UrbanGrowth NSW Development Corporation

2013-14 Annual Report

UrbanGrowth NSW Development Corporation

Suite 3220, Bay 4, Locomotive Workshop
2 Locomotive Street, Eveleigh NSW 2015
www.ugdc.nsw.gov.au

T 02 9209 4221
F 02 9209 4222

31 October 2014

The Hon. Pru Goward M.P.
Minister for Planning and Minister for Women
52 Martin Place
Sydney NSW 2000

Dear Minister,

I am pleased to submit to you, for presentation to the Parliament of New South Wales, the Annual Report for UrbanGrowth NSW Development Corporation for the year ended 30 June 2014.

This report has been prepared in accordance with the NSW Annual Report (Statutory Bodies) Act 1984, the Annual Report (Statutory Bodies) Regulation 2010 and the Growth Centres (Development Corporations) Act 1974.

Yours sincerely,

David Pitchford

David Pitchford CBE LVO
Chief Executive Officer
UrbanGrowth NSW Development Corporation

Statement from the Chief Executive Officer

I am pleased to present the UrbanGrowth NSW Development Corporation Annual Report for 2014.

Throughout 2013-14 the Development Corporation worked with UrbanGrowth NSW in a collaborative model to deliver urban renewal, including new housing and jobs, on behalf of Government.

Significant progress has been made on key projects, including North Eveleigh urban renewal works to support affordable housing development in the area, with infrastructure and remediation works completed in the second half of 2014.

The affordable housing is on track to be delivered by City West Housing Pty Ltd by the end of the 2014 calendar year.

The announcement of the Central to Eveleigh project by the Government has also provided an opportunity for the Development Corporation to work closely with UrbanGrowth NSW in preparing plans for this area's transformation in the coming years.

Working in tandem with UrbanGrowth NSW, urban renewal projects such as these unlock underutilised government land to create enormous opportunities – once in a lifetime opportunities – for our city and its residents. Benefits include an increase in affordable inner city housing and improved community infrastructure, which in turn will boost jobs growth and encourage private sector investment in economic activity.

This collaborative model has the potential to deliver outstanding results for the state and I will be pursuing this working arrangement vigorously in the future.

I extend my thanks to former Chief Executive Officer, Sean O'Toole, who retired during the reporting period, leaving our organisation with a tangible vision for the future and one which we continue to evolve and develop in partnership with our stakeholders.

David Pitchford
Chief Executive Officer

Aim & Objectives

The purpose of the UrbanGrowth NSW Development Corporation is to drive housing and employment opportunities in specific areas serviced by public transport and infrastructure. As a priority, the Development Corporation will focus on the Redfern-Waterloo area and Cooks Cove.

Role of the Development Corporation

The role of the Development Corporation includes:

- Working with transport and planning departments to identify precincts for renewal;
- Undertaking land use planning investigations and feasibility analyses;
- Delivering an overarching precinct plan;
- Coordinating transport and infrastructure planning;
- Planning for open space in identified precincts;
- Levying infrastructure contributions and entering into planning agreements;
- Dealing with land where appropriate;
- Borrowing and managing funds; and
- Partnering with public agencies and private entities when necessary.

Corporate Governance

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

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

Audit and Risk Management Committee

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

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

Committee Members

Bonnie Boezman AO (Chair)
Victoria Weekes (Independent Member)

Julie Dodd (Non-independent Member)

During 2013-14 four meetings of the Audit Committee were held, with all three members in attendance.

Major Achievements

In January 2013 the Urban Growth NSW Development Corporation assumed the urban renewal and planning functions of the former Sydney Metropolitan Development Authority, with a focus on Redfern-Waterloo, Granville and Cooks Cove.

In August 2013, the Cooks Cove Growth Centre was also transferred to UrbanGrowth NSW Development Corporation for management.

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

Redfern-Waterloo

Under the provisions of the *State Environmental Planning Policy (Urban Renewal) 2010*, the Redfern Waterloo area is identified as a Potential Urban Renewal Precinct (the Precinct). The Precinct occupies around 13% (350 hectares) of the City of Sydney Local Government Area and has a slightly higher proportion of the total City population.

The Precinct is a unique inner city area that is strategically located on the southern edge of the globally important Sydney Central Business District (CBD) – Airport corridor. It is characterised by a high level of accessibility, strong transport links, proximity to major employment, education, open space and health institutions and continues to emerge as a major cultural and creative hub. As a result, over the past 5-10 years, the Precinct has experienced growth in property values associated with urban renewal.

Within the Precinct, there are substantial areas of social housing on land owned by the Land & Housing Corporation. These are located near the CBD with excellent links to public transport, offering the opportunity to align urban renewal with positive social outcomes associated with renewal of social housing stock and provision of new Affordable Housing and private housing.

In close proximity to the Precinct is the Central to Eveleigh Urban Renewal and Transport Corridor, which extends for approximately 3km from the Goulburn Street car park in the Sydney CBD to Macdonaldtown rail station. It includes Central and Redfern stations, Australian Technology Park, Eveleigh Rail Yards and airspace above railway lines. The urban renewal of the corridor will involve developing land and airspace in the corridor, to provide additional homes, jobs and public areas.

The Central to Eveleigh corridor was identified in the recently released draft Metropolitan Strategy as a key driver to keep Sydney as Australia's number one city, and global gateway. The City of Sydney has also identified the potential for significant redevelopment over the railway line in its *Sustainable Sydney 2030* plan.

The Development Corporation has been planning for appropriate growth of the Precinct through detailed analysis of opportunities to create a sustainable mix of social, affordable and private housing in both Redfern and Waterloo, with a focus on areas of concentrated social housing.

The planning analysis builds upon the outcomes of the Sydney Metropolitan Development Authority's previously exhibited draft Built Environment Plan 2 (BEP 2). Draft planning controls based on the outcomes of previous consultation processes, and updated transport, traffic, infrastructure, economic and social impact analyses are under consideration.

The Development Corporation's work is an important component of wider investigations seeking to optimise transport options and planning outcomes within and in proximity to the Central to Eveleigh corridor.

North Eveleigh

The former Sydney Metropolitan Development Authority received $7.2 million from the Australian Government's Housing

Affordability Fund (HAF) to provide infrastructure to support development of affordable housing dwellings at the North Eveleigh site. This Commonwealth funding allowed the decontamination of land, new roads, services, infrastructure and landscaping to facilitate the delivery of 88 affordable housing units.

Infrastructure and remediation works are due to be completed in July 2014 and include:

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

City West Housing Pty Ltd (City West), a registered community housing provider, was awarded the contract to design, construct, own and operate an affordable housing development on the North Eveleigh site (adjoining CarriageWorks) in December 2012, following a competitive tender process. The development of part of the site, to the west of the CarriageWorks building, is underway and due to be completed and occupied in early 2015.

This development is funded mostly by City West, with the Development Corporation contributing the cost of the land and part of the construction cost (approx $8.5 million, from the Affordable Housing Contribution Fund, including contributions from the Frasers Broadway Planning Agreement). City West Housing is contributing the remainder of the construction cost, being around $20 million. This affordable housing development will start the transformation of the North Eveleigh site into a more vibrant mixed use site.

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

The Avenue of Hope

During 2013-2014, the Development Corporation continued to work with the South Sydney Business Chamber and the City of Sydney to finalise a scope of works for the establishment of the 'Avenue of Hope'. The Avenue of Hope aims to:

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

- Recognise the significant place that Redfern plays in contemporary Australian history.

In 2014 the Development Corporation paid half of a grant of $100,000 to the City of Sydney to oversee, develop and implement the Avenue of Hope as a pilot project integrated with the wider Eora Journey Economic Development program. The remainder of the grant will be paid when an EOI is issued by the City of Sydney for interested organisations to participate in implementation of the Avenue of Hope.

Rachel Forster Hospital

Due to ongoing delays and the poor state of this privately owned site, throughout the year the Development Corporation made representations to the site owner and liaised with the Department of Planning and Environment. These actions assisted in bringing forward the lodgement of a Project Application for the site, which was approved by the Department of Planning and Environment in July 2013. Site preparation is underway and it is hoped this long anticipated development will commence shortly.

Granville

Auto Alley Sub-Precinct

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

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

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

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

The work undertaken by the Development Corporation has since been provided to both Parramatta and Holroyd Councils and the Department of Planning & Infrastructure who will consider the work undertaken in ongoing strategic review of the planning controls for the area.

The majority of the Granville Growth Centre is included in the study area for the Parramatta Road Urban Renewal Program led by UrbanGrowth NSW. A strategic concept plan is being developed by for a portion of the Granville Growth Centre under this program.

Cooks Cove

The Cooks Cove Growth Centre comprises land owned by a number of entities including public and private sector organisations. Land in the Growth Centre is the subject of an unsolicited proposal on behalf of Kogarah Golf Club (in conjunction with John Boyd Properties). The unsolicited proposal is undergoing assessment in accordance with the NSW Government guidelines. A decision on the unsolicited proposal had not been made at the end of the reporting period.

Financial Statements as at 30 June 2014

Statement by Chief Executive Officer

Statement by Chief Executive Officer on the adoption of the financial statements for the year ended 30 June 2014.

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

1. The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position and financial performance of UrbanGrowth NSW Development Corporation (formely Sydney Metropolitan Development Authority) as at 30 June 2014.
2. The financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions; and
3. I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

David Pitchford

David Pitchford

Chief Executive
UrbanGrowth NSW Development Corporation

Date: 19 September 2014

INDEPENDENT AUDITOR'S REPORT

UrbanGrowth NSW Development Corporation

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of UrbanGrowth NSW Development Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2014, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information of the Corporation and the consolidated entity. The consolidated entity comprises the Corporation and the entities it controlled at the year's end or from time to time during the financial year.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation and the consolidated entity as at 30 June 2014, and of their financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010.

