



# SYDNEY METROPOLITAN DEVELOPMENT AUTHORITY

2011-2012 Annual Report



Sydney Metropolitan  
Development Authority

## Charter

The Sydney Metropolitan Development Authority (SMDA) was established on 15 December 2010 to pursue the NSW Government's commitment to urban renewal in the Sydney Metropolitan area and to ensure delivery of the objectives of the *State Environmental Planning Policy (Urban Renewal) 2010 (SEPP)*.

The purpose of the SMDA is to drive housing and employment opportunities in specific areas serviced by public transport and infrastructure while ensuring community development and positive social outcomes.

The SMDA is constituted under the *Growth Centres (Development Corporations) Act 1974* and reports to the Minister for Planning through the SMDA Board. The *Growth Centres (Development Corporations) Act 1974* defines the extent of the SMDA's growth centre areas and also sets out the SMDA's functions within these areas, including the responsibility of dealing and acquiring land.

The Minister for Planning is responsible for the *Growth Centres Act* and for preparing an order for approval by the Governor to amend Schedule 1 of the Act to include the description of land that constitutes each of the SMDA growth centres.

Schedule 1 of the *Growth Centres Act* identifies the growth centres for which the SMDA is constituted, with the initial SMDA growth centres being Redfern-Waterloo and Granville, including the 'Auto Alley' precinct.



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## To the Minister



**The Hon. Brad Hazzard MP**

Minister for Planning and Infrastructure,  
Minister Assisting the Premier on Infrastructure NSW  
Governor Macquarie Tower  
Farrer Place  
Sydney

Dear Minister Hazzard

It is with pleasure that I forward you the second Annual Report of the Sydney Metropolitan Development Authority for the year ending 30 June 2012.

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

Yours Sincerely

A handwritten signature in black ink, appearing to read 'Roy Wakelin-King', is written in a cursive style.

**Roy Wakelin-King AM**

Chief Executive Officer  
Sydney Metropolitan Development Authority

## Statement from the Chairperson and Chief Executive Officer

We have great pleasure in presenting the Annual Report for the Sydney Metropolitan Development Authority (SMDA) for 2011/2012.

In the past 12 months, the SMDA has undertaken work to deliver opportunities to drive housing and employment in the Redfern-Waterloo and Granville/Auto Alley precincts. We have done this in close consultation with our key partners including local government authorities in these key areas.

The Redfern-Waterloo Authority (RWA), which focused on the urban renewal of the Redfern Waterloo area beginning in 2005, concluded operations on 1 January 2012. The SMDA assumed the RWA's urban renewal and planning functions and has continued with the successful work undertaken by the RWA.

This has included planning for and facilitating appropriate growth of the area through further studies including the Built Environment Plan Stage 2 (BEP 2) which proposes planning controls including land use, height and floor space controls to support the renewal of Housing NSW sites in Redfern and Waterloo. It has also involved undertaking a wider Urban Renewal Study of this precinct. These studies will address such issues as the built form, traffic and transport, open space, community safety and social inclusion for the area.

The SMDA also began the review of the Affordable Housing and Developer Contributions Plan as part of the preparation of the Redfern Waterloo Urban Renewal Study. Targeted consultation in relation to the Redfern-Waterloo Affordable Housing Strategy was undertaken during 2011/2012 resulting in six submissions being received for review.

An important part of this affordable housing strategy is the delivery of a minimum of 61 affordable housing dwellings at North Eveleigh under the Commonwealth Government's Housing Affordability Fund. This project commenced in 2011/2012 and is on track to deliver these dwellings by 2014.

The SMDA has been working in partnership with the Parramatta City Council and Holroyd City Council in the preparation of a Draft Urban Renewal Study to investigate possible future redevelopment and renewal concepts for the Auto Alley area within the Granville Precinct. Auto Alley was identified by the SMDA as an important sub-precinct for urban renewal in this part of Sydney.

Community and landowner input into the preparation of the Draft Urban Renewal Strategy were sought and public information displays of preliminary concepts exhibited between 16 May and 6 June 2012. This included joint information sessions with the two local government authorities to gain community feedback on these proposals.

The SMDA considers that social inclusion principles are key considerations in all of these urban renewal projects. To this end, much work has been done during the financial year to research and develop draft Social Inclusion Policy Guidelines to extend these practices into new urban renewal precincts.

In June 2012, the NSW Government announced the creation of a new organisation - UrbanGrowth NSW. This new organisation will integrate the SMDA with Landcom to drive the Government's approach to housing delivery in NSW. The establishment of UrbanGrowth NSW represents an opportunity to continue the work of the SMDA in a new organisation that will have greater capability and responsibility.

The SMDA will continue to remain focused on preparing the plans and studies required under the *State Environmental Planning Policy (Urban Renewal) 2010 (Urban Renewal SEPP)* to revitalise the Redfern-Waterloo and Auto Alley precincts until UrbanGrowth NSW has been established by the NSW Government. This work and its outcomes will ultimately become part of UrbanGrowth NSW's role and responsibilities.

In conclusion, we would like to take the opportunity to thank the communities of Redfern Waterloo, Parramatta and Holroyd for their support of the SMDA and to express our appreciation to the members of the SMDA Board for their guidance and to the SMDA staff and consultants for their professionalism and commitment to the Authority.



**Dr Col Gellatly AO**  
Chairman



**Roy Wakelin-King AM**  
Chief Executive Officer

## Aims & Objectives

Specifically, the role of the Sydney Metropolitan Development Authority 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;
- Borrowing and managing funds; and
- Partnering with public agencies and private entities when necessary.

The SMDA assumed many of the functions of the Redfern Waterloo Authority (RWA) and, therefore, Redfern Waterloo has been identified as one of two priority areas, along with the Auto Alley precinct in Granville, for urban renewal. This will be achieved through the strategic delivery of the objectives of the State Environmental Planning Policy (Urban Renewal) 2010 (SEPP).

The intent of the new SEPP is to provide the opportunity for the State Government to plan for high quality urban renewal to create revitalised and more vibrant centres with a broader range of housing and employment options, and to encourage investment.

This principal objective of the SMDA builds on the Metropolitan Transport Plan “Connecting the City of Cities” and updated Metropolitan Plan for Sydney 2036.

## Corporate Governance

The Minister for Planning and Infrastructure, Minister Assisting the Premier for Infrastructure NSW, the Hon. Brad Hazzard, is responsible for the control and direction of the SMDA. The Minister has established a Board of Governance and, while the Board establish the policies and directions of the SMDA, its day to day management is the responsibility of the Chief Executive Officer.

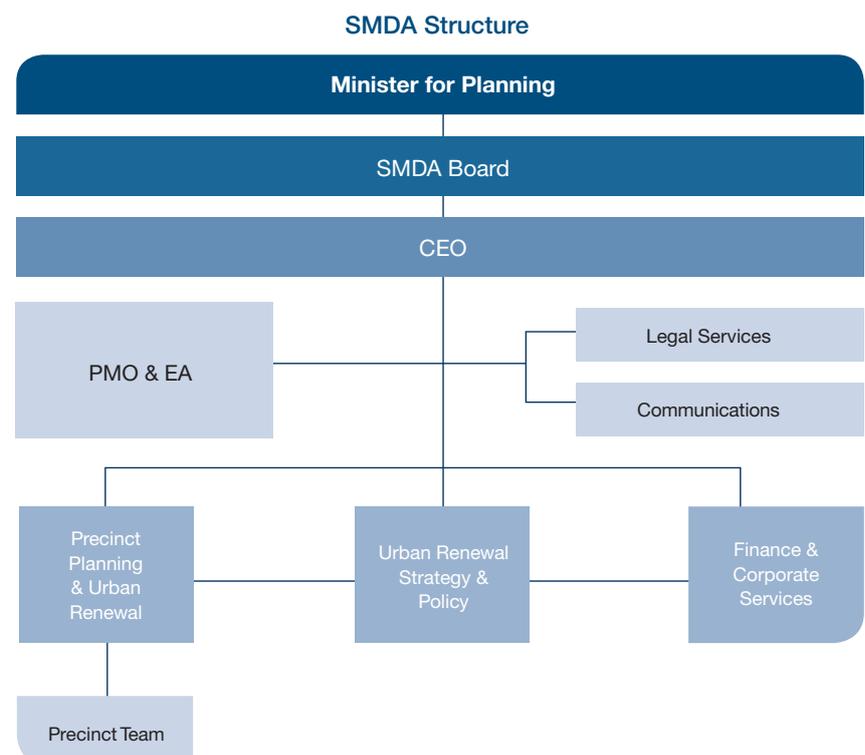
There is one Board Committee.

### Audit and Risk Management Committee

The Audit and Risk Management Committee is the focal point for communication between the Board, the external auditors, the internal auditors and management, as their duties relate to financial accounting, reporting and internal controls and compliance. The Audit and Risk Management Committee assists the Board in fulfilling its responsibilities as to accounting policies and reporting practices of the SMDA. It is the Board's principal agent in assuring the independence of SMDA auditors, the integrity of management and the adequacy of the disclosures to the public.

### Committee Members

Bonnie Boezman AO and Victoria Weekes



## Board Members



### Dr Col Gellatly

AO B Ag Ec (Hons) UNE, M Comm  
(Hons) UNSW, Ph D NC State, FIPAA

Dr Col Gellatly AO is current Chairperson of the Sydney Metropolitan Development Authority and Australian Technology Park Sydney Limited. Dr Gellatly was the Director-General of the Premier's Department from 1994 - 2007. He has held a number of senior management positions within the NSW public service, including as Director General of the Department of Land and Water Conservation. He is also Chair of Pillar Corporation and a member of the Board of State Water Corporation.



### Les Wielinga

Eng (Civil) GradDip  
Technology Management

Les Wielinga is the Director General of Transport for NSW, the State's integrated transport agency. He was previously Director General of the NSW Department of Transport, having served in that role since July 2009, and led the change process which established Transport for NSW. He was Chief Executive of the NSW Roads and Traffic Authority (2006-2009). Les has more than 35 years experience in the management of transport issues, strategic planning, development and delivery of infrastructure, program and project management, as well as administration. He has substantial experience in leading large multidisciplinary teams including legal, financial, economic and engineering.



### Mike Mrdak

BA (Hon.) (UNE), GradDipEd,  
GradDipAppEcon (UC)

Mike was appointed Secretary of the Department of Infrastructure and Transport in June 2009. The Department provides policy advice, programs and regulation across a wide range of activities including major infrastructure projects, road and rail, aviation and airports, transport security, maritime, vehicle safety standards and road safety.



### Matt Roberts

M.Econ BA (Econ) (Macq)

Matt is currently Deputy Secretary of the Economic, Environment and Communities Directorate and a member of the Treasury Executive team responsible for policy development, budget management and agency stakeholder relations in the transport, planning, environment, government services and trade and investment portfolios. In his previous role as Director, National Reform Branch, he was responsible for developing Treasury's policy advice for the Council of Australian Governments' (COAG) National Reform Agenda (NRA) as well as representing Treasury at numerous Commonwealth-State inter-governmental meetings. Prior to this appointment, Matt was Principal Economic Analyst in the Economic Strategy Branch and advised on economic reform matters. Matt started his career as a graduate economist in Sydney Water in 1996 and eventually moved to the position of Senior Economist, dealing with competition, pricing and regulatory matters.



### Lucy Turnbull AO

LLB (Sydney), MBA (UNSW)

Lucy Hughes Turnbull is a Director of the Board of Prima BioMed Limited, an Australian publicly-listed biotechnology company. She is also a Board Member of the Australian Technology Park Sydney Limited, the US Studies Centre, the Redfern Foundation Limited, the Turnbull Foundation and the NSW Cancer Institute. Lucy was Sydney's first female Lord Mayor (2003-4) and Deputy Lord Mayor (1999-2003). She served as a Councillor on the City of Sydney from 1999-2004 and chaired many council committees. Lucy has also been active in the not for profit sector and is currently Deputy Chair of the Committee for Sydney, a member of the COAG Reform Council's Cities Expert Advisory Panel, and a board member of the Biennale of Sydney.

## Board Members



**Sam Haddad**  
Chem Eng, MBA  
Resigned 1 April

Sam Haddad was appointed Director General of the NSW Department of Planning in 2005. He has had more than 38 years of professional experience including two decades at senior executive level. He has worked in the private sector in project management and infrastructure development, and has held several senior and executive positions with the NSW Department of Planning and its predecessors. Sam has extensive experience in shaping and leading the State's planning system; leading and implementing significant policy, legislative, organisational and operational reforms.



**Dianne Leeson**  
Appointed 28 October 2011

Dianne Leeson is an urban planner with extensive experience in the planning and delivery of major government projects. Dianne was Senior Director, Planning and Urban Design for the NSW Olympic Coordination Authority (OCA) that delivered the Sydney 2000 Olympic precincts and venues and associated infrastructure. Dianne then helped establish the Sydney Olympic Park Authority prior to taking up senior roles in RailCorp, Sydney Ports Corporation and as Assistant Director General, Major Projects within the Department of Premier and Cabinet. Dianne represents the Government on various State/Commonwealth processes.



**Peter Duncan**  
Cert L&ESD, Grad, Cert Traffic Eng,  
A.Dip Land Studies, G.Dip.Mgt  
Appointed 23 May - 27 October 2011

Peter Duncan is Deputy Director General of the Department of Premier and Cabinet. Formerly, he was Director General of the Department of Services, Technology and Administration. Previous roles include Chief Executive Officer of Forests NSW, Director and Chief Executive of the Centennial Park and Moore Park Trust, and Director Estate Management at Olympic Coordination Authority. Peter has served on a number of Boards and Committees including as Chair of the NSW Marine Parks Authority, Administrator of Jenolan Caves Reserve Trust and is currently a Governor of the Centennial Parklands Foundation.



**Shane Phillips**

Shane Phillips is an outstanding community leader and respected spokesperson for Aboriginal Australians. Shane is passionate about the importance of empowering Aboriginal people and is a dedicated contributor to a range of community organisations. He has cultural connections to the Bunjalung, Wonnarua, and Eora peoples.

Prior to his appointment as CEO of the Tribal Warrior Association, Shane's career included roles working with young people in child protection, juvenile justice and the law. He has also worked as a community liaison officer with the Royal Commission into Aboriginal Deaths in Custody and established the Redfern Aboriginal Corporation. Shane's community service achievements were recognised in 2008 when he was an invited participant in Prime Minister Rudd's 2020 Summit where he shared his vision in the "Options for the Future of Indigenous Australia" stream. He has been a spokesperson for the Aboriginal Rights Coalition, a Life Member and Coach of the Redfern All Blacks Under 19's rugby league team, a Member of the National Indigenous Chamber of Commerce, the Gilbert & Tobin Reconciliation Planning Team, the National Aboriginal Alliance, and the Quarantine Station Community Committee, and is a founding Director of the Australian Indigenous Chamber of Commerce.



**Giovanni Cirillo**

BUrbRegPlan (Hons) UNE, PGradDipEc  
 UNE 1991, MIntS (Sydney),  
 ANZSOG (Executive Fellow)

Appointed 2 April 2012

Giovanni Cirillo has been the Executive Director of Urban Renewal and Major Sites at the NSW Department of Planning and Infrastructure since early 2009. Giovanni's areas of responsibility include Centres & Urban Renewal and Strategic Assessments branches. In 2012, Giovanni was conferred as Adjunct Senior Lecturer in the Faculty of Architecture, Design and Planning at the University of Sydney. He has worked as a town planner for over 20 years, both in local and state government. Giovanni was previously the Director of City Planning & Regulatory Services at the City of Sydney and currently represents the Department of Planning & Infrastructure on the Boards of the Sydney Harbour Foreshore Authority, NSW Heritage Council and the Sydney Opera House Conservation Council.



