



ANNUAL REPORT 2014–2015



Macquarie Point
Development Corporation



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ABOUT THE MACQUARIE POINT DEVELOPMENT CORPORATION

ABOUT OUR ANNUAL REPORT

Dark Park,
photograph
by Peter Mathew

In June 2012, the Tasmanian and the Australian Infrastructure Ministers entered into an agreement to support the remediation and redevelopment of the Macquarie Point site and the redevelopment of the Brooke Street Pier. As part of this agreement, the Australian Government provided a \$50 million grant to the Tasmanian Government.

The establishment of a separate corporate entity – the Macquarie Point Development Corporation (corporation) – was determined to be the most effective vehicle to deliver the objectives of the agreement and to oversee the remediation and redevelopment of the Macquarie Point site and redevelopment of the Brooke Street Pier. Accordingly, the corporation was established via the *Macquarie Point Development Corporation Act 2012*.

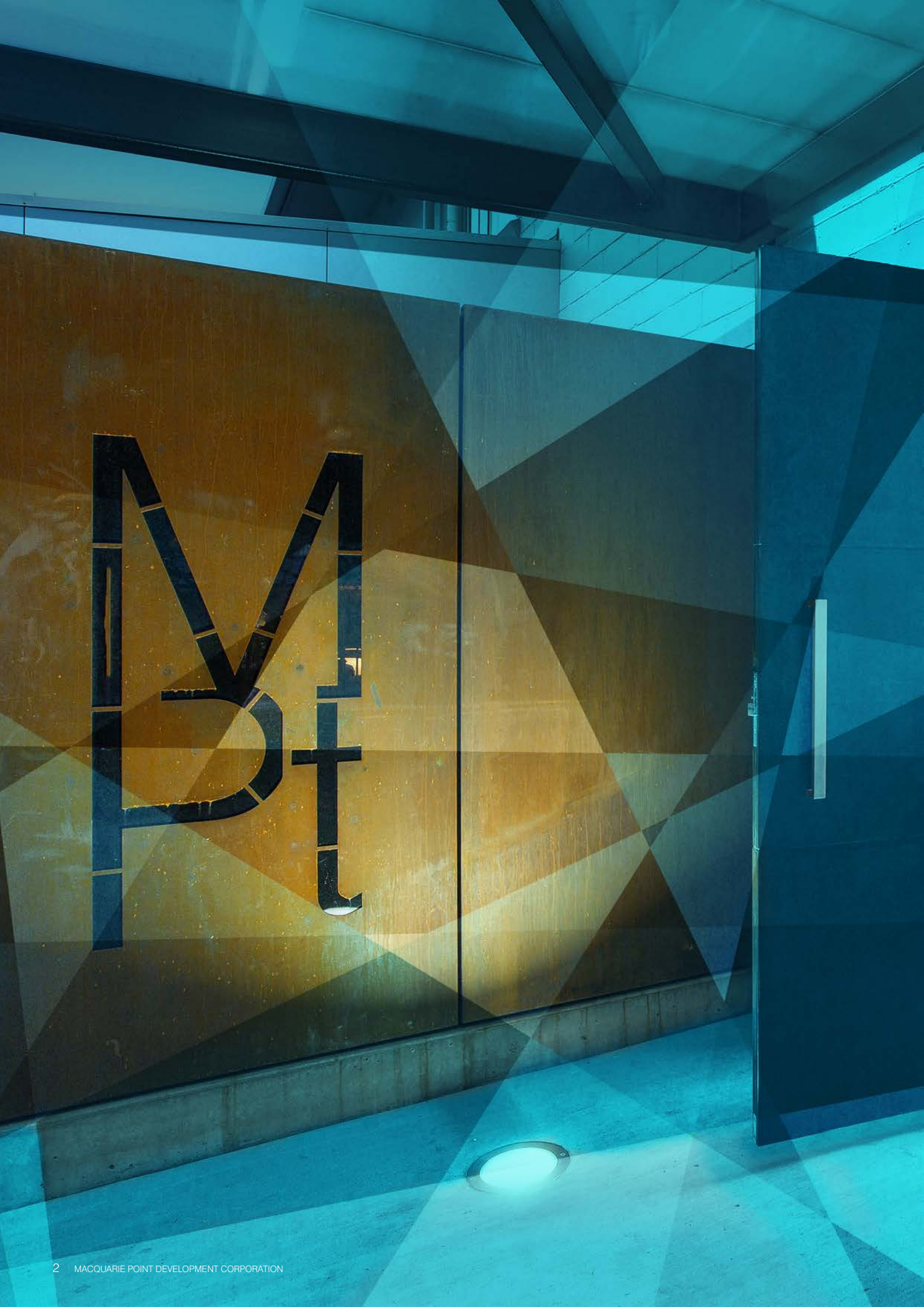
Since its establishment and up until recently, the corporation's focus has been on planning and preparatory works associated with the remediation and future redevelopment of the site. Another important aspect of the corporation's activities has been funding of the public infrastructure component of the Brooke Street Pier, which was officially opened in January 2015.

Having been granted control of the Macquarie Point site in September 2014, the corporation is now well-placed to enter into a new and exciting development phase, commencing with a call for expressions of interest from potential developers at the end of the 2015 calendar year.

The 2014-2015 annual report:

- details the corporation's performance during the year in review
- describes core priorities and strategies that have shaped and contributed to that performance
- explains how the corporation has achieved its stated goals and
- provides a comprehensive financial report.

To enhance the sustainability of this annual report, the corporation has produced an electronic version, which can be downloaded at www.macquariepoint.com



GOVERNANCE AND LEADERSHIP

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LETTER TO THE MINISTER FOR STATE GROWTH

The Hon Matthew Groom MP
Minister for State Growth
15 Murray Street
HOBART TAS 7000

Dear Minister

We have pleasure in submitting the Macquarie Point Development Corporation's Annual Report for the year ended 30 June 2015.

This report has been prepared in accordance with Section 50 of the *Macquarie Point Development Corporation Act 2012*, and is submitted for information and presentation to the Parliament.

Yours sincerely



MARK RYAN
Chair



KERRY ADBY
Director
Chair – Audit, Risk and Compliance Committee

CHAIR'S FOREWORD



TOGETHER WITH MY FELLOW DIRECTORS, I LOOK FORWARD WITH ENTHUSIASM TO THE FUTURE, AND I INVITE OUR STAKEHOLDERS TO JOIN US AS, TOGETHER, WE EMBARK UPON THE NEXT STAGE OF THE MACQUARIE POINT JOURNEY TO REALISE NEW TERRITORY FROM OLD GROUND.

It is with great pleasure I present the Macquarie Point Development Corporation's Annual Report for 2014-2015.

Through its *Shared Vision for the Redevelopment of Macquarie Point* released in August 2014, the corporation set an overarching strategy to position the site as a vibrant, liveable and sustainable place; a place that optimises economic, social and environmental outcomes for Macquarie Point, complements its surrounds, enhances connectivity and offers a range of opportunities to live, work, invest and play.

The public launch in June 2015 of the *Strategic Framework and Masterplan for Macquarie Point 2015-2030* brought us one step closer to that vision and set us up well to enter the next phase of the project – calling for expressions of interest from potential developers and investors at the end of the 2015 calendar year.

The corporation resolved a number of strategic issues during the year. Importantly it gained certainty about the future of the nearby wastewater treatment plant, entering into a memorandum of understanding with TasWater and the Tasmanian Government to ensure the plant is decommissioned by 30 June 2019.

This paves the way for greater investor and developer confidence and will open the site to a range of commercial, retail and residential developments, bringing an estimated \$800 million in capital value over approximately 15 years.

The government accepted the resignation of John Gilbert as a director of the board, effective 30 June 2015. John's decision to resign prior to his term finishing in March 2016 was due to his increasing commitments interstate. I wish to acknowledge John's significant and valuable contribution to the board as its inaugural chair, as a director and as the chair of the investment committee.

On behalf of the board, I wish to also acknowledge and sincerely thank the corporation's management team and staff for their drive, dedication and professionalism. This past year has again been a challenging but very successful and rewarding one. Together with my fellow directors, I now look forward with enthusiasm to the future, and I invite our stakeholders to join us as, together, we embark upon the next stage of the Macquarie Point journey to realise new territory from old ground.

Mark Ryan
Chair

CEO'S REPORT



The launch of the *Macquarie Point Strategic Framework and Masterplan 2015-2030* (masterplan) by the Minister for State Growth, Hon Matthew Groom MP, on 16 June 2015 was undoubtedly the highlight of a very successful year for the corporation.

The masterplan was the culmination of many months' intensive and inspired work by the masterplanning team, headed by John Wardle Architects (JWA). The corporation wishes to acknowledge JWA and the other members of the masterplanning team—1+2 Architecture, Taylor Cullity Lethlean, Inspiring Place and Leigh Woolley Architect—for their collective energy and efforts in bringing together the elements of the shared vision and delivering the masterplan for the community's feedback and endorsement.

The launch of the masterplan coincided with the staging of Dark Mofo, and the corporation was very pleased to play host to a number of exciting and innovative events and venues at *Dark Park* on the Macquarie Point site. We were thrilled to see so many people engaging with the site and taking ownership of the space.

The corporation has identified a number of future interim uses that will ensure the community continues to be engaged with the site, and these will begin to be rolled out later in the calendar year.

An important milestone was reached in September 2014 when the corporation gained responsibility for the Macquarie Point site, enabling us to progress with site investigations to finalise the remediation strategy. This overarching strategy was completed and received board endorsement in March 2015.

The new Brooke Street Pier was opened by the Premier, Hon Will Hodgman MP and Federal Minister for the Environment, Hon Greg Hunt MP on 21 January 2015. The pier's construction delivered a new and innovative ferry terminal on Franklin Wharf, not only creating jobs through the construction and operational phases, but also providing much-needed public infrastructure and amenity. The corporation has been a proud contributor to this project, facilitating the provision of government funding and facilitating the required legal, engineering design and development works on behalf of the Tasmanian Government.

The corporation continued to work closely during the year with our key stakeholders and our strategic partner, the Hobart City Council. We are fortunate to have strong working relationships with these important groups, which makes our job of delivering the project easier and reaching each milestone very rewarding.

The corporation recorded a loss of \$570 000 in 2014-2015 (2013-2014: \$4.6 million loss), and reduced its cash holdings by \$4.8 million (2013-2014: \$4.0 million reduction). These results reflect the nature of the objectives and operations of the corporation. Losses will continue to be recorded and cash reserves will be drawn down over the life of the project to meet agreed remediation and redevelopment outcomes.

I would like to acknowledge my fellow directors—Kerry Adby, John Gilbert (who resigned in June 2015), Heather Rose, Hadley Sides and the corporation's chair Mark Ryan—for their ongoing support of me and their commitment to the corporation and its objectives. Likewise, to the senior management team—Scott Parnham and Peter Sheldon-Collins—and all other staff, Teresa Derrick, Kate Harris, Anna Hawkes, Kim Perkins, Christoph Speer and Bernice Thompson, my thanks for your loyalty, dedication and hard work over the past 12 months, without which we could not have achieved what we did.