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

The Chief Executive Officer's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

My opinion does *not* provide assurance:

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

Maria Spriggins

M T Spriggins
Director, Financial Audit Services

22 September 2014
SYDNEY

UrbanGrowth NSW Development Corporation

Statement of Comprehensive Income

for the year ended 30 June 2014

		Consolidated			UGDC	
			Budget			
		30 June 2014	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	Notes	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Expenses excluding losses						
Operating expenses						
Employee related	*2(a)*	2,973	7,801	4,564	367	--
Other operating expenses	*2(b)*	13,142	11,721	15,047	2,226	3,411
Personnel services	*2(c)*	-	--	--	--	1,682
Depreciation and amortisation	*2(d)*	3,315	1,923	2,918	46	44
Grants and subsidies	*2(e)*	1,978	8,795	--	1,978	600
Finance costs	*2(f)*	1,223	2,221	1,846	1,223	1,846
TOTAL EXPENSES EXCLUDING LOSSES		**22,631**	**32,461**	**24,375**	**5,840**	**7,583**
Revenue						
Sale of goods and services	*3(a)*	23,557	21,188	24,383	--	--
Investment revenue	*3(b)*	3,019	2,133	3,054	3,318	3,821
Grants and contributions	*3(c)*	7,947	12,875	15,504	7,947	15,504
Other revenue	*3(d)*	944	--	409	1,367	526
Total Revenue		**35,467**	**36,196**	**43,350**	12,632	**19,852**
Other gains/(losses)	*4*	(842)	--	1,319	12,992	(1,537)
Net result		11,994	3,735	20,294	19,784	10,733
Other comprehensive income						
Items that will not be reclassified to net result						
Net increase/(decrease) in fair value of PPE	*9(a)*	(8,285)	--	6,039	(1,250)	1,150
Total other comprehensive income		(8,285)	--	**6,039**	(1,250)	**1,150**
TOTAL COMPREHENSIVE INCOME		3,709	**3,735**	**26,333**	18,534	**11,883**

The accompanying notes form part of these financial statements.

UrbanGrowth NSW Development Corporation

Statement of Financial Position

as at 30 June 2014

		Consolidated			UGDC	
	Notes	30 June 2014 $'000	Budget 30 June 2014 $'000	30 June 2013 $'000	30 June 2014 $'000	30 June 2013 $'000
ASSETS						
Current assets						
Cash and cash equivalents	*6*	63,206	88,837	85,932	43,788	58,574
Receivables	*7*	1,476	1,119	1,881	602	632
Other financial assets	*8*	26,822	1,248	894	20,966	5,505
Total current assets		**91,504**	**91,204**	**88,707**	**65,356**	**64,711**
Non-current assets						
Other financial assets	*8*	2,877	3,424	3,774	42,423	46,624
Property, plant and equipment	*9*					
- Land and buildings		41,993	66,321	60,350	2,900	2,700
- Plant, furniture, art and vehicles		2,558	3,121	2,430	--	2
- Work in progress		238	745	4,652	--	3,791
Total property, plant & equipment	*9*	44,789	70,187	67,432	2,900	6,493
Investment property	*10*	136,851	128,700	125,493	50,588	35,395
Intangible assets	*11*	99	2	149	--	--
Total non-current assets		**184,616**	**202,313**	**196,847**	**95,911**	**88,513**
Total Assets		**276,120**	**293,517**	**285,555**	**161,267**	**153,224**
LIABILITIES						
Current liabilities						
Payables	*12*	4,786	6,748	6,534	1,872	1,422
Borrowings	*13*	20,545	5,877	5,505	20,545	5,505
Provisions	*14*	1,758	1,584	2,099	1,585	1,533
Total current liabilities		**27,089**	**14,209**	**14,138**	**24,002**	**8,459**
Non current liabilities						
Borrowings	*13*	1,826	22,462	22,375	1,826	22,375
Provisions	*14*	7	1,813	69	--	--
Total non current liabilities		**1,833**	**24,275**	**22,444**	**1,826**	**22,375**
Total liabilities		**28,922**	**38,484**	**36,581**	**25,828**	**30,834**
Net assets		**247,198**	**255,033**	**248,974**	**135,439**	**122,390**
EQUITY						
Reserves		--	3,243	8,285	--	1,250
Accumulated funds		247,198	251,790	240,689	135,439	121,140
Total equity		**247,198**	**255,033**	**248,974**	**135,439**	**122,390**

The accompanying notes form part of these financial statements.

UrbanGrowth NSW Development Corporation

Statement of changes in equity

for the year ended 30 June 2014

		Consolidated			UGDC		
	Notes	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000	Accumulated Funds $'000	Asset Revaluation Surplus $'000	Total $'000
Balance at 1 July 2013		240,689	8,285	248,974	121,140	1,250	122,390
Net Result for the year		11,994	--	11,994	19,784	--	19,784
Other Comprehensive Income		--	(8,285)	(8,285)	--	(1,250)	(1,250)
Total Comprehensive Income for the year		11,994	(8,285)	3,709	19,784	(1,250)	18,534
Transactions with Owners in their capicity as Owners		(5,485)	--	(5,485)	(5,485)	--	(5,485)
Balance at 30 June 2014		**247,198**	**--**	**247,198**	**135,439**	**--**	**135,439**
Balance at 1 July 2012		220,395	2,246	222,641	110,407	100	**110,507**
Net Result for the year		20,294	--	20,294	10,733	--	10,733
Other Comprehensive Income		--	6,039	6,039	--	1,150	1,150
Total Comprehensive Income for the year		20,294	6,039	26,333	10,733	1,150	11,883
Balance at 30 June 2013		**240,689**	**8,285**	**248,974**	**121,140**	**1,250**	**122,390**

The accompanying notes form part of these financial statements.

(i) As part of its Urban Renewal program the Corporation purchased land and undertook site preparation works at a site at North Eveleigh to enable the development of 88 affordable housing units. Works involved site remediation and road construction. In February 2014 the development site was transferred to City West Housing Pty Ltd who will undertake construction of the units. The transaction was accounted for as an equity transfer under TPP 09-3 Contributions by owners made to wholly-owned Public Sector Entities.

UrbanGrowth NSW Development Corporation

Statement of cash flows

for the year ended 30 June 2014

		Consolidated			UGDC	
			Budget			
		30 June	**30 June**	**30 June**	**30 June**	**30 June**
		2014	**2014**	**2013**	**2014**	**2013**
	Notes	*$'000*	$'000	*$'000*	*$'000*	*$'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Payments						
Employee related	*2(a)*	(3,451)	(6,716)	(5,213)	(367)	(2,322)
Grants and subsidies	*2(e)*	(1,944)	(8,795)	(600)	(1,978)	(600)
Finance costs	*2(f)*	(1,223)	(1,148)	(1,846)	(1,222)	(1,846)
Other	*2(b)*	(16,989)	(17,235)	(19,063)	(2,555)	(4,464)
Total Payments		**(23,607)**	**(33,894)**	**(26,722)**	**(6,122)**	**(9,231)**
Receipts						
Sale of goods and services	*3(a)*	27,994	23,487	27,039	881	-
Interest received	*3(b)*	2,981	2,113	2,724	3,281	3,821
Grants and contributions	*3(c)*	7,947	9,357	16,105	7,947	15,504
Other	*3(d)*		7,093	9	-	9
Total Receipts		**38,922**	**42,050**	**45,876**	**12,109**	**19,334**
NET CASH FLOWS FROM OPERATING ACTIVITIES		**15,315**	8,156	**19,154**	**5,987**	**10,102**
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of property, plant and equipment		(6,625)	(2,223)	(7,910)	(5,389)	(3,781)
Purchases of Investments		(25,907)			(15,421)	
Proceeds from loan repayments					5,546	
NET CASH FLOWS FROM INVESTING ACTIVITIES		**(32,532)**	**(2,223)**	**(7,910)** -	**(15,264)**	**(3,781)**
CASH FLOWS FROM FINANCING ACTIVITIES						
Repayment of T-Corp loans		(5,509)	923	(5,128)	(5,509)	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**(5,509)**	**923**	**(5,128)**	**(5,509)**	**-**
NET INCREASE/(DECREASE) IN CASH		(22,726)	6,856	6,116	(14,786)	6,322
Opening cash and cash in equivalents		85,932	81,981	79,816	58,574	52,252
CLOSING CASH AND CASH EQUIVALENTS	*6*	**63,206**	**88,837**	**85,932**	**43,788**	**58,574**

The accompanying notes form part of these financial statements.

1. Summary of Significant Accounting Policies

(a) Reporting entity

The UrbanGrowth NSW Development Corporation (the Corporation) is a Statutory Body constituted by the *Growth Centres (Development Corporations) Act 1974* (the Growth Centres Act) on 17 December 2010 to promote the development of land identified as potential urban renewal precincts. The Corporation is a not-for-profit entity and has an important role in boosting the amount, mix and choice of housing and commercial development within walking distance of key public transport hubs. The Corporation enables the government to take a state significant view of metropolitan and regional precincts and projects and build on the work of predecessor agencies, the Sydney Metropolitan Development Authority and the Redfern Waterloo Authority, which focussed on specific metropolitan areas.

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

In February 2014 the name of the Office of UrbanGrowth Development Corporation was changed to the UrbanGrowth NSW Development Corporation Staff Agency (the Agency) by *Administrative Arrangements Order 2014 (NSW).* The Agency's objective is to provide personnel services to the Corporation, but it is currently dormant and has not provided personnel services to the Corporation from 1 July 2013. There were no impacts on the consolidated entity resulting from this legislative change.

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

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

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

These financial statements for the year ended 30 June 2014 have been authorised for issue by the CEO on 19 September 2014.

(b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983 and Regulations;* and the Financial Reporting Directions published in the Financial Reporting Code for NSW general government sector entities issued by the Treasurer.

The presentation for the current year is modified to comply with the requirements of NSW Treasury's Accounting Policy TPP 14-02: *Financial Reporting Code for NSW General Government Sector Entities*. TPP 14-02 is applicable for financial years ending on or after 30 June 2014.

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all controlled entities of the Corporation as at 30 June 2014 and the results of all controlled entities for the year then ended. The Corporation and its controlled entities together are referred to in this financial report as the consolidated entity.

