The Barangaroo Independent Remediation Review Panel was established on 22 August 2011 and membership included representatives from the Barangaroo Delivery Authority, Lend Lease, City of Sydney Council and Australians for Sustainable Development. The position of Chair was held by the Environment Protection Authority.

The peer review of site remediation plans was undertaken by independent Contaminated Sites Auditor, Mr James Davis. Mr Davis was selected by the Remediation Review Panel. The review considered available documents as they related to contamination and remediation and conducted interviews with key stakeholders, with the primary objective of considering areas which the community had raised as areas of concern in order to address community confidence in the remediation aspects of the project.

On 19 January 2012, the Premier released the report which found assessment and planning for cleaning up the site’s historic contamination has been of a “consistently high standard”.

The report supported the findings of the Sussex/Penn Review “...that those responsible for the development of the site intend to remediate the site safely and in accordance with best practice.” The NSW Government accepted and adopted the recommendations of the Peer Review Panel.

Key findings of the Peer Reviewer were that:

- > the assessment work had been of a consistently high standard
- > the requirements of remediation are also well understood
- > for Barangaroo South and Headland Park where development has been approved, remediation planning is finalised
- > planned construction works were found to not impede on the capacity to remediate the site
- > those responsible for the development of the site intend to remediate the site safely and in accordance with best practice
- > improvements can be made in the application of the specific requirements of SEPP 55 in the approval process.

The Authority was progressing well on the implementation of the recommendations by the end of the reporting period.

In April 2012, during the excavation of the basement at Barangaroo South, small pieces of bonded asbestos were found in a small number of excavation areas, which were closed and quarantined, and the removal overseen and validated by accredited Occupational Hygienists in accordance with WorkCover regulations.

In June 2012, during an inspection of Barangaroo South with the Construction, Forest, Mining, and Energy Union of Barangaroo South, small pieces of bonded asbestos were again found and managed in accordance with regulations.

In an effort to minimise truck movements and encourage the sustainable reuse of materials excavated from the Barangaroo South basement area, the Authority supported a proposal by Lend Lease to transport the material to Port Kembla for use in land reclamation in the port’s Outer Harbour Development. This activity was unable to continue due to the presence of asbestos in a stockpile of excavated material, which led to the Resource Recovery Exemption being revoked by the Environmental Protection Authority in August 2011.

> Basement excavation underway at Barangaroo South



**Westpac  
to occupy  
60,000m<sup>2</sup>  
C4** (Central Tower)

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**KPMG  
to occupy  
34,000m<sup>2</sup>  
C5** (Southern Tower)

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**Lend Lease  
to occupy  
28,000m<sup>2</sup>  
C5** (Southern Tower)

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Towers L-R C3, C4, C5

# Barangaroo South



< NSW Premier Barry O'Farrell  
> Commercial towers at Barangaroo South



**2,550**  
onsite construction jobs

**7,650**  
offsite construction and  
manufacturing jobs

### Tenants

The announcement on 22 June 2012 that leading Australian companies, Westpac, KPMG and Lend Lease, were signing on as foundation tenants at Barangaroo, was the first and most significant tenant commitment in the history of Barangaroo.

The Australian investment grade tenants are a major foundation for Barangaroo's vision to create a spectacular new waterfront precinct for Sydney.

NSW Premier Barry O'Farrell was joined by Westpac CEO Gail Kelly, KPMG CEO Geoff Wilson and Lend Lease CEO, Steve McCann to announce the significant milestone.

The confirmation of these tenants at Barangaroo brings jobs and investment to Sydney. The 2,550 onsite construction and 7,650 offsite construction and manufacturing jobs created through development of this financial services precinct supports the State economy.

The confirmation of these leases is of great significance and represents approximately 120,000m<sup>2</sup> of commercial space, one of the largest single tenancy and the first of such commitments for Barangaroo.

Westpac will occupy most of the 42 storey tower (C4) in stages on completion in 2015 with KPMG and Lend Lease occupying the 39 storey tower (C5) on completion at end 2015.

## “This project is a shot in the arm for the State’s construction sector.”

NSW Premier Barry O’Farrell



### Construction

Major construction also commenced on Barangaroo South in October 2011 and NSW Premier Barry O’Farrell visited the site to formally mark the occasion.

Key site works undertaken in 2011–2012 include:

- > construction of the basement perimeter retention wall panels
- > commence installation of temporary ground anchors for the perimeter retention wall
- > commence piling for the basement and C4 tower
- > archaeological investigation works

### Planning

Design development continued on the three commercial office towers.

Lend Lease lodged two project applications for commercial towers C3 and C5, which went on public exhibition from 16 November 2011 for a month. The applications sought approval for the following:

#### Building C5

- > construction of a 39-storey commercial building and associated services and infrastructure
- > maximum of 90,567m<sup>2</sup> accommodating
  - > 5,378m<sup>2</sup> retail floor space;
  - > 83,881m<sup>2</sup> commercial floor space; and
  - > 1,308m<sup>2</sup> office lobby;
- > car parking, pedestrian and cycle access and circulation arrangements

#### Building C3

- > construction of a 49-storey commercial building and associated services and infrastructure
- > maximum 115,291m<sup>2</sup> GFA accommodating
  - > 7,164m<sup>2</sup> retail floor space;
  - > 105,573m<sup>2</sup> commercial floor space;
  - > 995m<sup>2</sup> office lobby;
  - > 1,559m<sup>2</sup> of community uses for the purposes of a child care centre

These applications were approved by the Department of Planning and Infrastructure on 24 April 2012.

### Building C4 (modifications)

Lend Lease sought a range of modifications to its C4 approval. C4 already had the following approved:

- > construction of a 42-storey commercial building and associated services and infrastructure
- > maximum of 99,656m<sup>2</sup> accommodating
  - > 2691m<sup>2</sup> retail floor space
  - > 95,571m<sup>2</sup> commercial floor space
  - > 1,394m<sup>2</sup> office lobby

The design development resulted in a narrower building to maximise views between the ensemble of office towers. Lend Lease submitted a modification application to the Department of Planning, and this application was approved on 24 February 2012.

### Bulk Excavation and Basement Car parking (modification)

A project application to amend the Bulk Excavation and Basement Car parking approval was also submitted in order to change the location of the carpark entries, improve the efficiency of the carpark and reduce the depth and amount of excavation required for the basement. This modification was approved on 19 April 2012.

# Headland Park and Public Domain



> Trees growing at Andreasens Green nursery at Mangrove Mountain



### Sandstone Prototype

During the reporting period, the design team and early works contractor for the Headland Park tested a range of techniques to understand the best way to shape sandstone to create a naturalistic foreshore for the park. A large earth mound was layered with sandstone to demonstrate what the future foreshore might look like. This became known as the sandstone 'prototype', and was very useful in understanding the best methodology for the full scale construction of the park.

**5,000**  
tonnes of sandstone

**675**  
trees

**75,000**  
plants

**2,212**  
shrubs

### Headland Park tender

On 26 September 2011 the tender process for the construction of the Headland Park at Barangaroo began. The construction of the six hectare park inspired by Sydney Harbour's 1836 sandstone shoreline is worth tens of millions of dollars of investment to NSW and will create an estimated 200 on-site construction jobs and 353 off-site manufacturing and construction jobs.

Five major construction companies had been invited to tender for the project - Baulderstone, Hansen Yuncken, John Holland, Laing O'Rourke Australia and Theiss.

Baulderstone was announced as the successful contractor on 25 June 2012.

The scope of the work includes: excavating sandstone from the site; creating the 1km foreshore with 5,000 tonnes of sandstone blocks; bulk earthworks of 210,000 cubic metres to shape the 18 metre high Headland Park; excavating and creating the northern cove; planting 75,000 plants, 2212 shrubs, 675 trees and laying 20,000 square metres of turf; and, building a 300 space car park and cultural space for a future fit out.

### Plant contract awarded

On 5 October 2011, Andreasens Green, one of the largest wholesale nurseries in Australia, was awarded the contract to provide the 675 trees, 2,212 shrubs and 75,000 other plants for the Headland Park.

A five hectare area of land at its nursery at Mangrove Mountain on the Central Coast is reserved solely for the growing of plants for the Headland Park, and contains a range of species including *Eucalyptus Saligna*, *Eucalyptus Haemastoma* and *Glochidian Ferdinandii*.

Many of the plants are not commonly available in commercial nurseries, so seeds and cuttings were collected from natural sites around Sydney Harbour for propagation in the nursery.

- > Bushwalk at the top of the Headland Park, overlooking the Sydney Harbour Bridge



- > View from the top of the Grand Staircase at the western edge of the Headland Park



- > Northern view of the Headland Park from the water, showing the sandstone tidal rock pools and grassy areas



# Infrastructure and Transport



- < Cityrail train
- ✓ Wynyard West Plaza, as part of the construction of Wynyard Walk





< Barangaroo site

**30,000**  
commuters a day

The NSW Government established a Transport Taskforce for Barangaroo to develop the Barangaroo Integrated Transport Plan in collaboration with key stakeholders, as recommended by the Barangaroo Review.

The plan was to be integrated across all modes and take account of the NSW Long Term Transport Master Plan. Pedestrian connectivity of Barangaroo with rail and bus services and potential future ferry and light rail will be provided by the Wynyard Walk project. As a result of the review, the Government confirmed funding for Wynyard Walk to ensure its delivery by mid-2015 to align with the opening of Barangaroo.

The Transport Taskforce oversaw the development of a new transport plan for Barangaroo and provided a high level interface between key parties in relation to transport for Barangaroo. This ensured the level of coordination recommended by the Auditor General and also noted in the review recommendations.

The Taskforce reported directly to the Premier and Minister for Transport and was chaired by the Director General of Transport for NSW. Its membership comprised representatives from the Barangaroo Delivery Authority, the Department of Premier and Cabinet, Transport for NSW, Department of Planning and Infrastructure, Infrastructure NSW, City of Sydney and Lend Lease. It was released on 30 August 2012.

### **Wynyard Walk**

The Authority has worked closely with Transport for NSW in establishing the objectives and outcomes for Wynyard Walk and has taken an active role in governance over its design, procurement and delivery.

The Authority is ensuring that the outcomes of Wynyard Walk align with the wider pedestrian, bus and ferry amenities being planned in and around Barangaroo to provide it with connection to the rest of the CBD. This is being progressed in close collaboration with the City of Sydney, Lend Lease and Transport for NSW.

**“When complete, pedestrians will be able to walk between Wynyard Station and the Barangaroo waterfront in around six minutes, avoiding steep inclines and several road crossings.”**

NSW Minister for Transport, Gladys Berejiklian

# Design Excellence



< L-R  
Bob Nation  
Karl Fender  
Richard Nugent  
Keith Cottier

The Barangaroo review noted that there was a large, highly credible, diverse and experienced design team working on Barangaroo with some of the best architects and landscape architects in the world involved in the design.

On 12 March 2012 the Chairman of the Authority, Terry Moran, announced the appointment of Bob Nation as the new Design Director for Barangaroo, confirming the Authority's commitment to achieving design excellence at Barangaroo.

Mr Bob Nation is a renowned Australian architect with more than 40 years experience on major projects in Australia and around the world. He has spent many years overseas and his business will now relocate from Hong Kong and be based in Sydney again. He is a past national president of the Royal Australian Institute of Architects (RAIA) and has won numerous State and national design awards.

Mr Nation - together with the three design advisors Karl Fender, Keith Cottier, and Richard Nugent - provides eminent design advice to the Authority regarding proposals by Lend Lease as well as for other parts of Barangaroo.

This process is complementary to, but independent of, any Design Review Panel (DRP) constituted by the Department of Planning and Infrastructure under the State planning provision to provide independent design excellence advice, at the time of significant planning applications for Barangaroo.

Peter Walker, of Peter Walker and Partners, is the lead designer of the Headland Park.

The architects and design experts involved in Barangaroo South for Lend Lease include:

- > Master Architect, Rogers Stirk Harbour and Partners (RSH+P)
- > Building C4, central tower, Lord Rogers and Ivan Harbour, RSH+P
- > Building C5, southern tower, RSH+P; podium east, Ken Maher, Hassell and podium west, Alec Tzannes, Tzannes Associates
- > Building C3, northern tower, RSH+P; podium east, Andrew Andersons, PTW and podium west, Tony Caro, Tony Caro Architecture
- > Landscape Architecture, Sacha Coles, Aspect and Oculus

## Design Approach

The northwest corner of the headland that contains Sydney's CBD, now known as Barangaroo, has been through many transformations. Its origins as a place of natural beauty, transformed over the years as a wharf zone and eventually as an industrial concrete platform. The return of Barangaroo to its

natural origins with new man-made interventions will bring to Sydney the reconsideration of this current scarred area of the CBD headland.

The design approach that has emerged from a considered and interactive process, results in three distinct and different precincts, whilst forming part of the connected whole through a constant design philosophy with the commitment to excellence. The three precincts comprise: the Headland Park, the central cultural area and the southern urban extension of the CBD financial centre, each with substantial connections to the varying dynamics of their adjacent urban densities.

The reestablishment of the Headland Park will complete the dialogue with the set of the headlands that celebrate the importance of the Sydney Harbour structure and echo the pre-European settlement forms, acknowledging the areas indigenous history.

The pursuit of design excellence is exemplified in the design of the Headland Park with the wonderful work of Peter Walker and Partners, the landscape architects, in contrast with the excellence of the distinctive urban forms of the major office towers of Rogers Stirk Harbour and Partners and the surrounding lower rise buildings designed by a growing list of eminent Australian architects that contribute to the overarching design excellence strategy.

Selection of local younger emerging architects will further reinforce this approach which together with the primary commitment to the development of a unique public domain will support a vibrant community where many interests, ideas, opportunities and aspirations can intersect.

The central precinct is designated for mixed use with substantial cultural destinations and will connect Millers Point to the harbour and contribute to the celebration of the memory of the waterside workers of the Hungry Mile. This place will develop gathering places for fun for family, and community, in contrast with the northern natural headland and the southern urban experiences.