Elizabeth Jack
Chief Executive Officer

OUR BOARD

THE CORPORATION IS OVERSEEN BY A BOARD OF DIRECTORS, ONE OF WHOM IS THE CHIEF EXECUTIVE OFFICER. THE NUMBER OF DIRECTORS IN 2014-2015 WAS SIX. THE BOARD HELD 11 MEETINGS DURING THE YEAR, FOUR OF WHICH WERE OUT-OF-SESSION.

Chair – Mark Ryan

B Com, ACA, MAICD, FAIM

Mark was appointed the new chair of the corporation on 1 August 2014. He is the Managing Director and Chief Executive Officer of Tassal Group Ltd, having held the position since November 2003. He is the current chair of Juicy Isle Pty Ltd, a director of Salmon Enterprises of Tasmania Pty Ltd and a non-executive director of the Tasmanian Development Board. He has contributed to a wide range of successful projects in some highly profitable and significant organisations in Tasmania, interstate and overseas, not only as a Managing Director and CEO, but also as a turnaround manager and from a consultancy perspective.

CEO – Elizabeth Jack

BA ModLang (Hons)

Liz was appointed CEO of the corporation in March 2013 after taking on responsibility for the Macquarie Point Development Project as General Manager in July 2012. She was previously a Deputy Secretary within the Department of Economic Development, Tourism and the Arts, during which time she was the senior government official responsible for the strategic planning and development of Hobart's waterfront property and infrastructure. During this time Liz was also the lead government negotiator for a range of Crown property transactions between the Tasmanian Government and the University of Tasmania.



THE AUDIT, RISK AND COMPLIANCE COMMITTEE ASSISTS THE BOARD TO EXERCISE DUE CARE, DILIGENCE AND SKILL IN PERFORMING ITS FUNCTIONS AND RESPONSIBILITIES AND TO PROVIDE GUIDANCE AND MAKE RECOMMENDATIONS TO THE BOARD ON THE CORPORATION'S REPORTING, RISK, CONTROL AND COMPLIANCE FRAMEWORK, AND ITS EXTERNAL ACCOUNTABILITIES. MEMBERSHIP COMPRISED KERRY ADBY (COMMITTEE CHAIR), MARK RYAN, HEATHER ROSE AND HADLEY SIDES. THE COMMITTEE HELD FOUR MEETINGS DURING THE YEAR.

THE INVESTMENT COMMITTEE HOLDS SPECIFIC RESPONSIBILITY FOR RECEIVING, REVIEWING AND MONITORING REPORTS FROM MANAGEMENT ON THE PERFORMANCE OF THE CORPORATION'S INVESTMENTS. MEMBERSHIP COMPRISED JOHN GILBERT (COMMITTEE CHAIR), MARK RYAN, KERRY ADBY AND HEATHER ROSE. IN 2014-2015, FIVE INVESTMENT COMMITTEE MEETING WERE HELD, TWO OF WHICH WERE OUT-OF-SESSION.

THE CHIEF EXECUTIVE OFFICER IS RESPONSIBLE FOR THE DAY-TO-DAY MANAGEMENT OF THE CORPORATION IN ACCORDANCE WITH THE POLICIES, PROCEDURES AND DECISIONS OF THE BOARD.

Chair – Audit, Risk and Compliance committee – Kerry Adby

LLM, FAICD, TFASFA

Kerry has over 25 years' experience with large development and infrastructure projects in a range of sectors inside Australia and overseas. A senior investment banker and commercial lawyer, Kerry is currently the Managing Director of Copernican Securities Pty Ltd, a specialist consultancy providing corporate and strategic advisory services across Australia and Asia. Her breadth of experience and skill set covers strategy, governance, audit and risk management, major project financing, capital markets and infrastructure.

Chair – Investment committee – John Gilbert

B Com, FAICD, FAMI

John was appointed as the corporation's inaugural chair in March 2013 and stepped down from the role in July 2014. He was appointed chair of the investment committee in September 2014. John has extensive experience in the financial services sector and is a Director of the QBE Australian and Asia subsidiaries. He is the former Managing Director of MyState Limited and is a former Chief Executive Officer of Cuscal Limited.

John resigned as a director effective 30 June 2015.



OUR BOARD CONTINUED

Heather Rose

GAICD

Heather has extensive experience in advertising, communications and the arts. She has founded two multi-million dollar advertising businesses specialising in community, education and human health and has been pivotal in the growth of the international arts festival, Festival of Voices. She is also an award-winning author. Heather is a graduate of the AICD, a Telstra Tasmanian Business Woman of the Year and the recipient of two national Creative Partnerships Awards (formerly ABAF). She is a passionate supporter of creativity and innovation as fundamental to social, economic and individual wellbeing.

Hadley Sides

B Econ (Hons), GAICD

A former local government CEO for 12 years, Hadley also has significant experience as a senior planner and economist in the private and public sectors. He has been involved in statutory and strategic planning, options assessments and feasibility studies and, as a principal in a private consultancy, has provided advice to developers, public sector asset owners and financiers. Projects in which he has been involved include the development of large contaminated urban sites such as the Williamstown Rifle Range in Melbourne and the East Perth Redevelopment Area.



BOARD / COMMITTEE MEETINGS AND ATTENDANCE

	Board of Directors meetings		Audit, Risk and Compliance committee meetings		Investment committee meetings	
	Number held	Number attended	Number held	Number attended	Number held	Number attended
M Ryan * #	11	10	4	4	5	5
J Gilbert + #	11	10	4	4	5	3
E Jack	11	11	–	–	–	–
K Adby + #	11	11	4	4	5	5
H Rose + #	11	11	4	4	5	5
H Sides +	11	11	4	4	–	–

* Mark Ryan was appointed chair on 11 August 2014

+ Audit committee member

Investment committee member

CODE OF CONDUCT

The Macquarie Point Development Corporation directors' code of conduct embodies the values of honesty and integrity; acting in good faith in the best interests of the corporation; acting fairly and impartially; using information appropriately; using their position appropriately; acting in a financially responsible manner; exercising due care, diligence and skill; complying with the *Macquarie Point Development Corporation Act 2012* and the *State Service Act 2000*, and demonstrating leadership and stewardship.

STATEMENT OF INTENT

The role of the corporation is to facilitate the overall development of the Macquarie Point site. Part of this role will involve the assessment of all future development proposals on their capacity to:

- Deliver quantifiable economic, social and environmental benefits to the City of Hobart and the people of Tasmania
- Embody and demonstrate a level of design excellence that will enhance Hobart's existing architectural landscape and will complement and connect with the broader environment in which it is located
- Create a compatible extension to both the commercial and community amenity of Hobart's historic waterfront precinct and

- Transform a degraded industrial site into an appealing, inner city precinct to be enjoyed and valued by future generations.

In making these assessments, the board is adamant the quality and standard of development proposals will not be subjugated by the need to deliver either quick or pre-emptive outcomes.

VALUES

VISION: MACQUARIE POINT WILL BE A VIBRANT, LIVEABLE AND SUSTAINABLE PLACE THAT OPTIMISES ECONOMIC, SOCIAL, ENVIRONMENTAL AND AESTHETIC OUTCOMES, COMPLEMENTS ITS SURROUNDS, ENHANCES CONNECTIVITY AND OFFERS A RANGE OF OPPORTUNITIES TO LIVE, WORK, INVEST AND PLAY.

Community

We work with a strong sense of community, both within the organisation and with our stakeholders.

The community's views and engagement are important to the future of the Macquarie Point site.

Sustainability

We seek to deliver sustainable outcomes at an operational level and for developments on the Macquarie Point site.

This includes a focus on achieving the best long-term results from an economic, social and environmental perspective.

Connectivity

We will always endeavour to build and maintain strong links and connections across the organisation and with our many stakeholders.

The connectivity of the Macquarie Point site with our neighbours and their land is important to us. This includes the working port, the Queens Domain, Sullivans Cove and the Central Business District.





DELIVERY

MEETING OUR STRATEGIC OBJECTIVES 2014-2015

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MACQUARIE POINT SITE INVESTIGATIONS AND REMEDIATION



Top left:
Aerial view,
Aerial Inspections

Top right:
Goods Shed,
photograph
by John Wardle
Architects

Right:
1948 map (cropped),
supplied by Central
Plans Office, DPIPWE

The corporation took over responsibility for the Macquarie Point site from TasRail in September 2014. This enabled us to commence a number of important tasks that had been pending, ranging from the drilling works conducted as part of the early site investigations needed to develop the overarching remediation strategy, to the more practical aspects of site ownership, such as installing permanent security fencing and demolition of the fire-damaged skillion shed.

The corporation's site management plan (SMP) was completed in March 2015. The SMP—including relevant procedures to identify and manage risks—continues to guide the corporation in meeting its set goals and legislative obligations in planning for Environmental, Work Health and Safety and Asset Management Plans.

The corporation engaged the services of Pitt & Sherry to assist in the development of a strategic asset management plan (SAMP). The SAMP covers all the buildings and services on the Macquarie Point site (including the Royal Engineers Building), which have been thoroughly inspected and had critical maintenance and upgrading works undertaken as required.



The SAMP will provide a five-year projected capital works plan for those buildings to be retained, routine maintenance forecast for each of the buildings, and demolition plans and budgets for those buildings identified as being likely to be removed within the five-year projected cycle.

An important part of the corporation's role is to provide developers with as much certainty as possible in relation to potential future development on the site. Part of this has involved the conduct of extensive site investigations, thereby providing the corporation and developers with the required level of information needed to realistically assess future development opportunities while understanding the related risks.

ARCHAEOLOGICAL INVESTIGATIONS HAVE BEEN COMPLETED FOR BOTH CULTURAL AND HISTORIC HERITAGE PURPOSES. THESE INVESTIGATIONS HAVE PROVIDED THE BASIS FOR THE HERITAGE MANAGEMENT PLAN CURRENTLY BEING PREPARED.

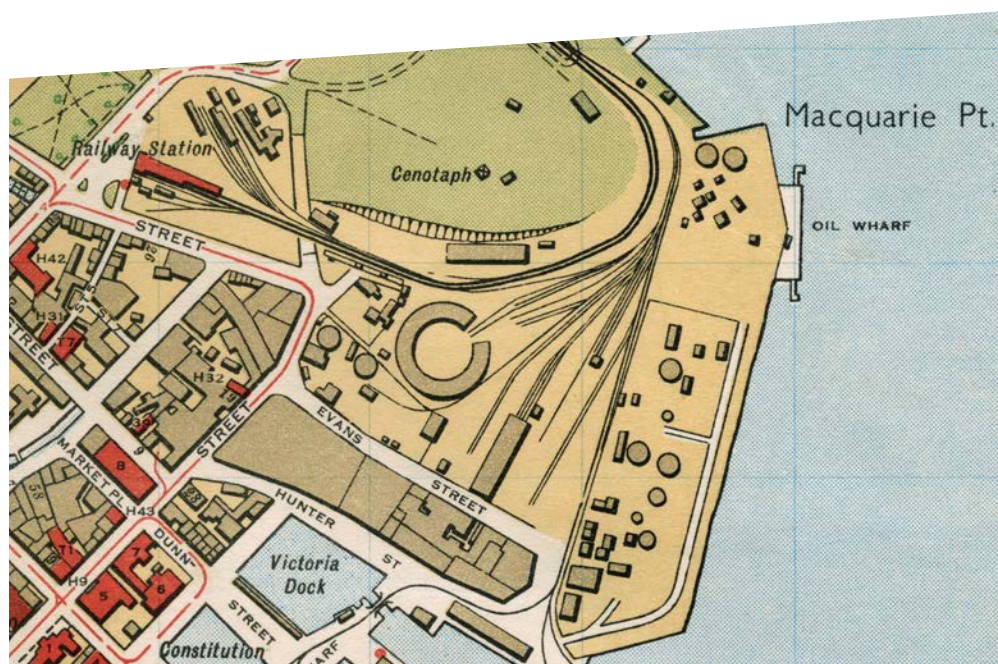
In light of that, detailed investigations to understand the extent of soil contamination were carried out, supporting the development of the overarching remediation strategy that was endorsed by the board in March 2015. The strategy recommends the preferred remediation methodologies, timetable, and allocation of works between the corporation and developers, based on the intended land uses outlined in the masterplan.