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

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

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

(c) Statement of compliance

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

(d) Administered activities

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

(e) Borrowing costs

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

(f) Insurance

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

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

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

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

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

(h) Income tax

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

(i) Income recognition

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

(i) Sale of goods and services

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

(ii) Rendering of services

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

(iii) Grants and contributions

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

(iv) Lease income

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

(v) Investment revenue

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

(vi) Other income

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

(j) Assets

(i) Acquisition of assets

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

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

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

(ii) Capitalisation thresholds

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

(iii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with NSW Treasury's Accounting Policy TPP 14-01: *Valuation of Physical Non-Current Assets at Fair Value.* This policy mandates fair value in accordance with AASB 116 *Property, Plant and Equipment* and AASB 140 *Investment Property*. Information on investment property is separately discussed at Note 1(j)(x).

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

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

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

Land and buildings are reported at fair value in accordance with AASB 13 *Fair Value Measurement*, based on annual fair value assessments prepared by professional real estate valuers. The last independent assessment was conducted on 30 April 2014 to be effective as at 30 June 2014, by Knight Frank, independent valuers not related to the entity. Knight Frank are members of the Australian Institute of Valuers and they have the appropriate qualifications and recent experience in the valuation of properties in the Redfern-Waterloo area. The valuation, which conforms to Australian Valuation Standards, was arrived at with regard to market evidence of transaction prices for similar properties.

Land and buildings, including open spaces and roads, are revalued at least every three years or with sufficient regularity to ensure that the carrying value of each asset does not differ materially from its fair value at reporting date. Non-specialised assets with short useful lives are measured at depreciated historical cost, as a surrogate for fair value.

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

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

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

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

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise. Where an asset that has previously been revalued is disposed of, any balance remaining in the asset revaluation surplus in respect of that asset is transferred to accumulated funds.

(iv) Impairment of property, plant and equipment

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

(v) Depreciation of property, plant and equipment

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

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

The following depreciation rates have been applied during the 2013-14 financial year, consistent with previous years:

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

(vi) Major inspection costs

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

(vii) Restoration costs

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

(viii) Maintenance

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

(ix) Leased assets

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

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

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

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

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

(x) Investment properties

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

(xi) Intangible assets

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

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

(xii) Cash and cash equivalents

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

(xiii) Loans and receivables

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

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

(xiv) Impairment of financial assets

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

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

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

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

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

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

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

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

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

(xvi) Other Assets

Other assets are recognised on a cost basis.

(k) Liabilities

(i) Payables

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

(ii) Borrowings

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

(iii) Employee benefits and other provisions

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

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

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

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

b. Long service leave and superannuation

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

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits.* For NSW Government employees, this is based on application of certain factors (specified in NSW TC 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value. The provisions of the *Long Service Leave Act* 1955 apply to ATPSL.

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

c. Other provisions

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

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

(l) Equity and reserves

(i) Revaluation surplus

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

(ii) Accumulated Funds

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

(m) Equity transfers

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

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

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

(n) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is disclosed in respect of the previous period for all amounts reported in the financial statements. Comparative amounts for some expense and revenue items are reclassified to align with the presentation for the current year.

(o) Fair value hierarchy

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

- Level 1 – quoted prices in active markets for identical assets/liabilities that the entity can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly, or indirectly
- Level 3 – inputs that are not based on observable market data (unobservable inputs)
- The entity recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Refer Notes 18 and 9 for further disclosures regarding fair value measurements of non-financial and financial assets.

(p) Application of new and revised Australian Accounting Standards

The following table outlines the way the consolidated entity has applied the new and revised Accounting Standards applicable to the consolidated entity for the first time in 2013-14:

Accounting Standards	**Application**
AASB 119 *Employee Benefits* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).*	The consolidated entity ceased to have any contributing member to a defined benefit superannuation scheme as from 30 June 2013. As a result, the change in net interest expense calculation has no impact on the consolidation entity. Further, the amendment to the definition of 'short term employee benefits' has little or no impact on the consolidated entity as the majority of annual leave liability is considered short-term and any liability not expected to be wholly settled within twelve months is considered to be immaterial.

Accounting Standards	**Application**
AASB 13 *Fair Value Measurement,* AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* and AASB 2012-1 *Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements.*	These Accounting Standards have little or no impact on the consolidated entity. Investment properties and land and buildings, including open spaces and roads continue to be measured at fair value using independent assessments. The methodology used by the independent valuers is in accordance with fair value measurement guidance contained within AASB 13. The consolidated entity determines the fair value of other non-financial assets with reference to 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 historical/replacement cost. In terms of the disclosure requirements of AASB 13, the entity has provided additional disclosures at Note 1 j(iii), Note 9 and Note 18 and included a new Note 1 (o) *Fair Value Hierarchy*.
AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.*	These Accounting Standards and any likely Treasury mandate for Tier 1 reporting requirements have no impact on the consolidated entity as Tier 1 reporting requirements have already been applied instead of Tier 2 reduced disclosure requirements.
AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities – AASB 7 Financial Instruments: Disclosures and AASB 132 Financial Instruments: Presentation.*	These Accounting Standards have no impact on the consolidated entity as no netting arrangement of financial assets and financial liabilities is in place and gross amounts of financial assets and financial liabilities are measured and disclosed.

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

The *following new Accounting Standards have not been applied as mandated by NSW Treasury Circular TC 14/03 Mandates of Options and Major Policy Decisions under Australian Accounting Standards:*

<table>
<tr><td>AASB 9 Financial Instruments (1 January 2017)</td><td rowspan="20">At this point the impact of these standards is still being considered and are not known at the date of the Financial Statements</td></tr>
<tr><td>AASB 10 (NFP) Consolidated Financial Statements</td></tr>
<tr><td>AASB 11 (NFP) Joint Arrangements (1 January 2013)</td></tr>
<tr><td>AASB 12 (NFP) Disclosure of Interests in Other Entities</td></tr>
<tr><td>AASB 127 (NFP) Consolidated and Separate Financial Statements</td></tr>
<tr><td>AASB 128 (NFP) Investments in Associates</td></tr>
<tr><td>AASB 1031 Materiality (1 January 2014)</td></tr>
<tr><td>AASB 1055 Budgetary Reporting (1 July 2014)</td></tr>
<tr><td>AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (1 January 2017)</td></tr>
<tr><td>AASB 2011-7 (NFP) Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (1 January 2014)</td></tr>
<tr><td>AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial</td></tr>
<tr><td>Assets and Financial Liabilities (1 January 2014)</td></tr>
<tr><td>AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures</td></tr>
<tr><td>AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements (1July 2014)</td></tr>
<tr><td>AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (1 January 2014)</td></tr>
<tr><td>AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139] (1 January 2014)</td></tr>
<tr><td>AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities (1 January 2014)</td></tr>
<tr><td>AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements (1 January 2014)</td></tr>
<tr><td>AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders (1 January 2014)</td></tr>
<tr><td>AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities (1 January 2014); and

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]</td></tr>
</table>

(r) Budgeted amounts

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

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
2 Expenses Excluding Losses				
(a) Employee related expenses				
Salaries and wages (including recreation leave)	2,611	4,177	282	-
Superannuation - defined contribution plans	161	296	-	-
Long service leave	(76)	(186)	-	-
Workers' compensation insurance	-	52	-	-
Payroll tax and fringe benefit tax	111	82	67	-
Other employee expenses	166	145	18	-
	2,973	**4,564**	**367**	**-**
(b) Other operating expenses include the following:				
Auditor's remuneration				
- audit of the financial statements	131	127	57	54
Conference centre cost of sales	2,862	3,268	-	-
Operating lease rental expenses				
- minimum lease payments	-	147	-	147
Consultants	1,192	1,219	698	433
Contractors	1,756	2,959	1,217	1,961
Property expenses	2,692	2,742	41	36
Repairs & maintenance	681	1,130	85	682
Legal	195	187	29	(71)
Advertising	244	275	-	3
Cleaning	514	432	-	-
Security	1,444	992	-	-
IT	578	549	55	124
Other	853	1,021	44	43
	13,142	**15,047**	**2,226**	**3,411**
Reconciliation - Total maintenance				
Maintenance expense - contracted labour and other (non-employee related), as above	681	1,130	85	682
Employee related maintenance expense included in Note 2(a)	-	-	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	**681**	**1,130**	**85**	**682**
(c) Personnel services	-	-	-	**1,682**
(d) Depreciation and amortisation expense				
Buildings	2,193	1,979	44	40
Furniture and fittings	187	189	-	-
Plant and equipment	833	658	2	4
Motor vehicles	4	6	-	-
	3,217	**2,832**	**46**	**44**
Amortisation expense	**98**	**86**	**-**	**-**
Depreciation and amortisation expense	**3,315**	**2,918**	**46**	**44**
(e) Grants and subsidies	**1,978**	-	**1,978**	**600**
(f) Finance costs				
Interest expense	786	1,147	786	1,147
Debt Guarantee levies	437	699	437	699
	1,223	**1,846**	**1,223**	**1,846**

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
3 Revenue				
(a) Property rental and related services income	17,053	16,922	-	-
Conference centre and other income	6,504	7,460	-	-
	23,557	**24,383**	**-**	**-**
(b) Investment revenue				
Interest revenue from financial assets not at fair value through profit or loss	558	339	1,222	1,147
TCorp Hour-Glass facilities and term deposits designated at fair value through profit or loss	2,461	2,715	2,096	2,674
	3,019	**3,054**	**3,318**	**3,821**
(c) Grants and contributions				
Treasury and Commonwealth Grants	6,097	8,916	6,097	8,916
Developer and Affordable Housing Contributions	1,850	6,589	1,850	6,589
	7,947	**15,504**	**7,947**	**15,504**
(d) Other revenue				
Inter company Income		-	1,348	490
Sundry revenue including markets and KJR	944	409	19	37
	944	**409**	**1,367**	**526**
4 Other Gains/(Losses)				
Net gains/(losses) from fair value adjustment of investment property	11,359	1,406	15,193	(1,450)
Net gains/(losses) from fair value adjustment of PPE	(9,955)	-	(2,201)	-
Net gains/(losses) from transfer of North Eveleigh site (i)	(2,246)			
Net gains/losses on the disposal of property plant and equipment		(87)	-	(87)
	(842)	**1,319**	**12,992**	**(1,537)**

Investment properties were revalued in April 2014 and as per AASB 140 *Investment Property* , a gain or loss arising from a change in fair value must be recognised in the Statement of Comprehensive Income for the period in which it arises.