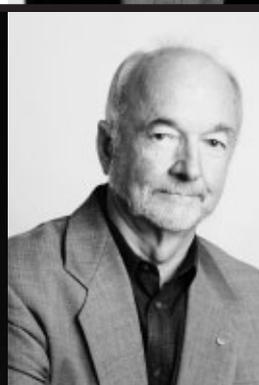
The design philosophy for Barangaroo is founded in a fundamental commitment to the consideration of place that will deliver a range of experiences and opportunities for a diverse community to enjoy and inhabit. Barangaroo completes the continuity of the 14 kilometre harbour edge walk offering a rich and varied view of Brilliant Sydney, as the design philosophy realises its objectives for this extraordinary contribution to the city.



^ Ivan Harbour  
Lord Richard Rogers  
> Ken Maher  
Richard Francis-Jones  
Sacha Coles



> Alex Tzannes  
Tony Caro  
Andrew Andersons  
v Peter Walker



## Cultural, Civic and Public Opportunities



- < Internal space within the Headland Park
- √ Aboriginal elder Uncle Max Eulo



The Barangaroo Delivery Authority appointed a world leading consultancy, AEA Consulting in March 2012, to undertake a study that explored cultural development opportunities for Sydney and recommend specific options for inclusion at Barangaroo.

The New York based AEA Consulting, with more than 20 years experience in providing advice on major cultural institutions and precincts around the world.

The study considered a range of options for Barangaroo that will not only enhance Sydney's international standing and tourism attraction, but also make an important contribution to the community.

Building on the 2011 Arts NSW audit of the city's cultural facilities, AEA Consulting provided an independent assessment of Sydney's cultural landscape against global benchmarks, and identify opportunities for future cultural development of the City. Recommended options will then be assessed for delivery within the Barangaroo precinct.

The study involved high level stakeholder consultation across the cultural community and government. The study not only identifies potential uses but considered operating and financial strategies that could be used to help deliver the recommended options.

The cultural study and subsequent report were guided by the Steering Group and will assist the Barangaroo Delivery Authority Board to deliver a series of options for consideration by the Premier.

**“...there is clear recognition that development of this site, and its use, is a ‘once in a lifetime opportunity’, and the development be an excellent and iconic addition to Sydney – through its architecture, its iconic symbolism and its contribution to a rich, activated waterfront”.**

> David Gonski



David Gonski, Chairman, Steering Group,  
Barangaroo Cultural Study

The Steering Group comprised

David Gonski AC	Chairman, Barangaroo Cultural Study Steering Group; Chairman, Sydney Theatre Company
Terry Moran AC	Chair, Barangaroo Delivery Authority
Monica Barone	CEO, City of Sydney
Kerry Clare	Board Member, Barangaroo Delivery Authority
John Conde AO	Chairman, Destination NSW; Chairman, Sydney Symphony
Danny Gilbert AM	Chair, National Museum of Australia
Sandy Hollway AO	Consultant
John Kaldor AM	Director Kaldor Public Art Projects
Di Leeson	Director, Department of Premier and Cabinet
Simon Mordant AM	Chairman, Museum of Contemporary Art; Director, Sydney Theatre Company; Australian Commissioner for the 2013 Venice Biennale
Mark Paterson AO	Director General, Trade and Investment
Aden Ridgeway	Chair, Indigenous Tourism Industry Advisory Panel, Authority's Indigenous Advisor; Former Chair, Bangarra Dance Theatre
Professor Julianne Schultz AM	Chair, National Cultural Policy Reference Group; Chair, Queensland Design Council: Founding Editor of <i>Griffith REVIEW</i>
John Tabart	CEO, Barangaroo Delivery Authority
Gabrielle Trainor	Board Member, Barangaroo Delivery Authority; Co Chair, Federal Government Review of the Australia Council
Raju Varanasi	Director, NSW Curriculum and Learning Innovation Centre

The study was still being conducted during the reporting period

# Sustainability



Barangaroo is a great opportunity to showcase Sydney as a world leader in sustainability. Sustainable designs and initiatives are being created throughout the delivery of the program – environmentally, socially and economically.

Our goal is to operate as a climate positive community, one of the first precincts of its size in the world and certainly the first CBD precinct in Australia, aiming to be:

- > Water positive – through reduced consumption and water reuse precinct wide and by exporting more recycled water to the CBD than is used across Barangaroo
- > Zero waste – through prevention, minimisation, recycling and reuse; and potentially cleaning up more waste from the CBD than we generate within the Barangaroo precinct
- > Carbon neutral – through resource efficiency and by generating and offsetting more new renewable energy than total net greenhouse emissions generated by the Barangaroo precinct
- > Socially sustainable – by inspiring community wellbeing, through learning and development programs, effective community infrastructure and a distinctive commitment to culture and the arts.

Barangaroo will provide affordable housing for key workers as well as green skilling and local employment opportunities. Just over 50% of Barangaroo will be dedicated public space, including a 2.2 kilometre foreshore walk and the vibrant, naturalistic Headland Park.

To achieve these goals, Barangaroo infrastructure will be developed and implemented by the Authority and the site's developers across the whole district. This will include:

- > A chilled water and harbour cooling system, recycled water service and waste recycling service
- > Generating new solar renewable energy on site which will be enough to service the public areas

- > Stimulating new renewable energy off site - feasibility is underway into a solar farm in regional NSW, big enough to generate the amount of electricity required to power over 5,000 homes
  - > Providing recycled water from Barangaroo to CBD consumers
  - > Creating green travel options: strong public transport links, only 4 percent car use on site, walking and cycling networks through the precinct, electric car power stations in car parks.
- External agencies, contractors and organisations at the site will be required to manage their activities with a view to achieving these sustainability goals. This will include:
- > Commercial towers C3, C4, and C5 aim to be the first high rise towers certified as the maximum 6 stars under Green Star Office Design and As Built ratings version 3 (the latest and highest rating available)
  - > Commercial towers C3, C4, and C5 will achieve a minimum 5-star +30% NABERS energy efficiency
  - > Passive energy efficiency through smart design – the building orientation avoids the harsh western aspect, shading and thermal modelling of the tower facade maximises energy efficiency
  - > High efficiency elevators to reduce energy consumption by up to 35 per cent compared to standard drives and will regenerate energy back into the building's electrical system
  - > Sustainable building materials will seek to use 20% less embodied carbon
  - > Reducing waste going into landfill by 97%, by sorting and separating waste and recycling or reusing as appropriate during the construction phase
  - > Planting 100% native plants in the Headland Park – 90% of which will be locally endemic species
  - > Using recycled water for flushing toilets through to irrigation and fire sprinklers
  - > Ensuring 20% of construction work be given to apprentices or trainees



- > Ensuring retailers and suppliers avoid packaging, reduce waste and offer healthy food choices from locally and sustainably produced food
- > Including affordable retail and office space to encourage new enterprises
- > Providing and promoting access to and facilities for walking, cycling and passive and active recreation through design for active living and healthy lifestyles
- > Integrated public art will feature internally and externally.
- > The ground leases recently executed successfully secured \$2 billion in investment and contained carbon neutrality clauses supporting renewable energy technologies.

Barangaroo is working with sustainability leaders from around the world to help us reach our goals.

**Clinton Climate Initiative**

Launched in May 2009 by the Clinton Climate Initiative in partnership with the US Green Building Council, the Climate Positive Development Program supports the development of large-scale urban projects that are striving to reduce the amount of on-site CO<sub>2</sub> emissions to below zero.

Barangaroo is one of just 17 precincts worldwide that has been selected to participate in the Climate Positive Development Program. Barangaroo's selection is based on its world leading sustainability targets that apply across the precinct.

**UN Global Compact**

Barangaroo is a member of the UN Global Compact, the largest corporate social responsibility network globally, with 74 members in Australia and around 8,600 globally.

The Authority's commitment to its ten principles around human rights, labour, environment and anti-corruption will assist in achieving the environmental and social sustainability aspirations for the site.

**6,000sqm**  
of roof-top solar panels

**300 million litres**  
of recycled water annually

**>1,200**  
bike spaces

**97%**  
of construction waste diverted from landfill



# Barangaroo timeline

## 2012

Commence bulk excavation for basement construction and first office towers  
Headland Park construction continues  
Commence construction of Wynyard to Barangaroo pedestrian link  
Remediation trial of former Millers Point Gasworks commences  
Foreshore remains open for public use during total construction period

## 2013

Construction of office towers continues  
Temporary cruise passenger terminal closes and new terminal opens at White Bay  
Commence construction of Hickson Road commercial buildings  
Headland Park construction continues  
Remediation of former Millers Point Gasworks continues

## 2014

Barangaroo Central works commence  
Commence construction of hotel\*  
Apartment towers and Southern Cove commence construction\*  
Construction of office towers continues  
Remediation of former Millers Point Gasworks nears completion

## 2015

Headland Park opens to the public  
First office towers open, with waterfront promenade, first apartments, shops, restaurants, cafes and bars  
Wynyard Walk to Barangaroo bridge and other pedestrian links open  
Barangaroo Central stage one public space opens to the public  
Construction of apartment towers and Southern Cove continues  
Remediation of former Millers Point Gasworks complete  
First ferry wharf complete and operational

## 2016

Barangaroo Central works continue  
Next office tower opens with additional restaurants, bars, cafes, shops and childcare open.  
Construction of apartment towers and Southern Cove continues

## 2017 to 2021

Hotel opens\*  
Barangaroo Central complete  
Remaining office buildings open\*  
Apartment towers occupied\*  
Southern cove complete\*  
Final restaurants, bars, cafes, shops and parkland open\*

\* subject to approvals



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# Section 3

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## **Governance and Statutory Reporting**

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## Leadership, Management and Structure

The NSW Government has set clear economic, cultural and strategic objectives for Barangaroo based on timelines that support State planning objectives. In addition, the Barangaroo Review findings have provided additional clarity.

The Authority has developed a Strategic Plan to progressively deliver the commercial precinct through the development agreement with Lend Lease, the public waterfront and Headland Park and the cultural elements of Barangaroo over the next four years to the first opening in 2015 and to complete the precinct by 2023.

### Board Structure and Strategy

The NSW Government appointed a new Chairman, Terry Moran, and two new Board Members, Kerry Clare (City of Sydney nominee) and John Fitzgerald to enhance the Board’s strategic capability as Barangaroo enters into its next phase. See the Board’s biographies on page 12.

The Board’s strategy focus is on Barangaroo’s economic and cultural benefits. Particular focus will be on the precinct’s contribution to the NSW economy through fiscal contributions and employment. Since the Sussex/Penn Review, the Board has established the Arts and Cultural Panel as a Board sub-committee that is charged with the responsibility of developing the cultural strategy for the project. The Panel will also develop the Public Art and Cultural Plan in consultation with key stakeholders and the community and be responsible for its ongoing implementation.

### Management and Structure

The Executive Team of the Barangaroo Delivery Authority comprises the Chief Executive Officer and seven Directors, incorporating the key divisions of Development Barangaroo South, Headland Park, Property Development, Community and Communications, Legal and Finance.

The Authority employs a team of talented and experienced staff who are working to deliver a world class precinct for the people of Sydney and Australia.

**John Tabart** (BE (Civil), FIE (Aust), FIEAJ, FIPA)  
CEO

**Meaghan Walsh** (BA LLB)  
General Counsel

**Peter Roberts** (B.Fin.Admin, FCA, IACD, Finsia)  
Chief Financial Officer

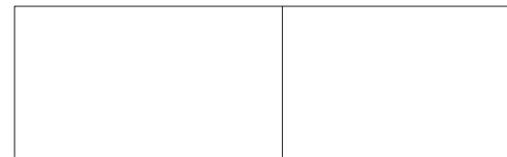
**Scott Maclean** (BA (Comms Mgmt))  
Director Marketing and Communications

**Todd Murphy** (B.Arch(Hons) M.Urb.Des)  
Development Director

**Bob Nation** (B.Arch(Hons) M.Urb.Des)  
Design Director

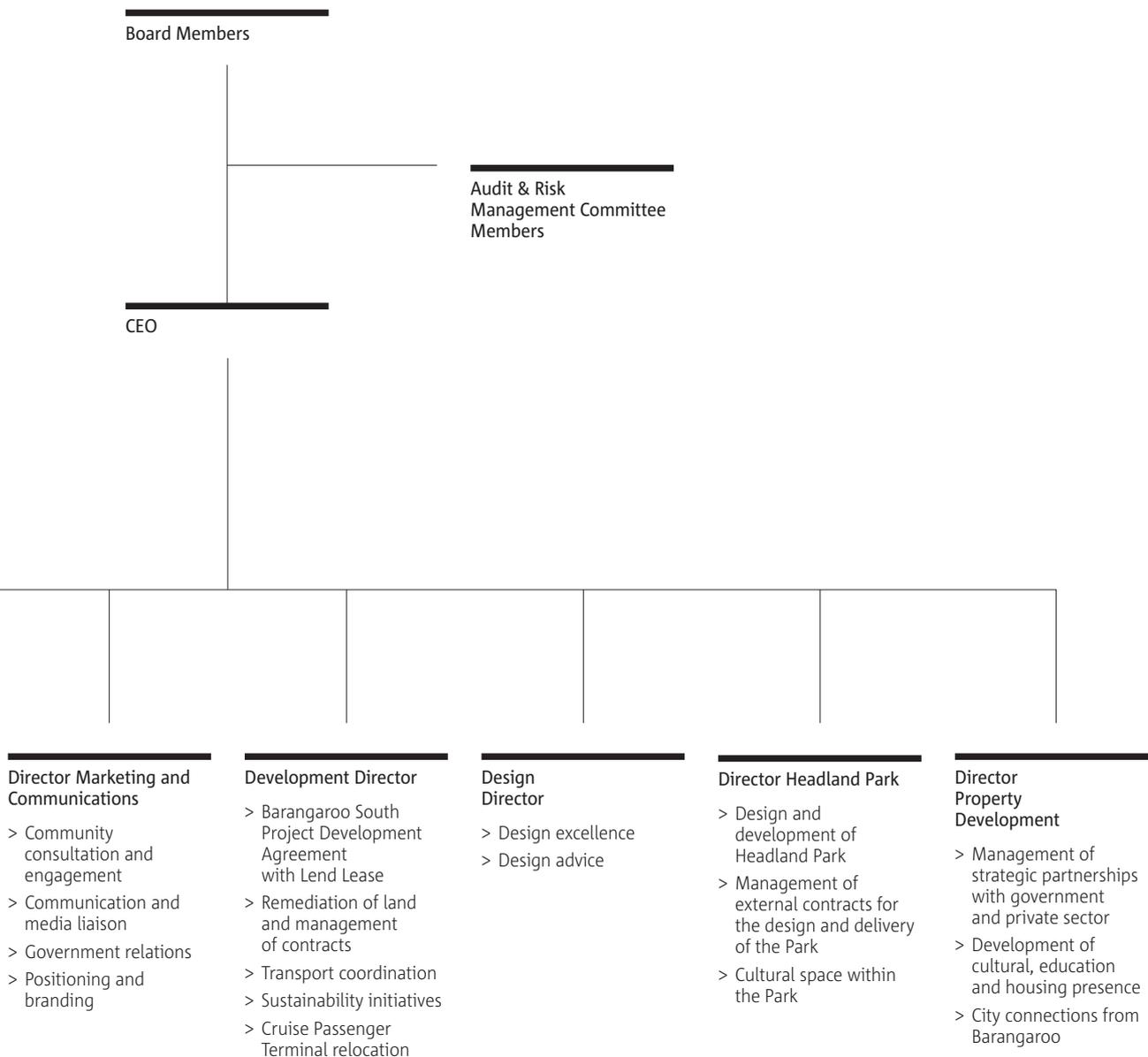
**Phil Paris** (B Bldg (Construction & Economics))  
Development Director Headland Park  
(B Bldg (Construction & Economics))