These site investigations highlighted a number of physical limitations and constraints that will have a direct impact on the remediation methodologies, particularly in relation to the decommissioned cold store site, which will use *in situ* solidification technology. This means the contamination will be physically blended and bound in a low-permeability material below the surface.

In 2015-2016 further site investigations—including soil and groundwater studies, and pilot trials of remediation techniques—are scheduled to provide greater detail on the contamination and remediation requirements for the individual precincts identified in the masterplan.

The development of Macquarie Point is expected to be delivered in stages over approximately 15 years. The precise period of time will be determined by the prevailing economic conditions and market demand for the various land uses, as articulated in the masterplan. Therefore, area-specific remediation action plans will be developed as part of the overall process and as areas around the site are progressively redeveloped.

The site database, initially developed in 2013-2014, remains a valuable tool and continues to be updated as new information is obtained during the soil and geotechnical sampling and analysis programs.



MACQUARIE POINT REDEVELOPMENT

A KEY DELIVERABLE IN OUR 2014-2015 CORPORATE PLAN WAS “THE FORMULATION OF A SITE REDEVELOPMENT PLAN THAT ARTICULATES THE SCALE, NATURE AND SCOPE OF FUTURE DEVELOPMENTS ON THE SITE”.

This was achieved with the successful launch of the *Macquarie Point Strategic Framework and Masterplan 2015-2030* (masterplan) in June 2015. The masterplan represents the first pass at translating the eight key drivers into a built form proposal. It has been illustrated with a series of views that demonstrate the main arrival points and public open spaces on the site. While these views capture the look and feel of the public realm and the scale, shape and form of possible future development, they are intended to be indicative only and do not depict actual built outcomes.

An important issue that required resolution during the year was the need to establish a suitable environmental auditing framework for the Macquarie Point project. Having all remediation works signed off by an environmental auditor before development commences will provide financiers with greater confidence in any development proposals they may be asked to finance. Negotiations with the Environment Protection Authority continued during the year and an approach was agreed that will see an amendment being made to the *Macquarie Point Development Corporation Act 2012* to ensure financiers can be provided with this required level of certainty, adding value to the site at no additional cost to the corporation or the government.



The heritage management plan for the Macquarie Point site, which is currently being prepared, will provide the overarching principles and policies for the management of heritage values within the context of future redevelopment, giving the corporation and future developers a clear understanding of what is of significance and how it will be managed. It will also form the key background document in support of the Heritage Agreement being prepared under the provisions of the *Historic Cultural Heritage Act 1995*.

An important consideration in the redevelopment of the Macquarie Point site relates to the management of traffic in and around the site. The consulting firm UrbanTrans was appointed to complete a traffic impact assessment and mobility study for the project.



Right:
Macquarie Point team,
photograph by
Peter Mathew



NEW TERRITORY
FROM OLD GROUND
MACQUARIE POINT
STRATEGIC FRAMEWORK AND
MASTERPLAN
2015-2030



COMMUNITY ENGAGEMENT AND COMMUNICATION



Left:
Dark Park,
photograph
by Peter Mathew

Right:
Masterplan on
display, photograph
by Peter Mathew



One of the corporation's most important publications—*A Shared Vision for the Redevelopment of Macquarie Point* (shared vision)—was released in August 2014. This publication—which was created to provide a solid base for future development on the site—was preceded by extensive consultation with stakeholders and the broader community.

It is important to note that the nine underpinning principles of the shared vision were carried through into the corporation's masterplan and were used to create the eight key drivers that have been embedded in and firmly support the masterplan.

The shared vision also allowed for early promotion of the site and provided the opportunity for a more meaningful dialogue about the possibilities offered by Macquarie Point.

For example, the corporation's participation in the Tasmanian Government's *TasInvest* forum a few months after the shared vision's release—which coincided with the visit to the state by Chinese President Xi Jinping—led to a number of briefings with interested parties who were keen to visit the Macquarie Point site and learn more about investment and development opportunities.

Interest in Macquarie Point has continued since that time, and a number of briefings were provided to interstate and international investors and developers throughout the remainder of the year.

As part of our community engagement program, we provided our adjacent neighbours with written advice on early works before they commenced and held an information session to provide additional details and answer questions or address potential concerns. While we did not anticipate the early works impacting upon local amenity, we wanted to assure our stakeholders that all activities were taking place according to relevant safety and environmental standards.

This approach was positively received, especially by those people who attended the face-to-face briefing session, which will be replicated at other times over the life of the Macquarie Point project.

During the year the corporation sought feedback from a number of its key business stakeholders, using an independent consultant, to evaluate how we were operating and to identify

ways we might do better in the future. The main feedback provided through this process was that the corporation's consultative process had been extensive and that stakeholders had a strong desire for the corporation to produce a masterplan to provide a practical vision of what the precinct might eventually look like.

When the masterplan was launched in June 2015, an estimated 4 500 people visited the display in the Goods Shed on the Macquarie Point site, which was open for one month from 16 June to 17 July 2015. The timing of the launch coincided with the staging of *Dark Park* on the site from 12 to 21 June 2015. During the same period, 3 289 people interacted with the masterplan on the corporation's website. A further 4 156 people viewed the masterplan on the website without interacting.

Of the 250 people who responded to a brief questionnaire on the masterplan, 72 per cent, or 179 respondents, recorded a positive impression. Only 19 per cent or 47 respondents recorded a negative impression. Ten per cent were undecided.

The things that impressed people the most were the open and green spaces; the connectivity between old and new and to the neighbouring Cenotaph, waterfront and city; the prospect of hotel and convention centre development; the provision of bike paths; and the retention of the rail corridor.

Negative impressions included the density of buildings; the paucity of green space; a lack of connectivity; concern over the relocation of the wastewater treatment plant, and the potential for the site to become an elitist precinct.

Concerns expressed in writing related to the impact on the working port, now and in the future; the scale and intensity of the development; the need for a convention centre on the site; and protection of the rail corridor.

A very detailed submission from the Hobart City Council was again complimentary in its overview of the masterplan, albeit tempered by issues now being resolved relating to matters ranging from height restrictions to vehicle access.

In summary, the results of the public consultation process demonstrated an overwhelmingly positive response to the masterplan. This put us in an excellent position to commence the required engagement with potential developers and investors.

In November 2014, we were fortunate to have a visit from Charles Landry, author and international authority on maximising the potential of cities, who was in Hobart to present on the use of imagination and creativity in urban change. Charles helps cities identify and make the most of their resources and to reach their potential by triggering their inventiveness and thinking. His overall aim is to help cities become more prosperous, culturally confident, resilient and self-sustaining.

This philosophy is shared by the corporation, and was further explored in a series of workshops facilitated by our placemaking advisors, Village Well. The 'place lab' workshop, in particular, considered future place experiences and ideas for interim uses to activate the site.

As part of our commitment to reactivate the site through interim uses, we were pleased to offer support through lease arrangements to a number of events during the year, including the Wooden Boat Festival, the Cricket World Cup and production teams filming *The Kettering Incident* and the movie *Lion*.

The corporation's charity of choice in 2014-2015 was again the ABC Giving Tree. Staff volunteered to help the ABC team with collecting donations on Hobart's streets during December and lent a hand with the sorting and packing of gifts alongside other volunteers. We also decided to roll up our sleeves and made the first of our ongoing Blood Bank group donations in March.

WORKING WITH OUR KEY STAKEHOLDERS AND STRATEGIC PARTNER



Aerial view of city of Hobart, supplied by Tasmanian Ports Corporation Pty Ltd

The corporation held a number of workshops during the year with its remediation consultants AECOM, principal property advisors NAVIRE and members of the masterplanning/placemaking team to ensure a coordinated approach was taken to the development of both the remediation strategy and the masterplan. In the case of the masterplan, it was also important to ensure the underpinning principles of the shared vision were effectively translated into the masterplan's eight key drivers.

A major challenge to the successful delivery of the Macquarie Point project is the impact of the nearby wastewater treatment plant. The scale and nature of this facility and its current mode of operation require a 400-metre attenuation distance for sensitive land uses. This has the potential to severely limit development opportunities on the site.

A feasibility study was jointly undertaken by the corporation and TasWater into options to improve odour control and visual impacts, as well as energy options associated with the treatment plant. The study was completed in November 2014 and demonstrated that, from an engineering perspective, it is possible to manage odour emissions to allow for sensitive land uses at Macquarie Point. However, as the associated costs are comparable to those for development of a new plant at another location, the corporation and TasWater did not consider maintaining the existing plant at its current location as a suitable approach. In June 2015, the corporation entered into a memorandum of understanding with TasWater and the Tasmanian Government to work cooperatively to develop an action plan to have the plant decommissioned by 30 June 2019.

As identified in the masterplan, the location of the former cold store on the corner of Evans Street provides the natural entrance to Macquarie Point. As agreed with Tasports, the cold store site has always been considered to be an important component of the development and remediation objectives of the corporation. The building was

decommissioned as a cold storage facility in late 2014, at which time the corporation entered into negotiations with Tasports for acquisition of the site. Transfer of ownership was completed on 30 September 2015.

The options for the corporation gaining waterfront land were assessed and evaluated during the year. After gathering more information and holding further discussions with our strategic partners, we now have a better understanding of Tasports' future plans in relation to the port. While the corporation's preference would have been ownership of waterfront land, we have taken into consideration Tasports' needs and have determined that the provision of water **access** will achieve the objectives we need. As outlined in the masterplan, the corporation believes this is achievable by creating a 'Water to Water Promenade', which will connect Sullivans Cove to the Regatta Grounds and beyond.

The corporation worked closely with its strategic partner, the Hobart City Council, on a number of important initiatives (including water access), sharing a desire to reactivate the Macquarie Point site as early as possible and create a seamless connection between the Queens Domain, Regatta Grounds and Macquarie Point. The plans to extend the intercity cycleway through the site and the development of the escarpment park adjacent to the Cenotaph both received public support.

BROOKE STREET PIER REDEVELOPMENT

FUNDING OF THE BROOKE STREET PIER REDEVELOPMENT WAS COMPLETED IN AUGUST 2014, WITH THE PIER BEING OPENED TO THE PUBLIC IN JANUARY 2015.