(i) During the year UGDC acquired and disposed of land at a development site at North Eveleigh. The total cost of the development was $9.2m. Of this, $5.5m was transferred to CityWest Housing at market value as a equity transfer with the balance of development costs reflected as asset revaluation reserve decrement of $1.25m and income statement valuation loss of $2.2m.

5 Service Group of the Entity

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

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

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
6 Current Asset - Cash and Cash Equivalents				
Cash at bank and on hand	12,852	14,885	317	6,290
Tenant demand deposits (i)	241	485	-	-
TCorp Hour-Glass facilities and term deposits (ii)	50,113	70,562	43,470	52,284
	63,206	**85,932**	**43,787**	**58,574**
Cash held as restricted assets included in the table above (iii)	23,085	44,167	22,844	44,167

(i) Demand deposits held with the Commonwealth Bank of Australia represent money received as bond for the rental space at the Australian Technology Park. This amount will be refunded back to the tenant on termination of the lease subject to tenant complying with its obligations under the tenancy agreement. This is recorded as a liability in Note 12.
(ii) The Corporation has investment funds held within TCorp's Hour-Glass facilities and term deposits with NAB.
(iii) The Corporation under the Waterloo Affordable Housing and Developer Contribution Plans receives contributions for all major developments within the Redfern Waterloo area. These contributions are held in separate deposit facilities and can only be expensed on projects directly related to the specific purposes for which the funds were granted. All interest earned is reinvested in these accounts. Of the total cash and term deposits held as Other Financial Assets at year end of $89,394, $38,506 was restricted. See Note 8.

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
7 Current/Non-current Assets - Receivables				
Current				
Trade receivables	545	929	152	120
Allowance for impairment on receivables	(5)	(5)	-	-
Other debtors	134	19		-
Goods & Services tax recoverable	447	457	447	513
Prepayments	355	481	3	-
	1,476	**1,881**	**602**	**632**
Movement in allowance for impairment of receivables				
Balance at the beginning of the financial year	5	18	-	13
Provision for impairment transferred in	-	-	-	-
Amounts recovered during the year	-	(5)	-	(5)
Amounts written off during the course of the year	-	(8)	-	(8)
Balance at the end of the year	**5**	**5**	**-**	**-**

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are are disclosed in Note 18 Financial Instruments.

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
8 Current/Non-current Assets - Other Financial Assets				
Current				
Lease incentive asset	373	389	-	-
Floating rate interest-bearing loan advanced to subsidiary	-	-	5,002	5,000
10 year fixed interest loan advanced to subsidiary	543	505	543	505
Term deposits	25,906	-	15,421	-
	26,822	**894**	**20,966**	**5,505**
Non-current				
Finance lease receivables	-	-	6,645	6,295
Lease Incentive Asset	1,051	1,406	-	-
Dept of Defence loan receivable	1,826	2,368	-	-
Operating lease receivable(i)	-	-	18,952	17,955
Floating rate interest-bearing loan advanced to subsidiary	-	-	15,000	20,006
10 year fixed interest loan advanced to subsidiary	-	-	1,826	2,368
	2,877	**3,774**	**42,423**	**46,624**

(i) Operating lease relates to the investment property owned by the Corporation referred to in Note 10 Investment Property and Note 15(b) Commitments.

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
Non-cancellable operating lease receivables				
Not longer than 1 year	17,421	13,909	-	-
Longer than 1 year and not longer than 5 years	46,365	38,780	-	-
Longer than 5 years	9,982	18,266	98,750	98,750
	73,768	**70,955**	**98,750**	**98,750**
Finance lease receivables				
Minimum lease receivables, later than 5 years*	-	-	30,525	30,525
Less future finance charge	-	-	(23,938)	(24,230)
Present value of minimum lease receivables	**-**	**-**	**6,587**	**6,295**

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

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
9 Non-Current Assets - Property, Plant and Equipment				
Land and Buildings				
At fair value	46,435	60,350	2,900	2,700
Accumulated depreciation	(4,442)	-		-
Carrying amount at fair value	**41,993**	**60,350**	**2,900**	**2,700**
Plant and equipment				
At cost	5,828	4,892	-	5
Accumulated depreciation	(3,800)	(2,998)	-	(3)
Carrying amount at cost	**2,028**	**1,893**	**-**	**2**
Leasehold improvements				
At fair value	-	-	-	-
Accumulated depreciation	-	-	-	-
Carrying amount at fair value	**-**	**-**	**-**	**-**
Furniture and Fittings				
At cost	2,100	1,912	-	-
Accumulated depreciation	(1,575)	(1,395)	-	-
Carrying amount at cost	**525**	**517**	**-**	**-**
Motor vehicles				
At cost	-	32	-	-
Accumulated depreciation	-	(19)	-	-
Carrying amount at cost	**-**	**14**	**-**	**-**
Art and artefacts				
At cost	5	5	-	-
Accumulated depreciation	-	-	-	-
Carrying amount at cost	**5**	**5**	**-**	**-**
Work in progress	**238**	**4,652**	**-**	**3,791**
Total Property, Plant and Equipment				
At fair value or at cost	54,606	71,844	2,900	6,496
Accumulated depreciation	(9,817)	(4,412)		(3)
Carrying amount at fair value or at cost	**44,789**	**67,432**	**2,900**	**6,493**

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

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

	CONSOLIDATED							
Consolidated	Land & Buildings	Plant & Equipment	Leasehold Improvements	Furniture & fittings	Motor vehicles	Art and artefacts	Work in progress	Total
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Year ended 30 June 2014								
Net carrying amount at 1 July 2013	**60,351**	**1,893**	**-**	**517**	**14**	**5**	**4,652**	**67,432**
Additions	170	603	-	209	-	-	5,627	6,609
Disposals	-	(24)	-	(32)	(10)	-	-	(66)
Transfers in/out	9,634	388	-	19	-	-	(10,041)	-
Asset revaluation reserve (i)	(8,285)	-	-	-	-	-	-	(8,285)
Equity transfer	(5,485)	-	-	-	-	-	-	(5,485)
Net revaluation increment/decrement (i)	(12,199)	-	-	-	-	-	-	(12,199)
Depreciation	(2,193)	(832)	-	(188)	(4)	-	-	(3,217)
Write back lease incentives	-	-	-	-	-	-	-	-
Net carrying amount as at 30 June 2014	**41,993**	**2,028**	**-**	**525**	**-**	**5**	**238**	**44,789**
Year ended 30 June 2013								
Net carrying amount at 1 July 2012	53,050	889	134	658	20	5	1,764	56,520
Additions	1,725	1,477	(94)	48	-	-	4,652	7,808
Disposals	-	-	-	-	-	-	-	-
Transfers in/out	1,475	186	-	-	-	-	(1,661)	-
Transfers in/out intangibles (Note 11)	-	-	-	-	-	-	(103)	(103)
Net revaluation increment/decrement	6,039	-	-	-	-	-	-	6,039
Depreciation	(1,938)	(659)	(40)	(189)	(6)	-	-	(2,832)
Write back lease incentives	-	-	-	-	-	-	-	-
Net carrying amount as at 30 June 2013	**60,351**	**1,893**	**-**	**517**	**14**	**5**	**4,652**	**67,432**

(i) As part of its Urban Renewal program the Corporation purchased land and undertook site preparation works at a site at North Eveleigh to enable the development of 88 affordable housing units. In February 2014 the development site was transferred to City West Housing Pty Ltd who will undertake the construction of the units. The transaction was accounted for as an equity transfer of $5.4 million under TPP 09-3 Contributions by owners made to wholly-owned Public Sector Entities.

As a consequence of the 30 June 2014 valuation of the Australian Technology Park the value of the park was reduced by an amount of $6.6 million. This valuation also involved a reallocation of value between property plant and equipment and investment property. The value decrement in the buildings is reflected in Note 9(a) above as a movement in asset revaluation reserves and a value decrement with a combined impact of $17.9 million. An offsetting gain of $11.3 million is reflected in the increased value of Investment Property in Note 10.

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

UGDC

	Land & Buildings	Plant & Equipment	Leasehold Improvements	Furniture & fittings	Motor vehicles	Art and artefacts	Work in progress	Total
Year ended 30 June 2014	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Net carrying amount at 1 July 2013	**2,700**	**2**	**-**	**-**	**-**	**-**	**3,791**	**6,493**
Additions	-	-	-	-	-	-	**5,389**	5,389
Disposals	-	-	-	-	-	-	**-**	**-**
Transfers	9,180	-	-	-	-	-	(9,180)	-
Asset revaluation reserve movement	(1,250)	-	-	-	-	-	-	(1,250)
Equity transfer	(5,485)	-	-	-	-	-	-	(5,485)
Net revaluation increment/decrement	(2,201)	-	-	-	-	-	-	(2,201)
Depreciation	(44)	(2)	-	-	-	-	-	(46)
Net carrying amount as at 30 June 2014	**2,900**	**-**	**-**	**-**	**-**	**-**	**-**	**2,900**
Year ended 30 June 2013								
Net carrying amount at 1 July 2012	1,550	9	134	-	-	-	-	1,693
Additions/(disposals)	-	(3)	(94)	-	-	-	3,791	3,694
Transfers	-	-	-	-	-	-	-	-
Net revaluation increment/decrement	1,150	-	-	-	-	-	-	1,150
Depreciation	-	(4)	(40)	-	-	-	-	(44)
Net carrying amount as at 30 June 2013	**2,700**	**2**	**-**	**-**	**-**	**-**	**3,791**	**6,493**