**David McCracken** (B App Sc – BE)  
Development Director



General Counsel	Chief Financial Officer
<ul style="list-style-type: none"> <li>&gt; Managing the Authority’s internal and external legal requirements</li> <li>&gt; Legal management of contracts, applications, consents and general commercial requirements</li> <li>&gt; Compliance</li> <li>&gt; Litigation management</li> <li>&gt; Board Counsel</li> </ul>	<ul style="list-style-type: none"> <li>&gt; Statutory and government reporting</li> <li>&gt; Budgets and forecasts</li> <li>&gt; Revenue, cost management and debt management</li> <li>&gt; Financial statements</li> </ul>

**Organisation chart** (as of 30 June 2012)



## Key Performance Indicators

The Board and the Authority are committed to measurable key performance indicators which are mapped to the priorities of the Authority. The Key Performance Indicators (KPIs) were endorsed by the Premier, and by the end of the reporting period the Authority had provided its first report to the Premier. The KPIs are outlined below.

Barangaroo Delivery Authority KPI's			Measure
<b>1</b>	<b>Financial</b>	The Barangaroo Delivery Authority has entered into an agreement with Lend Lease. In exchange for development access, rights and 99 year leases for individual buildings, Lend Lease will make payments (subject to market conditions). The Authority received its third payment in March 2012, bringing the total payments to \$154.7 million.	
1.1	Revenue to the State	Revenue from development access, rights and 99 year leases for individual works area is recognised when each works area's valuation is completed	\$
1.2	Payments to the State	Secure payments from Lend Lease and other parties	\$
1.3	Capital expenditure – non Barangaroo South	Capital expenditure on State owned assets, public domain and infrastructure	\$
1.4	Capital expenditure – Headland Park	Headland Park construction	Area
<b>2</b>	<b>Sustainability and Remediation</b>	One of Barangaroo's key objectives is to be a climate positive precinct. Aiming to be a world leader in environmental and social sustainability, this ambition is reflected in its KPIs and the actions the Authority is undertaking to meet them.	
2.1	Climate Positive	Achieve international best practice ratings	Endorsement / Rating
2.2	Green Star – Community	Target highest rating	Endorsement / Rating
2.3	Remediation works	Remediation works undertaken including Peer Review Outcomes	\$
<b>3</b>	<b>Public and Stakeholder Consultation and Engagement</b>	The Authority is focussed on raising awareness and engaging broad public interest on, and input to, Barangaroo across the breadth and depth of Sydney as well as the wider NSW community.	
3.1	Public awareness	Increase awareness of Barangaroo amongst the greater Sydney population	Independent research survey
3.2	Public support	Increasing measure of public support amongst the greater Sydney population	Independent research survey
3.3	Neighbouring community	Host and participate in regular local community forums and consultative meetings	Forums and meetings
3.4	Website and social media	Increasing number of website visitors and social media fans	Internet metrics and analysis
<b>4</b>	<b>Sydney's Public Waterfront</b>	Underscoring its commitment to making Barangaroo Sydney's public waterfront, public access will remain open along the length of Barangaroo's water's edge for as much of the construction phase as possible including public viewing areas.	
4.1	Public Waterfront	Construct waterfront promenade and consider potential key worker housing and deep water berthing	Square meters
4.2	Temporary Cruise Terminal	Relocation of Cruise Terminal to provide continuous public waterfront	Time
4.3	Headland Park internal space	Resolution of internal space use	Report
<b>5</b>	<b>Design Excellence and Planning Approval</b>	The Authority oversees a thorough design process including the review by the Authority's Design Director and expert Design Advisors of the design brief and architect selection to ensure design excellence. Environmental impact assessments are also undertaken before planning documents are produced by Lend Lease. The Authority provides landowners consent to planning application documents before they are submitted to the Department of Planning.	
5.1	Design Leadership	Establishment of a design leadership role	Resources
5.2	Design Advisers	Provide design review and excellence advice	Advisers
5.3	Design Review Panel (DRP)	Ensure high quality excellence advice from eminent practitioners if required by Planning	Panel
Other Contributions and Measures			Measure
<b>6</b>	<b>Economic contribution</b>		
6.1	Planning Applications	Prompt submission and approval for all planning applications	Planning applications
6.2	Commercial Tenant leasing	Tenant commitments for occupancy	Square meters
6.3	Investment commitments	Investment commitments in Barangaroo South	\$bn
6.4	Capital expenditure – South	Barangaroo South Construction Expenditure	\$bn
6.5	Economic contribution	Incremental additional economic contribution to Gross State Product	\$bn
6.6	Employment growth	Creation of new job opportunities	Jobs
6.7	Residential apartments sales	Investor pre sales	Apartments
<b>7</b>	<b>Construction and Transport</b>		
7.1	Construction	Square meters of commercial space complete	Square meters
7.2		Square meters of residential space complete	Square meters
7.3		Square meters of retail space complete	Square meters
7.4		Ferry terminals in construction	Ferry terminals
7.5	Hotel	Presentation of the best location options to Government	Location
7.6	Green star – Building	Target highest rating	Rating
7.7	Wynyard Walk	Progressive construction of the Wynyard Walk	Wynyard Walk
7.8	Transport Taskforce	Ongoing participation in the taskforce and implementation of recommendations (Rail, light rail, ferry, pedestrian)	Taskforce report

■ The revenue anticipated from the lease of land has been deferred pending determination of the valuation of the first Commercial Towers between the Authority and Lend Lease. The end target of a balanced budget of \$1billion of both revenue and expenditure is on track.

✓ on track  
 ■ changed/delayed

Interim Target 2011/12	Tracking	End Target	Tracking
Revenue recognition from first commercial tower deferred with sale transaction and building valuation till post 30 June 2012	■	Balance budget of \$1 billion of both revenue and expenditure	✓
\$52 million in March 2012 from Lend Lease	✓	\$1.0 billion 2020	✓
\$0.1 billion on public domain and infrastructure	✓	\$0.6 billion 2020	✓
25% of Headland Park complete by end 2012	✓	100% of Headland Park complete by 2015	✓
Work plans endorsed	✓	Maintain certification	✓
Pilot project for new ratings tool	✓	Fully rated	✓
\$0.03bn	✓	\$0.112bn	✓
Overall awareness to increase from 58% (2011) to 65% in 2013	✓	Overall awareness at 75% by end 2015	✓
Portion of the population supporting Barangaroo increases from 49% to 55% whilst those opposed not exceed 16% by end 2013	✓	Total support grows to 65% whilst those opposed dose not exceed 10% of the greater Sydney population by end 2015	✓
Initiate a Community Liaison Group with 10 representative members of the community by 2012	✓	Host at least 11 Community Liaison Group Meetings each year by 2015	✓
25% increase over 2011 levels of web hits and social media fans by end 2012	✓	50% increase over 2011 levels of web hits and social media fans by end 2015	✓
Foreshore remains open and review and report on key worker housing and deep water berthing	✓	100% complete waterfront construction 2016 and implementation of outcomes of key worker housing and deep water berthing	✓
Removal of Cruise Terminal by early 2013	✓	Removal of Cruise Terminal by 2013	✓
Defined use, budget program	✓	100% completed 2016	✓
Potential secondment of experienced practioner first quarter 2012	✓	-	-
Engage design advisers first quarter 2012	✓	-	-
Consult with Planning on implementation of DRP if required	✓	-	-
Interim Target 2012/13	Tracking	End Target	Tracking
50% applications approved by 2012/13	✓	100% applications approved by 2020	✓
80,000 / 100,000m2 (2012/13)	✓	300,000m2 2016	✓
\$2 billion commitments by June 2013	✓	\$4 billion 2016	✓
\$0.5 billion 2012/13	✓	\$4 billion 2020	✓
\$0.1 billion 2012/13	✓	\$1.0 billion over 10 years	✓
1,500 direct and 3,000 indirect construction jobs	✓	3,000 direct and 6,000 off site 2014 and 23,000 employees 2020	✓
-	✓	800 apartments	✓
80,000 / 100,000 sqm of commercial towers space built by end 2015	✓	300,000 sqm of commercial towers space built by 2020	✓
-	✓	200 apartments built by end 2017	✓
15,000 sqm of retail space built by end 2016	✓	30,000 sqm of retail space built by end 2020	✓
Funding committed by June 2013	✓	100% of ferry terminals complete by end of 2016	✓
Options presented by first quarter 2012	✓	Options finalised by June 2012	✓
Design rating	✓	As built rating	✓
10% of Wynyard Walk complete by end 2012	✓	100% of Wynyard Walk complete by end 2015	✓
Report released by first quarter 2012	✓	Implementation of all agreed transport recommendations	✓

## Human Resources

In the 2011-2012 financial year, the Authority employed five Senior Executives (SES).

Position	Number held	Females
SES Level 7	1	0
SES Level 5	1	0
SES Level 4	3	1

The following information is provided as per statutory reporting requirements in relation to senior executives greater than level 5. John Tabart, Chief Executive Officer, SES Level 7. Qualifications can be found on page 12. Mr Tabart's total remuneration package is \$417,312 per annum. Mr Tabart met the performance criteria outlined in his performance agreement, but no performance bonus is paid as part of his contract arrangements.

### Staff

Position grade	June 2011	June 2012
SES Level 7	1	1
SES Level 5	0	1
SES Level 4	4	4
Senior Officer 3	4	3
Senior Officer 2	4	4
Clerk Grade 12	2	1
Clerk Grade 10	3	3
Clerk Grade 7	1	1
Clerk Grade 6	1	1
Clerk Grade 2	1	1

## Internal Audit and Risk Management

Internal Audit and Risk Management Statement for the 2011-2012 Financial Year for the Barangaroo Delivery Authority.

I, John Tabart am of the opinion that the Barangaroo Delivery Authority has internal audit and risk management processes in operation that are, in all material respects, compliant with the core requirements set out in Treasury Circular NSW TC 09/08 Internal Audit and Risk Management Policy.

These processes provide a level of assurance that enables the senior management of the Barangaroo Delivery Authority to understand, manage and satisfactorily control risk exposures.

I, John Tabart am of the opinion that the Audit and Risk Management Committee for Barangaroo Delivery Authority is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08.

The Chair and Members of the Audit and Risk Committee are The Chair and Members of the Audit and Risk Management Committee are:

- > Brendan Crotty, independent Chair (term of appointment 4 years from 18 December 2009)
- > Carolyn Burlew, independent Member (term of appointment 4 years from 18 December 2009)
- > Allan Cook, independent Member (term of appointment 4 years from 18 December 2009)
- > Gabrielle Trainor, Member (term of appointment 4 years from 18 May 2010)
- > John Fitzgerald, Member (term of appointment 3 years from 18 November 2011)

I, John Tabart declare that this Internal Audit and Risk Management Attestation is made on behalf of the following controlled entity

> The Office of the Barangaroo Delivery Authority

As required by TPP09-05 (1.2.8), I advise that the Barangaroo Delivery Authority has adopted the service delivery model for internal audit by an external third party contractor. The current supplier is O'Connor Marsden. The Barangaroo Delivery Authority's office size does not allow for an Internal Audit team to be employed within the agency, and the use of a contracted third party is the most efficient and economical way in which the appropriate professionalism for internal audit can be secured.



**John Tabart**  
Chief Executive Officer

## Risk Management and Insurance

The Barangaroo Delivery Authority has in place both appropriate structures and rigorous processes to identify and manage material risks to its strategic and operational objectives. Responsibilities for managing risk are clearly delegated within the Authority, and expert support is obtained where needed. The program of risk management is overseen by the Audit and Risk Management Committee of the Authority’s Board who meet 5 times a year.

Material risks to annual business plans and 15 year financial forecasts are formally identified and scrutinised quarterly, with material exposures monitored monthly by the Authority’s management team. The Authority is assisted by Deloitte, who have been appointed as external risk advisors, in establishing leading thinking and approaches to managing the risks it faces to develop the Barangaroo precinct. Significant control systems and processes are routinely evaluated and tested by O’Connor Marsden (OCM) who have been appointed as the Authority’s internal auditors and probity advisors. Reports from both Deloitte and OCM are responded to by management and reported to the Audit and Risk Management Committee to ensure appropriate governance is in place over material risks to the Authority.