The four-storey floating superstructure was built by Tasmanian firm Fairbrother and is now home to a number of local traders.

The development was supported with \$5 million of Australian Government funding, provided as part of a \$50 million allocation for the Macquarie Point Railyards Precinct Remediation Project, with the remaining capital being provided by the project proponents, Brooke Street Development Corporation (a consortium including Navigators and Peppermint Bay Cruises).

The corporation fulfilled the role of facilitating the provision of government funding and the required legal, engineering design and development works on behalf of the Tasmanian Government.

Originally announced in June 2012, the funding commitment was formalised between the corporation and the Brooke Street Development Corporation in 2013, following the corporation's due diligence and project risk analysis.

Brooke Street Pier,
photograph by
Roger Wong



OPERATIONS AND STATUTORY REPORTING

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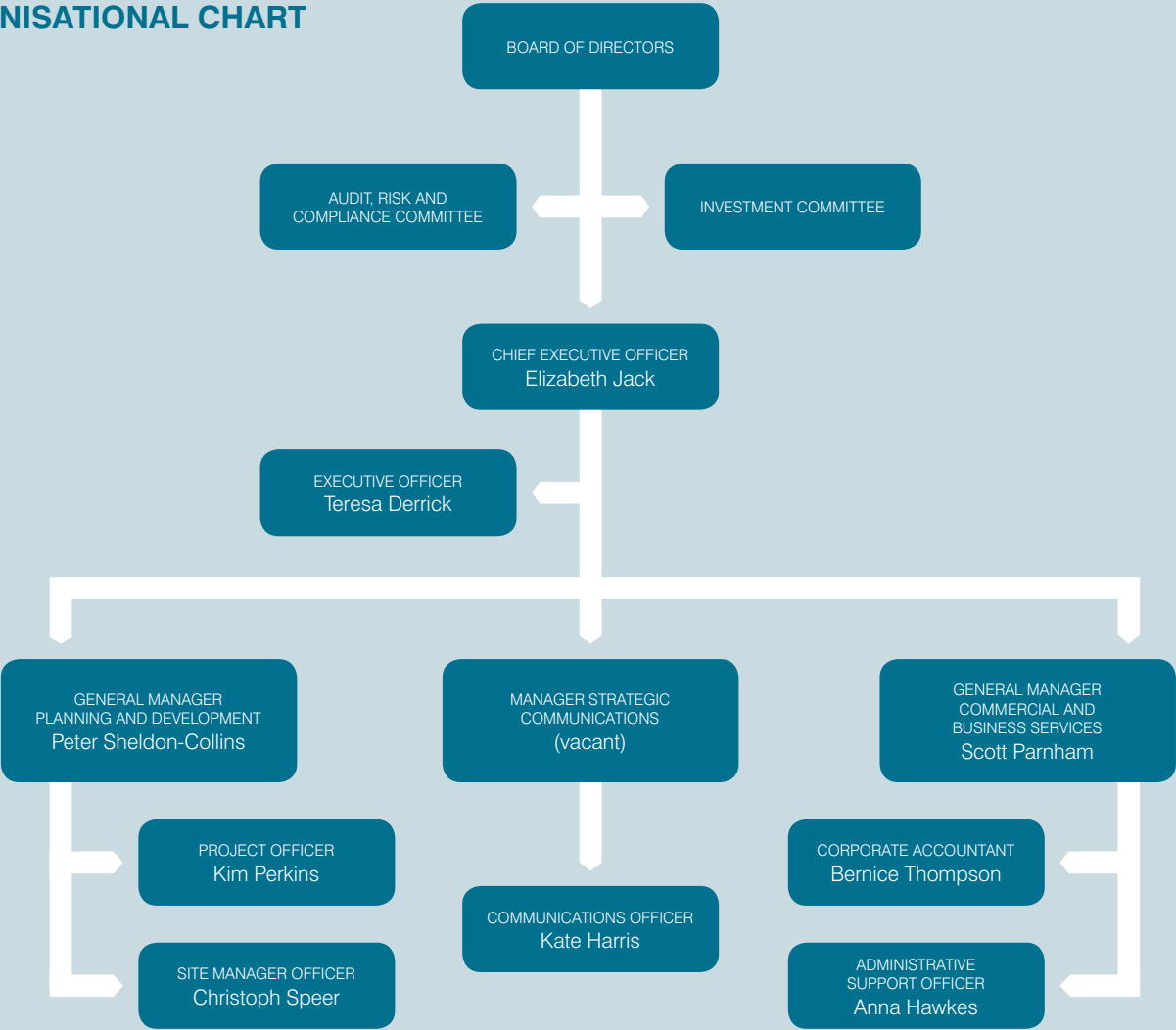
MANAGEMENT

THE CORPORATION HAS A WELL-DEFINED SET OF OBJECTIVES, STRONG ETHICAL VALUES AND AN EXPERIENCED, DEDICATED TEAM TO MANAGE AND DELIVER THE MACQUARIE POINT PROJECT WITH SUPPORT FROM A SELECT GROUP OF TECHNICAL EXPERTS, AND GUIDANCE FROM THE CORPORATION'S BOARD.

The current management team comprises:

- Elizabeth Jack**, BA ModLang (Hons)
Chief Executive Officer
- Scott Parnham**, B Com, FCPA
General Manager
Commercial and Business Services
- Peter Sheldon-Collins**, BAppSc
General Manager
Planning and Development

ORGANISATIONAL CHART



INTERNAL AUDIT AND RISK MANAGEMENT

A comprehensive review of the corporation's risks was undertaken by directors, management and relevant contractors, facilitated by our internal auditors, KPMG Australia. The review provided the framework for the *Strategic Internal Audit Plan for 2015-16 to 2017-18*, endorsed by the corporation's audit committee in June 2015. The plan will continue to be reviewed and updated in the context of a changing risk environment.

The corporation's program of risk management is overseen by the audit, risk and compliance committee (see next section).

AUDIT, RISK AND COMPLIANCE COMMITTEE

The audit, risk and compliance committee was established in April 2013 to assist the board in exercising due care, diligence and skill in performing its functions and responsibilities and to provide guidance and make recommendations to the board on the corporation's reporting, risk, control and compliance framework, and its external accountabilities.

The committee comprised directors Kerry Adby (chair), Mark Ryan, John Gilbert (who resigned from the board in June 2015), Heather Rose and Hadley Sides.

Minutes of the committee meetings are presented to the ensuing meeting of the full board for consideration and adoption. The CEO, General Manager, Commercial and Business Services, and the corporation's internal auditors are invited to attend each meeting to assist the committee, but they do not have any voting rights. The Auditor-General (or his nominee) attends specific committee meetings to present the external audit plan and the presentation of the audited financial statements. An opportunity is provided for the committee to meet with the auditors without management at each meeting.

During the 2014-2015 financial year, the committee met on four occasions to consider business on the agenda.

The key activities of the committee during the reporting period were:

- review and approval of the strategic risk profile
- review and approval of the strategic internal audit plan
- consideration of the final internal audit reports relating to the Brooke Street Pier drawdown process and investment policy
- consideration of the 2013-2014 annual financial statements
- consideration of the 2014-2015 annual external audit timetable.

The internal audit function undertaken by KPMG provides an independent appraisal service to management, the audit, risk and compliance committee and the board, and is bound by the corporation's internal audit charter adopted in 2013. The internal audit functions may include assisting with the identification of significant risk exposures; reviewing mitigation practices in respect of significant risk exposures and assessing the adequacy of these; assessing the adequacy, reliability and effectiveness of systems of internal controls operating within the key operating activities and financial and administrative systems; assessing the extent of compliance with statutory requirements and instructions; reporting on whether the corporation's resources are being effectively and efficiently managed to achieve its objectives; and monitoring fraud control and prevention mechanisms.

A link to the audit committee charter is available [here](#).



INVESTMENT COMMITTEE

The investment committee was established in October 2013 and holds specific responsibility for receiving, reviewing and monitoring reports from management on the performance of the corporation's investments, developing and regularly reviewing the corporation's investment policy and developing and regularly reviewing the corporation's investment risk management strategy.

The committee comprised directors John Gilbert (chair—who resigned in June 2015), Mark Ryan, Kerry Adby and Heather Rose.

Minutes of the committee meetings are presented to the ensuing meeting of the full board for consideration and adoption. The CEO and General Manager, Commercial and Business Services are invited to attend each meeting to assist the committee, but do not have any voting rights.

During the 2014-2015 financial year, the committee met on five occasions (two of which were out-of-session) to consider business on the agenda.

The key activities of the committee during the reporting period were:

- consideration of the investment policy
- endorsement of the initial investment of funds in accordance with the investment policy
- review of reports on the performance of corporation investments.

A link to the investment committee charter is available [here](#).

WORK HEALTH AND SAFETY (WHS)

In accordance with the corporation's requirement to achieve compliance with the *Work Health and Safety Act 2012* and *AS/NZS 4081:2001 Occupational health and safety management systems—Specifications with guidance for use* by 31 December 2016, a site work health and safety management system (WHSMS) was implemented in September 2014. The WHSMS sets the minimum requirements for health and safety for works conducted under the control of the corporation.

During the year the corporation completed an enormous body of work in preparing policies and procedures around site

inductions, visitor safety, risk management procedures, manual handling, safe work methods, hazardous chemicals, emergency management and incident reporting.

We are committed to enabling all work activities to be carried out safely, and with all possible measures taken to effectively manage the risks to the health, safety and welfare of employees, contractors, authorised visitors and volunteers. Our WHSMS requires all contractors to be inducted prior to the commencement of works and to determine the adequacy of their management systems and work methodology, ensuring they meet the corporation's WHSMS legal requirements.

We are committed to ensuring a safe working environment, including safe work practices, provision of safe plant and equipment, supervision and training, and will seek to continuously improve injury prevention and management practices.

The corporation's WHS reporting system includes mandatory work health and safety performance objectives, measures and targets. In 2014-2015, no lost time claims or injuries were recorded.

PROCUREMENT AND CONTRACTING OF TECHNICAL EXPERTISE

The corporation procures goods, services and building and construction in accordance with Tasmanian Government policy and guidelines, including the Treasurer's Instructions.

To deliver on the corporation's objectives, highly specialised technical advice and services are required. However, the corporation aims to maximise the opportunity for local business participation in all its procurement processes and

encourages all non-Tasmanian businesses to partner and/or collaborate with a Tasmanian supplier.

Table 1 provides a summary of the level of participation by local business for contracts, tenders and/or quotations with a value of \$50 000 or over (excluding GST).

Tables 2 and 3 provide detailed information on contracts and consultancies with a value of \$50 000 or over (excluding GST).

Table 4 lists contract extensions approved in accordance with Treasurer's Instruction 1115, and Table 5 provides a summary of the contract awarded as a result of a direct/limited submission sourcing process approved in accordance with Treasurer's Instruction 1271.