9 (c) Fair value hierarchy

Consolidated	Level 1	Level 2	Level 3	Total fair value
Year ended 30 June 2014	*$'000*	*$'000*	*$'000*	*$'000*
Property, plant equipment				
Land & buildings	-	41,793	200	41,993
Investment property (Note 10)	-	136,851	-	136,851
	-	178,645	200	178,845

UGDC	Level 1	Level 2	Level 3	Total fair value
Year ended 30 June 2014	*$'000*	*$'000*	*$'000*	*$'000*
Property, plant equipment				
Land & buildings	-	2,700	200	2,900
Investment property (Note 10)	-	50,588	-	50,588
	-	53,288	200	53,488

9 d) Valuation techniques, inputs and processes

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

Consolidated

Description	Fair value at 30 June 2014 $'000	Observable inputs	Range of inputs - (probability - weighted average)	Relationship of observable inputs to fair value
Land and buildings	41,793	Rental Income p.a (net of outgoings)	$4,988k	The higher the rental growth, the higher the fair value
		Discount rate	9.5% ATP - 7.5% for Little Eveleigh Street	The higher the discount rate, the lower the fair value
		Capitalisation rate	9.5% ATP - 7.5% for Little Eveleigh Street	The higher the capitalisation rate, the lower the fair value
Investment property	136,851	Rental Income p.a (net of outgoings) for commercial land and buildings. Open space and land under roads value is based on comparables for discounted open space land values. Development lot values are based on market comparable and sales evidence.	$267k -$4,780k rental income. Land under roads at a value of after discounting $74m2. Development lots based on a range of $600m2 to $700m2 of site FSR area.	The higher the rental growth, the higher the fair value for commercial buildings. Movements in comparable values for the development lots and open spaces will directly impact value.
		Capitalisation rate commercial buildings	8.0% - 8.5%	The higher the capitalisation rate, the lower the fair value
		Discount rate commercial buildings	9.0% - 9.25%	The higher the discount rate, the lower the fair value

Level 3 Assets

At 30 June 2014 UGDC held land under roads at North Eveleigh that was acquired to facilaite the construction of affordable housing units. It is intended that this land will be dedicated to the City of Sydney but the dedication had not been effected by year end.

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

Consideration was given to the fact the Open Space sales contain passive/active use that may enjoy open space permissible commercial benefits whilst the subject road network is irregular in shape and very much limited to this one use. The discount applied was 90% of the value of Open Space value. From the sales evidence it is considered an Open Space site rate, unaffected by the road use, to be $425/m². The rate applied to the land was therefore $42.5/m2.

9 e) Reconciliation of recurring level 3 fair value measurements

Consolidated Year ended 30 June 2014	Land & Buildings $'000	Total Recurring Level 3 Fair Value $'000
Fair value as at 1 July 2013		
Additions/(disposals)	9,181	9,181
Transfers in/out	(5,485)	(5,485)
Asset revaluation reserve	(1,250)	(1,250)
Net revaluation increment/decrement	(2,246)	(2,246)
Depreciation		-
Fair value as at 30 June 2014	200	200

UGDC Year ended 30 June 2014	Land & Buildings $'000	Total Recurring Level 3 Fair Value $'000
Fair value as at 1 July 2013		
Additions/(disposals)	9,181	9,181
Transfers in/out	(5,485)	(5,485)
Asset revaluation reserve	(1,250)	(1,250)
Net revaluation increment/decrement	(2,246)	(2,246)
Depreciation		-
Fair value as at 30 June 2014	200	200

Sensitivity Analysis

Description	Fair value at 30 June 2014 $'000	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Land under roads at North Eveleigh	$200	Discount rate	0% -100%	The higher the discount rate the lower the value. The lowest fair value would be $0 and the highest $2 million

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
10 Investment Property				
Opening balance as at 1 July - fair value excluding operating lease	125,492	120,648	53,350	53,350
less operating lease receivable (i)	-	-	(18,952)	(17,955)
lease incentive rental offset	-	-	997	-
Net gain/(loss) from fair value adjustment	11,359	4,845	15,193	-
Closing balance as at 30 June - fair value	**136,851**	**125,493**	**50,588**	**35,395**

(i) Operating leases relate to investment property owned by the Corporation referred to in Note 8 financial assets and Note 15 (b) Commitments. Accrued lease incentive receivable is presented as a reduction of the investment property to prevent duplication as required under AASB 140 *Investment Property* .

Investment properties are valued annually at fair value by an independent valuer. Knight Frank Australia Pty Ltd is a member of the Australian Institute of Valuers with appropriate qualifications and recent experience in the valuation of NSW Government properties. The valuation was undertaken as at 30 April 2014 and complies with relevant Australian accounting standards and Treasury's guidelines.

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
The following amounts have been recognised in the net result of the year:				
Rental income	17,053	16,922	-	-
Direct operating expenses arising from investment properties that generated rental income	(2,651)	(2,706)	-	-
	14,402	**14,216**	**-**	**-**
11 Intangible Assets				
Software				
Cost (gross carrying amount)	619	633	-	-
Accumulated amortisation and impairment	(520)	(484)	-	-
Net carrying amount	**99**	**149**	**-**	**-**
Net carrying amount at start of year	149	117	-	-
Additions	91	15	-	-
Disposals	(43)	103	-	-
Transfer in from work in progress (note 9(a))			-	-
Amortisation	(98)	(86)	-	-
Net carrying amount	**99**	**149**	**-**	**-**

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
12 Current/Non-current Liabilities - Payables				
Current				
Accrued salaries, wages and on-costs	41	64		-
Creditors	3,704	4,719	1,865	1,126
Intercompany and inter-agency balances	-	-	-	280
Unearned revenue	991	1,734	-	-
Other payables	8	17	7	7
Good & Services Tax payable	42	-	-	8
	4,786	**6,534**	**1,872**	**1,422**
13 Current/Non-current Liabilities - Borrowings				
Current				
TCorp Borrowings - 10 year fixed interest	543	505	543	505
TCorp Borrowings - variable rate (i)	20,002	5,000	20,002	5,000
	20,545	**5,505**	**20,545**	**5,505**
Non-current				
TCorp Borrowings - 10 year fixed interest	1,826	2,368	1,826	2,368
TCorp Borrowings - variable rate (i)		20,006		20,006
	1,826	**22,375**	**1,826**	**22,375**

(i) The Corporation has a long term borrowing facility limit of $28m with TCorp that is due for repayment in 2030. It is the intention of the Corporation to repay the outstanding balance in 2014-15. Borrowings are rolled over on a monthly basis and disclosed as such in Note 18 Financial Instruments. At the discretion of the Corporation, the term of the loan may be extended beyond one year. Details regarding credit risk, liquidity risk and market risk, including a maturity analysis of the above borrowings are disclosed in Note 18.

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
14 Current/Non-current Liabilities - Provisions				
Employee benefits and related on-costs				
Current				
Recreation leave	74	231	-	-
Long service leave	99	335	-	-
	173	**566**	**-**	**-**
Non-current				
Long service leave	7	69	-	-
Other provision	-	-	-	-
	7	**69**	**-**	**-**
Aggregate employee benefits and related on-costs				
Provisions - current	173	272	-	-
Provisions - non-current	7	69	-	-
Accrued salaries, wages and on costs	-	294	-	-
	180	**635**	**-**	**-**
Provision for maintenance expenses	**1,585**	**1,533**	**1,585**	**1,533**
Movement in provision for maintenance expenses				
Carrying amount at the start of the year	1,533	1,265	1,533	1,265
Addition/(reduction) to provision	86	744	86	744
Amount used	(34)	(476)	(34)	(476)
Carrying amount at the end of the year	**1,585**	**1,533**	**1,585**	**1,533**

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

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

15 Commitments for Expenditure

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
(a) Capital Commitments				
Aggregate capital expenditure for the acquisition of property, plant and equipment contracted for at balance date and not provided for:				
Not later than one year	698	5,852	407	5,763
Later than one year and not later than five years		-		-
Later than five years		-	-	-
Total (including GST)	**698**	**5,852**	**407**	**5,763**

GST of $0.06m may be recoverable from the Australian Taxation Office when the payments are made.

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
(b) Operating Lease Commitments (i)				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	-	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
Total (including GST)	-	-	-	-

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

(c) Disclosures as a Lessor

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

Non-cancellable operating lease receipts	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
Not later than one year	17,421	15,023	-	-
Later than one and not later than five years	46,365	46,321	-	-
Later than five years	9,982	13,957	-	-
Total including GST	**73,768**	**75,301**	-	-

16 Contingent Assets and Liabilities

At reporting date, there were no significant contingent assets or liabilities (2013: nil).

17 Budget Review

The net result for the year was higher than budget by $8.2 million. The offsetting impacts of gains and losses relating to the valuation of Property Plant and Equipment (PPE) and Investment Property negatively impacted on this result by just over $0.8m. $9.9m of these losses related to PPE and would normally be reflected as a revaluation reserve movement. These asset revaluation reserves had already been exhausted by an $8.3m negative fair value adjustment. Total Comprehensive Income is therefore in line with budget. However, $3.3m in grant revenue was returned to Treasury, thereby understating the positive variance to budget.

Total expenses were $9.8m lower than budget, however it should be noted that North Eveleigh project costs were originally budgeted for as a grant expense but were accounted for elsewhere in the financial statements as valuation losses, a movement on reserves and an equity transfer with a combined impact of $9.2m. Other notable positive variances were lower employment costs relating to the timing of Central to Eveleigh project and lower finance costs driven by enhanced cash management processes.

Revenue net of the impact of the grant returned to Treasury was $2.5m better than budget. Offsetting variances include higher investment income of $.9m and lower receipts from contributions from developers of $1.6m. The timing of the receipt of development contributions (driven by commercial development activity) is outside the control of UGDC. Investment income is driven by enhanced cash management processes and the achievement of better returns through term deposits with NAB.

Net assets are lower than budget by $7.8m. This principally relates to a paper valuation loss on the ATPSL Park of $6.6m and the return of grant funding of $3.3m to Treasury.