**Mr Roy Wakelin-King AM**

BPS (UNE) GDP Bus (UTS)  
 Chief Executive Officer

Roy Wakelin-King was appointed as Chief Executive of the Sydney Metropolitan Development Authority on 17 December 2010 after his term as the Chief Executive Officer of the Redfern-Waterloo Authority, which he commenced in February 2009. Prior to this, Roy was the Deputy Director General of the Office of Public Works & Services with the NSW Department of Commerce. Roy was also CEO of the World Youth Day Coordination Authority which coordinated the delivery of Government services for the highly successful World Youth Day 2008. Roy has been an Executive Director within the NSW Ministry of Transport in the position of Director - Transport Operations Division. Roy has extensive experience in both operations and project leadership, particularly in the fields of transport and logistics. His experience includes a short Army career as a commissioned officer, which included operational service in Somalia with the United Nations, followed by a series of senior project and operational appointments within the NSW Government.

**Disclosures**

The SMDA has no related party disclosures to declare.

SMDA Board Attendance FYR 11/12

**Board Members**

**Board Meetings**

	No. of meetings eligible to attend	No. of meetings attended
Col Gellatly, AO	11	11
Roy Wakelin-King, AM	11	11
Lucy Turnbull, AO	11	10
Les Wielinga	11	6
Matt Roberts	11	10
Shane Phillips	11	8
Mike Mrdak	11	4
Peter Duncan	4	3
Dianne Leeson	7	7
Sam Haddad*	8	0
Giovanni Cirillo	3	1

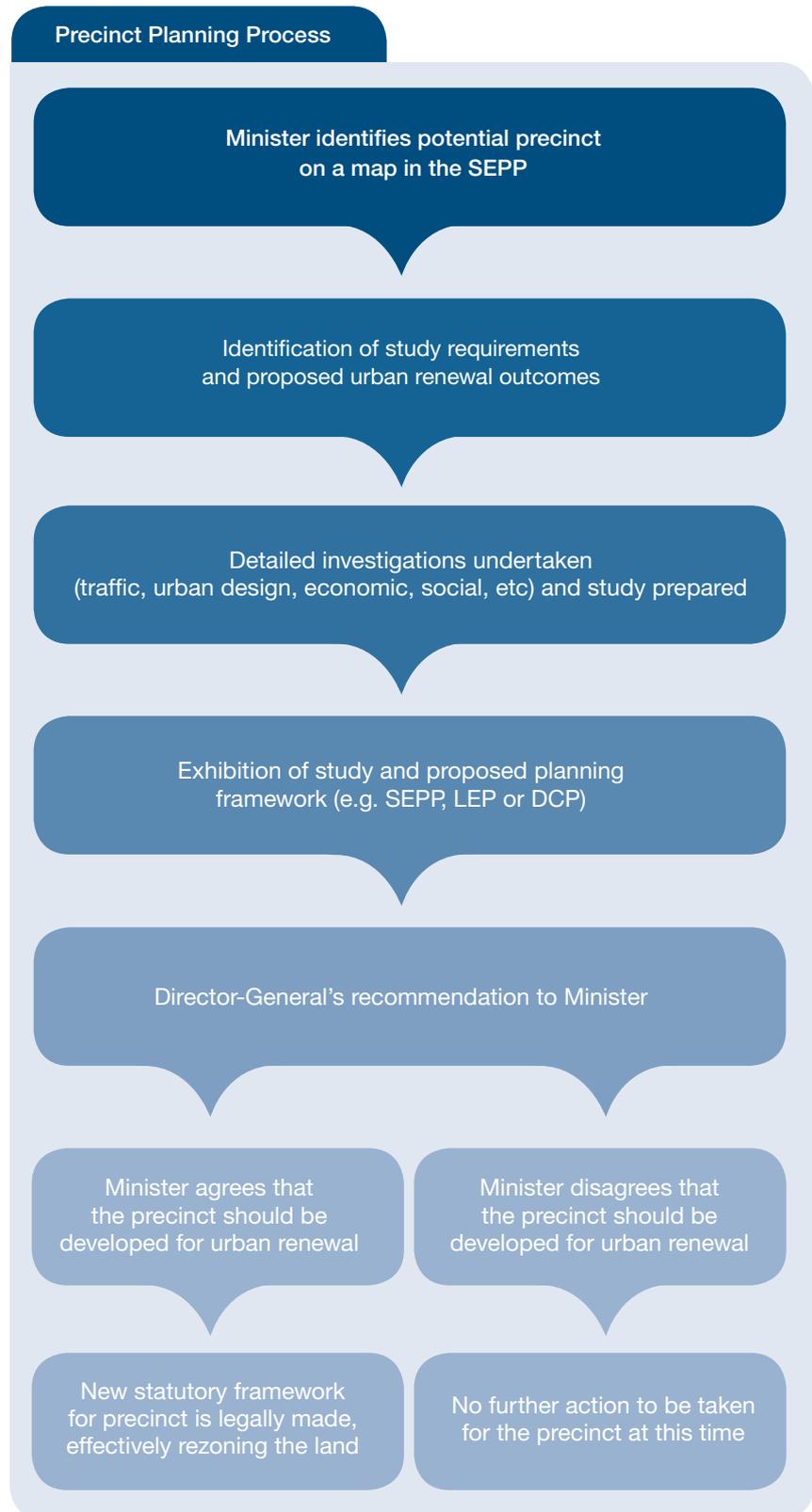
\* The Director General of Planning ensured that he was represented at all SMDA Board Meetings.

## Development

### Draft Redfern-Waterloo Built Environment Plan Stage 2 (BEP 2) And Urban Renewal SEPP

In January 2012, the SMDA assumed the urban renewal and planning functions of the former Redfern-Waterloo Authority (RWA), which ceased operations on 1 January 2012. This was consistent with the work SMDA had commenced on behalf of the RWA in the previous year as part of its work in the Redfern Waterloo Precinct that was established in accordance with the State Environment Planning Policy Urban Renewal and the *Growth Centres Act, 1974*.

The SMDA was also very active in its work for the Granville Precinct throughout the year.



## Redfern-Waterloo Precinct

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



Coverage Map



The SMDA has been planning for appropriate growth of the area with further studies in Redfern-Waterloo through the Draft Built Environment Plan (BEP 2) and a wider Urban Renewal Study. The former RWA, in partnership with Housing NSW (HNSW), had previously undertaken a process of detailed research and community consultation on the options that may exist for the revitalisation of existing social housing stock and the opportunities to enhance the availability of affordable housing in Redfern and Waterloo. SMDA assumed the lead for this work in 2011/2012 and has been actively progressing this study throughout the year.

Draft BEP2 was publicly exhibited in February 2011 as a non-statutory process.

From the previous consultation process undertaken in early 2011, and the further studies currently underway, new draft planning controls will be created for properties owned by HNSW in Redfern and Waterloo to enable the redevelopment of the concentrated social housing sites into a more dynamic and sustainable community with a balanced mix of private, affordable and social housing dwellings.

These draft planning controls will be publicly exhibited in 2012/2013 and all feedback considered prior to finalising any new controls.

The primary focus of Draft BEP2 is the development of controls to:

- Revitalise public housing stock;
- Improve the associated public domain;
- Reduce the concentration of public housing;
- Increase the local population to establish a more sustainable mix; and
- Facilitate the provision of affordable housing.

BEP 2 will revitalise the social housing sites in the precinct, making this the biggest and most important urban renewal opportunity in Redfern-Waterloo.

BEP 2 will be underpinned by effective urban renewal planning that the SMDA has been undertaking throughout the year to ensure that the area reaches its full economic, social and creative potential by creating a vibrant, socially inclusive and more sustainable community.



The Urban renewal Study will accompany any new draft planning controls and address:

- The built form;
- Public domain and open space;
- Crime prevention through design;
- Traffic;
- Transport and accessibility;
- The social impacts of development including the need for additional community facilities;
- Other issues raised by the community; and
- The development of revised planning controls.

#### North Eveleigh

During 2011/2012, North Eveleigh continued to serve as a popular location for the filming of advertisements and films as well as photographic shoots for magazines. The SMDA manages all filming and photography at North Eveleigh to ensure there is no disruption or inconvenience to nearby residents and stakeholders.

The Australian Government's Housing Affordability Fund (HAF) has provided a grant of \$7.2 million to the SMDA for the development of at least 61 affordable housing dwellings in North Eveleigh. The main aspects of the project include infrastructure works, remediation and the selection of a community housing provider to build and manage the affordable housing.

Works will include:

- Construction of a two way vehicle site entry in the location of the existing entry;
- Construction of a two way road parallel to Wilson Street, between the site entry and the Carriage Workshop building;
- Associated car parking, footpaths and landscaping;
- Telecommunications, electricity distribution, sewage works,

stormwater management and gas and water reticulation works;

- Demolition of the Timber Shed extension to allow for the construction of the road and water; and
- Remediation of land (as required) in the path of the infrastructure works and the land to be developed for affordable housing.
- The funding from the Commonwealth will allow for the levies from developers already collected by the SMDA for affordable housing to be used to provide more affordable housing in the Redfern-Waterloo area for future projects.

#### Redfern-Waterloo Heritage Interpretation Plan

The Eveleigh Railway Workshops Interpretation Plan was endorsed by the Minister for Planning and Infrastructure on 8 February, 2012.

The specific aims of the Interpretation Plan are to:

- Guide and facilitate interpretation of the site's heritage significance as a conservation process designed to sustain the site's authenticity and character as the sites are developed;
- Identify existing audiences and visitor experiences on the Eveleigh site, including workers, neighbours resident in the district, tourists and school groups, as well as to explore opportunities to enhance visitor numbers and experiences in each of these categories;
- Achieve enhanced public understanding of the history of the area and its significance to residents, workers and visitors by fostering active links with the community, as well as with tourism, education and recreation activities;

- Ensure interpretive devices and their content have the potential to engage and provoke public interest, are viable, accessible, sustainable (in relation to maintenance, evaluation and review) reversible (in relation to heritage fabric) and compatible with the sites for which they are chosen.

### Aboriginal connections with the former Eveleigh Railway Workshops

The SMDA acknowledges the former Eveleigh Railway Workshops site is on the land of the Gadigal people of the Eora nation. Aboriginal people have maintained a long and continuous history of connections to the inner Sydney area formerly occupied by the Eveleigh Railway Workshops and contribute a significant role in the story of this place.

In 2011, the SMDA engaged Michael Davis Consultants to undertake a research project to gain a better understanding of the Aboriginal history of Eveleigh. The research has recognised and acknowledged the important aspects of the involvement of Aboriginal persons in Eveleigh, beginning with pre-European settlement and including their participation in the Railway Workshops. The draft report was the subject of community consultation and has been finalised and published on the SMDA website.



### Avenue of Hope

During 2011-2012, the SMDA continued to work with the South Sydney Business Chamber to progress the scope for the establishment of the Avenue of Hope.

The Avenue of Hope aims to:

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

The proposed location for The Avenue of Hope is from the top of Redfern Hill down Regent Street where many of the organisations listed above were originally located.

# Granville Precinct

## Auto Alley Sub Precinct

In December 2010, the Granville precinct was identified by the NSW Government as a potential precinct for urban renewal.



Urban Renewal SEPP boundary



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 LGA boundary.

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

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

The SMDA has initially focussed on urban renewal opportunities for the Auto Alley sub precinct.

Auto Alley acts as the southern gateway to Parramatta CBD, is served by two railway stations (Parramatta and Harris Park) and a number of bus services. The area contains few, and predominantly large, land holdings that are unaffected by either heritage items or strata development.

The SMDA has worked closely with Parramatta City Council, Holroyd Council, the Department of Planning & Infrastructure, and Transport for NSW on this urban renewal project. In November 2011, the SMDA commissioned Parramatta City Council and Cox Richardson to prepare an

Urban Design Study of Auto Alley to inform the preparation of further concept plans for the sub-precinct.

In March 2012, this Study led to the design of two draft schemes for commercial-residential and commercial only concepts by the SMDA and Parramatta City Council respectively.

The SMDA then conducted a non-statutory community consultation program and public exhibition of the proposed Auto Alley urban renewal concepts, in partnership with Parramatta and Holroyd City Councils. The public exhibition period operated for 21 days from 16 May to 6 June 2012. Key issues raised by the community included qualified support for a mixed living and working environment, increased building heights and densities, improved public domain works, improved access to bus services and facilities, and the preservation of heritage and conservation areas.

Informed by the non-statutory consultation program, further work and review has occurred. This work will ultimately be reviewed by the new entity UrbanGrowth NSW and subsequently the Director-General Department of Planning and Infrastructure.

## Social Inclusion

### Socially Inclusive Urban Renewal

Social inclusion is recognised worldwide as integral to creating healthy, prosperous and connected communities. All levels of the Australian Government acknowledge the need to incorporate social inclusion within relevant Government policy.

The SMDA considers that social inclusion principles are key considerations in urban renewal projects and much work has been done during the financial year to research and develop draft Social Inclusion Policy Guidelines to extend these practices into new urban renewal precincts.



The draft Guidelines are being developed with an aim to assist any organisation that is undertaking urban renewal. These are not just limited to Government-based development authorities. Many organisations are involved in renewing places and precincts, such as local Councils, Universities, the private development industry and Trusts established to manage important areas of public lands. The Guidelines will not be designed to be rigidly applied and therefore provide a flexible and adaptable framework for organisations involved in urban renewal to adopt as the relevant circumstances allow.

The draft Guidelines cover planning for:

- Affordable living;
- Economic and Social Development;
- Community Safety;
- Place Making; and
- Community Participation and connectedness.



## Director's Statement



Statement by the Chairman and Chief Executive Officer on the adoption of the financial statements for the year ended 30 June 2012. Certificate under Section 41C of the *Public Finance and Audit Act 1983*.

Pursuant to Section 41C (B) and 1 (C) of the *Public Finance and Audit Act 1983* and in our capacity as Chairman and Chief Executive Officer of the Sydney Metropolitan Development Authority (SMDA), we declare that in our opinion:

The accompanying financial statements exhibit a true and fair view of the financial position of the SMDA as at 30 June 2012 and transactions for the year ended on that date. The statements have been prepared in accordance with the provisions of the *Public Finance and Audit Regulation 2000* and the Treasurer's Directions.

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

A handwritten signature in black ink, appearing to read "Col Gellatly".

**Dr Col Gellatly AO**  
Chairman

A handwritten signature in black ink, appearing to read "Roy Wakelin-King".

**Roy Wakelin-King AM**  
Chief Executive Officer

## Statement by Members of the Board



Statement by Members of the Board of Sydney Metropolitan Development Authority on the adoption of the financial statements for the year ended 30 June 2012.

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

1. The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position and financial performance of Sydney Metropolitan Development Authority as at 30 June 2012.
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. We are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

Handwritten signature of Dr Col Gellatly AO in blue ink.

**Dr Col Gellatly AO**  
Chairman  
Sydney Metropolitan Development Authority  
28 September 2012

Handwritten signature of Roy Wakelin-King AM in blue ink.