TABLE 1: SUMMARY OF PARTICIPATION BY LOCAL BUSINESS FOR CONTRACTS, TENDERS AND/OR QUOTATION PROCESSES OF \$50 000 OR OVER (EXCLUDING GST)

Procurement process 2014-2015	
Number of contracts awarded	5
Total number of contracts awarded to Tasmanian businesses	2
Total value of contracts awarded	\$933 314
Total value of contracts awarded to Tasmanian businesses	\$298 061
Total number of tenders called and/or quotation processes run	5
Total number of bids and/or written quotations received	23
Total number of bids and/or written quotations received from Tasmanian businesses	9

Source: Macquarie Point Development Corporation procurement records

TABLE 2: MAJOR CONTRACTS ISSUED 2014-2015 FOR \$50 000 AND OVER (EXCLUDING GST) AND EXCLUDING CONSULTANCIES

Contractor	Location of contractor	Description of contract	Period of contract	Total value of contract
Austral Tasmania	Tasmania	Archaeological studies and field investigations	7/7/2014 to 31/12/2015	\$102 035
John Wardle Architects [with 1+2 Architecture (Tas)]	Victoria	Urban design and masterplanning services	16/9/2014 to 19/3/2015	\$227 777
Taylor Cullity Lethlean [with Inspiring Place (Tas)]	Victoria	Landscape architecture services	8/12/2014 to 19/3/2015	\$67 246

Source: Macquarie Point Development Corporation procurement records and Department of Treasury and Finance tenders website

PROCUREMENT AND CONTRACTING OF TECHNICAL EXPERTISE CONTINUED

TABLE 3: CONSULTANTS ENGAGED 2014-2015 FOR \$50 000 AND OVER (EXCLUDING GST)

Consultant	Location of consultant	Description of consultancy	Period of contract	Total value of contract
Navire Advisory Pty Ltd	Victoria	Specialist land release and development advice	6/8/2014 to 5/8/2017	\$500 000 ¹
			Plus optional extensions:	\$200 000 ²
			6/8/2017 to 5/8/2020; 6/8/2020 to 5/8/2023	\$200 000
CH2MHill	Victoria	Odour, visual impact and energy production feasibility study	7/7/2014 to 13/11/2014	\$99 206 ³

Source: Macquarie Point Development Corporation procurement records and Department of Treasury and Finance tenders website

1. The consultant is engaged under a standing offer contract. This figure is an estimate of the overall value of the contracted services over the three-year term of the contract and the actual value expended under the contract will be dependent upon the hours agreed by the corporation.
2. This figure is an estimate of the overall value of the contracted services over the three-year option term and will only be incurred upon the corporation exercising its option. The actual values expended under the option term will be dependent upon the hours agreed by the corporation.
3. The contract was jointly funded by the corporation and Taswater. The actual cost incurred by the corporation was \$49 603.

PROCUREMENT AND CONTRACTING OF TECHNICAL EXPERTISE CONTINUED

TABLE 4: CONTRACT EXTENSIONS APPROVED IN ACCORDANCE WITH TREASURER'S INSTRUCTION 1115

Contractor	Description of contract	Period of extension	Total value of contract extension
John Wardle Architects	Provision of masterplanning and urban design services	20/4/2015 to 31/12/2015	\$80 000 ⁴
Taylor Cullity Lethlean [with Inspiring Place (Tas)]	Provision of landscape architecture services	14/4/2015 to 30/6/2016	\$84 710
Collings Property Services	Provision of cleaning services	30/10/2014 to 19/2/2016	\$13 830

Source: Macquarie Point Development Corporation procurement records

4. The contract extension was on an 'as-needed' and hourly rates basis to allow for additional work following the launch of the masterplan. This figure is an estimate based on an average number of hours per month and the agreed hourly rates of the contractor for the period of the extension.

TABLE 5: CONTRACTS AWARDED AS A RESULT OF A DIRECT/LIMITED SUBMISSION SOURCING PROCESS APPROVED IN ACCORDANCE WITH TREASURER'S INSTRUCTION 1271

Supplier	Description of contract	Reason for approval	Total value of contract
Vos Construction and Joinery Pty Ltd	Construction of permanent fencing	The corporation held a request for quotation process and no quotations were submitted that conformed to the essential requirements in the tender documentation.	\$196 026

Source: Macquarie Point Development Corporation procurement records and Department of Treasury and Finance tenders website



FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2015

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2015

<i>Continuing operations</i>		2015	2014
Revenue and other income from transactions	Notes	\$'000	\$'000
Sales of goods and services	1.6(a), 4.1	9	-
Interest	1.6(b), 4.2	1 422	1 600
Total revenue and other income from transactions		1 431	1 600
Expenses from transactions			
Employee benefits	1.7(a), 5.1	814	913
Depreciation	1.7(b), 5.2	182	19
Supplies and consumables	1.7(c), 5.3	680	329
Grants and subsidies	1.7(d), 5.4	-	156
Contributions provided	1.7(e), 5.5	-	4 666
Macquarie Point project	1.7(f), 5.6	300	-
Other expenses	1.7(g), 5.7	25	141
Total expenses from transactions		2 001	6 224
Net result from transactions (net operating balance)		(570)	(4 624)
Net result		(570)	(4 624)
Comprehensive result		(570)	(4 624)

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2015

		2015	Restated 2014
Assets	Notes	\$'000	\$'000
<i>Financial assets</i>			
Cash and deposits	1.8(a), 10.1	41 825	46 585
Receivables	1.8(b), 6.1	543	(2)
<i>Non-financial assets</i>			
Inventories	1.8(c), 6.2	2 263	314
Property, plant and equipment	1.8(d), 6.3	902	762
Intangibles	1.8(e), 6.4	314	415
Other assets	1.8(f), 6.5	34	17
Total assets		45 881	48 091
<i>Liabilities</i>			
Payables	1.9(a), 7.1	153	1 772
Employee benefits	1.9(b),(c), 7.2	302	323
Total liabilities		455	2 095
Net assets		45 426	45 996
<i>Equity</i>			
Accumulated funds		8 458	4 855
Reserves			
Brooke Street Pier Redevelopment Project	9.1	-	-
Macquarie Point Remediation and Redevelopment Project	9.1	36 968	41 141
Total equity		45 426	45 996

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

	Notes	2015 \$'000	2014 \$'000
		Inflows (Outflows)	Inflows (Outflows)
Cash flows from operating activities			
Brooke Street Pier Project			
Grants and subsidies		-	(156)
Contributions provided		(1 750)	(2 916)
Net cash from (used by) Brooke Street Pier Project		(1 750)	(3 072)
Macquarie Point Project			
Sales of goods and services		9	-
GST receipts		34	238
Interest received		1 108	1 600
Employee benefits		(800)	(723)
GST payments		(298)	(213)
Supplies and consumables		(566)	(325)
Other cash payments		(325)	(137)
Net cash from (used by) Macquarie Point Project		(838)	440
Net cash from (used by) operating activities	10.2	(2 588)	(2 632)
Cash flows from investing activities			
Payments for acquisition of non-financial assets		(2 172)	(1 364)
Net cash from (used by) investing activities		(2 172)	(1 364)
Net increase (decrease) in cash held and cash equivalents		(4 760)	(3 996)
Cash and deposits at the beginning of the reporting period		46 585	50 581
Cash and deposits at the end of the reporting period	10.1	41 825	46 585

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2015

	Brooke Street Pier Project Reserve \$'000	Macquarie Point Project Reserve \$'000	Accumulated Funds \$'000	Total Equity \$'000
Balance as at 1 July 2014	-	41 141	4 855	45 996
Total comprehensive result	-	-	(570)	(570)
Transfer between Reserves	-	(4 173)	4 173	-
Balance as at 30 June 2015	-	36 968	8 458	45 426
Balance as at 1 July 2013	4 822	43 919	1 879	50 620
Total comprehensive result	-	-	(4 624)	(4 624)
Transfer between Reserves	(4 822)	(2 778)	7 600	-
Balance as at 30 June 2014	-	41 141	4 855	45 996

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

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NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 Significant Accounting Policies

1.1 Establishment and objectives of the organisation

The Macquarie Point Development Corporation (corporation) was established via *the Macquarie Point Development Corporation Act 2012 (Act)*, which received Royal Assent on 11 December 2012. The corporation's board was appointed by the Governor of Tasmania in March 2013.

The principal objectives of the corporation are detailed in the Act and focus on the remediation and redevelopment of the Macquarie Point site, as well as the redevelopment of the Brooke Street Pier.

The 8.6-hectare former Hobart railyards site borders the working port facilities and is adjacent to the Cenotaph and Queen's Domain.

Title over Macquarie Point is held by the Crown and is expected to be transferred to the corporation during FY2016. The corporation took responsibility for site operations (excluding the area associated with Boral's concrete batching plant) in September 2014, when it entered into a lease with the Minister for Infrastructure.

The Macquarie Point project is guided by a number of project principles. Development concepts must involve a mix of uses and must:

- be people focused
- promote inner-city living
- be well connected to the broader Hobart environment
- not prejudice port activities
- complement, and not compete with, activity in the Central Business District and greater Hobart
- leverage local competitive advantages, thereby delivering major socio-economic benefit to Hobart and the state
- respect the site's history
- incorporate principles of sustainability.

All corporation activities are classified as controlled. Controlled activities involve the use of assets, liabilities, revenues and expenses controlled or incurred by the corporation.

1.2 Basis of accounting

The Financial Statements are general purpose Financial Statements and have been prepared in accordance with:

- Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and
- The Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990*.

The Financial Statements were signed by the corporation board on 11 August 2015.

Compliance with the Australian Accounting Standards (AAS) may not result in compliance with International Financial Reporting Standards (IFRS), as the AAS include requirements and options available to not-for-profit organisations that are inconsistent with IFRS.

The corporation is considered to be not-for-profit and has adopted some accounting policies under the AAS that do not comply with IFRS.

The Financial Statements have been prepared on an accrual basis and, except where stated, are in accordance with the historical cost convention. The accounting policies are generally consistent with the previous year, except for those changes outlined in Note 1.5.

The Financial Statements have been prepared as a going concern. The continued existence of the corporation in its present form, undertaking its current activities, is dependent on government policy.

1.3 Reporting entity

The Financial Statements include all the controlled activities of the corporation.