The Authority is exposed to risks specific to the commercial arrangements with the appointed commercial development partner, Lend Lease, as well as risks associated with developing the public spaces of Barangaroo Central and Headland Park. These risks range from funding to deliver the development on time at no additional cost to government, managing public health and safety during development and managing various stakeholder expectations for the finished development. Each of the identified material risks to the Authority’s strategy and operational objectives has been analysed, mitigation plans documented and evaluated, and responsibilities assigned to ensure these risk are well managed to avoid unexpected events.

The Authority carries a comprehensive range of insurance cover through the Treasury Managed Fund (TMF).

## Audit and Risk Management Committee

The Committee’s responsibilities include the following:

- > Risk management
- > Control framework
- > External accountability
- > Compliance with applicable laws and regulations
- > Internal audit
- > External audit

The Members of the Committee appointed by the Board were:

**Brendan Crotty (Chair)**

See biography on page 12.

**Ms Gabrielle Trainor LLB FAICD**

See Biography on page 12.

**Mr John Fitzgerald (Appointed 17 December 2011)**

See Biography on page 12.

**Allan Cook**

Allan Cook is from A.D. Cook & Associates (COMFAS Pty Ltd). Chair of the Audit Committee for NSW Health (Health Support Services), Chair of the Audit and Risk Management Committee of NSW Health (Statutory Health Corporations), member of the committees for the Public Transport Ticketing Corporation (PTTC) and NSW Fire Brigades. Allan is a Certified Practising Accountant (Fellow).

**Carolyn Burlew**

Carolyn is Chair of the Department of Education and Communities Audit and Risk Committee, member of the committees of the NSW Treasury, Department of Finance and Services and the NSW Ombudsman. Carolyn is also a Board member for the South West Sydney Local Health District. Carolyn is a Fellow of the Institute of Company Directors, has a Master of Public Administration (University of Queensland), and Bachelor of Arts and Diploma of Applied Sciences (University of Qld). She is also a qualified registered nurse and registered midwifery nurse.

The Charter for the Audit and Risk Management Committee was most recently approved by the Board of the Barangaroo Delivery Authority on 16 November 2011. The Committee held its first meeting on 18 December 2009.

Membership of the Committee	Meetings held	Meetings attended
Brendan Crotty (Chair)	4	4
Carolyn Burlew	4	4
Allan Cook	4	4
Gabrielle Trainor	4	4
John Fitzgerald	2	2

## Statutory Reporting Obligations

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### Work Health and Safety

The Barangaroo Delivery Authority has undertaken an annual review of its Environment, Health and Safety systems in order to ensure its compliance with the implementation of the new *Work Health and Safety Act 2011 (NSW)* on 1 January 2012.

The Authority championed positive culture towards Work Health and Safety (WHS) of all employees, contractors and visitors to its properties, sites, or activities under the Authority's control, including public events, roads management and construction activity.

The Authority has a WHS policy that strives for a zero harm target across all business units including new and emerging areas of management. The objectives of the policy are:

- > to have a zero target of incidence of injuries/illness and minimal incidents within in the workplace;
- > to identify and manage hazards and risks within the properties, sites, or activities under the authorities control or influence; and
- > to evaluate the effectiveness of the WHS management system to ensure ongoing continuous improvement.

During the 2011-12 financial year, all hazards and incidents identified for WHS were treated to acceptable levels.

### Consumer Activities

2011-12 was the first full year of the operation of the community construction information phone line to manage enquiries and complaints relating to the construction program. This approach ensures that the community have one seamless number to call regarding work on site, and the Authority can direct them to Lend Lease or Baulderstone (or other other relevant contractors).

The 1300 phone line operates during business hours and all calls are logged in a database to ensure effective and timely responses. During 2011-2012, the Authority received approximately 200 calls related to construction and other inquiries.

The Authority also offers an 'info@barangaroo' email address for any online enquiries and they are responded to within two business days.

### Personnel Policies

Personnel, including all policies, is currently outsourced to the Sydney Harbour Foreshore Authority, in accordance with our Shared Corporate Services Agreement, 2010.

### Industrial Relations Policies

There were no industrial disputes lodged by the NSW Public Service Association with the Industrial Relations Commission of NSW. There was no working time lost due to industrial disputes during the year.

There were no exceptional movements in wages, salaries or allowances, except for increases awarded across the public sector by the Industrial Relations Commission of NSW.

**Code of Conduct**

The Barangaroo Delivery Authority's Code of Conduct embodies the public sector values of integrity, diligence, economy, efficiency and accountability.

The code incorporates the principles of ethical or responsible decision making and respect for the law, government and community. The code also offers guidance in situations where a person may be unsure of the appropriate course of action. Matters dealt with in the code include conflicts of interest, copyright and licences, internal information and information on clients, secondary employment, political participation, corrupt conduct and reporting breaches of the code.

**Promotion**

Name	Destination	Period of travel	Purpose
Philip Paris Development Director Headland Park	Singapore	10 to 15 March 2012	Attend Urban Development Institute of Australia Study tour of Singapore

**Payment of Accounts**

The table below summarises the Authority's account performance during 2011-12. A target of 90% of accounts paid on time was set. Significant improvements in the processing and procedures of payments were made in quarter 3 and 4, as noted below. The Authority will continue driving improvements in this area. The Authority will continue to monitor its payment processes in the coming financial year to ensure our payment target is met.

Interest was not paid by the Authority to any creditors during the financial year.

Description	Quarter Ended 30/09/2011 \$000	Quarter Ended 31/12/2011 \$000	Quarter Ended 31/03/2012 \$000	Quarter Ended 30/06/2012 \$000	Total Percentage of accounts paid on time
Percentage of accounts paid on time	52%	44%	95%	83%	79%
Total dollar of accounts paid on time	4,394	4,061	25,797	27,017	61,270
Total dollar of accounts paid	8,445	9,245	27,220	32,532	77,441

**Credit Card Certification**

In accordance with Treasurer's Direction 205.01, it is certified that credit card usage by Barangaroo Delivery Authority officers has been in accordance with the appropriate government policies, Premier's Memoranda and Treasurer's Directions, and meets best practice guidelines issued by Treasury.

The Authority currently has one credit card on issue with a limit of \$5,000.

**Annual Report Costs**

The production of the 2011-2012 Annual Report was \$20,520.

A pdf version of the report is available for downloading at [www.barangaroo.com](http://www.barangaroo.com)

### Consultants

The Authority engages consultants for specialised work only where there is no in-house expertise or additional resources are required. The Authority used consultants in specialist areas such as landscape design, urban planning, engineering, financial modelling and risk assessment, design evaluation, delivery, planning and sustainability.

Thirty consultants whose fees were more than \$50,000 were engaged during the year, as shown in the table below. These fees totalled \$7,826,588 and include consulting expenditure that has been capitalised in the construction of Headland Park.

Seventy-two consultants whose fees were up to \$50,000 were also engaged, with fees totalling \$886,258.

Name	Description	Total \$
AEA Consulting LLC	International cultural study	261,768
Altus Group Cost Management	Quantity surveyor	200,426
Arterra Interactive	3D modelling	97,510
Brand Council Pty Ltd	Brand architecture and positioning for Barangaroo	123,397
Conybeare Morrison Int Pty Ltd	Urban planning and heritage consulting	72,765
Cox Inall Ridgeway	Indigenous consultation	75,270
Emery Studio	Brand architecture and graphic design	485,251
Environ Australia Pty Ltd	Site auditor	84,015
Evans & Peck Pty Ltd	Project management	1,260,420
Gehl Architects	Place making and people landscape	114,755
Halcrow Pacific Pty Ltd	Transport and traffic consultancy	81,889
Hill And Knowlton Australia Pty Ltd	Communications and consultation	116,427
Hyder Consulting Pty Ltd	Marine engineering	248,516
Infrasol Group Pty Limited	Delivery advisory services	355,282
JBS Environmental Pty Ltd	Remediation advice	621,220
Kathy Jones & Associates Pty Ltd	Community relations and consultation services	300,630
KMH Environmental Pty Ltd	Environmental Management services	178,847
KPMG	Financial modelling and risk assessment	548,538
MG Planning Pty Ltd	Planning services	87,927
O'Connor Marsden & Associates	Probity advisors	141,774
Peter Walker and Partners	Landscape architecture	837,979
Robert Bird Group Pty Ltd	Civil and structural engineering services	347,007
Rygate & Co Pty Ltd	Surveying services	76,225
Design Communications Associates	Project management	297,536
Thomas Wilkinson	Strategic advisory	61,940
Tony Caro Architecture Pty Ltd	Urban design advisory	53,256
Warren Smith & Partners	Hydraulic, fire and civil engineering services	296,685
Webb Australia Group (NSW)	Electrical and mechanical engineering	235,822
Woods Bagot Pty Ltd	Strategic planning	51,700
WSPLincolne Scott P/L	Infrastructure and environmental sustainability	111,810
		\$7,826,588

### **Privacy and Personal Information Protection Act 1998 (PIIP Act)**

The PIIP Act aims to protect the privacy of individuals from inappropriate collection, storage, use and disclosure of personal information by NSW public sector agencies.

The Authority is required to provide in its annual report a statement of the actions taken by the Authority to comply with the requirements of the PIIP Act. To respond to the PIIP Act the Authority has developed a Privacy Management Plan.

The actions taken by the Authority to comply with the requirements of the PIIP Act are outlined in the Privacy Management Plan which is available on the Authority's internet site.

The Privacy Management Plan is based on the 12 information protection principles set out in the PIIP Act that establish standards for using personal information in an open and accountable manner. The information protection principles apply to all employees, consultants and contractors engaged by the Authority.

The Authority is also required to supply statistical details of any review conducted by or on behalf of the Authority under Part 5 of the PIIP Act. No applications for an internal review of conduct under Part 5 of the PIIP Act were received by or on behalf of the Authority during the 2011-2012 financial year.

The Authority's Privacy Officer will continue to review the Authority's Privacy Management Plan at regular intervals.

### **John Tabart**

Chief Executive Officer

### **Government Information Public Access Act 2009 (GIPA)**

#### **Review of proactive release program – Clause 7(a)**

Under section 7 of the GIPA Act, the Authority must review its program for the release of government information to identify the kinds of information that can be made publicly available. This review must be undertaken at least once every 12 months.

The Authority's program for the proactive release of information involves consistently reviewing information held or produced by the Authority to identify initiatives, projects and developments that can be proactively disclosed.

During the reporting period, we reviewed this program by directing staff to continuously review and consider whether information produced or received by the Authority could be proactively disclosed.

As a result of this review, the Authority released the following information proactively:

- > consultation and research reports
- > information about the progress of planning applications
- > details of events and activities at the Barangaroo site
- > construction updates
- > information about the Barangaroo Review commissioned in May 2011
- > sustainability information
- > newsletters, fact sheets and news alerts
- > timelines
- > images and videos
- > maps

In the Office of the Information Commissioner's (OIC's) 10 May 2012 report on the Authority's open access information, the OIC commended the Authority for the amount of information it had proactively disclosed on its website.

#### **Number of access applications received – Clause 7(b)**

During the reporting period, the Authority received a total of eight formal access applications (including withdrawn applications but not invalid applications).

#### **Number of refused applications for Schedule 1 information – Clause 7(c)**

During the reporting period, the Authority did not refuse any formal access applications because the information requested was information referred to in Schedule 1 to the GIPA Act (that is, information for which there is a conclusive presumption of overriding public interest against disclosure).

### Statistical information about Access Applications — Clause 7(d) and Schedule 2

Table A: Number of applications by type of applicant and outcome*								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	2	6	1	1	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

\*More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B.

Table B: Number of applications by type of application and outcome								
	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	2	6	1	1	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

\*A *personal information application* is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

The total number of decisions in Table B should be the same as Table A.

Table C: Invalid applications	
Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act	
	Number of times consideration used*
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

\*More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

**Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of the Act**

	Number of occasions when application not successful
Responsible and effective government	3
Law enforcement and security	0
Individual rights, judicial processes and natural justice	0
Business interests of agencies and other persons	6
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

**Table F: Timeliness**

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	1
Decided after 35 days (by agreement with applicant)	4
Not decided within time (deemed refusal)	3
Total	8

**Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)**

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	1	1	2
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	1	1	2

\*The Information Commissioner does not have the authority to vary decisions, but can make recommendation to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made.

**Table H: Applications for review under Part 5 of the Act (by type of applicant)**

	Number of applications for review
Applications by access applicants	2
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0

## Legislative Changes and Departures

The *Barangaroo Delivery Authority Act 2009* was amended to remove a requirement for the Secretary of the Treasury to be a member of the Board of the Barangaroo Delivery Authority and to increase the number of persons that the Premier may appoint to the Board from 4 to 5 persons. This was enacted on 6 July 2012.

## Public Interest Disclosures Act 1994 (PID Act)

The PID Act is designed to deal with voluntary disclosures by public officials about serious matters involving public administration. The Authority does not tolerate corrupt conduct, maladministration or waste of public money and is committed to the objectives of the PID Act and the support and protection of staff and contractors if they report wrongdoing.

The Authority has in place a Public Interest Disclosures Internal Reporting Policy which is available to staff on the Authority's intranet page. Authority staff are required to undertake annually that they have read the Authority's Best Workplace Practices Policy, which contains provisions in relation to protected disclosures (now known as public interest disclosures).

The statistical information about the Authority's obligations under the PID Act which is required by clause 4 of the Public Interest Disclosures Regulation 2011 (NSW) to be included in the Authority's annual report is set out in the table below.

	1 January 2012* to 30 June 2012
Number of public officials who made public interest disclosures	0
Number of public interest disclosures received	0
Of the public interest disclosures received, number primarily about:	0
Corrupt conduct	0
Maladministration	0
Serious and substantial waste	0
Government information contravention	0
Local government pecuniary interest contravention	0
Number of public interest disclosures that have been finalised	0

\* Note: The information in the table relates only to public interest disclosures received by the Authority since 1 January 2012 in accordance with the PID Act.