**Roy Wakelin-King AM**  
Chief Executive Officer  
Sydney Metropolitan Development Authority  
28 September 2012

# Independent Auditor's Report



## INDEPENDENT AUDITOR'S REPORT

Sydney Metropolitan Development Authority and controlled entities

To Members of the New South Wales Parliament

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

### Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Authority and the consolidated entity as at 30 June 2012, and of their financial performance and 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 Board's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the 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 members of the Board, 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 Authority or consolidated entity
- that they have carried out their activities effectively, efficiently and economically
- about the effectiveness of internal control
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information, that may have been hyperlinked to/from the financial statements
- about the assumptions used in formulating the budget figures disclosed in the financial statements.

### **Independence**

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

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



James Sugumar  
Director, Financial Audit Services

2 October 2012  
SYDNEY

**Financials - Sydney Metropolitan Development Authority**  
**Statement of Comprehensive Income**  
- for the year ended 30 June 2012

	Notes	Consolidated			SMDA	
		Actual 30 June 2012 \$'000	Budget 30 June 2012 \$'000	Period 30 June 2011 \$'000	Actual 30 June 2012 \$'000	Period 30 June 2011 \$'000
<b>Expenses excluding losses</b>						
Operating expenses						
Employee related	2(a)	3,480	6,861	1,512	0	
Other operating expenses	2(b)	13,383	9,562	544	6,355	544
Personnel services	2(c)	-	-	-	2,009	1,512
Depreciation and amortisation	2(d)	1,923	1,088	-	28	-
Grants and subsidies	2(e)	626	600	-	626	-
Finance costs	2(f)	1,471	1,325	-	783	-
<b>TOTAL EXPENSES EXCLUDING LOSSES</b>		<b>20,883</b>	<b>19,436</b>	<b>2,056</b>	<b>9,801</b>	<b>2,056</b>
<b>Revenue</b>						
Property rental and related services income	3(a)	9,647	10,559	1,048	-	1,048
Investment revenue	3(b)	1,706	1,684	5	1,761	5
Grants and contributions	3(c)	21,888	19,212	1,500	21,888	1,500
Other revenue	3(d)	1,175	65	-	320	-
Fair value gains on Investment property	4	4,269	-	-	200	-
<b>Total Revenue</b>		<b>38,685</b>	<b>31,520</b>	<b>2,553</b>	<b>24,169</b>	<b>2,553</b>
<b>Net result</b>		<b>17,802</b>	<b>12,084</b>	<b>497</b>	<b>14,368</b>	<b>497</b>
Other comprehensive income						
Net increase in fair value of property, plant & equipment	10(a)	3,243	-	-	100	-
Total other comprehensive income		3,243	-	-	100	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>21,045</b>	<b>12,084</b>	<b>497</b>	<b>14,468</b>	<b>497</b>

The accompanying notes form part of these financial statements.

## Financials - Sydney Metropolitan Development Authority

### Statement of Financial Position - as at 30 June 2012

	Notes	Consolidated			SMDA	
		Actual 30 June 2012 \$'000	Budget 30 June 2012 \$'000	Period 30 June 2011 \$'000	Actual 30 June 2012 \$'000	Period 30 June 2011 \$'000
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents	6/7	79,816	81,709	690	52,252	690
Receivables	8	769	2,141	486	94	60
Other financial assets	9	813	975	-	470	-
<b>Total current assets</b>		<b>81,397</b>	<b>84,825</b>	<b>1,176</b>	<b>52,815</b>	<b>750</b>
<b>Non-current assets</b>						
Other financial assets	9	4,336	3,343	-	77,254	-
Property, plant and equipment	10					
- Land and buildings		52,757	21,812	-	1,550	-
- Plant, Furniture, Art, & Vehicles		1,844	4,715	-	9	-
- Leasehold Improvements		12,419		-	134	-
- Work in progress		1,764		-	--	-
Total property, plant & equipment	10	68,784	26,527	-	1,693	-
Investment property	11	124,087	162,640	-	37,843	-
Intangible assets	12	117	24	-	--	-
<b>Total non-current assets</b>		<b>197,324</b>	<b>192,534</b>	<b>-</b>	<b>116,790</b>	<b>-</b>
<b>Total Assets</b>		<b>278,721</b>	<b>277,359</b>	<b>1,176</b>	<b>169,605</b>	<b>750</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Payables	13	8,018	4,357	295	3,029	253
Borrowings	14	5,470	-	-	5,470	-
Provisions	15	2,158	1,342	127	1,265	-
<b>Total current liabilities</b>		<b>15,646</b>	<b>5,699</b>	<b>422</b>	<b>9,763</b>	<b>253</b>
<b>Non current liabilities</b>						
Borrowings	14	27,869	45,197	-	27,869	-
Provisions	15	301	521	257	-	-
<b>Total non current liabilities</b>		<b>28,170</b>	<b>45,718</b>	<b>257</b>	<b>27,869</b>	<b>-</b>
<b>Total liabilities</b>		<b>43,817</b>	<b>51,417</b>	<b>679</b>	<b>37,633</b>	<b>253</b>
<b>Net assets</b>		<b>234,904</b>	<b>225,942</b>	<b>497</b>	<b>131,973</b>	<b>497</b>
<b>EQUITY</b>						
Reserves		3,243	-	-	100	-
Accumulated funds		231,661	225,942	497	131,873	497
<b>Total equity</b>		<b>234,904</b>	<b>225,942</b>	<b>497</b>	<b>131,973</b>	<b>497</b>

The accompanying notes form part of these financial statements.

## Financials - Sydney Metropolitan Development Authority

### Statement of Changes in Equity - for the period ended 30 June 2012

	Notes	Consolidated			SMDA		
		Accumulated Funds	Asset Revaluation Reserve	Total	Accumulated Funds	Asset Revaluation Reserve	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2011</b>		<b>497</b>	<b>-</b>	<b>497</b>	<b>497</b>	<b>-</b>	<b>497</b>
Net Result for the year		17,802	-	17,802	14,368	-	14,368
Other Comprehensive Income		-	3,243	3,243	-	100	100
<b>Total Comprehensive Income for the year</b>		<b>17,802</b>	<b>3,243</b>	<b>21,045</b>	<b>14,368</b>	<b>100</b>	<b>14,468</b>
<b>Transactions with owners in their capacity as owners</b>							
Increase in net assets from equity transfers	16	213,362	-	213,362	117,008	-	117,008
<b>Balance at 30 June 2012</b>		<b>231,661</b>	<b>3,243</b>	<b>234,904</b>	<b>131,873</b>	<b>100</b>	<b>131,973</b>
Balance at 17 December 2010		-	-	-	-	-	-
Net Result for the period		497	-	497	497	-	497
<b>Total Comprehensive Income for the period</b>		<b>497</b>	<b>-</b>	<b>497</b>	<b>497</b>	<b>-</b>	<b>497</b>
<b>Balance at 30 June 2011</b>		<b>497</b>	<b>-</b>	<b>497</b>	<b>497</b>	<b>-</b>	<b>497</b>

The accompanying notes form part of these financial statement.

## Financials - Sydney Metropolitan Development Authority

### Statement of Cash Flows - for the year ended 30 June 2012

	Notes	Consolidated			SMDA	
		30 June	Budget	Period	30 June	Period
		2012	30 June	30 June	2012	30 June
		\$'000	\$'000	\$'000	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Payments</b>						
Employee related	2(a)	(3,307)	(6,736)	(967)	(1,968)	(1,392)
Grants and subsidies	2(e)	(626)	(600)		(626)	
Finance costs	2(f)	(1,483)	(1,325)	0	(783)	
Other	2(b)	(9,211)	(12,927)		(3,032)	
<b>Total Payments</b>		<b>(14,627)</b>	<b>(21,588)</b>	<b>(967)</b>	<b>(6,408)</b>	<b>(1,392)</b>
<b>Receipts</b>						
Receipts from customers	3(a)	12,353	10,660	667	-	1,093
Interest received	3(b)	1,706	1,684	5	1,761	5
Grants and contributions	3(c)	21,888	11,100	985	21,888	985
Other	3(d)	1,126	17,598		296	
<b>Total Receipts</b>		<b>37,073</b>	<b>41,042</b>	<b>1,657</b>	<b>23,945</b>	<b>2,082</b>
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>		<b>22,446</b>	<b>19,454</b>	<b>690</b>	<b>17,536</b>	<b>690</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchases for property, plant and equipment		(3,387)	(3,492)	-	(126)	-
<b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>		<b>(3,387)</b>	<b>(3,492)</b>	<b>-</b>	<b>(126)</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Repayment of loan to NSW Treasury Corporation		(222)	-	-	(222)	-
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<b>(222)</b>	<b>-</b>	<b>-</b>	<b>(222)</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH</b>						
Opening cash and cash in equivalents		690	690	690	690	690
Cash transferred in as a result of administrative restructure		60,288	65,057	-	34,373	-
<b>CLOSING CASH AND CASH EQUIVALENTS</b>	6,7	<b>79,816</b>	<b>81,709</b>	<b>690</b>	<b>52,252</b>	<b>690</b>

The accompanying notes form part of these financial statements.

# Financials - Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

### 1. Summary of Significant Accounting Policies

#### (a) Reporting entity

The Sydney Metropolitan Development Authority (the "Authority") 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 including Redfern-Waterloo and Granville and other precincts to be identified in the future. The Authority is a not-for-profit entity and has an important role in boosting the amount, mix and choice of housing and commercial development within walking distance of key public transport hubs. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

Following introduction of the *Redfern-Waterloo Authority 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 Authority and the Office of Sydney Metropolitan Development Authority (the "Office"). The Office provides personnel services to the Authority. The RWA Repeal Act has also entrusted the Authority with functions as are necessary for the purposes of managing the affairs of the Australian Technology Park Sydney Limited (formally Australian Technology Park Precinct Management Limited) ("ATPSL"). ATPSL is a not for profit public company limited by guarantee.

As per TPP 09-03 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*, the transfer of net assets of RWA was recognised as an equity transfer. The changes in equity as a result of this transfer on 1 January 2012 are fully explained in Note 16.

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

In the process of preparing the consolidated financial statements for the economic entity, consisting of the controlling and controlled entities, all inter-entity transactions, balances and unrealised gains on transactions between entities have been eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the parent entity.

These financial statements for the year ended 30 June 2012 have been authorised for issue by the Board on 02 October 2012.

#### (b) Basis of preparation

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

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations);
- the requirements of the *Public Finance and Audit Act 1983 and Regulations*; and
- The Financial Reporting Directions published in the Financial

Reporting Code for NSW General Government Sector Entities or issued by the Treasurer.

Property, plant and equipment, investment property, assets held for sale and financial assets at 'fair value through profit or loss' and available for sale are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention. The defined benefit plan obligations are measured as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

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

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

#### (c) Statement of compliance

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

#### (d) Administered activities

The Authority 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 Treasury's mandate to not-for-profit general government sector entities.

#### (f) Insurance

The Authority's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self insurance for Government entities. The expense (premium) is determined by the Fund 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 Authority as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of the cost of acquisition of an asset or as part of an item of expense; and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the Statement of Cash 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 Authority 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 Authority transfers the significant risks and rewards of ownership of the assets and obtains control of the assets that result from sales.

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

Revenue from the sale of goods is recognised as revenue when the entity transfers the significant risks and rewards of ownership of the assets.

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

An unconditional contribution and grants received are recognised as income when the Authority 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 Authority), the straight line income recognition is calculated assuming a future rental income of 5% of the market value of the relevant land.

### **(v) Investment revenue**

Investment revenue comprises interest income on funds invested with financial institutions. In addition, any changes in fair value of financial assets held with the NSW Treasury Corporation's Hour-Glass facilities represented by a number of units of a management

investment pool at fair value through profit and loss account are recognised using the effective interest method as set out in AASB 139 *Financial Instruments: Recognition and Measurement*.

### **(vi) Other income**

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

### **(j) Assets**

#### **(i) Acquisition of assets**

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

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition. (refer also to assets transferred as a result of an equity transfer – Note 1 (j)).

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 Authority'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.

# Financials - Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

### (iii) Revaluation of property, plant and equipment

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

The fair value of land under a prepaid long-term lease is negligible and as such is carried in the asset register. However, land under a prepaid long-term lease, irrespective of whether upfront lease income was received, that continues to receive a rental stream is measured at fair value as investment property.

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

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

Land and buildings, including open spaces and roads, are revalued at least every three years or with sufficient regularity to ensure that the carrying amount of each asset does not differ materially from its fair value at reporting date. The last revaluation was completed on 31 May 2012 and was based on an independent assessment.

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

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

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

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

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

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

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

### (iv) Impairment of property, plant and equipment

As a not-for-profit entity with not cash generating units, AASB 136 *Impairment of Assets* effectively is not applicable. AASB 136 modifies the recoverable amount test to the higher of fair value less costs to sell and depreciated replacement cost. This means that, where an asset is already measured at fair value, impairment can only arise if selling costs are material. Selling costs for the entity are regarded as immaterial.

### (v) Depreciation of property, plant and equipment

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

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

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

The following depreciation rates were applied during 2011-12 financial year:

- Furniture and fittings 4-5 years
- Plant and equipment 3-4 years
- Freehold building 5 years \*

- Buildings 40 years
- Leasehold improvements Shorter of the lease period, or useful life.

\*The Little Eveleigh Street building, which was a strategic purchase in relation to the future Redfern Station redevelopment, was written down to nil value at 30 June 2010 on the basis it is probable the site will be needed for the future Redfern Station development.

#### (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 Authority 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 Authority 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 Authority, as the lessor, of costs of the lessee (such as relocation costs, leasehold improvements, fit-out contributions and costs associated with a pre-existing lease commitment). Alternatively, the initial period of the lease term may be agreed to be rent-free or at a reduced rent, and shall be recognised, in accordance with the Australian Accounting Interpretations.

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

The useful lives of intangible assets are assessed to be infinite. Intangible assets are measured initially at cost and subsequently at fair value only if there is an active market. As there is not an active market for the Authority's intangible assets, the assets are carried at cost, less any accumulated amortisation.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the group has an intention and ability to use the asset.

# Financials - Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

### (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 Authority transfers the financial asset:

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

Where the Authority has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Authority's continuing involvement in the asset.

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

### (xvi) Other Assets

Other assets are recognised on a cost basis.

### (k) Liabilities

#### (i) Payables

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

#### (ii) Borrowings

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

#### (iii) Employee benefits and other provisions

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

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

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 *Employee Benefits*.

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

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

**b. Long service leave and superannuation**

The Authority'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 11/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value. The provisions of the Long Service Leave Act 1955 apply to ATPSL.

The superannuation expense for the financial year is determined by using the formulae specified in the Treasurer's Directions. The expense

for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employee's salary. For other superannuation schemes (i.e. State Superannuation Scheme), the expense is calculated as a multiple of the employee's superannuation contributions.

**c. Other provisions**

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

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

**(l) Equity and reserves**

**(i) Revaluation surplus**

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

**(ii) Accumulated Funds**

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

**(m) Equity transfers**

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/ functions and parts thereof between NSW public sector entities and 'equity appropriations' (refer to Note 16) are designated or required by Accounting

Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 *Contributions* and Australian Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities*.

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

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

**(n) Comparative information**

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

# Financials - Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

### (o) Changes in accounting policies

In the current period, the Authority has adopted all of the new and revised Standards and Interpretations that are relevant to its operations and which are effective for current reporting period beginning on 1 July 2011. As a result, the Authority has changed its accounting policies and disclosure in relation to the presentation of financial statements.

When the presentation or classification of items in the financial statements are amended, comparative amounts are reclassified unless the reclassification is impracticable. When comparative amounts are reclassified, the Authority discloses:

- the nature of the reclassification;
- the amount of each item or class of items that is reclassified; and
- the reason for the reclassification.