1.4 Functional and presentation currency

These Financial Statements are presented in Australian dollars, which is the corporation's functional currency.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 Significant Accounting Policies (continued)

1.5 Changes in accounting policies

a) Impact of new and revised Accounting Standards

In the current year, the corporation has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. These include:

- AASB 1055 Budgetary Reporting – The objective of this Standard is to specify budgetary disclosure requirements for the whole of government, General Government Sector (GGS) and not-for-profit entities within the GGS of each government. Disclosures made in accordance with this Standard provide users with information relevant to assessing performance of an entity, including accountability for resources entrusted to it. There is no financial impact.
- 2013-9 *Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments* [Operative dates: Part A *Conceptual Framework* – 20 December 2013; Part B *Materiality* – 1 January 2014; Part C *Financial Instruments* – 1 January 2015] – The objective of this Standard is to make amendments to the Standards and Interpretations listed in the Appendix:
 - (a) as a consequence of the issue of Accounting Framework AASB CF 2013-1 *Amendments to the Australian Conceptual Framework*, and editorial corrections, as set out in Part A of this Standard
 - (b) to delete references to AASB 1031 *Materiality* in other Australian Accounting Standards, and to make editorial corrections, as set out in Part B of this Standard and
 - (c) as a consequence of the issuance of IFRS 9 *Financial Instruments – Hedge Accounting* and amendments to IFRS 9, IFRS 7 and IAS 39 by the IASB in November 2013, as set out in Part C of this Standard. There is no financial impact of this change in the corporation's *Financial Statements*.

b) Impact of new and revised Accounting Standards yet to be applied

The following applicable Standards have been issued by the AASB and are yet to be applied:

- AASB 15 *Revenue from Contracts with Customers* – The objective of this Standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a *contract* with a *customer*. This Standard applies to annual reporting periods beginning on or after 1 January 2017. Where an entity applies the Standard to an earlier annual reporting period, it shall disclose that fact. The financial impact is yet to be determined.
- 2010-7, 2014-7 and 2014-8 *Amendments to Australian Accounting Standards arising from AASB 9* – The objective of these Standards is to make amendments to various standards as a consequence of the issuance of AASB 9 *Financial Instruments* in December 2010. The financial impact is yet to be determined.
- 2014-4 *Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation* [AASB 116 & AASB 138] – The objective of this Standard is to make amendments to:
 - (a) AASB 116 *Property, Plant and Equipment* and
 - (b) AASB 138 *Intangible Assets*
 as a consequence of the issuance of International Financial Reporting Standard *Clarification of Acceptable Methods of Depreciation and Amortisation* (Amendments to IAS 16 and IAS 38) by the International Accounting Standards Board in May 2014. The application or potential impact of the Standard has not yet been determined.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 Significant Accounting Policies (continued)

- 2014-8 *Amendments to Australian Accounting Standards* arising from AASB 9 (December 2014) – *Application of AASB 9 (December 2009)* and AASB 9 (December 2010) [AASB 9 (2009 & 2010)] – The objective of this Standard is to make amendments to:

- (a) AASB 9 *Financial Instruments* (December 2009) and
- (b) AASB 9 *Financial Instruments* (December 2010)

as a consequence of the issuance of AASB 9 *Financial Instruments* in December 2014.

The financial impact is yet to be determined.

- 2015-2 *Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101* [AASB 7, AASB 101, AASB 134 & AASB 1049] – The objective of this Standard is to make amendments to various standards (as noted) as a consequence of the issuance of International Financial Reporting Standard Disclosure Initiative (Amendments to IAS 1) by the International Accounting Standards Board in December 2014, and to make an editorial correction. There will be no financial impact.
- 2015-3 *Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality* – The objective of this Standard is to effect the withdrawal of AASB 1031 Materiality and to delete references to AASB 1031 in the Australian Accounting Standards, as set out in paragraph 13 of this Standard.
- 2015-6 *Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities* – The objective of this Standard is to extend the scope of AASB 124 *Related Party Disclosures* to include not-for-profit public sector entities. There will be no material financial impact.

c) Voluntary changes in accounting policy

The corporation has adopted new accounting policies for the treatment of capitalised remediation and redevelopment expenditure, previously reported as Property, Plant and Equipment (PPE). These items have been reviewed and reassessed as Inventories – Work In Progress Land Improvements, in accordance with AASB 102 *Inventories*. The impact of the changes has been adjusted in the comparative information presented in the Financial Statements and associated notes.

The change in accounting policy results in the presentation of more relevant and reliable information, as the capitalised expenditure better meets the definitions standardised in AASB 102 *Inventories*, paragraph 6 (b), *Inventories are assets in the process of production for such sale, rather than AASB 116 Property Plant and Equipment*. The reclassified capitalised expenditure includes surveying and assessing the site's composition, identifying areas of contamination, remediating contaminated earth and establishing underground utility services. These activities all directly relate to adding to the value of the land as a whole and maximising potential sales revenue in the future, therefore meeting the definition of work in progress inventories over the life of the project. These inventories will be expensed as a cost of sales when revenues from land sales are recognised in accordance with AASB 102 (34).

The effect of the voluntary change in accounting policy has no impact on the net result or net assets.

The change in accounting policy has reallocated the remediation and redevelopment expenditure classified as PPE to Inventories – WIP Land Improvements.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 Significant Accounting Policies (continued)

	2015	Restated 2014	Audited 2014
	\$'000	\$'000	\$'000
Statement of Financial Position			
Assets			
<i>Financial assets</i>	42 368	46 583	46 583
<i>Non-financial assets</i>			
Inventories	2 263	314	-
Property, plant and equipment	902	762	1 076
Intangibles	314	415	415
Other assets	34	17	17
Total assets	45 881	48 091	48 091
Liabilities	455	2 095	2 095
Net assets	45 426	45 996	45 996

1.6 Income from transactions

Income is recognised in the Statement of Comprehensive Income when an increase in future economic benefits related to an increase in an asset or a decrease of a liability has arisen that can be measured reliably.

a) Sales from goods and services

Amounts earned in exchange for the provision of goods are recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from the provision of services is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed.

b) Interest

Interest on funds invested is recognised as it accrues using the effective interest rate method.

1.7 Expenses from transactions

Expenses are recognised in the Statement of Comprehensive Income when a decrease in future economic benefits related to a decrease in an asset or an increase of a liability has arisen that can be measured reliably.

a) Employee benefits

Employee benefits include, where applicable, entitlements to wages and salaries, annual leave, sick leave, long service leave, superannuation and any other post-employment benefits.

b) Depreciation and amortisation

All applicable non-financial assets having a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. Land, being an asset with an unlimited useful life, is not depreciated.

Depreciation is provided for on a straight line basis, using rates that are reviewed annually.

Major depreciation rates are as follows:

Building improvements	10 per cent
Intangible assets	25 per cent

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 Significant Accounting Policies (continued)

c) Supplies and consumables

Supplies and consumables, including audit fees, communications, information technology, operating lease costs, property expenses, purchase of goods and services, travel and transport, and legal expenses are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

d) Grants and subsidies

Grants and subsidies expenditure is recognised to the extent that:

- the services required to be performed by the grantee have been performed or
- the grant eligibility criteria have been satisfied.

A liability is recorded when the corporation has a binding agreement to make the grants but services have not been performed or criteria satisfied. Where grant monies are paid in advance of performance or eligibility, a prepayment is recognised.

e) Contributions provided

Contributions provided free of charge by the corporation, to another entity, are recognised as an expense when fair value can be reliably determined.

In the financial year ending 30 June 2014, the corporation entered into a contractual arrangement with the Brooke Street Development Corporation to provide a loan arrangement over a term of 48 years. As part of this agreement the loan repayments (due on 30 June each year) are immediately converted to a non-refundable grant/contribution from the corporation to the Brooke Street Development Corporation. The maximum amount of the loan is \$4,665,744. In substance, the loan is a non-refundable grant/contribution to the Brooke Street Pier redevelopment. As a result, the corporation recognised the full contribution as an expense in the 2014 financial year.

The loan was non-interest bearing and was drawn down within the required timeframe, being during the construction phase and no later than 31 December 2014, or 24 months from the first drawdown date. The loan did not become repayable during the year ending 30 June 2015, as default provisions of the agreement were not triggered. The corporation holds security over assets to support these obligations.

At 30 June 2015, no further loan exists, as the \$1.75 million of the total \$4.67 million was drawn down as above. This \$1.75 million is represented in the Statement of Cash Flows.

f) Macquarie Point Project expenses

Macquarie Point Project expenses relate to non-administrative expenses consumed to repair, insure, maintain and secure the Macquarie Point site and database asset. Project consultation, where the transaction does not meet the definition of an asset, is also expensed.

These expenses are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

g) Other expenses

Other expenses are recognised when it is probable that the consumption or loss of future economic benefits resulting in a reduction in assets and/or an increase in liabilities has occurred and the consumption or loss of future economic benefits can be measured reliably.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 Significant Accounting Policies (continued)

1.8 Assets

Assets are recognised in the Statement of Financial Position when it is probable that future economic benefits will flow to the corporation and the asset has a cost or value that can be measured reliably.

a) Cash and deposits

Cash means notes, coins and any deposits held at call with a bank or financial institution. Deposits are recognised at amortised cost, being their face value.

b) Receivables

Receivables are recognised at amortised cost, less any impairment losses; however, due to the short settlement period, receivables are not discounted back to their present value.

c) Inventories

Inventories are measured at the lower of cost and net realisable value, as defined in AASB 102, and are assigned by using specific identification of their individual costs.

The carrying amount of inventories is made up entirely of Work In Progress (WIP) inventories which include purchase costs for surveying and assessing the site's composition, purchase costs for remediating contaminated earth and the costs of establishing underground utility services. The cost of inventories also includes an appropriate share of operational overheads assigned on a time-share basis. These inventories will be expensed as a cost of sales when revenues from land sales are recognised.

The corporation conducts impairment testing of inventories with sufficient regularity to ensure that the carrying amount of inventories does not differ materially from its fair value at reporting dates. The last impairment testing was completed in June 2015. Impairment testing resulted in a nil impairment expense and no inventories have been recognised as an expense for the period.

d) Property, plant and equipment

(i) Valuation basis

Land, buildings and other long lived assets are recorded at fair value less accumulated depreciation. All other non-current physical assets, including work in progress, are recorded at historic cost less accumulated depreciation and accumulated impairment losses. All assets within a class of assets are measured on the same basis.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The costs of self constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the corporation and its costs can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of day to day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Asset recognition threshold

The interim asset capitalisation threshold accepted by the corporation is \$10,000. Assets valued at less than \$10,000 are charged to the Statement of Comprehensive Income in the year of purchase (other than where they form part of a group of similar items that are material in total).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 Significant Accounting Policies (continued)

e) Intangibles

An intangible asset is recognised where:

- it is probable that an expected future benefit attributable to the asset will flow to the corporation, and
- the cost of the asset can be reliably measured.

Intangible assets held by the corporation are valued at fair value less any subsequent accumulated amortisation and any subsequent accumulated impairment losses where an active market exists. Where no active market exists, intangibles are valued at cost less any accumulated amortisation and any accumulated impairment losses.

f) Other assets

Other assets are recognised in the Statement of Financial Position when it is probable that the future economic benefits will flow to the corporation and the asset has a cost or value that can be measured reliably.

1.9 Liabilities

Liabilities are recognised in the Statement of Financial Position when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present obligation and the amount at which the settlement will take place can be measured reliably.

a) Payables

Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the corporation becomes obliged to make future payments as a result of a purchase of assets or services.

b) Employee benefits

Liabilities for wages and salaries and annual leave are recognised when an employee becomes entitled to receive a benefit. Those liabilities expected to be realised within 12 months are measured as the amount expected

to be paid. Other employee entitlements are measured as the present value of the benefit at 30 June, where the impact of discounting is material, and at the amount expected to be paid if discounting is not material.

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

c) Superannuation

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an expense when they fall due.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan.

The corporation does not recognise a liability for the accruing superannuation benefits for employees delivering corporation activities. This liability is held centrally and is recognised within the Finance-General Division of the Department of Treasury and Finance.

1.10 Leases

The corporation has entered into operating lease agreements for property, plant and equipment, where the lessors effectively retain all the risks and benefits incidental to ownership of the items leased. Equal instalments of lease payments are charged to the Statement of Comprehensive Income over the lease term, as this is representative of the pattern of benefits to be derived from the leased property.