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# Section 4

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## **Financial Statements**

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Financial Statements

# **Barangaroo Delivery Authority Financial Statements**

## Statement by Members of the Board of Barangaroo Delivery Authority

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### Barangaroo Delivery Authority

#### Statement by Members of the Board of Barangaroo Delivery Authority on the adoption of the financial statements for the year ended 30 June 2012

Pursuant to Section 41C (1B) of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the members of the Board of Barangaroo Delivery Authority, we declare that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of Barangaroo Delivery Authority as at 30 June 2012 and the financial performance for the year then ended; and
2. The financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions.

Further, we are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



**Terry Moran**  
Chairman  
Barangaroo Delivery Authority



**John Tabart**  
Chief Executive Officer  
Barangaroo Delivery Authority

26 September 2012  
Sydney

## Independent Auditor's Report



### INDEPENDENT AUDITOR'S REPORT

#### Barangaroo Delivery Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Barangaroo Delivery Authority (the Authority), which comprise the statements of financial position as at 30 June 2012, the statements of comprehensive income, statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Authority and the consolidated entity. The consolidated entity comprises the Authority and the entities it controlled at the year's end or from time to time during the financial year.

#### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the consolidated entity as at 30 June 2012, and of their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

#### The Board's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

## Independent Auditor's Report

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

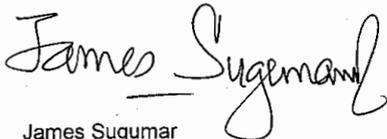
My opinion does *not* provide assurance:

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

### Independence

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

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



James Sugumar  
Director, Financial Audit Services

28 September 2012  
SYDNEY

**Statement of comprehensive income**  
for the year ended 30 June 2012  
Start of Audited Financial Statements

	Notes	Consolidated			Authority	
		Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
<b>Expenses excluding losses</b>						
Operating expenses						
Employee related	2(a)	(6,418)	(7,302)	(4,878)	(2,209)	(1,671)
Personnel services expense	2(a)	-	-	-	(4,209)	(3,207)
Other operating expenses	2(b)	(8,672)	(8,052)	(9,317)	(8,672)	(9,317)
Depreciation and amortisation expense	2(c)	(546)	(349)	(376)	(546)	(376)
Grants and subsidies	2(d)	(18,533)	(30,285)	(1,760)	(18,533)	(1,760)
Finance costs	2(e)	(5,102)	(7,654)	(6,302)	(5,102)	(6,302)
<b>Total expenses excluding losses</b>		<b>(39,271)</b>	<b>(53,642)</b>	<b>(22,633)</b>	<b>(39,271)</b>	<b>(22,633)</b>
<b>Revenue</b>						
Investment revenue	3(a)	872	2,517	275	872	275
Other revenue	3(b)	861	58,078	2,181	861	2,181
<b>Total Revenue</b>		<b>1,733</b>	<b>60,595</b>	<b>2,456</b>	<b>1,733</b>	<b>2,456</b>
Gain/(loss) on disposal		-	136,855	-	-	-
<b>Net result</b>	16	<b>(37,538)</b>	<b>143,808</b>	<b>(20,177)</b>	<b>(37,538)</b>	<b>(20,177)</b>
<b>Other comprehensive income</b>						
Increase in property, plant and equipment revaluation surplus		15,870	-	-	15,870	-
Net change in the revaluation surplus arising from a change in the restoration liability		(16,611)	-	-	(16,611)	-
<b>Total other comprehensive income</b>		<b>(741)</b>	<b>-</b>	<b>-</b>	<b>(741)</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>(38,279)</b>	<b>143,808</b>	<b>(20,177)</b>	<b>(38,279)</b>	<b>(20,177)</b>

The accompanying notes form part of these financial statements

## Statement of financial position

as at 30 June 2012

	Notes	Consolidated			Authority	
		Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000	Actual 2012 \$'000	Actual 2011 \$'000
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	4	24,200	100	10,341	24,200	10,341
Receivables	5	4,014	51,832	3,959	4,014	3,959
Non-current assets held for sale	6	244,916	-	94,408	244,916	94,408
<b>Total Current Assets</b>		<b>273,130</b>	<b>51,932</b>	<b>108,708</b>	<b>273,130</b>	<b>108,708</b>
<b>Non-Current Assets</b>						
Receivables	5	-	69,012	-	-	-
Property, plant and equipment						
Land and buildings		181,404	54,345	315,592	181,404	315,592
Plant and equipment		1,080	803	1,477	1,080	1,477
Work in progress (Headland Park)		32,142	54,947	23,104	32,142	23,104
Total property, plant and equipment	7	214,626	110,095	340,173	214,626	340,173
Investment property		-	261,247	-	-	-
<b>Total Non-Current Assets</b>		<b>214,626</b>	<b>440,354</b>	<b>340,173</b>	<b>214,626</b>	<b>340,173</b>
<b>Total Assets</b>		<b>487,756</b>	<b>492,286</b>	<b>448,881</b>	<b>487,756</b>	<b>448,881</b>
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Payables	8	10,531	9,005	12,704	10,816	12,946
Borrowings	9	-	34,790	-	-	-
Provisions	10	72,265	50,800	49,502	71,980	49,260
Other	11	154,705	22,746	-	154,705	-
<b>Total Current Liabilities</b>		<b>237,501</b>	<b>117,341</b>	<b>62,206</b>	<b>237,501</b>	<b>62,206</b>
<b>Non-Current Liabilities</b>						
Payables	8	-	-	156	103	211
Borrowings	9	94,741	96,005	76,000	94,741	76,000
Provisions	10	101,547	64	115,273	101,444	115,218
Other	11	-	64,728	103,000	-	103,000
<b>Total Non-Current Liabilities</b>		<b>196,288</b>	<b>160,797</b>	<b>294,429</b>	<b>196,288</b>	<b>294,429</b>
<b>Total Liabilities</b>		<b>433,789</b>	<b>278,138</b>	<b>356,635</b>	<b>433,789</b>	<b>356,635</b>
<b>Net Assets</b>		<b>53,967</b>	<b>214,148</b>	<b>92,246</b>	<b>53,967</b>	<b>92,246</b>
<b>Equity</b>						
Reserves		19,259	20,000	20,000	19,259	20,000
Accumulated funds		34,708	194,148	72,246	34,708	72,246
<b>Total Equity</b>		<b>53,967</b>	<b>214,148</b>	<b>92,246</b>	<b>53,967</b>	<b>92,246</b>

The accompanying notes form part of these financial statements

## Statement of changes in equity

for the year ended 30 June 2012

	Notes	Consolidated			Authority		
		Accumulated Funds \$'000	Asset Revaluation Surplus	Total \$'000	Accumulated Funds \$'000	Asset Revaluation Surplus	Total \$'000
<b>Balance at 1 July 2011</b>		<b>72,246</b>	<b>20,000</b>	<b>92,246</b>	<b>72,246</b>	<b>20,000</b>	<b>92,246</b>
<b>Net result for the year</b>		<b>(37,538)</b>	<b>-</b>	<b>(37,538)</b>	<b>(37,538)</b>	<b>-</b>	<b>(37,538)</b>
<b>Other comprehensive income</b>							
Net decrease in property, plant and equipment revaluation surplus		-	(741)	(741)	-	(741)	(741)
<b>Total other comprehensive income</b>		<b>-</b>	<b>(741)</b>	<b>(741)</b>	<b>-</b>	<b>(741)</b>	<b>(741)</b>
<b>Total comprehensive income for the year</b>		<b>(37,538)</b>	<b>(741)</b>	<b>(38,279)</b>	<b>(37,538)</b>	<b>(741)</b>	<b>(38,279)</b>
Transactions with owners in their capacity as owners		-	-	-	-	-	-
<b>Balance at 30 June 2012</b>		<b>34,708</b>	<b>19,259</b>	<b>53,967</b>	<b>34,708</b>	<b>19,259</b>	<b>53,967</b>
<b>Balance at 1 July 2010</b>		<b>92,423</b>	<b>20,000</b>	<b>112,423</b>	<b>92,423</b>	<b>20,000</b>	<b>112,423</b>
<b>Net result for the year</b>		<b>(20,177)</b>	<b>-</b>	<b>(20,177)</b>	<b>(20,177)</b>	<b>-</b>	<b>(20,177)</b>
<b>Other comprehensive income</b>							
Net decrease in property, plant and equipment revaluation surplus		-	-	-	-	-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>(20,177)</b>	<b>-</b>	<b>(20,177)</b>	<b>(20,177)</b>	<b>-</b>	<b>(20,177)</b>
Transactions with owners in their capacity as owners		-	-	-	-	-	-
<b>Balance at 30 June 2011</b>		<b>72,246</b>	<b>20,000</b>	<b>92,246</b>	<b>72,246</b>	<b>20,000</b>	<b>92,246</b>

The accompanying notes form part of these financial statements

## Statement of cash flows

as at 30 June 2012

	Notes	Consolidated			Authority	
		Actual 2012 \$'000	Budget 2012 \$'000	Actual 2011 \$'000	30 June 2012 \$'000	30 June 2011 \$'000
<b>Cash flows from operating activities</b>						
<b>Payments</b>						
Employee related		(6,792)	(7,202)	(2,765)	(6,792)	(2,765)
Grants and subsidies		(22,000)	(30,285)	-	(22,000)	-
Finance costs		(4,821)	(7,306)	(6,417)	(4,821)	(6,417)
Other		(20,327)	(163,085)	(26,119)	(20,327)	(26,119)
<b>Total Payments</b>		<b>(53,940)</b>	<b>(207,878)</b>	<b>(35,301)</b>	<b>(53,940)</b>	<b>(35,301)</b>
<b>Receipts</b>						
Sale of goods and services		947	-	853	947	853
Interest received		872	2,517	275	872	275
Other		56,876	83,613	99,022	56,876	99,022
<b>Total Receipts</b>		<b>58,695</b>	<b>86,130</b>	<b>100,150</b>	<b>58,695</b>	<b>100,150</b>
<b>Net cash flows from operating activities</b>	<b>14</b>	<b>4,755</b>	<b>(121,748)</b>	<b>64,849</b>	<b>4,755</b>	<b>64,849</b>
<b>Cash flows from investing activities</b>						
Proceeds from sale of property, plant and equipment		-	231,263	75	-	75
Purchases of property, plant and equipment		(9,637)	(31,952)	(21,784)	(9,637)	(21,784)
Advances made		-	(120,692)	-	-	-
<b>Net cash flows from investing activities</b>		<b>(9,637)</b>	<b>78,619</b>	<b>(21,709)</b>	<b>(9,637)</b>	<b>(21,709)</b>
<b>Cash flows from financing activities</b>						
Proceeds from borrowings		18,741	54,795	34,000	18,741	34,000
Repayment of borrowings		-	-	(67,005)	-	(67,005)
Dividends paid		-	(21,907)	-	-	-
<b>Net cash flows from financing activities</b>		<b>18,741</b>	<b>32,888</b>	<b>(33,005)</b>	<b>18,741</b>	<b>(33,005)</b>
<b>Net increase/(decrease) in cash</b>		<b>13,859</b>	<b>(10,241)</b>	<b>10,135</b>	<b>13,859</b>	<b>10,135</b>
Opening cash and cash equivalents		10,341	10,341	206	10,341	206
<b>Closing cash and cash equivalents</b>	<b>4</b>	<b>24,200</b>	<b>100</b>	<b>10,341</b>	<b>24,200</b>	<b>10,341</b>

The accompanying notes form part of these financial statements

## Notes to the financial statements

### 1. Summary of Significant Accounting Policies

#### a) Reporting entity

The Barangaroo Delivery Authority (the Authority) is a NSW government entity. The Authority is a not-for-profit entity (as profit is not its principle objective) and has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

The Authority was created on 1 April 2009 under the Barangaroo Delivery Authority Act 2009. The Authority as a reporting entity comprises the entity under its control: the Office of the Barangaroo Delivery Authority (the Office).

These financial statements for the year ended 30 June 2012 have been authorised for issue by the Authority's Board on 26 September 2012.

#### b) Basis of preparation

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

- > applicable Australian Accounting Standards (which include Accounting Interpretations)
- > the requirements of the Public Finance and Audit Act 1983 and regulation 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 on a going concern basis which assumes that repayment of borrowing will be met, as and when they fall due, without any intention or necessity to liquidate assets or otherwise wind up operations.

The Board has determined that the going concern basis is appropriate. This determination has taken into consideration the following factors:

- > Barangaroo Delivery Authority is NSW Government owned; and
- > Barangaroo Delivery Authority borrowing is guaranteed by the NSW Government

Set out below is a summary of the significant accounting policies adopted by the Authority.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Authority'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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are recognised, or in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

All amounts are rounded to the nearest one thousand dollars (\$'000) 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) Principles of consolidation

Controlled entities are all those entities over which the Authority has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

#### e) Borrowing costs

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

#### f) Insurance

The Authority'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 Manger based on past claim experience. The Authority holds insurance policies covering property, public liability, workers compensation, directors' liability and other contingencies.

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

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

- > the amount of GST incurred by the Authority 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 and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

## Notes to the financial statements

### h) Income recognition

The Authority 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 Authority's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Authority bases its estimates on historical results, taking into consideration the type of customer, the type of transaction, and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Sale of goods and services

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

(ii) Grants and contributions

Contributions and grants are recognised as revenue when the Authority obtains control over the asset comprising the contributions.

(iii) Investment revenue

Interest revenue is recognised using the effective interest method as set out in AASB 139 Financial Instruments: Recognition and Measurement.

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties. Revenue from the rendering of services is recognised when the service is provided and only to the extent that the associated recoverable expenses are recognised.

(iv) Lease revenue and Finance Leases

On 5 March 2010 the Authority entered into the Stage 1 Project Development Agreement (Agreement) with Lend Lease Corporation for the development of Barangaroo South.

Revenues from the Agreement relate to development access, development rights and 99 year leases for individual parcels of land. The Authority has determined that the Agreement should be accounted for as a series of finance leases. These are entered into progressively throughout the development rather than a single contract that commences on the execution of the agreement. At the inception of the Finance lease it will be recognised as a disposal of land assets.