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

The following new Accounting Standards have not been applied as mandated by NSW Treasury Circular TC 12/04 *Mandates of Options and Major Policy Decisions under Australian Accounting Standards*:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year Ending ^
AASB 9 'Financial Instruments', AASB 2009- 11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2016
AASB 10 Consolidated Financial Statements'	1 January 2013	30 June 2014
AASB 11 Joint Arrangements	1 January 2013	30 June 2014
AASB 12 Disclosure of Interests in Other Entities	1 January 2013	30 June 2014
AASB 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013	30 June 2014
AASB 127 Separate Financial Statements (2011)	1 January 2013	30 June 2014
AASB 128 Investments in Associates and Joint Ventures (2011)	1 January 2013	30 June 2014
AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011)	1 January 2013	30 June 2014
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards	1 January 2013	30 June 2014

### (q) 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 PFAA where there has been a transfer of functions between departments. Other amendments made to the budget are not reflected in the budgeted

	Consolidated 30 June 2012 \$'000	Consolidated 30 June 2011 \$'000	SMDA 30 June 2012 \$'000	SMDA 30 June 2011 \$'000
<b>2 Expenses Excluding Losses</b>				
<b>(a) Employee related expenses</b>				
Salaries and wages (including recreation leave)	3,104	1,357		
Superannuation - defined contribution plans	234	64		-
Long service leave	53	58		-
Workers' compensation insurance	0	-		-
Payroll tax and fringe benefit tax	53	33		-
Other employee expenses	37	-		-
	<b>3,480</b>	<b>1,512</b>	<b>0</b>	<b>0</b>
<b>(b) Other operating expenses include the following:</b>				
Auditor's remuneration				
- audit of the financial statements	140	25	91	25
Conference centre cost of sales	1,574	-	-	-
Operating lease rental expenses	0	0		
- minimum lease payments	373	59	249	59
Consultants	2,091	158	1,647	158
Contractors	3,041	-	2,359	-
Property expenses	2,099	-	101	-
Repairs & maintenance	1,574	-	1,195	-
Legal	392	27	277	27
Advertising	196	-	32	-
Cleaning	248	-	-	-
Security	449	-	-	-
Other	1,206	275	404	275
	<b>13,383</b>	<b>544</b>	<b>6,355</b>	<b>544</b>
<i>Reconciliation - Total maintenance</i>				
Maintenance expense - contracted labour and other (non-employee related), as above	1,574	-	1,195	-
Employee related maintenance expense included in Note 2(a)	-	-	-	-
Total maintenance expenses included in Note 2(a) + 2(b)	<b>1,574</b>	<b>-</b>	<b>1,195</b>	<b>-</b>
<b>(c) Personnel services</b>	<b>-</b>	<b>-</b>	<b>2,009</b>	<b>1,512</b>
<b>(d) Depreciation and amortisation expense</b>				
Buildings and improvements	1,559	-	26	-
Plant and equipment	327	-	2	-
	<b>1,886</b>	<b>-</b>	<b>28</b>	<b>-</b>
Amortisation expense	37	-	-	-
<b>(e) Grants and subsidies</b>	<b>626</b>	<b>-</b>	<b>626</b>	<b>-</b>
<b>(f) Finance costs</b>				
Interest expense	771	-	776	-
Debt Guarantee levies(i)	700	-	7	-
	<b>1,471</b>	<b>-</b>	<b>783</b>	<b>-</b>

(i) Debt Guarantee levies are charged to the Authority but reimbursed by the subsidiary and recorded on consolidation.

## Financials - Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

	Consolidated 30 June 2012 \$'000	Consolidated 30 June 2011 \$'000	SMDA 30 June 2012 \$'000	SMDA 30 June 2011 \$'000
<b>3 Revenue</b>				
<b>(a) Property rental and related services income</b>	7,115	1,048	-	1,048
Conference centre income	2,532	-	-	-
	<b>9,647</b>	<b>1,048</b>	<b>-</b>	<b>1,048</b>
<b>(b) Investment revenue</b>	<b>1,706</b>	<b>5</b>	<b>1,761</b>	<b>5</b>
<b>(c) Grants and contributions</b>	<b>21,888</b>	<b>1,500</b>	<b>21,888</b>	<b>1,500</b>
<b>(d) Other revenue</b>				
Sundry income	1,175	-	320	-
<b>4 Other Gains/(Losses)</b>				
Net gain from fair value adjustment of investment property	<b>4,269</b>	<b>-</b>	<b>200</b>	<b>-</b>

Investment properties were revalued in May 2012 and as per AASB 140 Investment Property, a gain or loss arising from a change in fair value must be recognised in the Statement of Comprehensive Income for the period in which it arises.

#### 5 Service Group of the Entity

The Sydney Metropolitan Development Authority 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 Authority.

The Authority 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.

#### 6 Current Asset - Cash and Cash Equivalents

Cash at bank and on hand	5,837	690	1,537	690
Tenant demand deposit (i)	726	-	-	-
NSW Treasury Corp 'Hour-glass' cash facility deposits (ii)	26,884	-	4,346	-
	<b>33,447</b>	<b>690</b>	<b>5,883</b>	<b>690</b>

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

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

	<b>Consolidated</b>	<b>Consolidated</b>	<b>SMDA</b>	<b>SMDA</b>
	30 June 2012 \$'000	30 June 2011 \$'000	30 June 2012 \$'000	30 June 2011 \$'000
<b>7</b>				
<b>Current Assets - Cash Held as Restricted Assets</b>				
<i>Current</i>				
Investment of grants	<b>46,368</b>	-	<b>46,368</b>	-
Cash and cash equivalents inclusive of restricted assets	<b>79,816</b>	<b>690</b>	<b>52,252</b>	<b>690</b>

The Authority received specific purpose grants from the Commonwealth and New South Wales Government through developer's contributions for the provision of affordable housing in accordance with the Housing Affordability Agreement, the Redfern Waterloo Affordable Housing Contributions Plan and the Redfern Waterloo Developer Contributions Plan. These grants and contributions are held in separate TCorp Hour-glass cash deposit facilities and can only be expensed on projects directly related to the specific purposes for which the funds were granted. As these are highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, as per AASB 107 Statement of Cash Flows, they are considered as cash and cash equivalent. The weighted average rate of return for these investments for the period was determined by the Authority to be 4.68%.

<b>8</b>				
<b>Current/Non current Assets - Receivables</b>				
<i>Current</i>				
Trade receivables	193	426	54	-
Allowance for impairment on receivables	(18)	-	(13)	-
Other debtors	390	-	24	-
Goods & Services tax recoverable	129	52	-	52
Prepayments	75	8	29	8
	<b>769</b>	<b>486</b>	<b>94</b>	<b>60</b>
Movement in allowance for impairment of receivables				
Balance at the beginning of the financial year	-	-	-	-
Provision for impairment transferred in	30	-	25	-
Increase/(decrease) in provision for impairment	(12)	-	(12)	-
<b>Balance at the end of the year</b>	<b>18</b>	<b>-</b>	<b>13</b>	<b>-</b>

Details regarding credit risk, liquidity risk and market risk, including financial assets that are either past due or impaired are are disclosed in Note 21.

## Financials - Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

	Consolidated 30 June 2012 \$'000	Consolidated 30 June 2011 \$'000	SMDA 30 June 2012 \$'000	SMDA 30 June 2011 \$'000
<b>9 Current/Non current Assets - Other Financial Assets</b>				
<i>Current</i>				
Lease Incentive Asset	343	-	-	-
10 year fixed interest loan advanced to subsidiary	470	-	470	-
	<b>813</b>	<b>-</b>	<b>470</b>	<b>-</b>
<i>Non-current</i>				
Finance lease receivables		-	5,963	-
Lease Incentive Asset	1,463	-	0	-
Dept of Defence loan receivable	2,873	-	-	-
Operating lease receivable(i)	-	-	16,957	-
Investment in subsidiary	-	-	21,465	-
Floating rate interest-bearing loan advanced to subsidiary	-	-	29,996	-
10 year fixed interest loan advanced to subsidiary	-	-	2,872	-
	<b>4,336</b>	<b>-</b>	<b>77,254</b>	<b>-</b>

(i) Operating lease relates to the investment property owned by the consolidated entity/Authority referred to in Note 11 Investment Property and Note 17(b) Commitment.

<b>Non-cancellable operating lease receivables</b>				
Not longer than 1 year	13,909		0	0
Longer than 1 year and not longer than 5 years	38,780		0	0
Longer than 5 years	18,266		98,750	-
	<b>70,955</b>		<b>98,750</b>	<b>-</b>
<b>Finance lease receivables</b>				
Minimum lease receivables, later than 5 years*			30,525	0
Less future finance charge			(24,562)	0
Present value of minimum lease receivables			<b>5,963</b>	

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

	Consolidated 30 June 2012 \$'000	Consolidated 30 June 2011 \$'000	SMDA 30 June 2012 \$'000	SMDA 30 June 2011 \$'000
<b>10 Non Current Assets - Property, Plant and Equipment</b>				
<b>Land and Buildings</b>				
At fair value	53,907	-	2,700	-
Accumulated depreciation	(1,150)	-	(1,150)	-
<b>Carrying amount at fair value</b>	<b>52,757</b>	<b>-</b>	<b>1,550</b>	<b>-</b>
<b>Plant and equipment</b>				
At cost	3,519	-	11	-
Accumulated depreciation	(2,345)	-	(2)	-
<b>Carrying amount at cost</b>	<b>1,174</b>	<b>-</b>	<b>9</b>	<b>-</b>
<b>Leasehold improvements</b>				
At fair value	14,658	-	160	-
Accumulated depreciation	(2,239)	-	(26)	-
<b>Carrying amount at fair value</b>	<b>12,419</b>	<b>-</b>	<b>134</b>	<b>-</b>
<b>Furniture and Fittings</b>				
At cost	1,872	-	-	-
Accumulated depreciation	(1,227)	-	-	-
<b>Carrying amount at cost</b>	<b>645</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Motor vehicles</b>				
At cost	32	-	-	-
Accumulated depreciation	(12)	-	-	-
<b>Carrying amount at cost</b>	<b>20</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Art and artefacts</b>				
At cost	5	-	-	-
Accumulated depreciation	-	-	-	-
<b>Carrying amount at cost</b>	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Work in progress</b>	<b>1,764</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Property, Plant and Equipment</b>				
At fair value or at cost	75,757	-	2,871	-
Accumulated depreciation	(6,972)	-	(1,178)	-
<b>Carrying amount at fair value or at cost</b>	<b>68,784</b>	<b>-</b>	<b>1,693</b>	<b>-</b>

## Financials - Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

#### 10 (a) Reconciliation of Property Plant and Equipment

	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
<b>Year ended 30 June 2012</b>								
Net carrying amount at 1 July 2011	-	-	-	-	-	-	-	-
Additions/(disposals)	-	142	1,547	245	-	-	-	1,934
Acquisitions through administrative restructure	50,032	1,251	11,226	505	23	5	1,764	64,806
revaluation surplus	3,243	-	-	-	-	-	-	3,243
Depreciation	(1,206)	(219)	(354)	(105)	(3)	-	-	(1,886)
Write back lease incentives	687	-	-	-	-	-	-	687
<b>Net carrying amount as at 30 June 2012</b>	<b>52,757</b>	<b>1,174</b>	<b>12,419</b>	<b>645</b>	<b>20</b>	<b>5</b>	<b>1,764</b>	<b>68,784</b>
<b>At 1 July 2010</b>								
Gross carrying amount	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2011</b>								
Gross carrying amount	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Year ended 30 June 2011</b>								
Net carrying amount at 1 July 2010	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Transfer in/(out)	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-

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

	SMDA							Total
	Land & Buildings	Plant & Equipment	Leasehold Improvements	Furniture & fittings	Motor vehicles	Art and artefacts	Work in progress	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Year ended 30 June 2012</b>	-	-	-	-	-	-	-	-
Net carrying amount at 1 July 2011	-	-	-	-	-	-	-	-
Additions	-	-	126	-	-	-	-	126
Acquisitions through administrative restructure	1,450	11	34	-	-	-	-	1,495
revaluation surplus	100	-	-	-	-	-	-	100
Depreciation	-	(2)	(26)	-	-	-	-	(28)
<b>Net carrying amount as at 30 June 2012</b>	<b>1,550</b>	<b>9</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,693</b>
<b>At 1 July 2010</b>								
Gross carrying amount	-	-	-	-	-	-	-	-
Accumulated depreciation	-	-	-	-	-	-	-	-
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2011</b>								
Gross carrying amount	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Year ended 30 June 2011</b>								
Net carrying amount at 1 July 2010	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Transfer in/(out)	-	-	-	-	-	-	-	-

## Financials - Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

	Consolidated 30 June 2012 \$'000	Consolidated 30 June 2011 \$'000	SMDA 30 June 2012 \$'000	SMDA 30 June 2011 \$'000
<b>11 Investment Property</b>				
Opening balance as at 1 July - fair value		-	-	-
Acquisition through administrative restructure	119,818	-	54,600	-
less operating lease receivable (i)	-		(16,957)	
Net gain from fair value adjustment	4,269	-	200	-
<b>Closing balance as at 30 June 2012</b>	<b>124,087</b>	<b>-</b>	<b>37,843</b>	<b>-</b>

(i) Operating leases relate to investment property owned by the consolidated entity/Authority referred to in Note 8 financial assets and Note 17 (b) Commitment. Accrued lease incentive receivable is disclosed as a reduction of the investment property to comply with AASB 117 Leases.

Investment properties are valued annually at fair value by an independent valuer. Preston, Rowe, Patterson NSW Pty Ltd are members of the Australian Institute of Valuers with appropriate qualifications and recent experience in the valuation of properties in the Redfern-Waterloo area. The valuation was undertaken as at 31 May 2012 and complies with relevant Australian accounting standards and Treasury's guidelines.

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

Rental income	7,463	-	-	-
Direct operating expenses arising from investment				
Properties that generated rental income	(1,218)	-	-	-
	<b>6,245</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 12 Intangible Assets

<b>At 1 July 2011</b>	-	-	-	-
Cost (gross carrying amount)	-	-	-	-
Accumulated amortisation	-	-	-	-
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>At 30 June 2012</b>				
Cost (gross carrying amount)				
Acquisition through administrative restructure	515	-	-	-
Accumulated amortisation	(398)	-	-	-
<b>Net carrying amount</b>	<b>117</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Period ended 30 June 2012</b>				
Net carrying amount at 1 July 2011	-	-	-	-
Acquisitions through administrative restructure	117	-	-	-
Additions	0			
<b>Net carrying amount at 30 June 2012</b>	<b>117</b>	<b>-</b>	<b>-</b>	<b>-</b>

	<b>Consolidated</b>	<b>Consolidated</b>	<b>SMDA</b>	<b>SMDA</b>
	30 June 2012 \$'000	30 June 2011 \$'000	30 June 2012 \$'000	30 June 2011 \$'000
<b>13</b>	<b>Current/Non-current Liabilities - Payables</b>			
	Current			
	96	-	39	-
	Accrued salaries, wages and on-costs			
	5,803	132	1,819	89
	Creditors			
	-	-	880	-
	Intercompany and inter-agency balances			
	1,713	-	-	-
	Unearned revenue			
	176	163	162	164
	Other payables			
	229	-	127	-
	Good & Services Tax payable			
	8,018	295	3,029	253
<b>14</b>	<b>Current/Non-current Liabilities - Borrowings</b>			
	Current			
	470	-	470	-
	TCorp Borrowings - 10 year fixed interest			
	5,000	-	5,000	-
	TCorp Borrowings - variable rate (i)			
	5,470	-	5,470	-
	Non-current			
	2,873	-	2,873	-
	TCorp Borrowings - 10 year fixed interest			
	24,996	-	24,996	-
	TCorp Borrowings - variable rate (i)			
	27,869	-	27,869	-

(i) The Authority has a long term borrowing facility of \$40m with TCorp that is due for repayment in 2030. It is the intention of the Authority to repay \$5m of the outstanding balance in 2012-13. Accordingly, \$5m of the total \$29.9m variable rate borrowings has been classified as current. Borrowings are rolled over on a monthly basis and disclosed as such in Note 21 Financial Instruments. At the discretion of the Authority, 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 21.