The corporation is prohibited by Treasurer's Instruction 502 Leases from holding finance leases.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

1 Significant Accounting Policies (continued)

1.11 Judgements and assumptions

In the application of Australian Accounting Standards, the corporation is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by the corporation that have significant effects on the Financial Statements are disclosed in the relevant note as follows:

- Employee benefits (refer to Notes 1.7(a) 1.9(b), 5.1, 7.2) and
- Depreciation rates (refer to Notes 1.7(b), 5.2).

The corporation has made no assumptions concerning the future that may cause a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

1.12 Foreign currency

Transactions denominated in a foreign currency are converted at the exchange rate at the date of the transaction. Foreign currency receivables and payables are translated at the exchange rates current as at balance date. Associated gains and losses are not material.

1.13 Comparative figures

Comparative figures have been adjusted to reflect any changes in accounting policy, detailed in Note 1.5.

The change in accounting policy results in the presentation of information which more clearly distinguishes between the different activities the corporation engages in; those being the administrative functions of running the corporation and those activities related directly to delivering the Macquarie Point Project objectives, to remediate and facilitate the redevelopment of the Macquarie Point site.

1.14 Rounding

All amounts in the Financial Statements have been rounded to the nearest thousand dollars, unless otherwise stated. Where the result of expressing amounts to the nearest thousand dollars would result in an amount of zero, the financial statement will contain a note expressing the amount to the nearest whole dollar.

1.15 Taxation

The corporation is exempt from all forms of taxation except Fringe Benefits Tax and the Goods and Services Tax (GST).

1.16 Goods and services tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST. The net amount recoverable, or payable, to the ATO is recognised as an asset or liability within the Statement of Financial Position.

In the Statement of Cash Flows, the GST component of cash flows arising from operating, investing or financing activities which is recoverable from, or payable to, the Australian Taxation Office is, in accordance with the Australian Accounting Standards, classified as operating cash flows.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2 Events occurring after balance date

There have been no events subsequent to balance date that would have a material effect on the corporation's Financial Statements as at 30 June 2015.

3 Segment information

3.1 Identification of reportable segments

The corporation has identified its operating segments based on the internal reports that are reviewed by the Chief Executive Officer as chief operating decision-maker in assessing the performance and determining the allocation of resources. Two segments have been identified as the Brooke Street Pier Project and the Macquarie Point Project.

Brooke Street Pier Project Reserve

The corporation is responsible for facilitating the redevelopment of the Brooke Street Pier. From the \$50 million funding the corporation received, \$5 million must be used to assist with the construction of the new Brooke Street Pier.

Macquarie Point Project Reserve

The corporation's principal objectives are to plan, facilitate and manage the remediation and redevelopment of the Macquarie Point site. As with many historical railyards and industrial sites, parts of the area are heavily contaminated, requiring significant remediation works before any future development can be considered. The associated costs are significant and, as such, are prohibitive for most commercial land development proposals.

3.2 Basis of accounting for purposes of reporting by operating segments

Unless stated otherwise, all amounts reported to the Chief Executive Officer about individual segments are determined in accordance with the accounting policies adopted in the financial statements as detailed in Note 1.2.

3.3 Geographic information

All revenue is generated from Australian-based resources.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3 Segment information (continued)

	Brooke Street Pier Project \$'000	Macquarie Point Project \$'000	Consolidated \$'000
3.4 Reportable segments			
2015			
Revenue			
Sales of goods and services	-	9	9
Interest	-	1 422	1 422
Total revenue and other income from transactions	-	1 431	1 431
Expenses from transactions			
Employee benefits	-	814	814
Depreciation	-	182	182
Supplies and consumables	-	681	681
Other expenses	-	324	324
Total expenses from transactions	-	2 001	2 001
Segment result from transactions	-	(570)	(570)
Total assets	-	45 881	45 881
Total liabilities	-	455	455
Other disclosures			
Reserves	-	45 426	45 426
2014			
Revenue			
Interest	-	1 600	1 600
Total revenue and other income from transactions	-	1 600	1 600
Expenses from transactions			
Employee benefits	-	913	913
Depreciation	-	19	19
Supplies and consumables	-	329	329
Grants and subsidies	156	-	156
Contributions provided	4 666	-	4 666
Other expenses	-	141	141
Total expenses from transactions	4 822	1 402	6 224
Segment result from transactions	(4 822)	198	(4 624)
Total assets	1 750	46 341	48 091
Total liabilities	1 750	345	2 095
Other disclosures			
Reserves	-	41 141	41 141

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

4 Income from transactions

	2015	2014
	\$'000	\$'000
4.1 Sales of goods and services		
Short-term lease revenue	9	-
Total	9	-
4.2 Interest		
Interest	1 422	1 600
Total	1 422	1 600

5 Expenses from transactions

5.1 Employee benefits

(a) Employee Expenses

Wages and salaries	723	803
Superannuation – defined benefit scheme	56	52
Superannuation – contribution schemes	24	28
Other employee expenses	11	30
Total	814	913

Superannuation expenses relating to defined benefits schemes relate to payments into the Consolidated Fund. The amount of the payment is based on an employer contribution rate determined by the Treasurer, on the advice of the State Actuary. The employer contribution at 30 June 2015 is 12.75 per cent of salary (12.5 per cent at 30 June 2014). During 2012-13, the Australian Government introduced a phased increase in the superannuation guarantee rate from 9 per cent to 12 per cent over the seven years ending 2019-20. This results in the corporation's employer contribution rising to 13.0 per cent from 1 July 2014, and increasing 0.5 per cent per annum through to 15.5 per cent from 1 July 2019.

Superannuation expenses relating to defined contribution schemes are paid directly to the relevant superannuation fund at a rate of 9.5 per cent of salary. In addition, the corporation is also required to pay to Treasury a "gap" payment equivalent to 3.25 per cent of salary in respect of employees who are members of the contribution schemes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

5 Expenses from transactions (continued)

(b) Remuneration of key management personnel

(b) Remuneration of key management personnel		Short-term benefits			Long-term benefits			
	Position held	Salary	Other benefits	Super-annuation	Post employment benefits	Termination benefits	Other benefits and long service leave	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2015								
Key management personnel – Executive								
Elizabeth Jack	CEO	186	15	24	-	-	35	260
Scott Parnham	GM, Commercial & Business Services	123	16	12	-	-	12	163
Peter Sheldon-Collins	GM, Planning & Development	138	-	18	-	-	45	201
Key management personnel – Directors								
Mark Ryan	Chair (From 10/08/2014)	23	-	2	-	-	-	25
Kerry Adby	Director	16	-	1	-	-	-	17
Hadley Sides	Director	16	-	1	-	-	-	17
Heather Rose	Director	16	-	1	-	-	-	17
John Gilbert	Director	16	-	1	-	-	-	17
Total key management personnel remuneration		534	31	60	-	-	92	717
2014								
Key management personnel – Executive								
Elizabeth Jack	CEO	186	8	23	-	-	29	246
Scott Parnham	GM, Commercial & Business Services (From 19/08/2013)	103	5	10	-	-	7	125
Peter Sheldon-Collins	GM, Planning & Development	128	-	16	-	-	37	181
Pene Snashall	Manager, Strategic Communications (Until 23/03/2014)	92	-	12	-	-	42	146
Irena Blissenden	Manager, Strategic Communications (Acting) (From 31/05/2014)	13	-	-	-	-	47	60
Key management personnel – Directors								
John Gilbert	Chair	26	-	2	-	-	-	28
Kerry Adby	Director	16	-	1	-	-	-	17
Hadley Sides	Director	16	-	1	-	-	-	17
Heather Rose	Director	16	-	1	-	-	-	17
Dominic Arcaro	Director (Until 17/03/2014)	12	-	1	-	-	-	13
Total key management personnel remuneration		608	12	67	-	-	162	850

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

5 Expenses from transactions (continued)

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the agency, directly or indirectly.

Remuneration during 2014-15 for key personnel is set by the State Service Act 2000. Remuneration and other terms of employment are specified in employment contracts. Remuneration includes salary, motor vehicle and other non-monetary benefits. Long-term employee expenses include long service leave, superannuation obligations and termination payments.

Acting Arrangements

When members of key management personnel are unable to fulfil their duties, consideration is given to appointing other members of senior staff to their position during their period of absence. Individuals are considered members of key management personnel when acting arrangements are for more than a period of one month.

	2015	2014
	\$'000	\$'000
Building improvements	77	19
Software amortisation	105	-
Total	182	19

5.3 Supplies and consumables

Audit fees – financial audit	11	4
Operating lease costs	37	32
Consultants and contracted services	126	55
Property services	67	33
Plant and equipment	2	68
Communications	29	16
Information technology	49	24
Travel and transport	18	55
Advertising and promotion	274	14
Other supplies and consumables	67	28
Total	680	329

5.4 Grants and subsidies

Grants and subsidies – Brooke Street Pier Project	-	156
Total	-	156

5.5 Contributions provided

Contributions provided – Brooke Street Pier Project	-	4 666
Total	-	4 666

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

5 Expenses from transactions (continued)

	2015	2014
	\$'000	\$'000
5.6 Macquarie Point Project expenses		
Project consultations	83	-
Site repairs and maintenance	147	-
Rates and insurances	23	-
Database hosting and maintenance	39	-
Site security expense	8	-
Total	300	-

5.7 Other expenses

Salary on costs	1	5
Corporate services	-	120
Royal Engineers Building repairs and maintenance	23	-
Other expenses	1	16
Total	25	141

6 Assets

6.1 Receivables

Accrued interest revenue	314	4
Tax assets	229	(6)
Total	543	(2)
Settled within 12 months	543	(2)
Total	543	(2)

6.2 Inventories

Land improvements – WIP (Remediation)	1 317	168
Land improvements – WIP (Infrastructure)	946	146
Total	2 263	314
Consumed within 12 months	-	-
Consumed in more than 12 months	2 263	314
Total	2 263	314

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

6 Assets (continued)

6.3 Property, plant and equipment

	2015	2014
	\$'000	\$'000
a) Carrying amount		
Leasehold improvements		
At cost	785	750
Less: Accumulated amortisation	(96)	(19)
	689	731
Work in progress (at cost)	26	-
Total	715	731
Equipment		
Work in progress (at cost)	187	31
	187	31
Total property, plant and equipment	902	762

	Leasehold Improvements	Equipment	Total
	\$'000	\$'000	\$'000
b) Reconciliation of movements			
2015			
Carrying value at 1 July	731	31	762
Additions	35	-	35
Net movement in Work in Progress	26	156	182
Depreciation and amortisation	(77)	-	(77)
Carrying amount at 30 June	715	187	902
2014			
Carrying value at 1 July	137	-	137
Additions	613	-	613
Net movement in Work in Progress	-	31	31
Depreciation and amortisation	(19)	-	(19)
Carrying amount at 30 June	731	31	762