### i) Assets

(i) Acquisitions of assets

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

Assets acquired at no cost, or for nominal consideration, are initially recognised as assets and revenues at their fair value at the date of acquisition. Fair value is the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Where settlement of any part of cash consideration is deferred, its cost is the cash price equivalent, that is, the deferred payment amount is effectively discounted at an asset-specific rate.

(ii) Capitalisation thresholds

Property development that gives rise to an effective and material increase in the future economic benefit of the property is capitalised.

Property, plant and equipment assets costing \$5,000 and above individually (or forming part of a network costing more than \$5,000) are capitalised.

(iii) Revaluation of property plant and equipment

Physical non-current assets are valued in accordance with the "Valuation of Physical Non-Current Assets at Fair Value" Policy and Guidelines Paper (TPP 07-1). This policy adopts fair value in accordance with AASB 116 Property, Plant and Equipment.

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

Land and buildings, including open spaces and roads, are revalued at least every three years or with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date. The latest revaluation was completed on 30 June 2012 and was based on an independent assessment.

The valuation is based on the highest and best use, taking into account the existing physical, legal, financial and socio-political environment in which the Authority operates and which results in the highest value.

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.

## Notes to the financial statements

Revaluation increments are credited directly to the asset revaluation reserve, 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 reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

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 reserve in respect of that asset is transferred to accumulated funds.

(iv) 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 Authority. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments for major items.

Land is not a depreciable asset.

The following depreciation rates were applied in 2011-12:

Furniture and fittings 10% - 20% (10% - 20% 2011)

IT equipment 33% (33% 2011)

Plant and equipment 10% - 50% (10% - 50% 2011)

(v) 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.

(vi) Non-current assets held for sale

The Authority has certain non-current assets classified as held for sale, where their carrying amount will be recovered principally through a sale transaction not through continuing use. This condition is regarded as met when the sale is highly probable, the asset is available for immediate sale in its present condition and the sale of the asset is expected to be completed within one year from the date of classification. Non-current assets 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.

(vii) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provisions for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. 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 original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. 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 credited against other expenses in profit or loss.

### j) 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 and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

(i) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Authority as lessee are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessor, are charged to the income statement on a straight-line basis over the period of the lease.

(ii) Lease incentives

Lease incentives include upfront cash payments to the lessee or the reimbursement or assumption by the Authority, 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.

## Notes to the financial statements

### k) Liabilities

#### (i) Payables

These amounts represent liabilities for goods and services provided to the Authority 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

Borrowings are initially recognised at fair value, net of transactions costs. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement, over the period of the borrowings, using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Authority has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### (iii) Employee Benefits

##### (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 due to be settled within 12 months after the period in which the employees render the services are 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.

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 benefit to which they relate have been recognised.

##### (b) 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 in accordance with AASB 119 Employee Benefits. 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.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date. The government bond rate of 6.00% (2011: 5.75%) was applied for discounting purposes.

##### (c) Superannuation

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### (iv) Other Provisions

Other provisions exist when: the Authority has a present legal or constructive obligation as a result of a past event; it is probable that the Authority will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

### l) Equity and reserves

#### (i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with the Authority's policy on the revaluation of physical non-current assets as discussed in note 1 (i)(iii).

#### (ii) Accumulated funds

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

### m) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to the Parliament in respect of the reporting period. Amendments made to the budget are not reflected in the budgeted amounts.

### n) Comparative information

Except where 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.

## Notes to the financial statements

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### o) Comparative amounts

Comparative amounts for some expense and revenue items are reclassified to align with the presentation for the current year. The presentation for the current year is modified to comply with the requirements of the Financial Reporting Code (Code). The Treasurer under the delegation from The Public Finance and Audit Act issued the Code to apply for all general government sector entities for the year ending on or after 30 June, 2012.

### p) New Australian Accounting Standards and Interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods ending after 30 June 2012 however have not been applied in preparing these consolidated financial statements (refer table below). None of these are expected to have a significant effect on the consolidated financial statements of the Authority, except for AASB 9 Financial Instruments, which becomes mandatory for the Authority's 2013 consolidated financial statements and could change the classification and measurement of financial assets. The Authority does not plan to adopt this standard early and the extent of the impact is not known.

The following new accounting standards have not been applied and are not yet effective:

- > AASB 9 Financial Instruments (1 January 2013),
- > AASB10 Consolidated Financial Statements (1 January 2013),
- > AASB13 Fair value measurement (1 January 2013)
- > AASB 119 Employee Benefits (September 2011) (1 January 2013),
- > AASB 1053 Application of Tiers of Australian Accounting Standards (1 July 2013),
- > AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (1 January 2013),
- > AASB 2010-02 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (1 July 2013),
- > AASB 2010-07 Amendments to Australian Accounting Standards arising from AASB 9 (1 January 2013),
- > AASB 2011-07 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (1 January 2013),
- > AASB 2011-08 Amendments from Australian Accounting Standards arising from AASB13 (1 January 2013)
- > AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (1 January 2013), and
- > AASB 2011-11 Amendments to AASB119 arising from reduced disclosure requirements (1 July 2013)
- > AASB 2011-13 Amendments to Australian Accounting Standard AASB 1049 (1 July 2012)
- > AASB 2012-01 Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements (1 July 2013)

## Notes to the financial statements

	Consolidated		Authority	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>2 Expenses</b>				
<b>a. Employee related expense</b>				
Salaries and wages (including recreation leave)	3,603	2,696	-	-
Superannuation – defined contribution plans	280	258	-	-
Long service leave	47	24	-	-
Payroll tax and fringe benefits	279	229	-	-
Personnel services expenses	-	-	4,209	3,207
Contractors	2,209	1,671	2,209	1,671
	<b>6,418</b>	<b>4,878</b>	<b>6,418</b>	<b>4,878</b>
<b>b. Other operating expenses</b>				
Administration	1,362	1,363	1,362	1,363
Auditor's remuneration - audit of financial statements	133	97	133	97
Consultants	4,365	3,717	4,365	3,717
Directors' fees	152	168	152	168
Insurance	18	20	18	20
Legal	1,148	2,765	1,148	2,765
Marketing and advertising	767	675	767	675
Repairs and maintenance	727	512	727	512
	<b>8,672</b>	<b>9,317</b>	<b>8,672</b>	<b>9,317</b>
<b>c. Depreciation and amortisation expenses</b>				
Property plant and equipment	546	376	546	376
	<b>546</b>	<b>376</b>	<b>546</b>	<b>376</b>
<b>d. Grants and subsidies</b>				
Wynyard Walk	18,533	1,760	18,533	1,760
	<b>18,533</b>	<b>1,760</b>	<b>18,533</b>	<b>1,760</b>
<b>e. Finance costs</b>				
Interest on borrowing not at fair value through profit or loss	5,102	6,302	5,102	6,302
	<b>5,102</b>	<b>6,302</b>	<b>5,102</b>	<b>6,302</b>
<b>3 Other revenue</b>				
<b>a. Investment revenue</b>				
Interest from cash at bank	65	159	65	159
TCorp Hour-Glass Investment Facilities designated at fair value through profit or loss	807	116	807	116
	<b>872</b>	<b>275</b>	<b>872</b>	<b>275</b>
<b>b. Other revenue</b>				
Other developer contributions	-	2,117	-	2,117
Road permits	633	22	633	22
Site revenue	228	42	228	42
	<b>861</b>	<b>2,181</b>	<b>861</b>	<b>2,181</b>

## Notes to the financial statements

	Consolidated		Authority	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>4 Current Assets - Cash and Cash Equivalents</b>				
Cash at bank and on hand	542	725	542	725
TCorp Hour Glass Cash Facility	23,658	9,616	23,658	9,616
	<b>24,200</b>	<b>10,341</b>	<b>24,200</b>	<b>10,341</b>
<i>For the purposes of the statement of cash flows, cash and cash equivalents include cash at bank, cash on hand and short-term deposits.</i>				
<b>5 Current / Non-Current - Receivables</b>				
Sundry debtors	216	16	216	16
Goods and services tax recoverable	1,226	1,628	1,226	1,628
Accrued revenue	2,262	2,118	2,262	2,118
Prepayments	310	197	310	197
	<b>4,014</b>	<b>3,959</b>	<b>4,014</b>	<b>3,959</b>
<i>No receivables are past due</i>				
<b>6 Current / Non-Current Assets - Held for resale</b>				
Balance at the beginning of the financial year	94,408	-	94,408	-
Transfer from land and buildings	150,508	94,408	150,508	94,408
Balance at the end of the financial year	<b>244,916</b>	<b>94,408</b>	<b>244,916</b>	<b>94,408</b>

## Notes to the financial statements

	Consolidated		Authority	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>7 Non-Current Assets - Property, plant and equipment</b>				
<b>Land and buildings</b>				
At gross value	181,404	315,592	181,404	315,592
Accumulated depreciation	-	-	-	-
Carrying amount at fair value	<b>181,404</b>	<b>315,592</b>	<b>181,404</b>	<b>315,592</b>
<b>Plant and equipment</b>				
At gross value	2,026	1,877	2,026	1,877
Accumulated depreciation	(946)	(400)	(946)	(400)
Carrying amount at fair value	<b>1,080</b>	<b>1,477</b>	<b>1,080</b>	<b>1,477</b>
<b>Work in progress</b>	<b>32,142</b>	<b>23,104</b>	<b>32,142</b>	<b>23,104</b>
<b>Total property, plant and equipment</b>	<b>214,626</b>	<b>340,173</b>	<b>214,626</b>	<b>340,173</b>
At gross value	215,572	340,573	215,572	340,573
Accumulated depreciation and amortisation	(946)	(400)	(946)	(400)
<b>Total property, plant and equipment</b>	<b>214,626</b>	<b>340,173</b>	<b>214,626</b>	<b>340,173</b>

### Reconciliation

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the year are set out below.

	Consolidated		Authority	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
Net carrying amount at 1 July	315,592	410,000	315,592	410,000
Additions	450	-	450	-
Reclassification of assets held for sale	(150,508)	(94,408)	(150,508)	(94,408)
Revaluation	15,870	-	15,870	-
Depreciation expense	-	-	-	-
<b>Net carrying amount at 30 June</b>	<b>181,404</b>	<b>315,592</b>	<b>181,404</b>	<b>315,592</b>
<b>Plant and equipment</b>				
Net carrying amount at 1 July	1,477	394	1,477	394
Additions	149	1,534	149	1,534
Disposals	-	(75)	-	(75)
Depreciation expense	(546)	(376)	(546)	(376)
<b>Net carrying amount at 30 June</b>	<b>1,080</b>	<b>1,477</b>	<b>1,080</b>	<b>1,477</b>
<b>Work in progress</b>				
Opening balance at 1 July	23,104	3,952	23,104	3,952
Additions	9,038	20,250	9,038	20,250
Capitalised and transferred to fixed assets	-	-	-	-
Expensed	-	(1,098)	-	(1,098)
<b>Closing balance at 30 June</b>	<b>32,142</b>	<b>23,104</b>	<b>32,142</b>	<b>23,104</b>

## Notes to the financial statements

	Consolidated		Authority	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>8 Current / Non-Current Liabilities - Payables</b>				
<b>Current</b>				
Creditors	1,678	1,135	1,678	1,135
Accrued expenses	6,598	9,693	6,598	9,693
Refundable security deposits and bonds	43	21	43	21
Interest payable	1,860	1,579	1,860	1,579
Lease incentive	156	170	156	170
Personnel services payable	-	-	481	348
Payable - accrued salaries, wages and on-costs	196	106	-	-
	<b>10,531</b>	<b>12,704</b>	<b>10,816</b>	<b>12,946</b>
<b>Non current</b>				
Lease incentive	-	156	-	156
Personnel services payable	-	-	103	55
	<b>-</b>	<b>156</b>	<b>103</b>	<b>211</b>
<b>9 Current / Non-Current Liabilities - Borrowings</b>				
<b>Non current</b>				
TCorp Borrowings	94,741	76,000	94,741	76,000
	<b>94,741</b>	<b>76,000</b>	<b>94,741</b>	<b>76,000</b>
<p><i>The fair value of these loans as at balance date was \$104 million (2011: \$79 million)</i>  <i>Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings, are disclosed in Note 15.</i></p>				
<b>10 Current / Non-Current - Provisions</b>				
<b>Current</b>				
Employee benefits and related on-costs				
Recreation leave	285	242	-	-
<b>Other Provisions</b>				
Provision for property development expenses	71,980	49,260	71,980	49,260
	<b>72,265</b>	<b>49,502</b>	<b>71,980</b>	<b>49,260</b>
<b>Non current</b>				
<b>Employee benefits and related on-costs</b>				
Long service leave	103	55	-	-
<b>Other Provisions</b>				
Provision for property development expenses	101,444	115,218	101,444	115,218
	<b>101,547</b>	<b>115,273</b>	<b>101,444</b>	<b>115,218</b>
<b>Aggregate employee benefits and related on-costs</b>				
Provisions - current	285	242	-	-
Provisions - non-current	103	55	-	-
Accrued salaries, wages and on-costs (note 8)	196	106	-	-
	<b>584</b>	<b>403</b>	<b>-</b>	<b>-</b>

*In accordance with the NSW Treasury Circular TC11/06 Accounting for Long Service Leave and Annual Leave and AASB 101 Presentation of Financial Statements, all annual leave and unconditional long service leave is presented as a current liability in the statement of financial position.*

## Notes to the financial statements

### Movements in provisions (other than employee benefits)

Movements in each class of provision during the year financial year, other than employee benefits, are set out below:

	Remediation \$'000	Passenger Terminal \$'000	Total \$'000
<b>2012</b>			
Carrying amount at the beginning of the financial year	109,460	55,018	164,478
Additional provisions recognised	16,611	-	16,611
Amounts used	(719)	(6,946)	(7,665)
Unused amount reversed	-	-	-
<b>Carrying amount at the end of the financial year</b>	<b>125,352</b>	<b>48,072</b>	<b>173,424</b>

The Barangaroo Delivery Authority is considering two remediation methodologies for the Declaration Area - ex-situ Remediation and in-situ Remediation. Ex-situ remediation will involve the excavation and offsite disposal of all contaminated material within the Declaration Area. In-situ remediation will involve the treatment of contaminated material using the VeruTek Surfactant Enhanced in-situ Chemical Oxidation (SISCO) technology to treat the material in-situ.