## Financials - Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

	Consolidated 30 June 2012 \$'000	Consolidated 30 June 2011 \$'000	SMDA 30 June 2012 \$'000	SMDA 30 June 2011 \$'000
<b>15</b>				
<b>Current/Non-current Liabilities - Provisions</b>				
Employee benefits and related on-costs				
Current				
Recreation leave	372	113	-	-
Long service leave	521	14	-	-
	<b>893</b>	<b>127</b>	-	-
Non-current				
Long service leave	106	257	-	-
Defined superannuation benefits plan (i)	195	-	-	-
	<b>301</b>	<b>257</b>	-	-
Aggregate employee benefits and related on-costs				
Provisions - current	893	127	-	-
Provisions - non-current	301	257	-	-
	<b>1,194</b>	<b>384</b>	-	-
Other provisions				
Provision for maintenance expenses	<b>1,265</b>	-	<b>1,265</b>	-

The Authority 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 Authority for the North Eveleigh site. The Authority 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 Authority 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.

#### (i) Accounting Policy for Defined benefit superannuation funds

Actuarial gains and losses are recognised immediately in other comprehensive income in the period in which it occurs.

##### Fund information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

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

Prior to 2012 fund members were employed by ORWA, on the wind up of ORWA all superannuation obligations for that organisation were transferred to SMDA. For the purposes of transparency, balances for the year ended 30 June 2011 are disclosed. For SMDA the 2011 balances were nil.

Superannuation position as at 30 June 2012 (AASB 119 *Employee Benefits*)

	SASS 30-Jun-12	SANCS 30-Jun-12	SSS 30-Jun-12	TOTAL 30-Jun-12
<b>Member Numbers</b>				
Contributors	1	1	-	2
Deferred benefits	-	-	-	-
Pensioners	-	-	-	-
Pensions fully commuted	-	-	-	-
Superannuation Position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability	93	170	-	263
Estimated reserve account balance	(30)	(38)	-	(68)
	63	132	-	195
Future Service Liability (Note 1)	(12)	(42)	-	(53)
Surplus in excess of recovery available from schemes	-	-	-	-
Net liability to be recognised in statement of financial position	63	132	-	195
	SASS 30-Jun-11	SANCS 30-Jun-11	SSS 30-Jun-11	TOTAL 30-Jun-11
<b>Member Numbers</b>				
Contributors	1	1	-	2
Deferred benefits	-	-	-	-
Pensioners	-	-	-	-
Pensions fully commuted	-	-	-	-
Superannuation Position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability	83	146	--	229
Estimated reserve account balance	(24)	(35)	--	(59)
	59	111	--	170
Future Service Liability (Note 1)	(13)	(49)	--	(62)
Surplus in excess of recovery available from schemes	--	--	--	--
Net liability to be recognised in statement of financial position	59	111	--	170

Note 1:

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

## Financials - Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

(a) Reconciliation of the present value of the defined benefit obligation (AASB 119 para120A (c))

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

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

	SASS	SANCS	SSS	TOTAL
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
<i>Present value of partly funded defined benefit obligation at beginning of the year</i>	292	248	--	540
Current service cost	9	4	--	13
Interest cost	15	13	--	27
Contributions by Fund participants	3	--	--	3
Actuarial (gains)/losses	(18)	4	--	(14)
Benefits paid	(219)	(122)	--	(342)
Past service cost	--	--	--	--
Curtailments	--	--	--	--
Settlements	--	--	--	--
Business Combinations	--	--	--	--
Exchange rate changes	--	--	--	--
<i>Present value of partly funded defined benefit obligation at end of the year</i>	<b>83</b>	<b>146</b>	--	<b>229</b>

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

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

	SASS	SANCS	SSS	TOTAL
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
<i>Fair value of Fund assets at beginning of the year</i>	238	146	--	385
Expected return on Fund assets	20	13	--	33
Actuarial gains/(losses)	(68)	(6)	--	(74)
Employer contributions	50	4	--	54
Contributions by Fund participants	3	--	--	3
Benefits paid	(219)	(122)	--	(342)
Settlements	--	--	--	--
Business combinations	--	--	--	--
Exchange rate changes	--	--	--	--
<i>Fair value of Fund assets at end of the year</i>	<b>24</b>	<b>35</b>	--	<b>59</b>

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

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

## Financials - Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

	SASS	SANCS	SSS	TOTAL
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
<i>Present value of partly funded defined benefit obligation at end of year</i>	83	146	--	229
Fair value of Fund assets at end of year	(24)	(35)	--	(59)
Subtotal	59	111	--	170
Unrecognised past service cost	--	--	--	--
Unrecognised gain/(loss)	--	--	--	--
Adjustment for limitation on net asset	--	--	--	--
<i>Net Liability recognised in statement of financial position at end of year</i>	<b>59</b>	<b>111</b>	<b>--</b>	<b>170</b>

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

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

	SASS	SANCS	SSS	TOTAL
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
<b>Components Recognised in Income Statement</b>				
Current service cost	9	4	--	13
Interest cost	15	13	--	27
Expected return on Fund assets (net of expenses)	(20)	(13)	--	(33)
Actuarial losses/(gains) recognised in year	--	--	--	--
Past service cost	--	--	--	--
Movement in adjustment for limitation on net asset	--	--	--	--
Curtailment or settlement (gain)/loss	--	--	--	--
<i>Expense/(income) recognised</i>	<b>4</b>	<b>4</b>	<b>--</b>	<b>8</b>

(f) Amounts recognised in other comprehensive income {AASB 119 – paragraph 120A(h)}

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

	SASS 30-Jun-11 \$'000	SANCS 30-Jun-11 \$'000	SSS 30-Jun-11 \$'000	TOTAL 30-Jun-11 \$'000
Actuarial losses	50	10	--	60
Adjustment for limit on net asset	--	--	--	--

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

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

	30-Jun-12	30-Jun-11
Australian equities	28.0%	33.4%
Overseas equities	23.7%	29.5%
Australian fixed interest securities	4.9%	5.7%
Overseas fixed interest securities	2.4%	3.1%
Property	8.6%	9.9%
Cash	19.5%	5.1%
Other	12.9%	13.3%

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

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

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

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

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

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

	SASS 30-Jun-11 \$'000	SANCS 30-Jun-11 \$'000	SSS 30-Jun-11 \$'000	TOTAL 30-Jun-11 \$'000
Actual return on Fund assets	12	7	--	19

# Financials - Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

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

#### (i) Valuation Method

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

#### (ii) Economic Assumptions

	30-Jun-12	30-Jun-11
Salary increase rate (excluding promotional increases)	2.5% pa	3.5% pa
Rate of CPI Increase	2.5% pa	2.5% pa
Expected rate of return on assets	8.60%	8.60%
Discount rate	3.06% pa	5.28% pa

#### (iii) Demographic Assumptions

The demographic assumptions at 30 June 2012 are those that were used in the 2009 triennial actuarial valuation plus an additional allowance for staff reductions consistent with the Labour Expense Cap advised in the 2012-13 Budget. The triennial review report is available from the NSW Treasury website.

### (l) Historical information {AASB119 – paragraph 120A(p)}

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

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

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

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

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

	SASS	SANCS	SSS	TOTAL
	30-Jun-08	30-Jun-08	30-Jun-08	30-Jun-08
	\$'000	\$'000	\$'000	\$'000
Present value of defined benefit obligation	465	143	--	608
Fair value of Fund assets	(464)	(114)	--	(578)
(Surplus)/Deficit in Fund	1	29	--	30
Experience adjustments – Fund assets	--	--	--	--

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

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

	SASS	SANCS	SSS	TOTAL
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
Expected employer contributions to be paid in the next reporting period	6	8	--	

# Financials - Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

### (n) Funding Arrangements for Employer Contributions

#### (a) Surplus/deficit

The following is a summary of the 30 June 2012 financial position of the Fund calculated in accordance with AAS 25 "Financial Reporting by Superannuation Plans":

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

	SASS 30-Jun-11 \$'000	SANCS 30-Jun-11 \$'000	SSS 30-Jun-11 \$'000	TOTAL 30-Jun-11 \$'000
Accrued benefits	79	136	--	215
Net market value of Fund assets	(24)	(35)	--	(59)
Net (surplus)/deficit	55	101	--	156

#### (b) Contribution recommendations

Recommended contribution rates for the entity are:

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

2010-11	SASS	SANCS	SSS
	multiple of member contributions	% member salary	multiple of member contributions
	1.90	2.50	0.00

#### (c) Funding method

Contribution rates are set after discussions between the employer, STC and NSW Treasury.

#### (d) Economic assumptions

The economic assumptions adopted for the 2009 actuarial review of the Fund are:

#### Weighted-Average Assumptions

Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

#### (o) Nature of Asset/Liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficiency exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

## 16 Increase in Net Assets from Equity Transfers

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 operations of the former RWA and the Office of RWA were transferred to the Authority and the Office of Sydney Metropolitan Development Authority. The Act also entrusted the Authority with functions as are necessary for the purpose of managing the affairs of the Australian Technology Park Sydney Limited.

Assets and liabilities of RWA transferred to the Authority as at 1 January 2012 comprises of the following:

<b>Assets</b>	<b>Consolidated</b>	<b>RWA</b>
	31 Dec 2011	31 Dec 2011
	\$'000	\$'000
<i>Current</i>		
Cash and cash equivalent	60,288	34,373
Receivables	1,025	398
Other Financial Assets	452	307
<b>Total current assets</b>	<b>61,765</b>	<b>35,078</b>
<i>Non-current</i>		
Property Plant and Equipment	65,117	1,595
Investment Property	119,575	38,043
Intangible assets	41	-
Receivables	5,188	22,266
Other Financial Assets		54,572
<b>Total non-current assets</b>	<b>189,921</b>	<b>116,476</b>
<b>TOTAL ASSETS</b>	<b>251,686</b>	<b>151,554</b>
<b>Liabilities</b>		
<i>Current</i>		
Payables	4,085	984
Borrowings	453	454
Provisions	267	-
<b>Total current liabilities</b>	<b>4,805</b>	<b>1,438</b>
<i>Non-current</i>		
Borrowings	33,108	33,108
Provisions	413	-
<b>Total non-current liabilities</b>	<b>33,521</b>	<b>33,108</b>
<b>TOTAL LIABILITIES</b>	<b>38,326</b>	<b>34,546</b>
<b>Net Assets transferred to the Authority</b>	<b>213,360</b>	<b>117,008</b>

AASB 1004 Contributions and TPP 09-3 contributions by owners made to wholly-owned Public Entities requires the following disclosure of an Income Statement for the whole period, showing separately those expenses and revenues recognised by the Redfern-Waterloo Authority up to the date of transfer, with comparative figures for the prior year. This is a notional income statement for the purpose of accountability and comparability only.

The Authority does not recognise expense and revenues of those activities prior to the transfer, including Australian Technology Park Sydney Limited, because such expenses and revenues do not arise as a result of activities conducted by the Authority, but represent the revenues and expenses of the Redfern-Waterloo Authority economic entity.

## Financials - Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

Income Statement Redfern-Waterloo Authority for the period ending 30 June 2012	Consolidated			
	30 June 2012	1 Jan 30 June 2012	1 July 31 Dec 2011	30 June 2011 Restated*
	\$'000	\$'000	\$'000	\$'000
<b>Income</b>			\$'000	\$'000
Sales and services income	20,998	9,647	11,351	20,037
Grants and Contributions	19,994	18,386	1,608	16,620
Investment revenue	3,324	1,679	1,645	4,644
Valuation increment	4,538	4,269	269	3,361
<b>Total Income</b>	<b>48,854</b>	<b>33,981</b>	<b>14,873</b>	<b>44,662</b>
<b>Expenditure</b>				
Employee benefits expenses	3,151	1,638	1,513	4,415
Personnel services	668	668	-	-
Superannuation - defined contribution plans	302	234	68	93
Other operating expenses	17,984	10,451	7,533	14,964
Maintenance expense	2,330	2,330	-	-
Depreciation and amortisation	2,621	1,920	701	1,121
Finance costs	2,994	1,628	1,364	3,419
<b>Total Expenditure</b>	<b>30,050</b>	<b>18,869</b>	<b>11,179</b>	<b>24,012</b>
<b>Net result</b>	<b>18,804</b>	<b>15,112</b>	<b>3,694</b>	<b>20,650</b>
		SMDA	RWA	RWA
Income Statement Redfern-Waterloo Authority for the period ending 30 June 2012	30 June 2012	1 Jan - 30 June 2012	1 July - 31 Dec 2011	30 June 2011 Restated*
	\$'000	\$'000	\$'000	\$'000
<b>Income</b>				
Sales and services income	537	-	537	997
Grants and Contributions	17,747	17,106	641	16,620
Investment revenue	3,703	1,733	1,970	6,220
Valuation increment	200	200	--	903
<b>Total Income</b>	<b>22,187</b>	<b>19,039</b>	<b>3,148</b>	<b>24,740</b>
<b>Expenditure</b>				
Employee benefits expenses	453	301	152	1,041
Personnel services	668	668	-	1,249
Other operating expenses	3,852	3,343	509	3,107
Maintenance expense	2,330	2,330	-	-
Depreciation and amortisation	73	25	48	126
Finance costs	1,767	783	984	3,419
Valuation decrement	499	-	499	-
<b>Total Expenditure</b>	<b>9,642</b>	<b>7,450</b>	<b>2,192</b>	<b>8,942</b>
<b>Net result</b>	<b>12,545</b>	<b>11,589</b>	<b>956</b>	<b>15,798</b>

\* Restated balances due to prior period errors disclosed in Note 31 of 31 December 2011 RWA audited financial statements. The Authority does not recognise expenses and revenues of those activities prior to the transfer, including ATPSL Sydney Limited, because such expenses and revenues do not arise as a result of activities conducted by the Authority, but represent the revenues and expenses of the Redfern-Waterloo Authority economic entity.

	Consolidated 30 June 2012 \$'000	Consolidated 30 June 2011 \$'000	SMDA 30 June 2012 \$'000	SMDA 30 June 2011 \$'000
<b>17 Commitments for Expenditure</b>				
(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	1,678	-	-	-
Later than one year and not later than five years	-	-	-	-
Later than five years	-	-	-	-
<b>Total (including GST)</b>	<b>1,678</b>	<b>-</b>	<b>-</b>	<b>-</b>
GST of \$0.4m may be recoverable from the Australian Taxation Office when the payments are made.				
(b) Operating Lease Commitments (i)				
Future non-cancellable operating lease rentals not provided for and payable:				
Not later than one year	354	-	354	-
Later than one year and not later than five years	751	-	751	-
Later than five years	-	-	-	-
<b>Total (including GST)</b>	<b>1,105</b>	<b>-</b>	<b>1,105</b>	<b>-</b>

## 18 Contingent Liabilities

## 19 Budget Review

The actual result was higher than budget by \$8.96 million due to an increase in the value of Non Current Assets of \$5.45 million following a valuation of the Australian Technology Park Assets in May 2012; the earlier than anticipated receipt of Federal Housing Affordability funding of \$1.5 million, a saving of \$0.9 million in employment costs and \$0.6 million in Developer Contributions not forecasted to be received in 2012.