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

6 Assets (continued)

6.4 Intangibles

	2015	2014
a) Carrying amount	\$'000	\$'000
Intangibles with a finite useful life		
At cost	419	415
Less: Accumulated amortisation	(105)	-
Total	314	415

b) Reconciliation of movements

Carrying Value at 1 July	415	-
Additions	419	-
Net movement in WIP	(415)	415
Depreciation and amortisation	(105)	-
Carrying amount at 30 June	314	415

6.5 Other assets

a) Carrying amount

Other assets

Prepayments	34	17
Total	34	17
Settled within 12 months	34	17
Total	34	17

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

7 Liabilities

	2015	2014
	\$'000	\$'000
7.1 Payables		
Creditors	130	-
Contribution payable – Brooke Street Pier Project	-	1 750
Accrued expenses	23	22
Total	153	1 772
Settled within 12 months	153	1 772
Total	153	1 772
7.2 Employee benefits		
Accrued salaries	34	37
Annual leave	83	82
Long service leave	185	204
Total	302	323
Settled within 12 months	131	118
Settled in more than 12 months	171	205
Total	302	323

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

8 Commitments and contingencies

	2015 \$'000	2014 \$'000
8.1 Schedule of commitments		
By type		
<i>Capital commitments</i>		
Property, plant and equipment	130	-
<i>Total capital commitments</i>	130	-
<i>Lease commitments</i>		
Operating Leases	84	53
<i>Total lease commitments</i>	84	53
<i>Other commitments</i>		
Waste Water Treatment Plant decommissioning & relocation design works	5 000	-
<i>Total other commitments</i>	5 000	-
Total	5 214	53
By maturity		
<i>Capital commitments</i>		
One year or less	130	-
<i>Total capital commitments</i>	130	-
<i>Operating lease commitments</i>		
One year or less	39	26
From one to five years	45	27
<i>Total lease commitments</i>	84	53
<i>Other commitments</i>		
One year or less	2 000	-
From one to five years	3 000	-
<i>Total other commitments</i>	5 000	-
Total	5 214	53

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

8 Commitments and contingencies (continued)

The property, plant and equipment commitments relate to the remaining sum of contracted works still in progress at 30 June.

The operating lease commitments include motor vehicles, information technology equipment leases, and the lease of the Royal Engineers Building.

On 15 June 2015 a Memorandum of Understanding (MOU) was signed, binding the Crown, Tasmanian Water and Sewerage Corporation (TasWater) and the corporation to work towards decommissioning and

removing the wastewater treatment plant located adjacent to the Macquarie Point site to maximise economic benefit to Macquarie Point's development. The MOU commits the corporation to make available \$5 million for TasWater to commence investigation, planning, scoping, cost estimation and engineering design works to decommission the plant and relocate it to another site.

All amounts shown are inclusive of GST.

8.2 Contingent assets and liabilities

At the reporting date, the corporation was not aware of any contingent assets or liabilities.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

9 Reserves

	Brooke Street Pier Project Reserve \$'000	Macquarie Point Project Reserve \$'000	Total \$'000
9.1 Reserves			
2015			
Balance at 1 July 2014	-	41 141	41 141
Transfer from accumulated surplus			
Additions – Property, plant and equipment	-	(2 168)	(2 168)
Additions – Intangibles	-	(4)	(4)
Project expenditure	-	(2 001)	(2 001)
Carrying amount at 30 June	-	36 968	36 968
2014			
Balance at 1 July 2013	4 822	43 919	48 741
Transfer from accumulated surplus			
Additions – Property, plant and equipment	-	(961)	(961)
Additions – Intangibles	-	(415)	(415)
Project expenditure	(4 822)	(1 402)	(6 224)
Carrying amount at 30 June	-	41 141	41 141

a) Nature and purpose of reserves

The corporation was established to deliver the outcomes of the Project Agreement – to remediate the Macquarie Point railyards site and to facilitate the Brooke Street Pier redevelopment. An Australian Government grant of \$50 million was provided to assist with meeting these objectives. This funding was divided between the two projects whereby \$5 million must be contributed to the Brooke Street Pier Project and the balance for the Macquarie Point Project.

Brooke Street Pier Project Reserve

The corporation is responsible for facilitating the redevelopment of the Brooke Street Pier. From the \$50 million funding the corporation received, \$5 million must be used to assist with the construction of the new Brooke Street Pier. This reserve was fully utilised and realised during the year ending 30 June 2015.

Macquarie Point Project Reserve

As with many historical railyards and industrial sites, parts of the area are heavily contaminated, requiring significant remediation works before any future development can be considered. The associated costs are significant and, as such, are prohibitive for most commercial land development proposals. It will also be critical that the overall concept allows for creativity and innovation, providing the property and investment community with sufficient capacity to develop attractive, innovative and commercially viable development proposals

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

10 Cash flow reconciliation

	2015	2014
	\$'000	\$'000
10.1 Cash and deposits		
Cash at bank		
Cash at bank	1 825	46 585
Total	1 825	46 585
Cash held in term deposits		
Term Deposit (13 July 2015 maturity)	10 000	-
Term Deposit (9 October 2015 maturity)	10 000	-
Term Deposit (11 December 2015 maturity)	20 000	-
Total	40 000	-
Total cash and deposits	41 825	46 585

Cash and deposits include the balance of bank accounts held by the corporation.

10.2 Reconciliation of net result to net cash from operating activities

Net result from transactions (net operating balance)	(570)	(4 624)
Depreciation and amortisation	182	19
Decrease (increase) in Receivables	(545)	21
Decrease (increase) in Other assets	(16)	2
Increase (decrease) in Employee benefits	(20)	198
Increase (decrease) in Payables	(1 619)	1 753
Increase (decrease) in Other liabilities	-	(1)
Net cash from (used by) operating activities	(2 588)	(2 632)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11 Financial instruments

11.1 Risk exposures

a) Risk management policies

The corporation has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk and
- market risk.

The board of the corporation has overall responsibility for the establishment and oversight of the corporation's risk management framework. Risk management policies are established to identify and analyse risks faced by the corporation, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The board has identified a range of issues related to the anticipated contamination of the Macquarie Point site as a result of the considerable industrial activity that has

occurred over many years. Appropriate risk management policies and remediation procedures will be developed once the extent and potential impact of contamination is confirmed within the context of the proposed eventual use of the site.

b) Credit risk exposures

Credit risk is the risk of financial loss to the corporation if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Risk is managed by suitable follow-up action taken on outstanding debts.

The carrying amount of the financial assets recorded in the Financial Statements, net of any allowances for losses, represents the corporation's maximum exposure to credit risk without taking into account any collateral or other security.

Financial instrument	Accounting and strategic policies (including recognition criteria, measurement basis and credit quality of instrument)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial assets		
Receivables	Receivables are recognised at amortised cost, less any impairment losses.	The general term of trade for receivables is 30 days.
Cash and deposits	Deposits are recognised at the nominal amounts.	Cash means notes, coins and any deposits held at call with a bank or financial institution.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11 Financial instruments (continued)

c) Liquidity risk

Liquidity risk is the risk that the corporation will not be able to meet its financial obligations as they fall due.

The corporation's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when they fall due.

Financial instrument	Accounting and strategic policies (including recognition criteria and measurement basis)	Nature of underlying instrument (including significant terms and conditions affecting the amount. Timing and certainty of cash flows)
Financial liabilities		
Payables	Payables, including goods received and services incurred but not yet invoiced, are recognised at amortised cost, which due to the short settlement period, equates to face value, when the corporation becomes obliged to make future payments as a result of a purchase of assets or services.	Terms of trade are 30 days.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11 Financial instruments (continued)

The following tables detail the undiscounted cash flows payable by the corporation relating to the remaining contractual maturity for its financial liabilities. It should be noted that as these are undiscounted, totals may not reconcile to the carrying amounts presented in the Statement of Financial Position:

Maturity analysis for financial liabilities

	1 Year \$'000	2 Years \$'000	3 Years \$'000	4 Years \$'000	5 Years \$'000	More than 5 Years \$'000	Undiscounted Total \$'000	Carrying Amount \$'000
2015								
Financial liabilities								
Payables	153	-	-	-	-	-	153	153
Total	153	-	-	-	-	-	153	153
2014								
Financial liabilities								
Payables	1 772	-	-	-	-	-	1 772	1 772
Total	1 772	-	-	-	-	-	1 772	1 772

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11 Financial instruments (continued)

d) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The primary market risk that the corporation is exposed to is interest rate risk.

At the reporting date, the interest rate profile of the corporation's interest bearing financial instruments was:

	2015 \$'000	2014 \$'000
Fixed rate instruments		
Financial assets	543	(2)
Financial liabilities	(153)	(1 772)
Total	390	(1 774)
Variable rate instruments		
Cash at bank	41 825	46 585
Total	41 825	46 585

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

11 Financial instruments (continued)

Changes in variable rates of 100 basis points at reporting date would have the following effect on the corporation's profit or loss and equity:

Sensitivity analysis of the corporation's exposure to possible changes in interest rates	Statement of Comprehensive Income		Equity	
	100 basis points increase	100 basis points decrease	100 basis points increase	100 basis points decrease
	\$'000	\$'000	\$'000	\$'000
30 June 2015				
Cash and deposits	418	(418)	418	418
Net sensitivity	418	(418)	418	(418)
30 June 2014				
Cash and deposits	466	(466)	466	(466)
Net sensitivity	466	(466)	466	(466)

This analysis assumes all other variables remain constant.

	2015	2014
11.2 Categories of financial assets and liabilities	\$'000	\$'000
Financial assets		
Cash and deposits	41 825	46 585
Loans and receivables	543	(2)
Total	42 368	46 583
Financial liabilities		
Financial liabilities measured at amortised cost	153	1 772
Total	153	1 772

CERTIFICATION OF FINANCIAL STATEMENTS

The accompanying Financial Statements of the Macquarie Point Development Corporation are in agreement with the relevant accounts and records and have been prepared in compliance with the Treasurer's Instructions issued under the provisions of the *Financial Management and Audit Act 1990* and section 48 of the *Macquarie Point Development Corporation Act 2012* to present fairly the financial transactions for the period ended 30 June 2015 and the financial position as at the end of the year.

At the date of signing we are not aware of any circumstances that would render the particulars included in the Financial Statements misleading or inaccurate.



MARK RYAN

Chair

11 August 2015



ELIZABETH JACK

Director

11 August 2015



Independent Auditor's Report

To Members of the Tasmanian Parliament

Macquarie Point Development Corporation

Financial Report for the Year Ended 30 June 2015

Report on the Financial Report

I have audited the accompanying financial report of Macquarie Point Development Corporation (the Corporation), which comprises the statement of financial position as at 30 June 2015 and the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the Chairman and Director of the Corporation.

Auditor's Opinion

In my opinion the Corporation's financial report:

- (a) presents fairly, in all material respects, its financial position as at 30 June 2015 and its financial performance, cash flows and changes in equity for the year then ended
- (b) is in accordance with the Section 49 of the *Macquarie Point Development Corporation Act 2012* and Australian Accounting Standards.

The Responsibility of the Board for the Financial Report

The Board is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and section 49 of *Macquarie Point Development Corporation Act 2012*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

...1 of 2

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
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An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the Board's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

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

Tasmanian Audit Office



E R De Santi
Deputy Auditor-General
Delegate of the Auditor-General

Hobart
8 September 2015

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