The Authority has considered four remediation options and recommended the most likely outcome, based on a combination of Insitu and ex-situ, with ex-situ remediation used in Block 4 outside the declaration area, for the basis of the provision. The final outcome may be impacted by the results of the SISCO pilot trials and approval of the Remediation Works Plan by the Environment Protection Authority.

The Environment Protection Authority (EPA) has declared the former gasworks area within Barangaroo to be a remediation site. The Authority, as landowner, has entered into a voluntary arrangement with the EPA to clean up the contamination originating in the Declaration Area and will be seeking to recover remediation costs from the party responsible for that contamination.

## Notes to the financial statements

	Consolidated		Authority	
	2012 \$'000	2011 \$'000	2012 \$'000	2011 \$'000
<b>11 Current / Non-Current Liabilities - Other</b>				
Revenue in advance	154,705	103,000	154,705	103,000
	<b>154,705</b>	<b>103,000</b>	<b>154,705</b>	<b>103,000</b>

On 5 March 2010 the Authority entered into the Stage 1 Project Development Agreement (Agreement) with Lend Lease Corporation for the development of Barangaroo South. Lend Lease has paid the Authority \$154.7 million being instalments for the rights granted under the Agreement. This amount will be recognised as revenue when lease agreements are formalised and accounted as finance leases.

### 12 Commitments for Expenditure

#### a Capital Commitments

Aggregate capital expenditure for the construction of the Headland Park contracted for at balance date and not provided for:

Not later than one year	77,012	36,562	77,012	36,562
Later than one year and not later than five years	103,651	3,727	103,651	3,727
Later than five years	-	-	-	-
<b>Total (including GST)</b>	<b>180,663</b>	<b>40,289</b>	<b>180,663</b>	<b>40,289</b>

#### b Operating Lease Commitments

Future non-cancellable operating lease rentals not provided for and payable:

Not later than one year	524	511	524	511
Later than one year and not later than five years	426	491	426	491
Later than five years	-	-	-	-
<b>Total (including GST)</b>	<b>950</b>	<b>1,002</b>	<b>950</b>	<b>1,002</b>

Operating leases relate to property and motor vehicles. These leases have an average life of three years with an option to renew.

The capital and operating lease commitments above include GST of \$16.5m (2011: \$3.8m) that are expected to be recoverable from the Australian Taxation Office.

### 13 Contingent Liabilities and Contingent Assets

There are no known contingent liabilities or assets at balance date (2011: nil).

### 14 Reconciliation of Cash Flows from Operating Activities to Net Result

Reconciliation of cash flows from operating activities to the net result as reported in the statement of comprehensive income

Net cash used on operating activities	(37,538)	(20,177)	(37,538)	(20,177)
Depreciation	546	376	546	376
Works in progress expensed	-	1,098	-	1,098
Decrease/(increase) in receivables	(54)	(3,545)	(54)	(3,545)
Increase/(decrease) in creditors	(2,328)	4,364	(2,328)	4,364
(Decrease)/increase in provisions	(7,576)	(7,267)	(7,576)	(7,267)
Increase/(decrease) in unearned income	51,705	90,000	51,705	90,000
<b>Net result</b>	<b>4,755</b>	<b>64,849</b>	<b>4,755</b>	<b>64,849</b>

## Notes to the financial statements

### 15 Financial Instruments

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

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

The Audit and Risk Management Committee 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 Authority, to set risk limits and controls and to monitor risks. Compliance with policies is reviewed by the Audit and Risk Management Committee and internal auditors on a regular basis.

#### a Financial instrument categories

Financial Assets	Note	Category	Carrying Amount 2012 \$'000	Carrying Amount 2011 \$'000
<b>Class:</b>				
Cash and cash equivalents	4	N/A	24,200	10,341
Receivables <sup>1</sup>	5	Loans and receivables (at amortised cost)	4,014	3,959
<b>Financial Liabilities</b>				
Financial Liabilities	Note	Category	Carrying Amount 2012 \$'000	Carrying Amount 2011 \$'000
<b>Class:</b>				
Payables <sup>2</sup>	8	Financial liabilities measured at amortised cost	10,531	12,860
Borrowings	9	Financial liabilities measured at amortised cost	94,741	76,000

#### Notes

<sup>1</sup> Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

<sup>2</sup> Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

#### b Credit risk

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

##### Authority Deposits

The Authority has placed funds on deposit with TCorp, which has been rated 'AAA' by Standards 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 3.9% (2011: 5.2%) while over the year the weighted average interest rate was 4.89% (2011: 0.83% effective from 4 May 2011) on a weighted average balance during the year of \$17.340m (2011: \$13.998m). None of these assets are past due or impaired.

#### c Liquidity risk

(Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority 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 loans and other advances.

The Authority has approved funding facilities of \$322 million, of which \$122 million is subject to NSW Government review and approval of the scope, timing, risk and value for money of major projects. The approved facility limit at balance date with NSW Treasury Corporation is \$200 million (2011: \$167 million). The net fair value of these loans at balance date was \$104 million (2011: \$79 million). The weighted average effective interest rate for the year was 5.79% (2011: 5.22%) for loans.

During the current and prior years, there were no defaults or breaches on any loans payable. No assets have been pledged as collateral. The Authority'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 to be made not later than 30 days from the 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 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 an authority or a person appointed by the Head of an authority may automatically pay the supplier simple interest. The rate of interest applied during (the year was 12.5% (2011: nil%).

## Notes to the financial statements

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

Maturity analysis and interest rate exposure of financial liabilities:

	Weighted Average Effective Interest Rate	Nominal Amount \$'000	Interest Rate Exposure			Maturity Dates		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non-interest Bearing \$'000	< 1 yr \$'000	1-5 yrs \$'000	> 5 yrs \$'000
<b>2012</b>								
Payables	-	10,531	-	-	10,531	10,531	-	-
TCorp borrowings	5.79%	94,741	94,741	-	-	5,560	83,357	26,500
		<b>105,272</b>	<b>94,741</b>	<b>-</b>	<b>10,531</b>	<b>16,091</b>	<b>83,357</b>	<b>26,500</b>
<b>2011</b>								
Payables	-	12,860	-	-	12,860	12,704	156	-
TCorp borrowings	5.22%	76,000	76,000	-	-	4,435	65,303	28,000
		<b>88,860</b>	<b>76,000</b>	<b>-</b>	<b>12,860</b>	<b>17,139</b>	<b>65,459</b>	<b>28,000</b>

### Notes:

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

### d Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

The Authority's exposures to market risk are primarily through interest rate risk on the Authority's borrowings and other price risks associated with the Hour Glass Investment Facilities. The Authority 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 Authority 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 2011. The analysis assumes that all other variables remain constant.

## Notes to the financial statements

### Interest rate risk

Exposure to interest rate risk arises primarily through the Authority's interest bearing liabilities. This risk is minimised by undertaking mainly fixed rate borrowings, primarily with NSW TCorp. The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore for these financial instruments a change in interest rates would not affect profit or loss or equity. A reasonably possible change of +/- 1% is used, consistent with current trends in interest rates. This basis will be reviewed annually and amended where there is a structural change in the level of interest rate volatility. The Authority's exposure to interest rate risk is set out below.

	Carrying amount \$'000	-1%		1%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
<b>2012</b>					
<b>Financial assets</b>					
Cash and cash equivalents	24,200	242	242	(242)	(242)
Receivables	4,014	0	0	0	0
<b>Financial liabilities</b>					
Payables	10,531	0	0	-	-
Borrowings	94,741	947	947	(947)	(947)
<b>2011</b>					
<b>Financial assets</b>					
Cash and cash equivalents	10,341	103	103	(103)	(103)
Receivables	3,959	-	-	-	-
<b>Financial liabilities</b>					
Payables	12,860	-	-	-	-
Borrowings	76,000	760	760	(760)	(760)

### 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 Authority has no direct equity investments. The Authority holds units in the following Hour-Glass investment trusts:

Facility	Investment Sectors	Investment Horizon	2012 \$'000	2011 \$'000
Cash facility	Cash, money market instruments	Up to 1.5 years	23,658	9,616

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 trusts 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.

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 historically based volatility information over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

A reasonably possible change is based on the percentage change in the unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for the facility (balance from the Hour-Glass statement).

## Notes to the financial statements

### e Fair Value

The Authority's 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 Authority's share of the value of the underlying assets of based on the market value. All of the Hour-Glass facilities are valued using 'redemption pricing'.

#### Derived from inputs other than quoted prices that are observable directly or indirectly.

	Level 1	Level 2	Level 3	2012 Total
Financial assets at fair value	\$'000	\$'000	\$'000	\$'000
TCorp Hour-Glass Invnt. Facility		23,658		
		23,658		

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

### 16 Budget Review

#### Net result

The budget included a gain on disposal, by way of a 99 year finance lease, of land for buildings that was expected to occur before 30 June 2012 based on initial construction timetable and continued representations by Lend Lease to the Authority. This is likely to occur in the financial year ending 30 June 2013. The Authority received \$154.7m as revenue in advance, from Lend Lease, which is not recognised as revenue in the Financial Statements until the land for buildings has been disposed by way of finance lease.

The net result (deficit) of \$37.5m against a budgeted surplus of \$144m for the year was largely due to delayed gain on disposal of \$137m and delayed contributions revenue. The net result also included a contribution of \$18.5m for the Wynyard Walk as progress payments.

#### Assets and liabilities

The budget initially assumed that the Authority would hold land that was subject to a 99 year finance lease as Investment Property, however a change in the accounting treatment of this land has resulted in this land being classified as non current assets held for sale. The Authority's borrowings were lower than budgeted due to the timing of capital purchases of \$22.8m relating to Headland Park and grants expenditure of \$11.8m being deferred from the current year.

#### Cash flows

The budget assumed cashflows for the disposal of land that was expected to be subject to a 99 year finance lease in the reporting period.

This disposal did not occur and subsequent cashflows did not flow to the Authority.

A special dividend payable to NSW Treasury of \$21.9m was budgeted for however was deferred until the Authority realises the disposal of land through the finance lease.

The Authority's borrowings was lower than budgeted by \$36m due to timing of expenditures as indicated above.ww

### 17 Events after the Reporting Period

On 25 July the Authority acquired the Harbour Control Tower from Sydney Ports Corporation at an independent valuation price of \$2.6m.

### End of Audited Financial Statements

# **Office of the Barangaroo Delivery Authority Financial Statements**

## Statement by Members of the Board of Office of the Barangaroo Delivery Authority

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### Office of the Barangaroo Delivery Authority

#### Statement by Members of the Board of Office of the Barangaroo Delivery Authority on the adoption of the financial statements for the year ended 30 June 2012

Pursuant to Section 41C (1B) of the *Public Finance and Audit Act 1983* and in accordance with a resolution of the members of the Board of Office of the Barangaroo Delivery Authority, we declare that in our opinion:

1. The accompanying financial statements exhibit a true and fair view of the financial position of the Office of the Barangaroo Delivery Authority as at 30 June 2012 and the financial performance for the year then ended; and
2. The financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions.

Further, we are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.



**Terry Moran**  
Chairman  
Barangaroo Delivery Authority



**John Tabart**  
Chief Executive Officer  
Barangaroo Delivery Authority

26 September 2012  
Sydney

## Independent Auditor's Report



### INDEPENDENT AUDITOR'S REPORT

#### Office of Barangaroo Delivery Authority

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the Office of Barangaroo Delivery Authority (the Office), which comprise the statement of financial position as at 30 June 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

#### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Office as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

#### The Board's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

## Independent Auditor's Report

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

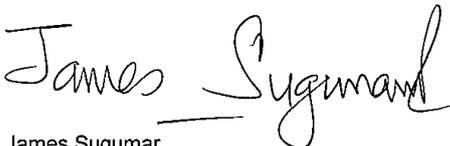
My opinion does *not* provide assurance:

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

### Independence

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

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



James Sugumar  
Director, Financial Audit Services

28 September 2012  
SYDNEY

**Statement of comprehensive income**  
for the year ended 30 June 2012  
Start of Audited Financial Statements

	Notes	Actual 2012 \$'000	Actual 2011 \$'000
Expenses excluding losses			
Operating expenses			
Employee related expenses	2	4,209	3,207
<b>Total expenses excluding losses</b>		<b>4,209</b>	<b>3,207</b>
Revenue			
Personnel services revenue		(4,209)	(3,207)
<b>Total revenue</b>		<b>(4,209)</b>	<b>(3,207)</b>
<b>Net result</b>		<b>-</b>	<b>-</b>
Other comprehensive income		-	-
<b>Total other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>

*The accompanying notes form part of these financial statements*

## Statement of financial position

as at 30 June 2012

	Notes	Actual 2012 \$'000	Actual 2011 \$'000
<b>Assets</b>			
<b>Current Assets</b>			
Receivables	3	584	348
<b>Total Current Assets</b>		<b>584</b>	<b>348</b>
<b>Non-Current Assets</b>			
Receivables	3	-	55
<b>Total Non-Current Assets</b>		<b>-</b>	<b>55</b>
<b>Total Assets</b>		<b>584</b>	<b>403</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Payables	4	196	106
Provisions	5	285	242
<b>Total Current Liabilities</b>		<b>481</b>	<b>348</b>
<b>Non-Current Liabilities</b>			
Provisions	5	103	55
<b>Total Non-Current Liabilities</b>		<b>103</b>	<b>55</b>
<b>Total Liabilities</b>		<b>584</b>	<b>403</b>
<b>Net Assets</b>		<b>-</b>	<b>-</b>
<b>Equity</b>			
Accumulated funds		-	-
<b>Total Equity</b>		<b>-</b>	<b>-</b>

*The accompanying notes form part of these financial statements*

## Statement of cash flows

for the year ended 30 June 2012

	Notes	Actual 2012 \$'000	Actual 2011 \$'000
<b>Cash flows from operating activities</b>			
Payments			
Employee related		-	-
Other		-	-
<b>Total Payments</b>		-	-
Receipts			
Other		-	-
<b>Total Receipts</b>		-	-
<b>Net cash flows from operating activities</b>		-	-
<b>Cash flows from investing activities</b>			
<b>Net cash flows from investing activities</b>		-	-
<b>Cash flows from financing activities</b>			
<b>Net cash flows from financing activities</b>		-	-
<b>Net increase/(decrease) in cash</b>		-	-
Opening cash and cash equivalents		-	-
<b>Closing cash and cash equivalents</b>		-	-

*The accompanying notes form part of these financial statements*

## Statement of changes in equity

for the year ended 30 June 2012

	Notes	Accumulated Funds \$'000
Balance at 1 July 2011		-
Net result for the year		-
Total comprehensive income		-
Transactions with owners in their capacity as owners		-
<b>Balance at 30 June 2012</b>		<b>-</b>
Balance at 1 July 2010		-
Net result for the year		-
Total comprehensive income		-
Transactions with owners in their capacity as owners		-
<b>Balance at 30 June 2011</b>		<b>-</b>

*The accompanying notes form part of these financial statements*

## Notes to the financial statements

### 1. Summary of Significant Accounting Policies

#### (a) Reporting entity

Office of the Barangaroo Delivery Authority (the Office) is a Division of the Government Service, established pursuant to Part 1 of Schedule 1 to the Public Sector Employment and Management Act 2002. It is a not-for-profit entity as profit is not its principal objective. It is consolidated as part of the NSW Total State Sector Accounts. It is domiciled in Australia and its principal office is at 201 Kent Street, Sydney, New South Wales 2000.