Total Current Asset are in line with budget but Non Current liabilities (borrowings) are lower than budget by \$12.5 million reflecting the repayment of borrowings of \$6 million by ATPSL and the Department of Defence and \$6 million which is offset by an increase in current liabilities of \$6 million.

Current Liabilities (excluding borrowings) are higher than budget by \$4 million due to an increase in Provisions of \$1.3 million relating to the essential maintenance works on the North Eveleigh Community Housing project, higher than prior year accruals and creditors of \$2 million in ATPSL (which reflects a reversion to 2010 levels). The balance of the variance reflects normal timing issues associated with predicting payables and cash balances accurately more than a year in advance.

## Financials - Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

	Consolidated 30 June 2012 \$'000	Consolidated 30 June 2011 \$'000	SMDA 30 June 2012 \$'000	SMDA 30 June 2011 \$'000
<b>20 Reconciliation of Cash flows from Operating Activities to net Result</b>				
Net cash used on operating activities	22,446	690	17,536	690
Depreciation	(1,923)	-	(28)	-
Allowance for impairment	(19)	-	(13)	-
Decrease/(increase) in provisions	(2,862)	(679)	(1,265)	(253)
Increase/(decrease) in prepayments and other assets	3,614	486	47	60
Decrease/(increase) in creditors	(7,723)	-	(2,109)	-
Net gain/(loss) on fair value adjustment	4,269	-	200	-
<b>Net result</b>	<b>17,802</b>	<b>497</b>	<b>14,368</b>	<b>497</b>

#### 21 Financial Instruments

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

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

The Board of Directors has the overall responsibility for the establishment and oversight of the risk management framework. The Chief Executive Officer is responsible for developing and monitoring the overall risk management strategy and policies for the Authority. The Chief Executive Officer is responsible for the establishment and oversight of risk management and reviews the Authority's activities and assets. The Chief Audit Executive reports to the Audit and Risk Committee, which in turn reports regularly to the Board on its activities.

##### Risk Management framework

Risk management policies are established to identify and analyse the risks faced by the Authority 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 the Authority's activities. The Authority through the training in and 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 Authority. The Chief Executive in the capacity of 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 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 agrees policies for managing each of these risks and they are summarised below.

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

(a) Financial instruments categories

Financial assets	Note	Category	Carrying Amount		Carrying amount	
			Consolidated	Consolidated	SMDA	SMDA
			30 June 2012 \$'000	30 June 2011 \$'000	30 June 2012 \$'000	30 June 2011 \$'000
Cash and cash equivalents	6	N/A	33,447	690	5,883	690
Receivables	7	Loans and receivables (at amortised cost)	583	486	77	60
Other financial assets	8	Loans and receivables (at amortised cost)	813	-	470	-
Restricted cash assets	9	N/A	46,368		46,368	
<b>Total financial assets</b>			<b>81,210</b>	<b>1,176</b>	<b>52,798</b>	<b>750</b>

Financial liabilities			Carrying Amount		Carrying amount	
			Consolidated	Consolidated	SMDA	SMDA
			30 June 2012 \$'000	30 June 2011 \$'000	30 June 2012 \$'000	30 June 2011 \$'000
Trade and other payables	13	Financial liabilities measured at amortised cost	8,018	295	2,862	253
Borrowings	14	Financial liabilities measured at amortised cost	33,339	-	33,339	-
<b>Total financial liabilities</b>			<b>41,357</b>	<b>295</b>	<b>36,201</b>	<b>253</b>

(b) Credit Risk

Credit risk arises when there is the possibility of the Authority's debtors defaulting on their contractual obligations, resulting in a financial loss to the 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 authority depositors. No collateral is held by the Authority.

The Authority 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 rating standards. Authority deposits held with NSW TCorp are guaranteed by the State.

## Financials - Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

#### 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. The TCorp Hour Glass cash facility is discussed in paragraph (d) 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 function 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 the Company on rental payments and on conference activity services is 7 days and by the Authority is on conference activity services if 30 days. Generally, no interest is earned on trade debtors.

The Authority is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors. Based on past experience, debtors that are not past due (2012:\$22k; 2011:\$nil) and less than 12 months past due (2012:\$170k; 2011:\$nil) are not considered impaired.

The only financial assets that are past due or impaired are 'sales of goods and services' in the 'receivables' category of the statement of financial position.

Consolidated	\$'000		
	Total	Past due but not impaired	Considered impaired
<b>2012</b>			
<3 months overdue	128	128	-
3 months - 6 months overdue	3	-	3
> 6 months overdue	39	24	15
<b>2011</b>			
<3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

SMDA	\$'000		
	Total	Past due but not impaired	Considered impaired
<b>2012</b>			
<3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	13	-	13
<b>2011</b>			
<3 months overdue	-	-	-
3 months - 6 months overdue	-	-	-
> 6 months overdue	-	-	-

#### c. Authority's Deposits

The Authority has placed funds on deposit with TCorp, which has been rated 'AAA' by Standard and Poor's. These deposits are similar to money market or bank deposits and can be placed 'at call' for a fixed term. For fixed term deposits, the interest rate payable by TCorp 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 4.88% (2011:nil%) while over the year the weighted interest rate was 4.68% (2011:nil%) on a weighted average balance during the year of \$67.3m(2011-\$0.3m).

None of these assets are past due or impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Authority will be unable to meet its payment obligations when they fall due. The Authority continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through the use of appropriate investment strategies. The investment with NSW Treasury Corporation is generally able to be redeemed daily by 11am.

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 Authority's exposure to liquidity risk is deemed insignificant based on prior periods' data and a current assessment of risk.

The Authority currently has a loan facility of \$45m from NSW Treasury Corporation. The loan is unsecured with the floating rate of interest. In May 2010, The Authority's Board approved commencement of a debt reduction strategy for the floating rate loan facility.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not involved. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSW TC11/12. If trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or statement is received. No interest was paid during the year. Maturity analysis and interest rate exposure of financial liabilities (next tab - table too wide)

**Maturity analysis and interest rate exposure of financial liabilities**

Consolidated	Weighted average effective interest rate %	Nominal Amount \$'000	Interest Rate Exposure \$'000	Maturity Dates			Total \$'000
				less than 1 year \$'000	1-5 Years \$'000	5+ years \$'000	
<b>2012</b>							
Payables	-	5,979	nil	8,018	-	-	8,018
Borrowings:							
Fixed rate loan from the TCorp	7.24%	3,343	nil	754	2,785	638	4,177
Variable rate loan from the Tcorp (i)	4.60%	24,996	300	5,000	25,093	-	30,093
				<b>13,772</b>	<b>27,878</b>	<b>638</b>	<b>42,288</b>
<b>2011</b>							
Payables				295	-	-	295
				<b>295</b>	<b>-</b>	<b>-</b>	<b>295</b>
<b>SMDA</b>							
	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
<b>2012</b>							
Payables	-	1,982		3,029	-	-	3,029
Borrowings:							
Fixed rate loan from the Tcorp	7.24%	3,343		754	2,785	638	4,177
Variable rate loan from the Tcorp	4.60%	24,996	300	5,000	25,093	-	30,093
				<b>8,783</b>	<b>27,878</b>	<b>638</b>	<b>37,299</b>
<b>2011</b>							
Payables	-			253	-	-	253
				<b>253</b>	<b>-</b>	<b>-</b>	<b>253</b>

## Financials - Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

#### (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 Authority'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 Authority
- Systematic risk: liquidity and counterparty risks in financial markets
- Lack of Corporate Governance: Universal lack of corporate governance leads to fraud and bankruptcies.

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

#### (f) Interest rate risk

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

The Authority does not account for any fixed rate financial instruments at fair value through profit or loss or as available-for-sale. Therefore, for these financial instruments, a change 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 below:

The interest rate risk in respect of corporate card facility is considered to be negligible.

## Interest rate risk

		\$'000			
		-1%		+1%	
	Carrying amount	Profit	Equity	Profit	Equity
<b>Consolidated</b>					
<b>2012</b>					
Financial assets					
Cash and cash equivalents	33,447	(178)	(178)	178	178
Receivables	583	-	-	-	-
Other financial assets	77,723	-	-	-	-
Restricted cash assets	46,368	-	-	-	-
Financial liabilities					
Payables	5,875	-	-	-	-
Borrowings	33,339	-	-	-	-
		\$'000			
		-1%		+1%	
	Carrying amount	Profit	Equity	Profit	Equity
<b>2011</b>					
Financial assets					
Cash and cash equivalents	690	(5)	(5)	5	5
Receivables	426	-	-	-	-
Other financial assets	-	-	-	-	-
Financial liabilities					
Payables	297	-	-	-	-
		\$'000			
		-1%		+1%	
	Carrying amount	Profit	Equity	Profit	Equity
<b>SMDA</b>					
<b>2012</b>					
Financial assets					
Cash and cash equivalents	5,883	(144)	(144)	144	144
Receivables	94	-	-	-	-
Other financial assets	77,723	-	-	-	-
Restricted cash assets	46,368	-	-	-	-
Financial liabilities					
Payables	3,029	-	-	-	-
Borrowings	33,339	-	-	-	-
		\$'000			
		-1%		+1%	
	Carrying amount	Profit	Equity	Profit	Equity
<b>SMDA</b>					
<b>2011</b>					
Financial assets					
Cash and cash equivalents	690	(5)	(5)	5	5
Receivables	-	-	-	-	-
Other financial assets	-	-	-	-	-
Financial liabilities					
Payables	253	-	-	-	-

## Financials - Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

(g) Other price risk - TCorp Hour-Glass Facilities

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

<b>Consolidated</b>				
Facility	Investment sectors	Investment Horizon	2012 \$'000	2011 \$'000
Cash facility	Cash, money market instrument	Up to 1.5 years	73,253	-
<b>SMDA</b>				
Facility	Investment sectors	Investment Horizon	2012 \$'000	2011 \$'000
Cash facility	Cash, money market instrument	Up to 1.5 years	50,715	-

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). The TCorp Hour-Glass Investment facilities are designated at fair value through profit or loss and therefore any change is based on the percentage change in unit price (as advised by TCorp) multiplied by the redemption value as at 30 June each year for each facility (balance from Hour-Glass statement).

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

**Consolidated**

	Impact on profit/loss		
	Change in unit price	2012 \$'000	2011 \$'000
Hour-Glass Investment - Cash Facility	+/- 1%	+/-673	-

**SMDA**

	Impact on profit/loss		
	Change in unit price	2012 \$'000	2011 \$'000
Hour-Glass Investment - Cash Facility	+/- 1%	+/-447	-

**(h) Operational Risk**

The Authority 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 Authority's processes, personnel, technology, legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risk arises from all of the Authority's operations.

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

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

- Requirements for appropriate segregation of duties, including the independent authorisation of transactions
- Requirements for the reconciliation and monitoring of transactions
- Compliance with regulatory and legal requirements
- Documentation of controls and procedures
- Requirements for the periodic reporting to senior management, relevant committees and the Board.
- 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, the Audit and Risk Management Committee, and to the Board where appropriate.

# Financials - Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

### 21 Financial Instruments (continue)

#### (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 facility, based on the market value. All of the Hour-Glass facilities are valued using 'redemption' pricing.

Except where specific 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 Authority 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 Authority 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).

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

<b>Consolidated</b>	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	2012 Total \$'000
<b>Financial assets at fair value</b>				
TCorp Hour-Glass Invnt. Facility	-	73,253	-	73,253
<b>SMDA</b>				
<b>Financial assets at fair value</b>				
TCorp Hour-Glass Invnt. Facility	-	50,715	-	50,715

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

There were no transfers between level 1 and 2 during the period ended 30 June 2012.

### 22 Comparatives - Period to June 30 2011

SMDA commenced operations on 17 December 2010. Operating results for 2011 are for the period from December 17 2010 to 30 June 2011 and are thus not directly comparable with the year to 30 June 2012.

### 23 Events after the Reporting Period

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

END OF FINANCIAL STATEMENTS

# Internal Audit and Risk Management Attestation



Internal Audit and Risk Management Attestation for the 2011-2012 Financial Year for the Sydney Metropolitan Development Authority

I, Roy Wakelin-King, CEO of the Sydney Metropolitan Development Authority (SMDA), am of the opinion that the SMDA has internal audit and risk management processes in place that are, excluding the exceptions described below, compliant with the core requirements set out in Treasury Circular NSW TC09/08 Internal Audit and Risk Management Policy. These processes provide a level of assurance that enables the senior management of the SMDA to understand, manage and satisfactorily control risk exposures.

I, Roy Wakelin-King, CEO of the SMDA am of the opinion that the Audit and Risk Committee for the SMDA is constituted and operates in accordance with the independence and governance requirements of Treasury Circular NSW TC 09/08, other than that, a non independent member of the Committee is currently not in place. It has been determined by the NSW Government that the SMDA is to merge with Landcom to form a new entity, UrbanGrowth NSW. The SMDA is therefore in transition this new entity. The SMDA does however have a functioning Audit and Risk Management Committee which is attended by two independent members, the Chief Executive Officer, the Chief Finance Officer as well as key management staff. Representatives of the Audit Office and Deloitte (outsourced internal audit service provider) also attend all meetings.

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

- Ms Bonnie Boezeman AO - Independent Chair (3 year term of appointment commencing on 20 April 2011); and
- Ms Victoria Weekes - Independent Member (3 year term of appointment commencing on 20 April 2011).

I, Roy Wakelin-King, CEO of the SMDA declare that this Internal Audit and Risk Management Attestation is made on behalf of the following controlled entities (or subsidiaries):

- Office of the Sydney Metropolitan Development Authority.
- Australian Technology Park Sydney Limited

Signature

Name: Roy Wakelin-King

Position: Chief Executive Officer, Sydney Metropolitan Development Authority

Date: 2nd Oct 2012

Contact Officer:

James Barry  
A/Director, Finance & Corporate Services  
Tel: +61 2 9202 9124  
Email: james.barry@smda.nsw.gov.au

# Independent Auditor's Report for OSMDA



## INDEPENDENT AUDITOR'S REPORT

Office of the Sydney Metropolitan Development Authority

To Members of the New South Wales Parliament

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

### Opinion

In my opinion, the financial statements:

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

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

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

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

### Auditor's Responsibility

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

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

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

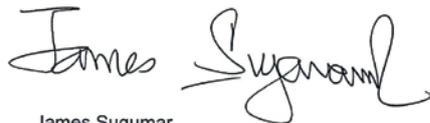
My opinion does *not* provide assurance:

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

### **Independence**

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

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



James Sugumar  
Director, Financial Audit Services

2 October 2012  
SYDNEY

## Statement by Members of the Board - OSMDA



Statement by Members of the Board of Sydney Metropolitan Development Authority on the adoption of the financial statements for the year ended 30 June 2012.

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

1. The accompanying financial statements and notes thereto exhibit a true and fair view of the financial position and financial performance of Office of Sydney Metropolitan Development Authority as at 30 June 2012.
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. We are not aware of any circumstances that would render any particulars included in the financial statements to be misleading or inaccurate.

A handwritten signature in cursive script, appearing to read "Col Gellatly".

**Dr Col Gellatly AO**  
Chairman  
Sydney Metropolitan Development Authority

28 September 2012

A handwritten signature in cursive script, appearing to read "Roy Wakelin-King".