Current Assets are in line with budget but Total Non-Current Assets are lower than budget by $17.7m. This $17.7m is offset by Total Liabilities which is lower than budget by $9.6m. The lower liability figure reflects loan repayments of $5.6m. The balance of the net variance against budgeted Total Non-Current Assets is principally explained by the paper valuation loss of $6.6m as ATP noted above.

18 Financial Instruments

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

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

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

Risk management framework

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

The Audit and Risk Management Committee oversees how management monitors compliance with the risk management policies and procedures and reviews the adequacy of the risk management framework in relation to risks faced by the consolidated entity. The Chief Audit Executive manages the internal audit function by conducting scheduled and ad hoc reviews of risk management control procedures, the results of which are reported to the Audit and Risk Management Committee.

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

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

18 Financial Instruments (continued)

(a) Financial instruments categories

Financial assets	Note	Category	Carrying Amount Consolidated	Carrying Amount Consolidated	Carrying amount UGDC	Carrying amount UGDC
			30 June 2014 $'000	30 June 2013 $'000	30 June 2014 $'000	30 June 2013 $'000
Cash and cash equivalents	6	N/A	40,121	41,765	20,943	14,408
Receivables (i)	7	Loans and receivables (at amortised cost)	674	948	152	120
Other financial assets	8	Loans and receivables (at amortised cost)	28,275	3,262	42,423	46,624
Restricted cash assets		N/A	23,085	44,167	22,844	44,167
Total financial assets			**92,155**	**90,142**	**86,362**	**105,318**

Financial liabilities	Note	Category	Carrying Amount Consolidated	Carrying Amount Consolidated	Carrying Amount UGDC	Carrying Amount UGDC
			30 June 2014 $'000	30 June 2013 $'000	30 June 2014 $'000	30 June 2013 $'000
Trade and other payables (ii)	12		3,753	4,800	1,872	1,414
Financial liabilities measured at amortised cost						
Borrowings	13		22,371	27,879	22,371	27,879
Financial liabilities measured at amortised cost						
Total financial liabilities			**26,124**	**32,679**	**24,243**	**29,293**

(i) Excludes statutory receivables and prepayments
(ii) Excludes statutory payables and unearned revenue

(b) Credit Risk

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

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

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

18 Financial Instruments (continued)

a. Cash

Cash comprises cash on hand and bank balances within the NSW Treasury Banking System. Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. Interest earned on deposits held for the Developer Contributions and Affordable Housing Contributions are included in those funds for purposes outlined in Note 6. The NSW Treasury Corporation Hour Glass cash facility is discussed in paragraph (g) below.

b. Receivables – trade debtors

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

The Consolidated entity is not materially exposed to concentrations of credit risk to a single trade debtor or groups of debtors. Based on past experience, debtors that are not past due (2014: $0.2k; 2013: nil) and less than 12 months past due (2014: $0.5k; 2013: $0.5k) are not considered impaired. The only financial assets that are past due or impaired are 'property rental and related services income' in the receivables category of the statement of financial position.

Consolidated		*$'000*	
	Total	Past due but not impaired	Considered impaired
2014			
<3 months overdue	377	377	-
3 months - 6 months overdue	9	9	-
> 6 months overdue	-	-	-
2013			
<3 months overdue	398	398	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

UGDC		*$'000*	
	Total	Past due but not impaired	Considered impaired
2014			
<3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-
2013			
<3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

c. Consolidated entity deposits

The consolidated entity has placed funds on deposit with the NSW Treasury Corporation which has a Standard and Poor's rating of 'AAA' and with the National Australia Bank which has a Standard and Poor's rating of 'AA'. These deposits are similar to money market or bank deposits and can be placed 'at call' for a fixed term. For fixed term deposits, the interest rate payable by NSW Treasury Corporation is negotiated initially and is fixed for the term of the deposit, while the interest rate payable on at call deposits can vary. The deposits at balance date were earning an average interest rate of 3.27% (2013: 3.69%) while over the year the weighted average interest rate was 3.36% (2013: 3.01%) on a weighted average balance during the year of $44.2m (2013: $52.8m). None of these assets are past due or impaired.

18 Financial Instruments (continued)

(c) Liquidity Risk

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

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

The consolidated entity currently has a loan facility limit of $28m with the NSW Treasury Corporation. The loan is unsecured with a floating interest rate. In May 2010, the consolidated entity's former Board approved commencement of a debt reduction strategy for the floating rate loan facility. This strategy has been implemented. Liabilities are recognised for amounts due to be paid in the future for goods or services rendered. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC 11/12. If trade terms are not specified, payment is made no later than the end of the month in which an invoice is received. No interest was paid during the year. A $35k credit card facility is held.

Maturity analysis and interest rate exposure of financial liabilities

Consolidated	Weighted average effective interest rate %	Nominal Amount $'000	Interest Rate Exposure $'000	Maturity Dates: less than 1 year $'000	1-5 Years $'000	5+ years $'000	Total $'000
2014							
Non-interest bearing -payables	-	3,753	nil	3,753	-	-	3,753
Borrowings:							
Fixed rate loan from the TCorp	7.24%	2,369	nil	543	1,826	-	2,369
Variable rate loan from the Tcorp (i)	2.74%	20,002	200	20,002		-	20,002
				24,298	**1,826**	-	**26,124**
2013							
Non-interest bearing -payables	-	4,800	nil	4,800	-	-	4,800
Borrowings:							
Fixed rate loan from the TCorp	7.24%	2,873	nil	505	2,368	-	2,873
Variable rate loan from the Tcorp (i)	2.92%	25,006	250	5,000	20,006	-	25,006
				10,305	**22,375**	-	**32,679**

UGDC	Weighted average effective interest rate %	Nominal Amount $'000	Interest Rate Exposure $'000	less than 1 year $'000	1-5 Years $'000	5+ years $'000	Total $'000
2014							
Non-interest bearing -payables	-	1,865	nil	1,865	-	-	1,865
Borrowings:							
Fixed rate loan from the Tcorp	7.24%	2,369	nil	543	1,826	-	2,369
Variable rate loan from the Tcorp	2.74%	20,002	200	20,002		-	20,002
				22,410	**1,826**	-	**24,236**
	%						
2013							
Non-interest bearing -payables	-	1,415	nil	1,415	-	-	1,415
Borrowings:							
Fixed rate loan from the Tcorp	7.24%	2,873	nil	505	2,368	-	2,873
Variable rate loan from the Tcorp	2.92%	25,006	300	5,000	20,006	-	25,006
				6,920	**22,375**	-	**29,294**

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

18 Financial Instruments (continued)

(d) Market Risk

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

The consolidated entity’s exposures to market risk are as follows:

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

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

(e) Currency risk

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

(f) Interest rate risk

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

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

18 Financial Instruments (continued)

Interest rate risk

Consolidated 2014	Carrying amount $'000	-1% Profit	-1% Equity	+1% Profit	+1% Equity
Financial assets					
Cash and cash equivalents	63,206	(632)	(632)	632	632
Receivables (i)	679	-	-	-	-
Other financial assets	28,275	-	-	-	-
Financial liabilities					
Payables (ii)	3,753	-	-	-	-
Borrowings	22,371	-	-	-	-

2013	Carrying amount $'000	-1% Profit	-1% Equity	+1% Profit	+1% Equity
Financial assets					
Cash and cash equivalents	85,932	(859)	(859)	859	859
Receivables (i)	948	-	-	-	-
Other financial assets	3,262	-	-	-	-
Financial liabilities					
Payables (ii)	4,800	-	-	-	-
Borrowings	27,879	-	-	-	-

UGDC 2014	Carrying amount $'000	-1% Profit	-1% Equity	+1% Profit	+1% Equity
Financial assets					
Cash and cash equivalents	43,787	(438)	(438)	438	438
Receivables (i)	152	-	-	-	-
Other financial assets	42,423	-	-	-	-
Financial liabilities					
Payables (ii)	1,872	-	-	-	-
Borrowings	22,371	-	-	-	-

UGDC 2013	Carrying amount $'000	-1% Profit	-1% Equity	+1% Profit	+1% Equity
Financial assets					
Cash and cash equivalents	58,574	(586)	(586)	586	586
Receivables (i)	120	-	-	-	-
Other financial assets	46,624	-	-	-	-
Financial liabilities					
Payables (ii)	1,414	-	-	-	-
Borrowings	27,879	-	-	-	-

(i) Excludes statutory receivables and prepayments
(ii) Excludes statutory payables and unearned revenue

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

Exposure to ‘other price risk’ primarily arises through investments with NSW Treasury Corporation’s Hour-Glass investment facilities and NAB term deposits, which are held for strategic rather than trading purposes. The entity has no direct equity investments. The entity holds units in the following Hour-Glass investment trusts.

18 Financial Instruments (continued)

Other price risk - Tcorp Hour-Glass facilities

Consolidated

Facility	Investment sectors	Investment Horizon	2014 $'000	2013 $'000
Cash facility	Cash, money market instrument	Up to 1.5 years	13,635	70,561

UGDC

Facility	Investment sectors	Investment Horizon	2014 $'000	2013 $'000
Cash facility	Cash, money market instrument	Up to 1.5 years	6,993	52,284

Consolidated

	Impact on profit/loss		
	Change in unit price	2014 $'000	2013 $'000
Hour-Glass Investment - Cash Facility	+/- 1%	+/- 136	+/- 706

UGDC

	Impact on profit/loss		
	Change in unit price	2014 $'000	2013 $'000
Hour-Glass Investment - Cash Facility	+/- 1%	+/- 70	+/- 523

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

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

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

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

(h) Operational Risk

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

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

18 Financial Instruments (continued)

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

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

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

(i) Fair value compared to carrying amount

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

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

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

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

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

18 Financial Instruments (continued)

Consolidated	Level 1 $'000	Level 2 $'000	Level 3 $'000	**2014** Total $'000
Financial assets at fair value				
TCorp Hour-Glass facilities & term deposits	-	13,635	-	13,635

UGDC	Level 1 $'000	Level 2 $'000	Level 3 $'000	**2014** Total $'000
Financial assets at fair value				
TCorp Hour-Glass facilities & term deposits	-	6,993	-	6,993

Consolidated	Level 1 $'000	Level 2 $'000	Level 3 $'000	**2013** Total $'000
Financial assets at fair value				
TCorp Hour-Glass facilities & term deposits	-	70,561	-	70,561

UGDC	Level 1 $'000	Level 2 $'000	Level 3 $'000	**2013 Total $'000**
Financial assets at fair value				
TCorp Hour-Glass facilities & term deposits	-	52,284	-	52,284

The table above includes only financial assets, as no financial liabilities were measured at fair value in the statement of financial position. There were no transfers between level 1 and 2 during the period ended 30 June 2014. The only investments in hierarchy level two are the TCorp Hourglass investment facilities and the NAB term deposits.