The Office's only function is to provide personnel services to Barangaroo Delivery Authority (Barangaroo Authority). Barangaroo Delivery Authority Act 2009 established the Authority on 1 April 2009.

These financial statements for the year ended 30 June 2012 have been authorised for issue by the Barangaroo Delivery Authority's Board on 26 September 2012.

#### (b) Basis of preparation

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

- > applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- > the requirements of the Public Finance and Audit Act 1983 and regulation; and

Set out below is a summary of the significant accounting policies.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities at fair value.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Office'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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are recognised, or in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

All amounts are rounded to the nearest one thousand dollars (\$'000) and are expressed in Australian currency.

#### (c) Income recognition

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

#### (d) Assets

##### (i) Receivables

Receivables are 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. It is derecognised when the contractual or other rights to future cash flows from it expire or are transferred.

Receivables are recognised initially at original invoice amount, usually based on transaction cost or face value.

Receivables are subject to annual review for impairment. An allowance for impairment is established when there is objective evidence that the Office will not be able to collect all amounts due. The amount of the impairment loss is recognised in the Comprehensive Statement of income.

#### (e) Liabilities

##### (i) Payables

Payables represent liabilities for goods and services provided to the Office. Payables include accrued wages, salaries, and related on costs (such as payroll tax, fringe benefits tax and workers' compensation insurance) where there is certainty as to the amount and timing of settlement.

Payables are recognised at fair value, when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted.

##### (ii) Employee Benefits

##### (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 due to be settled within 12 months after the period in which the employees render the services are 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.

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 benefit to which they relate have been recognised.

## Notes to the financial statements

### (b) 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 in accordance with AASB 119 Employee Benefits. 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.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date. The government bond rate of 6.00% (2011: 5.75%) was applied for discounting purposes.

### (c) Superannuation

Contributions to the defined contribution fund are recognised as an expense as they become payable. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### (iii) Other provisions

Provisions are recognised when the Office has a present obligation as a result of a past event, it is probable that the Office will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

### (f) New Australian Accounting Standards and Interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods ending after 30 June 2012 however have not been applied in preparing these consolidated financial statements (refer table below). None of these are expected to have a significant effect on the consolidated financial statements of the Authority, except for AASB 9 Financial Instruments, which becomes mandatory for the Authority's 2013 consolidated financial statements and could change the classification and measurement of financial assets. The Authority does not plan to adopt this standard early and the extent of the impact has not been determined.

The following new accounting standards have not been applied and are not yet effective:

- > AASB 9 Financial Instruments (1 January 2013),
- > AASB10 Consolidated Financial Statements (1 January 2013),
- > AASB13 Fair value measurement (1 January 2013)
- > AASB 119 Employee Benefits (September 2011) (1 January 2013),
- > AASB 1053 Application of Tiers of Australian Accounting Standards (1 July 2013),
- > AASB 2010-02 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (1 July 2013),
- > AASB 2010-07 Amendments to Australian Accounting Standards arising from AASB 9 (1 January 2013),
- > AASB 2011-07 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (1 January 2013),
- > AASB 2011-08 Amendments from Australian Accounting Standards arising from AASB13 (1 January 2013)
- > AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) (1 January 2013), and
- > AASB 2011-11 Amendments to AASB119 arising from reduced disclosure requirements (1 July 2013)
- > AASB 2011-13 Amendments to Australian Accounting Standard AASB 1049 (1 July 2012)
- > AASB 2012-01 Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements (1 July 2013)

## Notes to the financial statements

	Actual 2012 \$'000	Actual 2011 \$'000
<b>2 Expenses</b>		
Employee related expenses		
Salaries and wages (including recreation leave)	3,603	2,696
Superannuation – defined contribution plans	280	258
Long service leave	47	24
Payroll tax and fringe benefits	279	229
	<b>4,209</b>	<b>3,207</b>
<b>3 Current / Non-Current - Receivables</b>		
Recreation leave	285	242
Accrued salaries, wages and on-costs	196	106
Long service leave	103	55
	<b>584</b>	<b>403</b>
<b>4 Current / Non-Current - Payables</b>		
Payable - accrued salaries, wages and on-costs	196	106
	<b>196</b>	<b>106</b>
<b>5 Current / Non-Current - Provisions</b>		
Recreation leave	285	242
Long service leave	103	55
	<b>388</b>	<b>242</b>
Aggregate employee benefits and related on-costs		
Provisions - current	285	242
Provisions - non-current	103	55
Accrued salaries, wages and on-costs (note 4)	196	106
	<b>584</b>	<b>403</b>
<b>6 Commitments for Expenditure</b>		
The Office has no capital commitments or operating lease commitments at 30 June 2012 (2011:nil).		
<b>7 Contingent Liabilities and Contingent Assets</b>		
There are no known contingent liabilities or assets at balance date (2011:nil).		
<b>8 Events after reporting date</b>		
The Office has not identified any events or transactions that are material to require adjustments or disclosures in the financial statements.		

### End of Audited Financial Statements

## List of Partners

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Acoustic Logic Consultancy  
 AEA Consulting LLC  
 AECOM Australia  
 Allen Jack + Cottier  
 Altus Page Kirkland  
 Andreasons Nursery  
 Applied Economics  
 Arterra Interactive  
 ARUP  
 APP  
 Austral Archaeology  
 AV1  
 Baulderstone  
 Brand Council  
 Building Services Engineers  
 Business Performance Group  
 Cherio Civil Works  
 Chesterton International  
 City of Sydney  
 Clayton Utz  
 Committee for Economic Development of Australia  
 Context Landscape Design  
 Conybeare Morrison Int  
 Cox Architecture  
 Cox Inall Ridgeway  
 Deloitte  
 Design Communication Associates  
 Douglas Partners  
 Earthcam  
 Emery Studio  
 Emergent Designs  
 Environ Australia  
 Evans & Peck  
 Fender Katsalidis  
 FJMT  
 Folk  
 Gehl Architects  
 Global Compact Network Australia  
 Green Building Council of Australia (NSW)  
 Halcrow Pacific  
 Hamilton Lund Photography  
 Hassell  
 Hincks and Associates  
 Hyder Consulting  
 Hydrographic & Cadastral Survey  
 IAB Services  
 Ian Waldie Photography  
 Infrastructure Partnerships Australia  
 Infrasol Group Pty Limited  
 JBS Environmental Johnson Pilton Walker  
 Justin Peter Conway  
 Kathy Jones & Associates  
 KMH Environmental  
 KPMG  
 Laing O'Rourke Australia  
 Lend Lease  
 MBMpl  
 MG Planning  
 Midson Management  
 Morris Goding Accessibility Consulting  
 Napier and Blakeley  
 Norcue  
 Norman Disney & Young  
 NSW Business Chamber  
 NSW Department of Planning & Infrastructure  
 NSW Department of Premier & Cabinet  
 NSW Film and Television Office  
 Fire & Rescue NSW  
 NSW Maritime  
 NSW Treasury  
 O'Connor Marsden & Associates  
 Pages Hire Centre (NSW)  
 Peter Emmett  
 Peter Walker and Partners  
 Philip Chun Associates  
 Place Leaders Association  
 Porter Models  
 Powell & Associates  
 Procure Group  
 Property Council of Australia  
 Reliance Risk  
 Review Partners  
 Roads & Maritime Services  
 Robert Bird Group  
 Ryall Environmental  
 Rygate & Co  
 Safetyworks Group  
 Shreeji Consultant  
 Studio Schelp  
 Sydney Environmental & Soil  
 Sydney Harbour Foreshore Authority  
 Sydney Ports Corporation  
 The Hornery Institute  
 Thomas Wilkinson  
 Tony Caro Architecture  
 Transport for NSW  
 TTF Australia  
 Turner Townsend  
 Urban Development Institute of Australia  
 Urban Taskforce Australia  
 Urbis  
 URS Australia  
 Warren Smith and Partners  
 Webb Australia Group NSW  
 Woods Bagot  
 WSP Lincolne Scott  
 Westpac

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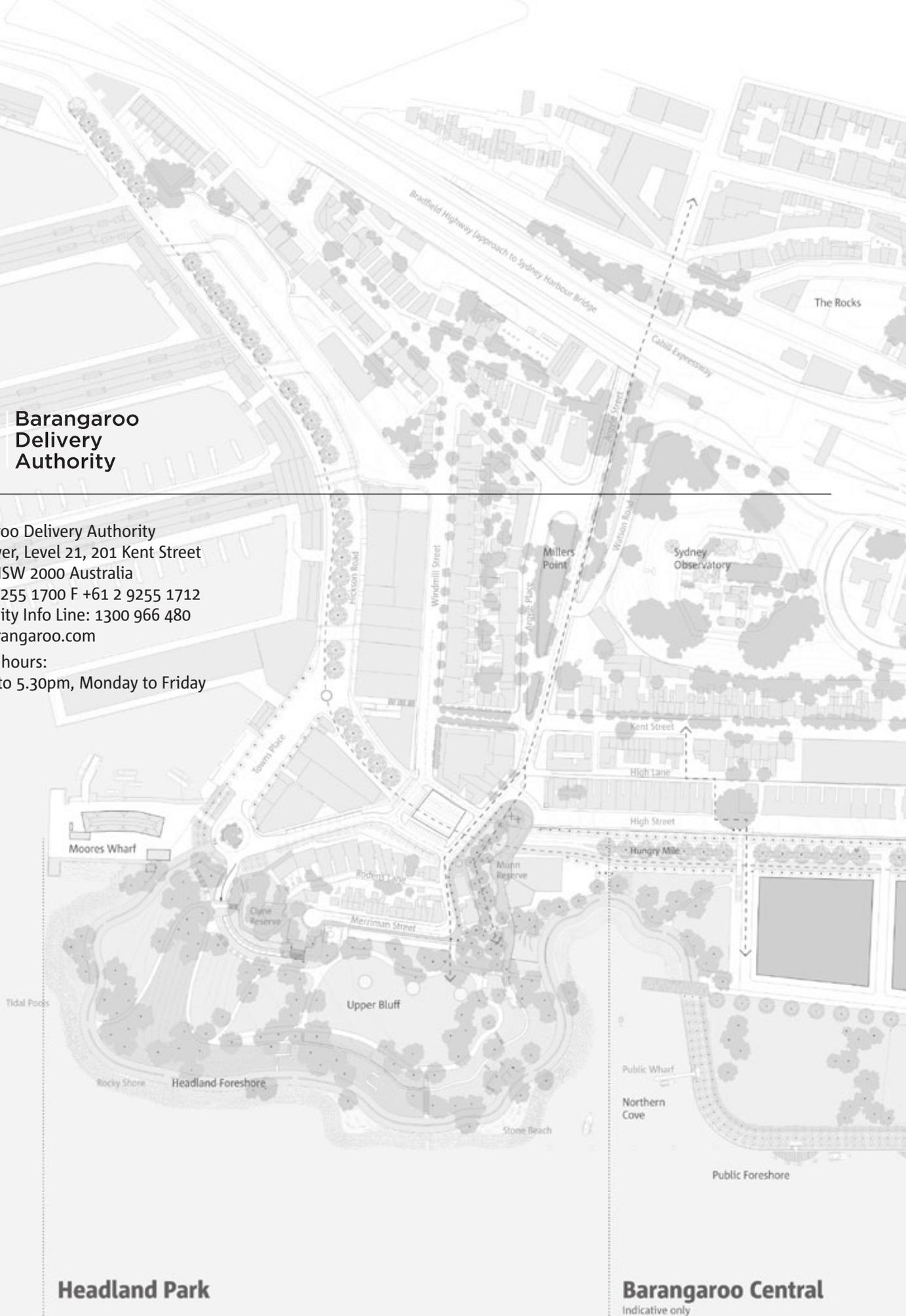
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## Barangaroo Delivery Authority

Barangaroo Delivery Authority  
AON Tower, Level 21, 201 Kent Street  
Sydney NSW 2000 Australia  
T +61 2 9255 1700 F +61 2 9255 1712  
Community Info Line: 1300 966 480  
[www.barangaroo.com](http://www.barangaroo.com)

Business hours:  
8.30 am to 5.30pm, Monday to Friday



**Headland Park**

**Barangaroo Central**  
Indicative only