**Roy Wakelin-King AM**  
Chief Executive Officer  
Sydney Metropolitan Development Authority

28 September 2012

**Financials - The Office of Sydney Metropolitan Development Authority**  
**Statement of Comprehensive Income**  
 - for the year ended 30 June 2012

	Notes	30 June 2012 \$'000	30 June 2011 \$'000
<b>Expenses excluding losses</b>			
Employee related	2	1,268	713
<b>TOTAL EXPENSES EXCLUDING LOSSES</b>		<b>1,268</b>	<b>713</b>
<b>Revenue</b>			
Personnel services income	3	1,268	713
<b>Total Revenue</b>		<b>1,268</b>	<b>713</b>
<b>Net result</b>		-	-
Other comprehensive income		-	-
Total other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

**Financials - The Office of Sydney Metropolitan Development Authority**  
Statement of Financial Position  
- for the year ended 30 June 2012

	Notes	30 June 2012 \$'000	30 June 2011 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Receivables	4	869	713
Total current assets		869	713
<b>Total Assets</b>		<b>869</b>	<b>713</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Payables	5	-	329
Provisions	6	644	182
<b>Total current liabilities</b>		<b>644</b>	<b>511</b>
<b>Non current liabilities</b>			
Provisions	6	225	202
<b>Total non current liabilities</b>		<b>225</b>	<b>202</b>
<b>Total liabilities</b>		<b>869</b>	<b>713</b>
<b>Net assets</b>		-	-
<b>EQUITY</b>			
		-	-

The accompanying notes form part of these financial statements.

**Financials - The Office of Sydney Metropolitan Development Authority**  
**Statement of Changes in Equity**  
 - year ended 30 June 2012

	Notes	Accumulated Funds \$'000	Total \$'000
<b>Balance at 1 July 2011</b>		-	-
<b>Net result for the period</b>		-	-
Other comprehensive income		-	-
<b>Total comprehensive income</b>		-	-
<b>Transactions with owners in their capacity as owners</b>			
Increase/(decrease in net assets from equity transfer)		-	-
<b>Balance at 30 June 2012</b>		-	-
<b>Balance at 1 July 2010</b>		-	-
<b>Net result for the period</b>		-	-
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income</b>		-	-
<b>Transactions with owners in their capacity as owners</b>			
Increase/(decrease in net assets from equity transfer)		-	-
<b>Balance at 30 June 2011</b>		-	-

The accompanying notes form part of these financial statements.

**Financials - The Office of Sydney Metropolitan Development Authority**  
**Statement of Cashflows**  
 - year ended 30 June 2012

	Notes	30 June 2012 \$'000	30 June 2011 \$'000
<b>Cashflows from operating activities</b>			
Payments to suppliers and employees	2	1,112	-
<b>Total payments</b>		<b>1,112</b>	-
Receipts from customers	3	1,112	-
<b>Total receipts</b>		<b>1,112</b>	-
<b>Net cashflows from operating activities</b>		-	-
<b>Net increase/(decrease) in cash</b>		-	-
Opening cash balance		-	-
<b>Closing cash balance at 30 June 2012</b>		<b>-</b>	<b>-</b>

The accompanying notes form part of these financial statements.

# Financials - The Office of Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

### 1. Summary of Significant Accounting Policies

#### (a) Reporting entity

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

The Office's objective is to provide personnel services to the Sydney Metropolitan Development Authority (the "Authority").

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

Following introduction of the Redfern-Waterloo Authority Repeal Act 2011, the Redfern-Waterloo Authority ("RWA") and the Office of Redfern-Waterloo Authority were abolished on 1 January 2012 and all assets, rights, liabilities and the operations of the former Redfern-Waterloo Authority and the Office of the Redfern-Waterloo Authority were transferred to the Authority and the Office of Sydney Metropolitan Development Authority. As per TPP 09-03 Contributions by Owners Made to Wholly-Owned Public Sector Entities, the transfer of net assets of RWA was recognised as an equity transfer. The changes in equity as a result of this transfer on 1 January 2012 are fully explained in Note 7.

The Authority (and therefore the Office) is currently funded by the NSW Government through to 30 June 2012. The financial statements for the year ended 30 June 2012 has been authorised for issue by the Board of the Authority on 28 September 2012.

#### (b) Basis of preparation

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

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

Financial statement items are prepared in accordance with the historical cost convention. The defined benefit plan obligations are measured as the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation

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

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

#### (c) Statement of compliance

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

# Financials - The Office of Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

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

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

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

### (e) Income recognition

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

### (f) Assets

#### (i) Receivables

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

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

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

### (g) Liabilities

#### (i) Payables

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

A payable 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.

# Financials - The Office of Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

### (ii) Employee benefits and other provisions

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

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

Long-term annual leave that is not expected to be taken within twelve months is measured at present value in accordance with AASB 119 Employee Benefits. For NSW Government employees, this is based on certain factors (specified in NSW TC 11/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

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

#### b. Long service leave and superannuation

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

Long service leave is measured at present value in accordance with AASB 119 Employee Benefits. This is based on application of certain factors (specified in NSWTC 11/06) to employees with five or more years of service, using current rates of pay. These factors were determined based on an actuarial review to approximate present value.

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

### (h) Equity transfers

The transfer of net assets between entities as a result of an administrative restructure, transfers of programs/functions and parts thereof between NSW public sector entities and 'equity appropriations' (refer to Note 7) are designated or required by Accounting Standards to be treated as contributions by owners and recognised as an adjustment to 'Accumulated Funds'. This treatment is consistent with AASB 1004 Contributions and Australian Interpretation 1038 Contributions by Owners Made to Wholly-Owned Public Sector Entities.

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

# Financials - The Office of Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

**(i) Comparative information**

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

**(k) New Australian Accounting Standards issued but not effective**

The following new Accounting Standards have not been applied as mandated by NSW Treasury Circular TC 12/04 Mandates of Options and Major Policy Decisions under Australian Accounting Standards:

<b>Standard/Interpretation</b>	<b>Effective for annual reporting periods beginning on or after</b>
AASB 9 'Financial Instruments', AASB 2009- 11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013
AASB 10 Consolidated Financial Statements'	1 January 2013
AASB 11 Joint Arrangements	1 January 2013
AASB 12 Disclosure of Interests in Other Entities	1 January 2013
AASB 13 Fair Value Measurement, AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13	1 January 2013
AASB 127 Separate Financial Statements (2011)	1 January 2013
AASB 128 Investments in Associates and Joint Ventures (2011)	1 January 2013
AASB 119 Employee Benefits (2011), AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (2011)	1 January 2013
AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements standards	1 January 2013

	30 June 2012	30 June 2011
	\$'000	\$'000
<b>2 Expenses Excluding Losses</b>		
Salaries and wages (inc. recreation leave)	1,099	558
Superannuation	100	64
Long service leave	40	58
Payroll tax	29	33
	<b>1,268</b>	<b>713</b>
<b>3 Revenue</b>		
Personnel service income	<b>1,268</b>	<b>713</b>
<b>4 Current Receivables</b>		
Receivables from the Authority	<b>869</b>	<b>713</b>
<b>5 Current Liabilities</b>		
<i>Current</i>		
Payables	-	329
	-	<b>329</b>
<b>6 Current /Non-current Provisions</b>		
<i>Current</i>		
Recreation leave	212	168
Long service leave	433	14
	<b>644</b>	<b>182</b>
<i>Non-current</i>		
Long service leave	30	202
Defined benefit superannuation (i)	195	-
	<b>225</b>	<b>202</b>

# Financials - The Office of Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

### (i) Accounting Policy for Defined benefit superannuation funds

Actuarial gains and losses are recognised immediately in other comprehensive income in the year in which it occurs.

#### Fund information

The Pooled Fund holds in trust the investments of the closed NSW public sector superannuation schemes:

- State Authorities Superannuation Scheme (SASS)
- State Superannuation Scheme (SSS)
- Police Superannuation Scheme (PSS)
- State Authorities Non-contributory Superannuation Scheme (SANCS)

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

Prior to 2012 fund members were employed by ORWA, on the wind up of ORWA all superannuation obligations for that organisation were transferred to OSMDA. For the purposes of transparency and completeness, balances for the year ended 30 June 2011 are disclosed. These obligations related to ORWA and the liability of OSMDA as stated in the Statement of Financial Position was nil.

#### (a) Superannuation position as at 30 June 2012 (AASB 119 Employee Benefits)

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

	SASS 30-Jun-11	SANCS 30-Jun-11	SSS 30-Jun-11	TOTAL 30-Jun-11
<b>Member Numbers</b>				
Contributors	1	1	-	2
Deferred benefits	-	-	-	-
Pensioners	-	-	-	-
Pensions fully commuted	-	-	-	-
Superannuation Position for AASB 119 purposes	\$'000	\$'000	\$'000	\$'000
Accrued liability	83	146	--	229
Estimated reserve account balance	(24)	(35)	--	(59)
	59	111	--	170
Future Service Liability (Note 1)	(13)	(49)	--	(62)
Surplus in excess of recovery available from schemes	--	--	--	--
Net liability to be recognised in statement of financial position	59	111	--	170

**Note 1:**

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

## Financials - The Office of Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

#### (b) Reconciliation of the present value of the defined benefit obligation (AASB 119 para120A (c))

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

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

	SASS	SANCS	SSS	Total
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
<i>Present value of partly funded defined benefit obligation at beginning of the year</i>	292	248	--	540
Current service cost	9	4	--	13
Interest cost	15	13	--	27
Contributions by Fund participants	3	--	--	3
Actuarial (gains)/losses	(18)	4	--	(14)
Benefits paid	(219)	(122)	--	(342)
Past service cost	--	--	--	--
Curtailments	--	--	--	--
Settlements	--	--	--	--
Business Combinations	--	--	--	--
Exchange rate changes	--	--	--	--
<i>Present value of partly funded defined benefit obligation at end of the year</i>	<b>83</b>	<b>146</b>	<b>--</b>	<b>229</b>

(c) Reconciliation of the fair value of the Fund assets (AASB 119 paragraph 120A 9(e))

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

	SASS	SANCS	SSS	Total
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
<i>Fair value of Fund assets at beginning of the year</i>	238	146	--	385
Expected return on Fund assets	20	13	--	33
Actuarial gains/(losses)	(68)	(6)	--	(74)
Employer contributions	50	4	--	54
Contributions by Fund participants	3	--	--	3
Benefits paid	(219)	(122)	--	(342)
Settlements	--	--	--	--
Business combinations	--	--	--	--
Exchange rate changes	--	--	--	--
<i>Fair value of Fund assets at end of the year</i>	24	35	--	59

## Financials - The Office of Sydney Metropolitan Development Authority

### Notes to the Financial Statements for year ending 30 June 2012

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

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

	SASS	SANCS	SSS	Total
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
<i>Present value of partly funded defined benefit obligation at end of year</i>	83	146	--	229
Fair value of Fund assets at end of year	(24)	(35)	--	(59)
Subtotal	59	111	--	170
Unrecognised past service cost	--	--	--	--
Unrecognised gain/(loss)	--	--	--	--
Adjustment for limitation on net asset	--	--	--	--
<i>Net Liability recognised in statement of financial position at end of year</i>	59	111	--	170

(e) Expense recognised in income statement (AASB 119 paragraphs 46 and 120A (g))

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

	SASS	SANCS	SSS	Total
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
<b>Components Recognised in Income Statement</b>				
Current service cost	9	4	--	13
Interest cost	15	13	--	27
Expected return on Fund assets (net of expenses)	(20)	(13)	--	(33)
Actuarial losses/(gains) recognised in year	--	--	--	--
Past service cost	--	--	--	--
Movement in adjustment for limitation on net asset	--	--	--	--
Curtailment or settlement (gain)/loss	--	--	--	--
<i>Expense/(income) recognised</i>	4	4	--	8

(f) Amounts recognised in other comprehensive income (AASB 119 paragraph 120A (h))

	SASS	SANCS	SSS	Total
	30-Jun-12	30-Jun-12	30-Jun-12	30-Jun-12
	\$'000	\$'000	\$'000	\$'000
Actuarial (gains)/losses	(4)	14	--	10
Adjustment for limit on net asset	--	--	--	--

	SASS	SANCS	SSS	Total
	30-Jun-11	30-Jun-11	30-Jun-11	30-Jun-11
	\$'000	\$'000	\$'000	\$'000
Actuarial losses	50	10	--	60
Adjustment for limit on net asset	--	--	--	--

# Financials - The Office of Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

**(g) Fund assets (AASB 119 paragraph 120A(j))**

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

	30-Jun-12	30-Jun-11
Australian equities	28.0%	33.4%
Overseas equities	23.7%	29.5%
Australian fixed interest securities	4.9%	5.7%
Overseas fixed interest securities	2.4%	3.1%
Property	8.6%	9.9%
Cash	19.5%	5.1%
Other	12.9%	13.3%

**(h) Fair value of Fund assets (AASB 119 paragraph 120A(k))**

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

**(i) Expected rate of return on assets (AASB 119 paragraph 120A(l))**

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

**(j) Actual Return on Fund Assets (AASB 119 paragraph 120A (m))**

	SASS 30-Jun-12 \$'000	SANCS 30-Jun-12 \$'000	SSS 30-Jun-12 \$'000	Total 30-Jun-12 \$'000
Actual return on Fund assets	--	--	--	--

	SASS 30-Jun-11 \$'000	SANCS 30-Jun-11 \$'000	SSS 30-Jun-11 \$'000	Total 30-Jun-11 \$'000
Actual return on Fund assets	12	7	--	19

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

**(i) Valuation method**

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

**(ii) Economic Assumptions**

	30-Jun-12	30-Jun-11
Salary increase rate (excluding promotional increases)	2.5% pa	3.5% pa
Rate of CPI Increase	2.5% pa	2.5% pa
Expected rate of return on assets	8.60%	8.60%
Discount rate	3.06% pa	5.28% pa

(iii) Demographic Assumptions

The demographic assumptions at 30 June 2012 are those that were used in the 2009 triennial actuarial valuation plus an additional allowance for staff reductions consistent with the Labour Expense Cap advised in the 2012-13 Budget. The triennial review report is available from the NSW Treasury website.