19 Reconciliation of net cashflows from operating activities to net result

	Consolidated 30 June 2014 $'000	Consolidated 30 June 2013 $'000	UGDC 30 June 2014 $'000	UGDC 30 June 2013 $'000
Net cashflows from operating activities	15,315	19,154	5,987	10,102
Depreciation	(3,315)	(2,875)	(46)	(44)
Allowance for impairment	-	406	-	406
Decrease/(increase) in provisions	403	(33)	(52)	(233)
Increase/(decrease) in prepayments and other assets	(909)	208	8	25
Decrease/(increase) in creditors	1,375	2,071	(452)	1,927
Decrease/(increase) in fair value of PPE	(17,718)	-	(6,339)	-
Net other gains/(losses)	11,358	1,363	15,193	(1,450)
Movements in equity	5,485	-	5,485	-
Net result	**11,994**	**20,294**	**19,784**	**10,733**

20 Related Party Transactions

The Directors and other members of key management personnel of UrbanGrowth NSW Development Corporation for the 2013-14 financial year were (whole year unless otherwise stated):

(i) Specific Directors

The Board of the former Sydney Metropolitan Development Authority (SMDA) was dissolved with effect from close of business 31 December 2012. SMDA became UrbanGrowth NSW Development Corporation (UGDC) from 1 January 2013 and changed the nature of its governance from board governed to chief executive governed.

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

Bonnie Boezman AO	Chair, Audit Committee
Victoria Weekes	Independent Member
Julie Dodd	Non Independent Member (staff representative)

(ii) Specific Executives

Sean O'Toole	Chief Executive Officer from 1 July to 30 September 2013
David Pitchford	Chief Executive Officer from 30 September 2013 to 30 June 2014
Michael Brodie	Chief Audit Executive

20 Related Party Transactions (continued)

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

Related Party Transactions	Salary & Fees $'000s	Super $'000s	Termination benefits $'000s	Total $'000s
2014				
Audit and Risk Management Committee				
Bonnie Boezman AO	8	-	-	8
Victoria Weekes	5	-	-	5
Julie Dodd	-	-	-	-
Executives	-	-	-	-
Sean O'Toole (retired 30 September 2013)	-	-	-	-
David Pitchford (appointed 30 September 2013)	-	-	-	-
Michael Brodie	-	-	-	-
Total compensation	**13**	**-**	**-**	**13**

These positions are unpaid

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

Related Party Transactions	Salary & Fees $'000s	Super $'000s	Termination benefits $'000s	Total $'000s
2013				
Directors				
Dr Col Gellatly AO	30	3	-	33
Les Wielinga	-	-	-	-
Mike Mrdak	-	-	-	-
Matt Roberts	-	-	-	-
Lucy Turnball AO	13	1	-	14
Dianne Leeson	-	-	-	-
Giovanni Cirillo	-	-	-	-
Shane Phillips	18	2	-	20
Audit and Risk Management Committee				
Bonnie Boezman AO	12	1	-	13
Victoria Weekes	7		-	7
Julie Dodd	37	3	-	40
Executives				
Sean O'Toole	-	-	-	-
Roy Wakelin-King	159	12	230	401
Total compensation	**276**	**22**	**230**	**528**

These positions are unpaid

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

The remuneration of the UGDC Audit Committee Chair and independent Member is determined based on the fee structure listed in the NSW Treasury and the NSW Department of Finance and Services' document "*Prequalification Scheme: Audit and Risk Committee Independent Chairs and Members – Guidelines for Agencies and Members (January 2013)*".

21 Controlled entities

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

Australian Technology Park Sydney Limited

UrbanGrowth NSW Development Corporation Staff Agency (dormant entity)

22 Events after the Reporting Period

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

END OF FINANCIAL STATEMENTS

UrbanGrowth NSW Development Corporation Staff Agency

(formerly Office of the UrbanGrowth NSW Development Corporation Staff Agency)

Financial Statements as at 30 June 2014

Statement by Chief Executive Officer

Statement by Chief Executive Officer on the adoption of the financial statements for the year ended 30 June 2014.

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

1. The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position and financial performance of UrbanGrowth NSW Development Corporation Staff Agency (formerly Office of the UrbanGrowth NSW Development Corporation) as at 30 June 2014.
2. The financial statements have been prepared in accordance with the Australian Accounting Standards and Interpretations and the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010* and the Treasurer's Directions; and
3. I am not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

David Pitchford
Chief Executive Officer

Date: 19 September 2014

INDEPENDENT AUDITOR'S REPORT

UrbanGrowth NSW Development Corporation Staff Agency
(formerly the Office of the UrbanGrowth NSW Development Corporation)

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of the UrbanGrowth NSW Development Corporation Staff Agency (formerly the Office of the UrbanGrowth NSW Development Corporation) (the Agency), which comprise the statement of financial position as at 30 June 2014, 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 Agency as at 30 June 2014, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the Public Finance and Audit Regulation 2010

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

The Chief Executive Officer's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency'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 Chief Executive Officer, as well as evaluating the overall presentation of the financial statements.

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

My opinion does *not* provide assurance:

- about the future viability of the Agency
- 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.

Maria Spriggins

M T Spriggins
Director, Financial Audit Services

22 September 2014
SYDNEY

UrbanGrowth NSW Development Corporation Staff Agency
(formerly Office of the UrbanGrowth NSW Development Corporation)

Statement of Comprehensive Income
for the year ended 30 June 2014

	Notes	30 June 2014 $'000	30 June 2013 $'000
Expenses excluding losses			
Employee related	*2*	-	1,682
TOTAL EXPENSES EXCLUDING LOSSES		**-**	1,682
Revenue			
Personnel services income	*3*	-	1,682
Total Revenue		-	1,682
Net result		-	-
Other comprehensive income		-	-
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		**-**	**-**

The accompanying notes form part of these financial statements.

UrbanGrowth NSW Development Corporation Staff Agency
(formerly Office of the UrbanGrowth NSW Development Corporation)

Statement of Financial Position
as at 30 June 2014

	Notes	30 June 2014 $'000	30 June 2013 $'000
ASSETS			
Current assets			
Receivables	4	-	280
Total current assets		-	280
Total Assets		-	280
LIABILITIES			
Current liabilities			
Provisions	5	-	280
Total current liabilities		-	280
Non current liabilities			
Provisions	5	-	-
Total non current liabilities		-	-
Total liabilities		-	280
Net assets		-	-
EQUITY		-	-

The accompanying notes form part of these financial statements.

UrbanGrowth NSW Development Corporation Staff Agency
(formerly Office of the UrbanGrowth NSW Development Corporation)

Statement of Changes in Equity
for the year ended 30 June 2014

	Notes	**Accumulated Funds $'000**	**Total $'000**
Balance at 1 July 2013		-	-
Net result for the period		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Transactions with owners in their capacity as owners			
Increase/(decrease in net assets from Equity transfer		-	-
Balance at 30 June 2014		-	-
Balance at 1 July 2012		-	-
Net result for the period		-	-
Other comprehensive income		-	-
Total comprehensive income		-	-
Transactions with owners in their capacity as owners			
Increase/(decrease in net assets from equity transfer		-	-
Balance at 30 June 2013		-	-

The accompanying notes form part of these financial statements.

UrbanGrowth NSW Development Corporation Staff Agency
(formerly Office of the UrbanGrowth NSW Development Corporation)

Statement of Cash Flows
for the year ended 30 June 2014

	Notes	**30 June 2014 $'000**	**30 June 2013 $'000**
Cashflows from operating activites			
Payments to employees		-	2,271
Total payments		-	2,271
Receipts from parent entity		-	2,271
Total receipts		-	2,271
Net cashflows from operating activities		-	-
Net increase/(decrease) in cash		-	-
Opening cash balance		-	-
Closing cash balance at 30 June 2014		-	-

The accompanying notes form part of these financial statements.

1. Summary of Significant Accounting Policies

(a) Reporting entity

In February 2014 the name of the Office of the UrbanGrowth Development Corporation was changed to the UrbanGrowth NSW Development Corporation Staff Agency (the Agency) by *Administrative Order 2014 (NSW)*.

The UrbanGrowth NSW Development Corporation Staff Agency (formerly the Office of UrbanGrowth NSW Development Corporation) became an Executive Agency of the Public Service established pursuant to Part 2 of Schedule 1 of the Government Sector Employment Act 2013 from 23 February 2014. It is a not-for-profit entity as profit is not its principal objective. The reporting entity is consolidated as part of the NSW Total State Sector Accounts. The Agency is domiciled in Australia and its principal office is at Suite 3220, Locomotive Workshop, 2 Locomotive Street, Eveleigh, NSW 2015.

The Agency's objective is to provide personnel services to the UrbanGrowth NSW Development Corporation (the Corporation). The Agency is currently dormant and has not provided personnel services to the Corporation from 1 July 2013.

These financial statements for the year ended 30 June 2014 have been authorised for issue by the CEO on 19 September 2014.

(b) Basis of preparation

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

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

The financial statements have been prepared in accordance with the historical cost convention.

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

The presentation for the current year is modified to comply with the requirements of NSW Treasury's Accounting Policy TPP 14-02: *Financial Reporting Code for NSW General Government Sector Entities*. TPP 14-02 is applicable for financial years ending on or after 30 June 2014.

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

(c) Statement of compliance

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

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

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

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

(e) Income recognition

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

(f) Assets

(i) Receivables

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

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

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

(g) Liabilities

(i) Payables

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

A payable is recognised when a present obligation arises under a contract or otherwise. It is derecognised when the obligation expires or is discharged, cancelled or substituted. A short term payable with no stated interest rate is measured at historical cost if the effect of discontinuing is immaterial.

(ii) Employee benefits and other provisions

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

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

Long-term annual leave that is not expected to be wholly settled within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*. For NSW Government employees, this is based on certain factors (specified in NSW TC 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

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

b. Long service leave and superannuation

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

Long service leave is measured at present value in accordance with AASB 119 *Employee Benefits*. This is based on application of certain factors (specified in NSWTC 14/04) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

(h) Equity transfers

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

Transfers arising from an administrative restructure involving not-for-profit and for-profit government entities are recognised at the amount at which the assets and liabilities were recognised at the amount at which the assets and liabilities were recognised by the transferor immediately prior to the restructure.

(i) Comparative information

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

(j) Budgeted amounts

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

(k) Application of new and revised Australian Accounting Standards

The following table outlines the way the entity has applied the new and revised Accounting Standards applicable to the entity for the first time in 2013-14:

Accounting Standards	Application
AASB 119 *Employee Benefits* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).*	The entity ceased to have any contributing member to a defined benefit superannuation scheme as from 30 June 2013. As a result, the change in net interest expense calculation has no impact on the consolidation entity. Further, the amendment to the definition of 'short term employee benefits' has little or no impact as the agency has currently no employees.

Accounting Standards	**Application**
AASB 13 *Fair Value Measurement,* AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13* and AASB 2012-1 *Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements.*	These Accounting Standards have little or no impact on the entity.
AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.*	These Accounting Standards and any likely Treasury mandate for Tier 1 reporting requirements have no impact on the entity.

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

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2014 reporting period. The Agency did not early adopt any of these accounting standards or interpretations that are listed below which were issued but not yet effective. This is due to NSW public sector entities not being permitted to early adopt new Australian Accounting standards unless Treasury determines otherwise.

AASB 9 Financial Instruments (1 January 2017)	
AASB 10 (NFP) Consolidated Financial Statements	
AASB 11 (NFP) Joint Arrangements (1 January 2013)	
AASB 12 (NFP) Disclosure of Interests in Other Entities	
AASB 127 (NFP) Consolidated and Separate Financial Statements	
AASB 128 (NFP) Investments in Associates	
AASB 1031 Materiality (1 January 2014)	
AASB 1055 Budgetary Reporting (1 July 2014)	
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (1 January 2017)	
AASB 2011-7 (NFP) Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards (1 January 2014)	
AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial	
Assets and Financial Liabilities (1 January 2014)	
AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures	
AASB 2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements (1July 2014)	*At this point the impact of these standards is still being considered and are not known at the date of the Financial Statements*
AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets (1 January 2014)	
AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting [AASB 139] (1 January 2014)	
AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities (1 January 2014)	
AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements (1 January 2014)	
AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policyholders (1 January 2014)	
AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities (1 January 2014); and	

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments [Operative dates: Part A Conceptual Framework – 20 December 2013; Part B Materiality – 1 January 2014; Part C Financial Instruments – 1 January 2015]	

	30 June 2014 $'000	30 June 2013 $'000
2 Expenses Excluding Losses		
Salaries and wages (inc. recreation leave)	-	1,679
Superannuation - defined contribution	-	92
Superannuation - defined benefit	-	3
Long service leave	-	(152)
Payroll tax	-	59
	-	1,682
3 Revenue		
Personnel service income	-	1,682
4 Current Receivables		
Receivables from the Corporation	-	280
5 Current /Non-current Provisions		
Current		
Recreation leave	-	45
Long service leave	-	58
Termination Payments	-	177
	-	280
Non-current		
Long service leave	-	-
Defined benefit superannuation (i)	-	-
	-	-
Aggregate employee benefits and on costs		
Provisions - current	-	275
Provisions - non-current	-	-
Accrued salaries,wages and on costs	-	5
	-	280

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

6 Service Group Statements

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

7 Budgeted Amounts

Reporting of performance against budget is set out in Note 17 of the consolidated entity's financial statements. The Agency has no direct budget allocation or responsibility.

8 Commitments for Expenditure and Contingent Assets and Liabilities

At reporting date there were no significant commitments/contingent assets or liabilities. (2013: nil).

9 Events After The Reporting Date

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

End of Financial Statements

Appendices

Charter

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

Chief and Senior Executive Officer

Mr David Pitchford is the Chief Executive Officer of both UGDC and UrbanGrowth NSW.

Consultants under $50,000

11 planning and urban design consultants were engaged costing a total of $110,632.

Two organisational review consultants were engaged costing a total of $25,273.

Access

UGDC Offices are located at:
Suite 3220, Locomotive Workshop,
2 Locomotive Street
EVELEIGH NSW 2015

Telephone: (02) 9209-9100

Website:
www.ugdc.nsw.gov.au

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

Legislative Changes

The ***Administrative Order 2014 (NSW)*** was passed in February 2012, giving effect, from 1 February 2014, to the change of subsidiary name from Office of the UrbanGrowth NSW Development Corporation to the UrbanGrowth NSW Development Corporation Staff Agency.

Payment of Accounts

All agreed accounts were settled in a timely manner.

Consultants Over $50,000

Consultant	Project	Cost
Cadence Australia Pty Ltd	Strategic operational advice	$101,624
Endeavour Holdings Australia Pty Ltd	Overview ATPSL development project	$207,235
Environmental Strategies Pty Ltd	Environmental auditing North Eveleigh site	$87,767
Hill PDA Property Consulting	Strategic organisational advice BEP2	$15,035
NSW Department of Public Works	Urban design & built form review of BEP2	$97,081
Parsons Brinckerhoff Australia Pty Ltd	Revised trafiic modelling and report for BEP2	$53,111

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

Human Resources

Nil staff were employed by UGDC as at 30 June 2014, with all staff seconded from UrbanGrowth NSW.

Risk Management

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

Overseas Travel

Nil to report

Corporate Credit Cards

Nil to report

Consumer Response

Nil complaints to report

Funds granted to non-government community organisations

Nil to report

Detailed Statement for Each Controlled Entity

1) Australian Technology Park Sydney Limited

Objectives

a) establish, maintain and operate a facility of an international standard for the promotion, development and application of sciences and technologies;
b) link the resources and skills of institutions of advanced learning with the industrial objectives of private companies and government instrumentalities;
c) increase and disseminate knowledge as to sciences and technologies and the importance of them to the socioeconomic development of Australia;
d) encourage innovative technologies to assist the development of novel high-value-added products and new industries;
e) encourage innovative technologies to assist in the development of
f) environmentally sustainable solutions;
g) promote the responsible development and use of sciences and technologies;
h) provide consultancy services to industry and government as to the application of sciences and technologies;
i) arrange for training and education in matters related to the Objects;
j) promote and provide exhibitions, lectures, films, publications and other educational instruction or materials relating to sciences and technologies;
k) conduct activities of an educational nature in accordance with the Objects;
l) manage any facility established and trading and income generating activities carried on with the facility;
m) raise funds for the purposes of the Company and conduct business on its own account;
n) co-operate with individuals, associations or organisations whether governmental (Commonwealth, State and Local), institutional, corporate or professional in relation to the commercial development of sciences and technologies;
o) broaden access to research findings and technological opportunities;
p) facilitate technology transfer between research institutions and industry;
q) provide incubator facilities for the early stages of commercialisation of new technologies;
r) encourage synergy among researchers, designers, entrepreneurs and manufacturers; and
s) contribute to the long term economic and social sustainability interests of the Redfern-Waterloo and wider community in accord with the strategic priorities of Sydney, New South Wales and Australia

Operating Activities

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

- Promoting technology and science through the management of leases;
- Manage a conference and events business and facilities;
- Operate and manage Eveleigh Markets; and
- Operate and manage the Aboriginal Employment Program

Performance Targets

1 July 2013 – 30 June 2014

- Net Result of \$4.9m
- 26.7% return on sales
- 4.0% return on assets
- 3.0% vacancy rate
- Improve debt/equity ratio with a repayment of \$5m debt
- Capital Investment of \$3.4m for 13-14.

Detailed Statement for Each Controlled Entity

1) Australian Technology Park Sydney Limited (continued)

Actual Performance Measures for 1 July 2013 – 30 June 2014

- Normalised Net Result of $6.1m (before revaluation losses of $13.7m)
- 29.5% return on sales
- 5.4% return on assets
- 3.0% vacancy rate
- $5m debt repayment
- Capital Investment of $1.5m for 13-14.

2) UrbanGrowth NSW Development Corporation Staff Agency

Objectives
To provide and pay staff for the UrbanGrowth NSW Development Corporation

Operating Activities
Staff management and payment.

Performance Targets
The Staff Agency has remained dormant since 1 July 2013 so no performance targets were set or achieved for 2013-14.

Land Disposal

As part of its Urban Renewal program UGDC purchased land and undertook site preparation works at a site at North Eveleigh to enable the development of 88 affordable housing units. Works involved site remediation and road construction. In February 2014 the development site was transferred to City West Housing Pty Ltd who will undertake construction of the units. The transaction was accounted for as an equity transfer with a value of $5.485m. Access to documents relating to the disposal can be obtained under the *Government Information (Public Access) Act 2009*.

Plans, Policies and Procedures

Code of Conduct

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

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

Equal Employment Opportunity Policy (EEO)

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

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

Disability Access Policy

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

Multicultural Policies and Services Program

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

NSW Government Action Plan for Women

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

Work, Health and Safety Policy

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

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

Fraud and Corruption Prevention Strategy

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

Privacy and Personal Information

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

Waste Reduction and Purchasing Policy

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

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

Government Information Public Access (GIPA) Act 2009

During 2013-14 no requests were made to UGDC under the *GIPA Act*, nor were any investigations or applications for review submitted.

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

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

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