(l) Historical information (AASB 119 paragraph 120A(p))

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

	SASS 30-Jun-12 \$'000	SANCS 30-Jun-12 \$'000	SSS 30-Jun-12 \$'000	Total 30-Jun-12 \$'000
Present value of defined benefit obligation	93	170	--	263
Fair value of Fund assets	(30)	(38)	--	(68)
(Surplus)/Deficit in Fund	63	133	--	196
Experience adjustments – Fund liabilities	(2)	11	--	9
Experience adjustments – Fund assets	(2)	3	--	1
	SASS 30-Jun-11 \$'000	SANCS 30-Jun-11 \$'000	SSS 30-Jun-11 \$'000	Total 30-Jun-11 \$'000
Present value of defined benefit obligation	83	146	--	229
Fair value of Fund assets	(24)	(35)	--	(59)
(Surplus)/Deficit in Fund	59	111	--	170
Experience adjustments – Fund liabilities	(18)	4	--	(14)
Experience adjustments – Fund assets	68	6	--	74
	SASS 30-Jun-10 \$'000	SANCS 30-Jun-10 \$'000	SSS 30-Jun-10 \$'000	Total 30-Jun-10 \$'000
Present value of defined benefit obligation	293	248	--	541
Fair value of Fund assets	(238)	(146)	--	(384)
(Surplus)/Deficit in Fund	54	101	--	155
Experience adjustments – Fund liabilities	62	18	--	80
Experience adjustments – Fund assets	(51)	4	--	(47)
	SASS 30-Jun-09 \$'000	SANCS 30-Jun-09 \$'000	SSS 30-Jun-09 \$'000	Total 30-Jun-09 \$'000
Present value of defined benefit obligation	64	110	--	174
Fair value of Fund assets	(26)	(31)	--	(57)
(Surplus)/Deficit in Fund	38	79	--	117
Experience adjustments – Fund liabilities	(79)	30	--	(49)
Experience adjustments – Fund assets	231	22	--	253
	SASS 30-Jun-08 \$'000	SANCS 30-Jun-08 \$'000	SSS 30-Jun-08 \$'000	Total 30-Jun-08 \$'000
Present value of defined benefit obligation	465	143	--	608
Fair value of Fund assets	(464)	(114)	--	(578)
(Surplus)/Deficit in Fund	1	29	--	30
Experience adjustments – Fund assets	--	--	--	--

# Financials - The Office of Sydney Metropolitan Development Authority

## Notes to the Financial Statements for year ending 30 June 2012

**(m) Expected contributions (AASB 119 paragraph 120A(q))**

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

	SASS 30-Jun-11 \$'000	SANCS 30-Jun-11 \$'000	SSS 30-Jun-11 \$'000	Total 30-Jun-11 \$'000
Expected employer contributions to be paid in the next reporting period	6	8	--	

**(n) Funding Arrangements for Employer Contributions**

(a) Surplus/(deficit)

The following is a summary of the 30 June 2012 financial position of the fund calculated in accordance with AAS 25 Financial Reporting by Superannuation Plans:

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

	SASS 30-Jun-11 \$'000	SANCS 30-Jun-11 \$'000	SSS 30-Jun-11 \$'000	Total 30-Jun-11 \$'000
Accrued benefits	79	136	--	215
Net market value of Fund assets	(24)	(35)	--	(59)
Net (surplus)/deficit	55	101	--	156

(b) Contribution recommendations

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

2010-11	SASS	SANCS	SSS
multiple of member contributions	1.90	% member salary 2.50	multiple of member contributions 0.00

(c) Funding method

Contribution rates are set after discussion between the employer, STC and NSW Treasury.

(d) Economic assumptions

The economic assumptions adopted for the 2009 actuarial review of the Fund are:

**Weighted-Average Assumptions**

Expected rate of return on Fund assets backing current pension liabilities	8.3% pa
Expected rate of return on Fund assets backing other liabilities	7.3% pa
Expected salary increase rate	4.0% pa
Expected rate of CPI increase	2.5% pa

(o) Nature of Asset/Liability

If a surplus exists in the employer's interest in the Fund, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Fund's actuary.

Where a deficient exists, the employer is responsible for any difference between the employer's share of Fund assets and the defined benefit obligation.

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**Equity Transfer**

Following introduction of the Redfern-Waterloo Authority Repeal Act 2011, the Redfern-Waterloo Authority and the Office of Redfern-Waterloo Authority were abolished on 1 January 2012. All assets, rights and liabilities of the former Redfern-Waterloo Authority and the Office of Redfern-Waterloo Authority were transferred to the Authority and the Office of Sydney Metropolitan Development Authority.

As per TPP 09-03 Contributions by Owners Made to Wholly-Owned Public Sector Entities, the transfer of net assets of RWA was recognised as an equity transfer. Assets and liabilities transferred from the Office of Redfern-Waterloo Authority as at 1 January 2012 comprises of the following:

<b>Assets</b>	<b>\$'000</b>
<i>Current</i>	
Receivables	443
<hr/> Total assets	<hr/> 443
<b>Liabilities</b>	
<i>Current</i>	
Payables	53
Provisions	53
<hr/>	<hr/> 106
<i>Non-current</i>	
Provisions	152
Defined benefit superannuation	185
<hr/>	<hr/> 337
Total liabilities	443
<hr/> <b>Net Assets</b>	<hr/> -
Total Equity	-

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**Events After The Reporting Date**

The authority 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 SMDA is constituted under the *Growth Centres (Development Corporations) Act 1974* and reports to the Minister for Planning and Infrastructure, Minister assisting the Premier for Infrastructure NSW through the SMDA Board.

### Chief and Senior Executive Officer

Mr Roy Wakelin-King was Chief and Senior Executive Officer with the SMDA

Chief Executive Office – SES Level 7

Roy Wakelin-King

Total salary package \$350,875

### Legislative Changes

Nil to report

### Overseas Travel

The following travel was undertaken by staff of the SMDA. Mr David Hartmann, Senior Manager Urban Renewal, Transport and Infrastructure Planning, travelled to Wellington NZ as part of the course schedule for students of the Australian and New Zealand School of Government (ANZSOG) Executive Master of Public Administration 30 November to 2 December 2011.

### Corporate Credit Cards

Nil to report

### Research and Development

Nil to report

### Consultants under \$50,000

14 planning and urban design consultants were engaged costing a total of \$208,531

3 management services consultants were engaged costing a total of \$71,395

2 organisational review consultants were engaged costing a total of \$34,597

1 finance and accounting consultant was engaged costing a total of \$30,738

### Consultants Over \$50,000

Consultant	Project	Cost
AECOM Australia Pty Ltd	Design and remediation work at North Eveleigh	\$372,836
Cox Architecture Pty Ltd	Auto Alley Urban Design	\$142,118
Cred Community Planning	Community Facilities Review and Communication for Built Environment Plan Stage 2	\$51,075
Hill PDA Property Consulting	Strategic Organisational Advice	\$72,665
Parsons Brinckerhoff Australia Pty Ltd	Transport and Traffic Study for Built Environment Plan Stage 2	\$166,560
Parramatta City Council	Auto Alley Urban Renewal Study	\$61,600
PriceWaterhouse Coopers	Review of Aboriginal Employment Program	\$63,800
SGS Economics & Planning Pty Ltd	Auto Alley Economic Feasibility Analysis	\$212,152

### Staff Numbers by Employment Basis as at 30 June 2011

	Permanent	Temporary	Full-Time	Part-Time	Casual
<b>Staff</b>	4	3	6	1	-
<b>%</b>	57%	43%	86%	14%	-
<b>Men</b>	1	1	2	-	-
<b>Women</b>	3	2	4	1	-
<b>Aboriginal Person or Torres Strait Islander</b>	-	-	-	-	-
<b>Person with a Disability</b>	-	-	-	-	-
<b>Person from a Racial, Ethnic or Ethno-Religious Minority Group</b>	-	-	-	-	-
<b>People whose first language is not English</b>	1	-	-	-	-

### Staff Numbers by Level as at 30 June 2011

	Men	Women	Total
<b>\$39,670 - \$63,781</b>	-	1	1
<b>\$63,782 - \$86,498</b>	-	1	1
<b>\$86,499 - \$98,159</b>	-	-	-
<b>\$98,160 - \$119,149</b>	-	3	3
<b>&gt;\$119,120 (non SES)</b>	1	-	1
<b>&gt;\$119,120 (SES)</b>	1	-	1

### Staff Numbers by Employment Basis as at 30 June 2012

	Permanent	Temporary	Full-Time	Part-Time	Casual
<b>Staff</b>	5	4	8	1	-
<b>%</b>	56%	44%	89%	11%	-
<b>Men</b>	1	1	2	-	-
<b>Women</b>	4	3	6	1	-
<b>Aboriginal Person or Torres Strait Islander</b>	-	-	-	-	-
<b>Person with a Disability</b>	-	-	-	-	-
<b>Person from a Racial, Ethnic or Ethno-Religious Minority Group</b>	-	-	-	-	-
<b>People whose first language is not English</b>	2	-	-	-	-

### Staff Numbers by Level as at 30 June 2012

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

### Detailed Statement for Each Controlled Entity

#### 1) Australian Technology Park Sydney Limited

##### Objectives

- a) establish, maintain and operate a facility of an international standard for the promotion, development and application of sciences and technologies;
- b) link the resources and skills of institutions of advanced learning with the industrial objectives of private companies and government instrumentalities;
- c) increase and disseminate knowledge as to sciences and technologies and the importance of them to the socioeconomic development of Australia;
- d) encourage innovative technologies to assist the development of novel high-value-added products and new industries;
- e) encourage innovative technologies to assist in the development of environmentally sustainable solutions;
- f) promote the responsible development and use of sciences and technologies;
- g) provide consultancy services to industry and government as to the application of sciences and technologies;
- h) arrange for training and education in matters related to the Objects;
- i) promote and provide exhibitions, lectures, films, publications and other educational instruction or materials relating to sciences and technologies;
- j) conduct activities of an educational or cultural nature in accordance with the Objects;
- k) manage any facility established and trading and income generating activities carried on with the facility;

- l) raise funds for the purposes of the Company and conduct business on its own account;
- m) co-operate with individuals, associations or organisations whether governmental (Commonwealth, State and Local), institutional, corporate or professional in relation to the commercial development of sciences and technologies;
- n) broaden access to research findings and technological opportunities;
- o) facilitate technology transfer between research institutions and industry;
- p) provide incubator facilities for the early stages of commercialisation of new technologies;
- q) encourage synergy among researchers, designers, entrepreneurs and manufacturers; and
- r) contribute to the long-term economic and social sustainability interests of the Redfern-Waterloo and wider community in accord with the strategic priorities of Sydney, New South Wales and Australia.

#### **Operating Activities**

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

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

#### **Performance Targets**

##### **1 July 2011 – 30 June 2012**

- Net profit of \$2.535m
- 10.5% Return on sales
- 2.3% return on assets
- 11% increase in revenue
- 10% increase revenue from conference & event business
- 2% vacancy rate
- Improve debt equity ratio with a repayment of \$5m debt
- Capital Investment of \$3.57m for 11/12

#### **Actual Performance Measures**

##### **1 July 2011 – 30 June 2012**

- Net result of \$5.102m
- 23.4% Return on sales
- 3.5% return on assets
- 20.5% increase in consolidated ATPSL revenue
- 30.4% increase in revenue from conference & event business
- 0.83% decrease in property and car parking revenue
- 0.5% vacancy rate
- \$5m debt repayment made in December 2011
- Capital Investment of \$1.678m committed expenditure for 11/12

## **2) Office of the Sydney Metropolitan Development Authority**

#### **Objectives**

To provide and pay staff for the Sydney Metropolitan Development Authority

#### **Operating Activities**

Staff management and payment

#### **Performance Targets**

##### **1 July 2011 – 30 June 2012**

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

#### **Actual Performance Measures**

##### **1 July 2011 – 30 June 2012**

- 100% Comply with relevant legislation
- 100% Pay SMDA staff correctly and on time

### **Payment of Accounts**

All agreed accounts were settled in a timely manner.

### **Risk Management**

The SMDA has a Business Risk Map of its operations. The primary objective of the Business Risk Map is to coordinate risk management activities within the SMDA to ensure the activity is focused on areas of greatest risk and is also used by Business Audit to derive its strategic audit plan. The SMDA is a member of the NSW Treasury Managed Fund (TMF) which provides insurable risk protection. The SMDA, its employees and volunteers are fully 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. SMDA has assigned fire wardens who attended training throughout the year and all staff participated in emergency evacuation drills. No OH&S incidents have arisen.

### **Fraud and Corruption Prevention Strategy**

The SMDA 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 SMDA staff and the Fraud and Corruption Prevention Strategy provides a guide for staff to identify, report, assess and deal with conduct that could constitute corruption.

### **Funds granted to non-government community organisations**

Nil to report

### **Land Disposal**

There were no land disposals for the year ended 30 June 2012.

### **Plans, Policies and Procedures**

#### **Code of Conduct**

The SMDA 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 Authority's Code of Conduct applies to all employees of the SMDA and other persons engaged to do work of the Authority. The Code of Conduct conveys the standards of behaviour expected from staff which are based around the four principles of:

- Respect for the law and system of government;
- Respect for people;
- Act with honesty and integrity; and
- Efficient and economic use of Authority resources.

### **Equal Employment Opportunity Policy (EEO)**

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

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

### **Disability Access Policy**

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

### **Ethic Affairs Priority Statement**

The SMDA 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 *Muticultural Act 2000*.

Towards this objective, the SMDA will develop and implement policies sensitive to the needs of all staff and clients and ensure that its Boards and Committees reflect the multiculturalism of the community.

## Appendices

### NSW Government Action Plan for Women

The SMDA 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 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.

### Occupational Health & Safety Management Plan

The SMDA is committed to the occupational health, safety and welfare of its employees, those contracted to perform work on its behalf and visitors to the premises. It is committed to regular consultation with staff and their representatives and, where necessary, with contractors and suppliers of equipment and services to ensure OH&S management is of the highest standard.

SMDA had 0 (zero) injuries or claims under the *OH&S Act 2000*.

### Privacy and personal information

The SMDA was committed to the implementation of the *Privacy and Personal Information Act 1998* (PIPPA) and adhered to the requirements of the Act in its operations.

### Public Interest Disclosure

During the reporting period, no public interest disclosures were:

- made by public officials to the SMDA;
- received by the SMDA;
- finalised by the SMDA

The SMDA has an internal public interest disclosures policy in place and staff have been made aware of this policy.

### Waste Reduction and Purchasing Policy

The SMDA is committed to the implementation of the Government's Waste Reduction and Purchasing Policy (WRAPP).

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

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

During the reporting period, the SMDA reviewed information which could be proactively made available to the public free of charge where there is no overriding public interest against public disclosure of such information. As a result of the review, the SMDA made the following information available on its website:

- plans and documents relating to Built Environment Plan Stage 1;
- plans and documents relating to Built Environment Plan Stage 2;
- Development Applications;
- documents relating to the Redfern Waterloo Plan;
- documents relating to the North Eveleigh Concept Plan;

- documents relating to Redfern-Waterloo Heritage Taskforce and Interpretation Plan;
- Contributions Plan 2006;
- Affordable Housing Contributions Plan 2006;
- Redfern Centre Urban Design Guidelines;
- documents relating to the Granville "Auto Alley" precinct;
- SMDA's inaugural Annual Report for 2010-2011;
- SMDA's current policies;
- SMDA's Agency Information Guide;
- details of events and activities involving the SMDA;
- information relating to the previous Redfern-Waterloo Authority; and
- any reports and publications likely to be of interest to the public.

During the reporting period:

- no GIPA Act access applications for information (including withdrawn applications but not including invalid applications) were received;
- no GIPA Act access applications for information were received and refused (in full or in part) by the SMDA because the application was for the disclosure of information where there is a conclusive presumption of overriding public interest against disclosure; and
- no applications for an internal review of a determined application for information were received.

Statistical information about the access applications received by the SMDA as required by clause 7(d) and Schedule 2 of the *Government Information Public Access Regulation 2009* is set out in the tables on page 89.

**Table A: Number of applications by type of applicant and outcome\***

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	0	0	0	0	0	0	0	0
Members of the public (other)	0	0	0	0	0	0	0	0

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

**Table B: Number of applications by type of application and outcome**

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Personal information applications*	0	0	0	0	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications and partly other	0	0	0	0	0	0	0	0

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

**Table C: Invalid applications**

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	0
Invalid applications that subsequently became valid applications	0

## Appendices

**Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act**

	Number of times consideration used
Overriding secrecy laws	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	0
Excluded information	0
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

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

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

**Table F: Timeliness**

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	0
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
<b>Total</b>	<b>0</b>

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

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

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

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

## Sydney Metropolitan Development Authority

**Phone** 02 9202 9100  
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*(excluding public holidays)*

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Sydney Metropolitan  
Development Authority